



**Company Number:** 3306337

**Charity Number:** 1061582

**Principal / Registered Office:**

1<sup>st</sup> Floor St Andrew's House  
St Andrew's Road  
Surbiton  
Surrey KT6 4DT  
**t:** 020 8335 1830  
**f:** 020 8399 4153

**Board of Trustees:**

Chair	Richard Oliver CB OBE
Honorary Treasurer	Katharine Patel
	Charlotte Bunyan (from 22 <sup>nd</sup> July 2015)
	Gary Davis (to 16 <sup>th</sup> January 2015)
	Cees Goos
	Wayne Haywood
	Faith Jenner
	Linda Moir
	Richard Pertwee

**Senior Management Team:**

Chief Executive Officer	Steve Rossell
Chief Financial Officer	Martin Holly FCA
Director of Operations	Peter Glass
Director of Human Resources	Kim Coles (from 4 <sup>th</sup> September 2014 )
Deputy Director of Operations	Niamh Donnelly (from 10 <sup>th</sup> November 2014)
Deputy Director of Operations	Marcus Parsons (from 13 <sup>th</sup> October 2014)
Deputy Director of Operations	Wendy Taylor (from 26 <sup>th</sup> January 2015 )

**Bankers:**

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

**Auditors:**

haysmacintyre  
26 Red Lion Square  
London  
WC1R 4AG

**Solicitors:**

Blake Morgan LLP	Edell Jones & Lessers
New Kings Court	1 Ron Leighton Way
Chandler's Ford	East Ham
Eastleigh SO53 3LG	London E6 1JA

**Investment Managers:**

Cazenove Capital Management  
12 Moorgate  
London  
EC2R 6DA

The Trustees of Cranstoun present their report and financial statements for the year ended 31 March 2015.

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 CB OBE  
Faith Jenner  
Steve Rossell (CEO)

#### *Finance & Audit Committee*

Chair Katharine Patel  
Richard Pertwee  
Steve Rossell (CEO)

### ***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 in accordance with the company's Articles of Association.

### ***Selection and Appointment of Trustees (Continued)***

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 Directory, 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. Additional training or support is available according to identified need.

### ***Trustees' responsibilities for the financial statements***

The Trustees are responsible for preparing their Trustees' Report, including the strategic 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 confirm that they have made all necessary enquiries, and taken such steps, 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***

Since 1969 Cranstoun has been making life better for those affected by alcohol and drugs. Our skilled and compassionate people work closely with services users and their families to change and save lives. We combine proven expertise in treatment and recovery with innovative approaches and actively involve those we help in improving the design of the services we provide.

## ***Objects of the charity***

*The primary objects of the charity are:*

- To beat alcohol and drug addiction.
- To save lives, by tackling alcohol and drug addiction.
- To change the lives of those affected by alcohol and drugs; helping them realise their potential and giving them a fresh start.
- To rebuild lives and communities affected by alcohol and drugs.
- 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 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, the Midlands and across Southern England. 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, including engagement and access services, specialist services for women, families and carers and young person's services through to Day Programmes, Criminal Justice Services; and Integrated Treatment & Recovery provision.
- Residential Recovery & Reintegration Services, including housing and additional support services.

## **Strategy**

Cranstoun's Strategic Vision for 2014-17 is supported through action across four domains as follows:

- **Service Users:** Supporting our service users to realise their potential and achieve freedom from dependence
- **Our People:** Promoting a skilled, ambitious, compassionate and engaged recovery-oriented workforce
- **Performance & Quality:** Performing to the highest standards to deliver results with integrity
- **Growth & Sustainability:** Growing the organisation, to support sustained recovery and freedom from dependence and its effects, for a greater number of service users and communities

Cranstoun's strategic aims will be underpinned by robust financial performance and management that enables a sustainable and viable organisation to thrive in its ambitions for service users.

## **Employees**

Our People strategy has remained a key focus within Cranstoun and we have developed our approach to employee engagement, retention, reward, performance management and personal and professional development. Cranstoun's Investors in People status has been re-accredited, accompanied by positive feedback on recent developments. Our key performance indicators have remained within target, with high retention rates and low levels of absence.

Our commitment to equality and diversity underpins all of our people policies and procedures, which are regularly reviewed to ensure that we offer and promote equal access to recruitment, selection, development and promotion opportunities.

Cranstoun's Learning and Development policy and strategy has been reviewed and re-launched, with a new approach to the 'development pathway', ensuring that our staff are equipped with essential core skills and are provided the opportunity to access specialist skills and knowledge throughout their career with Cranstoun. Management development programmes have been re-designed to build on our leadership capabilities across the organisation and all programmes are accredited by the Institute of Leadership and Management.

Staff reward structures have been developed, with the introduction of a new Employee Benefits package and the development of a Staff Recognition Scheme.

The workforce was engaged on a number of levels, most notably, through an Employee Engagement Survey and the development of The Exchange; Cranstoun's new consultation and information forum. Internal communications have also remained a focus, with monthly e-bulletins and the design of a new employee newsletter.

## **Volunteers**

Cranstoun's organisational target of having a volunteer for every two employees was exceeded during the year and volunteers remain a key part of our people community. Volunteers continue to enhance the service that we provide to our clients and support the delivery of services. We have continued to invest in our volunteers with the introduction of Volunteer Coordinator posts within many of our services, the provision of a qualification in health and social care and a dedicated Volunteer Recognition Award. We plan to invest further in our volunteer population by offering Apprenticeship opportunities.

## Strategic Report

### *Performance and Achievements*

In 2014/15 we continued to support a large number of clients and service users through their treatment and recovery journey and on to successful outcomes.

Service Type	Initial and general contacts & referrals	Service users in Treatment & Recovery	Successful Completions (%)
<i>Critical Care &amp; Residential Pharmaco-Treatment Services</i>	498	389	<b>68%</b>
<i>Residential Treatment &amp; Recovery Services</i>	186	82	<b>49%</b>
<i>Community Treatment &amp; Recovery Services</i>	4831	2550	<b>48%</b>
<i>Residential Recovery &amp; Reintegration Services</i>	54	31	<b>66%</b>
<b>Cranstoun Total</b>	<b>5569</b>	<b>3052</b>	<b>57%</b>

Success is judged nationally to be successful completion of treatment, free of dependence and exiting services in a planned way. Nationally, during the prior year, the proportion of people completing treatment successfully was 55% based on statistics from the National Drug Treatment Monitoring System (NDTMS). Against this, Cranstoun's service users achieved an average success rate of 57%.

Cranstoun's commitment to service user engagement continued to provide benefits. A dedicated service user development post links active and well attended service user groups, contributing to the co-production of interventions and ongoing service development. During the year a service user survey produced impressive results with high satisfaction levels across a range of criteria and an overall 90% satisfaction level.

### ***Critical Care & Residential Pharmaco-Treatment Services***

Cranstoun City Roads is a Care Quality Commission (CQC) registered residential service providing medically supervised (Pharmaco-treatment) options and 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 for people with highly complex problems. The service is the only direct access residential service within the London Region offering the particular expertise and outcomes available. The service is normally provided free to clients with charges paid by the relevant local authority, largely on a contract basis.

During 2014/15 demand was sustained for both planned admissions for detoxification and the critical care service, with overall occupancy rates of 77%. Funding contracts have been renewed for 2015/16 and the service continues to seek additional referrals through regular communication with commissioners and stakeholders throughout London and the South East of England and by tendering for preferred provider status where opportunities arise. Several London hospital based detoxification centres have either closed, or plan to close, in the coming year which should ensure that demand for this specialist service remains high.

### ***Residential Treatment & Recovery Services***

We accept referrals to our two residential treatment and recovery services, Oak Lodge and Trelawn House, subject to assessment, from any suitable substance users. These services are normally free to the client, with our charges being funded by the relevant local authority. Cranstoun remains committed to residential services which can be an essential recovery pathway for those with entrenched and often complex alcohol and drug problems. This commitment is justified by positive outcomes for our stakeholders and success for service users. During the year, occupancy levels fluctuated with changes to funding sources, but demand for residential places improved in the second half of the year and an average of 64% was achieved.

In 2015/16 the residential services plan to develop an enhanced recovery oriented group programme, create strong links with community treatment providers and facilitate Mutual Aid to support engagement in aftercare and sustain positive recovery. As part of the review of the management across residential services an Integrated Manager was introduced to offer consistent service delivery and streamline admissions and referrals.

### **Community Treatment & Recovery and Criminal Justice Services**

Cranstoun's community and criminal justice services are provided under a contract with the relevant local authority and are regularly retendered, with the current trend towards larger 'integrated' contracts covering the whole Alcohol and Drug treatment system for a local area. These services are provided free to clients in all our areas of operation and provide a wide range of interventions to support service users' recovery from dependence on alcohol and drugs, providing treatment from referral to successful recovery and reintegration. Major developments and achievements during the year were:

- Successfully tendering for a new integrated service in Reading which incorporates Reading Community Drug Agency, one of our long established services. The new service, known as IRiS, commenced on 1 October 2014 and is delivered in partnership with South Staffordshire and Shropshire Healthcare NHS Foundation Trust. The implementation involved merging the existing four teams into a single recovery service, however, outcomes were maintained and are now showing month on month improvements.
- The award of the contract for the Pavilions service in Brighton and Hove in September 2014. This is a fully integrated service, delivered with Surrey and Borders NHS Foundation Trust (SABP) and a number of local partners. This service commenced on 1st April 2015 with an annual income of nearly £5m. The implementation of this service required considerable resources during the latter half of the year, although the effort expended on the mobilisation resulted in a smooth transition from the outgoing providers and a positive experience for service users, staff and other stakeholders.
- Successful re-contracting of iHEAR services for the LB Hounslow. We achieved significant performance improvements across a number of key domains at the iHEAR integrated drug and alcohol treatment system in Hounslow. In particular, successful completions markedly increased and the service is now performing in the top quartile nationally for alcohol and non-opiate recovery outcomes.
- Recognition of the excellent work of Cranstoun's Dudley Switch Young Person's Service in February 2015 with a visit from the Home Secretary, Theresa May. The service operates in a very challenging environment; the local area has a significant problem with child exploitation and, compared to national averages, has 30% more domestic violence and 20% more young people Not in Education, Employment, or Training (NEET). The service has a 97% retention rate and performs well above national averages in terms of outcomes.

### ***Residential Recovery & Reintegration Services***

During the year Cranstoun continued to offer accommodation in Wandsworth for those undergoing treatment and those who have completed treatment and are abstinent, but still require some support. Service user charges for these services are covered by housing benefit and grants. Sisters Avenue provides stable and secure accommodation and practical help for clients whose engagement with drug and alcohol services is a condition of their tenancy. Demand for this service remains high with overall occupancy for the year at 87%.

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. The Ritherdon Road service offers this transitional opportunity for up to six residents. Stays at Ritherdon Road 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. During the year occupancy at this service was 89%.

### **Financial Review**

During 2014/15, total income was £11.0m (2014: £11.1m). Total resources expended were £11.0m (2014: £10.8). This has resulted in net outgoing resources of £59k for the year (2014: £293k net incoming resources). The deficit in 2014/15 primarily reflects the solid financial performance of community services offset by the financial consequences of variable occupancy levels at residential services. After recognition of unrealised investment gains the total net decrease in funds for the year was £13k (2014: £327k net increase in funds).

The financial position at the end of the year remained secure, and showed a net cash position of approximately £2.2m (2014: £2.8m). Total reserves at the end of the year were £3.85m (2014: £3.86m).

### ***Investment Policy***

Cranstoun maintains a modest portfolio of investments of £0.64m, 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 2014/15 the fund exceeded this target; achieving a total real return of 7.6%.

### ***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 2015 total unrestricted funds were £3.85m and unrestricted funds not committed or invested in tangible fixed assets or otherwise designated ('the free reserves') were £2.10m. The Board of Trustees has agreed a policy whereby the level of free reserves required is to be between 1.75 and 2.5 months of total income. This equates to free reserves between £1.60m and £2.29m and at present the free reserves are within this target range.

## **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 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 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.

## **Future Plans**

The primary objective is for Cranstoun to deliver its strategic vision to beat alcohol and drug addiction. This will be achieved through the development of business plans to facilitate a growing, but sustainable, organisation delivering high levels of performance and quality with a focus on supporting service users in their recovery and providing a positive environment for staff to thrive.

Cranstoun is structured and resourced as 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. In addition Cranstoun will continue to seek and foster suitable partnership arrangements with specialist agencies and local organisations to provide the breadth of expertise required for service delivery.

The experience of successfully implementing and delivering large 'total system' contracts has continued with the Pavilions service in Brighton and Hove and the IRiS service in Reading. This leaves Cranstoun well placed for further growth by building on expertise in tendering, flexible partnership working and the delivery of the large, complex and recovery oriented services being commissioned.

The financial forecast for the forthcoming year is for total income to be around £17.6m. This reflects income from the Pavilions service in Brighton and Hove from 1 April 2015 and 10% target growth in income.

In approving this Trustees' Report, the Board are also approving the Strategic Report included herein in their capacity as company directors.

BY ORDER OF THE BOARD



Richard Oliver CB OBE  
Chair  
23 September 2015



Katharine Patel  
Treasurer

We have audited the financial statements of Cranstoun for the year ended 31 March 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 4, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 and of the charitable company's 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.

### ***Opinion on other matter prescribed by the Companies Act 2006***

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

***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:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records or 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.



**Richard Weaver (Senior Statutory Auditor)  
for and on behalf of haysmacintyre, Statutory Auditor**

**24 September 2015**

**26 Red Lion Square  
London  
WC1R 4AG**

Statement of Financial Activities for  
the Year Ended 31 March 2015



	Note	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
<b>Incoming resources</b>						
<b>Incoming resources from generated funds:</b>						
<i>Voluntary income:</i>						
Donations, legacies and similar income		3	0	0	3	1
Investment income and interest receivable		18	0	0	18	19
		<u>21</u>	<u>0</u>	<u>0</u>	<u>21</u>	<u>20</u>
<b>Incoming resources from charitable activities:</b>						
Residential services	2	2,070	0	243	2,313	2,580
Community services		8,517	0	123	8,640	8,503
		<u>10,587</u>	<u>0</u>	<u>366</u>	<u>10,953</u>	<u>11,083</u>
<b>Total incoming resources</b>		<b><u>10,608</u></b>	<b><u>0</u></b>	<b><u>366</u></b>	<b><u>10,974</u></b>	<b><u>11,103</u></b>
<b>Resources expended</b>						
<b>Charitable activities:</b>						
Residential services		2,566	0	243	2,809	2,619
Community services		8,056	0	123	8,179	8,146
		<u>10,622</u>	<u>0</u>	<u>366</u>	<u>10,988</u>	<u>10,765</u>
<b>Governance costs</b>		45	0	0	45	45
<b>Total resources expended</b>	3	<b><u>10,667</u></b>	<b><u>0</u></b>	<b><u>366</u></b>	<b><u>11,033</u></b>	<b><u>10,810</u></b>
<b>Net (outgoing) / incoming resources before transfers</b>		<b>(59)</b>	<b>0</b>	<b>0</b>	<b>(59)</b>	<b>293</b>
Transfers between funds	14	(37)	37	0	0	0
<b>Net (outgoing) / incoming resources before other recognised gains and losses</b>		<b><u>(96)</u></b>	<b><u>37</u></b>	<b><u>0</u></b>	<b><u>(59)</u></b>	<b><u>293</u></b>
<b>Other recognised gains</b>						
Unrealised gains on investments	10	46	0	0	46	34
<b>Net movement in funds</b>		<b><u>(50)</u></b>	<b><u>37</u></b>	<b><u>0</u></b>	<b><u>(13)</u></b>	<b><u>327</u></b>
<b>Reconciliation of funds</b>						
Total funds brought forward		2,150	1,712	0	3,862	3,535
<b>Total funds carried forward</b>	14	<b><u>2,100</u></b>	<b><u>1,749</u></b>	<b><u>0</u></b>	<b><u>3,849</u></b>	<b><u>3,862</u></b>

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.

Balance Sheet as at 31 March 2015

Company No: 3306337



	Note	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Tangible fixed assets	9	1,111	1,120
Investments	10	<u>638</u>	<u>592</u>
		<u>1,749</u>	<u>1,712</u>
<b>Current assets</b>			
Debtors	11	1,641	764
Cash at bank and in hand		<u>2,157</u>	<u>2,810</u>
		<u>3,798</u>	<u>3,574</u>
<b>Current liabilities</b>			
Creditors falling due within one year	12	1,646	1,209
		<u>2,152</u>	<u>2,365</u>
<b>Net current assets</b>			
		<u>3,901</u>	<u>4,077</u>
<b>Total assets less current liabilities</b>			
Creditors falling due after more than one year	12	52	215
		<u>3,849</u>	<u>3,862</u>
<b>Net assets</b>			
<b>Represented by:</b>			
<b>Unrestricted Funds</b>			
General funds	14	2,100	2,150
Designated funds	14	<u>1,749</u>	<u>1,712</u>
		<u>3,849</u>	<u>3,862</u>
<b>Restricted funds</b>			
	14	0	0
<b>Total funds</b>			
		<u>3,849</u>	<u>3,862</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 23 September 2015 and signed on their behalf by:

Richard Oliver CB OBE  
Chair

Katharine Patel  
Treasurer

Cashflow Statement for the  
Year Ended 31 March 2015



	Note	2015 £'000	2014 £'000
<b>Net cash (outflow) / inflow from operating activities</b>	20	(665)	504
<b>Returns on investments and the servicing of finance</b>			
Investment income & interest receivable		18	19
<b>Capital expenditure and financial investment</b>			
Purchase of fixed assets		<u>(6)</u>	<u>0</u>
<b>(Decrease) / increase in cash</b>	22	(653)	523
Cash and cash equivalents at 1 April		2,810	2,287
<b>Cash and cash equivalents at 31 March</b>	21	<u><u>2,157</u></u>	<u><u>2,810</u></u>

## 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.

## 2. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	General Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
<b>Residential services</b>				
Board and lodging charges	2,068	243	2,311	2,575
Other income	2	0	2	5
	<u>2,070</u>	<u>243</u>	<u>2,313</u>	<u>2,580</u>
<b>Community services</b>				
Local authorities	8,491	0	8,491	22
Drugs Action Teams	0	0	0	4,151
Health Authorities	0	0	0	4,197
Charitable Trusts	0	83	83	101
Comic Relief	0	40	40	0
Other income	26	0	26	32
	<u>8,517</u>	<u>123</u>	<u>8,640</u>	<u>8,503</u>
	<u><b>10,587</b></u>	<u><b>366</b></u>	<u><b>10,953</b></u>	<u><b>11,083</b></u>

## 3. TOTAL RESOURCES EXPENDED

	Direct Staff Related Costs £'000	Other Direct Costs £'000	Support Costs (Note 4) £'000	Total 2015 £'000	Total 2014 £'000
<b>Cost of charitable activities</b>					
Residential services	1,829	612	368	2,809	2,619
Community services	3,105	4,299	775	8,179	8,146
<b>Governance Costs</b>	0	0	45	45	45
	<u>4,934</u>	<u>4,911</u>	<u>1,188</u>	<u>11,033</u>	<u>10,810</u>

## 4. ANALYSIS OF SUPPORT COSTS

	Finance £'000	Central Office Costs £'000	HR Quality & Training £'000	Total 2015 £'000	Total 2014 £'000
<b>Cost of charitable activities</b>					
Residential services	98	193	77	368	216
Community services	208	405	162	775	838
<b>Governance Costs</b>	29	16	0	45	46
	<u>335</u>	<u>614</u>	<u>239</u>	<u>1,188</u>	<u>1,100</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 (2014: £2,750). During the year £3,490 (2014: £1,414) was reimbursed to Trustees for travel expenses incurred in the course of charity business.

## 6. NET (OUTGOING) INCOMING RESOURCES

This is stated after charging:

	2015 £'000	2014 £'000
Auditors' remuneration	17	16
Auditors' other services	0	1
Depreciation	15	29
	<u>32</u>	<u>46</u>

## 7. EMPLOYEES

	2015 £'000	2014 £'000
Wages and salaries	4,253	5,263
Social security	399	501
Pension costs	175	142
	<u>4,827</u>	<u>5,906</u>

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

	2015 Number	2014 Number
Residential services	43	43
Community services	92	137
Management and administration	18	17
	<u>153</u>	<u>197</u>

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

	2015 Number	2014 Number
£60,000 to £70,000	0	1
£70,000 to £80,000	2	2
£90,000 to £100,000	1	1

During the year, pension contributions on behalf of these staff members amounted to £32,047 (2014: £26,081).

## 8. TAXATION

The Charity's activities are exempt from corporation tax.

## 9. TANGIBLE FIXED ASSETS

	Furniture & Equipment £'000	Freehold Property £'000	Total £'000
<b>Cost</b>			
at 1 April 2014	9	1,233	1,242
Additions	6	0	6
at 31 March 2015	<u>15</u>	<u>1,233</u>	<u>1,248</u>
<b>Accumulated depreciation</b>			
at 1 April 2014	5	117	122
Charge for the year	3	12	15
at 31 March 2015	<u>8</u>	<u>129</u>	<u>137</u>
Net book values at 31 March 2015	<u>7</u>	<u>1,104</u>	<u>1,111</u>
Net book values at 1 April 2014	<u>4</u>	<u>1,116</u>	<u>1,120</u>

## 10. INVESTMENTS

	2015 £'000	2014 £'000
<b>Investment portfolio</b>		
Market value at 1 April 2014	592	558
Net gains on revaluation	46	34
Market value at 31 March 2015	<u>638</u>	<u>592</u>
Historical cost at 31 March 2015	<u>441</u>	<u>441</u>

This is made up as follows:

	Investment assets held:		
	Total £'000	Inside UK £'000	Outside UK £'000
<b>Quoted Investments:</b>			
Schroeder Charity Multi-Asset Fund	638	638	0
	<u>638</u>	<u>638</u>	<u>0</u>

#### 11. DEBTORS

	2015 £'000	2014 £'000
Trade debtors	1,342	567
Prepayments and accrued income	292	192
Other debtors	7	5
	<u>1,641</u>	<u>764</u>

#### 12. CREDITORS

	2015 £'000	2014 £'000
<b>Amounts Falling Due Within One Year</b>		
Trade creditors	387	110
Accruals	660	496
Deferred income: Government grants	352	332
Social Security & other taxes	121	156
Pension contributions	19	17
Other creditors	107	98
	<u>1,646</u>	<u>1,209</u>
<b>Amounts Falling Due After More Than One Year</b>		
Accruals	<u>52</u>	<u>215</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 £175,297 (2014: £141,920).

#### 14. STATEMENT OF FUNDS

	Balance at 01-Apr-14 £'000	Movement in resources Incoming £'000	Outgoing £'000	Investment Gains/losses £'000	Transfers £'000	Balance at 31-Mar-15 £'000
<b>Restricted Funds</b>						
Residential services	0	243	(243)	0	0	0
Community services	0	123	(123)	0	0	0
<b>Total Restricted Funds</b>	<u>0</u>	<u>366</u>	<u>(366)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Designated Funds</b>						
Fixed Asset Fund	1,120	0	0	0	(9)	1,111
Investment Fund	592	0	0	0	46	638
<b>Total Designated Funds</b>	<u>1,712</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37</u>	<u>1,749</u>
<b>General Funds</b>	2,150	10,608	(10,667)	46	(37)	2,100
<b>Total Funds</b>	<u>3,862</u>	<u>10,974</u>	<u>(11,033)</u>	<u>46</u>	<u>0</u>	<u>3,849</u>

#### Restricted funds are for the following purposes:

Residential services: This represents partial funding for 3 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.

#### 15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £'000	Investments £'000	Current assets £'000	Liabilities £'000	Total £'000
<b>Designated funds</b>					
Fixed Asset Fund	1,111	0	0	0	1,111
Investment Fund	0	638	0	0	638
<b>General funds</b>	0	0	3,798	(1,698)	2,100
<b>Total Funds</b>	<u>1,111</u>	<u>638</u>	<u>3,798</u>	<u>(1,698)</u>	<u>3,849</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 2015, the Company had the following annual commitments under non-cancellable operating leases which expire within:

	Land & Buildings £'000	Motor Vehicles £'000
1 year	58	14
2 to 5 years	<u>27</u>	<u>4</u>
	<u>85</u>	<u>18</u>

#### 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 (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES

	2015 £'000	2014 £'000
Net (outgoing) / incoming resources before other recognised gains and losses	(59)	293
Depreciation	15	29
Loss on sale of fixed assets	0	6
Investment income and interest receivable	(18)	(19)
Increase in creditors	274	154
(Increase) / decrease in debtors	(877)	41
Net cash (outflow) / inflow from operating activities	<u>(665)</u>	<u>504</u>

#### 21. ANALYSIS OF CHANGES IN NET FUNDS

	1 April 2014 £'000	Cashflow £'000	Non cash items £'000	31 March 2015 £'000
Cash in hand and at bank	<u>2,810</u>	<u>(653)</u>	<u>0</u>	<u>2,157</u>

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

	2015 £'000	2014 £'000
(Decrease) / increase in cash in the year	(653)	523
Change in net funds resulting from cash flows	(653)	523
Net funds at 1st April 2014	2,810	2,287
Net funds at 31st March 2015	<u>2,157</u>	<u>2,810</u>