

Company no. 01697726
Charity no. 287088

The Sofa Project
Report and Financial Statements
31 March 2018

The Sofa Project

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For the year ended 31 March 2018

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The Sofa Project

Reference and administrative details

For the year ended 31 March 2018

Company number 01697726

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:

Ruth Snary	Chair
Patrick Graves	Resigned 23/11/17
Lynn Maxwell	
Edward Porter	
Ronald Stagg	
Kirsten Van Den Hout	Resigned 22/03/18
Marianne Reed	
Chris Neild	Vice chair
Kate Clifford	
Glenda Hagger	
Eddie Piper	Appointed 22/03/18

**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

The Sofa Project

Report of the trustees

For the year ended 31 March 2018

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

During the year two Trustees resigned; Patrick Graves who had served the board for many years and given invaluable advice and help in all sorts of ways but especially over legal matters; The trustees wish to thank him for his valued contribution to SOFA. Kirsten Van Den Hout, the Vice Chair, also resigned so as to focus on setting up a new social enterprise. The trustees would like to also thank her for her contribution to the board of SOFA, she will be sorely missed.

Eddie Piper was appointed to the board and his special interest and expertise is in recycling and reuse, so we look forward to his experience being of use to us at SOFA.

The trustees are delighted that Chris Neild agreed to become Vice Chair as his past experience in business will be of great value to the Board and to the management of SOFA.

Both of the appointments were approved by the Board of Trustees.

The trustees are hoping to be able to recruit another board member to bring the board members up to a total of 10 in the coming year.

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, 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 2018

SOFA continues to be very active in Bristol and helps the local community by providing, at reasonable cost, goods that are of excellent quality to those who for various reasons, cannot afford to purchase new goods. It also assists those who have not been able to find regular, rewarding employment. We continue to receive letters, emails and social media comments from our customers and other members of our community thanking us for support that has been received.

The dedicated staff led by our indefatigable CEO work tirelessly to further our aims at SOFA with the support of the very active Board. We have been able to continue to employ some of those who find difficulty in finding other placements and work and we also provide work experience to those wishing to improve their skills as they seek to enter or re-enter the workplace.

Achievements and Performance

Our CEO has now been in post for 4 years and continues to lead the organisation with great success. She has modernised the way the Charity operates, continually looking for ways to enhance our efficiency whilst keeping our social objectives clearly on track. The economic climate, especially in retail, is very challenging but she has been able to negotiate contracts that ensure that we operate effectively. We continue to work closely with local housing associations and other support agencies who cooperate with us. We continue to work with our local authorities, and our contracts with Bristol City Council continued throughout the financial year enabling us to supply needy households with electrical goods and furniture.

Our work with HMP Leyhill, our local open prison, continues to give serving prisoners the opportunity to learn new soft & hard skills and trades, enabling them to spend time in a work environment improving their confidence & self-esteem, whilst preparing them for their release after serving their sentence. SOFA Project is HMP Leyhill's largest employability provider and has provided work experience for up to 19 prisoners at a time this year. The prison authorities recognise the importance of this work. Last year SOFA also set up a flatpack furniture workshop within the prison itself so as to provide work experience to prisoners who, for various reasons, are unable to work outside of the prison environment.

Our valued relationship with IKEA continues and is now in its 4th year. One of the Trustees is a senior manager with IKEA which strengthens our relationship. We take non saleable items which our team transform into finished goods, giving the prisoners in particular excellent work experience and saving large amounts of what would be considered waste wood from going to landfill. We are most grateful for the continued support of IKEA.

Everyone is aware of the huge financial constraints on local councils and the fact that the councils continue to use us and give us contract show how much they value and appreciate the services that we provide. Bristol City Council has also provided homes to several Syrian refugee families this year and SOFA Project has been one of the organisations selected to provide furniture for them.

A marketing plan was devised during the year by a Masters student from the UWE Business School which has fed into our current marketing strategy.

The Sofa Project

Report of the trustees

For the year ended 31 March 2018

Financial review

Our CEO, Nicci Peck and our accountant, Nathan Brady, have worked hard to make efficiencies thereby reducing our costs resulting in the bottom line of our accounts being kept at a reasonable level. Service contracts continue to be reviewed, retail is closely monitored and the warehouse reorganisation is continually being assessed and reorganised in order that it operates more efficiently.

Staffing levels are kept constantly under review and at March 2018 stood at 22 down from 40 in 2017. The reduction in staffing reflects the charities attempts at controlling costs while it's revenue falls. The current level of staffing is now considered appropriate for the current level of activity.

It is necessary to purchase some white goods in order to be able to fulfil our contracts with the local authorities but this is being constantly reviewed as we aim to be able to supply reconditioned white goods as far as possible. Work is continually being done to enable this to happen.

The opening of a new shop in the busy Gloucester Rd in November 2017 has proved to be successful and has covered its costs in this financial year. Looking at next year forecasts show that it will contribute a surplus and financial performance continues to be closely monitored.

During the year we were surprised to be given notice to vacate the warehouse due to the owners wishing to sell. A great deal of the time of our CEO and senior management team was expended from May to December on identifying a new warehouse that would meet our complex needs. The charity incurred several thousand pounds in professional fees during this period. Some of the fees the charity was contractually bound to meet through the lease and others were incurred in searching and negotiating on new premises. Given the small overall deficit this year it is highly likely the charity would have posted a surplus had it not incurred this expenditure. We were delighted and relieved when the new owners decided to renew the lease on favourable terms in December enabling us to continue using the excellent facilities.

The reduction of one of the charity's largest contracts with Bristol City Council has seen income drop substantially by 27%. This has therefore made for a difficult period financially for the Charity. Although there is a deficit for the year the charity has now adapted to the reduced income with overheads and staffing costs reduced and a new shop to recover some, but not all, of the lost income.

The board considers that a reserve policy of £150,000 is adequate as we are a social enterprise charity which trades with the majority of our income being from trading, rental income and contracts. While we are lucky to have a large amount of income earned from our activities we still rely on the generous grants and donations provided by our funders. We continue to aim for a surplus so we can build reserves to the required level.

The trustees note that the target reserves had not been met and that work continues to be done to achieve this goal. We hope to expand our retail operations and continue to look for opportunities in this field.

The Sofa Project

Report of the trustees

For the year ended 31 March 2018

Plans for the future

The shops have shown profitability and we are aim to build up on the sales by improving the layouts & environments of the shops, keeping the stock varied and attracting more customers. We have an improved website and issue weekly news letters. If a new opportunity arises for another shop in the right location we will consider opening another outlet. The CEO is continually reviewing opportunities.

We will be selling paint in our shops under the Community RePaint Scheme. This is a scheme where unused paint from companies can be sold on to customers. It promises to be a good income stream and, importantly, using paint that would otherwise be discarded.

We are looking to build relationships with local furniture retailers to collect from their customers furniture that they are replacing.

We are looking to increase our upcycling of furniture & other items such as washing machine drums & other electrical equipment to sell in our shops; we love this work as it allows our team to be creative as well as learn practical skills. This we hope to develop in HMP Eastwood Park, the local women's prison, as well as at our own warehouse.

We still hope to be able develop a system of deconstructing used mattresses as this is an ongoing concern to local authorities with many mattresses going to landfill. It is an ambition to be able to go into Leyhill Prison to organise this.

All of the above meets our stated Charitable 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 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.

Approved by the trustees on 29 November 2018 and signed on their behalf by

Ruth Snary - Trustee

Independent Examiners Report to th Trustees of The Sofa Project

I report to the charity trustees on my examination of the accounts of the company for the year ended 31st March 2018 which are set out on pages 1 to 11.

Responsibilities and basis of report

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ("the 2006 Act").

having satisfied myself that the accounts of the company are not required to be audited under part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ("the 2011 Act"). In carrying out my examination I have followed the directions given by the Charity Commission under section 145 (5) (b) of the 2011 Act.

Independent Examiner's Statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Insititute of Chartered Accountants in England and Wales which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a "true and fair view" which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principle of the Statement of Recommended Practice for accounting and reporting by charities.

I have no concerns and have come across no other matters in connection with the examination to which should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Kevin Edenborough
Chartered Accountant
Taylorcocks
Redwood House
65 Bristol Road
Keynsham
Bristol
BS31 2WB

29th November 2018

The Sofa Project

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

For the year ended 31 March 2018

	Note	Restricted £	Unrestricted £	2018 Total £	2017 Total £
Income from:					
Donations and legacies	3	3,000	81,668	84,668	116,854
Charitable activities	4	-	606,151	606,151	849,706
Investments	5	-	41,171	41,171	38,990
Total income		<u>3,000</u>	<u>728,990</u>	<u>731,990</u>	<u>1,005,550</u>
Expenditure on:					
Raising funds		-	11,848	11,848	24,968
Charitable activities		<u>3,000</u>	<u>747,925</u>	<u>750,925</u>	<u>984,052</u>
Total expenditure	6	<u>3,000</u>	<u>759,773</u>	<u>762,773</u>	<u>1,009,020</u>
Net income / (expenditure) and net movement in funds	7	-	(30,783)	(30,783)	(3,470)
Reconciliation of funds:					
Total funds brought forward		<u>-</u>	<u>56,886</u>	<u>56,886</u>	<u>60,356</u>
Total funds carried forward		<u><u>-</u></u>	<u><u>26,103</u></u>	<u><u>26,103</u></u>	<u><u>56,886</u></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 2018

	Note	£	2018 £	2017 £
Fixed assets				
Tangible fixed assets	10		7,832	10,627
Investments	11		1	1
			7,833	10,628
Current assets				
Stocks		31,388		22,346
Debtors	12	68,075		67,058
Cash at bank and in hand		10,125		74,004
		109,588		163,408
Liabilities				
Creditors: amounts falling due within 1 year	13	91,318		117,149
Net current assets			18,270	46,259
Net assets	15		26,103	56,887
Funds	16			
Unrestricted funds:				
Designated funds			7,832	10,626
General funds			18,271	46,260
Total charity funds			26,103	56,886

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 29 November 2018 and signed on their behalf by

Ruth Snary - Trustee

The Sofa Project

Statement of cash flows

For the year ended 31 March 2018

	Note	2018 £	2017 £
Cash used in operating activities:			
Net cash provided by / (used in) operating activities	17	<u>(104,349)</u>	<u>(75,994)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		41,171	38,990
Purchase of tangible fixed assets		<u>(701)</u>	<u>(2,577)</u>
Net cash provided by / (used in) investing activities		<u>40,470</u>	<u>36,413</u>
Increase / (decrease) in cash and cash equivalents in the year		<u>(63,879)</u>	<u>(39,581)</u>
Cash and cash equivalents at the beginning of the year		<u>74,004</u>	<u>113,585</u>
Cash and cash equivalents at the end of the year		<u><u>10,125</u></u>	<u><u>74,004</u></u>

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2018

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(s).

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.

c) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) 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.

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.

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2018

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

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.

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2018

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 2018

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2017 Total £
Income from:			
Donations and legacies	12,000	104,854	116,854
Charitable activities	-	849,706	849,706
Investments	-	38,990	38,990
Total income	12,000	993,550	1,005,550
Expenditure on:			
Raising funds	-	24,968	24,968
Charitable activities	12,000	972,052	984,052
Total expenditure	12,000	997,020	1,009,020
Net income / (expenditure)	-	(3,470)	(3,470)
Transfers between funds	-	-	-
Net movement in funds	-	(3,470)	(3,470)

3. Donations and legacies

	Restricted £	Unrestricted £	2018 Total £	2017 Total £
Donations	3,000	81,668	84,668	96,854
Total donations and legacies	<u>3,000</u>	<u>81,668</u>	<u>84,668</u>	<u>96,854</u>

The charitable company did not receive any government grants during the year (2017: £nil).

4. Income from charitable activities

	Restricted £	Unrestricted £	2018 Total £	2017 Total £
Sale of donated furniture	-	163,177	163,177	188,359
Sale of new furniture	-	26,233	26,233	58,333
Sale of used domestic appliances	-	123,716	123,716	179,233
Sale of new domestic appliances	-	136,384	136,384	283,029
Sale of graded domestic appliances	-	34,423	34,423	49,993
Sale of used clothing	-	4,112	4,112	4,159
Revenue from transport and logistics	-	118,106	118,106	86,600
Total income from charitable activities	<u>-</u>	<u>606,151</u>	<u>606,151</u>	<u>849,706</u>

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2018

5. Investment income

	Restricted £	Unrestricted £	2018 Total £	2017 Total £
Rent and management fees	-	41,168	41,168	38,977
Bank interest	-	3	3	13
Total investment income	<u>-</u>	<u>41,171</u>	<u>41,171</u>	<u>38,990</u>

6. Expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	2018 Total £	2017 Total £
Staff costs	9,800	180,444	50,457	240,701	291,072
Cost of goods sold	-	256,782	-	256,782	402,945
Production costs	-	40,285	-	40,285	66,738
Transport costs	-	32,372	-	32,372	35,338
Establishment costs	-	91,595	-	91,595	103,274
Office expenses	-	30,524	-	30,524	24,992
Legal & professional	-	48,033	-	48,033	44,553
Audit fee	-	-	-	-	4,000
Independent examiner	-	-	750	750	-
Depreciation	-	3,496	-	3,496	6,816
Bad debts	-	-	-	-	5
Bank charges	-	3,336	-	3,336	4,061
(Profit)/Loss on disposal of fixed assets	-	-	-	-	14,169
Other costs	<u>-</u>	<u>14,899</u>	<u>-</u>	<u>14,899</u>	<u>11,057</u>
Sub-total	9,800	701,766	51,207	762,773	1,009,020
Allocation of governance and support	<u>2,048</u>	<u>49,159</u>	<u>(51,207)</u>	<u>-</u>	<u>-</u>
Total expenditure	<u>11,848</u>	<u>750,925</u>	<u>-</u>	<u>762,773</u>	<u>1,009,020</u>

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2018

7. Net movement in funds

This is stated after charging:

	2018 £	2017 £
Depreciation	3,496	6,816
(Profit)/Loss on disposal of fixed assets	-	14,169
Trustees' indemnity insurance	-	-
Trustees' reimbursed expenses	-	-
Amounts payable under operating leases		
▪ Property	58,676	59,722
▪ Equipment	17,530	16,574
Auditors'/Independent examiner remuneration:		
▪ Statutory audit	-	4,000
▪ Independent examiners fee	750	-
	<u>750</u>	<u>-</u>

8. Staff costs and numbers

Staff costs were as follows:

	2018 £	2017 £
Salaries and wages	319,258	259,796
Social security costs	18,385	15,680
Redundancy	-	13,104
Employer pensions	1,424	737
	<u>339,067</u>	<u>289,317</u>

No employee earned more than £60,000 during the year (2017: none).

	2018 No.	2017 No.
Average number of employees	<u>34</u>	<u>38</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 £68,220 (2017: £65,441).

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.

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2018

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 £	Total £
Cost			
At 1 April 2017	66,492	55,247	121,739
Additions in year	701	-	701
Disposals at cost	-	-	-
At 31 March 2018	<u>67,193</u>	<u>55,247</u>	<u>122,440</u>
Depreciation			
At 1 April 2017	60,621	50,491	111,112
Charge for the year	2,782	714	3,496
Eliminated on disposal for the year	-	-	-
At 31 March 2018	<u>63,403</u>	<u>51,205</u>	<u>114,608</u>
Net book value			
At 31 March 2018	<u>3,790</u>	<u>4,042</u>	<u>7,832</u>
At 31 March 2017	<u>5,871</u>	<u>4,756</u>	<u>10,627</u>

11. Investments

The charitable company owns 100% 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).

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2018

12. Debtors

	2018 £	2017 £
Trade debtors	21,226	19,401
Prepayments	9,725	9,954
Other debtors	37,124	37,703
	<u>68,075</u>	<u>67,058</u>

13. Creditors: amounts due within 1 year

	2018 £	2017 £
Trade creditors	28,810	23,929
Accruals	17,323	22,944
Other taxation and social security	3,474	19,869
Deferred income (note 14)	36,404	46,392
Other creditors	5,307	4,015
	<u>91,318</u>	<u>117,149</u>

14. 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.

	2018 £	2017 £
Balance at 1 April	46,392	127,170
Amount released to income	(173,425)	(441,716)
Amount deferred in the year	163,437	360,938
	<u>36,404</u>	<u>46,392</u>

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2018

15. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	7,832	7,832
Investments	-	1	1
Current assets	-	109,588	109,588
Current liabilities	-	(91,318)	(91,318)
Net assets at 31 March 2018	-	26,103	26,103

16. Movements in funds

	At 1 April 2017 £	Income £	Expenditure £	Transfers between funds £	At 31 March 2018 £
Restricted funds					
Prisoner Programme	-	3,000	(3,000)	-	-
Total restricted funds	-	3,000	(3,000)	-	-
Unrestricted funds					
<i>Designated funds:</i>					
Fixed asset fund	10,626	-	(3,496)	702	7,832
<i>Total designated funds</i>	10,626	-	(3,496)	702	7,832
General funds	46,260	728,990	(756,277)	(702)	18,271
Total unrestricted funds	56,886	728,990	(759,773)	-	26,103
Total funds	56,886	731,990	(762,773)	-	26,103

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.

The Sofa Project

Notes to the financial statements

For the year ended 31 March 2018

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

	2018 £	2017 £
Net movement in funds	(30,783)	(3,470)
Adjustments for:		
Depreciation charges	3,496	6,817
Dividends, interest and rents from investments	(41,171)	(38,990)
Loss / (profit) on the sale of fixed assets	-	14,169
Decrease / (increase) in stock	(9,042)	13,469
Decrease / (increase) in debtors	(1,017)	38,759
Increase / (decrease) in creditors	(25,832)	(106,748)
Net cash provided by / (used in) operating activities	(104,349)	(75,994)

18. Related party transactions

There were no related party transactions during the period.

19. 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	68,608	1,420	70,028
within two to five years	296,695	1,065	297,760
Greater than five years	100,000	-	100,000
	<u>465,303</u>	<u>2,485</u>	<u>467,788</u>