

**Reference and Administrative Details
for the Year Ended 31 March 2016**



Company Number: 3306337

Charity Number: 1061582

Principal / Registered Office:

Thames Mews
Portsmouth Road
Esher
Surrey KT10 4AD
t: 020 8335 1830
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Board of Trustees:

Chair	Richard Pertwee Richard Oliver CB OBE (to 30 th November 2015)
Deputy Chair	Linda Moir
Honorary Treasurer	Katharine Patel Franklin Apfel (from 23 rd September 2015) Charlotte Bunyan (from 22 nd July 2015) Cees Goos Wayne Haywood Faith Jenner Steve Rossell (from 26 th October 2015)

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
Deputy Director of Operations	Niamh Donnelly
Deputy Director of Operations	Marcus Parsons (to 16 th May 2016)
Deputy Director of Operations	Wendy Taylor

Bankers:

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

Independent Auditor:

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 2016.

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 19 and 20 of the attached financial statements and comply with the charitable company's Articles of Association last amended 23 September 2015, applicable laws and the requirements of the Statement of Recommended Practice for Charities (SORP 2015).

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, with the exception of the Chief Executive, 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 each year. As a company limited by guarantee, with no share capital, none of the Trustees has any beneficial interest in the charitable company. Committees of Trustees deal with specific areas of the charity's governance as follows:

Nomination & Remuneration Committee

Chair Faith Jenner
Richard Oliver CB OBE (to 30th November 2015)
Richard Pertwee
Steve Rossell

Finance & Audit Committee

Chair Katharine Patel
Richard Pertwee
Steve Rossell

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.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it's inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the charitable company and to enable them to ensure 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.

So far as each of the Trustees is aware at the time the report is approved:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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.

Pay Policy for Senior Staff

The pay of the senior management team (key management personnel) is reviewed annually by the NaRC and ratified by the Board of Trustees. This review takes into account general wage inflation, any pay increases available to staff and benchmarking of the salaries and benefits of senior executives in similar organisations.

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

Cranstoun's People strategy has remained a key focus for the organisation, with a number of new initiatives being developed and expanded over the year.

Supporting our employee engagement strategy, the organisation delivered a successful Development Day for Managers; and an Annual Staff Conference for all staff. Our employee forum 'The Exchange' has continued to develop and the 'Cranstoun Connect' employee newsletter has been well received.

Following the re-launch of our Learning and Development strategy in early 2015, investment has been made in our management population through nationally accredited Management Development Programmes and specialist coaching for first line, middle and senior managers. A bespoke Learning Management System has also been introduced to deliver a range of courses via e-learning.

Reward Structures, in particular the Staff Recognition Scheme have grown in popularity, with more and more nominations received each round.

Key performance indicators have remained within target, with high retention rates and low levels of absence.

Drawing these developments together, and supporting our Investors in People Status, Cranstoun also gained a place in the Sunday Times 100 Best Not for Profit Organisations to Work For 2016 – an achievement we are very proud of.

Volunteers

Cranstoun's organisational target of having a volunteer for every two employees was exceeded during the year; 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 continue to invest in our volunteers through dedicated Volunteer Coordinator posts; central bi-monthly meetings support the development of how we utilise and develop our volunteers. Plans to launch Cranstoun's Apprenticeship scheme in September 2016 will further enhance the opportunities that we are able to provide to volunteers.

Strategic Report

Performance and Achievements

In 2015/16 we continued to support a large number of service users through their treatment and recovery journey and on to successful outcomes. Cranstoun continued to engage with a wide range of service users and figures 1 to 5 on page 8 show demographic details of the total numbers of service users in treatment during the year. Figure 2 shows service users to be predominantly male (71%) and figure 1 that opiates and /or alcohol were the main drug groups represented. However, figure 5 gives an indication of the wide variety of drug types that are dealt with by our services.

The table below gives further details of referrals, total service users in treatment and successful completions by services type. Success is judged nationally to be the successful completion of treatment, free of dependence and the exiting of services in a planned way. Nationally, during the prior year, the proportion of drug and alcohol users completing treatment successfully was 52% across treatment services based on statistics from the National Drug Treatment Monitoring System (NDTMS). Against this, Cranstoun's service users achieved an impressive average success rate of 65%. The level of successful completions in community treatment and recovery services is notably lower than this average. However, this is comparable with national figures for services of this type where the rates vary markedly depending on geography, the nature of the underlying substance use, the type of service offered and the service user's stage in their recovery journey.

Service Type	Initial and general contacts & referrals	Service users in Treatment & Recovery	Successful Completions (%)
<i>Critical Care & Residential Pharmaco-Treatment Services</i>	493	389	71%
<i>Residential Treatment & Recovery Services</i>	112	83	69%
<i>Community Treatment & Recovery Services</i>	6820	5888	47%
<i>Residential Recovery & Reintegration Services</i>	26	20	73%
Cranstoun Total	7451	6380	65%

NB The total successful completions is expressed as an average across the service types

Service User Engagement

Cranstoun remained committed to service user engagement with its dedicated service user development post and well attended service user groups, contributing to the co-production of interventions and ongoing service development. The annual service user survey again produced impressive results with sustained high satisfaction levels across a range of criteria and an overall 91% satisfaction level. Staff measures in terms of approachability, professionalism and confidentiality scored particularly highly reflecting the dedication and expertise of the staff teams.

Who we worked with in 2015-16

Figure 1. Drug group

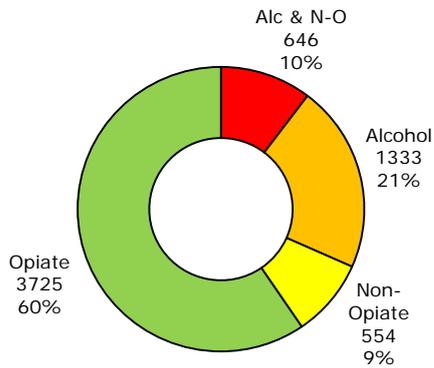


Figure 2. Gender

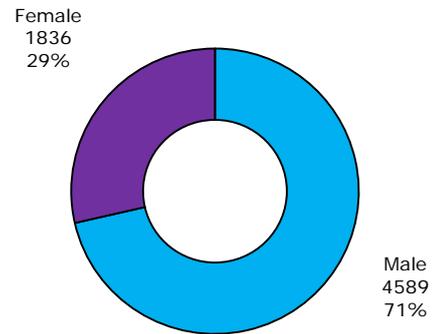


Figure 3. Age range

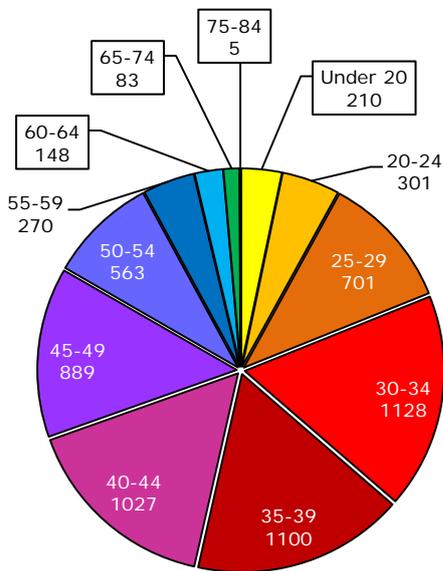
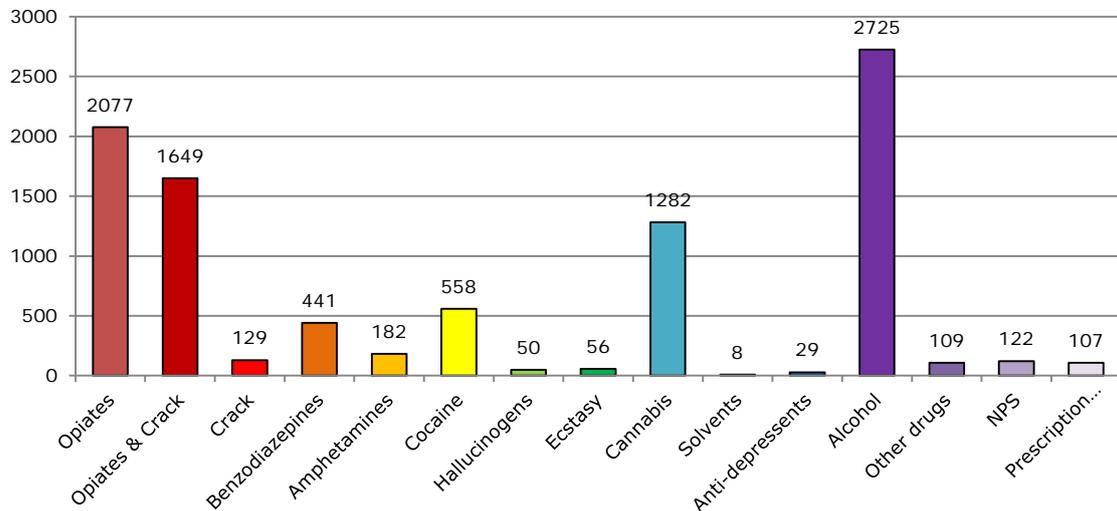


Figure 4. Ethnicity



Figure 5. Substances cited by Cranstoun service users



Critical Care & Residential Pharmaco-Treatment Services

Cranstoun City Roads is a Care Quality Commission (CQC) registered residential service providing medically supervised detoxification and stabilisation treatment 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.

The service is funded largely on a contract basis and 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.

During 2015/16 demand was sustained for admissions for detoxification and stabilisation treatment, with overall occupancy rates of 71%. Funding contracts have been renewed for 2016/17 and the service has secured new contracts with Commissioners and stakeholders throughout London and the South East of England. Several hospital based facilities have recently closed which should ensure that demand for this specialist service remains high. The restructuring of the management team was completed and a recovery oriented programme offer was implemented to improve the Service User experience.

Residential Treatment & Recovery Services

Cranstoun remains committed to residential services; an essential part of the recovery agenda 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 service users. 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.

In a year of fluctuating demand and significant changes in the community services across London who normally refer into residential treatment, Oak Lodge achieved 60% occupancy levels and Trelawn House 59%. Both services delivered high quality outcomes to both referrers and service users and achieved 69% successful completions.

Cranstoun is completing a review of residential services to streamline the referrals process, refresh the programme structure and marketing and business development approach to make them consistent with the wider organisational approach and adapt to changes in the needs of the sector.

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. The operating environment continued to be challenging with many local authorities seeking funding cuts which required the reconfiguration of some of the services. Major developments and achievements during the year were:

- The award of the contract for the 'Inspire' Sutton Integrated Drug and Alcohol Service. This is a fully integrated service, delivered with South West London and St Georges NHS Foundation Trust and a local partner. This service commenced on 1st April 2016 with an annual income of nearly £2m.

Community Treatment & Recovery and Criminal Justice Services (continued)

- The Pavilions service in Brighton and Hove has been successfully implemented with partnership relationships in place and performance sustained. During the year the service moved to new and extensively refurbished premises creating an excellent base to develop the service over the coming years. Subsequently Brighton and Hove City council have informed Cranstoun that the contract will be extended until March 2020; however, £2.6m worth of savings are required over the same time period and a significant remodelling of the service will therefore take place in 2017.
- The IHEAR integrated drug and alcohol treatment system in Hounslow delivered significant performance improvements across a number of key domains significantly increasing successful completions across all areas. IHEAR is the top performing service in London for alcohol treatment outcomes and reached the top quartile nationally for successful completions for opiates, non-opiates and alcohol and non-opiates. This excellent performance has secured a contract extension until 2018.
- IRiS Reading developed the 'My Recovery Model'; this is a phased and layered approach to treatment and recovery support that integrates the national '5 ways to well-being programme' into the core of an individual's recovery journey. It incorporates the public health priorities of smoking cessation, fitness with a peer led weekly swimming club, and connecting to communities through a volunteering and peer mentor programme. These interventions have increased the outcomes for service users and successful completions from treatment across all four defined Public Health outcome domains are now well above the national average.
- The Change and Recovery service @ 28b in Islington delivered 70% positive treatment outcomes and has been awarded an extension to the contract term. Its pioneering programme working with male perpetrators of domestic violence with funding from Lankelly Chase Foundation was expanded to additionally offer support for female survivors of domestic violence.
- Switch Dudley increased both numbers in treatment and successful completions. Developments included implementing a family support programme, developing an assessment pathway to maximise treatment interventions and outcomes and widening the volunteer/training programme to include recognised open college network qualifications.
- IRiS Sandwell continued to perform well with opiate completion rates now running consistently above National Averages. In addition the service trained over 500 local professionals in drug awareness and early interventions.

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 rates for the year at 94%.

During the year, the service has engaged with Wandsworth housing commissioners as part of the review of supported housing across the borough. We will hear during the latter part of 2016/17 which services are being re-tendered and which decommissioned. Despite this uncertainty the service continued to make improvements with a garden make over and has enhanced the quality of support by delivering a life skills group programme.

Financial Review

During 2015/16, total income was £15.7m (2015: £11.0m) and total expenditure £16.0m (2015: £11.0m). The large increase in both income and expenditure largely results from the new Pavilions service in Brighton and Hove that commenced on 1st April 2015. This has resulted in net expenditure of £257k for the year (2015: £13k). This primarily reflects the solid financial performance of community services offset by income reductions from variable occupancy levels at residential services together with the initial setup costs of the Pavilions service.

The financial position at the end of the year remained secure, and showed a net cash position of approximately £3.8m (2015: £2.2m). However, net current assets reduced from £2.2m in 2015 to £1.3m in 2016 as a result of the net expenditure for the year (£0.3m), additions to the investment portfolio (£0.3m) and investment in capital assets (£0.4m); primarily leasehold improvements at Pavilions. Total reserves at the end of the year were £3.6m (2015: £3.9m).

Investment Policy

Cranstoun maintains a portfolio of investments of £0.93m, 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 2015/16, the fund failed to reach this target; achieving a total real return of -2.4% against the target return of 5.6%.

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.

A designated reserve is maintained for the net book value of tangible fixed assets as these are not freely available to support the charity's business. The level of this reserve changes as assets are acquired, disposed or depreciated in line with the accounting policies.

At the 31 March 2016 total unrestricted funds were £3.6m 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 between 1.75 and 2.5 months of total income. This equates to free reserves between £2.3m and £3.3m and at present the free reserves are therefore below this target range. The Trustees are therefore considering ways in which additional funds can be generated to bring the free reserve within the target range and will be closely monitoring reserves levels over the coming year.

Risk Management

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. As a result of this process the Trustees are satisfied that the risks to which the charity is exposed have been identified and systems have been established and implemented to mitigate exposure to those risks.

Risk Management (Continued)

The principal risks identified and the plans and strategies for managing these risks are as follows:

- The possible loss of contract income due to the highly competitive environment in which Cranstoun operates. This risk is mitigated by continual monitoring of service quality and performance, ongoing engagement with development activities, maintaining a competitive cost base and the use of partnership arrangements to enable the charity to bid for larger contracts.
- The possibility of reduced or changed funding as a result of changes in Government policy. This risk is managed by monitoring government strategy and any legal and regulatory changes, membership of service provider bodies representing the sector and engaging with policy makers and commissioners.

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. 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. However, cuts in local authorities' budgets are reducing the funding available for Cranstoun's core activities. Therefore, in order to sustain its growth, Cranstoun intends to consider investing in alternative sources of income from delivering services in other related areas, building on existing organisational experience.

The financial forecast for the forthcoming year is for total income to be around £17.6m. This reflects income from the Inspire service in Sutton from 1 April 2016 and a 10% target for growth in income.

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

ON BEHALF OF THE BOARD



Richard Pertwee
Chair
27 September 2016



Katharine Patel
Treasurer

We have audited the financial statements of Cranstoun for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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.

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 2016 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**

28 September 2016

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

Statement of Financial Activities for
the Year Ended 31 March 2016



	Note	2016			2015		
		Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Income from:							
Donations and legacies		3	-	3	3	-	3
Charitable activities:							
Residential services		1,876	115	1,991	2,070	243	2,313
Community services		13,353	344	13,697	8,517	123	8,640
	2	<u>15,229</u>	<u>459</u>	<u>15,688</u>	<u>10,587</u>	<u>366</u>	<u>10,953</u>
Investments		17	-	17	18	-	18
Total income		<u>15,249</u>	<u>459</u>	<u>15,708</u>	<u>10,608</u>	<u>366</u>	<u>10,974</u>
Expenditure on:							
Charitable activities:							
Residential services		2,310	115	2,425	2,580	243	2,823
Community services		13,186	344	13,530	8,087	123	8,210
Total expenditure	3	<u>15,496</u>	<u>459</u>	<u>15,955</u>	<u>10,667</u>	<u>366</u>	<u>11,033</u>
Net (losses) / gains on investments		(10)	-	(10)	46	-	46
Net (expenditure)/income and net movement in funds		<u>(257)</u>	<u>-</u>	<u>(257)</u>	<u>(13)</u>	<u>-</u>	<u>(13)</u>
Reconciliation of funds							
Total funds brought forward		3,849	-	3,849	3,862	-	3,862
Total funds carried forward	14	<u>3,592</u>	<u>-</u>	<u>3,592</u>	<u>3,849</u>	<u>-</u>	<u>3,849</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.

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible fixed assets	9	1,519	1,111
Investments	10	<u>928</u>	<u>638</u>
		<u>2,447</u>	<u>1,749</u>
Current assets			
Debtors	11	1,287	1,641
Cash at bank and in hand		<u>3,791</u>	<u>2,157</u>
		5,078	3,798
Current liabilities			
Creditors falling due within one year	12	(3,818)	(1,646)
Net current assets		<u>1,260</u>	<u>2,152</u>
Total assets less current liabilities		<u>3,707</u>	<u>3,901</u>
Creditors falling due after more than one year	12	(115)	(52)
Net assets		<u><u>3,592</u></u>	<u><u>3,849</u></u>
Represented by:			
Unrestricted funds			
Designated funds	14	1,519	1,111
General funds	14	<u>2,073</u>	<u>2,738</u>
Total unrestricted funds		3,592	3,849
Restricted funds	14	-	-
Total funds		<u><u>3,592</u></u>	<u><u>3,849</u></u>

The financial statements were approved and authorised for issue by the Board of Trustees on 27 September 2016 and signed on their behalf by:



Richard Pertwee
 Chair



Katharine Patel
 Treasurer

Statement of Cash Flows for
the Year Ended 31 March 2016



	Note	2016 £'000	2015 £'000
Net cash provided by/(used in) operating activities	20	2,382	(665)
Cash flows from investing activities			
Investment income & interest receivable		17	18
Purchase of property, plant and equipment		(465)	(6)
Purchase of Investments		(300)	-
Net cash (used in) / provided by investing activities		<u>(748)</u>	<u>12</u>
Change in cash and cash equivalents in the year		1,634	(653)
Cash and cash equivalents at the beginning of the year		2,157	2,810
Cash and cash equivalents at the end of the year		<u>3,791</u>	<u>2,157</u>

1. ACCOUNTING POLICIES

a) Accounting Convention and Basis of Preparation

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments to market value. They are prepared in accordance with Statement of Recommended Practice for Charities (SORP 2015), applicable accounting standards (FRS 102) and the Companies Act 2006. Cranstoun is a public benefit entity as set out in section 3 of FRS 102. Following the transition to FRS 102 for the first time in 2015 all of the accounting policies have been aligned with the new accounting standard and these have not had a material impact on the accounts. Therefore the Trustees consider that no restatement has been required to the previously reported financial statements and consequently no transition note has been presented in the notes to the accounts.

b) Going concern

The Trustees consider that, 12 months from the signing date, there are no material uncertainties regarding the charity's ability to continue as a going concern.

c) Income

Income is recognised in the period in which the charitable company has entitlement to the funds and it is probable that the income will be received and the amount can be measured reliably. Income is deferred when the charity has to fulfil conditions before becoming entitled or where the donor or contracting party has specified the income be expended in a future period.

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

d) Expenditure

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 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 include governance costs. 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.

e) Tangible Fixed Assets And Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Assets costing more than £5,000 and leasehold improvements costing more than £20,000 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
Leasehold improvements	The shorter of the remaining length of the lease or the remaining duration of the associated service contract.
Fixtures & fittings, equipment & motor vehicles	4 years
Refurbishment	10 years

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

f) Fixed Asset Investments

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

g) Financial instruments - assets and liabilities

Debtors

Debtors are recognised at the settlement amount due.

Cash and cash equivalents

Cash at bank and cash in hand includes cash held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

h) Fund Accounting

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

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

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

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

i) Leasing And Hire Purchase

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

j) Pensions

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

2. INCOME FROM CHARITABLE ACTIVITIES

	General Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Residential services				
Board and lodging charges	1,869	115	1,984	2,311
Other income	7	-	7	2
	<u>1,876</u>	<u>115</u>	<u>1,991</u>	<u>2,313</u>
Community services				
Local authorities	13,311	270	13,581	8,491
Charitable Trusts	-	34	34	83
Comic Relief	-	40	40	40
Other income	42	-	42	26
	<u>13,353</u>	<u>344</u>	<u>13,697</u>	<u>8,640</u>
	<u>15,229</u>	<u>459</u>	<u>15,688</u>	<u>10,953</u>

3. TOTAL EXPENDITURE

	Direct Staff Related Costs £'000	Other Direct Costs £'000	Support Costs (Note 4) £'000	Total 2016 £'000	Total 2015 £'000
Cost of charitable activities					
Residential services	1,711	466	248	2,425	2,823
Community services	4,368	8,186	976	13,530	8,210
	<u>6,079</u>	<u>8,652</u>	<u>1,224</u>	<u>15,955</u>	<u>11,033</u>
2015 Total	<u>4,934</u>	<u>4,911</u>	<u>1,188</u>	<u>11,033</u>	

4. ANALYSIS OF SUPPORT COSTS

	Finance £'000	Central Office Costs £'000	HR Quality & Training £'000	Governance Costs £'000	Total 2016 £'000	Total 2015 £'000
Cost of charitable activities						
Residential services	69	123	46	10	248	382
Community services	273	486	179	38	976	806
	<u>342</u>	<u>609</u>	<u>225</u>	<u>48</u>	<u>1,224</u>	<u>1,188</u>
Basis of allocation	Headcount	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 for acting as a trustee. Steve Russell was appointed a trustee on 26th October 2015 and received remuneration and employment benefits in connection with his employment as the charity's Chief Executive. Such payments are made in accordance with the charity's amended articles following the consent of the Charity Commission. The amounts paid from the date of his appointment in accordance with the provision in the charity's articles were salary £40,148, pension contributions £6,195 and benefits £2,548.

The cost of insuring the Trustees, employees and their agents against loss to the charity arising from neglect or faults was £2,917 (2015: £2,750).

During the year £2,474 (2015: £3,490) was reimbursed to two (2015: two) Trustees for travel expenses incurred in the course of charity business.

6. NET (EXPENDITURE) / INCOME FOR THE YEAR

This is stated after charging:

	2016 £'000	2015 £'000
Auditor's remuneration	17	17
Depreciation	57	15
Operating lease rentals	<u>533</u>	<u>298</u>

7. EMPLOYEES

	2016 £'000	2015 £'000
Wages and salaries	5,209	4,211
Social security	488	399
Pension costs	137	175
Redundancy and Termination payments	18	42
	<u>5,852</u>	<u>4,827</u>

The monthly average head count was 203 staff (2015: 160 staff).

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

	2016 Number	2015 Number
£70,000 to £80,000	2	2
£90,000 to £100,000	<u>1</u>	<u>1</u>

The total employee benefits of the senior management team (key management personnel) as defined on page 2 were £503,164 (2015: £364,167).

8. TAXATION

The Charity's activities are exempt from corporation tax.

9. TANGIBLE FIXED ASSETS

	Furniture & Equipment £'000	Motor Vehicle £'000	Freehold Property £'000	Leasehold Improvements £'000	Total £'000
Cost					
At 1 April 2015	15	-	1,233	-	1,248
Additions	80	9	-	376	465
Disposals	(8)	-	-	-	(8)
At 31 March 2016	<u>87</u>	<u>9</u>	<u>1,233</u>	<u>376</u>	<u>1,705</u>
Accumulated depreciation					
At 1 April 2015	8	-	129	-	137
Charge for the year	19	2	12	24	57
Disposals	(8)	-	-	-	(8)
At 31 March 2016	<u>19</u>	<u>2</u>	<u>141</u>	<u>24</u>	<u>186</u>
Net book values at 31 March 2016	<u>68</u>	<u>7</u>	<u>1,092</u>	<u>352</u>	<u>1,519</u>
Net book values at 1 April 2015	<u>7</u>	<u>-</u>	<u>1,104</u>	<u>-</u>	<u>1,111</u>

10. INVESTMENTS

	2016 £'000	2015 £'000
Investment portfolio		
Market value at 1 April 2015	638	592
Net (loss)/gains on revaluation	(10)	46
Transferred to investments	300	-
Market value at 31 March 2016	<u>928</u>	<u>638</u>
Historical cost at 31 March 2016	<u>741</u>	<u>441</u>

This is made up as follows:

	Investment assets held:		
	Total £'000	Inside UK £'000	Outside UK £'000
Quoted Investments:			
Schroeder Charity Multi-Asset Fund	928	928	-
	<u>928</u>	<u>928</u>	<u>-</u>

11. DEBTORS

	2016 £'000	2015 £'000
Trade debtors	1,072	1,342
Prepayments and accrued income	212	292
Other debtors	3	7
	<u>1,287</u>	<u>1,641</u>

12. CREDITORS

	2016 £'000	2015 £'000
Amounts Falling Due Within One Year		
Trade creditors	972	589
Accruals	2,176	458
Deferred income: Government grants	415	352
Social Security & other taxes	136	121
Pension contributions	22	19
Other creditors	97	107
	<u>3,818</u>	<u>1,646</u>
Amounts Falling Due After More Than One Year		
Accruals	<u>115</u>	<u>52</u>

Deferred Income represents funding received in advance of the provision of the related service. All deferred income held at the end of the previous financial year has been recognised in the current financial year.

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 £137,418 (2015: £175,297).

14. STATEMENT OF FUNDS

	Balance at 01-Apr-15 £'000	Movement in resources		Investment Gains/Losses £'000	Transfers £'000	Balance at 31-Mar-16 £'000
		Incoming £'000	Outgoing £'000			
Restricted Funds						
Residential services	-	115	(115)	-	-	-
Community services	-	344	(344)	-	-	-
Total Restricted Funds	-	459	(459)	-	-	-
Unrestricted Funds						
Designated Funds						
Fixed Asset Fund	1,111	-	-	-	408	1,519
Total Designated Funds	1,111	-	-	-	408	1,519
General Funds	2,738	15,249	(15,496)	(10)	(408)	2,073
Total Unrestricted Funds	3,849	15,249	(15,496)	(10)	-	3,592
Total Funds	3,849	15,708	(15,955)	(10)	-	3,592

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.

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	1,519	-	-	-	1,519
General funds	-	928	5,078	(3,933)	2,073
Total Funds	1,519	928	5,078	(3,933)	3,592

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. LEASE COMMITMENTS

At 31 March 2016, the charity had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016 Land & Buildings £'000	2016 Motor Vehicles £'000	2015 Land & Buildings £'000	2015 Motor Vehicles £'000
Payments due in:				
Not later than 1 year	493	12	209	18
Later than 1 year and not later than 5 years	1,266	12	387	10
More than 5 years	29	-	51	-
	1,788	24	647	28

18. CAPITAL COMMITMENTS

There are no capital commitments.

19. CONTINGENT LIABILITIES

There are no contingent liabilities.

20. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £'000	2015 £'000
Net (expenditure) for the year	(257)	(13)
Depreciation charges	57	15
Losses/(gains) on investments	10	(46)
Dividends, interest and rents from investments	(17)	(18)
Loss on sale of fixed assets	-	-
Decrease/(increase) in debtors	354	(877)
Increase in creditors	2,235	274
Net Cash provided by/(used in) operating activities	2,382	(665)

21. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Cranstoun's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Key areas subject to judgement and estimation are as follows:

Provisions for dilapidation works to leased properties

Management review, and provide for, potential dilapidations in respect of properties where the lease includes an obligation to restore the premises to the condition they were in when the lease was entered into. Management review such provisions on an annual basis and update them in accordance with historical experience and events that might materially impact on the potential costs to the charity. At the balance sheet date the total amount included in creditors was £215,777 (2015: £240,085).