

COMPANY REGISTRATION NUMBER 03068661

BRANCHING OUT LIMITED
(COMPANY LIMITED BY GUARANTEE)

Financial Statements

For the Year Ended 31 March 2011

Charity Number 1047403

WHITING & PARTNERS

Chartered Accountants, Business Advisers
& Statutory Auditor
41 St. Mary's Street
Ely
Cambridgeshire
CB7 4HF

**BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE**

Financial Statements

Year Ended 31 March 2011

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BRANCHING OUT LIMITED COMPANY LIMITED BY GUARANTEE

Members of the Board and Professional Advisers

Registered Charity Name	Branching Out Limited
Charity Number	1047403
Company Registration Number	03068661
Registered Office	27 Grange Lane Littleport Ely Cambridgeshire CB6 1HW
Trustees	Mr A J McClelland (Chairperson) Mr S McNeill Mr G Goodson (Retired 28 October 2010) Mr G Spinks Mrs K Taylor
Secretary	Mr S McNeil
Auditor	Whiting & Partners Chartered Accountants & Statutory Auditor 41 St. Mary's Street Ely Cambridgeshire CB7 4HF
Bankers	Barclays Bank plc 28 High Street Ely Cambridgeshire CB7 4LA

BRANCHING OUT LIMITED COMPANY LIMITED BY GUARANTEE

Trustees Annual Report

Year Ended 31 March 2011

The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of the charity for the year ended 31 March 2011.

Reference and Administrative Details

Reference and administrative details are shown in the schedule of members of the board and professional advisers on page 1 of the financial statements.

The Trustees

The trustees who served the charity during the period were as follows:

Mr A J McClelland (Chairperson)

Mr S McNeill

Mr G Spinks

Mrs K Taylor

Mr G Goodson (Retired 28 October 2010)

Structure, Governance and Management

Legal status and structure

Branching Out was founded in 1994 as a registered charity and became a private limited company in 1995. The directors (who also act as trustees for the charity) are listed above. The company operates from leased premises in Littleport, providing training to benefit adults with learning disabilities.

Details of last year's Annual General Meeting

The 15th AGM was held on 28/10/2010.

The board of Directors was approved for another year unanimously.

The Annual Report and Accounts were also approved unanimously.

Details of this year's Annual General Meeting

The company's 16th AGM will be held during 2010. A prize giving event will be held earlier during the day. At the meeting the Directors/Trustees will be asked to approve the receipt of the Annual Report and Accounts and the next years budget (use of Charity's funds). They will also review this years and next years objectives. New appointments to the board will also be considered.

BRANCHING OUT LIMITED COMPANY LIMITED BY GUARANTEE

Trustees Annual Report *(continued)*

Year Ended 31 March 2011

Objectives and Activities

Principal aims and policies adopted

Our charity's principle aims are governed by its Memorandum and Articles of Association as registered with Companies House on 15th June 1995.

Wherever possible it will employ people with disabilities and provide adequate training in a safe environment.

It is committed to proper Health & Safety, quality systems, equal opportunities and has a no smoking policy throughout.

These policies have not changed during the year and the trustees are satisfied that asset meet current obligations.

How our activities deliver Public Benefit

Our main activities and who we try to help are described below. All our charitable activities focus on the support and training of adults with learning disabilities, working with our community. These activities are undertaken to further our charitable purposes for the public benefit.

BRANCHING OUT LIMITED COMPANY LIMITED BY GUARANTEE

Trustees Annual Report *(continued)*

Year Ended 31 March 2011

Achievements and Performance

Significant achievements in the year

During the year 1st April 2010 - 31st March 2011 we provided approximately 4050 day placements giving training, work experience and support to service users. This represents an increase of 2212.5 day placements from the previous year.

The Code of Conduct continues to be a great success improving our clients' social skills, friendships and safety. Last year we reported this had developed an atmosphere where respect and consideration for others is common place and more importantly everyone feels safe, this has continued to be a benefit to everyone at Branching Out.

Horticulture

We have expanded our recycling ethos in horticulture by using old tractor tyres as raised beds and plastic bottles as long term water deliverers. Thank you to Mr Martin who helped us position the tractor tyres for use. We have also got our community allotment scheme in place with all our allotments taken and we have a waiting list. This year we have decided to concentrate on growing unusual varieties of vegetables such as purple radishes and red sweet corn to give our clients an awareness of growing something that is not for sale in the supermarkets.

In general, since 1st April 2010 to present day

Huntingdonshire Regional College.

Branching Out has a Partnership Contract with Huntingdonshire Regional College for direct delivery of education services on our site. Under the terms of the contract the college provides the staffing, and equipment needed for the education of college learners. During the year 1st April 2009 31st March 2010 the college provided education on Branching Out premises to approximately 11 learners for 3 days per week each, over a 43 week academic year. This is a reduction of 6 learners from the previous year.

The college have supplied a mobile phone for parents/carers to ring if they need to contact the Instructors. For all queries regarding college students ring 07754559868.

A new management structure is in place for the provision of education in Social Enterprises. Richard Pleavin, Vice Principal, Teresa Kiely, Learning Director, Gavin Cox, Curriculum Lead. Parents can contact the college management team via the Instructors based on Branching Out's premises or directly via the college.

There has been a reduction in recruitment of new college learners over the last few years. During the year 2009/10 the partner payment from the college to Branching Out was £25,625, during 2010/11 the partner payment was £17,000 as a result of the reduction in college learners. This payment starts half way through one financial year and ends halfway through the next financial year as the contract between Branching Out and Huntingdonshire Regional College starts in August and ends in July.

Recycling.

Branching Out cleans the recycling sites and reports when the bins need emptying to East Cambridgeshire District Council. We also re-use furniture, clothing and other items via our charity shops. On a weekly basis we look after approximately 80 recycling banks at various sites. Due to the

BRANCHING OUT LIMITED COMPANY LIMITED BY GUARANTEE

Trustees Annual Report *(continued)*

Year Ended 31 March 2011

current nationwide financial crises we have been hit by funding cut backs in our recycling activities. The County Council and District Council have stopped our recycling credits for keeping items out of landfill. This has led the charity trustees to take steps to prepare for reduced income expected during the year ahead.

Charity Shops

Branching Out started the year with three charity shops. The Trustees decided to close 28 High Street in Chatteris because it was running at a financial loss.

The shops bring in a vital income to help the charity fund our work with people with learning disabilities and the community. The Littleport shop also provides a work area for service users giving them a worthwhile activity with community involvement.

Details of the income raised by the charity shops to support the achievements of Branching Out during 2010 /2011 are included in the Statement Of Financial Activities. We thank all staff and volunteers working in our shops for their hard work to increase income overall for the charity.

Restructure

During the year Branching Out has restructured the way we run our charity shops and our provision for adults with learning disabilities. This was agreed by the trustees to secure the financial sustainability of the charity and its aims to meet the future needs of our clients with learning disabilities. A new staffing structure was put in place in the charity shops and one of the shops was closed. In addition we restructured the way we support our clients with learning disabilities by putting a support worker in the Littleport shop and setting up a team of support workers with a Team Leader.

Staff consultation was an integral part of the staffing restructuring process at each stage. The staffing structure was designed to meet the needs of our service users and affordability. The new staffing structure now includes Personal Assistant to General Manager, Team Leader, 2 part time charity shop managers, 2 charity shop assistants, Support worker and Caretaker.

Interviews were held for 8 posts available and the result was the most staff slotted into preferred roles. Of the 10 staff affected 6 in fact gained new posts. Some staff decided to opt for voluntary redundancy. After all options explored sadly there was a compulsory redundancy.

The new staffing structure started in March 2011 and has already had a successful impact on provision of people with learning disabilities at Branching Out.

This is the first time Branching Out has reviewed staffing to meet the needs of the organisation and Service Users. Trustees have taken into account impending financial constraints and cuts from Local and District Councils. Fortunately the increase in service user placements to Branching Out have increased our income as a charity. Trustees are mindful that this additional income will support the short fall from Huntingdon Regional College, County Council recycling credits and Charity Shop.

Community Work

As an organization we are committed to community involvement. Some of the ways we do this is by delivering the Littleport life Magazine, cutting six of the grass footpaths in the village, planting and maintaining the village planters, setting up and clearing up for the Littleport Show, and helping those in need with a basics pack from our charity shops.

BRANCHING OUT LIMITED COMPANY LIMITED BY GUARANTEE

Trustees Annual Report *(continued)*

Year Ended 31 March 2011

Going Out Group.

After surveying our clients to find out what type of evening activities they would like to do we have re-launched the Cinema Club as was. The clients were asked to suggest names for the new group. The trustees were asked to decide which of the suggested names they liked and they chose Tom Baty's suggestion of Going Out Group. This group is run by volunteers every two weeks taking vulnerable adults to play ten pin bowling or go to a local pub for a drink with their friends in a safe, fun environment. The group use the Branching Out mini bus free of charge and as the group is run by volunteers the only cost for people is their drinks, bowling or anything they would like to eat, making this an affordable get together opportunity to see friends and have fun.

Knit & Natter.

During 2011 we have started a new community group called Knit and Natter. This group is for the local community and Branching Out to work together. Branching Out supplies the wool, needles and refreshments and members of the group make items that we can sell in our charity shops to raise money for the charity.

Community allotments

We have set aside land for community allotments. In recent years allotments have been more difficult for people to acquire, so this project was designed to make available more allotments in the community and give the community access to our facilities when we are not using the site in the evenings and weekends. All our allotments are currently in use and we are starting a waiting list.

Vehicles

We have four vehicles in regular use. Our mini bus is used to help clients attend Branching Out on a daily basis thanks to the staff running a door to door service. The mini bus is also used by the Going Out Group every other Wednesday evening. The Luton Van is used daily collecting and delivering items for the charity shop. The pick up truck is used for maintaining the recycling sites, watering the village planters, and workshop deliveries. The small Citroen van is used for cutting the village footpaths, attending clients' reviews and transporting clients to venues.

Our work with Voiceability

Mr Dean Peacock is Branching Out's Member of the Service Users Parliament. During the year we have attended two events run by Voiceability. In the first event we presented a presentation by our clients about attending Branching Out and in the second event we hosted a workshop where our clients demonstrated their skills in woodwork and taught attendees how to make a bird box.

Health & Safety

The trustees and management monitor health and safety within the organization. Each work area carries out monthly health and safety checks, with the General Manager and the Trustees carrying out checks once per year. In addition we have a yearly external audit on health and safety, setting actions as required. The latest external audit was July 2010 when we were rated as excellent for health & safety at all our sites.

During April 2011 we were Star Radio's Charity of the Month. One of our volunteers Stella Butler and the General Manager were interviewed about volunteering at Branching Out for a podcast. To hear the podcast log onto www.star107.co.uk. As a result we also worked with the Star Radio team and virtual studio to produce a video on their web site about Branching Out.

BRANCHING OUT LIMITED COMPANY LIMITED BY GUARANTEE

Trustees Annual Report *(continued)*

Year Ended 31 March 2011

Organisational Structure

Branching Out has a Management Committee of four members who meet monthly, with the responsibility for the strategic direction and policy of the charity. Day to day responsibility for the provision of services rest with the General Manager.

The trustees are of the opinion that they have complied with their duties with regard to public benefit.

Financial Review

We have received sources of income from the following:

Cambridge County Council

Work 4 U

Workworth Papworth Trust

Huntingdon Regional College

Cambridge Social Services

Other contracted work

In addition we have received grants/support from the following:

Lloyds TSB Foundation

Cambridgeshire Community Foundation

Business Link

Eastern Counties Educational Trust

The Drapers' Company

RTR Foundation

Donations were received from the following:

Localgiving.com

Scotshill Trust

Farthing Trust

Mrs Gowler

Qualcomm

Strangeward

Mrs MJ

Temple/Baile

Rev AJ

DJ & MJ

G Jaskilska

J Ranson

VM Batson

GH Barcham

We also received various other donations from individuals.

We received an income of £30,931.00 from recycling this year from East Cambridgeshire District Council, Fenland District Council, can recycling and tonner/ink cartridge recycling. Other income is earned from a variety of sources, ranging from day provision, education, charity shops, to sales of wood products.

BRANCHING OUT LIMITED COMPANY LIMITED BY GUARANTEE

Trustees Annual Report *(continued)*

Year Ended 31 March 2011

The following people have worked voluntarily for Branching Out this year:

Mr Simon Harrison	- Cinema Club, and Littleport Charity Shop.
Mrs Pat Olive	- Littleport Charity Shop
Mr Brent Taylor	- Cinema Club
Ms Anne Patter	- Chatteris Charity Shop
Carol Graves	- Chatteris Charity Shop
Yvoone Young	- Chatteris Charity Shop
Mercedes Dulson	- Chatteris Charity Shop
Ruth Baker	- Reception at the head office
Stella Butler	- Reception at the head office
Valerie Crossland	- Reception at the head office
Holly Trundle	- supporting adults with learning disabilities
Michelle Bryant	- supporting adults with learning disabilities
Anne Broxham	- supporting adults with learning disabilities & horticulture

In addition we should not forget that many of the staff and committee members volunteer for a variety of activities that help Branching Out to function as it is. One staff member has been volunteering to run the Cinema Club for many years. A huge thank you to everyone who has helped us to carry out what is very important work. Without this voluntary help many of these extra activities could not take place. During 2011 2012 we have recruited many other volunteers to help in a variety of activities and our thanks also go to those people.

Reserves policy

In July 2010 Trustees conducted an extensive review of the charity's risks and contingencies for the organisation. They recognised the expenditure needed for maintenance and health & Safety, structural alterations needed for the Sapling project (old workshop), actual costs of placements and the development of the future business plan. They also reviewed the impact of payments to hardship fund and reduction of HRC revenue (£8,000) and that more adults receive self directed support payments and therefore pay for their own services.

Currently monthly running costs are £30,000. Common practice is for a charity is to have reserves of three months so Trustees intend to acquire this level of reserves over the medium term of 3 to 4 years through planned operational surplus and control of direct costs.

Since 2005 the Trustees have agreed a Reserves Policy which is reviewed annually. The Charity Commission suggests that in the event of a possible transfer of ownership of the charity that TUPE acquired rights are protected for employees. The current TUPE acquired rights are £14,328.00. Branching Out at the July 2010 Trustees meeting set a target reserve of £12,000 with the General Manager and created a plan to ensure this will be held in a separate account from end of March 2011. Trustees have monitored the reserves for 2010-11 which increased from £12,000 to £35,000 (represents 5 weeks running costs). Trustees intend to achieve 3 months reserves.

Plans for Future Periods

The Charity plans to continue to provide the activities, already outlined, in the forthcoming years subject to satisfactory funding. The new building project is on hold for the moment while the charity concentrates on it's financial sustainability.

BRANCHING OUT LIMITED COMPANY LIMITED BY GUARANTEE

Trustees Annual Report *(continued)*

Year Ended 31 March 2011

Volunteer recruitment is a vital resource for the charity and steps are being taken to significantly increase the use of and recruitment of volunteers in the charity shops and in our work for the public benefit.

During 2011 we have introduced an annual client survey so that we can see how the service we are providing to vulnerable adults is doing in comparison to other years. The survey focuses of choice, quality, friendships, and inclusion.

In order to make sure all our support staff are easily identifiable by clients when we are out in the community and also present a smart and professional appearance we have introduced a uniform. We have used some of the smaller donations we have received to purchase the uniform. This makes the staff easily identifiable both on and off site for clients and helps to reduce the risk of unauthorised visitors coming on site.

During September 2011 a chip and pin cardreader machine will be installed in the 12 High Street, Littleport Charity Shop.

Responsibilities of the Trustees

The trustees (who are also the directors of Branching Out Limited for the purposes of company law) are responsible for preparing the Trustees Annual 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 judgements 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 operation.

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. The trustees 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.

**BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE**

Trustees Annual Report *(continued)*

Year Ended 31 March 2011

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Registered office:
27 Grange Lane
Littleport
Ely
Cambridgeshire
CB6 1HW

Signed on behalf of the trustees



Mr S McNeill
Secretary



Arthur J. McClelland
Chairperson

17/10/11
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BRANCHING OUT LIMITED COMPANY LIMITED BY GUARANTEE

Independent Auditor's Report to the Members of Branching Out Limited

Year Ended 31 March 2011

We have audited the financial statements of Branching Out Limited for the year ended 31 March 2011 on pages 13 to 25, which have been prepared on the basis of the accounting policies set out on pages 15 to 17.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

The responsibilities of the trustees (who also act as directors of Branching Out Limited for the purposes of company law) for preparing the Trustees 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 financial statements give a true and fair view are set out in the Statement of Responsibilities of the Trustees on page 9.

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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been 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 those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration 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.

BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE

Independent Auditor's Report to the Members of Branching Out Limited *(continued)*

Year Ended 31 March 2011

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 judgements 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.

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 2011 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.



Ian Piper BA FCA
(Senior Statutory Auditor)
For and on behalf of
WHITING & PARTNERS
Chartered Accountants
& Statutory Auditor

41 St. Mary's Street
Ely
Cambridgeshire
CB7 4HF

18/10/11

**BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE**

Statement of Financial Activities (Incorporating the Income and Expenditure Account)

Year Ended 31 March 2011

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Incoming Resources					
Incoming resources from generating funds:					
Voluntary income	2	16,417	13,184	29,601	33,900
Activities for generating funds	3	122,909	–	122,909	157,182
Investment income	4	7	–	7	12
Incoming resources from charitable activities					
	5	207,035	–	207,035	165,966
Other incoming resources	6	20,077	–	20,077	14,354
Total Incoming Resources		366,445	13,184	379,629	371,414
Resources Expended					
Costs of generating funds:					
Fundraising trading: cost of goods sold and other costs	7	(101,402)	–	(101,402)	(186,356)
Exceptional costs of fundraising trading	7	(5,562)	–	(5,562)	–
Charitable activities	8	(240,198)	(2,500)	(242,698)	(194,965)
Governance costs	9	(11,078)	(2,995)	(14,073)	(15,460)
Other resources expended	10	(7,128)	–	(7,128)	(6,507)
Total Resources Expended		(365,368)	(5,495)	(370,863)	(403,288)
Net Incoming/(Outgoing) Resources Before					
Transfers	11	1,077	7,689	8,766	(31,874)
Transfer between funds	12	9,189	(9,189)	–	–
Net Income/(Expenditure) for the Year		10,266	(1,500)	8,766	(31,874)
Reconciliation of Funds					
Total funds brought forward		307,741	1,500	309,241	341,115
Total Funds Carried Forward		318,007	–	318,007	309,241

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 15 to 25 form part of these financial statements.

**BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE**

Balance Sheet

31 March 2011

	Note	2011		2010	
		£	£	£	£
Fixed Assets					
Tangible assets	16		274,575		296,426
Current Assets					
Stocks	17	200		1,000	
Debtors	18	36,542		46,630	
Cash at bank and in hand		49,748		6,797	
		<u>86,490</u>		<u>54,427</u>	
Creditors: Amounts Falling due Within One Year	19	<u>(8,939)</u>		<u>(10,921)</u>	
Net Current Assets			77,551		43,506
Total Assets Less Current Liabilities			<u>352,126</u>		<u>339,932</u>
Creditors: Amounts Falling due after More than One Year	20		(14,058)		(18,245)
Accruals and Deferred Income	21		<u>(20,061)</u>		<u>(12,446)</u>
Net Assets			<u>318,007</u>		<u>309,241</u>
Restricted Funds					
Business link	23		-		1,500
Unrestricted Funds					
Designated Funds					
Emergency operating reserve	24		35,000		11,315
Historic fixed asset fund	24		274,575		296,426
General fund	24		8,432		-
Total Funds			<u>318,007</u>		<u>309,241</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 members of the management committee on the and are signed on their behalf by: 17/10/11

A J McClelland

A J. McClelland
Chairperson

Company Registration Number: 03068661

The notes on pages 15 to 25 form part of these financial statements.

BRANCHING OUT LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year Ended 31 March 2011

1. Accounting Policies

Basis of Accounting

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

Cash Flow Statement

The trustees have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the charity is small.

Incoming Resources

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the SoFA when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Items donated for resale through the charity's shops are included as incoming resources within activities for generating funds when they are sold.
- Investment income is included when receivable.
- Incoming resources from charitable trading activity are accounted for when earned.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

BRANCHING OUT LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year Ended 31 March 2011

1. Accounting Policies *(continued)*

Fund Accounting

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the Management Committee for particular purposes. The Future Fixed Asset reserve is designed to earmark funds for the replacement of fixed assets in the future; the Historic Fixed Asset reserve is designed to show the amount of unrestricted reserves that are tied up in fixed assets currently on the balance sheet; and the Emergency Operating reserve is designed to set-aside approximately three months worth of expenditure, where current levels of unrestricted funds allow, in order to cover the charity in the event of current sources of funding unexpectedly ceasing, while it seeks further sources of funding.
- Restricted funds are subjected to restrictions on their expenditure, which is usually imposed by the donor, for example, a grant made specifically for the purchase of a capital item(s).

Resources Expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes, which includes the charity's shops.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its service users. 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.
- All 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, where necessary, are apportioned on an appropriate basis.

Fixed Assets

All fixed assets are initially recorded at cost (including VAT where applicable).

BRANCHING OUT LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year Ended 31 March 2011

1. Accounting Policies *(continued)*

Depreciation

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

- Freehold property - over 25 years (straight line basis)
- Machinery and equipment - between 2 and 10 years (straight line basis)
- Other plant and machinery - between 2 and 10 years (straight line basis)
- Motor Vehicles - between 2 and 10 years (straight line basis)

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire Purchase Agreements

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.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension Costs

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year Ended 31 March 2011

2. Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Donations				
Private donations	9,295	–	9,295	2,717
Gift aid donations and subsequent tax rebates	4,519	–	4,519	9,121
Grants receivable				
Grants funding capital expenditure	311	9,189	9,500	–
Work 4 U grant	–	–	–	5,000
Workstep Papworth Trust - Supported Employment grant	2,292	–	2,292	2,708
Grants towards staff costs	–	–	–	10,354
Grants towards marketing expenses	–	–	–	1,000
Investing in Communities grant	–	–	–	1,500
Business Link	–	1,495	1,495	1,500
Sapling project grant	–	2,500	2,500	–
	<u>16,417</u>	<u>13,184</u>	<u>29,601</u>	<u>33,900</u>

3. Incoming Resources from Activities for Generating Funds

	Unrestricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Littleport	91,333	91,333	104,089
Chatteris 11a	21,908	21,908	18,561
Chatteris 28	8,911	8,911	30,558
House to House collection income	–	–	3,974
Ebay income	757	757	–
	<u>122,909</u>	<u>122,909</u>	<u>157,182</u>

4. Investment Income

	Unrestricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Bank interest receivable	7	7	12
	<u>7</u>	<u>7</u>	<u>12</u>

BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year Ended 31 March 2011

5. Incoming Resources from Charitable Activities

	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	£	£	£
Huntingdonshire RC	15,902	15,902	23,714
Training	35,128	35,128	38,551
Cambridge SS	120,112	120,112	79,675
Horticulture and misc.	2,035	2,035	1,009
Recycling and cardboard	30,931	30,931	12,344
Woodwork	2,566	2,566	10,283
Contract work	361	361	390
	<u>207,035</u>	<u>207,035</u>	<u>165,966</u>

6. Other Incoming Resources

	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	£	£	£
Fuel duty rebate and transport income	10,723	10,723	3,730
Vending machine income	3,244	3,244	3,786
Miscellaneous income	110	110	838
Rental income on house	6,000	6,000	6,000
	<u>20,077</u>	<u>20,077</u>	<u>14,354</u>

7. Fundraising Trading: Cost of Goods Sold and Other Costs

	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	£	£	£
Exceptional costs of fundraising trading	5,562	5,562	–
Charity Shops costs	98,932	98,932	176,609
Hire purchase costs	2,256	2,256	1,217
House to House collection costs	–	–	8,530
Ebay Trading	214	214	–
	<u>106,964</u>	<u>106,964</u>	<u>186,356</u>

8. Costs of Charitable Activities by Activity Type

	Activities undertaken directly	Total Funds 2011	Total Funds 2010
	£	£	£
Training, Supported Employment and Recycling	242,698	242,698	194,965
	<u>242,698</u>	<u>242,698</u>	<u>194,965</u>

BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year Ended 31 March 2011

9. Governance Costs

	Unrestricted Funds	Restricted Funds	Total Funds 2011	Total Funds 2010
	£	£	£	£
Audit fees	3,031	–	3,031	2,817
Financial advice and consultancy	4,675	1,500	6,175	12,312
Costs of trustees' meetings	15	–	15	115
Other financial costs	3,095	–	3,095	216
Other governance costs - New build project	262	1,495	1,757	–
	<u>11,078</u>	<u>2,995</u>	<u>14,073</u>	<u>15,460</u>

During the year as part of the charity restructuring, Ex-Gracia payments authorised by the Trustees totalled £1,500.

10. Other Resources Expended

	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	£	£	£
Losses on disposal of tangible fixed assets for charity's own use	2,188	2,188	(313)
Vending machine expenses	4,432	4,432	6,144
Expenditure on rental property	508	508	676
	<u>7,128</u>	<u>7,128</u>	<u>6,507</u>

11. Net Incoming/(Outgoing) Resources for the Year

This is stated after charging:

	2011	2010
	£	£
Staff pension contributions	–	220
Depreciation	28,258	23,054
Auditors' fees	3,031	2,817
Operating lease costs:		
- Plant and machinery	168	1,242
	<u>31,457</u>	<u>27,333</u>

12. Fund Transfers

A transfer was made to the general fund of £9,189. This represents the cost of a new Vehicle for which funding was provided.

13. Indemnity Insurance

The charity has a business combined policy with the level of public liability cover at £5,000,000 and employers liability cover at £10,000,000.

BRANCHING OUT LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year Ended 31 March 2011

14. Taxation

As a charity, Branching Out Limited is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

15. Staff Costs and Emoluments

Total staff costs were as follows:

	2011	2010
	£	£
Wages and salaries	210,360	233,780
Social security costs	15,038	17,157
Other pension costs	—	220
	<u>225,398</u>	<u>251,157</u>

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	2011	2010
	No	No
Number of charitable activity staff	11	12
Number of fundraising trading staff	9	9
	<u>20</u>	<u>21</u>

No employee received remuneration of more than £60,000 during the year (2010 - Nil).

**BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year Ended 31 March 2011

16. Tangible Fixed Assets

	Land and buildings £	Other plant & machinery £	Total £
Cost			
At 1 April 2010	344,089	102,611	446,700
Additions	–	9,365	9,365
Disposals	(353)	(22,288)	(22,641)
At 31 March 2011	<u><u>343,736</u></u>	<u><u>89,688</u></u>	<u><u>433,424</u></u>
Depreciation			
At 1 April 2010	90,138	60,136	150,274
Charge for the year	14,293	13,965	28,258
On disposals	(352)	(19,331)	(19,683)
At 31 March 2011	<u><u>104,079</u></u>	<u><u>54,770</u></u>	<u><u>158,849</u></u>
Net Book Value			
At 31 March 2011	<u><u>239,657</u></u>	<u><u>34,918</u></u>	<u><u>274,575</u></u>
At 31 March 2010	<u><u>253,951</u></u>	<u><u>42,475</u></u>	<u><u>296,426</u></u>

Hire purchase agreements

Included within the net book value of £274,575 is £13,873 (2010 - £22,636) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £8,762 (2010 - £3,651).

17. Stocks

	2011 £	2010 £
Goods for resale	<u><u>200</u></u>	<u><u>1,000</u></u>

18. Debtors

	2011 £	2010 £
Trade debtors	32,037	29,830
Other debtors	986	13,007
Prepayments	3,519	3,793
	<u><u>36,542</u></u>	<u><u>46,630</u></u>

**BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year Ended 31 March 2011

19. Creditors: Amounts falling due within one year

	2011	2010
	£	£
Trade creditors	1,266	2,209
PAYE and social security	3,486	5,060
Other creditors	4,187	3,652
	<u>8,939</u>	<u>10,921</u>

20. Creditors: Amounts falling due after more than one year

	2011	2010
	£	£
Trade creditors	<u>14,058</u>	<u>18,245</u>

21. Accruals and Deferred Income

	2011	2010
	£	£
Falling due within one year:		
Accruals and deferred income	<u>20,061</u>	<u>12,446</u>

22. Commitments under Operating Leases

At 31 March 2011 the charity had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2011	2010
	£	£
Operating leases which expire:		
Within 1 year	1,125	1,125
After more than 5 years	<u>3,001</u>	<u>3,001</u>
	<u>4,126</u>	<u>4,126</u>

**BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year Ended 31 March 2011

23. Restricted Income Funds

	Balance at 1 Apr 2010 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 Mar 2011 £
Grants Funding					
Capital					
Expenditure	–	9,189	–	(9,189)	–
Sapling Project	–	2,500	(2,500)	–	–
Business Link	1,500	1,495	(2,995)	–	–
	<u>1,500</u>	<u>13,184</u>	<u>(5,495)</u>	<u>(9,189)</u>	<u>–</u>

24. Unrestricted Income Funds

	Balance at 1 Apr 2010 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 Mar 2011 £
Emergency					
Operating reserve	11,315	–	–	23,685	35,000
Historic Fixed					
Asset fund	296,426	–	–	(21,851)	274,575
General Funds	–	366,445	(365,368)	7,355	8,432
	<u>307,741</u>	<u>366,445</u>	<u>(365,368)</u>	<u>9,189</u>	<u>318,007</u>

25. Analysis of Net Assets Between Funds

	Tangible fixed assets £	Net current assets £	Long term liabilities £	Total £
Unrestricted Income Funds	274,576	57,489	(14,058)	318,007
Total Funds	<u>274,576</u>	<u>57,489</u>	<u>(14,058)</u>	<u>318,007</u>

26. Related Party Transactions

No trustees received any emoluments during this year or last.

The company is controlled by the trustees and Ms S Wiggans.

**BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year Ended 31 March 2011

27. Company Limited by Guarantee

Branching Out Limited is a company limited by guarantee and has no share capital.

Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

**BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE**

Management Information

Year Ended 31 March 2011

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 11 to 12.**

**BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE**

Detailed Statement of Financial Activities

Year Ended 31 March 2011

	2011	2010
	£	£
Incoming Resources		
Voluntary Income		
Private donations	9,295	2,717
Gift aid donations and subsequent tax rebates	4,519	9,121
Grants funding capital expenditure	9,500	–
Work 4 U grant	–	5,000
Workstep Papworth Trust - Supported Employment grant	2,292	2,708
Grants towards staff costs	–	10,354
Grants towards marketing expenses	–	1,000
Investing in Communities grant	–	1,500
Business Link	1,495	1,500
Sapling project grant	2,500	–
	29,601	33,900
Activities for Generating Funds		
Charity Shops income - Littleport	91,333	104,089
Charity Shops income - Chatteris 11a	21,908	18,561
Charity Shops income - Chatteris 28	8,911	30,558
House to House collection income	–	3,974
Ebay income	757	–
	122,909	157,182
Investment Income		
Treasury deposit a/c interest receivable	7	12
Incoming Resources from Charitable Activities		
Huntingdonshire RC	15,902	23,714
Training	35,128	38,551
Cambridge SS	120,112	79,675
Horticulture and misc.	2,035	1,009
Recycling and cardboard	30,931	12,344
Woodwork	2,566	10,283
Contract work	361	390
	207,035	165,966

**BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE**

Detailed Statement of Financial Activities

Year Ended 31 March 2011

	2011	2010
	£	£
Other Incoming Resources		
Fuel duty rebate and transport income	10,723	3,730
Vending machine income	3,244	3,786
Miscellaneous income	110	838
Rental income on house	6,000	6,000
	<u>20,077</u>	<u>14,354</u>
 Total Incoming Resources	 <u>379,629</u>	 <u>371,414</u>
 Resources Expended		
Fundraising Trading: Cost of Goods Sold and Other Costs		
Cost of sales - Purchases	17,983	35,436
Staff costs - Wages & Salaries	60,190	118,181
Staff costs - Employer's NIC	3,510	7,654
Establishment - Rent	7,657	9,520
Establishment - Rates & Water	358	767
Establishment - Light & heat	4,881	3,977
Establishment - Repairs & maintenance	2,373	1,774
Office expenses - Telephone	259	334
Office expenses - Other	3,435	3,346
Depreciation	756	5,367
Exceptional costs of fundraising trading	5,562	-
	<u>106,964</u>	<u>186,356</u>

**BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE**

Detailed Statement of Financial Activities

Year Ended 31 March 2011

	2011 £	2010 £
Charitable Activities		
Cost of sales - Opening stock	1,000	1,000
Cost of sales - Purchases	4,436	5,910
Cost of sales - Closing stock	(200)	(1,000)
Staff costs - Wages & Salaries	150,170	115,599
Staff costs - Employer's NIC	11,528	9,503
Staff costs - Pension costs	-	220
Operating leases - Plant & machinery	168	1,242
Establishment - Rent	4,497	3,751
Establishment - Rates & Water	238	185
Establishment - Light & heat	3,339	2,956
Establishment - Repairs & maintenance	1,190	854
Establishment - Insurance	4,278	6,671
Establishment - Other	3,683	4,525
Motor vehicle expenses	15,995	14,578
Motor and travel costs - Other	764	552
Office expenses - Telephone	1,838	1,921
Office expenses - Other	12,272	8,811
Depreciation	27,502	17,687
	<u>242,698</u>	<u>194,965</u>
Governance Costs		
Audit fees	3,031	2,817
Financial advice and consultancy	6,175	12,312
Costs of trustees' meetings	15	115
Other financial costs	3,095	216
Other governance costs - New build project	1,757	-
	<u>14,073</u>	<u>15,460</u>
Other Resources Expended		
Losses on disposal of tangible fixed assets for charity's own use	2,188	(313)
Vending machine expenses	4,432	6,144
Expenditure on rental property	508	676
	<u>7,128</u>	<u>6,507</u>
Total Resources Expended	<u>370,863</u>	<u>403,288</u>
Net Incoming/(Outgoing) Resources for the Year	<u>8,766</u>	<u>(31,874)</u>

**BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE**

Detailed Statement of Financial Activities

Year Ended 31 March 2011

	2011 £	2010 £
Fundraising Trading: Cost of Goods Sold and Other Costs		
Fundraising trading - Charity Shops costs		
Cost of sales - Purchases	17,769	26,906
Staff costs - Wages & Salaries	60,190	118,181
Staff costs - Employer's NIC	3,510	7,654
Establishment - Rent	7,657	9,520
Establishment - Rates & Water	358	767
Establishment - Light & heat	4,881	3,977
Establishment - Repairs & maintenance	2,373	1,774
Office expenses - Telephone	259	334
Office expenses - Other	1,179	2,129
Depreciation	756	5,367
	<u>98,932</u>	<u>176,609</u>
Hire purchase costs		
Office expenses - Other	2,256	1,217
	<u>2,256</u>	<u>1,217</u>
House to House collection costs		
Cost of sales - Purchases	-	8,530
	<u>-</u>	<u>8,530</u>
Ebay Trading		
Cost of sales - Purchases	214	-
	<u>214</u>	<u>-</u>
Exceptional items		
Exceptional costs of fundraising trading	5,562	-
	<u>5,562</u>	<u>-</u>
	<u>106,964</u>	<u>186,356</u>

BRANCHING OUT LIMITED
COMPANY LIMITED BY GUARANTEE

Detailed Statement of Financial Activities

Year Ended 31 March 2011

	2011	2010
	£	£
Charitable Activities		
Training, Supported Employment and Recycling		
<i>Activities undertaken directly</i>		
Cost of sales - Opening stock	1,000	1,000
Cost of sales - Purchases	4,436	5,910
Cost of sales - Closing stock	(200)	(1,000)
Staff costs - Wages & Salaries	150,170	115,599
Staff costs - Employer's NIC	11,528	9,503
Staff costs - Pension costs	-	220
Operating leases - Plant & machinery	168	1,242
Establishment - Rent	4,497	3,751
Establishment - Rates & Water	238	185
Establishment - Light & heat	3,339	2,956
Establishment - Repairs & maintenance	1,190	854
Establishment - Insurance	4,278	6,671
Establishment - Other	3,683	4,525
Motor vehicle expenses	15,995	14,578
Motor and travel costs - Other	764	552
Office expenses - Telephone	1,838	1,921
Office expenses - Other	12,272	8,811
Depreciation	27,502	17,687
	<u>242,698</u>	<u>194,965</u>