

Charity number. 1132051
Company number: 6946097

Action Foundation
(A company limited by guarantee)
Trustees' report and financial statements
for the year ended 31 March 2011

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Action Foundation
(A company limited by guarantee)

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Action Foundation
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Legal and administrative information

Charity number 1132051

Company registration number 6946097

Registered office The CastleGate
Melbourne Street
Newcastle upon Tyne
NE1 2JQ

Trustees A C Smith
R L Evans
P J Wilthew (Resigned 22/07/10)
E M Idowu
A Bramhall (Appointed 30/09/10)

Secretary J L Prior

Chief executive J L Prior

Independent examiner Stephenson Coates
West 2, Asama Court
Newcastle Business Park
Newcastle upon Tyne
NE4

Bankers Unity Trust Bank PLC
Nine Brindleyplace
Birmingham
B1 2HB

Action Foundation
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Report of the trustees (incorporating the directors' report)
for the year ended 31 March 2011

The trustees present their report and the financial statements for the year ended 31 March 2011. The trustees, who are also directors of Action Foundation for the purposes of company law and who served during the year and up to the date of this report are set out on page 1.

Structure, governance and management

Governing document

Action Foundation is a company limited by guarantee, governed by its Memorandum and Articles of Association. The charitable company was incorporated on 27th June 2009 with registration number 6946097. It has been registered as a charity with the Charity Commission, number 1132051 since 9 October 2009. There are currently four members, each of whom agree to contribute £1 in the event of the charitable company winding up.

Appointment and retirement of directors

The number and skills of directors is regularly reviewed and any gaps identified. Existing members then approach suitable candidates who are invited to attend meetings, initially as observers, before being formally invited to join the board following discussion and references. Directors shall hold office for a term of four years but shall be eligible to hold office for further terms of four years indefinitely.

Organisation

The charitable company is organised so that the directors meet regularly to review its affairs and set objectives. There is a full-time chief executive to manage day to day activities. There is a close relationship for advice and structures with City Church, Newcastle who also provide some of our funding, office space and facilities at the CastleGate.

Risk management

The directors have agreed to examine, on an annual basis, the major risks faced by the charitable company. These risks include financial, operational and regulatory. Systems are in place to minimise these risks, including preparation of regular financial reports, maintenance of insurance and management reviews. These systems are reviewed periodically to ensure the needs of the charitable company are being met.

Objectives and activities

The charitable company's objects are

- 1 ☐ The prevention and/or relief of poverty by the provision of advice and assistance to the public including to refugees, asylum seekers, migrant workers and their dependents particularly by the provision of education and training with a view to facilitating job creation and work opportunities for such persons and by the provision of housing and accommodation for persons in need of such provision and the improvement of housing and living conditions for such persons,
- 2 ☐ The advancement of education (including mental, physical, social and health education) by the provision of schooling, training and advisory services,
- 3 ☐ The relief of those in need by reason of their youth, age, ill health, disability, financial hardship or other disadvantage, particularly by supporting or assisting persons suffering or recovering from substance abuse, eating disorders, prostitution or persons in similar situations who are in need of charitable support, and
- 4 ☐ The promotion of human rights particularly by the support of those suffering from human rights abuses and/or issues of injustice perpetrated by individuals, groups or governments on the grounds of race, religion, colour, sex, sexual orientation, disability, political views/activities, ethnicity or medical or other condition.

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Report of the trustees (incorporating the directors' report)
for the year ended 31 March 2011

The main activities undertaken in relation to these objects are

- Action Housing - providing free accommodation and support to destitute asylum seekers,
- Action Language - providing free English Language classes to asylum seekers, refugees and other migrants that cannot reasonably access classes elsewhere

We are also in the process of starting a new project that befriends older people called 'Action Befriending '

In setting our objectives and planning our activities, the directors have given careful consideration to the Charity Commission's general guidance on public benefit. All of the directors are unpaid volunteers to ensure that all available funds are used to support our service users.

Achievements and performance

This has been a year of significant growth in Action Language and one of consolidation in Action Housing whilst preparing to launch a new project befriending older people.

Action Language

Action Language has developed and grown from an average of 15 learners per week and 10 volunteers in April 2008 to an average of 78 learners per week and 39 volunteers in March 2011. In March 2010 the average number of learners was 52 per week and over the last year we have taught over 275 learners. In December 2010 and March 2011 we surveyed 33 and 50 learners respectively and 91% said that their 'English was improving as a result of attending the classes' and 80% felt 'better able to access other services as a result of the classes'. One key development this year has been the timetabling changes made possible from having a permanent classroom in the CastleGate building. This has enabled a much greater degree of continuity and ownership with volunteers and learners alike. In September 2010 we increased the number of classes from two to six and then quickly to eight per week as we reached the capacity of the classroom. We are now running four different ability levels based on the 'Skills for Life' syllabus with a class on every day of the week and a 'drop-in' for new enrolments on Tuesday afternoons. In January 2011 we employed a second part-time ESOL teacher to be able to support the Project Manager with the additional teaching and administrative work required as a result of the growth in numbers. It has been particularly pleasing to see some of our higher ability learners starting to volunteer as classroom assistants for the lower ability level classes. Another new development this year is the provision of travel expenses for those with no recourse to public funds. This has enabled us to continue to provide ESOL for the most excluded regardless of where they live in Tyne-side.

Action Housing

Action Housing has continued to offer accommodation to the most vulnerable of destitute asylum seekers, who have little or no housing options available to them when we first meet them. This year we have housed 15 people and six of our residents have been able to move on to statutory funded accommodation due in part to our casework and support. For much of this year Action Housing has been looking for alternative properties to move to. Therefore in February and March we moved our residents into two new houses in a quieter area of Newcastle. This, together with an increase in the intensity of our casework for residents, added significant pressure to our Project Manager. Therefore, in September 2010 we employed a part-time Project Worker to support our Project Manager in running the project. The Project Worker settled in quickly and in November 2010 was employed full time, initially to provide administrative support for Action Language, and then in February 2011 (when our new ESOL teacher had settled into their role) to support the Chief Executive with fundraising. This has worked very well and so in March 2011 we cancelled our contract with our external fundraising consultant who has been working for us for the last 18 months, as we decided that the Project Worker was able to provide better value for money in this area.

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Report of the trustees (incorporating the directors' report)
for the year ended 31 March 2011

Action Befriending

In November 2010, following research into the needs of older people in Tyneside we launched Action Befriending our latest project that aims to match volunteers with isolated and lonely older people. So far we have recruited a management team, and two volunteer co-ordinators as well as 12 volunteer befrienders who we have trained. We will start matching them with older people as soon as we receive referrals from other organisations involved in this area of service.

Staff changes

The main change for the organisation has been the increase in staff from one full time and two part time employees last year, to three full time and two part time employees by January 2011. This has provided the staff resource required to manage the growth experienced over the last year and has enabled the Chief Executive and the Action Language Project Manager to concentrate on generating income from social enterprise (see Financial review). Prior to September 2010 the Chief Executive was working part time for Action Foundation (and part time for another charity). However, due to the growth of the organisation and challenges experienced in fundraising he reduced his other commitments to one day a week from September and then to working full time for Action Foundation from February 2011. This has added the leadership required to manage the changes outlined and to concentrate on providing sustainable growth in the future.

This year saw the resignation of PJ Wilthew as trustee due to his moving away from the area. Mr Wilthew was one of the founding trustees and played a vital role in the establishment of the charity particularly in the early days, for which we are extremely grateful. Mr Wilthew has been replaced by Mr A Bramhall who is an elder at City Church, Newcastle and ex head of department at a local secondary school and brings significant pastoral and leadership experience to the Board. At the beginning of the year the Board of Trustees identified the need to strengthen their skills in the areas of legal and financial knowledge. Therefore in the summer of 2010 they approached two people with the required expertise with a view to their becoming trustees. This process is on-going.

In November 2010 we celebrated the end of the first year as Action Foundation (the new charity that was established with the Charity Commission in October 2009). To mark this occasion we had a celebration at the CastleGate attended by over 70 people with a good mixture of volunteers, service users and supporters that all enjoyed African and Asian food and music from a live African band as well as three short presentations about our work.

Financial review

This has been a good year for the finances with a significant increase in incoming resources from the previous year and a modest surplus at the year end despite additional growth in expenditure on the previous year and a tough economic climate. This has achieved the goal stated in our last annual report to "redress the imbalance of income/expenditure experienced last year." This has mainly come from an increase in grants from charitable trusts (89%). This is due to focusing more effort on fundraising from them with the employment of a fundraising consultant, and additional internal resource towards the end of the year. We have seen a reduction in donations from last year, mainly due to receiving a large single donation last year that has not been replicated this year. However, we have seen a small increase in income from social enterprise mainly from a contract to teach IELTS (International English Language Testing System) to Refugee Healthcare Professionals supported by the Strategic Health Authority.

Plans for future periods

We are also in the process of starting a letting agency for refugees that need accommodation, helping them overcome some of the barriers they face in finding somewhere to live. This project is for people who have been given asylum (refugee) status and therefore the right to stay in the UK and are eligible for mainstream support unlike the residents of Action Housing who have no recourse to public funds. We will receive an income for letting them a house that we manage on behalf of a landlord that has invested in a property for our use. Over the next three years we hope to open 5 - 10 properties for this project accommodating up to 30 refugees and generating £30k - £60k per year.

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Report of the trustees (incorporating the directors' report)
for the year ended 31 March 2011

Over the last year we have found it more difficult to generate new income from charitable trusts, particularly for Action Housing. Government cuts are beginning to hit other charities that have relied on public money and are now turning to charitable trusts to supplement income lost. Therefore, over the next year our goal for our finances is to increase the income raised from social enterprise and donations so that within three years income raised from grants, donations and social enterprise is roughly the same.

Statement of trustees' responsibilities

The trustees (who are also directors of Action Foundation for the purpose of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and 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, and
- 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 adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

On behalf of the board



J. L. Prior
Secretary

10 June 2011

Action Foundation
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Independent examiner's report to the trustees on the unaudited financial statements of Action Foundation.

We report on the accounts of Action Foundation for the year ended 31 March 2011 set out on pages 2 to 14

Respective responsibilities of trustees and independent examiner

The charity's trustees (who are also the directors of the company for purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 43(2) of the Charities Act 1993 (the Act), as amended by section 28 of the Charities Act 2006 and that an independent examination is needed. It is our responsibility to examine the accounts under section 43(3)(a) of the Act, as amended, to follow the procedures laid down in the General Directions given by the Charity Commission under section 43(7)(b) of the Act, as amended, and to state whether particular matters have come to our attention.

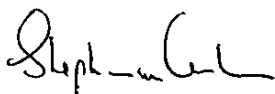
Basis of independent examiner's statement

Our examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charitable company and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with our examination, no matter has come to our attention

- (i) which gives us reasonable cause to believe that in any material respect the requirements
 - to keep adequate accounting records in accordance with section 386 of the Companies Act 2006, and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice Accounting and Reporting by Charitieshave not been met, or
- (ii) to which, in our opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached



Principal: J H Oswald BA FCA
Stephenson Coates
Independent examiner
West 2, Asama Court
Newcastle Business Park
Newcastle upon Tyne
NE4 7YD

10 June 2011

Action Foundation
(A company limited by guarantee)

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

For the year ended 31 March 2011

	Notes	Unrestricted funds £	Restricted funds £	2011 Total £	2010 Total £
Incoming resources					
Incoming resources from generating funds					
Voluntary income	2	26,139	99,621	125,760	73,422
Investment income	3	16	-	16	12
Incoming resources from charitable activities (social enterprise)	4	9,720	363	10,083	8,731
Total incoming resources		<u>35,875</u>	<u>99,984</u>	<u>135,859</u>	<u>82,165</u>
Resources expended					
Costs of generating funds					
Fund raiser's costs		7,042	-	7,042	4,296
Charitable activities	5	8,213	110,002	118,215	92,811
Governance costs	6	629	-	629	3,044
Total resources expended		<u>15,884</u>	<u>110,002</u>	<u>125,886</u>	<u>100,151</u>
Net incoming/(outgoing) resources before transfers		19,991	(10,018)	9,973	(17,986)
Transfer between funds		<u>(25,757)</u>	<u>25,757</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources for the year / Net income/(expenditure) for the year		(5,766)	15,739	9,973	(17,986)
Total funds brought forward		<u>18,584</u>	<u>7,353</u>	<u>25,937</u>	<u>43,923</u>
Total funds carried forward		<u>12,818</u>	<u>23,092</u>	<u>35,910</u>	<u>25,937</u>

The statement of financial activities includes all gains and losses in the year and therefore a separate statement of total recognised gains and losses has not been prepared

All of the above amounts relate to continuing activities

The notes on pages 10 to 14 form an integral part of these financial statements.

Action Foundation
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Balance sheet
as at 31 March 2011

	Notes	£	2011 £	£	2010 £
Current assets					
Debtors	10	1,402		5,164	
Cash at bank and in hand		37,662		26,656	
		<u>39,064</u>		<u>31,820</u>	
Creditors: amounts falling due within one year	11	(3,154)		(5,883)	
Net current assets			35,910		25,937
Net assets			<u>35,910</u>		<u>25,937</u>
Funds	12				
Restricted income funds			23,092		7,353
Unrestricted income funds			12,818		18,584
Total funds			<u>35,910</u>		<u>25,937</u>

The Balance Sheet continues on the following page

The notes on pages 10 to 14 form an integral part of these financial statements.

Action Foundation
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Balance sheet (continued)

Trustees' statements required by the Companies Act 2006
for the year ended 31 March 2011

In approving these financial statements as trustees of the company we hereby confirm

(a) that for the year stated above the company was entitled to the exemption conferred by section 477 of the Companies Act 2006 ,

(b) that no notice has been deposited at the registered office of the company pursuant to section 476 of the Companies Act 2006 requesting that an audit be conducted for the year ended 31 March 2011

(c) that we acknowledge our responsibilities for

(1) ensuring that the company keeps adequate accounting records which comply with section 386 of the Companies Act 2006, and

(2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the year then ended in accordance with the requirements of sections 394 and 395, and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

The financial statements were approved by the board on 10 June 2011 and signed on its behalf by



A C Smith
Director

The notes on pages 10 to 14 form an integral part of these financial statements.

Action Foundation
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Notes to financial statements
for the year ended 31 March 2011

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 (SORP 2005) and the Companies Act 2006.

1.2. Cashflow

The charity has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small charity.

1.3. Incoming resources

Income generated by the charitable company is accounted for on an accruals basis. Voluntary income is accounted for as received by the company.

1.4. Resources expended

Expenditure is recognised on an accruals 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.

Fundraising costs represent amounts paid to an independent fundraising concern to assist in raising funds for core activities.

Costs of charitable activities include all staff costs incurred in the period in providing services together with the incidental costs of service provision.

Governance costs relate to legal costs in forming the company and the costs of preparing statutory reports and holding annual meetings.

1.5. Defined contribution pension schemes

The pension costs charged in the financial statements represent the contributions payable by the charity during the year.

2. Voluntary income

	Unrestricted funds £	Restricted funds £	2011 Total £	2010 Total £
Donations	4,139	-	4,139	12,842
Grants receivable	21,425	99,621	121,046	58,491
Gift Aid	575	-	575	2,089
	<u>26,139</u>	<u>99,621</u>	<u>125,760</u>	<u>73,422</u>

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Notes to financial statements
for the year ended 31 March 2011

3. Investment income

	Unrestricted funds £	2011 Total £	2010 Total £
Bank interest receivable	16	16	12
	<u>16</u>	<u>16</u>	<u>12</u>

4 Incoming resources from charitable activities - social enterprise

	Unrestricted funds £	Restricted funds £	2011 Total £	2010 Total £
English school (Social Enterprise)	9,720	363	10,083	5,581
Consultancy	-	-	-	3,150
	<u>9,720</u>	<u>363</u>	<u>10,083</u>	<u>8,731</u>

5. Costs of charitable activities

	Unrestricted funds £	Restricted funds £	2011 Total £	2010 Total £
House running expenses	-	23,678	23,678	20,807
Wages and salaries	-	65,395	65,395	39,120
Social security costs	-	6,108	6,108	405
Staff pension costs	-	5,336	5,336	-
Freelance costs	-	-	-	13,500
Office rent	-	767	767	2,913
Insurance	627	481	1,108	2,447
Travel and subsistence	1,340	1,191	2,530	1,072
Legal and professional fees	269	1,945	2,214	2,688
Bank charges	146	-	146	172
Office administration expenses	4,202	113	4,314	3,424
Conferences and training	1,092	1,004	2,097	901
Service users travel expenses	-	1,235	1,235	2,920
English school project	-	2,749	2,749	2,326
Miscellaneous expenses	537	-	537	116
	<u>8,213</u>	<u>110,002</u>	<u>118,214</u>	<u>92,811</u>

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Notes to financial statements
for the year ended 31 March 2011

6. Governance costs

	Unrestricted funds £	2011 Total £	2010 Total £
Independent examiner's fees	629	629	2,044
Legal and professional fees	-	-	1,000
	<u>629</u>	<u>629</u>	<u>3,044</u>

7. Employees

Employment costs	2011 £	2010 £
Wages and salaries	65,395	39,120
Social security costs	6,108	405
Pension costs	5,336	-
Freelance costs	-	13,500
	<u>76,839</u>	<u>53,025</u>

No employee received emoluments of more than £60,000 (2010 None)

Number of employees

The average monthly numbers of employees during the year, calculated on the basis of full time equivalents, was as follows

2011 Number	2010 Number
<u>3</u>	<u>2</u>

8. Pension costs

The company operates a defined contribution pension scheme in respect of certain employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and was as follows

	2011 £	2010 £
Pension charge	<u>5,336</u>	<u>-</u>

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Notes to financial statements
for the year ended 31 March 2011

9. Taxation

The charity's activities fall within the exemptions afforded by the provisions of the Income and Corporation Taxes Act 1988. Accordingly, there is no taxation charge in these accounts.

10. Debtors

	2011 £	2010 £
Trade debtors	-	547
Open Door (North East)	-	537
Prepayments and accrued income	1,402	4,080
	<u>1,402</u>	<u>5,164</u>

11. Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	1,310	728
Accruals and deferred income	1,844	5,155
	<u>3,154</u>	<u>5,883</u>

12. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Fund balances at 31 March 2011 as represented by			
Current assets	15,612	23,452	39,064
Current liabilities	(2,794)	(360)	(3,154)
	<u>12,818</u>	<u>23,092</u>	<u>35,910</u>

13. Unrestricted funds

	At 1 April 2010 £	Incoming resources £	Outgoing resources £	Transfers £	At 31 March 2011 £
Unrestricted funds	<u>18,584</u>	<u>35,875</u>	<u>(15,884)</u>	<u>(25,757)</u>	<u>12,818</u>

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Notes to financial statements
for the year ended 31 March 2011

14. Restricted funds	At 1 April 2010 £	Incoming resources £	Outgoing resources £	Transfers £	At 31 March 2011 £
Action language	2,021	433	(2,090)	-	364
Wages and salaries	-	62,349	(76,839)	24,550	10,060
Action Housing	3,516	36,975	(29,649)	-	10,842
Events	1,816	-	-	-	1,816
Action Befriending	-	227	(1,424)	1,207	10
	<u>7,353</u>	<u>99,984</u>	<u>(110,002)</u>	<u>25,757</u>	<u>23,092</u>

15 Company limited by guarantee

Action Foundation is a company limited by guarantee and accordingly does not have a 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