

JULIAN HOUSE

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

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JULIAN HOUSE

LEGAL AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 MARCH 2011

Registration number (under the Industrial and Provident Societies Act 1965)

19305R

**Registered with the Tenant Services Authority as a Registered Provider -
registration number**

L4549

Registered office

55 New King Street
Bath
BA1 2BN

Board of Management

Elected

Libby Gawith
Bob Alderman *
Richard Blows
Matthew Graham
Tim Graham *
Jenny Herbert *
Amanda Loran
David Lyon
Jonathan O'Shea
Annie Paddock
Ben Simpson
John Symonds
Christine Tuckerman
Roger Wain-Heapy
Hazel Watson
Claire Wynne-Hughes *

Chair

(Resigned August 2010)
(Co-opted October 2009, Appointed August 2011)
(Resigned August 2011)

Treasurer

(Co-opted October 2009, Appointed August 2011)
(Co-opted October 2009, Appointed August 2011)
(Co-opted November 2009, Appointed August 2011)

(Resigned June 2010)

* on the Board for more than 9 years

Co-opted

Julia James
Kit Williams

(Resigned September 2010)
(Resigned August 2010)

Director and Secretary

Ian Sutherland
Rob Barclay

(Retired June 2011)
(Appointed June 2011)

Senior Management Team

John Isserlis
Hugh Prentice
Cecil Weir

Client Services Manager
Finance and Systems Manager
PR and Fundraising Manager

Auditors

Bishop Fleming
16 Queen Square
Bristol BS1 4NT

Bankers

Lloyds TSB
Milsom Street
Bath BA1 1DN

Bank of Scotland
Bath Street
Glasgow GL2 2DH

CAF Bank Ltd
Kings Hill
Kent ME19 4JQ

**REPORT OF THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

The Board of Management present their report together with financial statements for the year ended 31 March 2011.

Structure, Governance & Management

The organisation is a charitable housing society registered under the Industrial & Provident Societies Act 1965, which was first registered in 1988. The organisation is also a Registered Provider, registered with the Tenant Services Authority.

The objects and powers of the society are laid down in its Rules which are based on the National Housing Federation's Model Rules 2005.

The strategy and direction of the society is provided by the Board of Management and a number of Groups (i.e. committees) and Working Groups (i.e. time limited Groups). The implementation of the society's strategy and the provision of its day-to-day services are delegated to the Director and the Senior Management Team.

The Board has signed up to the code of governance for members of the National Housing Federation and seeks to abide at all times by the principles of good governance outlined in that document – principles that require work to the very highest ethical standards and in the spirit of openness and accountability to all stakeholders.

Julian House tailored its own specific Code of Governance in 2005 based on the NHF's Competence & Accountability 2004 (Code of Governance for members of the National Housing Federation) and in line with the flexibility offered in paragraph A1 of the Code. The Julian House Code explicitly states how the NHF Code has been interpreted and implemented within Julian House. For example: the NHF Code B11 says 'Where a board agrees to pay its members it should'. The Julian House Code B11 says 'The Julian House Board does not pay its members'.

In August 2008 Julian House changed its Rules to a set based on the NHF Model Rules 2005 which now incorporate this Code of Governance into the organisation's constitution.

At 31 March 2011 there were 10 shareholders, each of whom held a single £1 share. This is the limit of their liability should the society be wound up.

Julian House has one subsidiary - Julian House Trading Limited (JHT)

JHT is a company limited by shares, which are all held by Julian House. Up until year ending 31 March 2011 JHT's primary activity was the sale of second-hand books. This function has now been integrated into the charity shops operated directly by Julian House. From 1 April 2011 JHT will operate social enterprises which offer employment and training opportunities to disadvantaged individuals; and which make profits that can be used to further the aims of Julian House. JHT's profits are covenanted to Julian House.

Policy for admitting & removing shareholders

The Julian House policy for admitting and removing shareholders is that:

- only appointed or elected Board members may become shareholders
- once an appointed or elected Board member ceases to be a Board member then they cease to be a shareholder

This policy was arrived at following a full consultation process with the then 84 shareholders where it was agreed that the relatively large shareholder base was not fulfilling any significant role in holding the Board to account, and that it would be more appropriate to limit shareholding membership to appointed or elected Board members.

In August 2008 Julian House adopted a new set of NHF Model Rules which incorporated the optional wording: '*a shareholder shall cease to be a shareholder if they cease to be a Board member*'

**REPORT OF THE BOARD OF MANAGEMENT (continued)
FOR THE YEAR ENDED 31 MARCH 2011**

Recruitment & Appointment of Board Members

The Board operates an open and transparent process for the recruitment of new Board members. The process is managed by the Board Effectiveness Group (BEG) on behalf of the Board.

BEG reviews the size and composition of the board on a regular basis (at least annually) including an assessment of the skills and experience of existing members, and the identification of any gaps that need filling to meet future needs. The aim is to have a diverse range of skills, competencies, experience and knowledge covering the following broad areas:

- Leadership and effective team working (to enable the Board to take strategic decisions for social results)
- Direct knowledge of the needs and aspirations of the communities and people served
- General business, financial and management skills, and management experience in a social care setting
- External framework and operating environment for Julian House
- Any other relevant or specialist skills (e.g. property management, legal, mental health)

The recruitment process is carried out by BEG based on the person profile established for that round of recruitment. Advertisements or articles are placed or circulated to the general media, specialist publications (such as Church magazines), Julian House's own newsletter and website, and to organisations that will circulate our advertisement internally on an intranet or on notice boards. For particular skills, e.g. accountancy, BEG also approaches specialist employers where those skills are most likely to be found.

Interested candidates complete an application form. BEG considers applicants' skills, etc against the selection profile being used and selects a shortlist for interview. Those who are successful at interview are co-opted to the Board for a probationary period of 12 months. After successfully completing their probationary period new members are appointed as full Board members pending formal election at the next AGM. Board members are normally elected for a period of three years.

Each Board member's individual contribution is assessed by BEG at the end of their probationary period and at the point they are required to stand-down for re-election. BEG makes a recommendation to the Board on whether or not the Board should support their formal election/re-election.

The society is currently exploring the most appropriate method of involving its service users in its governance. Work continues on the creation of a Service User Council that will debate a range of issues and this may be a more effective method of informing Board decisions.

At each AGM one third of the elected Board members are required to stand down. At the forthcoming AGM Christine Tuckerman, Roger Wain-Heapy, Amanda Loran, John Symonds and Libby Gawith are standing down and all five are making themselves available for re-election. The Julian House Board has considered the contribution of these members and wholeheartedly supports their re-election.

Any Board member who has been appointed by the Board since the previous AGM is also required to stand down and make themselves available for election at the next AGM. This year Matthew Graham, David Lyon, Jonathan O'Shea and Annie Paddock all completed their probationary periods and were appointed to the Board. They will all stand down and put themselves forward for election at the AGM.

In February 2010 Julian House was registered with the Tenant Services Authority as a Registered Provider. A requirement of this registration is that there should be a maximum of 15 Board members (including co-optees). At the time of registration there were 18 Board members. At 31st March 2011 Board membership had reduced to 14 by natural wastage. Richard Blows, Hazel Watson, Julia James and Kit Williams all left due to their other work commitments.

Board Members' Induction & Training

New Board members undergo a period of induction. They receive an induction pack containing details of Board and management structures, a copy of the association's Code of Governance and its Rules (i.e. constitution), and information on all the association's projects and services.

Within the first few weeks new members are briefed by each member of the Senior Management Team on the content and issues of their respective areas of responsibility and go on to visit each project and service to meet staff and service users. New Board members are encouraged to be trained as volunteers and to undertake some volunteer sessions in Julian House night shelter and/or day centre, in order to experience grass roots service delivery. Board members are required to sign an 'Agreement of Board Membership' to signify their understanding of their role and responsibilities as a Board member.

Risk Management

The Board conducts a review of the major risks to which the society is exposed. A risk register has been established and is updated at least annually. Where appropriate, systems have been established to mitigate the risks.

Internal control risks are minimised by clearly defining levels of delegated authority and by implementing systems of authorisation. The society's strategy for sustaining its sources of statutory funding, which is over 50% of its income, has been to invest in the quality and effectiveness of its service delivery and to demonstrate the services' good value-for-money. Alternative sources of funding are sought but if there was a wholesale loss of funding, for example, the local authority's complete withdrawal of Supporting People grant for Simon House (in 2008), then it is almost inevitable that services would have to close.

Procedures are in place to ensure compliance with the health and safety of staff, volunteers, service users and visitors. Health and safety has a high profile across the organisation with significant levels of Board and staff participation and some service user participation.

Organisational Structure

Julian House has a Board of up to 15 members which includes a maximum of five co-opted members. The Director and Senior Management Team are in attendance at Board meetings as is an elected staff representative. No staff have voting rights. However, on significant issues staff comments and views are minuted. The Board had 14 elected/appointed members at 31st March 2011.

A scheme of delegation is in place and the implementation of the society's strategy and its day-to-day operations rests with the Director along with the Senior Management Team. The Director is responsible for ensuring the society delivers the services specified and that key performance indicators are met.

Related Parties

In so far as it is complimentary to the society's objects, the society is guided by both local and national policy. It also strives to work in partnership with other voluntary agencies, statutory agencies and service commissioners to achieve the best overall outcomes for existing and future service users.

B&NES' Supporting People & Communities grants are the dominant funding for the majority of Julian House's services. Most of this funding is provided to B&NES by central government (the Department of Communities & Local Government (CLG))

The society plays a major role in shaping service developments affecting its service user group in B&NES through active participation in a wide range of statutory and voluntary sector forums.

The society has also developed a close working relationship with the Probation Service and Police through the provision of its accommodation project (Peter House) for prolific offenders leaving prison with nowhere to live.

Objects & Activities

The society's objects are:

To carry on for the benefit of the community and in particular for the socially and economically disadvantaged or vulnerable, or for the relief of aged, disabled, handicapped (whether physically or mentally) or chronically sick people the following:

- the business of providing housing, accommodation and assistance to help house people and sustain them in housing and independent living, and associated facilities and amenities,
- the development of the capacity and skills of individuals in such a way that they are better able to identify and help meet their own needs and to participate more fully in society, in particular but without limitation by providing training, employment and other support and opportunities which will enable them to sustain housing and independent living and achieve their fullest potential
- any other charitable object that can be carried out by an Industrial & Provident Society

The society's objects are translated into a strategic direction which is enshrined in its Purpose:

- to eradicate the need for rough sleeping
- to enable those who are homeless and those who are vulnerable and at risk of homelessness to establish sustainable homes and lifestyles
- to empower all users of its services to achieve their fullest potential

The society is further guided in what it does and how it does it by an explicit set of values. Julian House's values are to:

- hold clients central to everything it does
- pursue effectiveness, efficiency & financial stability
- value all those who work within the organization
- embrace & lead change and development
- strive for fairness & equality
- act responsibly towards the environment

The broad strategies used in pursuit of this Purpose have been:

- to engage with rough sleepers on the street, and to encourage a multi-agency response to their needs
- the ability to open an additional winter night shelter when there is the need
- to increase the amount of move-on accommodation accessible to our clients
- to provide services and facilities which enable clients to develop the skills and confidence to lead sustainable lifestyles
- to offer opportunities for work experience and employment training to enable clients to achieve their fullest potential
- to focus on developing policies and working practices that improve the quality and effectiveness of all the society's services
- to engage in the forums that shape the future development of services in the area
- to explore alternative sources of funding for existing and new services
- to invest in the development of the society's staff team
- to strengthen the governance of the society

The work of the society is carried out by a team of 40 staff supported by 65 volunteers who cook, serve food, prepare beds and engage socially with the homeless people using the Night Shelter and Day Centre. The volunteers work on a rota to provide cover for 2.5 hours each morning in the Day Centre and 2.5 hours in the evening in the Night Shelter. Over the year volunteers have provided over 3,400 hours of support. The society is extremely grateful for the time provided by volunteers.

The society operates a trading subsidiary which covenants its profits to the society.

Principal funding sources

Statutory funding

During the year B&NES local authority has undertaken a major review of its Supporting People and Communities grant programme. The majority of Julian House's grant funded services were recommissioned for a further three years but the grants were subject to cuts in excess of 20%. Julian House's floating support services became part of a B&NES wide restructuring exercise which brought the services provided under twelve different contracts from four different providers into one new contract. Julian House was not successful in winning one contract when it went out to competitive tender in January 2011.

Julian House was successful in acquiring additional grant funding to extend its Meaningful Occupation services and to take-on a new hostel for people with learning difficulties and mental health problems.

Rent

The second major category of income derives from rents, normally paid via housing benefit. The rent levels charged by the society reflect the costs incurred by the society in providing and managing the accommodation.

Voluntary Income

The breadth of the organisation's income streams meant that voluntary income stood up very well in very challenging circumstances. In particular the Christmas Appeal was the most successful ever. The society is very grateful for the contributions that people make, for without them the society could not achieve the outcomes that it does.

One particular grant from a charitable trust (CRISIS) has enabled Julian House to establish a new service that aims to open up the private rented sector to homeless people.

Charity Shops

The charity shop in St James' Parade, Bath was closed in April 2011 because of poor performance. The Walcot St shop continues to perform well, and other shops are being sought.

Investment Policy

Aside from retaining a prudent amount in an interest bearing bank current account to cover immediate outgoings, the balance of Julian House's reserves are held in a bank and building society accounts paying competitive rates of interest.

Reserves Policy

Julian House's Reserves Policy takes into account the risks associated with its major funding streams and the predicted cash flow requirements during the year. The annual review of this policy determined the need for free reserves of £263k.

A fund is also maintained for the future major repairs and maintenance of Julian House's properties. At the close of the year these combined funds stood at £139k. (2010 £113k). The refurbishment of the night shelter/day centre has been delayed for over three years because it was expected to be replaced by a new purpose built hostel. The original government funding was withdrawn but there is now a possibility that a new hostel may still be built – but not for another three years. It is therefore very likely that a major refurbishment of the existing building will take place in 2011/12.

Other risks that are considered include the need to close Julian House in the event of some catastrophe. These costs fall well within the free reserves identified above.

Julian House is working with B&NES council and other voluntary sector agencies on plans to replace the existing day centre and night shelter, and has also identified a range of additional services and projects that it wishes to develop.

The Board has in previous years been able to create a New Projects Fund to fund major development. At the end of the year this funds stands at £660k.

JULIAN HOUSE

REPORT OF THE BOARD OF MANAGEMENT (continued) FOR THE YEAR ENDED 31 MARCH 2011

Responsibilities of the Board of Management

The Industrial and Provident Societies Acts 1965 requires the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Julian House and the surplus or deficit of Julian House for that period. In preparing these financial statements the Board of Management is required to:

- a) Select suitable accounting policies and apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent;
- c) State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements been followed, subject to any departures disclosed and explained in the financial statements;
- d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that Julian House will continue in operation.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Julian House and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965. The Board is also responsible for safeguarding the assets of Julian House and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

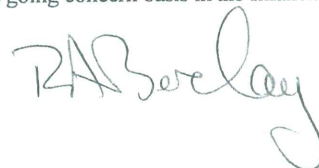
The Board feel it is prudent to change auditors every 4 or 5 year. This year the Board is proposing that the audit services are reviewed and the process is put out to tender.

Going concern

After making enquiries the Board of Management has a reasonable expectation that Julian House has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in the financial statements.

Approved by the Board of Management on 2nd August 2011 and signed on its behalf by:-

Rob Barclay
Secretary



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

JULIAN HOUSE

Independent Auditor's Report to the Members of Julian House

We have audited the financial statements of Julian House for the year ended 31 March 2011 which comprise the Balance Sheets, the Consolidated Income and Expenditure Account and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the society's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the society'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Committee of Management and Auditors

The Board of Management's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Committee of Management's Responsibilities.

Our responsibility, as independent auditor, 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 UK Generally Accepted Accounting Practice and the Industrial and Provident Societies Acts 1965 to 2002, Schedule 1 to the Housing Act 1996 and The Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained or if proper books of account have not been kept by the society.

In addition we state if we have not obtained all the information and explanations necessary for the purposes of our audit or if the society's balance sheet and its revenue account are not in agreement with the books of account.

We read other information contained in the Report of the Committee of Management and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 Committee of Management in the preparation of the financial statements and of whether the accounting policies are appropriate to the society'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 group's and the parent society's affairs at 31 March 2011 and of the group's income and expenditure for the year then ended and have been properly prepared in accordance with UK Generally Accepted Accounting Practice and with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 1 to the Housing Act 1996 and The Accounting Requirements for Registered Social Landlords General Determination 2006.

Bishop Fleming
16 Queen Square
Bristol
BS1 4NT



Date:

22/8/11

JULIAN HOUSE

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 £	2010 £
TURNOVER	2a	1,803,258	1,523,742
Operating Costs	2a & b	(1,691,872)	(1,611,148)
Operating Surplus/(Deficit)	2a & b	111,386	(87,406)
Surplus on sale of housing accommodation		-	145,389
Interest Receivable and Other Similar Income	6	3,995	4,767
Interest Payable and Similar Charges		-	-
Other Income		44,956	36,372
Surplus on Ordinary Activities before Taxation		160,337	99,122
Tax on Surplus on Ordinary Activities	21	-	-
SURPLUS FOR THE YEAR		160,337	99,122
MOVEMENT ON FREE RESERVES			
Income and Expenditure			
Balance Brought Forward		603,243	408,815
Surplus for the year		160,337	99,122
Transfer (to) from Capital Reserves	14	(22,982)	67,690
Transfer (to) from Restricted Reserves	15	9,554	494
Transfer (to) from Designated Reserves	16	(487,152)	27,122
REVENUE RESERVE CARRIED FORWARD		263,000	603,243

There were no other recognised surpluses or deficits other than those included in the Income and Expenditure Account for the above two financial years.

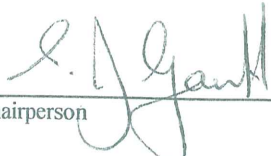
None of the Society's activities was acquired or discontinued during the year.

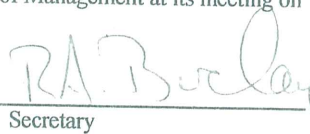
JULIAN HOUSE

BALANCE SHEET AT 31 MARCH 2011

	Note	Society		Group	
		Year ended 31 Mar 2011	Year ended 31 Mar 2010	Year ended 31 Mar 2011	Year ended 31 Mar 2010
		£	£	£	£
Tangible assets					
Freehold and leasehold properties	7	876,672	858,641	877,743	899,033
Fixtures, fittings and equipment	8	18,471	28,941	18,471	28,941
		895,143	887,582	896,214	927,974
Investments					
Investments in subsidiary	9	2	37,453	-	-
		895,145	925,035	896,214	927,974
Current assets					
Debtors	10	99,468	81,054	87,089	84,900
Bank and cash balances		1,141,135	926,123	1,194,210	926,123
		1,240,603	1,007,177	1,281,299	1,011,023
Creditors: amounts falling due within one year	11	(191,365)	(127,555)	(233,130)	(134,340)
Net current assets		1,049,238	879,622	1,048,169	876,683
Total assets less current liabilities		1,944,383	1,804,657	1,944,383	1,804,657
Creditors: amounts falling due after one year	12	244,193	264,798	244,193	264,798
Total assets less liabilities		1,700,190	1,539,859	1,700,190	1,539,859
Capital and Reserves					
Share Capital	13	10	16	10	16
Capital reserves Unrestricted	14	638,635	615,653	638,635	615,653
Other Reserves					
Restricted	15	-	9,554	-	9,554
Unrestricted Designated	16	798,545	311,393	798,545	311,393
Unrestricted Revenue reserves		263,000	603,243	263,000	603,243
		1,700,190	1,539,859	1,700,190	1,539,859

These financial statements were approved by the Board of Management at its meeting on 2nd August 2011


Chairperson


Secretary


Board member

The accompanying accounting policies and notes form an integral part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies is set out below.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and in accordance with the requirements of the Statement of Recommended Practice for Accounting by Registered Housing Associations, and in accordance with Part III of Schedule I to the Housing Act 1996, and the Accounting Requirements for Registered Social Landlords General Determination 2006.

The group financial statements consolidate the results of the Society, Julian House Trading Limited and Julian House Accommodation Limited. As a consolidated income and expenditure account is published, a separate income and expenditure account for the parent entity is omitted from the group financial statements.

Turnover

Turnover represents rental income receivable, and revenue and capital grants from central and local government and from national health trusts, spread over the period to which they relate.

Voluntary income

Voluntary income represents all other non-statutory income, both capital and revenue, from whatever source, including legacies, and is recognised in the accounts when it is received. Except in the case of fund-raising events, no costs of fund-raising have been netted against voluntary income.

Voluntary help and gifts in kind

No value has been put on the help received from Julian House's very many volunteers during the year. Individual gifts in kind of significant value are valued at estimated cost to the donor at the time of the gift and included in the Income and Expenditure Account; however there are numerous small gifts that cannot be quantified.

Cyclical and major repairs and maintenance

Julian House makes provision for major repairs and maintenance on an annual basis at a prudent level, to provide a designated revenue reserve to offset these expenses when they occur.

Administration costs

Administration costs relating to provision of services have been allocated to the provision of services.

Pension costs

The cost of providing retirement pensions and related benefits is charged against revenue over the periods benefiting from the employee's services.

Freehold and leasehold properties

The net cost of properties, after deducting capital grants received, is written off on a straight line basis over the expected economic useful lives of the assets, at the following rates:

Freehold property	Over 50 years
Initial cost of leasehold property	Over 25 years
Subsequent improvements to leasehold property	Over 10 years

Other fixed assets and depreciation

Other tangible fixed assets are stated at cost less accumulated depreciation. Only items valued at more than £1,000 are capitalised. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Fixtures and fittings	20% straight line
Office equipment	20% straight line

Fund accounting**Capital reserves**

Where Julian House has received grants or donations to specifically finance capital expenditure on properties, fixtures, fittings and office equipment, the amount of the grant is transferred to a specific Restricted Capital Reserve.

Once the reserve has been spent on purchasing an asset the Capital Reserve is written down at the same rate as the asset is depreciated.

Where other Society funds are used to purchase Fixed Assets, an equivalent value is transferred into Unrestricted Capital reserves, and written down at the same rate as the asset is depreciated.

Other Reserves**Restricted reserves**

Where Julian House has received grants or donations specifically to finance revenue expenditure, the amount of the grant is transferred to a specific restricted Reserve.

Unrestricted Designated reserves

Unrestricted designated reserves are reserves designated by the Board for specific purposes.

Unrestricted revenue reserves

Unrestricted funds are other incoming resources received or generated for expenditure on the general objectives of Julian House.

Working capital is retained in bank accounts.

Taxation

As Julian House is a charity, it is exempt from any liability to taxation on its income or capital gains, if any. The Society is not registered for Value Added Tax, and where applicable, expenditure in these financial statements is stated inclusive of VAT.

2a.**PARTICULARS OF TURNOVER,
AND OPERATING COSTS**

	2011			2010		
	Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
	£	£	£	£	£	£
Social Housing Lettings (note 2b)	467,459	582,991	(115,532)	422,797	515,305	(92,508)
Other Social Housing Activities						
- Supporting People	652,798	660,114	(7,316)	611,131	684,744	(73,613)
- Other	123,354	135,291	(11,937)	103,786	253,998	(150,212)
Non-Social Housing Activities						
Fundraising, trading and other	559,647	313,476	246,171	386,028	157,101	228,927
	1,803,258	1,691,872	111,386	1,523,742	1,611,148	(87,406)

JULIAN HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

2(b) PARTICULARS OF INCOME AND EXPENDITURE ON LETTINGS	2011 £	2010 £
Income from social housing		
Rent Receivable net of identifiable service charges	464,143	436,931
Service charges receivable	67,000	65,466
	<hr/>	<hr/>
Gross Rental Income	531,143	502,397
Less: Rent losses from voids	(63,684)	(79,600)
	<hr/>	<hr/>
TURNOVER FROM SOCIAL HOUSING LETTINGS	467,459	422,797
	<hr/>	<hr/>
Expenditure on social housing lettings		
Management	266,931	252,085
Services	106,339	85,111
Routine Maintenance	56,022	13,037
Bad Debts	63,684	66,937
Depreciation of Housing Properties	21,240	28,338
Other Costs	68,775	69,797
	<hr/>	<hr/>
Operating Costs on Social Housing Lettings	582,991	515,305
	<hr/>	<hr/>
Operating (Loss) on Social Housing Lettings	(115,532)	(92,508)
	<hr/>	<hr/>
Number of Units	51	48
	<hr/>	<hr/>
The average assured weekly rent was:	200.28	201.28
	<hr/>	<hr/>

	Society		Group	
	Year ended 31 Mar 2011	Year ended 31 Mar 2010	Year ended 31 Mar 2011	Year ended 31 Mar 2010
3. Operating surplus/deficit on activities	£	£	£	£
The surplus/deficit on activities is stated after charging:				
Depreciation:				
Freehold property	7	23,463	28,791	23,463
Leasehold property	7	2,064	3,007	2,064
Fixtures, fittings and equipment	8	7,521	6,987	7,521
Auditors remuneration: for audit services		3,020	5,580	3,020

4. Employment

The average number of full-time-equivalent persons employed by Julian House during the year was 40 (2010 37).

Staff costs during the year were:

	£	£	£	£
Wages and salaries	1,025,576	1,090,211	1,025,576	1,090,211
Social security costs	97,179	92,760	97,179	92,760
Pension costs	29,587	29,074	29,587	29,074
	1,152,342	1,212,045	1,152,342	1,212,045

5. Director's emoluments and interests

Non-executive directors (elected members of the Board of Management)

In accordance with Board policy non-executive directors did not receive any emoluments (2010 £nil). No expenses were paid to non-executive directors (2010 £nil).

Director

The emoluments of the Director, who is co-opted to the Board, were £67,554 (2010 £64,815) including pension contributions of £14,584 (2010 £12,262). The Director is a member of the Social Housing Pension Scheme administered by The Pensions Trust.

6. Interest receivable and similar income

		Society		Group	
		£	£	£	£
Interest received on cash balances		3,993	4,765	3,995	4,767
Loan interest paid by Julian House Trading Ltd	9	-	3,060	-	-
		3,993	7,825	3,995	4,767

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

7. Tangible fixed assets properties		Freehold	Short	Total
a. The Society		property	Leasehold	property
		£	property	£
		£	£	£
Cost	At the beginning of the year	959,970	371,719	1,331,689
	Additions during the year	-	9,437	9,437
	(Disposals during the year)	-	-	-
	Transfer from subsidiary	79,177	-	79,177
	Transfer between classes	10,893	(10,893)	-
	At the end of the year	<u>1,050,040</u>	<u>370,263</u>	<u>1,420,303</u>
Capital Grants	At the beginning of the year	-	222,400	222,400
	Additions during the year	-	-	-
	At the end of the year	<u>-</u>	<u>222,400</u>	<u>222,400</u>
Depreciation	At the beginning of the year	126,822	123,826	250,648
	Charge for the year	28,791	3,007	31,798
	(On disposals)	-	-	-
	Transfer from subsidiary	38,785	-	38,785
	At the end of the year	<u>194,398</u>	<u>126,833</u>	<u>321,231</u>
Net book value	At the beginning of the year	<u>833,148</u>	<u>25,493</u>	<u>858,641</u>
	At the end of the year	<u>855,642</u>	<u>21,030</u>	<u>876,672</u>

Julian House owns the freehold to the Head Office in New King Street and two properties in Corn Street (9 bed residence). Julian House leases the night shelter, the shop and associated premises on Corn Street, a house in Southdown and Peter House.

b. The Group		Freehold	Short	Total
		property	Leasehold	property
		£	property	£
		£	£	£
Cost	At the beginning of the year	959,970	450,896	1,410,866
	Additions during the year	-	10,508	10,508
	(Disposals during the year)	-	-	-
	Transfer between classes	90,070	(90,070)	-
	At the end of the year	<u>1,050,040</u>	<u>371,334</u>	<u>1,421,374</u>
Capital Grants	At the beginning of the year	-	222,400	222,400
	Additions during the year	-	-	-
	At the end of the year	<u>-</u>	<u>222,400</u>	<u>222,400</u>
Depreciation	At the beginning of the year	126,822	162,611	289,433
	Charge for the year	28,791	3,007	31,798
	(On disposals)	-	-	-
	Transfer between classes	38,785	(38,785)	-
	At the end of the year	<u>194,398</u>	<u>126,833</u>	<u>321,231</u>
Net book value	At the beginning of the year	<u>833,148</u>	<u>65,885</u>	<u>899,033</u>
	At the end of the year	<u>855,642</u>	<u>22,101</u>	<u>877,743</u>

The subsidiary, Julian House Trading Ltd, held a lease from Julian House for part of the premises at New King Street, which it used as its shop. This arrangement ended on 31 March 2010 when the shop was moved to Walcot Street.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

8. Fixtures, fittings and equipment**The Society and the Group**

		Fixtures & fittings	Office equipment	Total
		£	£	£
Cost	At the beginning of the year	59,020	79,273	138,293
	Additions during the year	8,949	-	8,949
	(Write offs during the year)	(20,720)	-	(20,720)
	At the end of the year	47,249	79,273	126,522
Depreciation	At the beginning of the year	30,817	78,535	109,352
	Charge for the year	6,249	738	6,987
	(Write offs during the year)	(8,288)	-	(8,288)
	At the end of the year	28,778	79,273	108,051
Net book value	At the beginning of the year	28,203	738	28,941
	At the end of the year	18,471	-	18,471

9. Fixed asset investments - Julian House Trading Ltd

	Year ended 31 Mar 2011	Year ended 31 Mar 2010
	£	£
Cost of investment	2	2
Loan to subsidiary company	-	37,451
	2	37,453

Julian House owns 100% of the share capital of Julian House Trading Ltd, formerly Ex Libris Trading Ltd.

Until March 2010 Julian House Trading Ltd undertook sales of second-hand books. In April 2010 the sales of second-hand books through shop premises was moved to within Julian House's retail outlets.

Julian House Trading Ltd is incorporated in England.

Until March 2010 Julian House Trading Ltd operated from Julian House's freehold premises. In 2000 Julian House lent the company £80,000 so that the company could refurbish the part of the building which it used; Julian House granted the company a lease, and took a charge over the lease as security for its loan which was repayable over a period of 20 years and carried interest at normal commercial rates.

At the end of March 2010 Julian House bought the refurbished part of the building from Julian House Trading Ltd at the net book value.

From April 2011 Julian House Trading Ltd started trading as reCYCLED, a new social enterprise selling refurbished bicycles and associated equipment and services

As Julian House Trading Ltd covenants its entire profit to Julian House, it had no retained reserves at 31 March 2011. The company's financial statements for the year ended 31 March 2011 show the following:

	Year ended 31 Mar 2011	Year ended 31 Mar 2010
	£	£
Turnover	3,137	19,570
Costs of sales	(3,060)	(3,202)
Amortisation of leasehold property costs	-	(3,816)
	77	12,552
Management Charges made by Julian House	-	(3,600)
Interest earned	2	2
Loan interest payable to Julian House (Note 6)	-	(3,060)
Operating profit covenanted to Julian House	79	5,894

	Society		Group	
	Year ended 31 Mar 2011 £	Year ended 31 Mar 2010 £	Year ended 31 Mar 2011 £	Year ended 31 Mar 2010 £
10. Debtors amounts falling due within one year				
Amounts due from subsidiary	14,130	2,616	-	-
Arrears of Housing Benefit	34,136	28,513	34,136	28,513
Accrued Building Society interest	447	-	447	-
Other debtors and prepayments	50,755	49,925	52,506	56,387
	99,468	81,054	87,089	84,900

11. Creditors amounts falling due within one year

	£	£	£	£
Deferred income	87,182	45,950	127,182	45,950
Other Taxes and Social Security Costs	43,615	27,831	44,102	27,831
Other creditors and accruals	48,256	48,920	49,534	55,705
Mortgage account	12,312	4,854	12,312	4,854
	191,365	127,555	233,130	134,340

12. Creditors amounts falling due after one year

Mortgage account	244,193	264,798	244,193	264,798
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Julian House took out this mortgage in 2008 with the Bank of Scotland to facilitate the purchase of the Corn Street properties, which form the security for the mortgage. Interest on the mortgage is charged at 1.3% above bank base rate.

Amount repayable between 1 and 2 years	12,312
Amount repayable between 2 and 5 years	36,937
Amount repayable after 5 years	194,944

13. Share capital

Allotted, issued and fully paid: 10 ordinary shares of £1 each (2010 £16)

Shares in Julian House are neither withdrawable or transferable, carry no right to interest, dividend or bonus, and do not entitle the owner to participate in the company's assets other than to the extent of the nominal value. Each member holds one share only in Julian House.

14. Capital reserves Unrestricted

	Leasehold Shops £	Leasehold Accomm. £	Freehold £	Total £
Transfer to Reserves	17,711	11,013	37,451	66,175
Transfer from Reserves	(12,430)	(2,886)	(27,877)	(43,193)
	5,281	8,127	9,574	22,982
Balances at the beginning of the year	12,430	16,237	586,986	615,653
Balances at the end of the year	17,711	24,364	596,560	638,635

Capital Reserves represent Society funds used to purchase Fixed Assets. Depreciation charged against these Fixed Assets reduces the relevant Capital reserve, so that the net book value of the asset is fully matched by Capital Reserves.

15. Other reserves Restricted

	Julian House and Barnabas House	Total
Balances at the beginning of the year	£ 9,554	£ 9,554
Transfers to (from) Restricted reserves	(9,554)	(9,554)
Balances at the end of the year	-	-

The restricted reserves were used to refurbish Barnabas House

16. Other Reserves Unrestricted Designated

	Premises Sinking Fund	New projects fund	Total
Transfer to Reserves	£ 26,328	£ 460,824	£ 487,152
Transfer from Reserves	-	-	-
Balances at the beginning of the year	112,668	198,725	311,393
Balances at the end of the year	138,996	659,549	798,545

a. Premises Sinking Fund

Julian House provides 1% of the original cost of freehold properties each year as a fund to cover future major building repairs, and £15,000 to cover the cyclical repairs to the interior of the Night Shelter.

b. New Projects Fund

The New Projects Fund is being built up to allow Julian House to fund a replacement for the current inadequate night shelter.

17. Capital commitments

Julian House does not have any capital commitments at 31 March 2011 (none at 31 March 2010).

18. Contingent liabilities

Other than the Pension liabilities (described in note 23), there are no contingent liabilities (none at 31 March 2010).

19. Lease commitments

Total commitment of £141k, being made up £119k representing the remainder of the lease at Walcot Street, and £22k to cover termination periods on other properties. (31 March 2010 £161k)

20. Transactions with directors and other related parties

Two members of the Board of Management, Tim Graham and Bob Alderman resigned from being directors of the subsidiary trading company, Julian House Trading Ltd.

Two members of the Board of Management, David Lyon and Christine Tuckerman, were appointed directors of the subsidiary trading company, Julian House Trading Ltd.

Kit Williams, who was a member of the Board of Management, was appointed as a director of the subsidiary trading company, Julian House Trading Ltd.

A Board member, Annie Paddock, is an employee of an adjoining local authority, but there were no transactions with that authority.

There were no other transactions with related parties during the year.

21. Taxation

The Board do not believe that Julian House's activities in the year gave rise to any taxation liability under section 505 of the Income and Corporation Taxes Act 1988.

22. Pension obligations

A full description of Julian House's pension obligations can be found in Note c. Notes a and b provide a summary.

a. Defined Contribution Pension

Julian House contributes to a multi-employer defined contribution pension scheme, the assets of which are held separately from those of Julian House in the Growth and Ethical Plan schemes operated by The Pensions Trust.

The latest information from the pension provider is as at 30 September 2010, when the estimated amount of the society's debt on-withdrawal-liability was £1,094 (at September 2010 £976). This amount is not due, it would become due if Julian House were to withdraw from the scheme.

b. Social Housing Pension Scheme

Julian House also operates a defined benefit pension scheme, the assets of which are held separately from those of Julian House in the Social Housing Pension Scheme operated by The Pensions Trust.

Julian House is unable to identify its share of the underlying assets and liabilities of the fund on a reasonable and consistent basis.

Financial Reporting Standard 17 requires provision for pension scheme deficits to be made in financial statements. For the reason set out above, no such provision has been made in these financial statements.

Julian House was told that if it were to withdraw from the scheme at 30 September 2010, there would have been a 'debt on withdrawal' estimated at £276,000 (30 September 2009 £317,000). In June 2011, a staff member joined the new defined contribution scheme, which means the debt will not crystallise.

Some employees contribute to other pension funds. In total the pension charge of £29,587 (2010 £29,074) represents contributions payable to the funds; there was £3,883 in contributions outstanding at year end (31 March 2010 £3,581).

c. Social Housing Pension Scheme - full disclosure

Julian House participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted-out of the state scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 there are three benefit structures available, namely:

- Final salary with a 1/60th accrual rate
- Final salary with a 1/70th accrual rate
- Career average revalued earnings (CARE) with a 1/60th accrual rate

From April 2010 a further two defined benefit structures have been available, namely:

- Final salary with 1/80th accrual rate
- Career average revalued earnings (CARE) with a 1/80th accrual rate

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
 PENSION OBLIGATIONS - CONTINUED

Julian House has operated the final salary with a 1/60th accrual rate benefit structure for active members as at 31 March 2007. There have not been any new members since then.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Julian House paid contributions at the rate of 25%.

As at the balance sheet date there was 1 active member of the Scheme employed by Julian House. Julian House continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from total scheme assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS 17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 69.7%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

Valuation Discount Rates	%pa
- Pre retirement	7.8
- Non Pensioner Post retirement	6.2
- Pensioner Post retirement	5.6
- Pensionable earnings growth	4.7
- Price Inflation	3.2
Pension Increases	
- Pre 88 GMP	0.0
- Post 88 GMP	2.8
- Excess over GMP	3.0

Expenses for death in service insurance, administration and PPF levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions

Mortality pre retirement - PA92 Year of Birth, long cohort projection, minimum improvement 1%pa
 Mortality post retirement - 90% S1PA Year of Birth, long cohort projection, minimum improvement 1%pa

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
 PENSION OBLIGATIONS - CONTINUED

The long-term joint contribution rates required from April 2010 required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60th accrual rate	17.8
Final salary with a 1/70th accrual rate	15.4
Career average revalued earnings with a 1/60th accrual rate	14.9
Final salary with a 1/80th accrual rate	13.5
Career average revalued earnings with a 1/80th accrual rate	11.9

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contributions rates set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (ie a combined employer and employee rate).

Employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.

Employers joining the Scheme after 1 October 2002 that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recover plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which should increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator is currently in the process of reviewing the Recovery Plan for SHPS in respect of the September 2008 actuarial valuation. A response from the Regulator is expected in due course.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1.985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
PENSION OBLIGATIONS - CONTINUED

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers). The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Julian House has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for Julian House was £276,000.

