



Company No: 3306337

Charity No: 1061582

FINANCIAL STATEMENTS

**For the year ended
31 March 2012**

Cranstoun
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Surrey
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Steve Rossell,
Chief Executive
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CRANSTOUN

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 MARCH 2012

Company No: 3306337

Charity No: 1061582

Principal / Registered Office

1st Floor, St Andrew's House
St Andrew's Road
Surbiton
Surrey
KT6 4DT

Board of Trustees

Chair

Richard Oliver

Vice Chair

Hugh Morris

Honorary Treasurer

Katharine Patel

Gary Davis

Esperanza Desouza (resigned 14th June 2012)

Cees Goos

Wayne Haywood

Faith Jenner

Linda Moir

Richard Pertwee

Diana Whitworth

Senior Management Team

Chief Executive Officer

Steve Rossell

Chief Financial Officer

Martin Holly FCA

Director of Operations

Peter Glass

Head of Human Resources

Paul Middlemast

Deputy Director of Operations

Clare Brighton

Deputy Director of Operations

Mark Poingdestre

Bankers

National Westminster Bank
PO Box 2BA
69 Baker Street
London W1A 2BA

Auditors

haysmacintyre
Fairfax House
15 Fulwood Place
London WC1V 6AY

Solicitors

Blake Laphorn
New Kings Court
Chandler's Ford
Eastleigh SO53 3LG

Edell Jones & Lessors
1 Ron Leighton Way
East Ham
London E6 1JA

Investment Managers

Schroders Charities
3rd Floor, 100 Wood Street
London EC2V 7ER

CRANSTOUN

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2012

The Trustees of Cranstoun present their report and financial statements for the year ended 31 March 2012.

The report has been prepared in accordance with the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on page 15 of the attached financial statements and comply with the charitable company's Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in March 2005.

Structure, Governance and Management

Constitution

Cranstoun is a company limited by guarantee and a registered charity.

Organisation

The Board of Trustees is responsible for the governance and strategic direction of the charity, and the senior management team, led by the Chief Executive, manages the charity on a day-to-day basis.

Trustees

A full listing of Cranstoun's Trustees is presented on page 2. All Trustees are members of the charity and agree to contribute £1 in the event of a winding up. All Trustees present themselves for election at the first Trustees' Meeting each year, following their appointment. Thereafter one third of the Trustees stand for re-election every year. None of the Trustees has any beneficial interest in the charity. Committees of Trustees deal with specific areas of the charity's governance as follows:

Nomination & Remuneration Committee

Chair Richard Oliver
Faith Jenner
Steve Rossell (CEO)

Audit Committee

Chair Katharine Patel
Richard Pertwee
Steve Rossell (CEO)

Fundraising Working Group

Chair Faith Jenner
Gary Davis
Diana Whitworth
Esperanza Desouza (resigned 14th June 2012)

Selection and Appointment of Trustees

The Nomination and Remuneration Committee (NaRC), as a sub-Committee of the full Board of Trustees, oversees the selection and appointment of Trustees.

Together with the utilisation of informal networks to source potential Trustees, Cranstoun also currently works with specialist recruitment organisations to strengthen the Board.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2012 (CONTINUED)

Selection and Appointment of Trustees (continued)

Potential Trustees are offered a phased engagement with the organisation. Informal meetings with senior staff and Trustees are undertaken, including the opportunity of site visits to operational services and the 'centre'. More formal meetings are offered including attendance, as an 'observer', at formal Board of Trustee meetings. If mutually agreed, Trustees are then appointed through invitation and resolution, in accordance with the company's Articles of Association.

Trustees are selected against the requirements of a ratified 'Board Role Profile' and 'Trustee Person Specification', which identify the relevant skill and knowledge sets being sought by the charity.

New Trustees' induction includes the provision of a Trustee Manual, which details roles and responsibilities of Trustees and presents the strategic and operational plans of the charity and the opportunity to attend the induction course for new staff. Ongoing induction incorporates further visits to operational sites and the 'centre' as required. Ongoing training is undertaken, on an annual basis, addressing issues of identified need. Previous training has included: business planning; governance and the role of Trustees; strategic management and the requirements of SORP 2005.

Risk Assessment

The Trustees maintain a register of the risks to which the charity is exposed. Formal reviews of the register are undertaken on a twice yearly basis and involve middle and senior management, together with the Trustee body. The register identifies risks, assesses their severity in terms of impact and likelihood of occurrence and then determines plans to avoid, reduce, share, transfer or mitigate these risks. The major risks identified are the possible loss of contract income due to the highly competitive environment in which Cranstoun operates and the possibility of reduced, or changed, funding arrangements as a result of changes in Government policy. As a result of this process the Trustees are satisfied that the major risks to which the charity is exposed have been identified and systems have been established and implemented to mitigate exposure to those major risks

Trustees' responsibilities for the financial statements

The Trustees are responsible for preparing their Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue in operation

The Trustees are also responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CRANSTOUN

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2012 (CONTINUED)

Trustees' responsibilities for the financial statements (continued)

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the charitable company's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Trustees' reports may differ from legislation in other jurisdictions.

Each of the Trustees also confirm that they have made all necessary enquiries, and taken such steps, in order to ensure that they become aware of any relevant audit information and that they confirm that the charitable company's auditors have been made aware of such information.

Objectives and Activities

Mission

Cranstoun is a not-for-profit organisation with skilled and experienced staff providing high quality, cost efficient and effective specialist services for those affected by drugs and alcohol. We deliver innovative and pragmatic solutions that support recovery and make an impact on the harms caused by drugs and alcohol to individuals and communities.

Objects of the charity

The primary objects of the charity are:

- The relief and reduction of harm caused by drug or alcohol use to individuals and communities.
- The relief of poverty, sickness, deprivation and distress among persons who are dependent upon, or affected by, dependence on drugs, alcohol and other similar substances.
- Support for those related to, or dependent upon, those persons mentioned above.
- The prevention of dependence upon drugs or alcohol and the rehabilitation of those relieved from dependence upon drugs or alcohol.

The charity's objects also cover:

- The provision of education and training on the dangers arising from the use of drugs or alcohol.
- Undertaking research into the special problems arising from persons with drug or alcohol problems and into methods of alleviating them.
- The provision of facilities for recreation and other leisure occupations for persons with drug or alcohol problems, in the interests of their social welfare.

The Trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the objects and planning future activities. The Trustees confirm that the activities are for the benefit of the public and that, although there is inevitably some private benefit accruing to the beneficiaries, this is necessary and incidental to the objects.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2012 (CONTINUED)

Review of activities

Cranstoun embraces diversity and all our services are available to all sections of the community regardless of ethnicity, gender, disability or sexual orientation. During the year, Cranstoun continued to provide a broad range of services in Greater London and across Southern England; North to South, from the West Midlands to Hampshire and the Isle of Wight and East to West, from London to Wiltshire. These services benefited the drug users, their families and communities and included:

- Residential treatment and recovery services;
- Recovery and reintegration services, including housing, education and employment support;
- Community treatment and recovery services, that include engagement and access services, specialist services for women, families and carers and young person's services through to Community Drug Agencies (CDAs) and day programmes;
- Criminal Justice Services; and
- Crisis intervention and detoxification services.

Strategy

The main strategic objectives for the three years ending 31 March 2014 are:

- Cranstoun will be responsive, informed, aligned to need and results focussed.
- Cranstoun will grow and develop its recovery services and operations to create an increasing impact upon our key stakeholder audiences.
- Cranstoun will deliver and develop high quality and effective client services and operations, by ensuring that:
 - Service performance and delivery remain innovative and responsive to environmental requirements and service user needs.
 - Results and effectiveness of services are monitored, measured and actively managed.
- Cranstoun People will be appropriately selected, developed and managed, in order to provide high quality, safe and effective recovery services for those affected by drugs and alcohol. Cranstoun People will be the 'right people' with the 'right skills' doing the 'right things'.
- Cranstoun will add value through securing additional financial and non-financial resources.
- Cranstoun will develop an external affairs approach that supports pursuit of its vision and strategy, through an improved presence and profile with Cranstoun's key stakeholder groups, and, improved customer and service user focus and relationships.
- Cranstoun will operate with a sound financial base and performance, by maintaining robust internal control and financial management, together with delivering against service and contract expectations.

Employees

Cranstoun maintains a policy of equal opportunities to ensure that no job applicant or employee receives less favourable treatment on the grounds of sex, race, colour, nationality, ethnic or national origins, marital status, HIV status, disability, sexual orientation, age, trade union activity and political or religious belief. This policy provides that selection criteria and procedures for employment are reviewed frequently to ensure that individuals are selected, promoted and treated on the basis of their merits, abilities and suitability for the relevant posts. In addition, all employees are to be given equal opportunity in terms of training, to enable progression within the organisation.

During the year Cranstoun has maintained a policy of communicating and consulting with its staff via internal structures and systems, including information and consultation forums, formal management and staff meetings, development and expert groups, staff surveys and monthly briefings and e-bulletins.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2012 (CONTINUED)

Employees (continued)

Cranstoun has continued to develop processes to support the ongoing development of staff through comprehensive HR systems and Investors in People (IIP) accreditation. The continued focus has been on the delivery of the Cranstoun core competency and advanced practitioner training, NSPCC safeguarding training together with Institute of Leadership and Management (ILM) training for managers.

Cranstoun continued to seek and maintain formal accreditations recognising its commitment to the wellbeing of its staff; the health and safety procedures remained formally accredited by the Contractors Health and Safety Assessment Scheme (CHAS) and Cranstoun's ongoing commitment to the environment was further recognised by our achieving the Carbon Smart silver award during the year.

The number of volunteers working with Cranstoun more than doubled during the year to a total of 83. The majority of services now have volunteers adding value and providing additional resources whilst benefiting from a comprehensive training programme which includes a qualification in health and social care.

Achievements and Performance

Residential Treatment and Recovery Services

We accept referrals to our two residential treatment and recovery services, Oak Lodge and Trelawn House, subject to assessment, from any client substance users seeking residential rehabilitation. These services are normally free to the client, with our charges being funded by the relevant local authority.

During 2011/12 maintaining occupancy levels at these services continued to be a challenge but a package combining residential placement with a detoxification at City Roads has generated considerable interest. In addition the programme was successfully enhanced via partnerships with Goldsmith's College for art therapy, Nordoff Robbins for music therapy, and the Guru Ram Das Project for yoga sessions.

Recovery and Reintegration Services

Recovery and reintegration services are, subject to availability, open to all clients who have completed a high care programme with their charges being covered by housing benefit and grants.

In 2011/12 the services in South London continued to perform well and achieved 96% and 95% occupancy whilst Milton House also achieved high occupancy levels and strengthened the relationship with the Integrated Offender Management Team and continues to be an effective supported housing service within Islington's Supporting People's portfolio.

Community Treatment and Recovery Services

Our Community and Criminal Justice services are provided free to clients in all our areas. During 2011/12 opportunities were taken to expand and enhance existing services as further funding became available. During the year we focussed on evidencing outcomes and recovery at services in readiness for the continued rollout of payment by results based contracts. Significant developments and achievements were as follows:

- Cranstoun's Change and Recovery at 28b commenced in July 2011, providing two 16 week intensive structured day programmes for stabilisation and abstinent clients in Islington. The service has successfully established itself and has a well attended peer support provision.
- During 2011/12 we successfully tendered in partnership with Surrey and Borders NHS Foundation Trust to provide the integrated drug and alcohol treatment system in Hounslow. This service was launched under the name iHEAR in April 2012 and includes criminal justice provision, prescribing services, community care assessments, structured interventions, employment, training and education (ETE) and reintegration services.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2012 (CONTINUED)

Community Treatment and Recovery Services (continued)

- We successfully tendered for an integrated service in Coventry and Warwickshire in Partnership with Addaction. The new service is known as The Recovery Partnership and successfully went live on 1 December 2011.
- Cranstoun CDA Reading has been continuing to innovate and is currently piloting a methadone reduction group to assist those on long term prescriptions to become drug-free.
- Switch Young People's Service in Portsmouth had a successful first year, effectively increasing the performance of the previous service by over 100% and winning new funding for an innovative project working with young carers where there is parental substance misuse.
- Cranstoun Isle of Wight Recovery Centre successfully relocated to refurbished premises in Newport. Throughout this time the team have been successful in increasing referrals into the service via outreach and satellite working.

Crisis Intervention and Detoxification Services

Cranstoun City Roads is a Care Quality Commission (CQC) registered care home providing medically supervised detoxification and/or stabilisation for people with substance misuse problems. Cranstoun City Roads is funded on a contract basis and is the only direct access residential crisis and detoxification service within the London Region.

Cranstoun was successful in tendering for preferred provider status with a number of purchasers including a large London based consortium led by Westminster. Despite this, City Roads struggled with occupancy levels and costs and this was a major factor contributing to the organisational decrease in funds for the year. Consequently the service was fully reviewed and restructured ahead of 2012/13 when the focus will be on the recovery agenda and closer working with ours and other residential rehabilitation services to provide enhanced recovery journeys for service users and consequently improve occupancy, retention and outcomes in general.

Financial Review

During 2011/12, total income was £8.20m (2011: £10.60m including a one-off donation of £0.73m). Total resources expended were £8.49m (2011: £10.36m). Overall this has resulted in net outgoing resources of £293k for the year (2011: £237k net incoming resources). The deficit in 2011/12 primarily reflects the ongoing difficulties in maintaining consistent occupancy levels at residential services and to some extent inflationary pressures, particularly in terms of staff costs, where it has not always been possible to secure matching increases in the available funding. The total net decrease in funds for the year was of £291k (2011: increase of £263k).

The financial position at the end of the year remained positive, despite a net cash outflow of approximately £0.40m (2011: outflow of £0.21m), and showed a net cash position (including investments) of approximately £2.4m (2011: £2.8m). Total reserves at the end of the year were £3.37m (2011: £3.67m).

Investment Policy

Cranstoun maintains a modest portfolio of investments of £0.5m, with the objective of achieving capital growth over the long-term with a medium risk profile. The funds are invested in the Schroder Charity Multi-Asset Fund which aims to at least maintain the real capital value over the long term whilst generating a sustainable and reliable distribution of 4% per annum. Against this target the fund achieved a total return of 0.5% in 2011/12.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2012 (CONTINUED)

Reserves Policy

Cranstoun maintains reserves to fund working capital requirements to provide for future capital expenditure, to ensure that its services can be maintained in the event of any significant reductions in income and to provide a contingency for any unexpected expenditure or opportunities for service development. At the 31 March 2012 total unrestricted funds were £3.37m and unrestricted funds not committed or invested in tangible fixed assets or otherwise designated ('the free reserves') were £1.33m. The need for Cranstoun to hold reserves has increased in recent times due to the additional working capital required to fund larger contracts, the imposition of less advantageous payment terms and the increased use of results based payments. The Board of Trustees has therefore reviewed the policy whereby the free reserves were required to be between 1.85 and 2.75 months of total income and has now increased this target level to between 3 and 6 months of total income. The new level equates to free reserves between £2.05 and £4.10 million. At present the free reserves are considerably below this target level and to redress this, Cranstoun will seek to grow and generate additional unrestricted funds, primarily by focussing on securing new contracts and services as appropriate opportunities arise.

Future Plans

Cranstoun is now structured and resourced to be an outcome and results focused organisation, flexible in response to local needs and innovative in embracing the recovery agenda, new ways of working and changed funding arrangements. In the future, the emphasis will be maintained on quality and results, whilst providing services that represent excellent value for money. The primary objective is for Cranstoun to grow and develop, in order to create an increasing impact upon our key stakeholder audiences:

- Clients and communities affected by drugs and alcohol;
- Customers and funders of drug and alcohol services;
- Cranstoun's People providing treatment, recovery and reintegration services for those affected by drugs and alcohol; and,
- Policy makers, decision makers and opinion formers.

Cranstoun's growth will increase its number of services, broaden its service range and widen its geographical reach in order to provide relevant, accessible and effective interventions to a greater number of Cranstoun's beneficiaries. Growth will be sought through retention of existing service contracts, securing and delivering new business contracts via tender and the potential acquisition of additional business through merger and / or takeover of other appropriate organisations.

This growth is already being delivered and will provide a more secure financial platform moving forward. The financial forecast for the forthcoming year is greatly improved with total income for the year predicted to be in excess of £13m with a budgeted surplus. This is primarily due to anticipated new contracts and also new services coming on stream, principally in Coventry and Warwickshire and Hounslow as described under the achievements and performance section. These services are both large 'total system' contracts being delivered in partnership with other providers. The experience of winning and delivering on these contracts leaves Cranstoun well placed in terms of its expertise in tendering procedures, partnership working and the delivery of the increasingly large, complex and recovery oriented services now being commissioned.

BY ORDER OF THE BOARD



Richard Oliver
Chair



Katharine Patel
Treasurer

19th September 2012

CRANSTOUN

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRANSTOUN FOR THE YEAR ENDED 31 MARCH 2012

We have audited the financial statements of Cranstoun for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

CRANSTOUN

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRANSTOUN FOR THE
YEAR ENDED 31 MARCH 2012 (CONTINUED)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Richard Weaver
Senior Statutory Auditor
for and on behalf of haysmacintyre
Statutory Auditors

20th September 2012

Fairfax House
15 Fulwood Place
London
WC1V 6AY

CRANSTOUN

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2012

	Note	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total 2012 £'000	Total 2011 £'000
Incoming resources						
Incoming resources from generated funds:						
<i>Voluntary income:</i>						
Donations, legacies and similar income	14	2	0	0	2	740
Investment income and interest receivable		36	0	0	36	34
		<u>38</u>	<u>0</u>	<u>0</u>	<u>38</u>	<u>774</u>
Incoming resources from charitable activities:						
Residential services	2	2,086	0	424	2,510	3,141
Community services		5,549	0	68	5,617	6,685
		<u>7,635</u>	<u>0</u>	<u>492</u>	<u>8,127</u>	<u>9,826</u>
Incoming resources from other activities:						
Gain on sale of fixed assets		32	0	0	32	0
		<u>32</u>	<u>0</u>	<u>0</u>	<u>32</u>	<u>0</u>
Total incoming resources		<u>7,705</u>	<u>0</u>	<u>492</u>	<u>8,197</u>	<u>10,600</u>
Resources expended						
Costs of generating funds:						
Fundraising and publicity		1	0	0	1	5
		<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>5</u>
Charitable activities:						
Residential services		2,397	0	424	2,821	3,346
Community services		5,484	74	68	5,626	6,969
		<u>7,881</u>	<u>74</u>	<u>492</u>	<u>8,447</u>	<u>10,315</u>
Governance costs		42	0	0	42	43
Total resources expended	3	<u>7,924</u>	<u>74</u>	<u>492</u>	<u>8,490</u>	<u>10,363</u>
Net (outgoing)/incoming resources before transfers		<u>(219)</u>	<u>(74)</u>	<u>0</u>	<u>(293)</u>	<u>237</u>
Transfers between funds	14	70	(70)	0	0	0
Net (outgoing)/incoming resources before other recognised gains and losses		<u>(149)</u>	<u>(144)</u>	<u>0</u>	<u>(293)</u>	<u>237</u>
Other recognised gains/losses						
Unrealised gains on investments	10	2	0	0	2	25
Realised gains on investments	10	0	0	0	0	1
Net movement in funds		<u>(147)</u>	<u>(144)</u>	<u>0</u>	<u>(291)</u>	<u>263</u>
Reconciliation of funds						
Total funds brought forward		1,472	2,193	0	3,665	3,402
Total funds carried forward		<u>1,325</u>	<u>2,049</u>	<u>0</u>	<u>3,374</u>	<u>3,665</u>

The organisation has no recognised gains or losses other than those dealt with above.

All the Charity's activities derived from continuing operations during the above two financial periods.

CRANSTOUN

BALANCE SHEET AS AT 31 MARCH 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible fixed assets	9	1,204	1,276
Investments	10	<u>495</u>	<u>493</u>
		<u>1,699</u>	<u>1,769</u>
Current assets			
Debtors	11	846	883
Cash at bank and in hand		<u>1,927</u>	<u>2,322</u>
		<u>2,773</u>	<u>3,205</u>
Current liabilities			
Creditors falling due within one year	12	992	1,134
		<u>1,781</u>	<u>2,071</u>
Net current assets			
		<u>1,781</u>	<u>2,071</u>
Total assets less current liabilities			
		<u>3,480</u>	<u>3,840</u>
Creditors falling due after more than one year	12	106	175
		<u>3,374</u>	<u>3,665</u>
Net assets			
		<u>3,374</u>	<u>3,665</u>
Represented by:			
Unrestricted Funds			
General funds	14	1,325	1,472
Designated funds	14	<u>2,049</u>	<u>2,193</u>
		<u>3,374</u>	<u>3,665</u>
Restricted funds			
	14	0	0
Total funds			
		<u>3,374</u>	<u>3,665</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 19th September 2012 and signed on their behalf by:



Richard Oliver
Chair



Katharine Patel
Treasurer

CRANSTOUN

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	Note	2012 £'000	2011 £'000
Net cash (outflow) from operating activities	20	(484)	(207)
Returns on investments and the servicing of finance			
Investment income & interest receivable		36	34
Capital expenditure and financial investment			
Purchase of fixed assets		(17)	(35)
Sale of fixed assets		70	0
Purchase of investments		0	(45)
Sale of investments		0	40
		<u>53</u>	<u>(40)</u>
(Decrease) in cash	22	(395)	(213)
Cash and cash equivalents at 1st April		2,322	2,535
Cash and cash equivalents at 31st March		<u>1,927</u>	<u>2,322</u>

CRANSTOUN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES

a) Accounting Convention

The financial statements are prepared under the historical cost convention as modified by the inclusion of investments at market value and accord with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK accounting standards and the Companies Act 2006.

b) Financial Statements

These financial statements consist of the results of the charity but do not include its wholly-owned subsidiary Cranstoun Independent Management Limited as it did not trade during the year or during the prior year.

c) Incoming Resources

Income is recognised in the period in which the charitable company is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred when the charity has to fulfil conditions before becoming entitled or where the donor or contracting party has specified the income be expended in a future period.

Grants from government and other agencies amounting to a contract for services are included as income as the charity earns the right to the consideration by its delivery of those services.

d) Resources Expended

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

The costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.

The cost of charitable activities comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs is the cost of central functions and these are allocated to the charitable expenditure categories on a per capita basis which designed to reflect the use of the resource.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

e) Tangible Fixed Assets And Depreciation

Assets costing more than £5,000 are capitalised. The cost of tangible fixed assets is written off by equal annual instalments over their useful lives as follows:

Freehold Property	100 years
Fixtures & fittings, equipment & motor vehicles	4 years
Refurbishment	10 years

Depreciation on the freehold property is charged over 100 years on the basis that the Trustees consider the economic life of the property and its residual value, excluding inflation, is such that depreciation is not significant. The value of the property is regularly reviewed in order to identify any permanent diminution in value which, if applicable, would be charged to the SOFA.

f) Fixed Asset Investments

Fixed asset investments are included at market value at the balance sheet date. Any gain or loss on revaluation and/or sale is taken to the SOFA.

g) Fund Accounting

Unrestricted general funds are held by the charity to be used in accordance with the charitable objects at the discretion of the Trustees.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

Restricted funds are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or contracting party or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is given in the notes to the accounts.

i) Leasing And Hire Purchase

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the SOFA over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the SOFA on a straight line basis over the lease term.

j) Pensions

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charged represents the contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

6. NET (OUTGOING) INCOMING RESOURCES

This is stated after charging:

	2012 £'000	2011 £'000
Auditors' remuneration	15	14
Auditors' other services	1	3
Depreciation	51	58

7. EMPLOYEES

	2012 £'000	2011 £'000
Wages and salaries	4,792	5,698
Social security	486	575
Pension costs	72	85

The average number of employees, analysed by function on a full-time equivalent basis was:

	2012 Number	2011 Number
Residential services	43	51
Community services	115	136
Central management and administration	16	20

The numbers of staff earning in excess of £60,000 (excluding employer pension contributions but including taxable benefits) are as follows:

	2012 Number	2011 Number
£60,000 to £70,000	2	2
£80,000 to £90,000	1	1

During the year, pension contributions on behalf of these staff members amounted to £14,093 (2011: £14,093).

8. TAXATION

The Charity's activities are exempt from corporation tax.

9. TANGIBLE FIXED ASSETS

	Furniture & Equipment £'000	Motor Vehicles £'000	Computer Equipment £'000	Freehold Property £'000	Total £'000
Cost					
at 1 April 2011	23	0	190	1,307	1,520
Acquisitions	9	8	0	0	17
Disposals	(23)	0	(41)	(74)	(138)
at 31 March 2012	9	8	149	1,233	1,399
Accumulated depreciation					
at 1 April 2011	23	0	104	117	244
Charge for the year	1	0	38	12	51
Disposals	(23)	0	(41)	(36)	(100)
at 31 March 2012	1	0	101	93	195
Net book values at 31 March 2012:	8	8	48	1,140	1,204
Net book values at 1 April 2011:	0	0	86	1,190	1,276

The Department of Health and Social Security had a charge over the freehold property at City Road, Islington until 8th March 2012. This was to the extent of £207,337 which represents the total grants made towards the refurbishment costs of the property.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

10. INVESTMENTS

	2012 £'000	2011 £'000
Investment portfolio		
Market value at 1 April 2011	493	462
Add: Additions at cost	0	45
Less: Disposals at opening book value	0	(40)
Add: Realised gain on disposal	0	1
Net gains on revaluation at 31 March 2012	2	25
	<u>495</u>	<u>493</u>
Cash awaiting investment	0	0
	<u>495</u>	<u>493</u>
Historical cost at 31 March 2012	<u>441</u>	<u>441</u>

This is made up as follows:

	Total £'000	Investment assets held: Inside UK £'000	Outside UK £'000
Quoted Investments	495	495	0
	<u>495</u>	<u>495</u>	<u>0</u>

11. DEBTORS

	2012 £'000	2011 £'000
Trade debtors	543	639
Prepayments and accrued income	279	223
Other debtors	24	21
	<u>846</u>	<u>883</u>

12. CREDITORS

	2012 £'000	2011 £'000
Amounts Falling Due Within One Year		
Trade creditors	483	331
Accruals	192	476
Deferred income: Government grants	151	109
Social Security & other taxes	141	162
Pension contributions	10	24
Other creditors	15	32
	<u>992</u>	<u>1,134</u>
Amounts Falling Due After More Than One Year		
Accruals	<u>106</u>	<u>175</u>

13. PENSION COSTS

The charity operates a defined contribution pension fund. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension costs charged in the year were £72,242 (2011: £85,114).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

14. STATEMENT OF FUNDS

	Balance 01-Apr-11 £'000	Movement in resources Incoming £'000	Outgoing £'000	Investment Gains /losses £'000	Transfers £'000	Balance 31-Mar-12 £'000
Restricted Funds						
Residential services	0	424	(424)	0	0	0
Community services	0	68	(68)	0	0	0
Total Restricted Funds	0	492	(492)	0	0	0
Designated Funds						
Fixed Asset Fund	1,276	0	0	0	(72)	1,204
Investment Fund	493	0	0	0	2	495
The Gallery Fund	424	0	(74)	0	0	350
Total Designated Funds	2,193	0	(74)	0	(70)	2,049
General Funds	1,472	7,705	(7,924)	2	70	1,325
Total Funds	<u>3,665</u>	<u>8,197</u>	<u>(8,490)</u>	<u>2</u>	<u>0</u>	<u>3,374</u>

Restricted funds are for the following purposes:

Residential services: This represents partial funding for 5 residential homes in London which operate programmes to rehabilitate ex-drug users so that they can lead a drug-free life.

Community services: This represents grants to support various community initiatives.

Designated funds are for the following purposes:

Fixed Asset Fund: This fund represents the net book value of freehold properties and other fixed assets.

Investment Fund: This fund represents the value of fixed assets investments held to generate income and capital growth.

The Gallery Fund: This fund represents the balance of a £732k donation received from the Dudley Warehouse in the year ended 31st March 2011 which is being used to fund the Gallery Service in Dudley.

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £'000	Investments £'000	Current assets £'000	Liabilities £'000	Total £'000
Designated funds					
Fixed Asset Fund	1,204	0	0	0	1,204
Investment Fund	0	495	0	0	495
The Gallery Fund	0	0	350	0	350
General funds	0	0	2,423	(1,098)	1,325
Total Funds	<u>1,204</u>	<u>495</u>	<u>2,773</u>	<u>(1,098)</u>	<u>3,374</u>

16. STATUS

The company is limited by guarantee with no share capital and is a registered charity. In the event of the company being wound up, the Trustees' liability is limited to £1 each.

17. COMMITMENTS

At 31 March 2012, the Company had the following annual commitments under non-cancellable operating leases which expire within:

	Land & Buildings £'000	Motor Vehicles £'000	Office Equipment £'000
1 year	23	10	7
2-5 years	49	7	16
Over 5 years	100	0	0
	<u>172</u>	<u>17</u>	<u>23</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

18. CAPITAL COMMITMENTS

There are no capital commitments.

19. CONTINGENT LIABILITIES

There are no contingent liabilities.

20. RECONCILIATION OF CHANGES IN RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £'000	2011 £'000
Net (outgoing)/incoming resources before revaluations	(293)	237
Depreciation	51	58
Profit from sale of fixed assets	(32)	0
Imputed value of assets donated	0	(165)
Investment income and interest receivable	(36)	(34)
(Decrease) in creditors	(211)	(107)
Decrease/(increase) in debtors	37	(196)
Net cash (outflow) from operating activities	<u>(484)</u>	<u>(207)</u>

21. ANALYSIS OF CHANGES IN NET FUNDS

	1 April 2011 £'000	Cashflow £'000	Non cash items £'000	31 March 2012 £'000
Cash in hand and at bank	<u>2,322</u>	<u>(395)</u>	<u>0</u>	<u>1,927</u>

22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 £'000	2011 £'000
(Decrease) in cash in the year	<u>(395)</u>	<u>(213)</u>
Change in net funds resulting from cash flows	<u>(395)</u>	<u>(213)</u>
Net funds at 1st April 2011	<u>2,322</u>	<u>2,535</u>
Net funds at 31st March 2012	<u>1,927</u>	<u>2,322</u>

23. RELATED PARTY TRANSACTIONS

The charity, because of its nature, has close working relationships, and provides services to, a large number of organisations which the Trustees may, at times, be involved with. These include the London Borough of Haringey where a Trustee is engaged in an interim capacity. The interested Trustee is not involved in any decision making process or in the delivery of any drugs and alcohol-related programmes and has declared that he is a Trustee of Cranstoun to the Local Authority concerned.