



Company No: 3306337

Charity No: 1061582

FINANCIAL STATEMENTS

**For the year ended
31 March 2013**

Cranstoun

1st Floor, St Andrew's House
St Andrew's Road
Surbiton
Surrey
KT6 4DT
tel: 020 8335 1830
fax: 020 8399 4153

Steve Rossell,

Chief Executive

E-mail: srossell@cranstoun.org.uk

CRANSTOUN

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 MARCH 2013

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 (Resigned 16 th October 2012)
Honorary Treasurer	Katharine Patel
	Gary Davis
	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	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	Edell Jones & Lessors
New Kings Court	1 Ron Leighton Way
Chandler's Ford	East Ham
Eastleigh SO53 3LG	London E6 1JA

Investment Managers

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

CRANSTOUN

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The Trustees of Cranstoun present their report and financial statements for the year ended 31 March 2013.

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 16 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, following their appointment and 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)

Finance & Audit Committee

Chair Katharine Patel
Richard Pertwee
Steve Rossell (CEO)

Fundraising Working Group

Chair Faith Jenner
Diana Whitworth
Steve Rossell (CEO)

CRANSTOUN

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

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 as well as attending to any training and development issues related to the Trustee Board.

Together with the utilisation of informal networks, Cranstoun also works with specialist recruitment organisations to strengthen the Board when necessary. 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. Further induction incorporates visits to operational sites and the 'centre' as required. 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, the requirements of SORP 2005, the changing operating environment and seminars outlining Cranstoun's services.

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.

CRANSTOUN

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

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.

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.

CRANSTOUN

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

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.

Review of activities

Cranstoun embraces equality and diversity and all our services are available to all sections of the community regardless of race, gender, disability, sexual orientation, religion or belief. 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 alcohol and drug users, their families and communities and included:

- Critical Care & Residential Pharmaco-Treatment Services;
- Residential Treatment & Recovery Services;
- Community Treatment & 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), day programmes and Criminal Justice Services; and
- Residential Recovery & Reintegration Services, including housing and additional support services.

CRANSTOUN

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

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 the 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 ensures 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 communicated and consulted 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.

Cranstoun continued to support the development of staff through comprehensive HR systems and Investors in People (IiP) accreditation. The focus has continued to be 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

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

Employees (continued)

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 continued commitment to the environment was recognised with retention of Carbon Smart Silver Certification. In addition, in 2012/13, the quality of Cranstoun's staff, services, systems and practices was formally acknowledged by the award of the ISO9001 quality standard.

The number of volunteers working with Cranstoun during the year was a total of 67. This is an important element in Cranstoun's service offering and 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.

Performance and Achievements

In 2012/13 we continued to support a large number of clients and service users through their treatment & recovery journey and on to successful outcomes.

Service Type	Initial and general contacts & referrals	Service-users in Treatment & Recovery	Successful Completions (%)
<i>Critical Care & Residential Pharmaco-Treatment Services</i>	485	341	69%
<i>Residential Treatment & Recovery Services</i>	114	95	57%
<i>Community Treatment & Recovery Services</i>	6657	6206	63%
<i>Residential Recovery & Reintegration Services</i>	50	38	63%
Cranstoun Total	7306	6680	63%

Cranstoun achieved a good and favourable level of performance across its services, as compared with prior year comparisons to national performance.

Success is judged nationally to be successful completion of treatment, free of dependence and exiting services in a planned way. Cranstoun service users accounted for 2.2% of all those in treatment and recovery nationally, with our successful completions accounting for 2.5% of all successful treatment. Nationally, during the prior year, the proportion of people completing treatment successfully was 56%. Of those people undertaking treatment with Cranstoun our service users achieved a 63% success rate.

Critical Care & Residential Pharmaco-Treatment Services

Cranstoun City Roads is a CQC registered residential service providing medically supervised (Pharmaco-treatment) options for people seeking to address their dependency upon alcohol and drugs. City Roads provides Critical Care services, including stabilisation and detoxification for people with alcohol and drug dependency. These services are often provided at times of extreme crisis for the service user and often for people with highly complex problems.

CRANSTOUN

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

Critical Care & Residential Pharmaco-Treatment Services (continued)

The service is funded on a contract basis and is the only direct access residential service within the London Region offering the particular expertise and outcomes available.

At the start of the year Cranstoun City Roads was restructured to provide a more efficient and cost effective service focused on planned admissions for detoxification in addition to the critical care service. This has improved occupancy and led to a better financial position at the end of 2012/13. The majority of critical care contracts have been renewed for 2013/14 with increased demand for planned detoxification admissions.

Residential Treatment and Recovery Services

Cranstoun remains committed to residential services which are often the only effective treatment option for those with entrenched and often complex alcohol and drug problems. This commitment is justified by positive outcomes for our stakeholders and ever improving success with our service users.

Maintaining occupancy and income levels at these services continued to be a challenge, but packages of care combining residential placements with detoxification at Cranstoun City Roads generated new referrals during the year. This approach has provided additional value for purchasers, smoother and more coordinated treatment journeys for service users, and, greater integration generally for our recovery focussed service delivery.

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

Community Treatment & Recovery and Criminal Justice Services

Cranstoun's community and criminal justice services are provided free to clients in all our areas of operation. These services provide a wide range of interventions, including managing whole treatment systems across localities, all provided to support service users' recovery from dependence on alcohol and drugs. We coordinate and provide treatment from referral to successful recovery and reintegration. Significant developments and achievements during 2012/13 were as follows:

- Switch, Cranstoun's Portsmouth Young Person's Service, had an excellent second year with the team developing asset-based working with Young People and delivering integrated interventions for young carers with grant funding from the Carers Trust in partnership with Portsmouth City Council.
- Dudley Drug Intervention Programme (DIP) continued to provide an excellent service. This was supplemented by additional community based outreach for Young People and Adults developed with grant funding. Initial indications are that this new service has been very successful and further expansion is being considered.
- Reading CDA is placed at the heart of the recovery community in Reading and during the year expanded their blood borne virus (BBV) service for Bangladeshi women and families with assistance from community volunteers.
- The Recovery Partnership in Coventry and Warwickshire maintained momentum, despite some funding pressures, with management initiatives improving communication, decision making and the ownership of priorities and leading to improved performance.

CRANSTOUN

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

Community Treatment & Recovery and Criminal Justice Services (continued)

- Cranstoun's outstanding Portsmouth CDA service completed its work at the end of June 2013 after 13 years of providing services in the city. Having pioneered interventions in many areas including alcohol frequent fliers, lesbian, gay, bisexual and transgender (LGBT) outreach, modular membership day programme, pharmacy coordination, much of the work has been taken in-house by the commissioning body.
- The Cranstoun Isle of Wight CDA successfully relocated to Newport in November 2012 and is making a real impact; numbers using the service are increasing, the group work programme has seen increased demand and service users have created a music oriented "Discovery & Recovery" space which is attracting new service users from hard to reach groups.
- Wiltshire DIP concluded three excellent years in March 2013. A consistently high performer against all DIP key performance indicators (KPIs), unfortunately our consortium was unsuccessful in bidding for the integrated treatment system for Wiltshire.
- The Gallery service in Dudley recruited a second staff member in August 2012, enabling the introduction of additional groups and activities. Cranstoun's first ever Recovery Trainee posts were also recruited in the latter part of the year. The posts are transitional to the world of full-time paid employment and provide the gallery with much needed staffing and recovery capital.
- Cranstoun's successful Change and Recovery @ 28b continued to provide two 16 week intensive structured day programmes for stabilisation and abstinent clients in Islington. This is primarily based on cognitive behavioural interventions but there is a strong focus on recovery, aftercare and re integration into the community. The service includes education training and employment support, life skills training, peer support and volunteering opportunities and currently an impressive 68% of drug and alcohol clients report successful outcomes. The service also secured funding, for 12 months, from the Pilgrim Trust and JP Getty Jnr Charitable Trust to launch a new project called RISE@28b specifically for female substance misusers with multiple, complex issues.
- The integrated drug and alcohol treatment system in Hounslow delivered in partnership with Surrey and Borders NHS Foundation Trust was successfully launched under the name iHEAR in April 2012. This includes criminal justice provision, prescribing services, community care assessments, structured interventions, employment, training and education (ETE) and reintegration services. During the year much focus has been on establishing this service whilst co-ordinating the various staff teams to provide an integrated and focussed service.
- ISIS prescribing has continued to provide a highly effective, flexible and safe service throughout 2012/13; evidenced by self-assessments in 2012 and a positive Care Quality Commission (CQC) inspection in March 2013. In the year 202 people started in prescribing during the year (225 modalities), with up to 285 clients being seen at any one time.

CRANSTOUN

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

Recovery and Reintegration Services

Once service users have successfully completed treatment, it is essential that they receive the appropriate level of support, to enable them to maintain the progress achieved and allow them time to reintegrate back into society. Part of this support includes stable and secure accommodation and practical help. Cranstoun's residential Recovery and Reintegration services are, subject to availability, open to all clients who have completed treatment for dependence on alcohol or drugs. Service user charges are covered by housing benefit and grants.

These services offer a maximum of 27 places and continued to perform well with overall occupancy at 89%. Stays in these services average two years and the ultimate aim is for clients to be able to move on and live independently, free of dependence on alcohol or drugs.

Financial Review

During 2012/13, total income was £12.0m (2012: £8.2m). Total resources expended were £11.92m (2012: £8.49m). Overall this has resulted in net incoming resources of £98k for the year (2012: £293k net outgoing resources). The surplus in 2012/13 primarily reflects the solid financial performance of community services offset to some extent by the financial consequences of the difficulties in maintaining consistent occupancy levels at residential services and also inflationary pressures where it has not always been possible to secure matching increases in the available funding. After recognition of unrealised investment gains the total net increase in funds for the year was £161k (2012: decrease of £291k).

The financial position at the end of the year remained secure, enhanced by a net cash operating inflow of approximately £0.33m (2012: outflow of £0.48m), and showed a net cash position (including investments) of approximately £2.8m (2012: £2.4m). Total reserves at the end of the year were £3.54m (2012: £3.37m).

Investment Policy

Cranstoun maintains a modest portfolio of investments of £0.56m, 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. In 2012/13 the target equated to 7.4% and against this the fund achieved a total return of 12.8%.

Reserves Policy

Cranstoun maintains reserves to fund working capital, provide for future capital expenditure, maintain services in the event of significant reductions in income and provide a contingency for any unexpected expenditure or opportunities for development. At the 31 March 2013 total unrestricted funds were £3.54m and unrestricted funds not committed or invested in tangible fixed assets or otherwise designated ('the free reserves') were £1.56m.

CRANSTOUN

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

Reserves Policy (continued)

The working capital impact of developments in the sector such as larger integrated contracts, less advantageous payment terms and the increased use of results based payments have not been as significant as originally feared. The Board of Trustees has therefore reviewed the policy whereby the free reserves were required to be between 3 and 6 months of total income and reduced this to between 1.75 and 2.5 months of total income. The new level equates to free reserves between £1.75m and £2.48m. At present the free reserves are slightly below this target level and to redress this, Cranstoun will seek to grow and generate additional unrestricted funds, primarily by securing new contracts and services as 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 on quality and results will be maintained, 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 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.

The financial forecast for the forthcoming year is for total income to be around £12m. The experience gained on large 'total system' contracts such as iHEAR in Hounslow leaves Cranstoun well placed for further growth with increasing expertise in tendering procedures, flexible 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

25th September 2013



Katharine Patel

Treasurer

CRANSTOUN

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2013

We have audited the financial statements of Cranstoun for the year ended 31 March 2013 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 2013 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.

CRANSTOUN

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

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.

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

26th September 2013

Fairfax House
15 Fulwood Place
London
WC1V 6AY

CRANSTOUN

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2013

	Note	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
<i>Voluntary income:</i>						
Donations, legacies and similar income		1	0	0	1	2
Investment income and interest receivable		27	0	0	27	36
		<u>28</u>	<u>0</u>	<u>0</u>	<u>28</u>	<u>38</u>
<i>Incoming resources from charitable activities:</i> 2						
Residential services		2,028	0	342	2,370	2,510
Community services		9,530	0	86	9,616	5,617
		<u>11,558</u>	<u>0</u>	<u>428</u>	<u>11,986</u>	<u>8,127</u>
<i>Incoming resources from other activities:</i>						
Gain on sale of fixed assets		0	0	0	0	32
Total incoming resources		<u>11,586</u>	<u>0</u>	<u>428</u>	<u>12,014</u>	<u>8,197</u>
Resources expended						
<i>Costs of generating funds:</i>						
Fundraising and publicity		0	0	0	0	1
		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<i>Charitable activities:</i>						
Residential services		2,221	0	342	2,563	2,821
Community services		9,137	84	86	9,307	5,626
		<u>11,358</u>	<u>84</u>	<u>428</u>	<u>11,870</u>	<u>8,447</u>
<i>Governance costs</i>		46	0	0	46	42
Total resources expended	3	<u>11,404</u>	<u>84</u>	<u>428</u>	<u>11,916</u>	<u>8,490</u>
Net incoming/(outgoing) resources before transfers		182	(84)	0	98	(293)
Transfers between funds	14	(14)	14	0	0	0
Net incoming/(outgoing) resources before other recognised gains and losses		<u>168</u>	<u>(70)</u>	<u>0</u>	<u>98</u>	<u>(293)</u>
Other recognised gains/losses						
Unrealised gains on investments	10	63	0	0	63	2
Net movement in funds		<u>231</u>	<u>(70)</u>	<u>0</u>	<u>161</u>	<u>(291)</u>
Reconciliation of funds						
Total funds brought forward		1,325	2,049	0	3,374	3,665
Total funds carried forward	14	<u><u>1,556</u></u>	<u><u>1,979</u></u>	<u><u>0</u></u>	<u><u>3,535</u></u>	<u><u>3,374</u></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 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible fixed assets	9	1,155	1,204
Investments	10	<u>558</u>	<u>495</u>
		<u>1,713</u>	<u>1,699</u>
Current assets			
Debtors	11	805	846
Cash at bank and in hand		<u>2,287</u>	<u>1,927</u>
		<u>3,092</u>	<u>2,773</u>
Current liabilities			
Creditors falling due within one year	12	1,114	992
		<u>1,114</u>	<u>992</u>
Net current assets		<u>1,978</u>	<u>1,781</u>
Total assets less current liabilities		<u>3,691</u>	<u>3,480</u>
Creditors falling due after more than one year	12	156	106
		<u>156</u>	<u>106</u>
Net assets		<u><u>3,535</u></u>	<u><u>3,374</u></u>
Represented by:			
Unrestricted Funds			
General funds	14	1,556	1,325
Designated funds	14	<u>1,979</u>	<u>2,049</u>
		<u>3,535</u>	<u>3,374</u>
Restricted funds	14	0	0
Total funds		<u><u>3,535</u></u>	<u><u>3,374</u></u>

The financial statements were approved and authorised for issue by the Board of Trustees on 25th September 2013 and signed on their behalf by:



Richard Oliver
Chair



Katharine Patel
Treasurer

CRANSTOUN

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

	Note	2013 £'000	2012 £'000
Net cash inflow (outflow) from operating activities	20	333	(484)
Returns on investments and the servicing of finance			
Investment income & interest receivable		27	36
Capital expenditure and financial investment			
Purchase of fixed assets		0	(17)
Sale of fixed assets		0	70
		<u>0</u>	<u>53</u>
Increase/(Decrease) in cash	22	360	(395)
Cash and cash equivalents at 1st April		1,927	2,322
Cash and cash equivalents at 31st March	21	<u><u>2,287</u></u>	<u><u>1,927</u></u>

CRANSTOUN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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) 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.

c) 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 relate to the cost of central functions and these are allocated to the charitable expenditure categories on a per capita basis which is 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.

d) 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.

e) 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.

f) 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.

g) 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.

h) 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.

CRANSTOUN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

2. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	General Fund £'000	Restricted Fund £'000	Total 2013 £'000	Total 2012 £'000
Residential services				
Board and lodging charges	2,028	342	2,370	2,510
Community services				
Local authorities	159	0	159	77
Drugs Action Teams	4,521	0	4,521	3,744
Health Authorities	4,782	0	4,782	1,571
Charitable Trusts	0	58	58	49
Comic Relief	0	28	28	19
London Councils ESF Co-Financing Programme	2	0	2	80
Other income	66	0	66	77
	<u>9,530</u>	<u>86</u>	<u>9,616</u>	<u>5,617</u>
	<u>11,558</u>	<u>428</u>	<u>11,986</u>	<u>8,127</u>

The London Councils ESF Co-Financing Programme funding relates to the Milton Skills for Life Programme which ran from 1st April 2010 to 31st March 2012. This funding was payable against agreed outputs which were confirmed on completion of the programme. During the year to 31st March 2013 the funding received from London Councils was £14,660. The money received was fully used for the purposes it was awarded, during the period.

3. TOTAL RESOURCES EXPENDED

	Direct Staff Related Costs £'000	Other Direct Costs £'000	Support Costs (Note 4) £'000	Total 2013 £'000	Total 2012 £'000
Cost of generating funds					
Fundraising and publicity	0	0	0	0	1
Cost of charitable activities					
Residential services	1,793	554	216	2,563	2,821
Community services	6,914	1,555	838	9,307	5,626
Governance Costs	0	0	46	46	42
	<u>8,707</u>	<u>2,109</u>	<u>1,100</u>	<u>11,916</u>	<u>8,490</u>

4. ANALYSIS OF SUPPORT COSTS

	Finance £'000	Central Office Costs £'000	HR Quality & Training £'000	Total 2013 £'000	Total 2012 £'000
Cost of generating funds					
Fundraising and publicity	0	0	0	0	1
Cost of charitable activities					
Residential services	59	111	46	216	239
Community services	227	434	177	838	641
Governance Costs	29	17	0	46	42
	<u>315</u>	<u>562</u>	<u>223</u>	<u>1,100</u>	<u>923</u>

Basis of allocation Headcount Headcount Headcount

5. TRUSTEES

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year. The cost of insuring the Trustees, employees and their agents against loss to the charity arising from neglect or faults was £2,750 (2012: £2,750). During the year £2,573 (2012: £2,869) was reimbursed to Trustees for travel expenses incurred in the course of charity business.

CRANSTOUN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

6. NET (OUTGOING) INCOMING RESOURCES

This is stated after charging:

	2013 £'000	2012 £'000
Auditors' remuneration	16	15
Auditors' other services	1	1
Depreciation	49	51

7. EMPLOYEES

	2013 £'000	2012 £'000
Wages and salaries	6,075	4,792
Social security	579	486
Pension costs	94	72

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

	2013 Number	2012 Number
Residential services	42	43
Community services	161	115
Central management and administration	17	16

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

	2013 Number	2012 Number
£60,000 to £70,000	1	2
£70,000 to £80,000	2	0
£80,000 to £90,000	0	1
£90,000 to £100,000	1	0

During the year, pension contributions on behalf of these staff members amounted to £18,803 (2012: £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 2012	9	8	149	1,233	1,399
Disposals	0	0	(66)	0	(66)
at 31 March 2013	9	8	83	1,233	1,333
Accumulated depreciation					
at 1 April 2012	1	0	101	93	195
Charge for the year	2	2	33	12	49
Disposals	0	0	(66)	0	(66)
at 31 March 2013	3	2	68	105	178
Net book values at 31 March 2013	6	6	15	1,128	1,155
Net book values at 1 April 2012	8	8	48	1,140	1,204

CRANSTOUN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

10. INVESTMENTS

	2013 £'000	2012 £'000
Investment portfolio		
Market value at 1 April 2012	495	493
Net gains on revaluation	63	2
Market value at 31 March 2013	<u>558</u>	<u>495</u>
Historical cost at 31 March 2013	<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 - Schroeder Charity Multi-Asset Fund	558	558	0
	<u>558</u>	<u>558</u>	<u>0</u>

11. DEBTORS

	2013 £'000	2012 £'000
Trade debtors	563	543
Prepayments and accrued income	239	279
Other debtors	3	24
	<u>805</u>	<u>846</u>

12. CREDITORS

	2013 £'000	2012 £'000
Amounts Falling Due Within One Year		
Trade creditors	85	483
Accruals	379	192
Deferred income: Government grants	377	151
Social Security & other taxes	167	141
Pension contributions	15	10
Other creditors	91	15
	<u>1,114</u>	<u>992</u>
Amounts Falling Due After More Than One Year		
Accruals	<u>156</u>	<u>106</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 £93,999 (2012: £72,242).

CRANSTOUN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

14. STATEMENT OF FUNDS

	Balance at 01-Apr-12 £'000	Movement in resources		Investment Gains/losses £'000	Transfers £'000	Balance at 31-Mar-13 £'000
		Incoming £'000	Outgoing £'000			
Restricted Funds						
Residential services	0	342	(342)	0	0	0
Community services	0	86	(86)	0	0	0
Total Restricted Funds	0	428	(428)	0	0	0
Designated Funds						
Fixed Asset Fund	1,204	0	0	0	(49)	1,155
Investment Fund	495	0	0	0	63	558
The Gallery Fund	350	0	(84)	0	0	266
Total Designated Funds	2,049	0	(84)	0	14	1,979
General Funds	1,325	11,586	(11,404)	63	(14)	1,556
Total Funds	<u>3,374</u>	<u>12,014</u>	<u>(11,916)</u>	<u>63</u>	<u>0</u>	<u>3,535</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 for the longer term 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	1,155	0	0	0	1,155
Investment Fund	0	558	0	0	558
The Gallery Fund	0	0	266	0	266
General funds	0	0	2,826	(1,270)	1,556
Total Funds	<u>1,155</u>	<u>558</u>	<u>3,092</u>	<u>(1,270)</u>	<u>3,535</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 2013, 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	8	2	2
2-5 years	126	10	20
Over 5 years	62	0	0
	<u>196</u>	<u>12</u>	<u>22</u>

CRANSTOUN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

	2013 £'000	2012 £'000
Net incoming / (outgoing) resources before revaluations	98	(293)
Depreciation	49	51
Profit from sale of fixed assets	0	(32)
Investment income and interest receivable	(27)	(36)
Increase / (Decrease) in creditors	172	(211)
Decrease in debtors	41	37
Net cash inflow / (outflow) from operating activities	<u>333</u>	<u>(484)</u>

21. ANALYSIS OF CHANGES IN NET FUNDS

	1 April 2012 £'000	Cashflow £'000	Non cash items £'000	31 March 2013 £'000
Cash in hand and at bank	<u>1,927</u>	<u>360</u>	<u>0</u>	<u>2,287</u>

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

	2013 £'000	2012 £'000
Increase / (Decrease) in cash in the year	<u>360</u>	<u>(395)</u>
Change in net funds resulting from cash flows	360	(395)
Net funds at 1st April 2012	<u>1,927</u>	<u>2,322</u>
Net funds at 31st March 2013	<u>2,287</u>	<u>1,927</u>