

Company no. 1697726
Charity no. 287088

The Sofa Project
Report and Audited Financial Statements
31 March 2017

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The Sofa Project

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The Sofa Project

Reference and administrative details

For the year ended 31 March 2017

Company number 1697726

Charity number 287088

**Registered office
and operational
address** 48-54 West Street
St Philips
Bristol
BS2 0BL

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Colin Evans	Chair (Resigned as Chair and trustee 29 March 17)
Ruth Snary	Chair (Appointed as Chair 29 March 17)
Kate Clifford	(appointed 12 January 2017)
Bryan Fawcett	(resigned 29 June 2016)
Patrick Graves	
Glenda Hagger	(appointed 29 March 2017)
Peter Jameson	(resigned 18 June 2016)
Robin Jones	(resigned 16 December 2016)
Lynn Maxwell	
Chris Neild	(appointed 28 October 2016)
Graham Papworth	(resigned 14 October 2016)
Edward Porter	
Marianne Reed	(appointed 28 October 2016)
Ronald Stagg	(appointed 1 September 2016)
Kirsten Van Den Hout	Vice Chair

**Company secretary
and chief executive
officer** Nicola Peck

Bankers Lloyds Bank
102 Regent's Street
Kingswood
Bristol
BS15 2HT

Solicitors Osborne Clarke
2 Temple Back East
Temple Quay
Bristol
BS1 6EG

Auditors Godfrey Wilson Limited
Chartered accountants and statutory auditors
5th Floor, Mariner House
62 Prince Street
Bristol
BS1 4QD

The Sofa Project

Report of the trustees

For the year ended 31 March 2017

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (effective from January 2015).

Structure, governance and management

The trustees who have served during the year are listed on page 1.

During the year the long serving Chair of Trustees, Colin Evans, retired and I would like to thank him for his invaluable service to SOFA over the last 16 years, firstly as a trustee and for the last 11 years as an admirable Chair. For all these years he has successfully steered SOFA through some occasional tricky waters as the charity has developed. He will be much missed though I know that he will continue to show a keen interest and support SOFA in the future. In recognition of his past services to SOFA the Board asked him to become a patron of SOFA and were delighted that he agreed.

The Board has recruited 5 new Board members each with their own differing expertise and I am confident that they will all add a great deal to the activities of SOFA and to the decision making of the Board. This has already proved to be the case. They were recruited through general advertising, personal contacts and networking. Each new member was interviewed by the Chair and CEO before being presented to the Board, proposed and voted upon at a Board meeting.

Objectives and activities

Our charitable objects as defined in the charity's Articles of Association are:

- (a) The relief of poverty by renovating and supplying furniture, household goods and domestic and electrical equipment to persons who are in conditions of need, hardship or distress.
- (b) To promote social inclusion for the public benefit by preventing people becoming socially excluded, relieving the needs of those people who are socially excluded and assisting them to integrate into society, including but not limited to, the provision of training, education, rehabilitation and employment and volunteering opportunities.
- (c) To protect and preserve the environment by recycling and re-using manufactured goods and chattels.

SOFA, the charity is a company limited by guarantee and is governed by its Articles of Association.

The day to day management of the Charity is undertaken by the CEO and policy decisions are made at board meetings held every two months, or in exceptional circumstances, by extraordinary meetings that can be called by the Chair. The CEO keeps board members informed by email and requests responses when necessary.

The charity has close links with local councils, with whom we operate business contracts, Furniture Reuse Network, commercial companies such as IKEA and John Lewis together with other charities and housing associations and local prisons employing and training serving prisoners either at our premises or in the prison.

The CEO, assisted by her operations manager are responsible for appointing and setting the rates of pay of staff. The Board determines the remuneration of the CEO and senior staff.

The Sofa Project

Report of the trustees

For the year ended 31 March 2017

SOFA has been active in Bristol for 35 years and aims to help the local community by providing goods for the home that are of good and serviceable quality at an affordable price and also to assist those who for a variety of reasons have not found it easy to find regular, rewarding and paid employment. We have a dedicated staff led by an inspiring CEO who work tirelessly to achieve this ambition and who are supported by the very active board members.

Our success is illustrated by some of the letters that regularly are received from the people helped by SOFA. The letters make salutary reading and encourage us all in our continued association with SOFA.

We have volunteers who work with us we and plan to extend the number in future. We also provide work placements to young people and adults with learning difficulties as well as providing work placements for students from overseas seeking to improve their English skills.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives.

Achievements and performance

SOFA is a remarkable institution that has been operating in Bristol for 35 years. Under our CEO who has been in post for 3 years there has been remarkable changes in our modus operandi and organisation. We have continued to expand activities despite the changes of the recent economic climate. We have extended our help by working closely with local housing associations and other support agencies. For many years we have had contracts with the 3 local authorities to supply household goods to needy households at affordable prices. Customers are able to choose the furniture that they need, they do not have them imposed upon them, which is very important.

We work closely with HM Leyhill Prison, our local prison, offering serving prisoners a chance to enter the world of work, learn a trade, and spend valuable time outside the prison, preparing them for the time of their release from custody. They are given responsibility but are closely monitored and assisted to adjust for life after prison. This is an incredibly valuable service to the community and acknowledged by HM Prison Service. This year we have also taken work into the prison by setting up a woodwork shop internally, again another important measure to help in rehabilitating prisoners.

We also work together with SEETEC and have recently taken on an apprentice. Also we work with The Sixteen Co-operative providing placements for people with learning difficulties.

One of our best relationships is our partnership with IKEA which is in our third year. One of our trustees is a senior manager with IKEA which further strengthens our relationship. Products that are not saleable in their stores are transferred to SOFA and our staff are able to transform them into saleable items giving valuable work experience to people at SOFA, preventing much going to landfill as waste and providing the community with exceptionally good quality household goods. We are all most grateful to the company for their continued support.

Everyone is aware of the great financial constraints on local councils in our area and it is proof of how much the councils value and appreciate the work of SOFA that they continue to award us contracts. They recognise the value of the goods and services that we provide.

We have been able to offer free goods to Syrian refugees and needy families in the Bristol area.

The Sofa Project

Report of the trustees

For the year ended 31 March 2017

We have had contracts for 6 years with Bristol City Council to empty void properties of items and to store them for the council. This contract recently went out to tender and we were awarded a further 2 year contract, further cementing our relationship with the council.

Contact was made with the UWE Business School via one of the trustees for a student to prepare a marketing plan for the charity and we await with interest the result of the investigation.

Financial review

Plans made in 2015/16 are now coming to fruition. Our plans are long term and the full effects will be seen in the coming years.

Our CEO Nicci Peck, together with our financial advisor Nathan Brady, has worked hard to carry out a number of efficiencies and thereby reduce costs. Whilst some local authority contracts have been reduced meaning that our income has reduced, because of our effective cost reduction programme and efficiency drive, the bottom line of our accounts has not been unduly affected.

The measures carried out were:

- 1) The IT support contract was reviewed, resulting in a new more cost efficient provider being appointed;
- 2) One of our two warehouses was vacated and the remaining warehouse reorganised more efficiently;
- 3) Staffing levels were reviewed resulting in 3 redundancies thereby saving staffing costs; and
- 4) Purchasing policies were reviewed resulting in maximising the sale of used goods as opposed to buying new white goods. This resulted in fulfilling the charities objectives of the reuse of white goods and furniture. More work is being done in this area to further maximise efficiencies.

Last year's accounts had a qualification regarding the warehouse that has now been vacated and steps were taken to address the qualification. We note that the accounts for 2016/17 are unqualified demonstrating that the charity has been successful in addressing the issues that had arisen in the previous year.

The reserves policy in the past has aimed at a figure of £250,000 and it is now considered adequate to aim at a figure of £150,000 because we are a social enterprise charity which trades, and the vast majority of our income is through trade, rental of office space and contracts. We apply for grants and donations but the trustees do not consider our dependence upon these as crucial to our work as it was in the past. We aim to achieve a trading surplus in order that we can fulfil our role in helping the disadvantaged members of Bristol and the surrounding areas.

The trustees note that the target reserves has not currently been met and continue to work towards this goal. We will continue to cut costs where possible but we have also started to take steps to increase sales through the opening of another shop. We hope to grow the retail arm of the business further achieving our social objectives of saving more items from landfill and providing affordable goods to those in need as well as improving our financial position.

The Sofa Project

Report of the trustees

For the year ended 31 March 2017

Plans for the future

Exciting times are ahead under the dynamic leadership of our CEO and the current Board of Trustees.

At the time of writing this report we are about to sign a lease for a new retail outlet in the vibrant area of the Gloucester Road, Bristol and we are confident that this outlet, which is in an excellent position with a strong footfall, will prove financially successful, selling good quality used furniture and white goods. Discussions are also in hand about a third outlet in a different part of the city. Together with the shop in Old Market we will have outlets in diverse areas enabling the work of SOFA to become more well-known throughout the city. The CEO and the Board are confident that we can supply the 3 outlets and the surpluses will enable us to work more with people in our city in need of support either by supplying good quality household goods, employment or training.

In the past we have relied to a large extent on grants, donations and contracts from local authorities in order to work towards the aims of the charity. We recognise that the supply and repair of white goods is an area of greater risk, so we wish to rebalance our business to the sale of used goods in our shops. With the expected income generated by our shops, the grants and donations (which we hope will continue in the future) will enable us to enlarge our support in the field of rehabilitation and training courses for serving and ex prisoners, apprentices, and also help the long-term unemployed back into worthwhile employment. Assistance will also be given to low income families by way of small grants and free goods.

We have begun, on a small scale, by working with the Mental Health and Drug Recovery Community within HMP Eastwood Park Women's Prison, taking in furniture that can be upscaled and refurbished. This has proved successful and it is planned to expand this work over the coming months.

We also hope to further our work within Leyhill Prison by deconstructing mattresses in the Prison which will aid recycling in the area. Disposal of used mattresses are a continual cause for concern for local authorities and are most often put into landfill sites.

Both of these projects will help to meet the Charities stated objectives.

Statement of responsibilities of the trustees

The trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Sofa Project

Report of the trustees

For the year ended 31 March 2017

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that to the best of their knowledge there is no information relevant to the audit of which the auditors are unaware. The trustees also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditors

Godfrey Wilson Limited were re-appointed as auditors to the charitable company during the year and have expressed their willingness to continue in that capacity.

Approved by the trustees on 23 November 2017 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'Ruth Snary', with a long horizontal flourish extending to the right.

Ruth Snary - Trustee

Independent auditors' report

To the members of

The Sofa Project

We have audited the financial statements of The Sofa Project for the year ended 31 March 2017 which comprise the statement of financial activities, balance sheet, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances, and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

To the members of

The Sofa Project

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alison Godfrey

Date: 30 NOVEMBER 2017

Alison Godfrey FCA
(Senior Statutory Auditor)
For and on behalf of:

GODFREY WILSON LIMITED
Chartered accountants and statutory auditors
5th Floor, Mariner House
62 Prince Street
Bristol
BS1 4QD

The Sofa Project

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2017

	Note	Restricted £	Unrestricted £	2017 Total £	2016 Total £
Income from:					
Donations and legacies	3	12,000	104,854	116,854	128,444
Charitable activities	4	-	849,706	849,706	859,013
Investments	5	-	38,990	38,990	39,894
Total income		<u>12,000</u>	<u>993,550</u>	<u>1,005,550</u>	<u>1,027,351</u>
Expenditure on:					
Raising funds		-	24,968	24,968	24,556
Charitable activities		<u>12,000</u>	<u>972,052</u>	<u>984,052</u>	<u>1,026,018</u>
Total expenditure	6	<u>12,000</u>	<u>997,020</u>	<u>1,009,020</u>	<u>1,050,574</u>
Net income / (expenditure) and net movement in funds	7	-	(3,470)	(3,470)	(23,223)
Reconciliation of funds:					
Total funds brought forward		-	60,356	60,356	83,579
Total funds carried forward		<u>-</u>	<u>56,886</u>	<u>56,886</u>	<u>60,356</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17 to the accounts.

The Sofa Project

Balance sheet

As at 31 March 2017

	Note	£	2017 £	2016 £
Fixed assets				
Tangible fixed assets	10		10,626	29,034
Investments	11		<u>1</u>	<u>1</u>
			10,627	29,035
Current assets				
Stocks	12	22,346		35,815
Debtors	13	67,058		105,817
Cash at bank and in hand		<u>74,004</u>		<u>113,585</u>
		163,408		255,217
Liabilities				
Creditors: amounts falling due within 1 year	14	<u>117,149</u>		<u>223,896</u>
Net current assets			<u>46,259</u>	<u>31,321</u>
Net assets	16		<u><u>56,886</u></u>	<u><u>60,356</u></u>
Funds	17			
Unrestricted funds:				
Designated funds			10,626	29,034
General funds			<u>46,260</u>	<u>31,322</u>
Total charity funds			<u><u>56,886</u></u>	<u><u>60,356</u></u>

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 23 November 2017 and signed on their behalf by



Ruth Snary - Trustee

The Sofa Project

Statement of cash flows

For the year ended 31 March 2017

	Note	2017 £	2016 £
Cash used in operating activities:			
Net cash provided by / (used in) operating activities	18	<u>(75,994)</u>	<u>69,027</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		38,990	39,894
Purchase of tangible fixed assets		<u>(2,577)</u>	<u>(310)</u>
Net cash provided by / (used in) investing activities		<u>36,413</u>	<u>39,584</u>
Increase / (decrease) in cash and cash equivalents in the year		<u>(39,581)</u>	<u>108,611</u>
Cash and cash equivalents at the beginning of the year		<u>113,585</u>	<u>4,974</u>
Cash and cash equivalents at the end of the year		<u><u>74,004</u></u>	<u><u>113,585</u></u>

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2017

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Sofa Project meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b) Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to continue as a going concern, which the trustees consider appropriate having considered the charity's ability to generate its own income over the next twelve months. The trustees note the low level of reserves available and the challenging financial position. The charity continues to review its overheads and the trustees are confident in the measures they have taken to ensure the charity remains a going concern. Other than this, there are no material uncertainties about the charity's ability to continue as a going concern.

c) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from the government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. Gifts donated for resale are included as income when they are sold. Donated assets are included at the value to the charity where this can be quantified and a third party is bearing the cost. In line with the SORP FRS102, the value of services provided by volunteers has not been included.

Income from the charity's shops and investment income is included in the year in which it is receivable.

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2017

d) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

e) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity: this is normally upon notification of the interest paid or payable by the bank.

f) Funds accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities based on the time employees have spent in each function and weighted by their salary and employer's national insurance contributions. The calculation produced the following split:

Raising funds	3%
Charitable activities	97%

i) Tangible fixed assets

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Computer equipment	20% straight line
Fixtures and fittings	20% straight line
Motor vehicles	15% reducing balance
Computer software and website	20% straight line

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2017

j) Stock

Donated goods are not valued as the volume and low value of items makes it impractical to measure the fair value of these goods.

Finished goods are valued at cost plus value added during refurbishment, where appropriate. Raw stock is valued at cost.

k) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

m) Financial instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently recognised at amortised cost using the effective interest method.

n) Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the minimum lease term.

o) Pensions

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

p) Termination benefits

Where an employee receives a termination benefit the cost is recognised at the date the employee is notified.

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2017

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2016 Total £
Income from:			
Donations and legacies	62,500	65,944	128,444
Charitable activities	-	859,013	859,013
Investments	-	39,894	39,894
Total income	62,500	964,851	1,027,351
Expenditure on:			
Raising funds	-	24,556	24,556
Charitable activities	62,500	963,518	1,026,018
Total expenditure	62,500	988,074	1,050,574
Net income / (expenditure)	-	(23,223)	(23,223)
Transfers between funds	-	-	-
Net movement in funds	-	(23,223)	(23,223)

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2017

3. Donations and legacies

	Restricted £	Unrestricted £	2017 Total £	2016 Total £
Grants and donations of £5,000 or more:				
Gwyneth Forrester Trust	-	30,000	30,000	-
Jane Hodge Foundation	5,000	5,000	10,000	-
Anton Jurgens Charitable Trust	-	9,008	9,008	-
29th May 1961 Charitable Trust	-	5,000	5,000	5,000
Singer Foundation	-	5,000	5,000	-
The Keeble Charitable Trust	-	5,000	5,000	-
Third House Trust Charity	5,000	-	5,000	-
Kleinworth Benson Charities	-	5,000	5,000	-
Lloyds TSB Foundation	-	-	-	25,000
Anonymous	-	-	-	15,000
Charles Hayward Trust	-	-	-	15,000
The E D Charitable Trust	-	-	-	15,000
Kestrel Man Trust	-	-	-	8,000
CHK Charities	-	-	-	5,000
Beatrice Laing	-	-	-	5,000
Pagan Osbourne	-	-	-	5,000
Grants and donations less than £5,000	<u>2,000</u>	<u>40,846</u>	<u>42,846</u>	<u>30,444</u>
Total donations and legacies	<u>12,000</u>	<u>104,854</u>	<u>116,854</u>	<u>128,444</u>

The charitable company did not receive any government grants during the year (2016: £nil).

4. Income from charitable activities

	Restricted £	Unrestricted £	2017 Total £	2016 Total £
Sale of donated furniture	-	188,359	188,359	191,491
Sale of new furniture	-	58,333	58,333	58,935
Sale of used domestic appliances	-	179,233	179,233	79,591
Sale of new domestic appliances	-	283,029	283,029	309,754
Sale of graded domestic appliances	-	49,993	49,993	144,539
Sale of used clothing	-	4,159	4,159	-
Revenue from transport and logistics	-	86,600	86,600	74,703
Total income from charitable activities	<u>-</u>	<u>849,706</u>	<u>849,706</u>	<u>859,013</u>

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2017

5. Investment income

	Restricted £	Unrestricted £	2017 Total £	2016 Total £
Rent and management fees	-	38,977	38,977	39,892
Bank interest	-	13	13	2
Total investment income	-	38,990	38,990	39,894

6. Expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	2017 Total £	2016 Total £
Staff costs	10,243	236,043	44,786	291,072	334,066
Cost of goods sold	-	402,945	-	402,945	360,491
Production costs	-	66,738	-	66,738	71,791
Transport costs	-	35,338	-	35,338	35,692
Establishment costs	-	103,274	-	103,274	139,189
Office expenses	-	-	24,991	24,991	37,535
Legal & professional	10,404	-	34,149	44,553	41,236
Audit fee	-	-	4,000	4,000	5,100
Depreciation	-	-	6,817	6,817	5,610
Bad debts	-	-	5	5	613
Bank charges	-	-	4,061	4,061	3,494
(Profit) / loss on disposal of fixed assets	-	-	14,169	14,169	-
Other costs	-	-	11,057	11,057	15,757
Sub-total	20,647	844,338	144,035	1,009,020	1,050,574
Allocation of governance and support costs	4,321	139,714	(144,035)	-	-
Total expenditure	24,968	984,052	-	1,009,020	1,050,574

From 1 April 2016, cost of goods sold includes any direct staff costs attributable to refurbishing stock items for sale. Full staff costs for the year are disclosed in note 8.

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2017

7. Net movement in funds

This is stated after charging:

	2017 £	2016 £
Depreciation	6,817	5,610
(Profit) / loss on disposal of fixed assets	14,169	Nil
Trustees' indemnity insurance	Nil	Nil
Trustees' reimbursed expenses	Nil	Nil
Amounts payable under operating leases		
▪ Property	59,722	69,592
▪ Equipment	16,574	17,896
Auditors' remuneration:		
▪ Statutory audit	4,000	3,800
▪ Under-accrual in prior year	-	1,300

8. Staff costs and numbers

Staff costs were as follows:

	2017 £	2016 £
Salaries and wages	375,660	313,705
Social security costs	15,680	20,361
Redundancy	13,104	-
Employer pensions	737	-
	<u>405,181</u>	<u>334,066</u>

No employee earned more than £60,000 during the year (2016: none).

	2017 No.	2016 No.
Average number of employees	<u>38</u>	<u>30</u>

The key management personnel of the charity comprise the trustees, the Chief Executive Officer and the Operations Manager. The total employee benefits of the key management personnel of the charity were £65,441 (2016: £64,052).

None of the trustees have been paid any remuneration or received any other benefits from an employment with the charity or a related entity. No trustee expenses have been incurred during the period.

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Notes to the financial statements

For the year ended 31 March 2017

9. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

10. Tangible fixed assets

	Equipment £	Motor vehicles £	Computer software and website £	Total £
Cost				
At 1 April 2016	63,915	83,247	18,049	165,211
Additions in year	2,577	-	-	2,577
Disposals at cost	-	(28,000)	(18,049)	(46,049)
At 31 March 2017	66,492	55,247	-	121,739
Depreciation				
At 1 April 2016	58,061	62,704	15,412	136,177
Charge for the year	2,561	3,081	1,175	6,817
Eliminated on disposal for the year	-	(15,294)	(16,587)	(31,881)
At 31 March 2017	60,622	50,491	-	111,113
Net book value				
At 31 March 2017	5,870	4,756	-	10,626
At 31 March 2016	5,854	20,543	2,637	29,034

11. Investments

The charitable company owns 33% of the issued ordinary share capital of Sofa Environmental Services CIC, a company registered in England and Wales. The company has been dormant since incorporation. The investment is valued at historic cost (£1).

12. Stock

	2017 £	2016 £
Raw stock	6,264	15,423
Finished stock	16,082	20,392
	22,346	35,815

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Notes to the financial statements

For the year ended 31 March 2017

13. Debtors

	2017 £	2016 £
Trade debtors	19,401	55,852
Prepayments	9,954	5,965
Other debtors	37,703	44,000
	<u>67,058</u>	<u>105,817</u>

14. Creditors: amounts due within 1 year

	2017 £	2016 £
Trade creditors	23,929	56,837
Accruals	22,944	9,825
Other taxation and social security	19,869	25,061
Deferred income (note 15)	46,392	127,170
Other creditors	4,015	5,003
	<u>117,149</u>	<u>223,896</u>

15. Deferred income

Deferred income comprises both rental income received in advance and income received in advance from Bristol City Council under a contract to supply goods. Income is recognised in the statement of financial activities when the associated goods and services have been delivered.

	2017 £	2016 £
Balance at 1 April	127,170	10,395
Amount released to income	(441,716)	(339,475)
Amount deferred in the year	<u>360,938</u>	<u>456,250</u>
Balance at 31 March	<u>46,392</u>	<u>127,170</u>

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Notes to the financial statements

For the year ended 31 March 2017

16. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	10,626	10,626
Investments	-	1	1
Current assets	-	163,408	163,408
Current liabilities	-	(117,149)	(117,149)
Net assets at 31 March 2017	-	56,886	56,886

17. Movements in funds

	At 1 April 2016 £	Income £	Expenditure £	Transfers between funds £	At 31 March 2017 £
Restricted funds					
Prisoner Programme	-	12,000	(12,000)	-	-
Total restricted funds	-	12,000	(12,000)	-	-
Unrestricted funds					
<i>Designated funds:</i>					
Fixed asset fund	29,034	-	(6,817)	(11,591)	10,626
<i>Total designated funds</i>	<i>29,034</i>	<i>-</i>	<i>(6,817)</i>	<i>(11,591)</i>	<i>10,626</i>
General funds	31,322	993,550	(990,203)	11,591	46,260
Total unrestricted funds	60,356	993,550	(997,020)	-	56,886
Total funds	60,356	1,005,550	(1,009,020)	-	56,886

Purposes of restricted funds

The Prisoner Programme represents funds given specifically for the charity's work with offenders from Leyhill Open Prison, providing them work whilst they prepare for release.

Purpose of designated funds

The designated fund represents the net book value of fixed assets held by the charity.

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Notes to the financial statements

For the year ended 31 March 2017

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net movement in funds	(3,470)	(23,223)
Adjustments for:		
Depreciation charges	6,817	5,610
Dividends, interest and rents from investments	(38,990)	(39,894)
Loss / (profit) on the sale of fixed assets	14,169	-
Decrease / (increase) in stock	13,469	12,309
Decrease / (increase) in debtors	38,759	(9,974)
Increase / (decrease) in creditors	(106,748)	124,199
Net cash provided by / (used in) operating activities	(75,994)	69,027

19. Related party transactions

There were no related party transactions during the period.

20. Other financial commitments

At the year end the company had commitments under non-cancellable operating leases as set out below:

	Property £	Vehicles and equipment £	Total £
Operating leases which expire:			
within one year	26,667	6,053	32,720
within two to five years	-	2,485	2,485
	<u>26,667</u>	<u>8,538</u>	<u>35,205</u>