



Bridges Project

A company limited by guarantee, registered in Scotland

Annual report and financial statements

Company number SC277102

Charity number SC036976

1 April 2006 - 31 March 2007

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Reference and administrative information

Directors and Trustees	Mrs E Forrest (Chair) Miss A McGeoch (Vice Chair) Mr W McClure Mr R York Mr J Boyle Mr A Fisher (Lothian Homes Trust nominated) Mr A Thomas (Lothian Homes Trust nominated)
Company Secretary	Mr J Boyle
Senior Management Team	Mr J Boyle, Chief Executive Ms F Langskail, Head of Education & Employability and Practice Manager Mrs J Matthews, Head of Finance
Registered office	Unit 1 Bogpark Road Musselburgh East Lothian EH21 6RT
Auditors	Henderson Loggie 34 Melville Street Edinburgh EH3 7HA
Bankers	Bank of Scotland St Andrew Square Edinburgh
Charity registration number	SC036976
Company registration number	SC277102

Trustees' annual report

The trustees present their report together with the financial statements of the charity for the year ending 31 March 2007.

Structure, governance and management

Governing document

Bridges Project is a charitable company limited by guarantee, incorporated on 7 December 2004 and registered as a Scottish charity on 18 November 2005. The company was established under a Memorandum of Association which sets out the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.00.

Appointment of directors/trustees

As set out in the Memorandum and Articles of Association, trustees are both members of the company and company directors. Two trustees (Trust Nominated Directors) are nominated by Lothian Homes Trust at the Annual General Meeting or at some other scheduled general meeting or extraordinary meeting. Trust Nominated Directors are subject to the appointment and nomination processes of Lothian Homes Trust.

One trustee is the Chief Executive who is appointed by the Board at the first meeting following the individual's appointment to the post.

Up to six trustees (Member Directors) are admitted to the Board through the membership application route and are appointed as trustees by the Board at the Annual General Meeting or at some other scheduled general meeting or extraordinary meeting.

There is no power of co-option, although trustees are permitted to appoint external advisers to assist with specialist areas of company or charitable business.

All trustees are advised of the retirement, nomination and re-election procedures of Bridges Project prior to the Annual General Meeting, as set out in the Memorandum and Articles of Association.

The Chairperson, Vice Chairperson, Secretary and any other officers required by the Board are appointed and re-appointed at the Annual General Meeting, or through retirement, at another general or extraordinary meeting.

Trustee induction and training

New trustees undergo an orientation process, organised by the Chairperson of the Board and the Chief Executive. They are briefed on their obligations as trustees and company directors in line with current charity and company law. New trustees are introduced to the Memorandum and Articles of Association, the financial structures, performance and organisation of Bridges Project and of the Board structures and decision making processes. Trustees are introduced to the Senior Management Team and to their roles and responsibilities. A separate day is set aside to meet individually with staff and to be inducted into the practice of Bridges Project. Prior to being elected as members and trustees, they are offered the opportunity to attend a Board meeting as an observer. Trustees are encouraged to attend external training and conference events where these will facilitate the undertaking of their role.

Trustees' annual report *(continued)*

Structure, governance and management *(continued)*

Organisational structure

The Board of Trustees, which can have up to 9 members, administers the charity. The Board meets quarterly; a finance group also meets quarterly with additional ad hoc meetings as required. The finance group reports to the full Board on performance, planning and risk and makes recommendations on financial strategy and spend. A Senior Management Team, consisting of Chief Executive, Head of Finance and Practice Manager is appointed by trustees to manage the day to day operations of the charity. To facilitate effective operations, this team, headed by the Chief Executive has delegated authority, the terms of which are decided and approved by the Board, for operational matters including finance, employment practice, and development. The Board and Senior Management Team work closely together to ensure the fiscal probity of the charity and to ensure that Bridges Project's charitable objectives are met.

Related parties

The charity has a close working relationship with the Board of Governors of the Lothian Homes Trust, a Scottish charity which shares similar objectives to Bridges Project. From 1985 to 31 March 2006, Bridges Project was the delivery arm of Lothian Homes Trust. On 1 April 2006, by mutual consent, Bridges Project became an operating Scottish charity in its own right, having worked through the process during the previous two years of establishing itself as both a company limited by guarantee and a Scottish charity. Lothian Homes Trust nominates two members to Bridges Project's Board and has agreed a long term funding package with Bridges Project. Bridges Project leases its main operating premises from Lothian Homes Trust. Both organisations share objectives which put disadvantaged young people at the heart of our concerns and our charitable activities.

Risk management

The trustees seek to manage risk effectively and take all reasonable steps to ensure the protection of staff, clients, the general public and the agency's assets. The trustees have a risk management strategy which comprises an annual review of the risks the charity may face; the establishment of systems and procedures to mitigate those risks identified in this review; and the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise. Trustees provide the authority and the responsibility for the establishment, maintenance, support and evaluation of the risk management policy. They set the ethical background and develop the culture of risk management within the agency. The Senior Management Team is charged with supporting and implementing the risk management policies and procedures set out by trustees and is responsible for identifying and reporting major risks to trustees. The Senior Management Team is required to report and remedy failures in existing risk control measures. All staff are encouraged and expected to take personal responsibility for the management of risk.

The trustees have examined the major risks to which the company is exposed, both financial and non-financial, and are satisfied that the rigour of the systems and procedures currently in place are sufficient to mitigate those risks.

Objectives and activities

Working in a partnership context, the principal aim of Bridges Project is to assist vulnerable and disadvantaged young people (14-24 years) to manage the key transitions from childhood and adolescence to become responsible young adults with a better understanding of their place in their

Trustees' annual report *(continued)*

Objectives and activities *(continued)*

communities and of the wider world. This is delivered both through direct service provision and the development of practice models and tools.

The company and charitable objects are:

- to provide and/or promote training for young people, particularly in such skills as will assist the participants in obtaining paid employment
- to relieve unemployment for the public benefit among young people in such ways as may be thought fit, including assistance to find employment
- to promote and protect the welfare and physical health of young people and to assist in the relief of ill health and the provision of health education for young people
- to relieve poverty among young people
- to relieve the needs of young people who suffer from mental and/or physical disability, illness or impairment
- to work towards the elimination of discrimination (whether on the grounds of race, religion, disability, gender, sexual orientation or otherwise) in relation to young people, and to promote and support equality of opportunity for all young people irrespective of race, religion, disability, gender or sexual orientation
- to help young people to develop their physical, mental and spiritual capacities, such that they may grow to full maturity as individuals and as members of society
- to promote public safety, in particular with regard to young people
- to assist in the provision of housing for young people who are in necessitous circumstances
- to advance education among young people
- to promote and/or support other charitable projects and programmes for the benefit of young people

The key activities which are delivered to support these objects are:

- the development of young people's employability skills through the work of two Personal Development Workers across East Lothian and Midlothian. These staff employ intensive one-to-one support and group work as the means of improving skills and employment prospects to those who are very distant from the labour market
- the provision of intensive one-to-one tutor support to those young people who have difficulties with literacy, numeracy and other basic and life skills across East Lothian and Midlothian. Two Personal Tutors are employed to deliver this service which enables young people to become more competitive in the local labour market and improves life opportunities
- the provision of specialist one-to-one support and group work to enable young people to change destructive behaviour patterns, overcome personal obstacles and barriers to better manage transitions and improve self esteem and personal confidence. This service is restricted to 14 to 18 year olds and is delivered by a Personal Development Worker working across East Lothian and Midlothian
- the improvement of young people's household management and independent living skills through intensive one-to-one support and a group work programme which focuses on the development of cooking, budgeting and hygiene skills. Operating across East Lothian this service works with all young people with a housing need and is delivered by a Homemaker in close conjunction with East Lothian Council, Changeworks and Haddington Citizens Advice Bureau

Trustees' annual report *(continued)*

Objectives and activities *(continued)*

- the insertion of young people into work practice placements through the work of an Employability Skills Co-ordinator, the aim of which is to provide young people with the opportunity to try the world of work and to develop skills which are required by local employers. This service operates across East Lothian and prioritises young people with a housing need or who are in throughcare and aftercare with the local authority
- the provision of an extensive group work and activity programme which enables young people to experience a social context, develop social and employability skills, improve self confidence, become aware of health issues and to experience working in teams towards common goals. Open to young people in East Lothian and Midlothian, this service is delivered by a Senior Youth Development Worker and a Group Worker and is supplemented by volunteers, sessional staff and students
- the education of young people in school about the need to plan for independent living and leaving home and how to approach the future in relation to leaving school, jobs, further education and training. This preventative programme is delivered by all staff and is supported through the housing education partnerships in East Lothian and Midlothian and through partnerships with Careers Scotland, schools and integration teams
- the provision of information and signposting to young people by e-mail and by telephone and the provision of a Eurodesk local relay service which provides information to young people about the possibilities of living, working, studying, volunteering and travelling in Europe
- the continued development of practice tools which are made available to practitioners and managers in the voluntary, statutory and private sectors

All these activities are delivered in partnership with the range of statutory, voluntary and private sector partners. The trustees recognise the importance of partnership working in the provision of best value and high quality services to young people from disadvantaged backgrounds. Our key delivery partners this year are:

East Lothian Council
Midlothian Council
Haddington Citizens Advice Bureau
East Lothian Housing Education Partnership
Midlothian Housing Education Partnership
Careers Scotland
East Lothian Learning Partnership (ELLP)
Midlothian Adult Literacy and Numeracy Initiative (MALANI)
East Lothian Housing Association
Eleven local secondary schools, pupil support and integration teams
Blue Triangle (supported accommodation)
New Horizons (supported accommodation)
Yipworld (Cumnock)
HIPY (Hamilton)
Eurodesk
Midlothian Young People's Advisory Service (MYPAS) Dalkeith

The trustees take their responsibility as contributors to strategy development seriously and are committed to advocating for young people through staff participation in a number of local and national strategy groups led by local authorities, partnerships and national agencies.

Trustees' annual report *(continued)*

Achievements and performance

The charity has worked very hard to achieve its targets set in conjunction with investors and funding partners, and has striven to develop and improve the outcomes for individuals through its service delivery. It has also committed a large proportion of its reserves to continue and develop existing services in order to minimise disruption to young people and to continue to meet charitable objectives.

Group work and skills development

Group work

The involvement of a Project Scotland volunteer provided the opportunity to increase the volume, scope and quality of our group work programme. We were so impressed by her contribution that we employed her at the end of the Project Scotland placement. We were able to provide some set groups each week; the foci being art, health, fitness and sport which provide young people with a sense of certainty and stability. We also provided a number of more challenging courses including employability, personal safety, drama, music, DVD production, IT and cultural trips and activities. Each group activity is designed to provide the opportunity for young people to meet and socialise whilst learning crucial life and employability skills which are expected by employers, landlords etc. A total of **289** group work sessions were delivered during the year as a whole and **70** young people from Midlothian and East Lothian benefited. Staff have engaged well with colleagues from the health professions, Dialogue Youth, and other voluntary sector agencies to provide an exciting and innovative programme which produces good experiences for young people and quality products such as the DVD on the Scottish smoking ban in public places and some innovative art work which young people can take away to decorate their own homes.

Work in schools

Our work in schools expanded this year to include five Midlothian secondary schools and Programme of Alternative Vocational Education (PAVE), as well as the six East Lothian secondary schools. The bulk of our work in schools is delivered through the two Housing Education Partnerships, although this year did see much more involvement with groups of young people through the delivery of set programmes on developing employability skills and preparing for the world of work. We delivered **59** classroom based sessions on preparing to leave home, managing independence and avoiding homelessness to years 3, 4, 5 and 6 and provided **13** out of school and school based sessions on 'next steps' after leaving school and expectations of employers to years 4 and 5. Feedback and evaluations of this work have been extensive and we are delighted that teachers and young people respond to the sessions so positively.

Employability and life skills

Employability skills

The development of skills which enable young people to get jobs is essential if the national government's agenda on employment is to be met. There are many young people in East Lothian and Midlothian who are so distant from the labour market that they are unable to take up mainstream opportunities which provide them with the first step on the training, education or employment ladder.

Our two Personal Development Workers (employability) assist disadvantaged young people to overcome the personal, educational and structural barriers which appear to be blocking their progress to mainstream opportunities. Through very tailored and planned programmes of intervention, coaching and mentoring, young people are helped to develop the soft skills which employers and trainers require of the prospective workforce. A total of **67** young people benefited

Trustees' annual report *(continued)*

Achievements and performance *(continued)*

from this tailored service during the year, despite the late start of funding and the delays caused by a member of staff departing to take up a place at Edinburgh University. We have received a number of unsolicited endorsements from external staff and parents working with the young people, which is an indication of the quality of input provided.

Personal development 14-18 year olds

This service commenced in October 2006 and is highly intensive in design and delivery. Our worker here has concentrated on those young people who are very much at risk of not managing to make the transition from adolescence to adulthood. Using a mix of personal coaching techniques, social pedagogical skills derived from practice in continental Europe and counselling skills, young people are encouraged to examine and change areas of their lives which will enable them to manage transitions better or will permit them to sustain themselves in school, family settings etc. We are encouraged at how well staff in schools, and within social work have responded to this service and at how the development of information sharing protocols, involvement in reviews etc have led to effective partnership working to address the needs of this particularly vulnerable group of young people. Given the very intensive nature of the input, referrals are restricted and only **11** young people in the first five months of operation were provided with the service, **10** of whom have benefited. Feedback from external referrers and parents has been very positive and in one case has resulted in funds being raised for the charity by a parent through her job. The service did not fit the needs of one young person at all well, the outcome being an unresolved complaint from parents.

Way2Work Employability Skills Co-ordinator

This new post commenced in November 2006 and is designed to prepare young people for the world of work through the provision of matched work practice placements which are tailored to the needs of the individual. Very few of the young people using our services have had either a good school or work experience. It is essential that they are able to develop and practice the skills required to fulfil employers' needs within the local labour market. This is a partnership project designed and delivered in conjunction with employers, Jobcentre Plus, Careers Scotland, East Lothian Council, Scottish Business in the Community and referring agencies. The service has managed to gain quick wins this year and has recruited and prepared **26** employers and **16** young people. Young people are placed with employers to address their employability deficits and to learn about work, their obligations, and employers' needs. It permits them to make mistakes and to grow in an environment which is supportive and safe. As time passes and the young people can demonstrate progress, they are required to increase the amount of time spent practicing work based skills before progressing into mainstream jobs and training.

Independent living

Homemaker

Managing the move to new accommodation is a daunting prospect for everyone. It is particularly difficult if you have had little or no experience of independent living and if you are very young, very poor and without the social anchors which can help the resettlement process. The young people who use our Homemaker service in East Lothian have usually come from backgrounds of homelessness, early parenthood, family disruption and poverty. This service works extremely closely with colleagues from Haddington CAB, Changeworks, East Lothian Homelessness Service, local housing associations and supported accommodation providers to help young people turn a house into a home. Extra input from local services such as Roots 'n' Fruits and First Step has enabled our staff to reach lone parents who are isolated and struggling to cope with the demands of early parenthood and a tenancy. A key aspect of the work is to prevent early abandonment and

Trustees' annual report *(continued)*

Achievements and performance *(continued)*

eviction through the coaching and teaching of household skills, money management and the development of an understanding about what makes a good neighbour and effective community contributor. A total of **37** young tenants or prospective tenants have received an individual homemaking service this year and many more have benefited through the provision of classes on healthy eating, cooking and art for the home. At the close of year, only one young man had left his tenancy, in a planned fashion, and the remaining **36** had sustained or improved their accommodation. We are delighted that the East Lothian Council has agreed to fund a new member of staff to this team and from April 2007 a Handyperson Support Worker will be in post.

Enquiry answering service

Bridges Project ran and managed an information and advice service for ten years up until 2004. The end of this fully staffed service in 2004 left a gap which has been filled in most part by local CABx, Welfare Rights Teams and housing advice services. However, many young people are unable to find their way to these services and are unaware of the types of information they need to disclose before these agencies can begin to resolve their difficulties. Our limited telephone and e-mail enquiry answering service provided basic information and a signposting service for these young people and their families. The main areas of information requested and provided include: access to homelessness services and housing information, benefits, personal finances and European mobility. Agencies also use this service to find out information about local services, practice and policy. This service incorporates a local information relay on behalf of Eurodesk (Youthlink Scotland) and answers sometimes complex enquiries from young people from all over Europe and locally about opportunities for work, study, volunteering, living and travel in Europe and in Scotland. A total of **206** enquiries were received and acted upon in the last year.

Youth literacy and numeracy

Personal Tutors/youth literacies

Our Personal Tutor/youth literacy service benefited greatly this year through the introduction of a second worker in September 2006. This has led to the development of the service along local authority lines; in Midlothian the service works extremely closely with MALANI and in East Lothian with ELLP. The majority of referrals to the service derive from these two partner agencies or from schools, social work, Careers and throughcare and aftercare teams. Most young people using the service are bereft of basic literacy and numeracy skills and staff need to develop individual learning plans to begin the process of teaching them how to read, write and use basic IT and numbers. Delivery is on a one-to-one basis as the young people did not enjoy or respond to their school experience and would not engage in classroom situations. This highly individualised input is time intensive and caseloads are kept small to ensure that enough time can be devoted to effect positive change. By-products of improving or gaining these basic skills include personal confidence and esteem, better communication skills with peers and other adults, improved employment prospects and general quality of life. A total of **41** young people have been offered the service this year and we are particularly proud that one of our young clients has been awarded the adult learning of the year award for 2006 by ELLP.

Service development and strategy

Delivering in partnership

Working with local and national partners is essential to the work of the charity. This year we have striven to increase the range and intensity of partnership working arrangements to ensure that service gaps are closed and that funding opportunities are maximised, enabling better quality service delivery to disadvantaged young people. Our partnership working involves participation in

Trustees' annual report *(continued)*

Achievements and performance *(continued)*

the design and delivery of local and national strategies, the development of good practice tools and most importantly, the harnessing of energy and expertise on a local basis to bring added value to our work and to improve prospects for young people.

We are delighted to report that this commitment to partnership has resulted in much closer and better working arrangements with local authority integration teams, Careers Scotland, throughcare and aftercare teams, Dialogue Youth, Midlothian Training Service, Haddington CAB, local schools, youth services and health care practitioners. We are delighted, in particular, with the impact of the new working arrangements we have with Haddington CAB's financial literacy service, Eurodesk UK and local relays in Hamilton and Cumnock, New Horizons, Blue Triangle and the continuing work with Careers Scotland. We have worked very closely and to great effect with Midlothian Council's housing information service and with East Lothian's homelessness service. We have entered new partnership arrangements with MALANI and ELLP and have continued to work very closely with existing partners in East Lothian Housing Education Partnership, transitions planning groups in East Lothian and Midlothian and with a range of local agencies. We have developed skill- and expertise-sharing partnerships with partners in Germany and Poland and we are very happy to remain involved with national partners such as SCSH and Children in Scotland.

Transnational activity

Bridges Project is a local partner in the Eurodesk network. This year has been a busy one for answering enquiries and staff assisted 75 young people from Scotland and Europe to find out about working, studying and volunteering abroad. We also participated in two job shadows; visiting Germany and hosting one from Poland through the European Youth Programme. Staff attended two training seminars in Athens and Estonia and we have contributed to a number of working groups on opening up opportunities for young Scots in Europe.

Managing change

The trustees are particularly indebted to Fiona Philipson, our former Director, for steering the new charity through the changes involved in separating from Lothian Homes Trust and incorporating as a new Scottish charity and company limited by guarantee. The relative ease by which the transfer of assets and undertakings, and new funding agreements has been managed is in no small way due to Fiona's diligence, diplomacy and application. She leaves behind, in her retirement, a healthy, functioning charity with a clear mission and a legacy of innovative practice and development. Trustees are also indebted to staff who managed to maintain very high professional standards of practice during and after the change and who have continued to remain committed to the objectives, tasks and mission of the new charity. The charity was very fortunate to be able to maintain a Board which, with the addition of a couple of new members, reflected very closely the personnel involved with the old management committee. Our former honorary treasurer Andrew Dobson and the solicitors who managed the legal aspects of incorporation on our behalf, Burness LLP, also played a major role in easing the charity through the transition process, and the trustees acknowledge their contributions.

Trustees' annual report *(continued)*

Financial review

The financial position of the company at the year end is as disclosed in the balance sheet on page 17. Several grants have been received in advance for services to be delivered in the forthcoming financial year and beyond and these have been deferred accordingly. A reconciliation of restricted funds is given at note 15. The results for the year are shown in the statement of financial activities on page 16. The deficit on unrestricted funds is due to planned administrative staff costs and topping up of grant shortfalls from funds designated for the purpose. A further designation has been made for the forthcoming year in order to secure these critical posts. However, this is a commitment that will not be able to be made in future years unless a greater level of cost recovery is achieved in grant applications, or increased unrestricted funds are generated. Non-charitable expenditure (governance and costs of generating funds) accounts for less than 5% of total expenditure in the year. Expenditure in the main areas of service delivery was: employability and life skills (38%), group work and skills development (20%), youth literacy and numeracy (20%) and independent living (12%).

Activities in East Lothian accounted for 60% of direct charitable expenditure, with 46% of the funding provided by local authority grants. Service delivery in Midlothian accounted for 40% of direct charitable expenditure, with 34% of the funding coming from local authority sources.

Funding

Several local authority grants, in particular an increase in funding sources from East Lothian, together with some funds from Midlothian and from BBC Children in Need, have enabled the delivery of both new and continuation services outlined above. Relative stability is achieved from grants which are, in the main, received in advance although many posts are still secured for only short periods of time leading to uncertainty for the longer term future of many of the services.

Following the project's establishment as a separate entity, the funding agreement with Lothian Homes Trust (referred to above) meets a high proportion, but by no means all, of the ongoing staff salary commitments and general running costs of the organisation. The fundraising strategy, therefore, is to aim wherever possible, for a full cost recovery approach to grant applications to ensure the continuation of a sound infrastructure to support the many and varied services. There is a continuous programme of grant applications to secure future funding; a time consuming exercise, the cost of which has been estimated and included in the accounts. Unrestricted funds are generated through fundraising activities in the community and through training delivery in *Bridges of Employability*, a soft measurement tool developed by Bridges. This training is delivered on our behalf by Employment Enterprise Consultancy.

Reserves

There are three strands to the company's reserves:

A restricted reserve comprising of funds that are restricted by donor to specific areas of activity and/or service delivery. Any funds remaining at the close of a financial year are declared and held in the restricted reserve for future use in the defined area of service delivery and according to the terms and conditions of the relevant funders.

A general reserve (unrestricted) which is intended to meet financial shortfalls in the management and development of the company's day to day activities. On occasion, unrestricted funds may be designated in order to meet future planned expenses, for example: to meet time-limited funding shortfalls in operational posts, where the seamless continuation of the post is of critical importance

Trustees' annual report *(continued)*

Financial review *(continued)*

in allowing the company to function effectively in delivering services to clients, customer and partner agencies; to take forward new pieces of work either in practice or development; or any other area of work or obligation which is additional to, or cannot be met by, the normal annual budget. The general reserve is intended to be flexible in the context of an agency where much of the funding is short-term and restricted. Funds which remain undesignated are required to meet any shortfall in general funding for the year. In this respect it is intended that the general reserve should be built up to the level of three months' running costs for the company.

A *restricted endowment fund* comprising of the sum of £60,000 which has been provided by Lothian Homes Trust to Bridges Project as a one-off payment, to be used towards meeting the financial obligations incurred by the company as a result of the following and any other similar circumstances:

- in the event of the company having to be wound up including the associated costs of staff redundancies
- in the event of employee, client, customer or other third party litigation against the company
- in the event of the company pursuing litigation against an employee, client, customer or other third party
- in the event of other necessary, exceptional and legitimate costs arising which are not able to be met through the company's annual budget or other standard financial route otherwise available to the company

The reserves outlined above are deposited in a high interest-bearing investment account. Financial strategies take into account the need both to maintain and, where possible, increase the amount so that the company is secured against unexpected legitimate financial demands, losses and emergencies.

Plans for future periods

The trustees expect to be able to continue to provide the services outlined above in the year ahead. However, the continuing uncertainty over funding made available through local authorities and the extra demand placed upon other funders, creates a degree of financial uncertainty for some of the services delivered by the charity. We will, therefore, continue to seek funding sources throughout the year to maintain and extend existing services. The trustees will also be vigilant in examining new development and funding opportunities presented through changes in political administrations and national agendas such as the NEET strategy.

We will develop a new partnership with Borders College to pilot awards for young tenants which recognise the vocational value of skills required for managing a home. We will develop, publish and make available to the network our new soft measurement tool, *Bridges to Independence*. We will continue to explore our partnerships with the private sector and will work closely with Employment Enterprise Scotland to deliver our training in Bridges to Employability.

We will strengthen our ties with schools through more involvement with integration teams, pupil support services and guidance staff. The charity will develop a much more focused partnership with Midlothian Training Service to prevent young people from falling out of their training provision due to personal difficulties of systems failures and with MALANI in Midlothian to develop a sustainable model of youth literacy work which is most effective for disadvantaged young people.

Trustees' annual report *(continued)*

Plans for future periods *(continued)*

We will continue to explore, with our partners, the possibility of extending the Way2Work scheme into Midlothian and will seek appropriate funding to do so. We will implement the agreed funding package with East Lothian Council to deliver a Handyperson support package to homeless young people and young tenants. This member of staff will operate as part of a team in conjunction with our Homemaker service.

Young people will be provided with the opportunity to explore new experiences in the world of digital photography, pod casting and DVD production. We intend to explore opportunities at home and in Europe to provide a platform for the dissemination of their artistic endeavours and to provide a platform for their views to be heard.

Partnerships with health service providers will be developed to ensure that young people get access to good quality information on issues such as sexual health, personal hygiene, childcare, and nutrition.

Trustees will explore the possibility of extending our age range for acceptance into certain aspects of the service to 24 years, and will seek to enhance membership of the Board through the recruitment of two new members.

Statement of trustees' responsibilities

The trustees are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the trustees are required to:

- select suitable accounting policies and then apply them consistently
- make sound judgements that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue on that basis

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the Companies Act 1985. The trustees are responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for the maintenance and integrity of the corporate and financial information included on the charity's website.

Trustees' annual report *(continued)*

Auditors

Messrs Henderson Loggie were appointed as the charitable company's auditors during the year; a resolution will be proposed at the Annual General Meeting that they be reappointed as auditors for the ensuing year.

Approval of the report

So far as each director is aware, there is no relevant audit information of which the auditors are unaware. Each director has taken the appropriate steps as a director to make themselves aware of such information and to establish that the auditors are aware of that information.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Approved by the trustees on 3 September 2007 and signed on their behalf by:

Mrs E Forrest
Chair



HENDERSON LOGGIE

Chartered Accountants

34 Melville Street
Edinburgh
EH3 7HA

Independent auditors' report to the members of Bridges Project

We have audited the financial statements of Bridges Project for the year ended 31 March 2007 which comprise the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard applicable to Smaller Entities.

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

As described in the statement of trustees' responsibilities, the company's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if 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 financial statements, and consider whether it is consistent with the audited financial statements. We consider the implications for our audit 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, except that the scope of our work was limited as explained below. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Independent auditors' report to the members of Bridges Project *(continued)*

We planned 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.

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the 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 then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Henderson Loggie
Registered Auditors

2007

Statement of financial activities for the year ended 31 March 2007

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Year to 31 March 2007 £	Period to 31 March 2006 £
Incoming resources							
From generated funds:							
<i>Activities for generating income</i>	2	10,140	-	-	-	10,140	
<i>Investment income</i>		9,480	-	-	-	9,480	-
From charitable activities	3	175,000	-	213,315	-	388,315	-
Other incoming resources	4	-	-	-	60,000	60,000	
Total incoming resources		194,620	-	213,315	60,000	467,935	-
Resources expended							
Cost of generating funds:	6						
<i>Grant applications</i>		(5,612)	-	-	-	(5,612)	-
<i>Training delivery costs</i>		(5,529)	-	-	-	(5,529)	-
Total cost of generating funds		(11,141)	-	-	-	(11,141)	-
Charitable activities:	5						
<i>Service development and strategy</i>		(15,341)	(366)	-	-	(15,707)	-
<i>Transnational activity</i>		(3,092)	-	(1,993)	-	(5,085)	-
<i>Youth literacy and numeracy</i>		(28,200)	(12,578)	(44,721)	-	(85,499)	-
<i>Employability and life skills</i>		(52,263)	(5,243)	(104,481)	-	(161,987)	-
<i>Independent living</i>		(6,529)	(1,463)	(44,037)	-	(52,029)	-
<i>Group work and skills development</i>		(60,238)	(14,133)	(11,656)	-	(86,027)	-
Total expenditure on charitable activities		(165,663)	(33,783)	(206,888)	-	(406,334)	-
Governance costs	6	(8,490)	-	-	-	(8,490)	-
Total resources expended	6	(185,294)	(33,783)	(206,888)	-	(425,965)	-
Net incoming/(outgoing) resources		9,326	(33,783)	6,427	60,000	41,970	-
Transfer between funds		(50,527)	50,527	-	-	-	-
Net movement in funds		(41,201)	16,744	6,427	60,000	41,970	-
Funds transferred from Lothian Homes Trust at 1 April 2006		62,638	31,729	8,871	-	103,238	-
Funds at 31 March 2007		21,437	48,473	15,298	60,000	145,208	-

This is the first year of operation of the new company; in the period to 31 March 2006 the company was dormant. In the previous year the operation of Bridges Project was under the aegis of Lothian Homes Trust, for which accounts are available on request. The funds transferred from Lothian Homes Trust at 1 April 2006 represent the assets and liabilities held by the Trust in the name of Bridges Project at 31 March 2006.

Balance sheet

as at 31 March 2007

	Note	At 31 March 2007		At 31 March 2006	
		£	£	£	£
Fixed assets	10		5,423		-
Current assets					
Debtors	11	33,176		-	
Short term deposits		211,936		-	
Cash at bank and in hand		35,396		-	
			280,508		-
Creditors: Amounts falling due within one year	12	(119,751)		-	
Net current assets			160,757		-
Total asset less current liabilities			166,180		-
Creditors: Amounts due after more than one year	13	(20,972)		-	
			145,208		
Represented by					
Unrestricted revenue:	14				
General		21,437		-	
Designated		48,473		-	
			69,910		-
Restricted revenue	15	15,298		-	
Restricted endowment	15	60,000		-	
			75,298		-
			145,208		-

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and were approved by the Board of Trustees and authorised for issue on 3 September 2007 and signed on its behalf by:

Mrs E Forrest
Chair

Notes to the accounts

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective January 2005).

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Designated funds are unrestricted funds earmarked by the Board for particular purposes. Restricted funds are subject to grant and/or donor terms and conditions.

Income recognition

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. Grants received in advance for services to be delivered in a future financial year are treated as deferred income to be drawn down in the subsequent period as defined by the terms and conditions of those grants.

Volunteers, secondments and donated items

The value of donated items and services provided by volunteers and secondments has not been included in these accounts.

Resources expended

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

- Costs of generating funds comprise: an estimate of the cost of staff time spent on researching and completing grant applications, and separately, the costs associated with delivering *Bridges to Employability* training, a fund generating operation.
- Charitable expenditure comprises those costs incurred in the delivery of activities and services for beneficiaries. It includes both costs that can be allocated directly, and those costs of an indirect nature necessary to support them.
- Governance costs are the costs of meeting statutory obligations, including audit.
- Support costs include central administration functions and overheads and are allocated to activity costs based on proportion of staff hours per activity.

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation, and are depreciated over 3 years on a straight line basis. Additions costing less than £500 are not capitalised.

Pension scheme

The company contributes to a defined contribution pension scheme on behalf of employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged represents the contributions payable to the scheme in respect of the accounting year.

Taxation

The company has been accepted as a charity for tax purposes by the Inland Revenue under Section 505 Income and Corporation Taxes Act 1988.

Notes to the accounts *(continued)*

2. Incoming resources from generated funds

	Year to 31 March 2007 £	Period to 31 March 2006 £
Fees from <i>Bridges to Employability</i> training	10,140	-

3. Incoming resources from charitable activities

	Year to 31 March 2007 £	Period to 31 March 2006 £
Grants received 2006-2007		
<i>Restricted</i>		
East Lothian Council (Changing Children's Services Fund)	32,000	-
East Lothian Council (Homemaker)	29,669	-
East Lothian Council (New Futures Funds)	24,724	-
East Lothian Council (Way2Work)	20,252	-
East Lothian Council (Handyperson)	3,042	-
East Lothian Council (housing information)	10,634	-
Midlothian Council (New Futures Funds)	35,396	-
Midlothian Adult Literacy and Numeracy Initiative	20,000	-
BBC Children in Need	22,400	-
The Robertson Trust	9,789	-
Haddington CAB	1,500	-
Project Scotland	1,216	-
Sundry European income	1,993	-
Red House Home Trust	700	-
	<u>213,315</u>	-
<i>Unrestricted</i>		
Lothian Homes Trust	175,000	-
	<u>388,315</u>	-
Total grants	<u>388,315</u>	-

4. Other incoming resources

	Year to 31 March 2007 £	Period to 31 March 2006 £
Lothian Homes Trust 'dowry' *	60,000	-

* on the incorporation of Bridges Project as a separate company limited by guarantee the Lothian Homes Trust made a one-off grant which is to be held in the company's reserves in the event of winding up or other extraordinary event.

Notes to the accounts *(continued)*

4. Other incoming resources *(continued)*

Donations in kind

We wish to acknowledge the generosity of:

Outside In (Cambridge) Ltd for their donation of a Lumie Bodyclock to one of our young people.
Apex Hotel, Grassmarket for an exceptional tour and employability discussion with our groups.

5. Analysis of charitable expenditure

	Direct staff costs	Resources and beneficiary costs	Support cost allocation	Total 2007	Total 2006
	£	£	£	£	£
Service development and strategy	11,649	-	4,058	15,707	-
Transnational activity	5,085	-	-	5,085	-
Youth literacy and numeracy	56,291	807	28,401	85,499	-
Employability and life skills	102,126	1,707	58,154	161,987	-
Independent living	34,899	901	16,229	52,029	-
Groupwork and skills development	50,982	6,644	28,401	86,027	-
	<u>261,032</u>	<u>10,059</u>	<u>135,243</u>	<u>406,334</u>	<u>-</u>

6. Allocation of costs and activities

	<i>Charitable activities</i>		<i>Non-charitable activities</i>			Total 2007	Total 2006
	Support costs	Direct costs	Governance	Applying for grants	Training delivery		
	£	£	£	£	£	£	£
Staff costs *	73,880	261,032	3,913	5,612	2,125	346,562	-
Beneficiary costs	-	10,059	-	-	-	10,059	-
Property costs	41,963	-	-	-	-	41,963	-
Administration	7,885	-	1,346	-	3,404	12,635	-
IT support costs	6,961	-	-	-	-	6,961	-
Bank & payroll	572	-	-	-	-	572	-
Audit	-	-	3,231	-	-	3,231	-
Depreciation	3,982	-	-	-	-	3,982	-
	<u>135,243</u>	<u>271,091</u>	<u>8,490</u>	<u>5,612</u>	<u>5,529</u>	<u>425,965</u>	<u>-</u>

* Support staff costs are the salary costs of administrative and management staff which are not directly attributable to charitable or non-charitable activities.

Support costs are allocated across charitable activities on the basis of the number of full time equivalent staff directly involved per activity.

Notes to the accounts *(continued)*

7. Staff costs and numbers

	2007 £	2006 £
Staff costs		
Gross salaries	266,427	-
Employer NI costs	26,234	-
Employer pension costs	23,450	-
Travel	10,657	-
Conference and training	3,300	-
Recruitment	12,562	-
European activity	2,446	-
Volunteers expenses	1,316	-
Other related costs	170	-
	<hr/>	<hr/>
Total staff costs	346,562	-
	<hr/> <hr/>	<hr/> <hr/>

Staff numbers

Average number of staff employed during the year:

	FTE	
Management, administration and finance	3.2	Chief executive, practice and finance managers, administrative staff
Literacy and numeracy	1.6	Personal tutors
Employability and life skills	2.8	Personal development workers and Way2Work co-ordinator
Independent living	1.0	Homemaker
Groupwork and skills development	2.0	Senior youth development worker and groupwork co-ordinator
	<hr/>	
	10.6	
	<hr/> <hr/>	

Secondments and volunteers

We are grateful to the following:

	FTE	
Haddington CAB	0.4	Financial literacy worker
Lothian Homes Trust	1.0	Change manager
Project Scotland	0.3	Groupwork volunteer
	<hr/>	
	1.7	
	<hr/> <hr/>	

Notes to the accounts *(continued)*

8. Trustee remuneration

During the year the Chief Executive, who is also Company Secretary and a trustee, received £41,293 in emoluments. No other trustee received any remuneration or expenses during the year.

9. Pension scheme

Employees are entitled to join the Group Self Invested Personal Pension Flexible Retirement Plan set up and operated on our behalf by Standard Life. Independent advice on entering the scheme is provided by Female Financial. The employer contribution is 10% of gross salary with a minimum employee contribution of 4%.

Four staff who were previously employed by Lothian Homes Trust and were with the Lothian Pension Fund, a final salary scheme, were obliged to terminate their membership on 31 March 2006 prior to transfer to the new company's employment. No further liability remains with the new company, save under the terms of TUPE, whereby in the event of the compulsory redundancy of an employee aged 50 years or over at the time of transfer, any pension deficit will be required to be made up. The Board has recommended a policy of no redundancies.

10. Fixed assets

	2007 £
<i>Equipment</i>	
<i>Cost</i>	
At 1 April 2006 (transferred from Lothian Homes Trust)	69,422
Additions	7,477
Disposals	(11,969)
	64,930
At 31 March 2007	64,930
<i>Depreciation</i>	
At 1 April 2006 (transferred from Lothian Homes Trust)	67,494
Disposals	(11,969)
Charge for year	3,982
	59,507
At 31 March 2007	59,507
<i>Net book value</i>	
At 31 March 2007	5,423
At 31 March 2006	1,928

Notes to the accounts *(continued)*

11. Debtors

	2007	2006
	£	£
Training fees due	3,978	-
Grants	21,192	-
Sundry prepayments	8,006	-
	33,176	-
	33,176	-

12. Creditors

	2007	2006
	£	£
<i>Amounts falling due within one year</i>		
Inland Revenue	8,841	-
Standard Life pension contributions	3,020	-
Sundry accruals	6,682	-
Deferred income (note 13)	101,208	-
	119,751	-
	119,751	-
 <i>Amounts falling due after more than one year</i>		
Deferred income (note 13)	20,972	-
	20,972	-

13. Deferred income

	2007	2006
	£	£
<i>Amounts falling due within one year</i>		
East Lothian Council (Homemaker): April 2007 to March 2008	30,559	-
East Lothian Council (Way2Work): April to October 2007	30,285	-
East Lothian Council (Handyperson): April to June 2007	10,000	-
East Lothian Council (New Futures): April to August 2007	17,660	-
Midlothian Council (New Futures): April to May 2007	7,104	-
BBC Children in Need: April to August 2007	5,600	-
	101,208	-
	101,208	-
 <i>Amounts falling due after more than one year</i>		
East Lothian Council (Homemaker): April to November 2008	20,972	-
	20,972	-

Notes to the accounts *(continued)*

14. Unrestricted funds

	Opening balance £	Incoming resources £	Resources expended £	Transfers £	Closing balance £
<i>Unrestricted</i>					
General	62,638	194,620	(185,294)	(50,527)	21,437
	-----	-----	-----	-----	-----
<i>Designated funds</i>					
Fixed assets	1,928	-	(3,982)	7,477	5,423
Youth literacy and numeracy	10,018	-	(10,018)	20,000	20,000
Employability and life skills	-	-	-	8,000	8,000
Groupwork and skills development	11,573	-	(11,573)	6,600	6,600
Administrative staff	8,210	-	(8,210)	8,450	8,450
	-----	-----	-----	-----	-----
<i>Total designated funds</i>	31,729	-	(33,783)	50,527	48,473
	-----	-----	-----	-----	-----
<i>Total unrestricted fund</i>	94,367	194,620	(219,077)	-	69,910
	=====	=====	=====	=====	=====

Notes to the accounts (continued)

15. Restricted funds

	Opening balance £	Incoming resources £	Resources expended £	Transfers £	Closing balance £	Restriction
Restricted						
Donations, various	3,794	-	(1,212)	-	2,582	Direct beneficiary costs
East Lothian Council	1,177	-	-	-	1,177	Independent living
Communities Scotland	3,900	-	(3,900)	-	-	Employability
East Lothian Council (Changing Children's Services Fund)	-	32,000	(32,000)	-	-	Personal development worker
East Lothian Council (Homemaker)	-	29,669	(29,190)	-	479	Homemaker post
East Lothian Council (New Futures Funds)	-	24,724	(24,396)	-	328	Personal tutor
East Lothian Council (Way2Work)	-	20,252	(15,075)	-	5,177	Way2Work co-ordinator
East Lothian Council (Handyperson)	-	3,042	(2,793)	-	249	Handyperson post
East Lothian Council (Housing Information)	-	10,634	(10,634)	-	-	
Midlothian Council (New Futures Funds)	-	35,396	(34,505)	-	891	Personal development worker
Midlothian Adult Literacy and Numeracy Initiative	-	20,000	(20,000)	-	-	Personal tutor
BBC Children in Need	-	22,400	(18,685)	-	3,715	Personal development worker
The Robertson Trust	-	9,789	(9,789)	-	-	
Haddington CAB	-	1,500	(1,500)	-	-	
Project Scotland	-	1,216	(1,216)	-	-	Volunteer costs
Sundry European income	-	1,993	(1,993)	-	-	European information exchange
Red House Home Trust	-	700	-	-	700	Outdoor activities
Restricted income funds	8,871	213,315	(206,888)	-	15,298	
Restricted endowment funds	-	60,000	-	-	60,000	
Total restricted funds	8,871	273,315	(206,888)	-	75,298	

Notes to the accounts *(continued)*

16. Analysis of net assets between funds

	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total 2007	Total 2006
	£	£	£	£	£	£
Fixed assets	-	5,423	-	-	5,423	-
Net current assets	21,437	43,050	36,270	60,000	160,757	-
Creditors due after more than one year	-	-	(20,972)	-	(20,972)	-
	<u>21,437</u>	<u>48,473</u>	<u>15,298</u>	<u>60,000</u>	<u>145,208</u>	<u>-</u>

17. Commitments

The charity has annual commitments under operating leases as follows:

	2007	2006
	£	£
<i>Operating leases which expire:</i>		
In less than one year	-	-
In more than five years	31,000	-
	<u><u>31,000</u></u>	<u><u>-</u></u>