

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018



KEY INFORMATION ABOUT THE CHARITY

Board of Trustees

Elizabeth Canning (Chair)
Rita Chakraborty
Simon Cribbens
Sister Evelyn Gallagher
Linda McHugh
Jonathan Rhodes
Sister Monica Sheehy (resigned 12 October 2017)
Richard Solomon (Honorary Treasurer)
Paul Strange
Gavin Mullen
Bishop Nicholas Hudson

Chief Executive Officer & Company Secretary

Tom O'Connor (from 5 May 2017)

Auditors

Mazars LLP
Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

Investment Advisors

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

Investment Property Managing Agents

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

Patron

His Grace The Duke of Norfolk

Honorary Vice Presidents

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

Bankers

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

Solicitors

Bates Wells Braithwaite
10 Queen Street Place
London
EC4R 1BE

Investment Property Legal Advisers

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

Registered and Principal Office: The Dellow Centre, 82 Wentworth Street, London E1 7SA

Company number: 07452798. Charity number: 1140192

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LETTER FROM CHAIR OF TRUSTEES

Since my last letter to you, Providence Row has said goodbye to Pam Orchard and welcomed Tom O'Connor as our new CEO in May 2018. Tom joins us from CAFOD and has now been in the CEO role for just over a year.

Although we have a new CEO, our work continues and our values remain the same.

The charity has strong reserves; providing financial stability and ensuring our future provision of services to the homeless and those at risk of homelessness. We continue to adopt a prudent approach in respect of our investment into the charity as well as managing our risk. Homelessness is rising and we have every intention of remaining in a good position to enable Providence Row to meet the needs of some of the most marginalised and vulnerable in our society. The Trustees are committed to good financial governance so we can make best use of the resource available to us.

We also continue to review our governance structure so that we can assure our donors and benefactors that we are good stewards of the many donations which we receive. We seek always to avoid the conflicts of interest and financial mismanagement which have bedevilled some charities. We believe it is important to demonstrate our integrity in regards to all we do and we have the structure in place to support this aim.

It has been another busy year with a number of new initiatives;

- a new provision for vulnerable rough sleepers during the winter.
- New monthly assessment and support for rough sleepers from the City of London.
- Our social enterprise, Rise Bakery, won the National Homeless Link award and have agreed a contract to provide brownies baked by our clients to the Department of International Development and the Foreign and Commonwealth Office. Next stop 10 Downing Street!

All of these initiatives are in addition to our daily work ranging from a nourishing breakfast to accessing mental health workers to singing in our rock band. This work goes on every day, month in, month out, year in, year out.

I am proud that we continue to innovate and constantly ask ourselves whether the services we provide are relevant and meet people's need. But no-one should go hungry or sleep on the streets. We have an obligation and a duty to our fellow man (and woman). At our most basic service level, we fulfil these needs and that is the foundation for everything else we do.

I would like to thank our CEO Tom O'Connor and all the staff for their commitment and service. Providence Row is not just a place of service provision; it is a place where people who care for other people come to help.

Our volunteers including our Patron and Trustees also deserve thanks and gratitude. Without our benefactors Providence Row would not exist - your contribution is gratefully appreciated.

Finally, I commend these annual Financial Statements to you.

Elizabeth Canning
Chair



Photo: Ed Robinson/OneRedEye

MESSAGE FROM OUR CEO

Yesterday morning I spoke with a man using our day centre who said to me;

'I am so glad I came to Providence Row. Things had gone off track for me. I lost my home and had no money. I didn't know where to turn. Everyone here made me welcome and my key worker has been brilliant. I now have access to benefits and my accommodation is being sorted out. Everything is going to be okay after all.'

I feel privileged to be part of the Providence Row community and to hear stories like this regularly and first hand. After just over a year in post I am proud to say that Providence Row is true to its word and offers life changing support to some of the most disadvantaged people in our society.

In 1860 our founder Fr Daniel Gilbert was appalled to find a destitute woman cowering in a doorway near his home. She had nowhere to go and no one to offer her support. This encounter changed his life and inspired him to begin the work of Providence Row. With the Sisters of Mercy he opened the first non-denominational refuge in London believing that we should serve people in need regardless of their religion or where they came from. From the outset Providence Row supported people to find work and address their longer term needs as well as ensuring they had shelter for the night.

Today we are inspired by the same respect for the dignity of all those who are vulnerable. No one should have the spectre of homelessness hanging over them.

The society in which we live is different in so many ways from the London of 1860 but sadly and inexcusably the scandal of homelessness is still with us. I have heard many people saying that they want to help but don't know how best to do this. I work for Providence Row because I know that this charity is very much part the solution. From welcoming those who are not welcome anywhere else with the offer of a shower and breakfast to listening carefully to each individual's particular concerns, we are there when people are most in need. As they progress we offer them a range of support services and training programmes that can set them on the road to long term recovery.

Providence Row is now preparing a review of our strategic plan and asking again: What are the best ways to offer sustainable support for those affected by or at risk of homelessness? How can we continue to reach out to those least likely to access services elsewhere? Our response will involve growing our services to meet increasing needs, going out into the community to deliver services where people feel safe, and building a community of support for those who have been isolated. The causes and symptoms of homelessness today are complex but I am confident that Providence Row will rise to the challenge as did our founders all those years ago.

Finally a word of thanks to all our supporters and funders. The vital work of our inspiring team of volunteers and staff could not happen without your generosity and kindness.

Thank you!

Tom O'Connor
CEO



ABOUT US

Vision

We have a vision of the East End of London as a thriving, vibrant area which is welcoming, friendly and culturally integrated. When people do experience major problems in their lives and have nowhere else to turn, Providence Row is a place they can go for safety, help and support to overcome what has gone wrong.

Mission

To achieve our vision, Providence Row will work with people, whatever their nationality, ethnicity or religion. We will help them to overcome severe and multiple disadvantage, fulfilling their potential as contributing members of the community. This means that we will address not only their immediate presenting issues, but also the underlying causes of their homelessness and exclusion.



Our values

COMPASSION

Taking the time to understand difficulties without pre-judgement and with a view to helping to overcome them

RESPECT

Exercising the same degree of consideration and care for all those who come to Providence Row, whatever the reason

INCLUSIVENESS

Welcoming and seeking to involve everybody, whatever their background, presenting issues, ethnicity, nationality or faith

EMPOWERMENT

Working with people, not for people, to enable them to realise their gifts, abilities and talents

JUSTICE

Acting fairly and promoting justice within the organisation and in relation to the needs and rights of people who use our services

Why we are needed

The autumn 2017 total number of rough sleepers counted and estimated was 4,751. The number of rough sleepers increased by 173 or 18% in London.

London represented 24% of the England total rough sleepers.

14% of rough sleepers were women, 20% were non-UK nationals and 8% were under 25 years old.

24% of the Tower Hamlets population live in overcrowded accommodation.

The causes of rough sleeping have changed over the last 20 years with the emphasis moving from friends and family no longer being willing to provide accommodation to 'end of assured shorthold tenancy'.

Homeless people need support with:

- Physical health problems,
- Mental health problems,
- General wellbeing,
- Substance misuse,
- Rough sleeping,
- Employment,
- Community engagement.

Homeless Link's 'Health Audit' found that:

- 78% of homeless people surveyed had a health problem. This increases with age.
- Common health conditions are: broken bones, dental problems, chest pain, eye problems, stomach problems, feet problems, fainting, wounds, skin infections, liver problems, urinary problems.
- 44% have a diagnosed mental health condition.
- 86% report a mental health difficulty.

Complex needs:

- Since 2012 the number of accommodation projects reporting not being able to support homeless people with complex needs has risen.
- 91% of accommodation projects refused access to people assessed as being too high risk.
- There is also evidence that people are being refused places in accommodation projects due to complex needs.



HIGHLIGHTS OF THE FINANCIAL YEAR

**MAY
2017**



Providence Row appoints new Chief Executive

Providence Row appointed Tom O'Connor as its new chief executive. Tom came to us from international development agency CAFOD.

**JUNE
2017**



Partnership with Berkeley Homes wins prestigious Corporate Engagement Award

Providence Row won the award as a result of its innovative programme with Property Developer Berkeley Homes, North East London with which it has a partnership for three years to help tackle homelessness in East London.

**JULY
2017**



Providence Row opens its doors for Art Night 2017

Providence Row opened its gates on Saturday 1 July to share an exhibition of beautiful and innovative work by their art group, a creative group for people affected by homelessness.

**SEPTEMBER
2017**



Providence Row's trainee schemes endorsed by the Institute of Hospitality

Providence Row's catering and bakery trainee schemes have been endorsed by the Institute of Hospitality, a fantastic acknowledgement of the quality of the training they provide to people affected by homelessness.

**DECEMBER
2017**



Santa run

Providence Row staff, interns and friends led by our Fundraising Department were amongst hundreds of Londoners running 5 or 10 kilometres in Santa costumes in Victoria Park to raise money for charity.

**DECEMBER
2017**



Carol Service

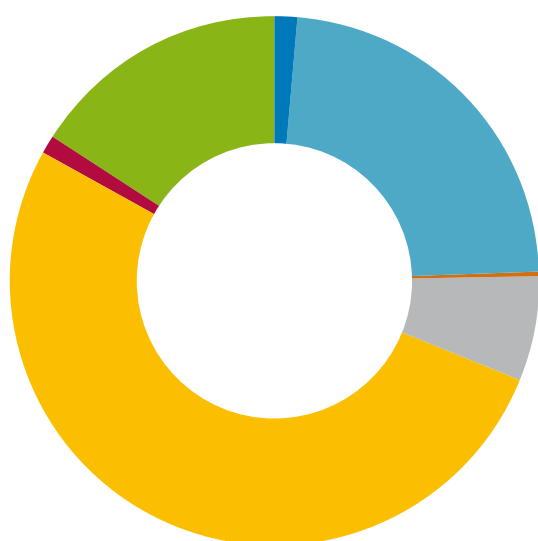
A highlight of the annual carol service held at St Mary Moorfields and attended by our patron the Duke of Norfolk was a performance by the providence Row Choir made up of staff, volunteers, trustees and service users.

FINANCIAL SUMMARY 2017/18

Income

Total income for 2017/18 was £1757,717 (2016/17 £1,825,855 with extraordinary income of £301,000).

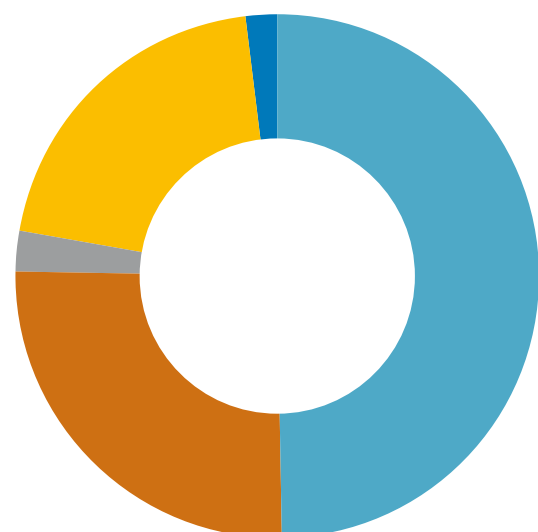
Income 2017/18	£'000	% of total income
Donations	408.0	23.2%
Donated goods, facilities and services	2.1	0.1%
Legacies	169.7	9.7%
Charitable activities	850.0	48.4%
Other trading	36.2	2.1%
Investment income	266.7	15.2%
Other income	25.0	1.4%
Total	1757.7	



Income 2017/18 £'000

- Donations **408.0**
- Donated goods, facilities and services **2.1**
- Legacies **169.7**
- Charitable activities **850.0**
- Other trading **36.2**
- Investment income **266.7**
- Other income **25.0**

Income from charitable activities is broken down as:



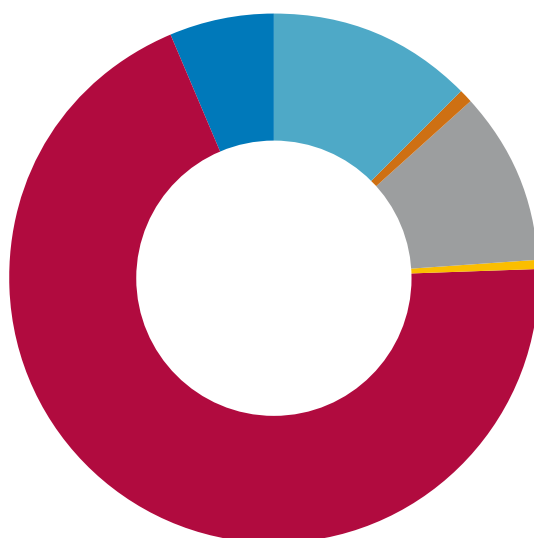
Income from charitable activities 2017/18 £'000

- Local authority contracts **439.8** (51.7%)
- Performance-related grants **226.5** (26.7%)
- Bakery sales **23.1** (2.7%)
- Rents from Dellow Centre Leases **145.5** (17.1%)
- Other **15.1** (1.8%)

Expenditure

Total expenditure for 2017/18 was £1,829,819 (2016/17 £1,688,845)

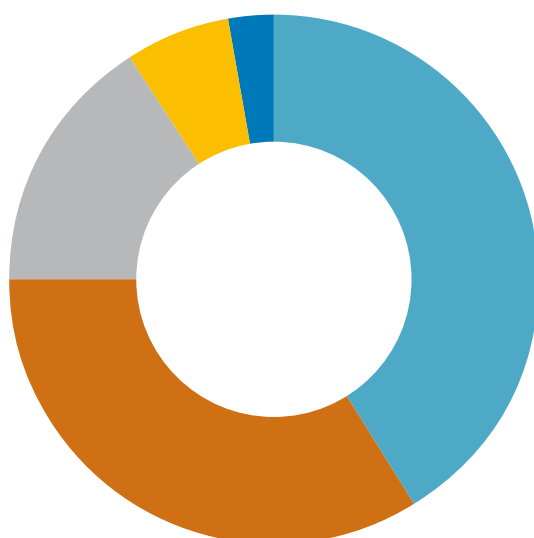
Expenditure 2017/18	£'000	%
Costs of raising donations and legacies	230.2	12.6%
Costs of 'other trading activities'	15.7	0.9%
Costs of investment property management	195.3	10.7%
Other investment management costs	8.9	0.5%
Charitable activities	1,266.5	69.2%
Other costs	0.6	0.0%
Depreciation charges	112.6	6.2%
Total	1,829.8	



Expenditure 2017/18 £'000

- Costs of raising donations and legacies **230.2** (12.6%)
- Costs of 'other trading activities' **15.7** (0.9%)
- Costs of investment property management **195.3** (10.7%)
- Other investment management costs **8.9** (0.5%)
- Charitable activities **1,266.5** (69.2%)
- Other costs **0.6** (0.09%)
- Depreciation charges **112.6** (6.2%)

Expenditure on charitable activities is broken down as:



Charitable Expenditure 2017/18 £'000

- Advice and Support/Resource Centre **522.8** (41.3%)
- Recovery and Progression **429.5** (33.9%)
- Trainee Schemes **199.5** (15.8%)
- Providence Row Bakery **80.3** (6.3%)
- Property let for charitable purposes **34.3** (2.7%)

The charity recorded a net deficit (total income less total expenditure) before net gains on investments of **£72,102** (2017: £137,010). After unrealised gains on investment assets of **£149,458** (2017: net gains of £139,645). The net gain for the year was **£77,356** (2017: net gain of £276,655).

OUR ACHIEVEMENTS

During the year **1,692** clients came to Providence Row for help. This is an increase on last year's comparable figure of just over 1,400, largely due to the continuing success of the referral and outreach programme (RESET) commissioned by the London Borough of Tower Hamlets Drug and Alcohol Action Team.

Advice and Support Team

Overall achievement:

Overall caseload of **643** clients, compared to 778 in 2016/17.

Resources:

c. £420k; 9.8 FTE staff.

Achievements and Results

We helped **219** Verified Rough Sleepers, compared to 127 in 2016/17. **97** Verified Rough Sleeper Action Plans were created jointly with the Tower Hamlets and City of London Street Outreach Teams.

The team provided housing and benefits help to **643** people during the year. **92** people were housed as a result (excluding Routes to Roots – see below). This is a 64% increase on 2016/17 and is a result of extending non-statutory accommodation options.

398 people self-reported as rough sleepers – a decrease of 18% of compared to 2016/17. **134** individuals were provided with reconnection and signposting advice. **17** people were reconnected to areas beyond Tower Hamlets.

Routes to Roots is a commissioned service to support out of borough hospital patients being treated at the Royal London Hospital who are at risk of rough sleeping on discharge from hospital. The project accepted **146** referrals which is a 19% increase on 2016/17. Our relationship with the Royal London Hospital Pathway Team continues to develop. We achieved **69** reconnections in 2017/18. We secured grant funding for a third year from the Marie Celeste Samaritan Society, providing us with more capacity for the project. A large number of patients fleeing gang related violence during the year necessitated a new way of working, both with St Giles Trust internally in RLH and with local authorities around London. A new "step down" accommodation service was opened in the reporting year, enabling Routes to Roots to refer clients in whose reconnection would not have been ready at point of discharge, further freeing up vital hospital beds and ensuring patients were not discharged to the streets.

Women's Casework Service. In October 2016 Providence Row was asked by the London Borough of Tower Hamlets ("LBTH") Drug and Alcohol Action Team to undertake the provision of a casework service to women engaged in street based sex work and prostitution. Outreach work was undertaken in partnership with Beyond the Streets. In quarter 2 of 2017/18 Providence Row closed the Women's Project and handed back to London Borough of Tower Hamlets as Beyond the Streets were taking over as a specialist provider. We continued to provide a drop-in site for Beyond the Streets after closure of the service and AST continued to work with those women who had housing needs.

MEET VERONICA

Our Advice and Support team help people in crisis to navigate complex issues and systems in order to access the support they need, including accommodation, benefits and health.

- Supported 92 people into accommodation.
- Connected 134 people to services.
- Supported 69 people to access housing and services on discharge from hospital, through our Routes to Roots hospital project.

We met Veronica* through the Women's Project, which our Advice and Support team oversaw in early 2017. She then went on to take part in our learning and wellbeing activities.

*Veronica's name and some details have been changed to protect her privacy.

“ Women who are in the same position that I was in - many of them are underground. But there are a few who wandering around in the streets because they're confused. When I see them I want to shake them and say - "There is help out there for you!" Without exaggerating. Providence Row has been marvellous. Brigitte and Chris who helped me with art and photography... I was nervous with the camera. But one of my pictures was in an exhibition and a magazine. I saw it and was so excited. It was my picture! I took it. I want to think big for myself... Even during those years I was homeless I was still dreaming big... Without any support and any connections what was I supposed to do! I'm eternally grateful for the support. ”



→ Read Veronica's full story on our website: www.providencerow.org.uk/Veronica

Resource Centre

Resources:

c. £105k; 2.4 FTE staff.

Achievements and Results

The Resource Centre continues to provide point of entry triage assessments for those accessing the service. A large training and improvement

programme for the Volunteers and new Resource Centre staff was undertaken during the year designed to improve triage assessments and allow AST staff to focus on full assessments and vital casework. **758** assessments were undertaken this year by Welcome Area volunteers, compared to 974 in 2017/18.

MEET WILLIAM

Our Resource Centre gives rough sleepers access to those basic, but essential things they need to get through the day after a night sleeping rough on the streets. This includes showers, a hot breakfast, phone charging and access to computers and the internet.

Providence Row keyworkers Gary and Jordan and volunteer David worked with William to help him get off the streets. William is now in accommodation and looking to the future.

“ When I first came down here I had been sleeping on the streets for two weeks, going in and out of hospital where I could get warm. I've got osteoarthritis in my knees so trying to sleep on the floor at night was rough. I found it hard to get up. Someone told me about Providence Row and I thought I'd pop in to see what they could do for me... ”



→ Read William's full story on our website: www.providencerow.org.uk/William

Recovery and Progression Service

Achievement:

The service worked with **275** clients during the year.

Resources:

c. £235k; 4.6 FTE staff.

Achievements and Results

275 people participated in the Learning Programme (compared to 328 people in 2016/17).

We commenced a pilot Physical health programme in September 2017, available to all clients, not just those on the LP. This has proved immensely successful and we are looking at ways and capacity to continue this work. Physical health interventions included flu jabs, TB chest x-rays, massage therapy, everyday first aid training, sexual health screens, dental screening appointments and breathing tests.

MEET FRANK

Our activities programme help people rediscover past interests and talents, inspires new ones as well as gives people a range of techniques to improve their wellbeing, including acupuncture, massage and counselling.

- 275 clients took part in Learning and Wellbeing programme over the year
- 68 people attended a total of 569 English classes.
- 101 people attended 516 groups aimed at supporting them in their recovery from substance misuse issues 'Breaking Free Online', 'Peer Support' and 'Recovery Drop-in'.

- 57 clients attended 274 'Men's Group' sessions.
- 95 clients attended 562 art sessions between them 'Art and Wellbeing', 'Open Art' and 'Photography' and 'Digital Media'.

“ I am my own person now. I can hold my head up. You've got all these activities. Say anybody is good at painting – I'm not – but it can bring you out. Who's to say nobody can be a Picasso? We're all individuals. I've joined the writers club and I'm in the singing group every Thursday ”



→ Watch Frank's interview and hear him sing on our website: www.providencerow.org.uk/Frank

RESET

Achievement:

Contact with over 700 individuals, completing approximately 1560 hours of outreach.

Resources:

c. £195k; 3.8 FTE staff.

Achievements and Results

At the end of October 2016 we launched our RESET programme; a referral and outreach service commissioned and funded by London Borough of Tower Hamlets Drug and Alcohol Action Team. A whole specialist team was recruited with the remit of reaching treatment resistant, treatment naïve and hidden groups into substance misuse treatment.

During 2017/18 the team referred 282 people into treatment with 66% of these individuals taking up a treatment option.

Our needle exchange and harm reduction advice helped 253 people as a first step to addressing substance misuse problems and moving into formal treatment with 235 of these representing to the service.

66 Naloxone kits (opioid overdose reversal drug) were distributed and 69 clients accessed BBV/Nursing support.

The RESET service is delivered in partnership with Mind in Tower Hamlets and Newham.

MEET SAM

We run the outreach and referral part of The Borough of Tower Hamlets drug and alcohol support provision called 'Reset'. This free and confidential service is for anyone in Tower Hamlets who is concerned about their drug and alcohol use, or someone else's.

- Worked with more than 700 people
- Spent 1560 hours in the community, reaching out to those with substance misuse issues.
- Referred 282 people into treatment, with 66% of these individuals taking it up.
- 253 people have used our needle exchange service.

*Sam's name and some details have been changed to protect his privacy.

- 66 Naloxone kits have been distributed. These life-saving kits are designed to help people who have overdosed.
- 69 clients have accessed a nurse for support with blood borne viruses and more.

“ I was suffering homelessness and I was in the midst of a relapse, when I met Jordan. He recommended I get involved with Reset. Reset has made me look at life differently and it's made me realise that I wasn't really wasting my time in the first place being abstinent. Since working with Reset I've decided to become abstinent again. I'm very pleased I came across Reset... ”



→ Watch Sam's full interview on our website: www.providencerow.org.uk/Sam

Enterprise and Training

Achievement:

109 people helped through the service.

Resources:

c. £280k; 5.3 FTE staff.

Achievements and Results

22 clients participated in the Catering Trainee Scheme. The charity now offers accredited learning in catering and food hygiene. In addition, Providence Row is now a centre for the Chartered Institute of Environmental Health ('CIEH') and now delivers Level 2 Awards. 16 clients completed the Scheme compared to 11 in 2016/17. 21 clients participated in the new Bakery Training Scheme; 18 clients completed the Scheme. 26 clients participated in the new Gardening Training Scheme; 18 clients completed the Scheme.

37 people accessed our 10 week programme "Working On It" in partnership with supporting companies (30 people accessing the programme in 2016/17). "Working On It" is our employability skills training programme designed to address misconceptions about working, enhance confidence and aspirations to find work, and to develop the skills and ability to stay in, and to succeed at work. 44 people attended Job Club (50 in 2017/18) and 54 came to our IT workshops (64 in 2016/17). 46 clients achieved an accredited qualification (23 in 2016/17); 8 went into employment and 19 went into further training / college.

We have made an effort to engage more female clients with the service. Of the 109 clients accessing the Enterprise and Training service 24% were women compared with 19% in 2016/17.

MEET PETE

Our catering, bakery and gardening trainee schemes give structured accredited free training to people affected by homelessness, mental health and substance misuse issues. These schemes are supported by 'Working on It', a course designed to support people back into work, with sessions on CV building, applying for jobs, interview techniques and more.

- Our catering and bakery trainee schemes were endorsed by the Institute of Hospitality.
- We supported 109 people with training or employment.
- 52 people completed one of our trainee schemes.
- We supported clients with 462 job applications.

“ When I did come here I was in a bad way. Now I've worked through those problems and I'm on the way up... Providence Row has helped me get out of the muck hole. Being a builder all of my life and all of a sudden turning it around and becoming a chef is a big step for me. In fact I actually got a job offer last week to be a cook in Greenwich.



”

→ Watch Pete's full interview on our website: www.providencerow.org.uk/Pete

OUR PLANS FOR THE FUTURE

Strategic direction

The leadership team has been working on formulating the strategic direction for the next 5 years. We have now reached the point where consultation with staff, volunteers and service users can begin. The purpose of the process is to create a clear and concise resource, enabling people to know what Providence Row is all about and expressing a vision of what we aim to achieve for the next five years. It will describe how we will achieve this vision and how we will measure our effectiveness. Everyone will be able to identify with the plans and see their place in the future direction of Providence Row. The resource will then be used to guide the development of operational plans.

Structure of services

Our services are offered for those with immediate support needs and those who are in recovery. A new Director of Services will lead these two strands of our services.

We are also introducing some new funded projects:

Severe Weather Emergency Protocol (SWEP) – following the successful opening of our day centre overnight and over weekends during the most severe winter weather we are working on plans to staff and resource SWEP should it be necessary in the coming winter months.

Winter Crash Pad – based on the inclusive SWEP model, we would open Providence Row for rough sleepers for 10 days in early November as a low threshold accommodation option for anyone on the street. This would support the move on for couples, those with dogs, and heavily addicted rough sleepers to engage and prepare to move on into a Housing First property, high support wrap around bed spaces or low threshold supported B&B placements.

Outreach psychotherapist - who will conduct street shifts with the outreach service to introduce the service to current rough sleepers. The post holder will work closely with the blood borne viruses (BBV) nurse, the council's Beyond the Streets women selling sex service, and other specialist agencies. They will also provide on-going support to our Housing First tenants and those placed in emergency/ temporary and longer term accommodation.

Enabling environments

During the year an exercise was undertaken with staff, volunteers and clients to introduce an 'enabling environment' ethos to the organisation. In May 2018 an application was made to the Royal College of Psychiatry for the Enabling Environment Award. Should we be successful, we will be the first organisation in this sector to achieve the award.

OUR STAFF AND SUPPORTERS

Our Staff

During the year the charity employed an average of 35.9 staff (average monthly headcount), of whom 6.3 were part-time staff (2016/17 31.2 average monthly headcount, of whom 10.3 were part-time). The staff team is expected to grow during the coming months with an additional 4 members of the fundraising team, further capacity in the Advice and Support team, a psychotherapist and possible further capacity in office and facilities management.

Providence Row's work is only made possible by our fantastic community of supporters, funders and volunteers. Not only do they provide vital funding for our services but also volunteer in our centre, providing hands on support in our activities and sessions working in partnership with individuals, companies and other charities enhances the services we are able to offer to people affected by homelessness.

Our supporters

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 appreciated.

Our volunteers

We are so fortunate to have a dedicated group of regular volunteers who support us across the service, from our welcome area to fundraising. We also welcomed 373 volunteers from local businesses, who supported with sessions such as English, IT, cooking and serving lunch and helping to build and maintain our garden.

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

Companies

We are incredibly grateful for the long term support of our company partners who fundraised around £250,000 for us last year through a range of events and activities.

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. They supported us with more than £200,000 worth of grants during the year.

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; and
- up to four Appointed Trustees.

Nominated Trustees are nominated to serve on the Board by the Roman 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 years.

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 2017 annual general meeting.

The Trustees are the only members of the charitable company. On appointment each Trustee completes an entry in the register of members (which Trustees must sign). They receive a copy of the charity's governing documents, a role description and a copy of the annual report and Financial Statements. New Trustees meet with the Chair of the Trustees, and the Chief Executive arranges their induction to the organisation.

ORGANISATIONAL STRUCTURE, MANAGEMENT AND KEY RELATIONSHIPS

The Trustees meet as a full board every quarter (although a meeting of the Board of Trustees may be held at any time, subject to the Articles of Association). In addition, there are five subcommittees of the Board:

- Finance
- Fundraising
- Services
- Remuneration
- Property

The subcommittees have been established by the Board of Trustees with appropriate delegated authorities and they report regularly to the Board on their deliberations and decisions. The Remuneration Committee meets annually to consider the report and recommendations of the Chief Executive in relation to staff remuneration. The remuneration of the Chief Executive and of the other members of the Leadership Team (see below) 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 social care providers of a similar nature, geographical location and size run on a voluntary basis. The Remuneration Committee submits all of its recommendations to the Board for approval.

The composition of the subcommittees is entirely at the discretion of the Trustees and the Board of Trustees may from time to time invite suitable individuals with valuable expertise to sit on the subcommittees as co-opted members.

The Chief Executive attends meetings of the Board of Trustees (with other senior staff as appropriate) and submits for consideration and approval an annually updated strategy for the charity and a

work programme to implement it. Following formal approval of the strategy by the Trustees, the Chief Executive reports regularly to the Trustees on its implementation. The Trustees formally review the organisational strategy and performance / outcomes against objectives at least once a year. The Chief Executive and Head of Finance further present an annual budget to the Trustees for their consideration and approval.

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, based on recommendations from the Finance Subcommittee.

The Chief Executive has formed a Leadership Team consisting of the Chief Executive, the Head of Services, the Head of Finance and the Head of Fundraising. The role of the Leadership Team is to assist the Chief Executive in implementing the strategic plan within the approved annual budget. In addition service managers, the marketing manager and buildings manager make up a wider Leadership Group working on the strategic direction of the organisation and other issues of policy and strategy.

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 under the London Borough of Tower Hamlets Supporting People Framework.

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 we are 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 number of other charities and agencies including Thames Reach, Crisis, St Mungo's, Tower Hamlets Drug and Alcohol Action Team (DAAT), Barts Health NHS Trust and the East London NHS Foundation Trust.

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 and are invested in a range of deposits with a view to balancing the desire for yield on the investments with the ability to access liquid resources as needed. However, it should be noted that in 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. As at 31 March 2018 the charity no longer held any cash deposits with maturities in excess of three months. The charity 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 2018, the charity's Endowment fund generated an overall positive return of £1,002 (equating to a total return of 0.1%), incorporating investment income of £21,648, net unrealised losses of £15,062 and management fees of £5,584 (2016/17: total return of £155,024 or 20.2%). For reference, 12 month total returns to 31 March 2018 for the following benchmark indices were:

- FTSE All Share (UK Equity): 13.1%
- MSCI World index (Global Equity): +11.88%

During the year to 31 March 2018, the charity's managed cash deposit portfolio generated interest income of £5,801 (2016/17: £5,564), equivalent to a return on average balances over the year of c. 0.5% (2016/17: c. 0.4%). 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 income of £239,287 during the year, an increase of c. 25% over the comparative figure for 2016/17 of £199,752. Direct costs of investment property management in 2017/18 (before allocated support costs) totalled £178,121 (2016/17: £155,137).

Overview of results

The charity recorded a deficit of £72,102 before unrealised gains on revaluation of investment property of £164,520 and before net unrealised losses on investments of £15,062. This compares to a net deficit of £163,990 before unrealised gains on investments of £139,645 and extraordinary income of £301,000 for the year ended March 2017.

Income from donations totalled £410,080 compared to £381,768 in 2017, an increase of 7.5%. The increase was boosted by a strong performance in income from donations from corporate partners which increased from £218,254 in 2017 to £257,894.

Income from public sector sources increased from £349,262 in 2017 to £409,914. This is due to Providence Row being asked by the London Borough of Tower Hamlets ("LBTH") Drug and Alcohol Action Team to undertake the provision of a casework service to women engaged in street based sex work and prostitution in October 2016.

On the expenditure side, total costs increased by 8% from £1,688,845 in 2017 to £1,829,819. This can be analysed further as increases in total staff costs of 11% from £1,014,036 in 2017 to £1,126,909. There was also an increase in the costs of raising funds of 12% from £413,677 in 2017 to £462,162 reflecting increased capacity in the fundraising team from summer through to Christmas. There was an increase in expenditure on our services of 7% from £1,272,390 in 2017 to £1,364,884 which reflects the expansion of our services to include the casework service to women.'

PRINCIPAL RISKS AND RISK MANAGEMENT

Investment policy and objectives

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 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.

The charity's largest single source of recurring income is from the London Borough of Tower Hamlets. Local authority budgets continue to be placed under considerable pressure by public sector financing constraints and uncertain future levels of local authority contract and grant income 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 significantly mitigated in the short to medium term, although they remain conscious that this risk to the charity's operations remains high beyond the periods covered by the newly awarded contracts noted above.

Income from voluntary sources such as individuals, trusts (including performance-related grants) and companies typically 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, a negative media portrayal of the sector and a new generation of donors whose giving habits are hard to predict. To mitigate this risk the charity has invested in developing the Fundraising team's ability to attract a variety of funding, in particular long-term relationships with companies, high net worth individuals and larger trusts and foundations. We have also initiated monthly summary reporting to the Board on fundraising performance.

The charity owns a number of property assets, the income from which accounted for approximately 28% of our total income (excluding legacies) in 2017/18 (2016/17: 29%). The ownership and management of these properties involve a number of significant 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, the charity anticipates that it will need to make significant investments to improve or replace key elements of the mechanical and electrical installations in the buildings as well as to refurbish certain parts of the property over the coming 2-4 year period, representing a potentially significant cash outflow over the medium term.
- 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 charity is aware that as the property owner and immediate landlord to the commercial tenants

of the property, it is exposed to a significant level of financial and property-related risk, and that it must actively manage these risks with the aid of professional property agents, its legal advisers and insurance professionals. In order to generate a good financial return on its investment it is very important that all the units are let on commercial terms and that the property is managed to a high professional standard. To this end, Providence Row has appointed professional letting agents to market vacant units as they arise and to advise on commercial strategy, and professional managing agents to manage the property on its behalf. A programme of essential improvements, refurbishments and repairs has been undertaken over the last two years in order to ensure that the property remains attractive, secure and properly maintained. The Property Subcommittee will also

closely monitor the management of Sherrington Mews and report thereon to the Board and, where appropriate, to the Finance Subcommittee.

A review of the major risks relating to the charity's properties is included in the Trustees' assessment of risk. The charity's reserves policy also addresses its obligations and commitments in respect of the properties which it owns.

We recognise that in our work we are exposed to significant risks relating to the safeguarding of vulnerable adults. Risk management 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.

REVIEW OF RESERVES AND RESERVES POLICY

Providence Row reviews its reserves policy each year 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 which have been earmarked.

As at 31 March 2018 the charity held total funds of £12,421,456 (2017: £12,404,100), comprising the restricted endowment fund, restricted income funds and unrestricted funds.

As a result of this review and taking into account the need for sufficient general funds to cover normal working capital requirements and expected operating cash flow variability through the year, the Trustees have determined that **the medium-term target level of free reserves should remain at £1,000,000**. This compares to the actual level of free reserves at 31 March 2018 of **£1,040,630** (£850,000 in the 'Contingency fund: Charity running costs' and £190,630 in General funds) (2017: 1,051,134, of which £850,000 in the 'Contingency fund').

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 is therefore expected to 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.

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 which disclose with reasonable accuracy the financial position of the charity and which 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.

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.

Approved by the Trustees on 21 December 2018 2018 and signed on their behalf by

Elizabeth Canning – Chair

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 2018 which comprise the Statement of Financial Activities, the Balance Sheet, 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 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charity 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Providence Row - Helping homeless and vulnerable people since 1860
Trustees' Annual Report and Financial Statements for the Year Ended 31 March 2018

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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 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 Trustees' Annual Report which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within 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 Directors' Report included within 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 and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.
- 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' Annual Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 22, the trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Providence Row - Helping homeless and vulnerable people since 1860
Trustees' Annual Report and Financial Statements for the Year Ended 31 March 2018

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 these financial statements.

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:

Name: Nicola Wakefield

(Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton, SM1 4JQ

Date: 21 December 2018

Providence Row - Helping homeless and vulnerable people since 1860
Trustees' Annual Report and Financial Statements for the Year Ended 31 March 2018

Financial Statements

Statement of Financial Activities for the year ended 31 March 2018 (incorporating an income and expenditure account)

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total Funds 2018 £	Total 2017 £
Income and Expenditure						
Income from:						
Donations		388,212	21,868	-	410,080	381,768
Legacies		169,657	-	-	169,657	21,737
<i>Sub-total: Donations and legacies</i>	2a	557,869	21,868	-	579,737	403,505
Charitable activities	2b	183,639	666,373	-	850,012	810,869
Other trading activities	2c	36,233	-	-	36,233	59,184
Investments	2d	266,735	-	-	266,735	226,297
Other	2e	25,000	-	-	25,000	326,000
Total income		1,069,476	688,241	-	1,757,717	1,825,855
Expenditure on:						
<i>Raising funds</i>						
Raising donations and legacies		(238,414)	(3,234)	-	(241,648)	(191,494)
Other trading activities		(15,625)	(732)	-	(16,357)	(28,829)
Investment management		(198,573)	-	(5,584)	(204,157)	(193,354)
<i>Sub-total: Raising funds</i>		(452,612)	(3,966)	(5,584)	(462,162)	(413,677)
<i>Charitable activities</i>						
Advice and Support / Resource Centre		(322,701)	(226,143)	-	(548,844)	(481,478)
Recovery and Progression		(127,260)	(323,637)	-	(450,897)	(418,388)
E&T: Trainee Schemes, Food & Garden		(107,058)	(102,367)	-	(209,425)	(200,621)
E&T: Providence Row Bakery		(83,215)	(1,129)	-	(84,344)	(68,170)
Property let for charitable purposes		(36,654)	(34,720)	-	(71,374)	(103,733)
<i>Sub-total: Charitable activities</i>		(676,888)	(687,996)	-	(1,364,884)	(1,272,390)
Other		(2,773)	-	-	(2,773)	(2,778)
Total expenditure	3	(1,132,273)	(691,962)	(5,584)	(1,829,819)	(1,688,845)
Net gains / (losses) on investments						
Unrealised gains on investment property	8, 17	164,520	-	-	164,520	-
Net (losses)/gains on other investments	9,15	-	-	(15,062)	(15,062)	139,645
Net income/(expenditure)		101,723	(3,721)	(20,646)	77,356	276,655
Net movement in funds		101,723	(3,721)	(20,646)	77,356	276,655
Reconciliation of funds						
Total funds brought forward		9,089,919	2,547,154	767,027	12,404,100	12,127,445
Total funds carried forward		9,191,642	2,543,433	746,381	12,481,456	12,404,100

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 – 18 of the financial statements.

Providence Row - Helping homeless and vulnerable people since 1860
Trustees' Annual Report and Financial Statements for the Year Ended 31 March 2018

Registered company number: 07452798

Charity number: 1140192

Balance Sheet as at 31 March 2018

	Notes	Total Funds 2018		Total Funds 2017	
		£	£	£	£
Fixed Assets					
Tangible fixed assets	7	5,539,094		5,440,500	
Investment property	8	4,770,000		4,550,000	
Other investments	9	1,852,728		2,119,579	
Total Fixed Assets		12,161,822		12,110,079	
Current Assets					
Debtors	10	398,067		266,742	
Cash at bank and in hand		157,645		267,111	
Total Current Assets		555,712		533,853	
Liabilities					
Creditors falling due within one year	11,13	(217,908)		(221,661)	
Net Current Assets		337,804		312,192	
Total Assets Less Current Liabilities		12,499,626		12,422,271	
Creditors falling due after more than one year	12	(18,170)		(18,171)	
Total Net Assets	18	12,481,456		12,404,100	
The Funds of the Charity					
Endowment Fund					
	15	746,381		767,027	
Restricted Income Funds					
Tangible fixed asset fund: Restricted	16	2,408,000		2,464,000	
Other restricted income funds		135,433		83,154	
		2,543,433		2,547,154	
Unrestricted Funds					
Tangible fixed asset fund: Unrestricted	17	3,131,094		2,976,500	
Fixed asset fund: Investment Property		1,556,109		1,500,629	
Revaluation reserve: Investment Property		3,213,891		3,049,371	
Cyclical maintenance and repairs fund		186,851		449,218	
Other designated funds		63,067		63,067	
Free Reserves					
Contingency fund: Charity running costs		850,000		850,000	
General funds		190,630		201,134	
Total Free Reserves		1,040,630		1,051,134	
		9,191,642		9,089,919	
Total Charity Funds	18	12,481,456		12,404,100	

The financial statements on pages 24 to 46 were approved by the Board of Trustees

on21 December 2018.....and signed on its behalf by:

.....
Elizabeth Canning – Chair

.....
Richard Solomon – Honorary Treasurer

The notes on pages 29 to 48 form an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2018

	Notes	Total Funds 2018 £	Total Funds 2017 £
a) Reconciliation of net income to net cash flow from operating activities			
Net income for the year (as per the statement of financial activities)		77,356	276,655
Adjustments for:			
Income relating to donated goods capitalised as tangible fixed assets	2a	-	(41,040)
Depreciation charges	3,7	112,608	96,087
Unrealised gains on investment property	8	(164,520)	-
Net losses / (gains) on other investments	9	15,062	(139,645)
Dividends, interest and rents from investments per the SOFA		(266,735)	(226,297)
Investment management costs per the SOFA		204,157	193,354
(Increase)/decrease in debtors (operating activities)		(130,311)	45,275
(Decrease) in creditors (operating activities)		(2,042)	(31,652)
Net cash (used in) / provided by operating activities		(154,425)	172,737
		Total Funds 2018 £	Total Funds 2017 £
b) Statement of Cash Flows			
Net cash provided by operating activities		(154,425)	172,737
Cash flows from investing activities:			
Dividends, interest and rents from investments per the SOFA		266,735	226,297
Increase/ (decrease) in debtors (investing activities)		725	(57,836)
Investment management costs per the SOFA		(204,157)	(193,354)
(Decrease) in creditors (investing activities)		(1,711)	(5,609)
Purchase of property, plant and equipment	7	(211,202)	(55,641)
Disposal of property, plant and equipment		449	-
Capital additions to investment property	8	(55,480)	(103,248)
Net cash (used in) investing activities		(204,641)	(189,391)
Change in cash and cash equivalents in the year		(359,066)	(16,654)
Cash and cash equivalents at the beginning of the year		1,616,374	1,633,028
Cash and cash equivalents at the end of the year		1,257,308	1,616,374
* Positive flow indicates an equalisation payment received			
		31 March 2018 £	31 March 2017 £
c) Analysis of Cash and Cash Equivalents			
Cash at Bank and in Hand		157,645	267,111
Investments: Notice deposits (3 months or less)	9	1,091,752	1,349,263
Investments: Cash held in endowment fund (capital)	9	7,911	-
Total Cash and Cash Equivalents		1,257,308	1,616,374

Notes to the Financial Statements For the year ended 31 March 2018

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. 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.

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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.

c. 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) On Purpose in respect of offices on the 2nd floor. 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).

d. 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.

e. 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. 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.

f. 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.

g. Pension costs

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

h. Operating leases

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

i. 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.

j. 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 £	2018 Total £	2017 Total £
Individuals	54,257	100	54,357	50,233
Corporate donors	242,786	15,108	257,894	218,254
Community	34,821	-	34,821	10,827
Gift Aid reclaimed	6,742	-	6,742	9,993
Donated goods, facilities and services	2,070	-	2,070	51,627
Grants from trusts and foundations	47,536	6,660	54,196	40,834
<i>Sub-total: Donations</i>	388,212	21,868	410,080	381,768
Legacies	169,657	-	169,657	21,737
Total income from donations and legacies	557,869	21,868	579,737	403,505

NB: The individual income categories above exclude donated goods, facilities and services, which are shown separately in the table 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 £83,551 (none of which was in restricted income) (2017: £40,410 none of which was in restricted income).

'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):

	2018 £	2017 £
Donated furniture, electronic and computer equipment, catering equipment capitalised as tangible fixed assets	-	41,040
Food and kitchen equipment	400	8,156
Seeds, soil and equipment for garden	-	1,100
Other goods donated for client use	1,420	700
Pro bono legal advice to the charity	-	100
Other donated services	250	531
Total donated goods, facilities and services	2,070	51,627

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.

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b. Income from charitable activities

	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
London Borough of Tower Hamlets ("LBTH"): Advice & Support - Rough Sleepers Services	-	195,000	195,000	205,104
LBTH Drug & Alcohol Action Team: Substance Misuse Worker and Needle Exchange, Women's Service	-	198,914	198,914	128,158
City of London: Recovery & Progression Service	-	16,000	16,000	16,000
<i>Sub-total: Local Authority Contracts for Services</i>	-	409,914	409,914	349,262
Performance-related grants – Public sector	-	29,921	29,921	2,500
Performance-related grants – Trusts & Foundations		226,538	226,538	263,517
Rise Bakery sales	23,108	-	23,108	19,286
Rents and charges from non-investment properties let in furtherance of charitable purposes	160,316	-	160,316	175,406
Income from other charitable activities	215	-	215	898
Total income from charitable activities	183,639	666,373	850,012	810,869

Income from Government sources:

The contract with LBTH Drug & Alcohol Action Team expired during the year 2016/17 and a new contract for a referral and outreach service commenced on 31 October 2016 for 3 years. In addition, an 11 month contract for a specialist women's service commenced on 31 October 2016. These two contracts account for the significant increase in funding from LBTH Drug & Alcohol Action Team.

Income from government sources is summarised in the table below:

	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
Local Authority Contracts for Services (see above)	-	409,914	409,914	349,262
Team London (GLA)	-	-	-	2,500
ELFT	-	22,046	22,046	-
LHCG	-	7,875	7,875	-
Total income from government sources	-	439,835	439,835	351,762

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c. Income from other trading activities

	2018 Total £	2017 Total £
Fundraising events	-	4,950
Other trading activities	380	5,242
Income from letting and licensing of property held primarily for functional use but temporarily surplus to operational requirements (incl. room hire)	35,853	48,992
Total income from other trading activities	36,233	59,184

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

d. Investment income

	2018 Total £	2017 Total £
Rents and charges from commercial tenants at investment property (Sherrington Mews)	239,287	199,752
Dividend and interest income from other investments	27,448	26,545
Total investment income	266,735	226,297

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

e. Other income

	2018 Total £	2017 Total £
Ground rents from non-investment freehold property let on long leases	25,000	25,000
Settlement agreement (see below)	-	301,000
Total other income	25,000	326,000

The income in the table above was included in unrestricted funds. £301,000 was received as a settlement agreement of rights of light from London Square Development in respect of the properties at 28 Commercial Street in the period to March 2017.

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3 Expenditure

	Direct costs £	Support costs £	2018 Total £	2017 Total £
Raising funds				
Raising donations and legacies	171,510	70,138	241,648	191,494
Other trading activities	12,323	4,034	16,357	28,829
Investment management	186,445	17,712	204,157	193,354
<i>Sub-total: costs of raising funds</i>	370,278	91,884	462,162	413,677
Charitable activities				
Advice and Support / Resource Centre ¹	389,543	159,301	548,844	481,478
Recovery and Progression	320,026	130,871	450,897	418,388
Trainee Schemes, Food & Garden ¹	148,640	60,785	209,425	200,621
Providence Row Bakery	59,863	24,481	84,344	68,170
Non-investment properties let in furtherance of charitable purposes	31,297	40,077	71,374	103,733
<i>Sub-total: costs of charitable activities</i>	949,369	415,515	1,364,884	1,272,390
Other expenditure	-	2,773	2,773	2,778
Total expenditure	1,319,647	510,172	1,829,819	1,688,845

¹ Costs of providing the breakfast service are included within 'Trainee Schemes, Food & Garden' rather than 'Resource Centre'. The former category also includes our Employability programmes.

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Support Costs

Support costs can be analysed as follows:

	Governance £	Finance £	HR/Office Admin £	IT/ Telecoms £	Property (Own Use) £	Other Central £	Depreciation £	2018 Total £	2017 Total £
Raising funds									
Raising donations and legacies	6,542	5,738	7,808	4,014	20,663	13,921	11,452	70,138	61,488
Other trading activities	471	412	415	288	1,099	740	609	4,034	9,437
Investment management	7,111	6,238	-	4,363	-	-	-	17,712	18,743
<i>Sub-total: costs of raising funds</i>	14,124	12,388	8,223	8,665	21,762	14,661	12,061	91,884	89,668
Charitable activities									
Advice and Support / Resource Centre	14,858	13,033	17,734	9,116	46,931	31,619	26,010	159,301	154,600
Recovery and Progression	12,205	10,707	14,570	7,489	38,556	25,976	21,368	130,871	134,343
E&T: Trainee Schemes, Food & Garden	5,669	4,973	6,767	3,478	17,908	12,065	9,925	60,785	64,419
E&T: Providence Row Bakery	2,284	2,003	2,725	1,401	7,212	4,859	3,997	24,481	21,889
Non-investment properties let in furtherance of charitable purposes	1,194	1,047	-	732	-	-	37,104	40,077	43,563
<i>Sub-total: costs of charitable activities</i>	36,210	31,763	41,796	22,216	110,607	74,519	98,404	415,515	418,814
Other expenditure	254	222	-	154	-	-	2,143	2,773	2,778
Total expenditure	50,588	44,373	50,019	31,035	132,369	89,180	112,608	510,172	511,260

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.
- 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 Costs and Employee Benefits

	2018	2017
	£	£
Wages and salaries (incl. accrual for paid annual leave)	972,823	874,409
Employer's National Insurance contributions (social security costs)	94,480	79,630
Employer's contribution to defined contribution pension schemes	13,958	10,688
Agency staff (including agency fees)	43,329	43,999
Insurance premiums: group life assurance and employee personal accident	2,319	2,015
Contribution to staff Christmas meal (net)	0	878
Termination payments and related fees	0	2,417
Total	1,126,909	1,014,036

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 (2017: none). No Trustee received reimbursement of expenses incurred for services provided to the charity during the year (2017: 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 £60,000 to £69,999 (2017: one). Employer payments in the year to a defined contribution pension scheme in respect of this employee totalled £261 (2017: £3,409).

The key management personnel of the charity consists of the Trustees and the Leadership Team. Total employee benefits received by the charity's key management personnel (excluding trustees) during the year were £207,577 (2017: £202,038).

5 Staff Numbers

The average monthly head count (number of staff employed) in the twelve month period ending 31 March 2018, analysed between full-time and part-time staff, was:

	2018	2017
Full-time staff	29.6	20.9
Part-time staff	6.3	10.3
Total Average Head Count	35.9	31.2

The average monthly number of full-time equivalent employees in the twelve month period ending 31 March 2018, analysed by activity, was:

	2018	2017
Activity		
Fundraising, communications, marketing	3.3	3.4
Charitable activities	25.9	20.4
Support, central, investment management	3.4	4.6
Total Full-Time Equivalent Employees	32.6	28.4

6 Amounts Payable to the Auditors

	2018 £	2017 £
Audit fee:		
Current year	12,728	12,728
Prior year (overprovision)	20	(1,108)
Total	12,748	11,620

No other services were provided by the auditors during the year (2017: 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 £
Cost or 'Fair Value' on incorporation¹						
Balance at 31 March 2017	5,458,168	300,000	122,076	31,682	32,812	5,944,738
Additions	-	-	558	3,758	206,886	211,202
Disposals	-	-	-	(449)	-	(449)
Balance at 31 March 2018	5,458,168	300,000	122,634	34,991	239,698	6,155,491
Accumulated depreciation						
Balance at 31 March 2017	406,544	12,858	53,684	27,331	3,821	504,238
Charge for the year	71,081	2,142	11,089	4,654	23,642	112,608
Disposals	-	-	-	(449)	-	(449)
Balance at 31 March 2018	477,625	15,000	64,773	31,536	27,463	616,397
Net book value						
At 31 March 2017	5,051,624	287,142	68,392	4,351	28,991	5,440,500
At 31 March 2018	4,980,543	285,000	57,861	3,455	212,235	5,539,094

'Freehold land and buildings in use' at 31 March 2018 includes £2,000,000 of land that is not depreciated (2017: £2,000,000).

8 Investment Property

	2018 Cost £	2018 Fair value £	2017 Cost £	2017 Fair value £
Balance at beginning of the year	1,500,629	4,550,000	1,397,381	4,446,752
Add: Additions at cost	55,480	55,480	103,248	103,248
Unrealised gain on revaluation	-	164,520	-	-
Balance at end of the year	1,556,109	4,770,000	1,500,629	4,550,000

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In late July 2017 the charity entered into a 'Minor Works Building Contract' with Crestel Projects Ltd ('the Contractor') to carry out refurbishment works on the bathrooms at Sherrington Mews, the charity's investment property. Under this agreement the charity committed to pay the Contractor a contract sum of £53,945 (incl. VAT). In addition, the charity was committed to pay related professional fees of £1,535 incl. VAT a total capital commitment as at 31 March 2018 of £55,480 in relation to the refurbishment. This capital expenditure has been funded from the designated 'Cyclical maintenance and repairs fund'.

The charity's investment property was valued as at 31 March 2018 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 – Professional Standards' ("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 report of £4,770,000. The property is carried at a value of £4,770,000 as at 31 March 2018 following capital expenditure on the refurbishment of the bathrooms.

9 Other Investments

	2018 Cost £	2018 Market value £	2017 Cost £	2017 Market value £
Unitised investments held within Endowment fund				
Balance at beginning of the year	515,436	770,315	515,436	630,670
Less: Disposals	(19,343)	(26,214)	-	-
Add: Acquisitions	24,026	24,026	-	-
Net (losses)/gains on revaluation	-	(15,062)	-	139,645
Balance at end of the year	520,119	753,065	515,436	770,315
Cash deposits at end of the year				
Notice deposits (3 months or less)	1,091,752	1,091,752	1,349,264	1,349,264
Cash held in Endowment fund (capital account)	7,911	7,911	-	-
Total cash deposits at end of the year	1,099,663	1,099,663	1,349,264	1,349,264
Total other investments at end of the year	1,619,782	1,852,728	1,864,700	2,119,579

10 Debtors

	2018 £	2017 £
Long term debtors (receivable after more than one year)		
Rent deposits held by agents	18,171	18,171
Short term debtors		
Trade debtors	84,966	37,126
Rent deposits held by agents	11,767	11,767
Other debtors (legacies)	145,636	67,500
Prepayments	52,679	23,164
Accrued income	83,248	109,014
Staff loan	1,600	-
Total Debtors	398,067	266,742

11 Creditors: Amounts Falling Due Within One Year

	2018 £	2017 £
Trade creditors	24,254	61,373
Tax and social security	24,571	21,943
Rent deposits held from commercial tenants	11,767	11,767
Grant payments received on account	40,724	37,097
Holiday pay accrual	9,368	10,787
Other accruals	33,175	44,293
Deferred income	74,049	34,401
Total	217,908	221,661

12 Creditors: Amounts Falling Due After More Than One Year

	2018 £	2017 £
Rent deposits held from commercial tenants	18,170	18,171
Total	18,170	18,171

13 Deferred income

	£	£
Balance brought forward at 31 March 2017	34,401	38,647
Amounts deferred	392,941	34,401
Amounts released	(353,293)	(38,647)
Balance carried forward at 31 March 2018	74,049	34,401

14 Operating Leases

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

	2018	2017
	£	£
<i>Office Equipment:</i>		
Within one year	2,064	2,064
In one to two years	3,956	4,128
In two to five years	-	1,892
	<hr/> 6,020	<hr/> 8,084

15 Endowment Fund

	Balance 31	Investment	Unrealised	Balance 31
	March 2017	managem't	losses on	March 2018
	£	fees charged	investments	£
	£	£	£	£
Permanent Endowments				
Endowment fund	767,027	(5,584)	(15,062)	746,381
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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). The permanent Endowment fund incorporates the Dr Gilbert Trust and the Manning Memorial Fund.

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16 Restricted Income Funds

	Balances 31 March 2017 £	Income £	Expenditure £	Balances 31 March 2018 £
Tangible fixed asset fund: Restricted	2,464,000	-	(56,000)	2,408,000
Advice & Support				
LBTH: Rough Sleepers Services Contract / Safe Connections (NFNO)	(97)	195,000	(195,000)	(97)
Marie Celeste Samaritan Society: Hospital Discharge Project	3,162	23,452	(26,419)	195
St Mungos	-	7,875	-	7,875
National Zatah Foundation	-	160	-	160
Recovery & Progression				
Learning Programme				
Big Lottery Fund	4,388	52,417	(45,956)	10,849
Sage	4,000	-	-	4,000
ELFT	-	22,047	-	22,047
Other Activities				
LB Tower Hamlets DAAT: RESET, Women's Service	16,434	198,914	(198,914)	16,434
City of London: RPS	-	16,000	(16,000)	-
Merchant Taylors' Company: Mental Health	6,000	-	-	6,000
Worshipful Company of Cutlers	500	-	-	500
Nelsons: homeopathy service	2,720	6,000	(6,000)	2,720
Oak Foundation	5,015	73,597	(70,316)	8,296
Rhododendron Trust	1,000	-	-	1,000
Training & Employment				
Streetsmart	20,000	20,000	(27,722)	12,278
Esmée Fairbairn Foundation: Grow, Cook, Eat	(1,438)	9,473	(8,035)	-
City Bridge Trust	4,790	-	-	4,790
Streets of London	-	10,000	-	10,000
Young Philanthropists' Syndicate at PWC	84	-	-	84
Souter	-	4,000	-	4,000
Shanley Foundation	-	2,500	-	2,500
Social Enterprise incl. Providence Row Bakery ("Rise Bakery")				
City Bridge Trust Stepping Stones grant	6,596	16,600	(16,600)	6,596
Individual donors and corporate gifts	-	15,206	-	15,206
Comic Relief	10,000	15,000	(25,000)	-
Total Restricted Income Funds	2,547,154	688,241	(691,962)	2,543,433

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17 Unrestricted Funds

	Balances 31 March 2017 £	Income £	Expenditure £	Net transfers between funds £	Balances 31 March 2018 £
Tangible fixed asset fund: Unrestricted	2,976,500	-	(56,609)	211,203	3,131,094
Fixed asset fund: Investment Property	1,500,629	-	-	55,480	1,556,109
Revaluation reserve: Investment Property	3,049,371	-	-	164,520	3,213,891
Cyclical maintenance and repairs fund	449,218	-	-	(262,367)	186,851
Other designated funds	63,067	-	-	-	63,067
Free Reserves					
Contingency fund: Charity running costs	850,000	-	-	-	850,000
General funds	201,134	1,069,476	(1,075,664)	(4,316)	190,630
Sub-total: Free Reserves	1,051,134	1,069,476	(1,075,664)	(4,316)	1,040,630
Total Unrestricted Funds	9,089,919	1,069,476	(1,132,273)	164,520	9,191,642

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). Total transfers into the 'Fixed asset fund: Investment Property' of £55,480 represent the refurbishment works on the bathrooms completed in September 2017 which were capitalised.

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 £262,367 breaks down as follows:

- Transfer out to the 'Tangible fixed asset fund: Unrestricted' of £206,527 relating to the replacement of the boilers in the property at 82 Wentworth Street;
- Transfer out to the 'Fixed asset fund: Investment property' of £55,480 relating to the refurbishment of the bathrooms at 3 Gunthorpe Street.

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. In addition, there is the residue of the legacy which was set aside to cover the costs of a new Senior Personal Adviser role and the residue of a generous donation made by the Sisters of Mercy.

During the financial year the fund was not utilised.

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

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- 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 level of this fund stood at £850,000 as at 31 March 2018.

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.

18 Analysis of Net Assets Between Funds

	Tangible fixed assets £	Investment property £	Other investm'ts £	Current assets less total liabilities £	Total 31 March 2018 £
Endowment fund	-	-	752,810	(6,429)	746,381
Restricted income funds					
Tangible fixed asset fund: Restricted	2,408,000	-	-	-	2,408,000
Other restricted funds	-	-	-	135,433	135,433
Unrestricted funds					
Tangible fixed asset fund: Unrestricted	3,131,094	-	-	-	3,131,094
Fixed asset fund: Investment property	-	1,556,109	-	-	1,556,109
Reval'n reserve: Investment property	-	3,213,891	-	-	3,213,891
Cyclical maintenance and repairs	-	-	186,851	-	186,851
Other designated funds	-	-	63,067	-	63,067
Contingency fund	-	-	850,000	-	850,000
General funds	-	-	-	190,630	190,630
	5,539,094	4,770,000	1,852,728	319,634	12,481,456

19 Related Party Transactions

During the year the charity received donations from Trustees and related parties (including the Sisters of Mercy of the Union of Great Britain and the Institute of Our Lady of Mercy) totalling £12,000 (2017: £2,000). 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.



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