

# themungofoundation

Financial Statements for the Year ended 31 March 2007

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Company Limited by Guarantee  
Company No SC256488

Financial Statements for the Year ended 31 March 2007



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### Company Details

Company Registration Number:	SC 256488
Charity Number:	SC 035078
Registered Office:	196 Clyde Street Glasgow G1 4JY
Trustees:	Most Rev Mario Joseph Conti Right Rev Monsignor John Canon Gilmartin Right Rev Monsignor James T Canon Clancy Right Rev Monsignor Owen Gallagher Very Rev Peter Canon Gallacher Right Rev Monsignor Peter Canon Smith Mr Ian Baillie Councillor Elizabeth Cameron – resigned 4 October 2007 Mr Edward Friel – resigned 31 August 2006 Miss Agnes Malone Mr Brian Gilda – appointed 23 March 2007
Company Secretary:	McSparran McCormick Waterloo Chambers 19 Waterloo Street Glasgow G2 6AH
Senior Officers:	Chief Executive – Ms Dana O’Dwyer Director of Finance – Mr Gerry Casey Director of Human Resources – The Late Mr James Kelly – (29 July 2007) Director of Services and Development – Mr Graeme Henderson
Bankers:	The Royal Bank of Scotland 1 <sup>st</sup> Floor 100 West George Street Glasgow G2 1PP
Solicitors:	McSparran McCormick Waterloo Chambers 19 Waterloo Street Glasgow G2 6AH
Auditors:	Grant Thornton UK LLP 95 Bothwell Street Glasgow G2 7JZ
Website:	<a href="http://www.themungofoundation.org.uk">www.themungofoundation.org.uk</a>

### REPORT OF THE TRUSTEES

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The Trustees present their annual report and the audited financial statements of The Mungo Foundation for the year ended 31 March 2007.

#### **Incorporation**

The company was incorporated on 23 September 2003 as a company limited by guarantee (SC 256488) and recognised by the Inland Revenue as a charity for the purposes of Section 505 Income & Corporation Taxes Act 1988 (SC 035078) with effect from that date. The company's Memorandum and Articles of Association are its governing document.

The company began operating on 1 April 2004.

#### **Objectives and Structure**

The Mungo Foundation was established by the Archdiocese of Glasgow to take forward the work of its Community Social Services Department, as inspired by the Gospel of Christ, and enriched by the tradition and ethical teaching of the Catholic Church.

The objectives of the company are governed by its Memorandum and Articles of Association and are to promote welfare, relieve poverty and advance education for the public benefit by the provision of wide-ranging social services comprising social services to the young, the elderly and those in care.

These objectives were met through the provision of residential, respite and day care services to adults and children with a learning disability, providing support and accommodation for young, homeless people, providing services to frail, older people, particularly those with dementia, supporting those mental health problems, single mothers, people with a sensory impairment and people with substance misuse problems.

The directors of the company are its Trustees and are referred to as Trustees throughout.

The company is headed by a Board of Trustees, of whom the Trustees and Chancellor of the Archdiocese of Glasgow are *ex officio* members. Up to 4 additional Board Members may be appointed by the *ex officio* Board Members. The management of the company is headed by a Chief Executive who reports to the Board on a regular basis and to whom Directors of Services and Development, Finance and Human Resources, and their staff, are accountable.

The strategic decisions affecting the company are made by the Trustees, with operational decisions delegated to the Chief Executive and the senior management team.

New Trustees of the company have the opportunity to meet with the Board Chairman and the Chief Executive to discuss their role and responsibilities on behalf of the organisation. A copy of the Memorandum & Articles of Association and the current Business Plan are provided as part of this process and an induction pack has been produced. The Company Secretary, who is also the company's lawyer, attends all Board meetings to provide advice and updates on changing legislation. The role and responsibilities of Trustees and discussions on the requirements of the

### **REPORT OF THE TRUSTEES (continued)**

Office of Scottish Charity Regulator are regular items at Board meetings. Training for Board Members on governance matters is available from organisations such as Business Gateway.

A strategic planning away day took place in February 2007, where the Trustees reviewed the strategic aims of The Mungo Foundation, as it approached the end of the first 3 years of operation. The review will form the basis of developing the strategic direction for the organisation for its next business plan to be developed for 2007/08 to 2009/10.

#### **Business Review and Future Developments**

In its third year of operations, the company successfully continued its programme of developing the work of the former Community Social Services Department of the Archdiocese of Glasgow, as an independent organisation in the voluntary sector.

The funding environment for the voluntary sector remains difficult with local authorities facing financial pressures and seeking efficiency savings on an annual basis. Zero inflationary increases, particularly in projects funded by Scottish Executive Supporting People money, plus below inflation uplifts in other areas, increase the financial pressure on projects. Expenditure is closely monitored and controlled by the senior management team, without compromising service delivery.

The pressure of the challenging funding environment, combined with the current lack of unrestricted reserves, limits the company's ability to give pay awards for staff outwith the level of inflation paid by funders. This could have consequences for the organisation's ability to attract and retain suitably qualified staff.

The main aims of The Mungo Foundation, set out in its three year business plan covering the period 2004/5 to 2006/7, were to:

- a) Secure and sustain current projects
- b) Seek to improve the quality of the services provided
- c) Develop new services

#### **a) Secure and Sustain Current Projects**

During 2006/07, in collaboration with Glasgow City Council, two respite services for people with learning disabilities were the subject of negotiations over potential restructuring because neither building would meet Care Commission standards after 2007. Through discussions with the Council, a reconfiguration of the services was agreed with both of the services due to be relocated to a new build premises provided by the council during the next financial year. During the year 2006/07 both services were amalgamated and moved to a new temporary location that met the Care Commission Standards. The medium term developments will result in both services being re-established in their previous locales in purpose built accommodation.

### **REPORT OF THE TRUSTEES (continued)**

The reconfiguration of the older people's service, agreed in 2005/06, to provide specialist mental health services for older people was completed and implemented during the year. The second older people's service was closed and in collaboration with the funding authority and the local housing association, the premises were used to develop a new adult mental health service, which is now operational.

During the year negotiations on the reconfiguration of a mental health service to reduce the number of clients has been ongoing to meet the funding restrictions available for the provision of the service. It anticipated that the reconfiguration will be agreed and implemented during the next financial year.

The reconfiguration of a service for vulnerable young women is currently being discussed with the funding authority. It is anticipated that implementation of the reconfigured service will be agreed during the next financial year.

#### **b) Seek to Improve the Quality of the Services Provided**

A review of the service provision currently provided was completed during the year. The aim of the review is to ensure that the models of care provided were continuing to develop in line with best practice, that they meet the needs of service users and are operated cost effectively. A programme of internal inspection and audit of the services has been implemented as a result of the review to ensure that best practice is being implemented.

The implementation of the new Contract Management Framework, developed by Glasgow City Council to ensure that quality is monitored on a regular basis at all levels in the projects has now been completed. This framework complements the internal quality tool that has been developed by the company to meet Care Commission Standards.

An internal IT audit has been undertaken to ensure that all projects are able to meet the requirements of the internal and external quality frameworks. Several system upgrades have been implemented following the IT audit. A new HR database was implemented during the financial year.

The Training Manager, having completed the audit of the annual training programme, will continue to review the programme on an ongoing basis. The training is delivered on an internal and external basis for staff of the company with an increase in the internal number of assessors undertaking the evidencing of individual portfolios for training. The Scottish Qualifications Authority verified and renewed the status of the company as an SQA approved centre.

Funding was again received from the Scottish Executive's Voluntary Sector Development Fund to ensure that managers meet the registration requirements of the Scottish Social Services Council.

#### **c) Develop New Services**

The construction work for building a thirty bed dementia unit in Drumchapel was completed in September 2006, to fulfil the tender won from Glasgow City Council in September 2004. The construction work was completed on schedule and on budget. The service provision commenced in

### **REPORT OF THE TRUSTEES (continued)**

January 2007. A term loan facility was put in place during the year to finance the construction of the unit.

The implementation of the Alcohol Related Brain Damage service was started in the year with the service being designed to operate on an interim basis from the Dementia unit in Drumchapel due to the lack of suitable accommodation within Glasgow. The long term aim is to relocate the service once suitable accommodation is available.

The work to implement the tender won in June 2006 to provide a Community Alcohol Support Service has been progressed with the identification of suitable premises. The service provision is expected to commence by August 2007.

The work to implement a Long Term Drug Rehabilitation service has also been ongoing during the year with the property for the provision of the service expected to be ready by August 2007 with the service provision commencing soon afterwards.

During the year a tender has been won to provide Direct Access Accommodation services for homeless people within the East Dunbartonshire area. The provision of the service is expected to commence in 2008/09.

The Mungo Foundation will continue to review development opportunities and tender for the provision of services that meet the objectives of the charity. In April 2007, a further tender was won to provide a Learning Disability service within Perth & Kinross, a new Local Authority area for the company. It is anticipated that the service provision will commence in the next financial year.

The focus of the Board and senior management in future years will be to ensure the continuing, steady growth of the company through the pursuit of tendering opportunities to develop new services, whilst ensuring the provision of person-centred services to existing service users. The development of a fund-raising strategy to attract additional resources is of prime importance, as is the implementation of an information technology strategy to provide effective communication and provision of information, both internally and externally.

### **Trustees**

The Trustees who served the company during the year and those appointed since the end of the financial year are stated on page 3.

### **Statement of Trustees' Responsibilities**

Company law requires the Trustees to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare financial statements on the going concern basis unless there are indications to the contrary.

### **REPORT OF THE TRUSTEES (continued)**

The Trustees are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, as the company's Trustees, we certify that:

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- As the Trustees of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant information and to establish that the charity's auditors are aware of that information.

### **Review of the Financial Position**

The Trustees report a net decrease in funds of £16,420 for the year (2005/06: increase of £387,646) with net assets of £1,321,627 as at 31 March 2007 (2005/06: £1,338,047).

The operating deficit after finance costs and before property transactions and transfers from the Archdiocese of Glasgow was £16,420, (2005/06: £317,646).

During 2005/06 an interim valuation of the property was undertaken creating a revaluation reserve of £70,000.

The principal source of funding comes from working in partnership with local authorities and other funding bodies in the provision of care services within Glasgow and the West of Scotland. The income generated from this source amounted to £13,504,385 (2005/06: £13,214,223).

During the year donations were received of £81,714 (2005/06: £42,295).

As part of a contract won to provide a 30 bed dementia service, the construction of appropriate accommodation for the provision of the service was commenced. The cost of the building project was £1.9 million and was completed during the financial year. The construction costs of the project were initially financed from cash reserves which were converted to a long term finance facility prior to completion of the project. The financing arrangements had led to a short term drop in the cash holdings of the organisation during 2005/06, resulting in the balance sheet showing Net Current Liabilities of £47,616 at 31 March 2006. The provision of the long term financing arrangement during the year has returned the Net Current Assets to £593,541 as at 31 March 2007.

### **Reserves Policy**

The Mungo Foundation is a relatively young company and operates in a market in which it is difficult to accumulate reserves. However, the Trustees would like to build up reserves over time, sufficient to meet future contingencies.

### REPORT OF THE TRUSTEES (continued)

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#### Connected Charities

The Mungo Foundation is a connected charity with the Archdiocese of Glasgow by virtue of the common control of the *ex-officio* Trustees. Full details on the Archdiocese of Glasgow can be obtained from the Director of Finance at the Curial Office of the organisation.

#### Risk Management

The Trustees in conjunction with senior members of staff conducted a review of the major risks to which the company was exposed. A formal Risk Register was produced as a result of the review. The Risk Register is reviewed by the Board of Trustees and Senior Staff during the year to ensure that new and changing risk priorities are identified. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and projects and to ensure consistent quality of delivery for all operational aspects of the charitable company. These procedures are periodically reviewed to ensure that they still meet the needs of the charity. An internal audit programme is carried out by head office staff.

#### Financial Risk Management Policies and Objectives

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The company does not use derivative financial instruments to manage interest rate or foreign exchange costs and as such, no hedge accounting is applied. Given the size of the company, the Trustees have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Trustees are implemented by the company's finance function.

#### Price Risk

The company is exposed to price risk as a result of its operations. However, given the size of the company's operations, the cost of managing exposure to price risk exceeds the potential benefits. The Trustees will revisit the appropriateness of this policy should the company's operations change in size or nature.

#### Credit Risk

The company mainly contracts with Local Government Authorities and other Governmental bodies, which are viewed as being a low credit risk. The amount of exposure to any individual counterparty is reassessed regularly by the Board.

#### Liquidity Risk

The company maintains short-term cash that is designed to ensure the company has sufficient funds for its operations.



### **REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE MUNGO FOUNDATION**

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We have audited the financial statements of The Mungo Foundation for the year ended 31 March 2007 which comprise the principal accounting policies, the statement of financial activities, the balance sheet, the cash flow statement and notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 are also the directors of The Mungo Foundation for the purposes of company law) for preparing the annual report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Report. 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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE MUNGO FOUNDATION (continued)**

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year ended 31 March 2007;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements for the year ended 31 March 2007.

GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
GLASGOW

**26<sup>th</sup> November 2007**

### **ACCOUNTING POLICIES**

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The principal accounting policies of the company are set out below.

#### **Basis of Preparation**

The financial statements have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice 2005: Accounting and Reporting by Charities, The Companies Act 1985, Law Reform (Miscellaneous Provisions) Act 1990 and the Charities Accounts (Scotland) Regulations 2006. The accounts have been prepared under the historical cost convention with the exception of heritable property which is subject to periodic revaluation to market value.

#### **Incoming Resources**

Voluntary income including donations, gifts, legacies and grants are included when received.

Investment Income is recognised on a receipts basis.

Income from charitable activities includes income from funding bodies where related to performance and specific deliverables are accounted for as the charity earns the right to consideration by its performance. Other income, including personal contributions are accounted for when received.

Other income is accounted for as it is received.

#### **Resources Expended**

Expenditure is recognised when a liability is incurred.

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

The governance costs include those incurred in the governance of the charity and its constitutional and statutory requirements. The expenditure includes audit fees, legal and other professional fees for the governance of the organisation.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resources. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. in line with the costs recoverable under the terms of the service provision contracts.

#### **Irrecoverable VAT**

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

## ACCOUNTING POLICIES (continued)

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### Tangible Fixed Assets

Properties, investments and other fixed assets donated to the charity are included as income at market value at the time of receipt and are shown as assets on the balance sheet until disposal takes place.

All other fixed assets are initially recorded at cost.

Heritable properties are revalued every five years, with an interim review being carried out after three years. The surpluses or deficits on revaluation of such properties are transferred to the relevant fund to which the assets relate, namely, designated, restricted or unrestricted.

Significant purchases of fixed assets are capitalised and depreciated.

### Depreciation

Depreciation is calculated to write down the cost or valuation of tangible fixed assets, with the exception of land and building under construction, by equal annual instalments over their expected useful lives. The rates generally applicable are:

Heritable Property	2%
Furniture, Fittings & Equipment	15% - 33.1/3%

### Grants

Grants receivable for significant capital expenditure are treated as deferred income and released to the income and expenditure account over the expected useful lives of the relevant assets. Where project funding includes immaterial capital expenditure, it is expensed.

Grants receivable for revenue expenditure are credited to the income and expenditure account in the period to which related expenditure is recognised.

### Restricted and designated funds

In accordance with the Statement of Recommended Practice, amounts received by the company which the donor has instructed be used for a specific purpose are held in restricted funds. From time to time the Trustees decide that certain other funds be used for specific purposes. These are known as designated funds, and are transferred from general funds.

Expenditure which meets the criteria laid down for restricted or designated funds are disclosed within the SOFA under the appropriate category of fund.

## **ACCOUNTING POLICIES (continued)**

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### **Contributions to staff pension funds**

The pension costs in the income and expenditure account represent the amount of contributions payable to the pension schemes in respect of the accounting period.

### **Leased Assets**

Payments made for assets held under operating leases are charged to the Statement of Financial Activities as incurred.

### STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds	Restricted Funds	Total Funds 31/03/07	Total Funds 31/03/06
		£	£	£	£
<b>Incoming Resources</b>					
<b>From Generated funds</b>					
Voluntary income		11,984	69,730	81,714	42,295
Investment Income		38,412	-	38,412	31,675
		50,396	69,730	120,126	73,970
<b>From Charitable Activities</b>					
Income from funding bodies	1	13,504,385	-	13,504,385	13,214,223
Personal contributions		279,615	-	279,615	229,162
Other income		21,789	-	21,789	19,898
		13,805,789	-	13,805,789	13,463,283
<b>Other Incoming Resources</b>					
Insurance receipts		9,545	-	9,545	-
Training grants		25,575	-	25,575	31,200
		35,120	-	35,120	31,200
<b>Total Incoming Resources</b>		13,891,305	69,730	13,961,035	13,568,453
<b>Resources Expended</b>					
Charitable Activities	3	13,903,647	42,581	13,946,228	13,216,212
Governance Costs		31,227	-	31,227	34,595
<b>Total Resources Expended</b>		13,934,874	42,581	13,977,455	13,250,807
<b>Net Incoming/(Outgoing) Resources for the Year</b>		(43,569)	27,149	(16,420)	317,646
<b>Gross Transfer Between Funds</b>	12	-	-	-	-
<b>Net Incoming/(Outgoing) Before Other Recognised Gains and Losses</b>		(43,569)	27,149	(16,420)	317,646
<b>Other Recognised Gains and Losses</b>					
Loss on sale of property		-	-	-	-
Gain on Revaluation of Assets	13	-	-	-	70,000
<b>Net Movement in Funds</b>		(43,569)	27,149	(16,420)	387,646
Balances brought forward		1,226,933	111,114	1,338,047	950,401
<b>Balances carried forward</b>		1,183,364	138,263	1,321,627	1,338,047

The Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

The accompanying accounting policies on pages 13 to 15 and notes on pages 19 to 26 form part of these accounts.



### CASH FLOW STATEMENT

	Note	Year to 31/03/07 £	Period to 31/03/06 £
<b>Reconciliation of operating surplus to net cash inflow from operating activities</b>			
Net (Outgoing)/Incoming Resources		(16,420)	317,647
Interest Received		13,536	(31,161)
Depreciation charges		114,398	17,598
(Increase)/Decrease in debtors		(8,891)	809,290
Increase/(Decrease) in creditors		(79,465)	(75,232)
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>		<b>23,158</b>	<b>1,038,142</b>
		<hr/> <hr/>	<hr/> <hr/>

### CASH FLOW STATEMENT

Net cash flow from operating activities		23,158	1,038,142
Returns on investments and servicing of finance	15	(13,536)	31,161
Capital expenditure less realisations	15	(1,029,001)	(937,307)
<b>Financing</b>			
Receipts from Borrowings		1,732,813	-
		<hr/>	<hr/>
<b>Increase in cash</b>		<b>713,434</b>	<b>131,996</b>
		<hr/> <hr/>	<hr/> <hr/>

### Reconciliation of net cash flow to movement in net funds

Change in Net Debt		(1,019,380)	131,996
Net funds at 1 April 2006		641,460	509,464
		<hr/>	<hr/>
<b>Net funds at 31 March 2007</b>	16	<b>(377,920)</b>	<b>641,460</b>
		<hr/> <hr/>	<hr/> <hr/>

The accompanying accounting policies on pages 13 to 15 and notes on pages 19 to 26 form part of these accounts.

## NOTES TO THE ACCOUNTS

### 1. Incoming Resources

	<b>Year to 31/03/07</b>	<b>Year to 31/03/06</b>
	<b>£</b>	<b>£</b>
Department of Work and Pensions	530,080	562,695
Health Boards	276,010	247,980
Local Authorities	12,698,295	12,403,548
	<u>13,504,385</u>	<u>13,214,223</u>

### 2. Employment Costs

	<b>£</b>	<b>£</b>
Salaries and Wages	10,132,019	9,801,270
Social Security Costs	871,001	799,309
Pension Costs	349,405	350,580
	<u>11,352,425</u>	<u>10,951,159</u>

One employee received emoluments of more than £60,000 (2006: one). The contributions to a Money Purchase scheme during the year were £6,496 (2006: £6,120)

The average number of people employed by The Mungo Foundation was:

	<b>No</b>	<b>No</b>
Operational staff in projects	615	601
Management and administration	27	25
	<u>642</u>	<u>626</u>

### Remuneration of Trustees

The Trustees of The Mungo Foundation receive no remuneration for their services. During the year, insurance was purchased at a cost of £379 (2006: £339) which indemnifies the Trustees against certain liabilities they may incur in respect of their role as Trustees of the charity.

## NOTES TO THE ACCOUNTS (continued)

### 3. Analysis of Charitable Expenditure

	Addictions £	Elderly £	Homelessness £	Learning Disabilities £	Mental Health £	Learning Disabilities Respite £	Sensory Impairment £	Total £	2006 Total £
Employment Costs	1,114,736	1,050,496	955,768	4,458,325	1,120,443	1,372,637	169,426	10,241,831	10,050,048
Property Costs	140,684	270,988	130,909	255,669	212,475	121,249	8,956	1,140,930	933,395
Services Costs	112,993	84,933	69,815	186,233	93,271	113,741	6,571	667,557	674,553
Transport Costs	16,937	460	6,772	36,708	18,401	67,509	52	146,839	165,153
Administration Costs	64,721	68,186	31,614	74,230	42,864	47,809	6,588	336,012	274,761
Support Costs	155,721	153,974	146,796	574,716	167,135	190,330	24,387	1,413,059	1,118,302
	1,605,792	1,629,037	1,341,674	5,585,881	1,654,589	1,913,275	215,980	13,946,228	13,216,212

### 4 Analysis of Support Costs

Support costs are apportioned across charitable activities on the basis of the amounts recoverable within the contracts for each service.

	Addictions £	Elderly £	Homelessness £	Learning Disabilities £	Mental Health £	Learning Disabilities Respite £	Sensory Impairment £	Total £	2006 Total £
Support Costs									
Training	20,122	16,321	21,995	87,104	22,515	23,937	2,492	194,486	136,050
HQ Costs	135,599	137,653	124,801	487,612	144,620	166,393	21,895	1,218,573	982,252
	155,721	153,974	146,796	574,716	167,135	190,330	24,387	1,413,059	1,118,302

## NOTES TO THE ACCOUNTS (continued)

### 5. Net Incoming Resources

The net incoming resources is stated after (crediting)/debiting:

	Year to 31/03/07 £	Year to 31/03/06 £
Depreciation	114,398	17,598
Auditors' remuneration – for audit services	20,915	20,093

### 6. Fixed Assets

	Buildings £	Assets Under Construction £	Computer Equipment £	Furniture & Equipment £	Total £
<b>Valuation Or Cost</b>					
At 01/04/06	550,000	937,307	22,794	-	1,510,101
Revaluation	-	-	-	-	-
Additions	-	848,764	17,733	162,504	1,029,001
Disposals	-	-	-	-	-
Transfer	1,786,071	(1,786,071)	-	-	-
At 31/03/07	2,336,071	-	40,527	162,504	2,539,102
<b>Aggregate Depreciation</b>					
At 01/04/06	-	-	15,196	-	15,196
Charge for period	11,000	35,721	13,509	54,168	114,398
Disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
Transfer	35,721	(35,721)	-	-	-
At 31/03/07	46,721	-	28,705	54,168	129,594
<b>WDV at 31/03/07</b>	<b>2,289,350</b>	<b>-</b>	<b>11,822</b>	<b>108,336</b>	<b>2,409,508</b>
<b>WDV at 31/03/06</b>	<b>550,000</b>	<b>937,307</b>	<b>7,598</b>	<b>-</b>	<b>1,494,905</b>

The properties were donated by the Archdiocese of Glasgow on 1 April 2004 at open market value. The valuation was carried out by Freeman Macleod Limited, chartered surveyors and property consultants on 6 February 2004.

### NOTES TO THE ACCOUNTS (continued)

An interim valuation was undertaken of the Buildings at 30 May 2006 by the Director of Development of the Archdiocese of Glasgow, a chartered surveyor, on an open market basis and was incorporated as at 31 March 2006.

Buildings include interest capitalised of £25,947 in the period (2006- zero).

The aggregate depreciation under the historic cost basis would have been £30,000 (2006: £20,000).

The figures stated above for cost or valuation include Land and Heritable Property as follows:

	31/03/07	31/03/06
	£	£
At Cost	500,000	500,000
At Valuation	550,000	550,000

If certain fixed assets had not been revalued they would have been included on the historic cost basis at the following amounts:

	NBV of revalued tangible Fixed Assets 31/03/07 £
Cost	500,000
Accumulated Depreciation	30,000
	470,000

Assets under construction represents the capitalised costs of the building of a Dementia Unit that was completed during the year. On completion of the project the assets were transferred to Properties to reflect the fact that the building was complete and being used for service provision. Depreciation was not charged on the assets until they were completed.

### 7. Debtors

	31/03/07	31/03/06
	£	£
Trade Debtors	767,211	666,844
Prepayments and Accrued Income	250,375	342,471
Archdiocese of Glasgow	-	-
Other Debtors	1,255	635
	1,018,841	1,009,950

### NOTES TO THE ACCOUNTS (continued)

#### 8. Bank and Cash

	31/03/07 £	31/03/06 £
Bank	1,165,798	399,897
Project Bank Accounts	188,896	241,363
Petty Cash	200	200
	<u>1,354,894</u>	<u>641,460</u>

#### 9. Creditors: amounts falling due within 1 year

	31/03/07 £	31/03/06 £
Trade Creditors	38,441	267,328
Accrued Expenditure	642,947	433,818
Deferred Income	672,683	704,497
PAYE/NIC	240,105	221,050
Pensions	32,865	33,425
Archdiocese of Glasgow	2,943	6,729
Other Creditors	63,569	32,179
Term Loan	86,641	-
	<u>1,780,194</u>	<u>1,699,026</u>

A bond and floating charge has been granted as security for a Term Loan to finance the construction of a 30 bed care facility

#### 10. Creditors: amounts falling due after more than 1 year

	31/03/07 £	31/03/06 £
Retentions	-	24,198
Deferred Income	35,250	85,044
Term Loan	1,646,172	-
	<u>1,681,422</u>	<u>109,242</u>
	31/03/07 £	31/03/06 £
Term Loan Due 2-5 Years	346,562	-
Term Loan Due Over 5 Years	1,299,610	-
	<u>1,646,172</u>	<u>-</u>

A bond and floating charge has been granted as security for a Term Loan to finance the construction of a 30 bed care facility. The loan is repayable over 20 years.

### NOTES TO THE ACCOUNTS (continued)

#### 11. Deferred Income

Deferred income comprises receipts that the company is not contractually entitled to recognise at the balance sheet date for services to be provided in a future financial period.

	31/03/07	31/03/06
	£	£
Balance as at 1 April	789,541	1,174,562
Released in year	(368,666)	(680,666)
Deferred in year	287,058	295,645
Balance as at 31 March	<u>707,933</u>	<u>789,541</u>

#### 12. Transfer between Funds

There were no transfers between funds during the year.

#### 13. Analysis of Restricted Funds

	Balance at 01/04/06	Incoming Resources	Resources Expended	Transfer between funds	Balance at 31/03/07
	£	£	£		£
<b><u>Unrestricted Funds</u></b>					
General funds	1,156,933	13,891,305	(13,934,874)	-	1,113,365
Revaluation Reserve	70,000	-	-	-	70,000
	<u>1,226,933</u>	<u>13,891,305</u>	<u>(13,934,874)</u>	<u>-</u>	<u>1,183,365</u>
<b><u>Restricted Funds</u></b>					
Counselling Fund	12,500	-	-	-	12,500
Transport Fund	17,000	-	-	-	17,000
Project Funds	81,614	69,730	(42,581)	-	108,762
	<u>111,114</u>	<u>69,730</u>	<u>(42,581)</u>	<u>-</u>	<u>138,262</u>
Total Funds	<u>1,338,047</u>	<u>13,961,035</u>	<u>(13,977,455)</u>	<u>-</u>	<u>1,321,627</u>

#### Purpose of Unrestricted Funds

Revaluation Reserve Fund: The revaluation reserve fund is required by the Companies Act 1985 and represents the amount by which buildings exceed their historical value.

#### Purpose of Restricted Funds

Transport Fund: represents funds received for the provision of minibuses and transport facilities.

### NOTES TO THE ACCOUNTS (continued)

Counselling Fund: represents funds received to fund a counselling service for young vulnerable adults.

Project Funds: represents funds received for use with specific projects operated by the charity.

#### 14. Analysis of Net Assets Between Funds

	Unrestricted Funds £	Restricted Funds	Total £
Tangible Fixed Assets	2,409,508	-	2,409,508
Cash at bank and in Hand	1,216,632	138,262	1,354,894
Other net current Assets	(761,353)	-	(761,353)
Creditors More than one year	(1,681,422)	-	(1,681,422)
	1,183,365	138,262	1,321,627
	1,183,365	138,262	1,321,627

#### 15. Gross Cash Flows

	Year to 31/03/07 £	Year to 31/03/06 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(51,948)	(514)
Interest Received	38,412	31,675
	(13,536)	31,161
<b>Capital Expenditure</b>		
Payments to acquire tangible fixed assets	(1,029,002)	(937,307)
Receipts from sales of tangible fixed assets	-	-
	(1,029,002)	(937,307)
	(1,029,002)	(937,307)

#### 16. Analysis of Changes in Net Debt

	At 1 April 2006 £	Cash Flows £	Other Changes £	At 31 March 2007 £
Cash at bank	641,460	713,434	-	1,354,894
	641,460	713,434	-	1,354,894
Debt due within 1 year	-	-	(86,641)	(86,641)
Debt due after 1 year	-	-	(1,646,172)	(1,646,172)
	641,460	713,434	(1,732,813)	(377,919)
	641,460	713,434	(1,732,813)	(377,919)

### NOTES TO THE ACCOUNTS (continued)

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#### 17. Pensions

The Mungo Foundation operates a number of defined contribution pension schemes for the benefit of certain employees. The assets of the schemes are administered by Trustees in funds independent from those of The Mungo Foundation. Contributions in the year amounted to £349,405 (2006: £350,580).

#### 18. Capital Commitments

There were no capital commitments at 31<sup>st</sup> March 2007. A commitment to build a 30 bed dementia unit costing £1,975,000 existed at the 31 March 2006.

#### 19. Contingent Liabilities

There were no contingent liabilities at 31 March 2007 and 31 March 2006.

#### 20. Leasing Commitments

Operating lease payments amounting to £22,112 are due within one year in respect of motor vehicles and various items of general equipment. The leases to which these amounts relate expire as follows:

	31/03/07 £	31/03/06 £
In one year or less	22,112	9,531
Between one and five years	41,667	65,467
In five years or more	-	-
	63,779	74,998
	63,779	74,998

#### 21. Related Parties

The company has taken advantage of the exemptions with FRS 8 “Related Parties” in not disclosing transactions with the Archdiocese of Glasgow, given that 90% or more of the company is controlled by the Archdiocese of Glasgow.

#### 22. Controlling Party

The company is controlled by the Archdiocese of Glasgow.