

THE SOFA PROJECT FINANCIAL STATEMENTS

31 MARCH 2010

**Charity Number 287088
Company Registration Number 1697726**



THE SOFA PROJECT
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

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THE SOFA PROJECT

REFERENCE AND ADMINISTRATIVE INFORMATION DETAILS OF THE CHARITY AND ITS ADVISORS

YEAR ENDED 31 MARCH 2010

Status

The company is a registered charity and limited by guarantee

Trustees

Colin Evans

Sarah Hedley

Peter Jameson

Bryan Fawcett

Patrick Graves

Robin Jones

Annabel Harford

Nicholas Carter

Jonathan Fuge

Gary Twinn

Chair

Vice Chair (Resigned 22 October 2010)

Chair of Finance and General Purposes Committee

Resigned 22 October 2009

Appointed 21 September 2009

Secretary

J L Williams CBE

Registered office

48-54 West Street

St Philips

Bristol

BS2 0BL

Auditor

Messrs Burton Sweet

Pembroke House

15 Pembroke Road

Clifton

Bristol

BS8 3BA

Business address

48-54 West Street

St Philips

Bristol

BS2 0BL

Bankers

Lloyds TSB

102 Regent's Street

Kingswood

Bristol

BS15 2HT

Solicitors

Osborne Clarke

2 Temple Back East

Temple Quay

Bristol

BS1 6EG

THE SOFA PROJECT

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 MARCH 2010

The trustees present their report and the audited financial statements for the year ended 31 March 2010

The legal and administrative information set out on the previous page and above 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, 2005

Charitable objects

On 9 November 2010 the Charity Commission registered the revised Objects of the SOFA Project charity, which were approved by the Trustees on 23 September 2010. These are

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

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

To protect and preserve the environment by recycling and re-using manufactured goods and chattels

Public Benefit

The Trustees have regard to the Charity Commission guidance on Public Benefit and to the requirement to report on its observance and delivery. The public benefit generated by SOFA Project is principally the impact on families' wellbeing created by their being able to buy household goods from SOFA at prices substantially less (around 25%) than from most other retail sources in Bristol and Weston-Super-Mare, thus generating a saving which may be used to meet their other needs. But this is not the only form of public benefit delivered by SOFA Project. There is also

- conserving the environment by diverting unwanted goods away from landfill, to re-use,
- providing prisoners and offenders with opportunities for rehabilitation and training,
- providing unemployed people and others with opportunities for gainful use of spare time or for preparation to take up, or return to, jobs in the mainstream economy

Indeed, such have the last two of these risen in profile in the Charity's activities in recent years that the Trustees sought the revision in the Objects to that detailed above (in which the second Object is an addition to the two pre-existing Objects), to better align governance and activity

Organisational structure

SOFA Project (also known as 'SOFA') is an incorporated charity, limited by guarantee. It is overseen by a Board of Trustees, between 7 and 15 in number, a third of whom are elected in rotation annually. The Board meets every two months. Four of the Trustees serve on a Finance and General Purposes Committee which, together with the Senior Management Team, meets at least once a month.

THE SOFA PROJECT

TRUSTEES ANNUAL REPORT (CONTINUED)

YEAR ENDED 31 MARCH 2010

Related parties

The subsidiary Community Interest Company (CIC), known as 'SOFA Environmental Services CIC' (registered company 6437490), set up in November 2007, continued dormant through the whole of 2009/10. Plans to activate it were overtaken by events. SOFA's Board carried out a strategic review during 2009/2010 which concluded that the CIC should remain dormant until any future need arises.

Report on the year

SOFA Project's core activity continues to be the retailing of low-priced household goods to low-income households. During the year a retail branch was opened in Weston-Super-Mare, to extend SOFA's reach to households in need in that town. The goods SOFA sells in Bristol and Weston are sourced variously from private and commercial donations, from goods diverted from the waste stream, and second quality goods bought in from manufacturers and from other retailers.

In the course of its logistics, refurbishment, and retail operations SOFA Project gives employment, work placement and volunteering opportunities to men and women near and on the margins of society, including long term prisoners (through a close partnership with HMP Leyhill), Community Payback offenders (through a long standing arrangement with Avon and Somerset Probation Trust), unemployed young people (including 12 in 09/10 through the government's Future Jobs Fund programme, and a further 15 since), and volunteers with mental health or addiction problems.

Revenue in 2009/10 was derived from Trading (67%), Employment Services (14%), Contract Services (8%), and other sources (11%).

- Trading in furniture and domestic appliances yielded £562,732 in gross revenue in 09/10. This was a 10% increase over 08/09.
- Employment Services brought in £113,781, the major part (£72,000) being grants provided by charitable trusts to sustain SOFA's employment programme for long-sentence prisoners nearing release, the remainder (£41,781) in payments from Bristol City Council for SOFA's employment provision under Phase 1 of the Future Jobs Fund. Most of this income was in turn paid out as salaries and wages to the beneficiaries of these programmes.
- Contract services generated £65,957 in 09/10. This was the initial year of a new contract generating fees from Bristol City Council for running a collection, storage and disposal (for re-use) service to permit faster re-letting of council properties which unexpectedly became 'void'.
- Other. A further £92,572 was found from other grants (£53,607), rental income (£26,221), Gift Aid (£7,214) and other sources (£5,530). None of the grants came from any statutory source.

SOFA's Board of Trustees maintains a long term objective to operate profitably without unrestricted grant funding but this remains no more than an aspiration so long as the charity has to limit its retail prices to a level that its hard-pressed customers can afford. In the meantime the Trustees readily express their gratitude to all the Trusts and Foundations which generously supported SOFA during the year.

THE SOFA PROJECT

TRUSTEES ANNUAL REPORT (CONTINUED)

YEAR ENDED 31 MARCH 2010

Achievements

SOFA's principal achievement in 09/10 was to assist 4,755 local clients who between them bought at low prices a total of 5,552 items, comprising 3,159 pieces of furniture and 2,393 domestic appliances. Comparing to the preceding year, this was a 10% fall in customers but a 33% fall in items sold – each, on average bought 1.6 items rather than 2 or more as in previous years. In continuation of SOFA's environmental aims, 265 tonnes of potential waste were diverted from landfill or unnecessary recycling. This was a 28% reduction over 08/09, again reflecting lower volumes overall.

2009 was a busy year for SOFA. Thanks to the fact that our Chief Executive and his Senior Management Team had brought us to a period of comparative financial stability we were able to turn our attention to strategic considerations. We organised an Away Day for Trustees and Managers in January during which we were able to set aside day to day concerns and turn our thoughts to the medium and longer term.

The first decision taken was that we should redefine SOFA's charitable objectives and, thanks to the invaluable help of solicitors Osborne Clarke, this has now been achieved. In brief, we are now more expansive in regard to those in the community we can help and the activities we can carry out to generate the funds that will enable us to do so. This makes sense from a social point of view and it has removed any concerns we may have had as to whether our activities, current and prospective, were outside our charitable remit. As a result we no longer need to activate the CIC (a vehicle created to mitigate this risk) which would have been an internal encumbrance as far as our accounting systems are concerned. The CIC remains dormant pending future developments.

We also set plans in hand to professionalise our marketing and selling activity and as a direct result we opened a new shop in Knowle, south Bristol, in May 2010. We are pleased to report that results so far are in excess of our cautious expectations. As an extension to this project (which trades under the label 'Sofa PLUS'), preparatory work is under way to develop an e-commerce activity which we believe will further enhance our offering and bring in much needed revenue.

Our dialogue also highlighted the need for us to broaden the base of our trading activities, so in early 2010 we entered into negotiations with Green-works, a London based Social Enterprise who have pioneered the re-cycling of office furniture on a large scale, to set up a franchise operation. We are pleased to be able to report that this has been satisfactorily concluded and in September we took delivery of our first consignments. We anticipate that our customers for these goods will include other local charities and social enterprises so this fits in well with our social and our strengthened environmental objectives. The enterprise will largely be staffed, at the shop floor level, by prisoners from HMP Leyhill.

We also have plans ready to implement to create a stronger link between Trustees and staff. This is not to repair a weakness, since we are fortunate to have a Board of very committed and involved Trustees, but it is incumbent upon us to continue to look for ways to strengthen their involvement and to show our valued employees that we share with them a commitment to SOFA's long term future.

THE SOFA PROJECT

TRUSTEES ANNUAL REPORT (CONTINUED)

YEAR ENDED 31 MARCH 2010

These developments have increased the workload of our already busy team but we have been helped in recent weeks by a new relationship with Bristol Business School, part of the University of the West of England. Through this we have had inputs from several recently graduated students who, we hope, will have gained as much value from their involvement with us as we have from their highly professional reports and recommendations. Attachment to SOFA of an MBA student for 10 weeks this summer has been especially helpful and much appreciated.

For some time we have been less than happy with our internal accountancy capability so this year we appointed an experienced professional as 'Project Accountant'. Martin Hall has ensured that we are now getting better information more quickly than hitherto and, moreover, we have more confidence in the accuracy of the performance data we need in order to deliver our overseeing responsibilities effectively. Taking this together with the appointment of Messrs Burton Sweet as our new Auditors, we believe we have resolved this important aspect of our business.

Altogether then, a year of steady progress for SOFA. We are still operating too close to break even for comfort and at times this can be uncomfortable. We still have areas of concern: the shop at Weston-super-Mare is not bringing in the revenue we had hoped for and we are struggling to obtain a sufficient quantity of incoming stock to meet our expanding sales, but we have greater confidence in the future as a result of a clearer vision and the actions we have taken to generate more income whilst still managing costs with the utmost care.

Plans for the Future

At year end 09/10 SOFA's Board had these plans for 2010/11:

- To ensure a strong start for the new 'SOFA PLUS' shop (opened in May),
- To launch the proposed office furniture re-use enterprise in Bristol for the benefit of the voluntary, community, and social enterprise sector, in order to broaden SOFA's sources of revenue, and spread risk (achieved late September, in the form of the 'SOFA OFFICE' enterprise),
- To start preparations towards gaining the household bulky waste collections and re-use service subcontract for Bristol, which will be awarded in mid 2011
- To take all measures necessary to strengthen SOFA's financial state

Reserves

The Trustees continue to aim at accumulating reserves of £250,000, which they consider both desirable and appropriate. This remains, however, a very challenging target, but there is some indication that progress might be made during 2010/11.

Movement in Funds

The achievement of a surplus after two years in deficit is much welcomed by the Trustees, who note that the relatively substantial operating surplus of close to £45,000 was reduced through a large number of post-year adjustments (to correct previously inaccurate fixed assets values, for instance) down to the £7,564 recorded in the Statement of Financial Activities. The size of the operating surplus reflects well on measures taken during 09/10 to improve performance.

THE SOFA PROJECT

TRUSTEES ANNUAL REPORT (*CONTINUED*)

YEAR ENDED 31 MARCH 2010

Risk Statement

The Trustees' Finance and General Purposes Committee keeps under review the major risks to which the charity is exposed. Capital expenditure or financial commitments are discussed by the Finance and General Purposes Committee but recommendations to Trustees are made only when it has been established that the necessary funding is available and that there is a potential return.

The Trustees.

The Trustees, who are also Directors for the purposes of the Companies Act 1985, who served during the year and up to the date of the approval of this report, were

Colin Evans	Chair
Sarah Hedley	Vice Chair (Resigned 22 October 2010)
Peter Jameson	Chair of Finance and General Purposes Committee
Bryan Fawcett	
Patrick Graves	
Robin Jones	
Annabel Harford	
Nicholas Carter	
Jonathan Fuge	Resigned 22 October 2009
Kushan Tikkoo	
Gary Twinn	Appointed 21 September 2009

The charitable company is limited by guarantee and as such does not have any share capital. No trustee has any beneficial interest in the company, nor has benefited from any transactions in the year under review, nor has any relative of any Trustee. All the trustees are members of the company and guarantee to contribute £1 in the event of winding up. The number of guarantees at 31st March 2009 was 10.

Responsibilities of Trustees

The trustees (who are also directors of SOFA Project for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

THE SOFA PROJECT

TRUSTEES ANNUAL REPORT (*CONTINUED*)

YEAR ENDED 31 MARCH 2010

Responsibilities of Trustees (*continued*)

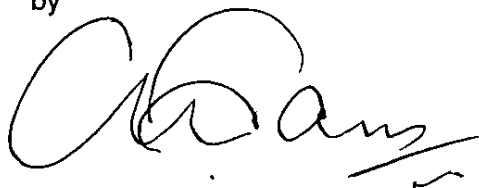
The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

In so far as the trustees are aware - there is no relevant audit information of which the charitable company's auditors are unaware, and the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Messrs Burton Sweet have been appointed auditors for the 2009/10 accounts and for the ensuing two years.

This report was approved by the trustees on 22 November 2010 and signed on their behalf by



COLIN EVANS
Chair of Trustees

THE SOFA PROJECT

TRUSTEES ANNUAL REPORT (CONTINUED)

YEAR ENDED 31 MARCH 2010

ACKNOWLEDGEMENTS AND THANKS

The following grants made to SOFA Project in 2009/10 by charitable trusts and foundations are gratefully acknowledged

Henry Smith Charity	£25,000
J Paul Getty Jnr Charitable Trust	£15,000
Rank Foundation	£15,000
Clothworkers' Foundation	£15,000
Charles Hayward Foundation	£10,000
Big Lottery Fund (Awards for All)	£9,900
Mercers' Company	£5,000
Noel Buxton Trust	£2,000
North Somerset Express Fund	£2,000

We thank our Patrons

Mrs Mary Prior MBE, Lord Lieutenant of Bristol	Tony Robinson
Chris Vacher	John Pontin OBE

We thank the following who helped SOFA Project in so many ways in 2009/10

The Furniture Re-Use Network	Social Enterprise Works
VOSCUR	Emmaus Bristol
Business in the Community	Buyology Ltd
Claire House-Norman	
The Environment Agency	<i>North Wessex officers</i>
Bristol City Council	<i>Neighbourhood Services</i>
National Probation Service	<i>Avon and Somerset Probation Trust</i>
HM Prison Service	<i>HM Prison Leyhill</i>
The Bristol Initiative	Business Link
North Somerset Housing	Wincanton Group plc
ROK group	Osborne Clarke Solicitors
Tett Hamilton Oval Insurance	

Companies and others which have supplied SOFA with surplus and graded goods

Center Parcs Holiday Village	Longleat Forest
Baumagic Ltd	Reading
GDHA Group	Merseyside
Fagor Group	Basingstoke
Caple Group	Avonmouth

Our partner charities with whom we have worked closely during the year

Bristol Charities	Bath Municipal Charities
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And our thanks go, equally, to all the staff, trustees and other volunteers who continue to make SOFA Project a special and successful provider of assistance to those in need in our region

THE SOFA PROJECT

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

YEAR ENDED 31 MARCH 2010

This report is issued in respect of an audit carried out under section 495 of the Companies Act 2006

We have audited the financial statements of The SOFA Project for the year ended 31 March 2010 which comprise of the Statement of Financial Activities, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 495 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 trustees and auditor

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the charity's financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the relevant financial reporting framework and are prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records or if we have not received all the information and explanations we require for our audit or if disclosures of trustees' benefits, remuneration, pensions and compensation for loss of office specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

THE SOFA PROJECT

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

YEAR ENDED 31 MARCH 2010

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Annual Report is consistent with the financial statements

Burton Sweet

Edward Marsh BSc (Hons) ACA DChA

Senior Statutory Auditor

For and on behalf of Burton Sweet Chartered Accountants, Statutory Auditor

Pembroke House
15 Pembroke Road
Clifton
Bristol BS8 3BA

Date

22nd November 2010

THE SOFA PROJECT

STATEMENT OF FINANCIAL ACTIVITIES (Including Income & Expenditure Account)

YEAR ENDED 31 MARCH 2010

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	12,740	167,388	180,128	54,577
Investment income	3	26,225	-	26,225	32,609
<i>Incoming resources from charitable activities</i>					
	4	628,689	-	628,689	648,504
Total incoming resources		<u>667,654</u>	<u>167,388</u>	<u>835,042</u>	<u>735,690</u>
Resources expended					
Cost of generating funds	5	132,982	-	132,982	123,122
Charitable activities	6	528,596	151,375	679,971	650,163
Governance costs	7	14,525	-	14,525	17,149
Total resources expended		<u>676,103</u>	<u>151,375</u>	<u>827,478</u>	<u>790,434</u>
Net incoming/(outgoing) resources					
- Net income	8	(8,449)	16,013	7,564	(54,744)
Total funds at 1 April 2009		12,097	19,656	31,753	86,497
Total funds at 31 March 2010		<u>3,648</u>	<u>35,669</u>	<u>39,317</u>	<u>31,753</u>

The Charity has no recognised gains or losses other than the results for the year as set out above

All of the activities of the charity are classed as continuing

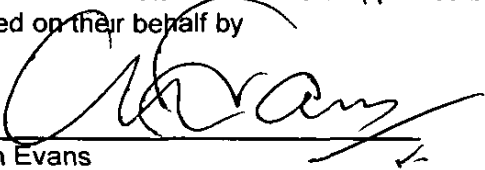
The notes on pages 13 to 22 form part of these financial statements

THE SOFA PROJECT
BALANCE SHEET
AS AT 31 MARCH 2010

	Note	2010 £	2009 £
Fixed Assets			
Tangible fixed assets	11	30,738	47,724
Current Assets			
Stock		29,981	27,891
Debtors	12	72,537	58,289
Cash at bank and in hand		6,523	26
		<u>109,041</u>	<u>86,206</u>
Creditors: Amounts falling due within one year	13	<u>(98,461)</u>	<u>(95,079)</u>
Net Current Assets/(Liabilities)		10,580	(8,873)
Creditors: Amounts falling due after more than one year	14	(2,001)	(7,098)
Net assets		<u><u>39,317</u></u>	<u><u>31,753</u></u>
Funds			
Restricted funds	15	35,669	19,656
Unrestricted funds	15	3,648	12,097
		<u><u>39,317</u></u>	<u><u>31,753</u></u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the trustees on 22 November 2010 and are signed on their behalf by


 Colin Evans
 Chair of trustees

The notes on pages 13 to 22 form part of these financial statements

THE SOFA PROJECT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

1 Accounting policies

a) The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards, the Companies Act 2006 and the Statement of Recommended Practice, Accounting and Reporting by Charities, issued in 2005

b) 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. The value of services provided by volunteers has not been included as the value of these services cannot be readily quantified.

Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable. Grants received in the accounting period in respect of future accounting periods are deferred until those periods. Grants receivable are only recognised when any conditions for receipt have been complied with. All material grants are disclosed in accordance with the Statement of Recommended Practice.

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

c) Resources expended are accounted for on an accruals basis and have been classified under headings that aggregate all costs related to the category. Resources expended include attributable VAT which cannot be recovered.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on the basis of estimated aggregated time expended on each activity.

d) Fixed assets are initially recorded at cost less recoverable VAT.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Equipment	20% reducing balance
Fixtures & fittings	20% straight line
Motor Vehicles	15% reducing balance

THE SOFA PROJECT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

1 Accounting policies

- e) Stocks are valued on the following basis

The majority of stock is valued at sales price less mark-up. The mark-ups range from 5% to 30%.

- f) Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the statement of financial activities on a straight line basis.

- g) Unrestricted funds can be used in accordance with the charitable objects at the discretion of the trustees.

Designated funds are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

- h) Restricted funds can only be used for the particular restricted purposes laid down by the donor and within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs. Further explanation of the nature and purpose of each fund is included in the notes to the financial statements. Where activities are funded through a mixture of restricted and unrestricted funds, the restricted funds are deemed to have been expended first.

THE SOFA PROJECT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

2 Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Donations				
Collections	1,997	-	1,997	600
Miscellaneous	3,529	-	3,529	3,291
Gift aid	7,214	-	7,214	182
Grants receivable				
Garfield Weston Foundation	-	-	-	10,000
NS Housing	-	-	-	10,000
Norda Trust	-	-	-	4,000
Gosling Foundation	-	-	-	2,000
The Rank Foundation	-	15,000	15,000	15,000
Henry Smith Charity	-	25,000	25,000	7,500
Mercers Charitable Foundation	-	5,000	5,000	-
J Paul Getty Jr Charitable Trust	-	15,000	15,000	-
The Charles Hayward Foundation	-	10,000	10,000	-
The Clothworkers' Foundation	-	15,000	15,000	-
Future Jobs Funding	-	41,781	41,781	-
Big Lottery Fund Grant	-	9,900	9,900	-
Quartet Community Foundation				
- Bristol & West Endowment Fund	-	2,000	2,000	-
The Waste and Resources Action Programme (WRAP)	-	18,750	18,750	-
The Noel Buxton Trust	-	2,000	2,000	-
Capacity Builders	-	7,957	7,957	-
Others	-	-	-	2,004
	<u>12,740</u>	<u>167,388</u>	<u>180,128</u>	<u>54,577</u>

3 Investment income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Rent and management fees	26,221	-	26,221	32,486
Bank interest receivable	4	-	4	123
	<u>26,225</u>	<u>-</u>	<u>26,225</u>	<u>32,609</u>

THE SOFA PROJECT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

4 Incoming resources from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Sale of donated furniture	136,290	-	136,290	149,691
Sale of new furniture	35,863	-	35,863	17,414
Sale of used domestic appliances	158,632	-	158,632	64,672
Sale of new domestic appliances	1,555	-	1,555	25,244
Sale of graded domestic appliances	225,365	-	225,365	248,902
Sale of furniture packs	5,027	-	5,027	6,253
Revenue from transport and other	65,957	-	65,957	136,328
	<u>628,689</u>	<u>-</u>	<u>628,689</u>	<u>648,504</u>

5 Cost of generating funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Cost of goods sold	132,982	-	132,982	121,989
Other costs	-	-	-	1,133
	<u>132,982</u>	<u>-</u>	<u>132,982</u>	<u>123,122</u>

6 Charitable activities

	Wages and salaries £	Direct costs £	Support costs £	Total Funds 2010 £	Total Funds 2009 £
Provision of charitable services	332,527	173,435	161,983	667,945	646,013
Loss on disposal of fixed assets	-	12,026	-	12,026	4,150
	<u>332,527</u>	<u>185,461</u>	<u>161,983</u>	<u>679,971</u>	<u>650,163</u>

Support costs

	Total Funds 2010 £	Total Funds 2009 £
Premises costs	137,793	
Office costs	24,190	
	<u>161,983</u>	<u>-</u>

THE SOFA PROJECT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

7 Governance costs

	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Salaries and wages	12,000	-	12,000	12,000
Legal and professional fees	206	-	206	2,899
Audit fee	2,319	-	2,319	2,250
	<u>14,525</u>	<u>-</u>	<u>14,525</u>	<u>17,149</u>

8 Net incoming resources for the year

This is stated after charging:

	2010 £	2009 £
Depreciation	11,897	10,978
Loss on write-off of fixed assets	12,026	4,150
Auditors' remuneration	2,319	2,250
Trustees remuneration	-	-
Costs of trustees expenses	-	-
	<u>-</u>	<u>-</u>

9 Staff costs and numbers

The aggregate staff costs were

	2010 £	2009 £
Wages and salaries	319,574	300,009
Social security costs	24,953	26,161
	<u>344,527</u>	<u>326,170</u>

No employee received emoluments of more than £60,000

THE SOFA PROJECT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

9 Staff costs and numbers (continued)

The average weekly number of staff during the year, calculated on the basis of full time equivalents, was as follows

	2010 No.	2009 No
Chief Executive	1	1
Administration and Supervision	5	5
Operations	14	12
	<u>20</u>	<u>18</u>

10 Taxation

The charity is exempt from corporation tax on its charitable activities

11 Tangible fixed assets

	Equipment £	Motor Vehicles £	Assets under Construction £	Total £
Cost				
At 1 April 2009	209,333	60,739	-	270,072
Additions	-	-	6,937	6,937
Disposals	(156,618)	(5,492)	-	(162,110)
At 31 March 2010	<u>52,715</u>	<u>55,247</u>	<u>6,937</u>	<u>114,899</u>
Depreciation				
At 1 April 2009	181,036	41,312	-	222,348
Charge for the year	9,279	2,618	-	11,897
Disposals	(146,565)	(3,519)	-	(150,084)
At 31 March 2010	<u>43,750</u>	<u>40,411</u>	<u>-</u>	<u>84,161</u>
Net book value				
At 31 March 2010	<u>8,965</u>	<u>14,836</u>	<u>6,937</u>	<u>30,738</u>
At 31 March 2009	<u>28,297</u>	<u>19,427</u>	<u>-</u>	<u>47,724</u>

Following a review of fixed assets conducted during the year by the Trustees and management, it has been decided that a substantial number of historic assets have become surplus to requirements. These have no resale value. They have been included in the financial statements as disposals with nil proceeds and shown as a loss on write-off of fixed assets.

THE SOFA PROJECT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

12 Debtors

	2010 £	2009 £
Trade debtors	32,152	21,059
Other debtors	27,322	26,912
Prepayments	13,063	10,318
	<u>72,537</u>	<u>58,289</u>

13 Creditors: amounts falling due within one year

	2010 £	2009 £
Bank loans and overdrafts	21,823	13,922
Trade creditors	22,817	37,439
PAYE and social security	14,618	18,754
Hire purchase agreements	-	390
Other creditors	6,645	8,182
Accruals	32,558	16,392
	<u>98,461</u>	<u>95,079</u>

14 Creditors: Amounts falling due after more than one year

	2010 £	2009 £
Bank loans and overdrafts	<u>2,001</u>	<u>7,098</u>

The fixed interest unsecured loan has been advanced by the Charities Aid Foundation Interest is currently payable at 8% and the loan is fully repayable by 31 May 2011

THE SOFA PROJECT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

15 Movement in funds

	At 01-Apr 2009 £	Incoming resources £	Outgoing resources £	Transfers £	At 31-Mar 2010 £
Restricted funds					
Clarke Wilmot Kelso House					
Dilapidations Fund	9,656	-	(3,595)	-	6,061
NS Housing Fund	10,000	-	(3,087)	-	6,913
The Rank Foundation	-	15,000	(15,000)	-	-
Henry Smith Charity	-	25,000	(25,000)	-	-
Mercers' Charitable Foundation	-	5,000	(5,000)	-	-
J Paul Getty Jr Charitable Trust	-	15,000	(15,000)	-	-
The Charles Hayward Foundation	-	10,000	(10,000)	-	-
The Clothworkers' Foundation	-	15,000	-	-	15,000
Future Jobs Funding	-	41,781	(41,781)	-	-
Big Lottery Fund Grant	-	9,900	(2,205)	-	7,695
Quartet Community Foundation					
- Bristol & West Endowment Fund	-	2,000	(2,000)	-	-
The Waste and Resources					
Action Programme (WRAP)	-	18,750	(18,750)	-	-
The Noel Buxton Trust	-	2,000	(2,000)	-	-
Capacity Builders	-	7,957	(7,957)	-	-
	<u>19,656</u>	<u>167,388</u>	<u>(151,375)</u>	<u>-</u>	<u>35,669</u>
Unrestricted funds					
Fixed asset designated fund	47,724	-	-	(16,986)	30,738
General funds	(35,627)	667,654	(676,103)	16,986	(27,090)
	<u>12,097</u>	<u>667,654</u>	<u>(676,103)</u>	<u>-</u>	<u>3,648</u>
Total funds	<u>31,753</u>	<u>835,042</u>	<u>(827,478)</u>	<u>-</u>	<u>39,317</u>

The following revenue grants were made to assist SOFA Project's programme of rehabilitation through useful employment, for long-term prisoners at HMP Leyhill who are nearing the end of their sentences

The Henry Smith Charity
The Rank Foundation
The J Paul Getty Jnr Charitable Foundation
The Charles Hayward Foundation
The Mercers' Charitable Foundation
The Noel Buxton Trust

THE SOFA PROJECT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

15 Movement in funds (*continued*)

Clarke Wilmot Kelso House Dilapidations Fund

Fund received towards the future costs of dilapidation work that will need to be undertaken upon the termination of the lease at Kelso house in 2011

NS Housing Fund

This grant was made to assist SOFA Project with premises costs at its new branch in Weston-Super-Mare, acquired in May 2009 and opened in July 2009

The Clothworkers' Foundation

This capital grant was made solely towards the purchase of a second-hand 3.5 tonne van to support SOFA Project's retail branch in Weston-Super-Mare

Awards for All Grant

This grant was given to enable SOFA Project to improve its capacity, effectiveness and efficiency through updating its ICT hardware and software

The Waste and Resources Action Programme

This revenue grant was awarded to enable the temporary employment of a project manager to deliver the setting up of SOFA Project's branch in Weston-Super-Mare, which was launched in July 2009

Quartet Community Foundation – Bristol and West Endowment Fund

This revenue grant was provided to support marketing activity in the course of the launch of the Weston-Super-Mare branch

Future Jobs Fund

Funding provided by HM Government (Department for Work and Pensions) to cover staff costs and overheads relating to employment of previously long term unemployed young people

Capacitybuilders' Modernisation Fund

A grant provided to increase SOFA Project's capacity to deliver people-focussed programmes, by way of a report on creating an Accredited Training workstream

Designated fund

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

THE SOFA PROJECT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

16 Analysis of net assets between funds

	Tangible Fixed assets	Other Net assets	Total
	£	£	£
Restricted funds			
Clarke Wilmot Kelso House Dilapidations Fund	-	6,061	6,061
NS Housing Fund	-	6,913	6,913
The Clothworkers' Foundation	-	15,000	15,000
Big Lottery Fund Grant	-	7,695	7,695
Unrestricted funds			
Designated fund	30,738	-	30,738
General funds	-	(27,090)	(27,090)
	<u>30,738</u>	<u>8,579</u>	<u>39,317</u>

17 Commitments under operating leases

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as set out below

	Land and Buildings	
	2010	2009
	£	£
Operating leases which expire		
Within 1 year	-	2,750
Between 2-5 years	65,000	20,500
After more than 5 years	-	39,250
	<u>65,000</u>	<u>62,500</u>

18 Company limited by guarantee

The charity is a company limited by guarantee and, as such, has no issued share capital. In the event of the company being wound up the liability of the members is limited to £1 each.

19 Related Party Transaction

No Trustees received any remuneration or expenses in either period.

20 Going Concern

The charity has continued to trade since the year-end, and by the third quarter of 2010/11 (as this report is finalised) it is now evident that some £85,000 has been secured in grant funding so far in the year. Whilst not enabling certainty that a surplus will be achieved at end FY 2010/11, this is sufficient to be confident that the Net Assets on the Balance Sheet at 31 March 2011 will be positive, and that the charity will continue trading into 2011/12.

THE SOFÁ PROJECT
MANAGEMENT INFORMATION
YEAR ENDED 31 MARCH 2010

**The following pages do not form part of the statutory financial statements
which are the subject of the auditor's report on pages 9 to 10.**

THE SOFA PROJECT

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 MARCH 2010

	Total Funds 2010 £	Total Funds 2009 £
Incoming resources		
Donations		
Collections	1,997	600
Miscellaneous	3,529	3,291
Gift aid	7,214	182
	<u>12,740</u>	<u>4,073</u>
Grants receivable		
Garfield Weston Foundation	-	10,000
NS Housing	-	10,000
Norda Trust	-	4,000
Gosling Foundation	-	2,000
The Rank Foundation	15,000	15,000
Henry Smith Charity	25,000	7,500
Mercers' Charitable Foundation	5,000	-
J Paul Getty Jr Charitable Trust	15,000	-
The Charles Hayward Foundation	10,000	-
The Clothworkers' Foundation	15,000	-
Future Jobs Funding	41,781	-
Big Lottery Fund Grant	9,900	-
Quartet Community Foundation - Bristol & West Endowment Fund	2,000	-
The Waste and Resources Action Programme (WRAP)	18,750	-
The Noel Buxton Trust	2,000	-
Capacity Builders	7,957	-
Others	-	2,004
	<u>167,388</u>	<u>50,504</u>
Investment income		
Rent and management fees	26,221	32,486
Bank interest receivable	4	123
	<u>26,225</u>	<u>32,609</u>
Incoming resources from charitable activities		
Sale of donated furniture	136,290	149,691
Sale of new furniture	35,863	17,414
Sale of used domestic appliances	158,632	64,672
Sale of new domestic appliances	1,555	25,244
Sale of graded domestic appliances	225,365	248,902
Sale of Furniture packs	5,027	6,253
Revenue from transport and other	65,957	136,328
	<u>628,689</u>	<u>648,504</u>
Total incoming resources	<u>835,042</u>	<u>735,690</u>

THE SOFA PROJECT

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 MARCH 2010

	Total Funds 2010 £	Total Funds 2009 £
Resources expended		
Cost of generating funds		
Cost of goods sold	132,982	121,989
Other costs	-	1,133
	<u>132,982</u>	<u>123,122</u>
Charitable activities		
CoGS - purchases - reprocessing TVs etc	-	52,072
Staff costs - Wages & salaries	307,574	288,009
Staff costs - Employer's NIC	24,953	26,161
Establishment - Rent	74,775	75,902
Establishment - Rates and Water	11,081	-
Establishment - Light & Heat	12,900	14,974
Establishment - Repairs and maintenance	16,206	3,905
Establishment - Insurance	11,502	19,188
Establishment - Other	11,330	16,953
Motor vehicle expenses	31,005	42,370
Motor and travel costs -other	2,642	1,045
Legal & professional	30,651	4,000
Office expenses -Telephone and interent charges	15,899	15,993
Office expenses - Other	8,290	6,861
Depreciation	11,897	10,978
Direct charitable activity - Conferences and courses	1,124	1,071
Direct charitable activity - Advertising and publicity	10,045	6,955
Direct charitable activity - Computer support	7,586	4,777
Direct charitable activity - Workshop expenses and maintenance	47,160	27,709
Entertaining	-	42
Bad debts	519	-
Bank charges	4,538	4,973
Security,Health and Safety	3,080	2,771
Subscriptions	1,974	1,419
Volunteer expenses	15,045	11,971
Commission and casual wages	2,179	1,975
General expenses and refreshments	3,232	2,743
Irrecoverable VAT	-	1,196
Interest on loans and hire purchase agreements	758	-
Provision of charitable services	<u>667,945</u>	<u>646,013</u>
Loss on disposal of fixed assets	<u>12,026</u>	<u>4,150</u>
	<u>679,971</u>	<u>650,163</u>

THE SOFA PROJECT

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 MARCH 2010

	Total Funds 2010 £	Total Funds 2009 £
Governance costs		
Salaries and wages	12,000	12,000
Legal and professional fees	206	2,899
Audit fee	2,319	2,250
	<u>14,525</u>	<u>17,149</u>
Total resources expended	<u>827,478</u>	<u>790,434</u>
Net incoming/(outgoing) resources	<u>7,562</u>	<u>(54,744)</u>

THE SOFÁ PROJECT

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2010

	Total Funds 2010 £	Total Funds 2009 £
Reconciliation of net incoming/(outgoing) resources before transfers to net cash inflow/(outflow) from operating activities		
Net incoming/(outgoing) resources before transfers	7,565	(54,744)
Income from investments	(26,221)	(32,486)
Interest receivable	(4)	(123)
Interest on loans and hire purchase agreements	758	-
Loss on disposal of fixed assets	12,026	4,150
Depreciation	11,897	10,978
Change in stock	(2,090)	2,833
Change in debtors	(14,248)	45,822
Change in creditors	(4,132)	(19,794)
Net cash inflow/(outflow) from operating activities	(14,449)	(43,364)
CASH FLOW STATEMENT		
Net cash inflow/(outflow) from operating activities	(14,449)	(43,364)
Returns on investments and servicing of finance		
Income from other fixed assets investments	26,221	32,486
Interest received	4	123
Interest on loans and hire purchase agreements	(758)	-
Net cash inflow/(outflow) from returns on investments and servicing of finance	25,467	32,609
Capital expenditure		
Payments to acquire tangible fixed assets	(6,937)	-
Receipts from sale of tangible fixed assets	-	3,500
Net cash inflow/(outflow) from returns on capital expenditure	(6,937)	3,500
Cash inflow/(outflow) before financing	4,081	(7,255)
Financing		
Bank loan received/(repaid)	(5,367)	15,000
Finance lease repaid	(390)	(4,678)
Net cash inflow/(outflow) from financing	(5,757)	10,322
Increase/(decrease) in cash	(1,676)	3,067

THE SOFA PROJECT

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2010

	Total Funds 2010 £	Total Funds 2009 £
Reconciliation of net cash flow to movement in net debt		
Increase/(decrease) in cash	(1,676)	3,067
Cash to reduce/(increase) liquid resources	5,367	(15,000)
Cash to repay finance lease	390	4,678
Change in net debt	4,081	(7,255)
Net debt at 1 April 2009	(21,384)	(14,129)
Net debt at 31 March 2010	(17,303)	(21,384)

Analysis of change in net debt

	At 1 April 2009 £	Cash Flows £	Other £	At 31 March 2010 £
Cash at bank and in hand	26	6,497	-	6,523
Overdraft	(6,020)	(8,173)	-	(14,193)
Finance lease due within 1 year	(390)	390	-	-
Bank loan due within 1 year	(7,902)	5,367	(5,097)	(7,632)
Bank loan due after 1 year	(7,098)	-	5,097	(2,001)
	(21,384)	4,081	-	(17,303)