



HELPING HOMELESS AND VULNERABLE PEOPLE SINCE 1860

Trustees' Annual Report and Financial Statements for the year ended 31 March 2021

Providence Row

Registered and Principal Office:

The Dellow Centre
82 Wentworth Street
London
E1 7SA

Company number 07452798

Charity number 1140192

E-mail: info@providencerow.org.uk
www.providencerow.org.uk



@Providence_Row



/ProvidenceRow

Board of Trustees

Elizabeth Canning (Chair)
Bishop Nicholas Hudson
Linda McHugh
Jonathan Rhodes
Richard Solomon (Honorary Treasurer)
Paul Strange

Patron

His Grace the Duke of Norfolk

Honorary Vice Presidents

Fr. Peter Harris
Dr Daniel Regan MBE, OStJ, KSG
Mr Richard Sermon

Chief Executive Officer & Company Secretary

Tom O'Connor

Auditors

Mazars LLP
6 Sutton Plaza
Sutton Court Road
Sutton
Surrey
SM1 4FS

Bankers

HSBC Bank plc
City of London Branch
60 Queen Victoria Street
London
EC4N 4TR

Handelsbanken
42 New Broad St
London
EC2M 1JD

Investment Advisors

Schroder & Co. Limited
t/a Cazenove Capital Management
12 Moorgate
London
EC2R 6DA

Solicitors

Bates Wells Braithwaite
10 Queen Street Place
London
EC4R 1BE

Investment Property**Managing Agents**

Savills
(incorporating GBR Phoenix Beard)
33 Margaret Street
London
W1G 0JD

Investment Property**Legal Advisors**

Brecher Solicitors
4th Floor, 64 North Row
Mayfair
London
W1K 7DA

Contents

Overview	Page
Letter from our Chair	4
Message from our CEO	5
About us	6
 Annual Report	
Our plans for the future – Building a community of support	7
Our achievements	8
Our supporters and funders	9
Structure, governance and management	10
Organisational structure, management and key relationships	11
Financial summary 2020/21	12
Financial Review	13
Principal risks and risk management	14
Review of reserves and reserves policy	15
Trustees' responsibility statement	16
 Independent Auditor's Report	17
 Financial Statements	
Statement of financial activities for the year ended 31 March 2021	21
Balance sheet as at 31 March 2021	22
Statement of cash flows	23
Notes to the financial statements	24

Letter from our Chair

Welcome to the Annual Report for Providence Row 2020/2021.

I had hoped that we would have moved on from some of the worst aspects of the pandemic at the time of writing this letter. Sadly, the pandemic continues to affect our communities and our daily lives. The hope provided by the vaccines has yet to be fully realised and we move into a seemingly difficult winter. Despite the uncertainty of the last year we have made significant strides in serving the homeless community and continue to look at innovative ways to deliver our services. As at the beginning of the pandemic, we have adapted our services, developed new ones, become a vaccine centre and continued to provide outreach services. Providence Row continues its mission to include everyone and provide services to those who are otherwise hard to reach. A big thank you must go to the staff and volunteers at Providence Row who have been committed and often brave in delivering services in difficult circumstances to those whose lives are already really challenging.

The public, our supporters and donors and the Government's response to the threat of the pandemic on rough sleepers enabled us to fund raise to ensure we continued with our services recognising the vulnerability of this particular group and of course our work continues as the numbers on the street appear to be going up. Tom O'Connor, our CEO, has detailed some of the successes we have had during the last year and how we have built on our existing foundations to put the fundraising strategy on a firm footing to enable us to continue to fund our activities. Furthermore our new CFO has optimised some of our processes to enable Providence Row to be more efficient. As a Board, we have met monthly (rather than quarterly) over the last year to provide support and guidance to the management team and to highlight risks and concerns where they have arisen, ensuring that good governance remains at the heart of the charity.

In closing, I would like to thank all of our supporters and donors; our Patron His Grace the Duke of Norfolk, all of the staff and volunteers at Providence Row and of course my fellow trustees, who continue to provide their expertise and time willingly and with great generosity. Their support for me and the management team of Providence Row enhances our governance, an increasingly important aspect of the role of a charity. The debt owed to the Sisters of Mercy, who founded Providence Row with Monsignor Gilbert, remains unquantifiable.

emcanning
emcanning (Nov 3, 2021 18:32 GMT)

Elizabeth Canning

Chair of Trustees – October 2021.

Message from our CEO

Dear Friends,

The world has changed over the last year and so has Providence Row. Our clients are among the most vulnerable people in society and faced considerable additional risks from the beginning of the pandemic. Many have serious physical and mental health conditions and needed increased support and connection with communities whilst services were being forced to close or move online.

As the country faced lock downs and restrictions we confronted immediate challenges about how to provide the services our clients needed, and how to raise the necessary funds when many of our income sources were no longer available to us.

Looking back I am proud of what Providence Row was able to achieve during those challenging months. All our services were transformed very quickly to ensure essential support was maintained and increased. A new funding strategy with enhanced online marketing was implemented which produced a great response enabling us to exceed the income targets we had set.

The challenges of the pandemic for our clients led us into new areas of work as well as requiring changes to our core service provision. This included (I think for the first time in 161 years!) running 3 hotels in London for rough sleepers. Our guests were enabled to self-isolate in a safe and secure environment and received regular nutritious meals. Tailored recovery plans were also developed for each individual and I am delighted to report that more than 100 people from our hotels who had been rough sleeping are now in longer term accommodation and continuing their journey to recovery. So much to celebrate!

The last year also brought great sadness to the Providence Row community. Many of our clients, some of whom we knew for many years and others recently introduced to us, did not survive the pandemic. Their memory inspires us with new resolve to serve those who are still with us.

Providence Row is now stronger and more resilient. As you read our financial accounts you will see that investment in new fundraising and financial management strategies has begun to show dividends. And whilst we remain cautious during these uncertain times, we are confident that we shall continue to adapt and provide the services our clients need for many years to come.

Especially this year I would like to thank the excellent team of colleagues I work with. Their professionalism, courage, generosity and commitment to our clients has been exemplary and humbling.

We look ahead determined to address the challenges now before us with new rough sleepers arriving on the streets, more people without recourse to public funds facing a dangerous and uncertain future, and the sometimes hidden scourge of substance misuse continuing to damage the prospects of the most vulnerable. With your support we will be there and accompany them as they find new hope and the determination to begin again.

I am extremely grateful to all our generous donors, supporters and volunteers for your terrific ongoing support. Thank you for staying with us and enabling us to continue our mission.

toconnor

toconnor (Nov 3, 2021 15:56 GMT)

Tom O'Connor
CEO

ABOUT US

Vision

Everyone has a safe home and a community in which to belong.

Mission

To support and accompany more people who are homeless or at risk of homelessness on their journey to recovery, especially those who are most vulnerable and least likely to access services elsewhere.

To offer a range of services that support people from times of crisis through to when support is no longer needed.

Our values

- Compassion
- Empowerment
- Inclusiveness
- Justice
- Respect

Why we are needed

On any given night in England 202,300 families and individuals experienced homelessness in 2020. This is a rate of 1 in 185 of us*. There were 2,688 people estimated to be sleeping rough on a single night in Autumn 2020. 44 % of the estimated 714 people sleeping rough on a single night were in London and the South East.

The ongoing homelessness crisis is caused by:

- Isolation
- Substance misuse
- Relationship breakdown
- Criminal record
- Mental and physical health issues
- Lack of affordable housing
- Welfare reform
- Literacy and numeracy challenges

*Crisis, 2020.

**Ministry of Housing, Communities & Local Government Rough Sleeping Statistics Autumn 2019, England (25 February 2021)

OUR PLANS FOR THE FUTURE – BUILDING A COMMUNITY OF SUPPORT

Providence Row wants to address the root causes of homelessness, and to achieve this, we believe it is essential to ensure that people are connected to and belong within communities.

Our Five Year Strategy (2019-2024) sets our key objective to build an inviting and welcoming community in which people experience acceptance and a sense of belonging. Ensuring this warm welcome will be core to all services we offer. People will be supported to move on from our services when they are ready and will always be welcomed back and offered ongoing support.

Our community of support will help people to address the isolation and loneliness that can prevent their sustained recovery. We shall support them to participate in their current communities, to connect with new communities and to build confidence in their own talent and skills.

Our priorities:

1. Growing our services to meet increasing needs
2. Going out into the community to reach those in need and provide services
3. Working with the whole person and tailoring support to individuals
4. Complementing and working in partnership with other agencies
5. Inspiring excellence in our staff and volunteers
6. Building a robust infrastructure to support our work
7. Generating income to achieve our vision

The scandal of homelessness continues in our communities and Providence Row is determined to reflect our deeply held belief that everyone should be treated with dignity and respect. We are now very well placed to accompany many more people on their path to recovery and a brighter future away from the streets. As we move out of the pandemic we shall review our priorities to ensure we continue responding to the needs of those who are most vulnerable and support them on their journey to long term recovery.

ACHIEVEMENTS AND HIGHLIGHTS FOR THE YEAR

2020 saw the world change as a result of the Covid-19 pandemic. As we entered 2021, the UK remained one of the hardest hit countries in the world.

Whilst the pandemic continued and homeless services started closing throughout the country and in London, Providence Row was one of the last Day Centres open in the capital. Eventually, the Centre had to close on 23rd March 2020 and it was only in August 2020 that we could open our gates again and offer some limited support to our clients.

With the Centre closed, we adapted our services and staff team to refocus all our resources to ensure that rough sleepers, who are particularly vulnerable to Covid-19, could be safely housed and self-isolate. Staff were almost immediately set up to work remotely and began supporting clients from home with welfare calls and essential food delivery.

On the 27th March 2020, the Government issued a directive to Local Authorities to bring all rough sleepers off the streets and into emergency accommodation as a life saving measure so that individuals could self-isolate, socially distance, and minimise the risk and spread of infection.

Under the 'Everyone In' directive and the Localism Act, Councils placed all rough sleepers into accommodation irrespective of eligibility or local connection. We worked with Tower Hamlets Local Authority to house as many vulnerable clients as possible and ensure that they would be safe during the height of the pandemic.

During the second and third lock downs we managed to keep the Day Centre open initially operating outreach services and finally reopening to clients at the end of 2020.

HOW WE RESPONDED TO THE PANDEMIC

As part of the 'Everyone in' initiative, we worked with Tower Hamlets Local Authority and other partners and managed three hotels providing support to 83 rough-sleepers at any one time during much of the pandemic.

We helped 122 individual rough sleepers access accommodation so they could isolate, and receive food, hygiene packs and vital additional support through GP referrals and our mental health and addiction services.

Our Advice and Support (AST) Team helped 188 clients access additional support including securing accommodation; applying for benefits, ID documents and EU settled status; health referrals; and additional mental health and addiction support.

Approximately 500 clients received regular Wellbeing Packs from the beginning of the pandemic keeping them informed and including activities to stay mentally and physically active.

Our Reset Outreach and Referral Service helped 521 clients through advice, support and ensuring they took their medication and attended medical appointments. 168 clients were referred for structured treatment, 45 of whom were vulnerable women, with 99 treatment starts. The team completed 1,758 recorded actions around harm reduction, handed out over 10,000 pieces of needle exchange kit to local hostels, hotels and rough sleepers. This included providing 93 Naloxone Kits overdose reversal kits and training people on the safe use of these. Those that were not referred into treatment continued receiving support so they could get closer to accepting help and also received harm minimisation support and assistance to reduce their drug use and access recovery groups.

Our Wellbeing Team supported 119 of our most vulnerable clients via regular welfare phone calls to ensure they received the support they required. 67 clients experiencing anxiety and distress and who were particularly vulnerable during the pandemic also received regular mental health support.

Our Outreach Psychotherapist and Counsellor supported 48 rough-sleepers experiencing trauma, depression and anxiety due to past experiences exacerbated by COVID-19. All clients accessed accommodation, addiction services, GP appointments and/or re-connected with family.

Our Routes to Roots hospital discharge team received referrals for 137 patients, many of whom were 'shielding'. These clients were supported to avoid homelessness following treatment and provided with food, hygiene packs, regular welfare checks and many received individualised welcome packs to help settle into their new homes.

Since October 2020 our Food Programme has delivered two nutritious meals per day to homeless people in hotels/hostels across Tower Hamlets and provided take away meals from our Day Centre courtyard for rough sleepers. As of the 31st March 2021, 324 individuals had received a total of 14,768 meals.

Since March 2021 Providence Row in partnership with Tower Hamlets Local Authority and the GP Care Group has been operating as a vaccination hub.

We have been acting as a homeless vaccination hub and have vaccinated 70 individuals.

We resumed our health provisions for rough sleepers including mobile dental care, TB screenings, onsite needle exchange and harm reduction services and sexual health and blood born viruses.

OUR SUPPORTERS AND FUNDERS

Providence Row's work is made possible by our fantastic community of staff, supporters, funders and volunteers.

Our Staff

During the year the charity employed an average of 32.3 staff (average monthly headcount), of whom 7.3 were part-time staff (2020: 36.2 average monthly headcount, of whom 7.7 were part-time).

Our Supporters and Funders

Our supporters are our lifeblood; whether it's a regular gift, a one-off donation or fundraising activities, every single pound donated is much needed and very much appreciated.

Our Volunteers

Volunteers are at the heart of our work and provide essential support for service provision. Our volunteering and peer mentoring project:

- Helps the clients we work with meet new people and build skills, confidence and a new network of friends.
- Creates a welcoming, safe place for people experiencing high levels of loneliness and isolation.
- Gives people the chance to learn about homelessness, breaking down misconceptions and helping to build relationships with the local community.

During the financial year 2020-2021 Q2-Q4, we remotely trained 8 peer mentors (people who have themselves experienced homelessness, substance misuse and mental health issues). We had to suspend training during Q1 due to COVID-19 and successfully moved to an online delivery.

4 of the 8 trainees moved into paid employment, and 4 are moving on to further training and volunteering opportunities in other organisations or awaiting for a placement within Providence Row. Our peer mentors truly represent a positive recovery model for clients.

We also recruited and trained over 25 community volunteers helping mainly with the food poverty project and gardening scheme which has connected many who were experiencing isolation with a community of support.

We have retained 6 of our pre-Covid volunteers to supporting our community gazette /newsletter project producing 20 editions to date. This is distributed across Tower Hamlets to over 20 homeless centres, potentially reaching out over 100 clients/readers.

We successfully continued our partnership with King's College University of London, which provided 3 interns who offered volunteering time across our fundraising and marketing team throughout the year.

Our charity is governed by a committed board of Trustees who generously give their time and expertise to ensure good governance.

Companies

We are incredibly grateful for the support of our company partners who fundraised £221,552 for us during this challenging year through a range of virtual events, activities and grants. In particular we would like to thank our long standing strategic partners Natixis Investment Managers and Reed Smith.

We would also like to thank Hiscox and Bank of America for their significant contributions in their final year of partnership with us.

Trusts and Foundations

Our private and institutional grant makers are a vital source of committed multi-year funding that allows us to plan ahead for our programmes and services. We received an extraordinary £611,346 worth of grants during the year in response to the pandemic. Thanks to the generosity of the Trusts and Foundations that supported us this year we were able to be there for our clients in one of the most challenging years Providence Row has seen since it was founded in 1860. The list of Trust and Foundations that supported us is within Note 20.

Communities

Thanks to continued support from a number of community groups we raised £44,100. Our supporters in the community include: The Sisters of Mercy, St. Mary Moorfields church, as well as other religious and non-religious groups and schools.

Legacy

We received £140,765 in legacy income. We are immensely grateful to those who have so generously supported us in their will.

Individuals

Our individual donors have once again made a crucial difference to the lives of the people we support. Thanks to the support of individual givers we raised £156,103. This include an extremely generous donation of £50,000 from an anonymous donor.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal structure of the charity

Providence Row is a private company limited by guarantee and not having a share capital, and was incorporated on 26 November 2010 (company number 07452798). It was registered as a charity on 2 February 2011 (charity number 1140192). Providence Row is the corporate successor to the unincorporated charity known as Providence Row Charity (PRC) (charity number 207454), which was originally established in 1860. The directors of Providence Row are its trustees for the purposes of charity law. Providence Row became operational as an incorporated charitable company on 1 April 2011 and on the same date a Charity Commission Scheme appointed Providence Row as the sole trustee of PRC.

Governance

The Memorandum of Association and Articles of Association of Providence Row form the governing documents of the charity. Providence Row is governed by a Board of Trustees, which is made up of:

- up to four Nominated Trustees
- up to six Elected Trustees
- up to four Appointed Trustees

Nominated Trustees are nominated to serve on the Board by the Catholic Archbishop of Westminster (two Trustees), the Superior General of the Union of the Sisters of Mercy (one Trustee) and the Congregational Leader of the Institute of Our Lady of Mercy (one Trustee) and their appointment is subject to approval by the Trustees. Nominated Trustees serve for three year renewable terms.

Elected Trustees must be appointed at the annual general meeting by means of election by those qualified to vote at the meeting. One third of Elected Trustees must retire by rotation at the annual

general meeting, those who have been longest in office since their last appointment or re-appointment being subject to retirement by rotation.

Appointed Trustees are appointed for a renewable term of three years by a decision of the Trustees.

The Trustees may appoint one of their number to be the Chair of the Trustees for such a term of office as they determine and may at any time remove him or her from that office. The Chief Executive Officer has been appointed as the Secretary to the charity. Trustees review the skills and experience of the Board members annually and have adopted the NCVO Code of Good Governance. The Trustees may at their discretion establish procedures and criteria for inviting individual donors to become 'Associate members' of the charity with the right to vote at the annual general meeting. There are currently no 'Associate members' qualified to vote at the 2021 annual general meeting.

ORGANISATIONAL STRUCTURE, MANAGEMENT AND KEY RELATIONSHIPS

Prior to the outbreak of Covid 19 the Board of Trustees met quarterly. Since then the full Board has met monthly to review risks, to hold oversight of our strategic response and to monitor financial performance. This monthly meeting pattern will continue during 2021/22 given ongoing uncertainty in the external environment.

The Remuneration Committee meets annually to consider the recommendations of the Chief Executive in relation to staff remuneration. The remuneration of the Chief Executive is considered separately by the Remuneration Committee in the absence of the Chief Executive. External market benchmarks are taken into consideration in relation to all staff remuneration decisions, focussing on pay levels in other providers of a similar nature, geographical location and size. The Remuneration Committee submits its recommendations to the Board for approval.

The Chief Executive attends meetings of the Board of Trustees (with other senior staff as appropriate) and submits for approval the strategic plan and the annual budget. The Chief Executive and the leadership team report regularly to the Trustees on the implementation of the strategy and performance against the budget.

In accordance with charity law, decisions relating to disposals of land (including sales, leases, grants of easements and releases of rights of light) are made by the Trustees following the procedures set down in the Charities Act, statutory regulation and guidance issued by the Charity Commission. The Board of Trustees determines the charity's reserves policy.

The Chief Executive has formed a Leadership Team including the Director of Services, the Director of Finance and the Director of Fundraising and Marketing. The role of the Leadership Team is to assist the Chief Executive in implementing the strategic plan within the approved annual budget.

The charity has an ongoing relationship with Providence Row Housing Association (PRHA) which was established by Providence Row in 1970 to provide residential accommodation. PRHA is now fully independent of Providence Row and leases part of the Dellow Centre property, consisting of offices and 58 units of accommodation, which it manages as a hostel funded by the London Borough of Tower Hamlets.

The charity's other key relationships include the Sisters of Mercy (the Union of the Sisters of Mercy of Great Britain and the Institute of Our Lady of Mercy), the London Borough of Tower Hamlets and the Corporation of the City of London. The relationship with the Sisters of Mercy is a formal arrangement with powers to nominate Trustees to the Board. The charity is very grateful for the continued support of the Sisters of Mercy and committed to ensuring that the legacy of the Sisters is reflected in the ongoing work of the charity for the long term. In addition, the charity works with a range of other charities, agencies and partners.

FINANCIAL SUMMARY 2020/21

Overview of results

The charity recorded a surplus of £342,102 before net unrealised gain on investments of £163,418. This compares to a deficit of £392,509 before net unrealised loss on investments of £103,411 and net unrealised loss on investment property revaluation £320,244 in 2019/20.

Income

Total income for 2020/21 was £2,672,935 (2019/20: £1,846,548).

Income	2020/21		2019/20	
	£'000	% of total	£'000	% of total
Donations	565.8	21.2%	355.2	19.2%
Donated goods, facilities and services	8.3	0.3%	1.9	0.1%
Legacies	140.8	5.3%	34.5	1.9%
Charitable activities (see below)	1,577.8	59.0%	1,032.9	55.9%
Other trading activities	0.7	0.0%	20.3	1.1%
Investment income	354.5	13.3%	376.7	20.4%
Other income	25.0	0.9%	25.0	1.4%
Total	2,672.9	100.0%	1,846.5	100.0%

Income from charitable activities	2020/21		2019/20	
	£'000	% of total	£'000	% of total
Local authority contracts	739.4	46.9%	510.6	49.4%
Performance related grants	467.3	29.6%	273.9	26.6%
Bakery sales	-	0.0%	20.4	2.0%
Rents from the Dellow Centre leases	371.1	23.5%	228.0	22.0%
Other	-	-	-	-
Total	1,577.8	100.0%	1,032.9	100.0%

Total income in the year increased by £826,387 (44.8%) on the previous year (2019/20: £1,846,547). This increased income is a consequence of the investment made in a new fundraising strategy, increased services provision established during the pandemic, improved processes for ensuring full cost recovery and improved returns from the Endowment Fund

Expenditure

Total expenditure for 2020/21 was £2,330,833 (2019/20: £2,239,056), an increase of £91,777 (4.1%).

Expenditure	2020/21		2019/20	
	£'000	% of total	£'000	% of total
Costs of raising donations and legacies	445.3	19.1%	461.3	20.6%
Costs of other trading activities	0.9	(0.0)	5.8	0.2%
Costs of investment management	204.7	8.8%	149.4	6.7%
Charitable activities (see below)	1,679.9	72.1%	1,622.5	72.5%
Other costs	-	-	-	-
Total	2,330.8	100.0%	2,239.0	100.0%

Expenditure on charitable activities	2020/21		2019/20	
	£'000	% of total	£'000	% of total
Advice and Support / Resource Centre	938.0	55.8%	828.2	51.0%
Recovery and Progression	372.7	22.2%	493.2	30.4%
Trainee Schemes, Food & Garden	313.2	18.6%	220.0	13.6%
Providence Row Bakery	2.3	0.1%	57.2	3.5%
Non-investment properties let in furtherance of charitable purposes	53.7	3.3%	23.9	1.5%
Total	1,679.9	100.0%	1,622.5	100.0%

Changes in requirements for staffing during the pandemic and improved cost management ensured that total costs increased just marginally on the previous year.

FINANCIAL REVIEW

Investment policy and objectives

The charity's appetite for risk in relation to the Endowment Fund reflects the long-term nature of the charity's investment horizon. The Endowment Fund exists to generate sustainable income in perpetuity. For this reason, the Endowment Fund is focused on a diversified portfolio of unitised equity related investments, managed by the charity's investment advisors. The primary objective of the investment strategy is to preserve the long-term real value of the charity's permanent endowment, whilst providing a good level of income which may be deployed by the charity to further its objectives. The Trustees apply a policy of 'Responsible Investment' and we expect our investment managers to engage with companies on social, environmental and business ethics issues and to exercise voting rights in line with the policy. The Trustees have decided not to take an exclusionary approach to particular categories of investment.

The greater part of the charity's investible cash resources, which are outside the Endowment Fund, are managed by its investment advisors. Due to the prevailing market environment of recent years it has become increasingly difficult to make cash deposits on terms other than 'instant access' or up to 30 days' notice, and the financial rewards for doing so are also limited. The charity does not hold any cash deposits with maturities in excess of 30 days, and has instructed its investment advisors to adopt a cautious approach, investing our resources across a number of different banking institutions with investment grade credit ratings and, in the case of overseas or offshore deposit takers, benefiting from a full guarantee from a UK parent bank with a credit rating of at least A- (Fitch/S&P).

Investment performance against objectives

Over the 12-month period to 31 March 2021, the charity's Endowment Fund generated an overall positive return of £178,167 (2019/20: negative return of £90,472), incorporating investment income of £22,822, net unrealised gain of £163,418 and management fees of £8,073.

The charity's managed cash deposit portfolio generated interest income in the year of £397 (2019/20: £341). In view of the continuing low interest rate environment, the charity expects its interest income to remain at a similarly low level over the coming year.

The charity's investment property generated total income (rent and service charge) of £330,748 during the year, a decrease of 6% over the comparative figure for 2019/20 of £352,374. Rental income was £246,994 (2019/20: £265,386). Direct costs of investment property management in 2020/21 (before allocated support costs) totalled £191,093 (2019/20: £119,476).

Principal risks and risk management

The Trustees have considered and reviewed the major risks to which the charity is exposed and are satisfied that systems and procedures have been established to manage these risks. The risks identified and reviewed are those which, if they occurred, would have a major impact on some or all of the following areas: governance; operations; finances; environmental or external factors such as public opinion or relationships with funders; compliance with law and regulation.

The Chief Executive together with the Leadership Team produces a risk register for the organisation and reports to the Board of Trustees on a quarterly basis the major risks to the organisation which have been identified, and on measures in place (or planned) in order to manage and mitigate those risks.

We recognise that in our work we are exposed to significant risks relating to the safeguarding of vulnerable adults, and a failure to respond to changes in the external environment could endanger lives as well as our reputation. To manage this risk, procedures are in place in respect of both staff and clients. These processes are included in a range of policies, in particular: Safeguarding Adults; Health and Safety; Fire Safety; Personal Safety, and Lone Working.

In common with other charities the impact of Covid 19 continues to represent a risk to the work of Providence Row. Economic uncertainty is a potential threat to income at a time when the needs of homeless people are increasing and Local Authorities funds are under pressure. The Board and the Leadership Team are carefully monitoring the changing environment in which we are working.

In mitigation investment over the last three years in a new fundraising strategy to generate sustainable funds from a wider range of income streams is showing expected returns. We have also quickly adapted our fundraising strategy since Covid 19 with a major move towards online engagement which is showing better than anticipated returns to date.

Public Health England has approved our risk assessment which has enabled the limited return of additional staff and further services to the Day Centre. The safety of staff and clients will continue to be our highest priority, and we shall regularly update our risk assessment as required.

The charity's largest single source of recurring (contractual) income is currently from the London Borough of Tower Hamlets. Local Authority budgets continue to be placed under considerable pressure by public sector financing constraints. Uncertainty about future levels of Local Authority contract and grant income and hostel funding still represent a key risk for the charity. In order to address this risk, we continue to increase our capacity and experience in public sector tendering, impact monitoring and reporting and generation of income from a wide variety of sources. As a result, the Trustees consider that the risk to the charity of a large reduction in Local Authority contract income has been mitigated in the short to medium term, although they remain conscious that this risk to the charity's operations is high beyond the periods covered by current contracts. Trustees also note that long term contracts are now in place for the major services funded by Tower Hamlets Local Authority (AST and RESET).

Income from voluntary sources including individuals, communities, trusts and companies makes up over a third of our annual income (excluding legacies). The Trustees recognise that the current fundraising climate is very challenging, with increased competition for funds, and a new generation of donors whose giving habits are changing.

The charity owns a number of property assets, and the ownership and management of these properties involves a number of risks:

- The charity's main premises, the Dellow Centre complex, is a substantial purpose-built property on the Gunthorpe Street / Wentworth Street site owned by the charity, and the effective management of this and of the charity's Activity Centre on the same site represents a considerable operational and financial commitment. In particular, as it is now over 20 years since the Dellow Centre was originally constructed, we have plans to invest in improvements to the building.
- Providence Row's investment property, Sherrington Mews, is a commercial property containing twelve light industrial and office units immediately adjacent to the Dellow Centre. The property represents a source of income and in order to ensure that the investment holds its value and to maximise rental income Providence Row has appointed a professional letting agent to manage the property on its behalf. The Trustees closely monitor the management of Sherrington Mews.

Sherrington Mews was valued in January 2020. However the coronavirus pandemic was declared in March 2020, shortly before the end of the charity's financial year. Consequently, the property was valued again in November 2020. Trustees are satisfied that the latest valuation is a fair representation at 31st March 2021.

REVIEW OF RESERVES AND RESERVES POLICY

Providence Row reviews its reserves policy regularly in line with its evolving strategic outlook and operating environment and in order to ensure that the policy continues to reflect the underlying risks facing the charity and the level of reserves judged necessary to protect its core services to clients and to safeguard its long-term sustainability and independence.

Providence Row holds restricted funds (or 'special trusts') in accordance with donors' express requirements and the terms of grants or appeals. In addition, the charity has established designated (unrestricted) funds for planned future requirements in accordance with the strategic plan and three year financial forecasts. The creation of a designated fund does not legally restrict the Trustees' discretion in how to apply the unrestricted funds that have been earmarked.

As at 31 March 2021 the charity held total funds of £11,892,107 (2020: £11,386,587), comprising the restricted endowment fund, restricted income funds and unrestricted funds.

The Trustees have determined that the previously agreed medium-term target level of free reserves of £1,000,000 should remain. At 31 March 2021, the actual level of free reserves (including the contingency fund) was £1,148,184, (2020: £502,937 – restated from £346,588).

The Trustees will continue to review the target level of free reserves annually to take into account changing circumstances, revised financial forecasts and evolving challenges and opportunities facing the charity. The target level of free reserves may therefore change over time.

Movements on the funds held by the charity during the period under review and an analysis of the charity's net assets between the funds held are summarised in notes 15 to 18 to the financial statements.

Going concern

Given all the factors above the Trustees remain confident in Providence Row as a going concern. We shall continue closely to monitor financial performance during the extended period of uncertainty caused by the Covid 19 pandemic.

TRUSTEES' RESPONSIBILITIES STATEMENT

The law applicable to charities in England and Wales requires the Trustees to prepare the annual report and financial statements for each financial year which give a true and fair view of the charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgments 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 presume that the charity will continue in operation

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the charity and enable them to ascertain the financial position of the charity and ensure that the financial statements comply with the Companies Act 2006. The Trustees are responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are not aware of any relevant audit information that has not been disclosed to the charity's auditors. The Trustees have taken all the steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the Charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Mazars LLP acted as auditors during the period under review and have signified their willingness to continue in office. A resolution proposing their re-appointment will be put to the annual general meeting.

These financial statements have been prepared in accordance with the provision applicable to companies subject to the small companies regime.

Approved by the Trustees on 26 October 2021 and signed on their behalf by

emcanning
emcanning (Nov 3, 2021 18:32 GMT)
.....
Elizabeth Canning – Chair

Richard Solomon
Richard Solomon (Nov 3, 2021 18:44 GMT)
.....
Richard Solomon – Honorary Treasurer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVIDENCE ROW

Opinion

We have audited the financial statements of Providence Row (the 'charity') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet and the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its surplus 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other

information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of Providence Row and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditor's 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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed: 
Stephen Mills (Nov 19, 2021 11:22 GMT)

Stephen Mills (Senior Statutory Auditor) For and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Date: 19-Nov-2021

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2021

(incorporating an income and expenditure account)

	Notes	Unrestricted Funds	Restricted Funds	Endowment Fund	Total Funds 2021	Unrestricted Funds Restated	Restricted Funds Restated	Endowment Fund Restated	Total Funds 2020 Restated
		£	£	£	£	£	£	£	£
Income from:									
Donations		537,133	36,944	-	574,077	289,363	67,767	-	357,130
Legacies		140,765	-	-	140,765	34,507	-	-	34,507
Sub-total: Donations and legacies	2a	677,898	36,944	-	714,842	323,870	67,767	-	391,638
Charitable activities	2b	1,195,472	382,317	-	1,577,789	764,134	268,744	-	1,032,878
Other trading activities	2c	773	-	-	773	20,339	-	-	20,339
Investments	2d	354,531	-	-	354,531	376,693	-	-	376,693
Other	2e	25,000	-	-	25,000	25,000	-	-	25,000
						0	-	-	
Total income		2,253,674	419,261	-	2,672,935	1,510,036	336,511	-	1,846,548
Expenditure on:									
Raising funds									
Raising donations and legacies		(409,899)	(35,447)	-	(445,346)	(448,967)	(12,320)	-	(461,287)
Other trading activities		(849)	(73)	-	(922)	(5,659)	(160)	-	(5,819)
Investment management		(192,454)	(4,132)	(8,073)	(204,659)	(138,839)	-	(10,570)	(149,409)
Sub-total: Raising funds		(603,202)	(39,652)	(8,073)	(650,927)	(593,465)	(12,480)	(10,570)	(616,515)
Charitable activities									
Advice and Support / Resource Centre		(670,609)	(267,350)	-	(937,959)	(709,978)	(118,265)	-	(828,243)
Recovery and Progression		(254,262)	(118,461)	-	(372,723)	(331,630)	(161,562)	-	(493,192)
E&T: Trainee Schemes, Food & Garden		(148,458)	(164,709)	-	(313,167)	(165,501)	(54,528)	-	(220,029)
E&T: Providence Row Bakery		(2,142)	(185)	-	(2,327)	(35,016)	(22,142)	-	(57,158)
Property let for charitable purposes		(52,096)	(1,634)	-	(53,730)	(23,915)	(4)	-	(23,919)
Sub-total: Charitable activities		(1,127,566)	(552,340)	-	(1,679,906)	(1,266,040)	(356,501)	-	(1,622,541)
Total expenditure	3	(1,730,768)	(591,992)	(8,073)	(2,330,833)	(1,859,505)	(368,981)	(10,570)	(2,239,056)
Net income/(expenditure) before net gains/(losses) on investments		522,906	(172,731)	(8,073)	342,102	(349,469)	(32,470)	(10,570)	(392,509)
Net gains/(losses) on investments									
Unrealised losses on investment property	8	-	-	-	-	(320,244)	-	-	(320,244)
Net gains/(losses) on other investments	9, 15	-	-	163,418	163,418	-	-	(103,411)	(103,411)
Net income/(expenditure)		522,906	(172,731)	155,345	505,520	(669,713)	(32,470)	(113,981)	(816,164)
Net movement in funds		522,906	(172,731)	155,345	505,520	(669,713)	(32,470)	(113,981)	(816,164)
Reconciliation of funds									
Total funds brought forward (as previously stated)		8,117,191	2,613,075	656,321	11,386,587	8,781,252	2,651,197	770,302	12,202,751
Prior year adjustment	20	156,350	(156,350)	-	-	162,002	(162,002)	-	-
Total funds brought forward - restated		8,273,541	2,456,725	656,321	11,386,587	8,943,254	2,489,195	770,302	12,202,751
Total funds carried forward		8,796,447	2,283,994	811,666	11,892,107	8,273,541	2,456,725	656,321	11,386,587

All of the above results relate to continuing activities. All gains and losses recognised in the year are included in the Statement of Financial Activities above. Movements in funds are disclosed in Notes 15 to 18 of the financial statements.

Registered company number: 07452798
Charity number: 1140192

BALANCE SHEET

As at 31 March 2021

	NOTES	Total funds 2021		Total funds 2020	
		£	£	£	£
					Restated
Fixed Assets					
Tangible fixed assets	7		5,438,261		5,534,487
Investment property	8		4,450,000		4,450,000
Other Investments	9		1,386,810		1,222,938
Total Fixed Assets			11,275,071		11,207,425
Current Assets					
Debtors	10		381,571		487,328
Cash at bank and in hand			851,503		133,789
Total Current Assets			1,233,074		621,117
Liabilities					
Creditors: Amounts falling due within one year	11,13		(605,656)		(393,314)
Net Current Assets			627,419		227,803
Total Assets less Current Liabilities			11,902,491		11,435,228
Creditors falling due after more than one year	12		(10,384)		(48,641)
Total Net Assets	18		<u>11,892,107</u>		<u>11,386,587</u>
The Funds of the Charity					
Endowment Fund	15		811,666		656,321
Restricted Income Funds	16				
Tangible fixed asset fund: Restricted			2,240,000		2,296,000
Other restricted income funds			43,994		160,725
			2,283,994		2,456,725
Unrestricted Funds	17				
Tangible fixed asset fund: Unrestricted			3,198,263		3,238,488
Fixed asset fund: Investment Property			1,556,597		1,556,597
Revaluation Reserve: Investment Property			2,893,403		2,893,403
Cyclical Maintenance and repairs fund			-		19,049
Other designated reserves			-		63,067
Free Reserves					
Contingency fund: Charity running costs			800,000		502,937
General Funds			348,184		-
Total Free Reserves			1,148,184		502,937
			8,796,447		8,273,541
Total Charity Funds	18		<u>11,892,107</u>		<u>11,386,587</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 21 to 45 were approved by the Board of Trustees on 26 October 2021 and signed on its behalf by:

emcanning

emcanning (Nov 3, 2021 18:32 GMT)

Elizabeth Canning – Chair

Richard Solomon

Richard Solomon (Nov 3, 2021 18:44 GMT)

Richard Solomon – Honorary Treasurer

The notes on pages 24 to 45 form an integral part of these financial statements

STATEMENT OF THE CASHFLOWS

For the year ended 31 March 2021

	Notes	Total Funds 2021 £	Total Funds 2020 £
a) Reconciliation of net expenditure to net cash flow from operating activities			
Net income/(expenditure) for the year (as per the statement of financial activities)		505,520	(816,164)
Adjustments for:			
Depreciation charges	3,7	136,461	127,239
Unrealised loss on investment property	8	-	320,244
Net losses / (gains) on other investments	9	(163,418)	103,411
Other non-cash Income		-	(2,176)
Dividends, interest and rents from investments per the SOFA		(354,531)	(376,693)
Investment management costs per the SOFA		204,659	149,409
Decrease in debtors (operating activities)		105,757	170,627
Increase in creditors (operating activities)		174,084	80,948
Net cash provided by /(used in) operating activities		608,531	(243,156)
b) Statement of Cash Flows			
Net cash provided by/(used in) operating activities		608,531	(243,156)
Cash flows from investing activities:			
Dividends, interest and rents from investments per the SOFA		354,531	376,693
Investment management costs per the SOFA		(204,659)	(149,409)
Purchase of property, plant and equipment	7	(40,235)	(72,670)
Disposal of property, plant and equipment	7	-	12,888
Purchase of investments	9	(389,811)	-
Disposal of investments	9	396,999	-
Net cash provided by investing activities		116,825	167,502
Change in cash and cash equivalents in the year		725,356	(75,654)
Cash and cash equivalents at the beginning of the year		687,754	763,408
Cash and cash equivalents at the end of the year		1,413,110	687,754
c) Analysis of Cash and Cash Equivalents			
Cash at bank and in hand		851,503	133,789
Investments: Notice deposits (3 months or less)	9	544,258	543,807
Investments: Cash held in endowment fund (capital)	9	17,349	10,159
Total cash and cash equivalents		1,413,110	687,754

Notes to the Financial Statements For the year ended 31 March 2021

1 Accounting Policies

a. Basis of accounting

The financial statements have been prepared on the going concern basis and under the historical cost convention as modified by the revaluation of investments or as otherwise stated in the relevant accounting policy notes. There are no material uncertainties about Providence Row's ability to continue as a going concern. Providence Row is a public benefit entity.

The financial statements have been prepared in accordance with:

- The reporting requirements of the Companies Act 2006;
- The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102); and
- 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102' (Charities SORP (FRS 102)), issued by the Charity Commission and the Office of the Scottish Charity Regulator in 2014 in their role as the joint SORP-making body and applicable to the financial statements of relevant charities for reporting periods beginning on or after 1 January 2015.

Incorporation and transfer of charitable undertaking at 31 March 2011

Providence Row was incorporated on 26 November 2010. Providence Row is the corporate successor to the unincorporated charity known as Providence Row Charity (PRC) (charity number 207454). (PRC was known as 'Providence Row Night Refuge and Home' until it changed its name on 21 January 2003.) With the exception of funds held on permanent endowment, the assets, liabilities, employees, operations and activities of PRC were transferred to Providence Row with effect from midnight on 31 March 2011. Providence Row became operational as an incorporated charitable company on 1 April 2011.

Also, on 1 April 2011 a Charity Commission Scheme appointed Providence Row as the sole trustee of PRC. PRC continues in existence to hold the charity's permanent endowment and to receive any legacies bequeathed to PRC after 31 March 2011. Although PRC continues to hold legal title to the Endowment

Fund assets, from an accounting perspective PRC is considered to hold these assets only as custodian for its corporate successor, due to the corporate trusteeship established by the Charity Commission Scheme. As a consequence of the constitutional arrangements (corporate trusteeship of Providence Row in relation to PRC), the financial statements of Providence Row have been prepared on the basis that they aggregate its own assets, results and activities with those of PRC. For this reason, the Endowment Fund appears on the statutory balance sheet of Providence Row, and legacy income of PRC and investment income arising from the Endowment Fund are shown within Providence Row's Statement of Financial Activities (SOFA).

b. Judgement

The valuation of the charity's investment property is included on the Balance Sheet in accordance with the Fixed Asset Investments accounting policy detailed on page 28 and the investment properties Note 8 on page 37. The property was valued on 7 January 2020, by an independent firm of professional surveyors. The outbreak of coronavirus (Covid-19) was declared by the World Health Organisation as a "Global Pandemic" in March 2020, shortly before the end of the charity's financial year. In normal circumstances the trustees would have considered the fair value of the investment properties to show little movement between 7 January 2020 and 31 March 2020, however the circumstances of the Covid-19 pandemic are unprecedented. The property was valued again on 9th November 2020 to assess the impact of pandemic to the value of the property. The Board's opinion is that the valuation of 9th November 2020 is a fair reflection of the property's value on 31st March 2020 because the Covid-19 pandemic was underway during March 2020 and was the key factor in determining a revised valuation. We considered RICS guidance which suggests that there would almost certainly have been a material uncertainty opinion attaching to any such valuation as at 31 March 2020, given the unprecedented circumstances, on which to

base a judgement. The trustees therefore considered that there was a material valuation uncertainty in relation to the carrying value of the investment properties, as at 31 March 2020.

For the March 21 year-end the trustees have considered movements in the House Prices Index and concluded that the potential uplift of 4% is within the normal margin of error used in property valuation and therefore have not booked the uplift. Further, given the November 2020 valuation did not of itself indicate a material valuation uncertainty as at that point, they have concluded that no reference to a material valuation uncertainty is required in the March 21 accounts.

c. Income

Income is recognised in the SOFA when a transaction or other event (e.g. a gift) results in an increase in the charity's assets or a reduction in its liabilities. Income is recognised only when the following criteria are met:

- Entitlement: control over the rights or other access to the economic benefit has passed to the charity;
- Probable: it is more likely than not that the economic benefits associated with the transaction or gift will flow to the charity; and
- Measurement: the monetary value or amount of the income and relevant costs incurred can be measured reliably.

In the case of a donation, entitlement usually arises immediately on its receipt. In the case of a grant, evidence of entitlement will usually exist when the formal offer of funding is communicated in writing to the charity. However, some grants contain terms or conditions that must be met before the charity has entitlement to the resources. Where grants specify a time period within which the funds must be spent and the funds are received before the start of that period, then the income is deferred and only released to income at the start of the relevant period.

Grant funding agreements may contain conditions that specify the particular activities, goods or services to be provided by the charity within the scope of its charitable activities (performance-related grants). Income derived from performance-related grants is included within the SOFA heading 'Income from charitable activities' rather than 'Income from donations and legacies'. However, simply because a grant is restricted to a particular purpose of the charity does not mean that it should be recognised as a performance-related grant. Unrestricted and restricted grants that are not subject to performance-related conditions are included within the SOFA heading 'Income from donations and legacies'.

Gift Aid recoverable from HMRC in relation to donations is included in income on an accruals basis where there is a valid Gift Aid declaration from the donor.

Donated goods, facilities and services are recognised as income when brought into use by the charity. They are included in income at an amount equivalent to their estimated value to the charity, where this can be quantified, and an equivalent amount is included in the appropriate cost line, or (in the case of tangible assets) capitalised if appropriate. The only amounts included for donated services are those provided in a professional capacity. No amounts are included in the financial statements for services donated by volunteers. Details of the contribution made by volunteers can be found in the Report of the Trustees.

Evidence of entitlement to a legacy exists when the charity has sufficient evidence, after the death of the benefactor, that a gift has been left to it and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Recognition of the legacy income is also affected by the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Receipt of a legacy is normally judged to meet the probability criterion when:

- There has been grant of probate;
- The executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy; and
- Any conditions attached to the legacy are either within the control of the charity or have been met.

Where the charity has entitlement to a legacy but the criteria for income recognition have not been met (e.g. due to uncertainty as to the amount of the payment) then the legacy is treated as a contingent asset

(and is disclosed in the notes to the financial statements if material) until the criteria for income recognition are met.

Income from fundraising events, where the income is not a simple gift or donation but rather a payment in exchange for supplying goods or services to raise funds for the charity, is recognised when the event takes place and is included within the SOFA heading 'Income from other trading activities'.

Income from the sale of goods is recognised at the time of supply of goods to the buyer, provided receipt of the income is probable.

Income from contracts for the supply of services is recognised with the delivery of the contracted service.

Interest on funds held on deposit is recognised when receivable and the amount can be measured reliably. Dividend income is recognised when its receipt is probable, and the amount receivable can be measured reliably. Dividends are accrued when the charity's right as shareholder to receive payment is established.

Rental income from property leases is recognised when it is receivable in accordance with the terms of the relevant leases, provided receipt of the income is probable. The aggregate cost of lease incentives (e.g. rent free periods or periods of concessionary reduced rents) is recognised as a reduction to the rental income over the full contractual term of the lease on a straight-line basis.

d. Expenditure

All expenditure is accounted for on an accruals basis and is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure is reported in the financial statements on an activity basis, as required by Charities SORP (FRS 102). This involves identifying the total cost of an activity, including direct, shared and indirect (or support) costs. Charities SORP (FRS 102) identifies three high-level categories of a charity's activities: (i) expenditure on raising funds; (ii) expenditure on charitable activities, and (iii) other expenditure. These broad categories are further analysed between their significant components.

Support costs, which are not directly attributable to activities for raising funds or charitable activities, are allocated to those categories on a basis consistent with the use of resources. The bases on which support costs have been allocated are set out in note 3 'Expenditure'. Support costs include:

- Governance costs;
- Costs of the Finance function, including financial accounting, banking, budgeting, payroll management and day-to-day financial administration;
- Human resources management, office, general and administration costs;
- Costs of central information technology resources and telecommunications;
- Property costs relating to premises used by the charity for its own activities, including buildings management;
- Senior general management (where not allocated as a direct cost to specific activities) and other central costs; and
- Depreciation charges in relation to tangible fixed assets.

Governance costs are those associated with the governance arrangements of the charity, including external audit, general legal advice for the trustees (fees for legal advice specifically relating to investment property are included in investment management costs) and costs associated with constitutional and statutory requirements and ensuring proper public accountability (e.g. the costs of preparing statutory financial statements). Governance costs include any costs associated with the strategic as opposed to day-to-day management of the charity's activities and the cost of charity employees in respect of their time when involved in and preparing for meetings with trustees.

Costs of raising donations and legacies

Costs of raising donations and legacies are those incurred in seeking voluntary donations, gifts and grants of a general nature and the costs of general marketing and communications to raise the profile of the

charity, together with the costs of administration related to legacies left to the charity. It excludes costs associated with applying for performance-related grants or negotiating contracts to provide services, which are included within the costs of the relevant charitable activities.

Other trading activities

This category includes the costs of fundraising events (where income is raised for the charity in exchange for supplying goods and services), non-charitable trading activities and costs of property temporarily surplus to operational requirements which is let or licensed to other users.

Investment management costs

Investment management costs include the costs of:

- Portfolio management and administration of investment funds and cash deposits; and
- The costs of managing the charity's investment property, including property repairs and maintenance charges, vacant property rates, utility charges, insurance, security, managing agents' fees, letting agents' fees, legal fees related to the property and staff costs.

Property let in furtherance of charitable purposes

This category covers expenditure incurred in relation to those parts of the Dellow Centre property let on short-term leases to (i) Providence Row Housing Association (PRHA) in respect of the Dellow Hostel and (ii) St Mungo's in respect of offices on the 2nd floor of the Dellow Centre. PRHA is a charitable Housing Association. Under the terms of its lease, PRHA uses the premises for charitable purposes as a hostel for those in housing need and by means of funding from the London Borough of Tower Hamlets (LBTH). Providence Row considers that the services and facilities provided by this tenant from the premises let to them are compatible with and complementary to its own charitable purposes and activities. Consequently, the rent received and other charges recovered from this tenant are included in the charity's 'Income from charitable activities' (see note 2b) and the expenditure incurred by the charity in relation to these parts of our buildings is classified as 'expenditure on charitable activities' (see note 3).

e. Tangible fixed assets

(i) Freehold land and buildings

Freehold land and buildings transferred from PRC on 31 March 2011, other than assets in the course of construction at that date, are stated at fair value on the date of transfer less depreciation charged since the transfer. Freehold buildings in use are depreciated on a straight line basis over a period of 50 years from the date of transfer. Freehold properties let to tenants on long term leases in respect of which Providence Row receives rental income are depreciated on a straight line basis over the remaining terms of the respective leases.

In the case of freehold land and buildings in use by the charity, fair value was ascertained, based on professional advice, as 'Market Value', defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the case of freehold properties let to tenants on long-term leases, fair value was determined based on a discounted cash flow analysis of expected future rental income under the existing lease terms and assumptions relating to future levels of inflation, potential outcomes of rent reviews and other factors where applicable.

The Activity Centre on the Gunthorpe Street/Wentworth Street site was under construction at the date of transfer and was brought on to the balance sheet of Providence Row at that date on the basis of historical cost of construction and related capitalised professional costs. Construction was completed in November 2011 and the building is subject to depreciation over a period of 50 years from 1 January 2012.

Included within 'Freehold land and buildings in use' are the capitalised costs of the full replacement and resurfacing of the flat roof of the charity's main Gunthorpe Street / Wentworth Street premises (the

Dellow Centre complex) undertaken during 2014-15. The costs of the new roof are being depreciated on a straight line basis over 25 years.

Freehold land is not depreciated.

ii) Other tangible fixed assets

Other categories of tangible fixed assets are depreciated on a straight line basis so as to write off their original cost over their estimated useful lives, as follows:

Office furniture and equipment	- 4 years
Computer equipment	- 3 years
Plant & mechanical equipment	- 10 years

Tangible fixed assets are capitalised if their initial cost (or, in the case of donated goods, the value to the charity – see note 1c above) is £500 or greater.

f. Fixed asset investments

Investment property assets are measured initially at cost and subsequently shown in the balance sheet at their fair value at the reporting date and are not depreciated. Changes in value of investment property arising in the period are shown in the SOFA under the heading 'Net gains / (losses) on investments' and are reflected in the 'Revaluation reserve: Investment property' (Unrestricted funds). 'Fair value' means the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted between knowledgeable, willing parties in an arm's length transaction.

The investment property was valued by an independent firm of professional surveyors as at 31 March 2015 (the first year end following acquisition), again as at 31 March 2016, due to significant changes to the tenancies and market conditions during the year (see note 8 for further details) and again as at 31 March 2018. In November 2020, the investment property was valued by an independent firm of professional surveyors. It is the policy of the charity henceforward to commission an independent professional valuation of the investment property every five years for accounting purposes, subject to a review in the intervening years in case of significant changes to the occupancy of the property, the tenancies or market conditions.

Investments in quoted collective investment funds are shown in the balance sheet at market value (bid price). Realised gains and losses are accounted for by reference to the sale proceeds and either the market value at the previous balance sheet date, or the cost of purchase, if later. Unrealised gains and losses are calculated by comparing the market value at the previous balance sheet date, or cost of purchase, if later, to the year-end valuation. Any gain or loss arising in the period is taken to the SOFA under the heading 'Net gains / (losses) on investments'. All gains and losses are dealt with as part of the funds to which they relate.

Fixed asset investments include cash deposits (both in instant access accounts and on deposits with a range of maturity dates) which the charity intends to hold as part of its on-going investment activities for more than one year from the reporting date.

g. Fund accounting

i) Endowment fund

The endowment fund represents investments, the capital of which forms the permanent endowment of the charity and must be retained and invested. Only the income from this fund is available to be used for general charitable purposes (as an addition to unrestricted funds). The assets of the endowment fund are held by Providence Row Charity (see note 1a for further information on the basis of accounting for the endowment fund assets). The investments of the endowment fund are included within 'Fixed Assets: Other Investments' (see note 9, 'Other Investments').

ii) Restricted income funds

Restricted income funds can only be used for particular purposes (within the objects of the charity) specified by the donor or grantor or the terms of an appeal.

iii) Designated funds - unrestricted

Designated funds are unrestricted funds of the charity set aside out of the general funds by the Trustees for specific purposes or projects for the furtherance of particular aspects of the charity's objects, but over which the Trustees retain full discretion.

iv) General funds - unrestricted

These comprise the funds which are available to be used for any purpose within the charity's objects.

h. Pension costs

The amounts charged to the SOFA for defined contribution pension arrangements represent the employer contributions payable in the period.

i. Operating leases

Rentals paid under operating leases are charged to the SOFA on a straight line basis over the term of the lease.

j. Taxation

Irrecoverable VAT is not separately analysed and is charged to the SOFA when the expenditure to which it relates is incurred and is allocated as part of the expenditure to which it relates.

Tax recoverable from voluntary income received under Gift Aid is recognised when the related income is receivable.

k. Subsidiaries

Providence Row Charity (charity number 207454), of which Providence Row became the sole trustee following the transfer of charitable undertaking, is a subsidiary of Providence Row. Following the transfer of charitable undertaking, the assets, results and activities of Providence Row Charity are aggregated into the financial statements of Providence Row (see note 1a above).

2 Income

a. Income from donations and legacies

	Unrestricted Funds	Restricted Funds	2021 Total	2020 Total
	£	£	£	£
Individuals	149,392	-	149,392	60,698
Corporate donors	194,958	26,594	221,552	157,728
Community	44,100	-	44,100	41,843
Gift Aid reclaimed	6,711	-	6,711	7,772
Donated goods, facilities and services*	8,294	-	8,294	1,852
Grants from trusts and foundations	133,678	10,350	144,028	87,237
Sub-total: Donations	537,133	36,944	574,077	357,130
Legacies	140,765	-	140,765	34,507
Total income	677,898	36,944	714,842	391,637

* The donated goods, facilities and services are shown separately and analysed further in the table below.

The category of 'Corporate donors' includes individuals whose connection with Providence Row derives primarily from their employer's relationship with the charity. Donations in this category from individuals during the period totalled £30,453, none of which was in restricted income (2020: £37,741).

'Community' donations include gifts from religious communities, churches, schools and local community groups. This category also includes income from individuals participating in external community events such as sponsored runs.

Donated goods, facilities and services are broken down by type in the table below (all income within this category is included within unrestricted funds):

	2021	2020
	£	£
Food and kitchen equipment	8,294	504
Other goods donated for client use	-	1,348
Total donated goods, facilities and services	8,294	1,852

In accordance with Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the financial statements. However, as set out in more detail in the Report of the Trustees, our volunteers make a vital contribution to the work of the charity, including corporate volunteers, Welcome Area volunteers and general volunteers within the main service teams, Finance and Resources and Fundraising.

b. Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
London Borough of Tower Hamlets (LBTH): Advice & Support - Rough Sleepers services	481,636	-	481,636	310,424
Worker & Needle Exchange, Women's Service	208,951	-	208,951	151,656
City of London: Recovery & Progression Service	48,801	-	48,801	48,500
Sub-total: Local Authority Contracts for Services	739,388	-	739,388	510,580
Performance - related grants - Trusts & Foundations	85,000	382,317	467,317	273,871
Rise Bakery Sales	-	-	-	20,419
Rents and charges from non-investment properties let in furtherance of charitable purposes	371,084	-	371,084	228,008
Total income from charitable activities	1,195,472	382,317	1,577,789	1,032,878

Income from government sources is summarised in the table below:

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Local Authority Contracts for Services (see above)	739,388	-	739,388	510,580
Total income from government sources	739,388	-	739,388	510,580

c. Income from other trading activities

	2021 Total £	2020 Total £
Other trading activities	563	968
Income from letting and licensing of property held primarily for functional use but temporarily surplus to operational requirements (inc. room hire)	210	19,371
Total income from trading activities	773	20,339

All of the income in the table above was included in unrestricted funds.

d. Investment income

	2021 Total £	2020 Total £
Rent and charges from commercial tenants at investment property (Sherrington Mews)	330,748	352,374
Dividend and interest income from other investments	23,783	24,319
Total investment income	354,531	376,693

All of the income in the table above was included in unrestricted funds.

e. Other income

	2021 Total £	2020 Total £
Ground rents from non-investment freehold property let on long leases	25,000	25,000
Total other income	25,000	25,000

All of the income in the table above was included in unrestricted funds.

3 Expenditure

	Direct costs £	Support Costs £	2021 Total £	Direct costs £	Support Costs £	2020 Total £
Raising Funds						
Raising donations and legacies	307,827	137,519	445,346	363,173	98,114	461,287
Other trading activities	637	285	922	4,581	1,238	5,819
Investment management	191,093	13,566	204,659	139,531	9,878	149,409
Sub-total: costs of raising funds	499,557	151,370	650,927	507,285	109,230	616,515
Charitable activities						
Advice and Support / Resource Centre	648,326	289,633	937,959	652,079	176,164	828,243
Recovery and Progression	257,629	115,094	372,723	388,292	104,900	493,192
Trainee Schemes, Food & Garden	216,464	96,703	313,167	173,230	46,799	220,029
Providence Row Bakery	1,608	719	2,327	45,000	12,158	57,158
Non-investment properties let in furtherance of charitable purposes	48,364	5,366	53,730	22,337	1,582	23,919
Sub-total: costs of charitable activities	1,172,391	507,515	1,679,906	1,280,938	341,603	1,622,541
Total expenditure	1,671,948	658,885	2,330,833	1,788,223	450,833	2,239,056

Providence Row - Helping homeless and vulnerable people since 1860
Trustees' Annual Report and Financial Statements for the Year Ended 31 March 2020

Support Costs

Support costs can be analysed as follows:

	Governance £	Finance £	HR / Office Admin £	IT / Telecoms £	Property (Own Use) £	Other Central £	Depreciation £	2021 Total £	2020 Total £
Raising Funds									
Raising donations and legacies	13,796	12,213	15,811	8,141	24,956	33,278	29,324	137,519	98,114
Other trading activities	29	25	33	17	52	69	61	285	1,238
Investment management	5,481	4,852	-	3,234	-	-	-	13,566	9,878
Sub-total: costs of raising funds	19,306	17,090	15,843	11,392	25,008	33,347	29,384	151,370	109,230
Charitable activities									
Advice and Support / Resource Centre	29,057	25,722	33,299	17,146	52,561	70,087	61,762	289,633	176,164
Recovery and Progression	11,547	10,221	13,232	6,813	20,886	27,852	24,542	115,094	104,900
Trainee Schemes, Food & Garden	9,702	8,588	11,118	5,725	17,549	23,401	20,620	96,703	46,799
Providence Row Bakery	72	64	83	43	130	174	153	719	12,158
Non-investment properties let in furtherance of charitable purposes	2,168	1,919	-	1,279	-	-	-	5,366	1,582
Sub-total: costs of charitable activities	52,545	46,514	57,732	31,006	91,126	121,513	107,077	507,515	341,603
Total expenditure	71,851	63,604	73,575	42,397	116,134	154,861	136,461	658,885	450,833

Support costs are allocated to the different activities of the charity based on the proportion of direct costs attributable to the relevant activities, as follows:

- Governance, Finance, IT/Telecoms: split between all activities of the charity in proportion to direct costs of the activities;
- HR/Office Administration costs, Property (Own Use), Other Central costs: split between all activities of the charity except for investment management and non-investment property let to tenants, in proportion to direct costs;
- Depreciation charges: buildings depreciation charges are allocated to 'non-investment properties let in furtherance of charitable purposes' in relation to the physical share of the Dellow Centre let to relevant tenants; the remainder of buildings depreciation and depreciation of other tangible fixed assets is allocated to the activities of the charity (except investment management) in proportion to direct costs.

4 Staff Cost and Employee Benefits

	2021 £	2020 £
Wages and salaries (including accrual for unpaid annual leave)	1,093,481	1,120,994
Employers National Insurance contributions (social security costs)	112,425	107,528
Employer's contribution to defined contribution pension schemes	25,246	24,828
Agency staff (including agency fees)	207,672	193,659
Insurance premiums: group life assurance and employee personal accident	4,369	4,434
Termination payments and related fees	11,134	-
Total	1,454,327	1,451,443

No member of the Board of Trustees was paid any remuneration or received any other benefits for their services as a trustee or from an employment with the charity or a related entity during the year (2020: none). No Trustee received reimbursement of expenses incurred for services provided to the charity during the year (2020: none). Details of transactions with connected parties of trustees are disclosed in note 19.

During the year there was one employee whose total employee benefits (excluding employer pension costs) fell within the banding £70,000 to £79,999 (2020: one). Employer payments in the year to a defined contribution pension scheme in respect of this employee totalled £1,751 (2020: £1,181).

The key management personnel of the charity consists of the Trustees the Chief Executive and the Leadership Team. Total employee benefits received by the charity's key management personnel (excluding trustees) during the year were £264,526 (2020: £242,243).

5 Staff Numbers

The average monthly head count (number of staff employed) in the twelve month period ending 31 March 2021, analysed between full-time and part-time staff, was:

	2021	2020
Full-time staff	25.0	28.5
Part-time staff	7.3	7.7
Total Average Head Count	32.3	36.2

The average monthly number of full-time equivalent employees in the twelve month period ending 31 March 2021, analysed by activity, was:

Activity	2021	2020
Fundraising, communications, marketing	4.1	7.7
Charitable activities	19.6	21.5
Support, central, investment management	6.1	4.3
Total Average Head Count	29.8	33.5

6 Amounts Payable to the Auditors

	2021 £	2020 £
Audit fee:		
Current Year	13,500	13,500
Prior Year (overprovision)	956	1,341
Total	14,456	14,841

No other services were provided by the auditors during the year (2020: none).

7 Tangible Fixed Assets

	Freehold land and buildings in use £	Freehold properties let on long leases £	Office furniture and equipment £	Computer equipment £	Plant and mechanical equipment £	Total £
Costs or 'Fair Value' on Incorporation						
Balance at 31 March 2020	5,564,766	300,000	137,941	85,280	300,298	6,388,284
Additions	-	-	7,560	32,675	-	40,235
Balance at 31 March 2021	5,564,766	300,000	145,501	117,955	300,298	6,428,519
Accumulated Depreciation						
Balance at 31 March 2020	628,104	19,286	72,914	47,289	86,203	853,796
Charge for the year	75,248	2,143	7,347	21,693	30,030	136,461
Balance at 31 March 2021	703,352	21,429	80,261	68,982	116,233	990,257
Net book value						
At 31 March 2020	4,936,662	280,714	65,025	37,991	214,095	5,534,487
At 31 March 2021	4,861,414	278,571	65,238	48,973	184,065	5,438,261

'Freehold land and buildings in use' at 31 March 2021 includes £2,000,000 of land that is not depreciated (2020: £2,000,000).

8 Investment Property

	2021 Costs	2021 Fair Value	2020 Cost	2020 Fair Value
	£	£	£	£
Balance at beginning of the year	1,556,353	4,450,000	1,556,353	4,770,244
Add: Additions at costs	-	-	-	-
Unrealised loss on revaluation	-	-	-	(320,244)
Balance at the end of the year	1,556,353	4,450,000	1,556,353	4,450,00

The charity's investment property was valued at 31 March 2018 at £4,770,000. The property was carried at a value of £4,770,244 as at 31 March 2019. In January 2020 the property has been revalued by an independent valuer, BNP Paribas Real Estate Advisory & Property Management UK Ltd, a professional firm of Chartered Surveyors external to Providence Row with extensive experience in the location and class of property being valued. The independent valuer's report was prepared in accordance with the Royal Institute of Chartered Surveyors' 'RICS Valuation – Global Standards 2017 (the Red Book)'. The valuation was based primarily on the comparable method of valuation having regard to the capital value rates per square foot achieved for similar recent transactions in the area. Appropriate adjustments were made to reflect the strength of location, tenant covenant, prospects for alternative uses, specification and size of the property in relation to comparable evidence. The valuation was checked for reasonableness by capitalising rental income from existing tenants and prospective rental income in relation to vacant units at appropriate net equivalent yield rates. The resulting valuation per the independent valuer's January 2020 report is £4,790,000.

The outbreak of coronavirus (Covid-19) was declared by the World Health Organisation as a "Global Pandemic" in March 2020, shortly before the end of the charity's financial year. In normal circumstances the trustees would have considered the fair value of the investment properties to show little movement between 7 January 2020 and 31 March 2020, however the circumstances of the Covid-19 pandemic are unprecedented. In November 2020 the property was revalued again by BNP Paribas Real Estate Advisory & Property Management UK Ltd. The resulting valuation per the independent valuer's report was £4,450,000. The Board's opinion is that the valuation of 9th November 2020 is a fair reflection of the property's value on 31st March 2020 because the Covid-19 pandemic was underway during March 2020 and was the key factor in determining a revised valuation. We considered recent RICS guidance which suggests that there would almost certainly have been a material uncertainty opinion attaching to any such valuation as at 31 March 2020, given the unprecedented circumstances, on which to base a judgement. The trustees therefore considered that there was a material valuation uncertainty in relation to the carrying value of the investment properties, as at 31 March 2020.

On the basis the November 2020 valuation did not of itself indicate a material valuation uncertainty as at that point, there should be no reference to a material valuation uncertainty in the March 21 accounts. Furthermore, the valuation from November 2020 has not been updated, but in any event it is considered reasonable not to amend the valuation as at March 2021

9 Other Investments

	2021 Cost £	2021 Market Value £	2020 Cost £	2020 Market Value £
Unitised investments held within Endowment fund				
Balance at beginning of the year	619,592	668,973	520,119	783,096
Less: Disposals	(274,893)	(396,999)	(216,143)	(326,328)
Add: Acquisitions	389,811	389,811	315,616	315,616
Net gains / (losses) on revaluation	-	163,418		(103,411)
Balance at end of the year	734,510	825,203	619,592	668,973
Cash deposits at end of the year				
Notice deposits (3 months or less)	544,258	544,258	543,806	543,806
Cash held in Endowment fund (capital account)	17,349	17,349	10,159	10,159
Total cash deposits at end of the year	561,607	561,607	553,965	553,965
Total other investments at end of the year	1,296,117	1,386,810	1,173,557	1,222,938

10 Debtors

	2021 £	2020 £
Long term debtors (receivable after more than one year)		
Rent deposits held by agents	10,384	48,641
Short term debtors		
Trade debtors	84,493	88,125
Rent deposits held by agents	63,800	114,927
Service Charge deposits held by agents	77,246	42,027
Other debtors (legacies)	105,000	125,000
Prepayments	23,230	13,462
Accrued income	17,351	55,146
Staff loans	67	-
Total Debtors	381,571	487,328

11 Creditors: Amounts Falling Due Within One Year

	2021 £	2020 £
Trade creditors	101,723	26,228
Tax and social security	28,862	31,276
Rent deposits held from commercial tenants	14,354	19,830
Grant payments received on account	38,021	92,551
Holiday pay accrual	43,044	17,513
Other accruals	21,354	26,450
Deferred income	358,298	179,466
Total	605,656	393,314

12 Creditors: Amounts Falling Due After More Than One Year

	2021 £	2020 £
Rent deposits held from commercial tenants	10,384	48,641
Total	10,384	48,641

13 Deferred income

	2021 £	2020 £
Balance brought forward at 31 March 2020	179,466	172,803
Amounts deferred	1,300,446	444,147
Amounts released	(1,121,614)	(437,484)
Balance carried forward at 31 March 2021	358,298	179,466

14 Operating Leases

The table below sets out the future minimum lease payments under non-cancellable operating leases for the periods shown:

	2021 £	2020 £
Office equipment		
Within one year	6,547	2,952
In one to two years	18,832	344
	25,378	3,296

15 Endowment Fund

	Balance 31 March 2020 £	Investment management fees charged £	Unrealised losses on investments £	Balance 31 March 2021 £
Permanent Endowments				
Endowment fund	656,321	(8,073)	163,418	811,666

The Endowment fund represents investments, the capital of which forms the permanent endowment of the charity; only the income from the investments is available to be used for general charitable purposes (as an addition to unrestricted funds).

16 Restricted Income Funds

	Balances 31 March 2020 £ Restated	Income £	Expenditure £	Balances 31 March 2021 £
Tangible fixed asset fund: Restricted	2,296,000	-	(56,000)	2,240,000
Advice & Support				
Marie Celeste Samaritan Society: Hospital Discharge Project	12,939	71,892	(83,402)	1,429
St. Mungos	9,515	-	(9,515)	-
National Zatah Foundation	160	-	(160)	-
TGF-Welcome Area(Charlotte Bonham-Carter)	4,000	-	(4,000)	-
Learning Programme				
Big Lottery Fund	29,166	85,670	(114,836)	-
Sage	2,948	-	(2,948)	-
TGF-R2R Hospital Liason Officer(The Nationwide Foundation	3,860	26,437	(30,297)	-
CRF-RPS (Google)	500	-	(500)	-
TGF-R2R The Charles S. French Charitable Trst		1,500	(1,500)	-
TGF-Core Costs(Covid) The Julia and Hans Rausing TrustOct-Mar21		49,504	(49,504)	-
E&P-VSF Voltaire Solidarity Fund		4,000	(4,000)	-
Other Activities				
Nelsons: homeopathy service	5,164	-	(5,164)	-
CAF Resilience Fund		98,814	(98,814)	-
Crisis £4850		4,850	(4,850)	-
The Horners' Company £5k		5,000	(5,000)	-
MCSS - R2R Hardship and Personalisation Fund		5,000	(4,288)	712
Society of the Holly Child Jesus		20,000	-	20,000
Training & Employment				
Streetsmart	10,024	-	-	10,024
City Bridge Trust	1,350	-	-	1,350
Young Philanthropists' Syndicate at PWC	84	-	(84)	-
Souter	4,000	-	-	4,000
TGF-Trainee Scheme (East End Community Foundation)		10,000	(3,520)	6,480
XL Catlin	5,000	-	(5,000)	-
Leathersellers Company	20,000	-	(20,000)	-
Eleanor Hamilton Educational Trust	3,000	-	(3,000)	-
Oliver Stanley Charitable Trust	699	-	(699)	-
CRF-E&T(Bank of America Merrill Lynch)	38,110	26,594	(64,704)	-
TGF-E&T Employment (Horners Company)	5,000	-	(5,000)	-
TGF-Trainee Scheme 2020/21 (Calleva Foundation)	-	10,000	(10,000)	-
Social Enterprise inc. Providence Row Bakery ('Rise Bakery')				
Individual donors and corporate gifts	5,206	-	(5,206)	-
Total Restricted Income Funds	2,456,725	419,261	(591,991)	2,283,994

17 Unrestricted Funds

The balances on the unrestricted reserves are made up as follows:

	Balances 31 March 2020 £	Income £	Expenditure £	Net transfers between funds £	Revaluation Loss £	Balances 31 March 2021 £
	Restated					
Tangible fixed asset fund: Unrestricted	3,238,488	-	(82,213)	41,988	-	3,198,263
Fixed asset fund: Investment Property	1,556,597	-	-	-	-	1,556,597
Revaluation reserve: Investment Property	2,893,403	-	-	-	-	2,893,403
Cyclical maintenance and repairs fund	19,049	-	-	(19,049)	-	0
Other designated funds	63,067	-	-	(63,067)	-	(0)
Free Reserves						
Contingency fund: Charity running costs	502,937	-	-	297,063	-	800,000
General funds	-	2,253,674	(1,648,555)	(256,935)	-	348,184
Sub-total: Free Reserves	502,937	2,253,674	(1,648,555)	40,128	-	1,148,184
Total Unrestricted Funds	8,273,541	2,253,674	(1,730,768)	-	-	8,796,447

Tangible fixed asset fund: Unrestricted

This fund represents the carrying value of the charity's tangible fixed assets whose original acquisition or costs of construction were financed by unrestricted funds (or where the terms of a restricted grant or donation have been met once the asset has been acquired and the Trustees have accordingly transferred the corresponding amount from restricted funds). This includes part of the carrying value of freehold properties at the charity's main Gunthorpe Street/Wentworth Street site (the Dellow Centre complex) and the Activity Centre at the same site.

Fixed asset fund: Investment Property / Revaluation reserve: Investment Property

These two funds together represent the fair value of the charity's investment property, Sherrington Mews (formerly known as the Gunthorpe Street Workshops).

In accordance with regulations made under the Companies Act 2006 and the requirements of Charities SORP (FRS 102), a separate revaluation reserve is disclosed in relation to revaluation gains on the property, i.e. the difference between (i) the cost of the property when first recognised plus the value of capitalised additions at cost and (ii) the assessed fair value of the property at the end of the reporting period.

Cyclical maintenance and repairs fund

The Trustees have determined that there should be sufficient funds available in the future for major capital repairs to the charity's buildings and planned maintenance and replacement of associated plant and equipment, as well as to provide a contingency reserve for potential major risks such as mechanical breakdown or structural defects impacting on property, plant and equipment.

The net decrease in the Cyclical maintenance and repairs fund during the year of £19,049 takes the overall value of the Cyclical maintenance and repairs fund to a £nil balance. This represents a transfer to the 'Tangible fixed asset fund: Unrestricted' relating to the number of small improvements in the Dellow Centre.

Subsequent to the year-end Trustees will evaluate the appropriate level for the cyclical maintenance fund.

Other designated funds

The opening balance of £63,067 represents the balances on several funds. An amount of £50,000 was set aside as at 31 March 2016 in respect of legacy income recognised as receivable during the year where payment has not yet been received from the estate as at the date on which these financial statements have been authorised for issue. Since the timing of receipt of this legacy is not yet certain, the Trustees decided to transfer this amount into a designated fund in order to separate it from the charity's free reserves which are required to be backed by cash. As at the balance sheet date payment has not been received but the commercial properties from which this legacy is derived have been sold.

During the financial year the fund was fully utilised, decreasing to a nil balance.

Contingency fund: Charity running costs

In order to protect the charity against significant unplanned variability in operating cash flow and in particular to prevent disruption of services to beneficiaries in the event of unexpected falls in income levels, the Trustees have set aside a contingency reserve whose value is determined with reference to the following factors:

- Forecasts for future years' income and the level of risk and variability attaching to each category of income;
- The costs of running each of our services and areas of activity, and the degree of commitment or flexibility in relation to each area of expenditure;
- The potential impact of any sudden reduction in income and the minimum time period over which the charity would aim to be able to finance each of our core services in the absence of new external income;
- Changes to the level of commercial risks facing the charity following the acquisition of Sherrington Mews in 2014;
- A contingency for redundancy costs;

The fund was £502,937 as at 31 March 2020 (restated), due to a surplus during the year, the fund has been increased to £800,000 in the year ending 31 March 2021.

General funds

The General funds together with the Contingency fund (see above) represent the free reserves of the charity, i.e. those unrestricted funds, backed by cash (including cash deposit investments) which have not been designated (or 'earmarked') for a specific short or medium term purpose or otherwise as set out in relation to the remaining designated funds in the section above. The general reserve was £nil at the beginning of the year. Due to a surplus in the year, the general fund has a balance at year end of £348,184.

18 Analysis of Net Assets Between Funds

	Tangible fixed assets £	Investment property £	Other investments £	Current assets less total liabilities £	Total 31 March 2021 £
Endowment Fund	-	-	811,666	-	811,666
Restricted income funds					
Tangible fixed asset fund: Restricted	2,240,000	-	-	-	2,240,000
Other restricted funds	-	-	-	43,994	43,994
Unrestricted funds					
Tangible fixed asset fund: Unrestricted	3,198,263	-	-	-	3,198,263
Fixed asset fund: Investment Property	-	1,556,597	-	-	1,556,597
Revaluation fund: Investment Property	-	2,893,403	-	-	2,893,403
Cyclical maintenance and repairs	-	-	-	-	-
Other designated funds	-	-	-	-	-
Contingency fund	-	-	575,144	224,856	800,000
General funds	-	-	-	348,184	348,184
	<u>5,438,263</u>	<u>4,450,000</u>	<u>1,386,810</u>	<u>617,034</u>	<u>11,892,107</u>

19 Related Party Transactions

During the year the charity received donations from Trustees and related parties (including the Institute of Our Lady of Mercy and Mercy Union Generalate) totalling £7,000 (2020: £12,000). When Providence Row was founded in 1860, it was to the Sisters of Mercy of the Union of Great Britain and the Institute of Our Lady of Mercy that the founder turned to run the operation. Since incorporation in 2011 the Union and the Institute have the right to appoint one trustee each to the Board of Trustees.

20 Prior year adjustment

Reclassification of Contract income from restricted to unrestricted funds / prior year adjustment

	Total Funds 2021	Total Funds 2020
Statement of financial activities		
Balance of Other Restricted Funds at 1 April 2019 as previously stated		299,197
Prior year adjustment		<u>(162,002)</u>
Balance of Other Restricted Funds at 1 April 2019 as restated		<u>137,195</u>
Balance of Contingency Funds at 1 April 2019 as previously stated		676,538
Prior year adjustment		<u>162,002</u>
Balance of Contingency Funds at 1 April 2019 as restated		<u>838,540</u>
Other restricted Funds at 1 April 2020 as previously stated	317,075	
Prior year adjustment	(162,002)	
Adjustment for restricted income (as above)	(515,707)	
Adjustment for unrestricted expenditure	<u>521,359</u>	
Other restricted Funds at 1 April 2020 as restated	<u>160,725</u>	
Contingency Funds at 1 April 2020 as previously stated	346,588	
Prior year adjustment (as above)	162,002	
Adjustment for restricted income	515,707	
Adjustment for unrestricted expenditure	<u>(521,359)</u>	
Contingency Funds at 1 April 2020 as restated	<u>502,938</u>	
Summary of movement in Other restricted funds and Contingency Funds		
Unrestricted		
Prior year adjustment at 1 April 2019		162,002
Prior year adjustment at 1 April 2020		<u>(5,652)</u>
Total		<u>156,350</u>
Other restricted funds		
Prior year adjustment at 1 April 2019		(162,002)
Prior year adjustment at 1 April 2020		<u>5,652</u>
Total		<u>(156,350)</u>

21 Trusts and Foundations' income breakdown

We are immensely grateful to the following Trusts and Foundations for their generous support:

Name of funder	Funding amount (£)
Julia and Hans Rausing	49,504
CHK Foundation	10,000
Streets of London	5,000
The Worshipful Company of Fan Makers	3,650
Feltmakers' Charitable Foundation	12,000
Leathersellers' Company Charitable Fund	30,000
Salters' Charitable Foundation	5,000
The Horners' Charity Fund	5,000
The 29th May 1961 Charitable Trust	5,000
The CAF Resilience Fund, through the DCMS Community Match Challenge	98,814
Homeless Link (in partnership with The National Lottery Community Fund) – COVID-19 Homelessness Response Fund	85,000
London Homeless Collective - Winter Campaign	4,350
East End Community Foundation	13,100
Marie Celeste Samaritan Society: Hospital Discharge Project (Incl £12K Hardship Fund)	83,892
The National Lottery Community Fund	85,669
The Worshipful Company of Curriers	1,338
Derwent London plc	6,500
The Mitchell City of London Charity	3,000
Martin Lewis Coronavirus Emergency Fund	6,000
City of London Justice Rooms Charitable Trust	1,000
Wheelwrights' Charity	1,500
Crisis: In This Together Grant	4,850
The Worshipful Company of Chartered Secretaries and Administrators Charitable Trust	1,550
The Oliver Stanley Charitable Trust	1,000
Newby Trust	5,000
Sir Harold Hood's Charitable Trust	2,000
Henhurst Charitable Trust	1,250
The Voluntary Solidarity Fund	4,000
Eleanor Hamilton Educational Trust	3,000
Butt family through the Calleva Foundation	10,000
Michael Watson Charitable Trust	2,500
The Court of Aldermen (City of London Corporation)	1,700
Nationwide Foundation Carried over from 2019/20	26,437
Carried over from 2019/20	10,026
Carried over from 2019/20	1,350
Nelsons: Homeopathic Pharmacy Carried over from 2019/20	5,164
The Horners' Charity Fund Carried over from 2019/20	5,000

We would like to thank the Charlotte Bonham Carter Charitable Trust and the Souter Charitable Trust and many other smaller Trusts and Foundations that have supported over this year with donations totalling £10,470.