



HELPING HOMELESS AND VULNERABLE PEOPLE SINCE 1860

Trustees' Annual Report and Accounts for the year ended 31 March 2016

Providence Row

Registered and Principal Office:

The Dellow Centre
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Company number 07452798

Charity number 1140192

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@Providence_Row



/ProvidenceRow

Key Information about the Charity

Board of Trustees

Elizabeth Canning (Chair)
Rita Chakraborty
Simon Cribbens
Sister Evelyn Gallagher
Sister Roisin Kelly (resigned 22 March 2016)
Linda McHugh
Jonathan Mumford (resigned 7 September 2015)
Jonathan Rhodes
Revd. Paschal Ryan (resigned 6 July 2016)
Sister Monica Sheehy (appointed 22 March 2016)
Richard Solomon (Honorary Treasurer)
Paul Strange

Patron

His Grace The Duke of Norfolk

Honorary Vice Presidents

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

Chief Executive Officer & Company Secretary

Pam Orchard

Other Key Management Personnel (Leadership Team)

Deputy CEO: Caroline Hattersley (to 2 September 2015)
Head of Finance and Resources: Richard Haseldine
Head of Services: Sarah Makhoul (from 6 November 2015)
Head of Fundraising: Stephanie Harvey (member of Leadership Team from 1 April 2016)

Auditors

Mazars LLP
Times House
Throwley Way
Sutton
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Bankers

HSBC Bank plc
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Investment Advisors

Schroder & Co. Limited
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Solicitors

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Investment Property

Managing Agents

Savills
(incorporating GBR Phoenix Beard)
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London
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Investment Property

Legal Advisers

Brecher Solicitors
4th Floor, 64 North Row
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Trading Name: Since April 2016 Providence Row has used the trading name 'Rise Bakery' for purposes of the marketing and sale of baked goods, including through our website www.risebakery.london.

Introduction

This document comprises the Trustees' annual report and financial statements of Providence Row for the year ended 31 March 2016. The financial statements appear in the format required by the Companies Act 2006, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Statement of Recommended Practice for Accounting and Reporting by Charities Preparing their Accounts in Accordance with FRS 102 ("Charities SORP (FRS 102)") (applicable to the accounts of relevant charities for reporting periods beginning on or after 1 January 2015).

The document is structured in three parts:

- Section A: Report of the Trustees (incorporating the Directors' Report as required by company law)
- Section B: Independent Auditor's Report
- Section C: Financial Statements

Letter from the Chair of Trustees

This year we present our Annual Report and Accounts in accordance with the new Charities SORP (FRS 102) for the first time. This includes more detailed evidence of the charity's aims and objectives, its strategies for achieving them and how our achievements met our objectives, while the accounts incorporate a cash flow statement and the Statement of Financial Activities has been reshaped to make it simpler for readers to link this information with the activities and achievements of the charity as reviewed in the Trustees' Report.

The revised reporting framework helps us to demonstrate very clearly Providence Row's healthy financial position and focus on well evidenced service delivery. Importantly, income has grown across a range of sources including fundraising, property income and enterprise. It is imperative that a well-run charity obtains its funding on a diversified, sustainable basis, avoiding over-reliance on any single source, and so we have looked at ways of ensuring our future by continuing to develop and expand our sources of funding.

The charity also has strong reserves, providing financial security and the ability to invest in the upkeep of our growing property portfolio. Confidence in the ability of charities to exercise good financial governance is generally low. However, Providence Row is committed to managing risk and taking a long-term, strategic approach to our use of resources. It is our intention that the charity provides thriving services to as many people as we can, making best use of the resources available to us.

One of my priorities in my first full year as Chair was to undertake a review of our governance structure and we have subsequently re-launched our subcommittees. We continue to monitor developments in the governance arena taking into account Charity Commission guidance and best practice, and we believe it is very important for all charities to absorb the lessons of recent failures in the sector.

This year the Board has said goodbye to Jonathan Mumford, Sister Roisin Kelly and Father Paschal Ryan, and we thank them very much for the good governance they have provided to the charity during their terms of office. Jon was a long-standing Board member, seeing the charity through several major building development projects. Father Paschal has maintained our important link with the Catholic Diocese of Westminster as a nominee of Cardinal Vincent Nichols and Sister Roisin served as the nominee of the Institute of Our Lady of Mercy. On a personal level, I am grateful for the support, encouragement and good advice all three have given me.

I would like to give a special thanks to Pam Orchard our CEO and the whole team at Providence Row who continue to inspire me as they deliver services to some of society's most vulnerable people. It goes without saying that the support and work of my fellow trustees has been critical in the successes of the charity over the past year. I would also like to thank, on behalf of our Patron the Duke of Norfolk, the trustees and staff, all our volunteers and benefactors. We truly could not do our work without you.

Finally, I recommend these annual accounts to you.

Elizabeth Canning
Chair of the Board of Trustees

Chief Executive's Statement

After over twenty years working in charities, I'm very familiar with the eyes-to-heaven look which goes around the room when the term "demonstrating impact" is mentioned to a staff team. It's one of those important but tricky areas of work which means it's often at the bottom of the list. On a day when a client is re-housed in a women's refuge having escaped trafficking, someone has been sectioned on site under the Mental Health Act or there have been ten new clients to assess, the last thing on our minds is how to demonstrate our impact.

However, a frontline agency like Providence Row is helping some of the most vulnerable people in our communities. Therefore our biggest achievement this year, alongside the services we provide, has been to set up comprehensive monitoring systems. We can now share what we see and experience through our work and I am in no doubt that it's worth overcoming the challenges of data collection to provide vital evidence of the difference we make.

Our new skills in monitoring are not the only reason why we can report a significant increase in numbers of clients this year. On 17 December 2015 the House of Commons Communities and Local Government Committee announced an enquiry into homelessness. It reported back in August and the evidence tells us what we already know. All types of homelessness continue to rise – a trend which is particularly pronounced in London.

Our experience on the ground is of increasing rents and a stream of breakdowns in private rented tenancies, making it almost impossible for people on a low income to find somewhere to live. Rough sleeping is increasing every year, caused not only by migration and a shortage of housing, but reductions in substance misuse and mental health services. It doesn't matter how good a job we do, we have very little control over this situation. What we can do is show clear evidence about the housing crisis in London and the effect it has on individuals and the wider community.

On a different note, some excellent joint working between Providence Row, a hostel and a homelessness outreach team has led to the steady recovery of a man who had been on the streets on and off for many years. With a twenty year drug habit and problems with literacy, we weren't sure whether he would even speak to us. A couple of months down the line and he is off drugs, sustaining his hostel place, taking part in music and art and learning how to read and write.

It's clients like this that remind me why we are here. Providence Row doesn't have the monopoly on providing help to vulnerable people. We have been given a huge amount of support during the year, not just in the form of money, but in time, expertise and equipment. My thanks go to everyone who has contributed to service delivery during the year. We couldn't do it without you.

Pam Orchard
Chief Executive Officer

Section A: Report of the Trustees (incorporating the Directors' Report as required by Company Law)

As set out in our Articles of Association, the object of Providence Row is "the relief of persons who are in need, hardship or distress". In this report the Trustees explain the aims and objectives of the charity and the activities which it carries out to deliver its charitable objects for the public benefit. The Trustees confirm that they have complied with the duty set out in Section 17 (5) of the Charities Act 2011 to have regard to the public benefit guidance issued by the Charity Commission when exercising any powers or duties to which the guidance is relevant.

1 About Us

Vision

The charity has 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.

The Core Values of Providence Row

(These are taken from our document "The Spirit of Providence Row")

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 <i>with</i> people, not <i>for</i> 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

In order to deliver our services effectively, the charity has four strategic aims as follows:

- **Thriving:** Delivering high quality, values led, innovative services which empower people to overcome severe and multiple disadvantage, making the transition into a stable, secure life; realising their potential and feeling part of their local community.
- **Enterprising:** Developing as an "enterprising charity" by undertaking activities which achieve a high degree of independent income and financial sustainability.
- **Inspiring:** Securing financial and in-kind support to deliver existing services and develop new approaches which enable people to overcome severe and multiple disadvantage.
- **Effective:** Improving the lives of our clients and those around them by being the best charity we can possibly be; evidencing our impact and making best use of all the resources available to us.

Service Provision

During the course of 2015/16, Providence Row provided support to almost 1,350 people. Our clients are either sleeping rough, or living in temporary or insecure accommodation. Most clients are unemployed. The majority also lack qualifications that would help them find work. Over half of homeless people experience mental ill health and substance misuse and two thirds have poor physical health¹.

Providence Row offers an integrated service of crisis support, advice, recovery, learning and training programmes as follows:

- **Advice and Support** for people who are homeless or at risk of homelessness, together with a specialist service for people in hospital who are to be discharged with no home to go to. This includes a **Resource Centre** for people who are rough sleeping, with breakfast, showers and access to IT.
- **Recovery and Progression** for people whose mental health and substance misuse issues are affecting their ability to find and stay in accommodation.
- **Enterprise and Training** to help people with complex needs to move into regular learning, volunteering or work.

¹ Source: Homeless Link, Homelessness Mental Health and Wellbeing Guide (2011); this report estimates that around 70 per cent of people accessing homelessness services have a mental health problem.

2 Our Achievements, Results and Next Steps

2.1 Thriving

During the year **1,346** clients came to Providence Row for help. This is a significant increase on last year's comparable figure of just under 1,000. This is as a result both of rising homelessness and of more accurate, thorough recording of our work.

In 2015/16 we created and implemented a comprehensive monitoring and evaluation framework for service delivery. This involved using part of a legacy to second a frontline staff member to take this work forward. Our "In-Form" database has been completely redesigned and staff trained in use of the new system. This is one of the year's biggest successes and provides us with much more in-depth evidence of the impact we make. Therefore information on service delivery is more comprehensive than it has been in previous annual reports. Our 3 year goals for services and our progress towards each of these are set out below.

Advice and Support Team

3 year goal: By 2018, we will signpost and help 700 people each year into housing.
Overall achievement: Overall caseload of **893** clients, compared to 520 in 2014/15.
Resources: c. £300k; 6.5 FTE staff.

Achievements and Results

We helped **208** Verified Rough Sleepers, compared to 179 in 2014/15. **175** 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 **841** people during the year. **32** people were housed as a result (excluding Routes to Roots – see below). This is below target levels and is an area for development in 2016/17.

524 people self-reported as rough sleepers – an increase of 34% on 2014/15. Many of these clients were from the newer EU member states, in particular Romania and Poland. **228** individuals were provided with reconnection and signposting advice. **24** people were reconnected to areas within the UK while **18** people were reconnected to other EU countries in collaboration with the Tower Hamlets Outreach Team. We secured a grant from the London Housing Foundation to work with other frontline agencies to deepen our partnership working with our colleagues in Bucharest (Samusocial din România).

In February 2016 we began delivery of a new service. "No First Night Out" ('NFNO') is an 18 month, tri-borough project between Tower Hamlets, Hackney and the City of London. It aims to prevent people with complex needs from becoming long term rough sleepers. The project had an active case load of **13** at year end.

Effective from 1 October 2015 the London Borough of Tower Hamlets ('LBTH') awarded a new contract to Providence Row to provide the "Day Service for Rough Sleepers" for the Borough following a competitive tendering process. As a result the Advice and Support Team began operating to new contract specifications from October 2015. The new contract emphasises joint working with the Outreach teams, reconnections and hospital discharge work, and facilitating access to the private rented sector and signposting support.

We secured an Oak Foundation grant of more than £200,000 over three years from 1 April 2016 to develop our health and homelessness joint working.

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 **83** referrals against a target of 75 during the year. Our relationship with the Royal London Hospital Pathway Team continued to develop. We achieved **53** reconnections in 2015/16, exceeding the target of 48. We secured grant funding for a second year from the Marie Celeste Samaritan Society, providing us with more capacity for the project.

Next Steps for 2016/17

- i. Fully deliver the new LBTH contract and NFNO initiative to meet targets.
- ii. Put in place systems to improve quality and evidence impact.
- iii. Put in place a staff development programme.
- iv. Develop our links with private rented sector access schemes, to improve our housing outcomes with non-priority clients.
- v. Implement a marketing plan so that we help local people (target: 75% men, 25% women; 17% from local authority recognised minority groups).
- vi. Deliver the EU10 Romanian exchange to improve reconnections.
- vii. Grow Routes to Roots, building a business case for sustainable funding.

Resource Centre

3 year goal: By 2018, we will engage 600 vulnerable rough sleepers in services to address the underlying causes of their homelessness.

Achievement: A total of **1,183** people used the Resource Centre compared to 912 in 2014/15.

Resources: c. £75k; 1.4 FTE staff.

Achievements and Results

A new volunteer led initial assessment "triage" system has led to changes in our volunteering roles and increased our casework capacity. We can assess more clients more efficiently and have more knowledgeable volunteers. **776** assessments were undertaken this year by Welcome Area volunteers, compared to 306 in the second half of 2014/15.

1,183 people used the Resource Centre. We have developed a clearer pathway between the Resource Centre and our other services, to encourage clients to engage and address the underlying causes of their homelessness. We made **320** referrals to Streetlink during the year, an increase of 35% over 2014/15.

We served almost **7,500** hot meals: 3,252 breakfasts were served to 232 individual clients; 4,172 lunches were served which equates to an average of around 20 people per day.

Next Steps for 2016/17

- i. Reconfigure and fully fund volunteering in the Welcome Area.
- ii. Implement a client ambassador initiative to encourage engagement by new clients.
- iii. Make capital improvements to the ground floor to manage client access and flow, support the "enabling environment" and make better use of available space. Create a clear model to support engagement in other services, with minimal use (25 a year) by those who don't engage.
- iv. Invest in IT systems to improve client engagement and reduce inefficiencies.

Recovery and Progression Service

3 year goal: By 2018, we will help 360 clients (out of 450) a year to improve their mental health and decrease substance misuse.

Achievement: The service worked with **339** clients during the year.

Resources: c. £250k; 4.3 FTE staff.

Achievements and Results

213 people participated in the Learning Programme (compared to 281 people in 2014/15). This reduction in numbers is the result of changes to the client group targeted through this service. There is greater emphasis on those with higher support needs and a connection to Tower Hamlets.

An external evaluation of the Learning Programme was commissioned during the year. This concluded that clients reported an increase in their skills and factual knowledge in a wide range of areas and improved levels of self-esteem as a result of the programme. Discussions with clients highlighted strong satisfaction with the food at Providence Row, with some clients suggesting that their health had improved as a result of eating lunch on site. The evaluation recommended that Providence Row should make use of all promotional methods to improve attendance levels at some groups.

The Learning Programme was re-launched in January 2016 to target local need including groups for women and the residents of hostels in the borough.

15% of clients engaging with Recovery and Progression in 2015/16 were women, up from 7% in 2014/15.

76 people attended English classes at our centre. Peer mentoring progressed well, with **10** peer mentors, recruited from our clients, helping in the delivery of the programme during the year.

We worked with Homeless Link on a project called "Your Vote Matters". The purpose of the project was to encourage individuals with past experience of homelessness to register to vote. We carried out outreach shifts at a number of local hostels in order to maximise our reach. 75 people attended sessions; **40** people registered to vote.

We are still developing our approach to group work as a mechanism for helping people to identify their strengths and skills and move into treatment services where appropriate. We will be doing more to improve this area of work in 2016/17.

We have completed an "Enabling Environment and Personalisation" audit to identify what we are doing well and areas for improvement. We have also launched an Enabling Environment and Personalisation working group with staff from different parts of the organisation. Early successes have included revising all client-facing documents and developing the way we collect feedback. For example, we have held our first quarterly client forum which allows all clients to give their views on the various areas of the service, from our physical space to our marketing.

Our needle exchange and harm reduction advice helped **108** people as a first step to addressing substance misuse problems and moving into formal treatment. **357** individuals (out of all clients accessing Providence Row services in the year) were provided with support to address substance misuse issues.

Plans to re-tender all drug and alcohol services in the borough were implemented, with Providence Row responding to an invitation to tender in November 2015. This has subsequently been successful, and as a result the charity will be developing a new "Adult Drugs and Alcohol Outreach and Referral Service" during 2016/17.

Next Steps for 2016/17

- i. Achieve full, sustainable funding for the Learning Programme alongside popular and well evidenced employer supported volunteering.

- ii. Put in place pathways into local community activities for 200 clients a year, supporting long term recovery.
- iii. Put in place a successful, independently evaluated peer mentoring element to all learning programme activities.
- iv. Fully fund our Mental Health work, implementing and evaluating the Royal College of Psychiatrists' "Enabling Environment" standards.
- v. Develop the role of mediation, restorative justice and conflict management with staff, volunteers, clients and partners.
- vi. Develop our operational and strategic relationship with the NHS in order to attract funding and make incremental improvements in client health.
- vii. Increase our help for people with substance misuse issues through tendering and trust funding.

Enterprise and Training

3 year goal: By 2018, we will help 350 people get closer to work, with 50% of participants moving into work, learning or training.

Achievement: 121 people helped through the service.

Resources: c. £285k; 4.3 FTE staff.

Achievements and Results

37 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 will deliver Level 2 Awards from April 2016. 19 clients completed the Scheme compared to 37 in 2014/15. 38% of trainees had mental health problems, and 32% had a 'dual diagnosis' of substance misuse and mental health issues. The Scheme achieved second place in the London Homelessness Awards in October 2015, receiving a prize of £15,000.

60 people accessed our 10 week programme "Working On It" in partnership with supporting companies. 53 people attended Job Club and 80 came to our IT workshops. 11 clients achieved an accredited qualification; 10 went into employment and 8 went into further training / college. 5 trainees went on to start work trials in restaurants and cafés. We have established a wider range of operational partnerships. This has included more work with the residents of local hostels and greater engagement with the local job centres and the reconfigured probation service. We started to discuss the extension of our training with a property development firm, to encompass construction skills. We received over £4,400 worth of food donations and around £1,750 worth of kitchen equipment donations from a range of donors including private individuals, Pret-a-Manger, Andaz Hotel, Tower Hamlets Food Bank and JP Morgan.

We completed the construction of the roof garden, working together with trainees. This includes food growing, a wormery, composting, two bee colonies, a shed, a greenhouse and a pond. Following on from this, we launched our new Gardening Trainee Scheme in the autumn, including two horticulture modules with the Open College Network. 20 clients registered and were inducted, with 14 participating in sessions. Two clients have been trained as "peer mentors" in gardening. 4 have completed the scheme, with 1 going into employment. 5 gardening trainees had mental health problems and 3 had a 'dual diagnosis' of substance misuse and mental health issues.

75 clients have helped to grow produce on the roof during the year. 63 company volunteers have helped to develop the space. Approximately 105kg of fruit and vegetables were harvested, with an equivalent cost saving of c. £950. Four clients have completed beekeeping training. Working with the design practice Wayward and the Whitechapel Gallery, we started a new project to create a "pocket park" in Angel Alley. 16 clients engaged with corporate volunteers and designers to build concrete planters. The project will be completed in 2016/17.

Next Steps for 2016/17

- i. Acquire new IT to support all employability activity, with an ongoing schedule of refreshing and updating IT to meet client needs.
- ii. Design and embed a clearly articulated, externally evaluated employability model which demonstrates impact.
- iii. Achieve secure funding for existing Employment Support and increase capacity by at least 1 FTE.
- iv. Put in place a strong network of at least 12 local employers, with financial and volunteering support for programme delivery.
- v. Establish a partnership with a construction firm to fund and deliver an accredited construction training programme for clients.
- vi. Deliver the Food Development Programme, including the use of gardening on site and income generating catering.
- vii. Develop the bakery and room hire activities as a "next step" for clients, earning 10% of total income (excluding legacies) by 2018.

2.2 Enterprising

3 year goals

- Increase the level of income (target 40% of total excluding legacies) generated by enterprises, investments and properties through commercial lettings and creation of a long term property strategy.
- Develop the use of business skills including financial forecasting, marketing, business planning and project management across the charity.
- Develop our emerging portfolio of social enterprises in order to generate revenue for the charity whilst providing training and work experience for clients.
- Take opportunities to grow the charity, responding to tendering and other funding opportunities which will reflect the values, core objects, vision and mission of the charity.

Achievements and Results

The charity overcame some complex lease issues relating to existing tenancies at Sherrington Mews. A plan was drawn up to further invest in the condition of the property to ensure it is fully let as soon as practicable. An external consultant was appointed to project manage this process. The value of the property has significantly increased since purchase in May 2014, reflecting the uplift in market level rents in this area. The Board has subsequently established a Property Subcommittee to work on a longer term property strategy.

Each of our services now has a skeleton business plan, which is helping middle managers to look at service delivery more strategically. A training programme for staff did not take place and has been put on hold whilst we focus on developing our existing enterprises. However, service teams have worked closely with our Marketing Co-ordinator to implement marketing concepts in service delivery. The charity's shared drive has been partially streamlined, with a plan in place for further improvements. This will help us to manage and share information more effectively as a team.

Providence Row Bakery saw a sharp increase in sales during the year from an average of £457 per month in the first quarter of the year to £1,230 per month in the final quarter. Total sales for the year came to £12,802, equivalent to an average of £1,067 per month – thus meeting targets. The total figure for the year includes income from commercial event catering of £3,400.

The original plan was to increase cake sales to cafés through wholesale. After a successful application to the City Bridge Trust's Stepping Stones fund, we appointed a Business Development Officer for a fixed period of one year. This gave us the capacity to develop the Bakery. A full review of products, production, market and competition took place. This led to the decision to develop a new product

line of mail order brownies targeting the gift and corporate market. We then worked closely with Unreal UK and Graze, both of whom provided considerable pro bono support to create a new brand – “Rise Bakery”. This has included a website and online store, which was launched in April 2016.

We have continued to develop our room hire activities, with total income of £15,288, compared to £10,620 in 2014/15. This is on target and was achieved by promoting our space to organisations with a similar outlook to Providence Row and who require repeat or recurring bookings. We did not explore the creation of a company volunteering product due to limits in staff capacity.

We created a new addition to the Catering Trainee Scheme for our clients based on the opportunities within the Bakery. During the year we began to deliver more structured training, following a set curriculum and linked to accredited qualifications.

The charity was successful in tendering for new business, as well as renewing our Day Service contract with LBTH. Service managers were involved in this process, to help develop bid writing skills across the team. The new Drug and Alcohol Action Team funded “Referral Service” will significantly increase the charity’s profile in the borough as a high quality local provider. In addition, our work on the No First Night Out partnership has raised the charity’s profile in Hackney and the relationship we have with Tower Hamlets is seen as an example of good practice in cross sector working.

We were successful in a large bid for funding from the Oak Foundation. This is designed to improve joint working with the NHS. This programme of work, including a scoping exercise about health services in the area, will commence in April 2016. We did not investigate Social Impact Bonds further. We did explore loan financing, concluding that it was not an option for us at the moment.

Next Steps for 2016/17

- i. Increase level of income (target 40% of total excluding legacies) generated by the charity’s properties, investments and enterprises.
- ii. Put in place the expertise for the charity to be strategic, proactive and operationally robust in all property matters.
- iii. Fully implement the use of business skills including financial forecasting, marketing, business planning and project management across the charity including all services and core management functions.
- iv. Grow the charity by 30% (recurring income and expenditure on service delivery) by 2018, responding to tendering and other commercial opportunities which will reflect the values and core objects of the charity.

2.3 Inspiring

3 Year Goals

- To create and implement an annually updated marketing strategy which raises the charity’s profile and shows our position as highly respected and worthy of financial and in kind support.
- To secure income for our work from fundraising to enable us to deliver existing services.
- To develop new approaches to tackling severe and multiple disadvantage through sustainable, strategic funding sources.
- To put ourselves at the forefront of work to address severe and multiple disadvantage by increasing our engagement in debates, discussion and research, asserting our point of view constructively and thoughtfully based on evidence.

Communications and Marketing

Achievements and Results

During the year we refreshed our marketing strategy with an emphasis on implementing marketing principles in service delivery. Service staff were supported to think through their target client groups, what the benefits were of the services on offer and how best to promote this. Therefore each service now has a marketing plan which will be updated regularly. As part of this process, we have considered how best to reach the diverse local community in Tower Hamlets. As a result, we have created two key equalities targets: 25% of our clients are women and 17% of our clients are from local authority recognised minority groups. (In 2015/16 approximately 15% of our clients were women and 14% were from ethnic minority groups.)

We have enjoyed some good publicity during the year, including in East End Life, The Pavement Magazine, Vice Munchies and on Do-it.org and Team London's websites, highlighting our position as an innovative, forward thinking charity which makes a real difference.

The charity now has formal brand guidelines, which help to give consistency to all of our internal and external communications. These guidelines support our values based approach and include principles such as talking about our clients based on their strengths, e.g. as artists, gardeners, trainees etc. Alongside the production of written material, we also produced our first targeted fundraising campaign, "Fund 5 Futures", which was watched more than 2,000 times on YouTube and had raised over £5,700 by the year end against a target of £5,000. The appeal went on to reach a total of over £7,000 after the year end.

We were involved in a number of presentations to raise the profile of the charity including events at City Hall with Team London about employer supported volunteering, a presentation to the Berkeley Homes Foundation about trends in homelessness, a Homeless Link conference about strategic planning in smaller organisations, and the Faculty for Homeless Health conference on our Routes to Roots project and approach to working with the NHS.

Time has been invested in looking at good practice, collaboration and market research during the year. This has included study visits to other charities, attendance at conferences and working in partnerships with organisations such as Thames Reach, West London Mission and Mind in Tower Hamlets and Newham.

Fundraising

Income from donations in the year was just over £366,000, a significant increase from around £292,000 in 2014/15. Much of this increase was driven by the strong growth in income from corporate donors, which rose from £54,527 in 2014/15 to £103,569 in 2015/16 (excluding donated goods, facilities and services). This reflects our successful strategy to increase income from companies. We won a three year partnership with the North East London branch of Berkeley Homes who on average raise around £100,000 a year.

Company volunteering was also very successful with over 450 volunteers supporting our work. Alongside providing vital support, this is a fantastic way to introduce our clients to a much broader network of people. It also helps volunteers to understand more about the causes of homelessness and how to tackle it. Company/client volunteering projects during the year have included the creation of the roof garden and supporting elements of our 10 week employability programme 'Working On It'.

Our relationship with the Sisters of Mercy continues and aside from their regular annual donation they also gave £38,000 to support the development of our facilitative working practice.

Providence Row: Trustees' Annual Report and Accounts for the Year Ended 31 March 2016

The Fundraising Team had an income target for the year of £360,000. This figure excludes legacies, donated goods, facilities and services and certain restricted donations and grants received in the year. In addition, the target figure includes certain performance related grants classified as income from charitable activities in the accounts. The table below sets out performance against fundraising targets reconciled to total income from donations as stated above:

	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
Total income from donations	269,101	96,987	366,088	291,998
Deduct: donated goods, facilities and services	(24,760)	-	(24,760)	(17,758)
Income from donation excl. donated goods, facilities and services	244,341	96,987	341,328	274,240
Deduct: donations and grants for purposes considered "out of target" for fundraising	-	(1,929)	(1,929)	-
Add: Elements of performance related grants considered "in target" for fundraising	-	16,036	16,036	52,320
Income counted against in-year fundraising target	244,341	111,094	355,435	326,560
In-year fundraising target			360,000	337,000

Over the past five years, all types of fundraising for the charity have increased (with the exception of events). This is due to a more strategic approach taken to developing supporter relationships and a greater emphasis on team working between fundraising and service staff. All service teams have a 3 year funding plan, which is reviewed quarterly, taking into account progress and forthcoming potential opportunities.

As noted in section 2.1 'Thriving – Enterprise and Training' above, we received donations of food and kitchen equipment with a total value of £6,175 from range of donors during the year. In addition, we received approximately £7,700 worth of furniture, IT and electronic equipment from Natixis and over £2,000 worth of furniture from Berkeley Homes. (See note 2a to the accounts for further information on donated goods, facilities and services.)

At the beginning of the year, we had an ambitious list of potential service developments, including financial inclusion, migration advice and a volunteering programme with legal firms. We have not progressed all of the original ideas, but put our focus into the tendering opportunities and Oak Foundation project. These have been successful and are leading to organisational growth. Alongside this, we have increased company volunteering from legal firms and will take forward a project to develop conflict resolution and mediation.

Next Steps for 2016/17

- i. Review and refresh our marketing strategy.
- ii. Promote the charity's reputation, utilising and refreshing our new brand guidelines.
- iii. Apply for awards and feed into larger campaigns about homelessness.
- iv. Put in place a system to gather and use market intelligence to ensure we are up to date and identify development opportunities.
- v. Put in place a local community relations plan which ensures we are a welcomed, well respected member of our local community.
- vi. Challenge perceptions of homelessness and those who experience it, with 95% of all feedback from supporters indicating that they feel more positive about homelessness.

- vii. Continue to develop our ability to maximise the potential within company relationships including cash donations.
- viii. Increase multiyear funding from trusts and foundations.
- ix. Increase community based fundraising by raising our profile in the area.
- x. Increase capacity of the fundraising team in order to achieve 30% growth by 2018/19
- xi. Change perceptions of homelessness and those who experience it through events and activities that highlight what people can do.
- xii. Continue to ensure that all of our fundraising activity is consistent with our values and the requirements of the Fundraising Regulator.

2.4 Effective

3 Year Goals:

- Produce an annually updated Human Resources strategy which guides our investment in an excellent staff team and provides stimulating and rewarding volunteering opportunities.
- Develop our ability to plan, monitor and evaluate our work and demonstrate impact.
- Provide welcoming, calm, comfortable and efficient facilities which support an enabling environment for staff, volunteers and clients alike.
- Ensure excellent financial management of our resources, using them efficiently, promoting financial stability and managing growth proactively without developing a dependency on public sector funding.
- Ensure excellent governance and management systems, reflecting the National Council for Voluntary Organisations ('NCVO') Principles of Good Governance.

Human Resources

Achievements and Results

We completed a Human Resources strategy, which is being monitored annually, with a review shared at governance level. There have been several areas of progress during the year. We have focused greater attention on staff and volunteer recruitment to attract the best people we can to support our work with clients. Whilst we have not yet fully reviewed our staff terms and conditions, we have started to renew key policies such as induction, staff training, discipline and grievance. We have audited our HR files to ensure they are compliant with relevant data protection and employment law regulations.

A new volunteering policy was drafted, with new systems and training to follow in 2016/17. The policy is designed to increase volunteering across the charity and develop skills in volunteer management across the staff team.

Our profile with volunteer "brokerage" agencies is high – particularly those promoting employer supported volunteering. For example, we worked with Team London based at the Greater London Authority, City Action, East London Business Alliance and the Tower Hamlets Volunteer Centre to promote our opportunities. We also worked with Crisis to engage with the volunteers they have energised in their Christmas support service.

We convened a small working group of staff and volunteers to help develop client volunteering (peer mentoring). This is part of a wider plan to reflect the Royal College of Psychiatrists' Enabling Environment (see section 2.1 'Thriving - Recovery and Progression Service').

Next Steps for 2016/17

- i. Review our HR strategy, with a target to reduce staff turnover of 10% each year.
- ii. Continue to review our policies and procedures, to ensure they remain robust, legally compliant and up to date.

- iii. Attract and retain more excellent volunteers, achieving a quality standard.
- iv. Improve our recruitment processes to bring a motivated, skilled workforce.
- v. Retain and develop excellent talented people who grow with the organisation through high quality training and development.
- vi. Make good use of the Patron, President and Honorary Vice President roles to promote the position of the charity and generate greater support.

Organisational Governance and Management

Achievements and Results

Planning and monitoring

Our three year strategy was reviewed with the help of Natixis, who provided invaluable objective input, to give the strategy a longer term perspective. Skeleton business plans for all three services were produced and have been useful in shaping our progress in marketing, fundraising and monitoring.

The success of our monitoring work has already been described. We continue to implement our planning process, which links our three year strategy with the day to day work of each staff member. We are working towards the Advice Quality Standard, having undertaken an audit, and will be submitting an application to achieve the Standard in 2016/17.

Facilities

During the year, partly as a result of the charity's growth, we made the decision to increase the capacity in the Finance and Resources Team. Our investment property, Sherrington Mews, demanded more time and attention than we had anticipated. In the final quarter of the year we brought in a Temporary Finance Officer role from February 2016. Subsequent to the year end the Temporary Finance Officer has taken on a new position as Temporary Buildings Manager and will take forward our plans for a long term capital maintenance plan and investment in the mechanical and electrical installations in the Dellow Centre.

As a result of the issues highlighted above, some of the plans we set out for our buildings were not achievable. However, we have made progress with our health and safety systems, and with IT. During the year we upgraded our hardware and our broadband service to enhance working efficiency. We also made some changes to the office layout to accommodate our growing staff team.

Governance

The Trustees undertook a Governance review during the year. The role of subcommittees has been reviewed and all committees have agreed terms of reference. This has led to the decision to introduce a Property Subcommittee. The improvements to our monitoring systems mean that all trustees now receive a monthly update on service delivery and fundraising.

Next Steps for 2016/17

- i. Develop our ability to demonstrate impact and the difference our work makes.
- ii. Develop excellent, efficient governance.
- iii. Develop a well evidenced model of working with people, meeting the "Enabling Environment" standards.
- iv. Manage the buildings on our main Gunthorpe Street / Wentworth Street site to be more financially efficient and to reflect the "Enabling Environment".

Financial management

Achievements and Results

The key principle of our financial strategy in recent years has been to ensure that the charity becomes financially sustainable, with no dependency on reserves for its ongoing delivery of services to beneficiaries. In order to achieve this, we aim to permanently eradicate our “underlying” year on year operational deficit, which we define and track as the charity’s annual net income / (expenditure) adjusted to exclude the following items:

- Legacy income over £10,000 in any year;
- Income and operating expenditure relating to donated goods, facilities and services;
- Depreciation charges; and
- Gains and losses on investments.

Using this measure, the “underlying deficit” for 2014/15 and 2015/16 was as follows:

- 2014/15 (as restated): (£155,494)
- 2015/16: (£63,016)

The recorded “underlying deficit” for 2015/16 of just over £63,000 compared to a corresponding deficit figure per the annual budget of £64,375. The charity expects to eliminate the “underlying deficit” on this measure once Sherrington Mews is fully let on commercial terms.

With the introduction of Charities SORP (FRS 102), the Finance team has invested considerable effort during the year and subsequent to the year end in preparing to implement the new financial reporting regime for the first time in this Trustees' Annual Report and Accounts for 2015/16.

Next Steps for 2016/17

- i. Continue plans to permanently eradicate our “underlying” year on year operational deficit.
- ii. Review the reserves position and present it strategically to attract external funders and take capital expenditure plans into account.
- iii. Invest in our ability to increase our earned income to 40% of total income excluding legacies (including if we grow), through our properties, investments and enterprises.
- iv. Invest in our fundraising function, to increase income and attract more predictable, multi-year support.
- v. Grow our service delivery up to 30% by 2018 whilst maintaining our free reserves at the target level determined by the Trustees.
- vi. Whilst continuing to attract public sector funding, keep it at around 20% of our total income (excluding legacies), spreading risk away from one contract in one borough.

3 Structure, Governance and Management

3.1 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 1860². 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.

3.2 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 2016 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 accounts. New Trustees meet with the Chair of the Trustees, and the Chief Executive arranges their induction to the organisation.

² Providence Row Charity was known as "Providence Row Night Refuge and Home" until it changed its name on 21 January 2003.

3.3 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 four subcommittees of the Board:

- Finance
- Fundraising
- Services
- Remuneration

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 Deputy CEO (until September 2015), the Head of Services (from November 2015), the Head of Finance and (from April 2016) 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.

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 (see section 3.2 above). 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.

4 Staff and Volunteers

During the year the charity employed an average of 26.6 staff (average monthly headcount), of whom 8.8 were part-time staff (2015: 25.5 average monthly headcount, of whom 7.6 were part-time). Since the year end the staff team has grown and the charity currently employs 29 staff, of whom 10 are part-time.

Our volunteers during the year to March 2016 included:

- 376 corporate volunteers from local businesses and the City working alongside our clients and supporting the work of the organisation
- 98 "speed volunteers" under the Speed Volunteering Service run by Team London, the Mayor's volunteering programme for London
- 22 regular Welcome Area volunteers contributing an average of 105 volunteer hours per week over the year; 7 volunteers within the Advice and Support Team; 17 regular volunteers within Recovery and Progression (of whom 9 came to us originally as "speed volunteers"); 8 regular volunteers within Enterprise and Training, including kitchen volunteers; and 3 volunteers within Finance and Fundraising

5 Financial Review

5.1 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 2016 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 2016, the charity's Endowment fund generated an overall negative return of £14,928 (equating to a total return of -2.1%), incorporating investment income of £18,905, unrealised losses of £28,784 and management fees of £5,049 (2015: total positive return of £66,845 or +11%). The "gross of fee" return for comparison was c. -1.5% (2015: +12%). For reference, 12 month total returns to 31 March 2016 for the following benchmark indices were:

- FTSE All Share (UK Equity): -0.4%
- MSCI World index (Global Equity): +2.4%
- WM Charities Index: -0.3%

During the year to 31 March 2016, the charity's managed cash deposit portfolio generated interest income of £10,334 (2015: £21,306), equivalent to a return on average balances over the year of c. 0.9% (2014: c. 1.5%). In view of the continuing low interest rate environment, the charity expects its interest income to remain at a similarly low level or to fall further over the coming year.

The charity's investment property generated income of £158,516 during the year, an increase of c. 57% over the comparative figure for 2014/15 of £100,949. Direct costs of investment property management in 2015/16 (before allocated support costs) totalled £134,596, of which approximately £25,000 related to non-recurring legal and other professional fees in connection with new leases, lease terminations and refurbishments.

5.2 Overview of results for the year

The charity's total income for the year of £1,816,010 (2015: £1,166,374) can be analysed as follows:

	2015/16 £'000	% of total income	2014/15 £'000	% of total income
Donations, excl. donated goods, facilities and services *	341.3	18.8%	274.2	23.5%
Donated goods, facilities and services	24.8	1.4%	17.8	1.5%
Legacies	549.3	30.2%	25.5	2.2%
Charitable activities: local authority contracts	251.9	13.9%	251.4	21.6%
Charitable activities: performance-related grants	208.4	11.5%	216.8	18.6%
Charitable activities: Bakery sales	12.8	0.7%	4.0	0.3%
Charitable activities: rents from Dellow Centre leases	179.4	9.9%	181.0	15.5%
Charitable activities: other	1.9	0.1%	1.4	0.1%
Other trading (incl. room hire)	32.6	1.8%	22.2	1.9%
Investment income: property	158.5	8.7%	101.0	8.7%
Investment income: other	30.1	1.6%	39.4	3.4%
Other income	25.0	1.4%	31.7	2.7%
Total income	1,816.0	100.0%	1,166.4	100.0%

* Income from 'Donations' in the table above is made up of: donations and gifts from individuals, corporate supporters and community groups (including Gift Aid, but excluding donated goods, facilities and services) and general grants from trusts and foundations. (See note 2 to the financial statements.)

Providence Row: Trustees' Annual Report and Accounts for the Year Ended 31 March 2016

The charity's total expenditure in the year of £1,422,026 (2015 as restated: £1,393,835) breaks down as follows:

	2015/16 £'000	% of total expend- iture	2014/15 £'000	% of total expend- iture
Costs of raising donations and legacies	183.3	12.9%	180.6	13.0%
Costs of 'other trading activities'	16.6	1.2%	15.5	1.1%
Costs of investment property management	153.7	10.8%	184.6	13.2%
Other investment management costs	7.9	0.6%	8.6	0.6%
Charitable activities: Advice and Support / Resource Centre	375.3	26.4%	379.5	27.2%
Charitable activities: Recovery and Progression	251.6	17.7%	303.1	21.8%
Charitable activities: E&T – Trainee Schemes, Food & Garden	215.1	15.1%	111.7	8.0%
Charitable activities: E&T – Providence Row Bakery	68.8	4.8%	71.0	5.1%
Charitable activities: property let for charitable purposes	55.5	3.9%	42.9	3.1%
Other costs	0.7	-	6.8	0.5%
Depreciation charges	93.5	6.6%	89.5	6.4%
Total expenditure	1,422.0	100.0%	1,393.8	100.0%

Note: The costs shown in each line in the table above are the direct costs plus the support costs for each activity area, with the exception of allocated depreciation charges, which are split out from the relevant activities and shown in a separate line for the purposes of this analysis.

The charity recorded a net surplus (total income less total expenditure) before net gains on investments of £393,984 (2015 as restated: net deficit of £227,461).

After the unrealised gain on revaluation of investment property of £735,568 (2015: £2,313,803) and unrealised losses on other investment assets of £28,784 (2015: net gains of £55,123), the net income of the charity for the year was £1,100,768 (2015 as restated: £2,141,465). This figure can be reconciled to the "underlying deficit" measure described in section 2.4 above as follows:

	Total Funds 2016 £	Total 2015 As restated £
Net income	1,100,768	2,141,465
Less: legacy income in excess of £10,000	(539,253)	(15,489)
Less: income from donated goods, facilities and services	(24,760)	(17,758)
Add: operating expenditure from donated goods, facilities and services	13,510	15,758
Add back: depreciation charges	93,503	89,456
Less: unrealised gains on investment property	(735,568)	(2,313,803)
Reverse net losses / (gains) on other investments	28,784	(55,123)
"Underlying deficit"	(63,016)	(155,494)

During the year we recorded a very strong level of income from donations, with an increase of c. 24% in donations excluding donated goods, facilities and services (from £274,240 in 2014/15 to £341,328 in 2015/16). This incorporates an increase in donations from corporate supporters of almost 90% over the prior year (from £54,527 to £103,569) and increase of almost 90% in donations from 'Community' sources (from £32,806 to £62,061).

Income from performance-related grants for the year totalled £208,427, compared to £216,822 in the previous year. The table below summarises the performance-related grants received:

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	2016 Total £	2015 Total £
<i>Income from grants notified prior to start of the year</i>		
Big Lottery Fund re Learning Programme	75,230	106,293
London Housing Foundation re EU10 Exchange project	-	13,100
Homelessness Transition Fund	-	33,559
Esmée Fairbairn Foundation re "Grow, Cook, Eat"	35,600	-
Marie Celeste Samaritan Society re Routes to Roots	23,016	-
City Bridge Trust Investing in Londoners grant (Garden project)	18,000	-
Other	2,496	-
<i>Subtotal: Income from grants notified prior to start of the year</i>	154,342	152,952
<i>Income from grants secured during the year</i>		
Esmée Fairbairn Foundation re "Grow, Cook, Eat"	-	39,966
Marie Celeste Samaritan Society re Routes to Roots	-	14,667
City Bridge Trust Stepping Stones grant	36,150	-
London Housing Foundation re Collaboration in Romania project	12,435	-
Other	5,500	9,237
<i>Subtotal: Income from grants secured during the year</i>	54,085	63,870
Total income from performance-related grants	208,427	216,822

Income from donations (excluding donated goods, facilities and services) and performance-related grants taken together totalled £549,755 (2015: £491,062). This was equivalent to c. 43% of our total income excluding legacies (2015: c. 43%).

Our legacy income during the year was a substantial £549,253 (2015: £25,489), which has allowed us both to bring forward some key initiatives in our services (see section 2.1 'Thriving' and section 5.4 'Review of reserves and reserves policy – *Other designated funds*') and also to put aside sufficient funds in our 'Cyclical maintenance and repairs fund' to fulfil our forthcoming capital maintenance and repairs commitments and plans in relation to our property assets (see section 5.4 'Review of reserves and reserves policy – *Cyclical maintenance and repairs fund*').

Overall our total income from public sector sources in 2015/16 (including local authority contracts and grants) amounted to £256,920 (2015: £294,477), equivalent to c. 20% of total income excluding legacies (2015: c. 26%).

The charity's independently generated income from investments (including investment property) and all other property interests increased once again from £370,364 in 2014/15 to £420,427 in 2015/16 and from 32.5% to 33.2% as a proportion of total income excluding legacies. These figures include income from the Endowment fund and cash deposits, rents and charges from Sherrington Mews, Dellow Centre leases, room hire and our freehold properties let on long term leases.

On the expenditure side, the following points can be highlighted:

- During the year income from the Sherrington Mews property of £158,516 exceeded costs of investment property management (including allocated support costs) of £153,682 by just under £5,000. The low surplus for the year was largely a result of several units remaining vacant for part of the year (as well as approximately £25,000 of non-recurring legal and other professional fees as noted above). In particular around half of the total lettable area of the property was vacant for most of the second half of the financial year. The charity has granted a lease to a new tenant in relation to five commercial units in August 2016 and expects to generate a significantly higher surplus from the property in future periods.

- Costs attributable to core services (Advice and Support / Resource Centre; Recovery and Progression; Enterprise and Training including Bakery) totalled £910,907 (excluding allocated depreciation charges) in 2015/16, compared to £865,349 in 2014/15. This increase of just over 5% reflects the steady growth in our services.

5.3 Principal risks and risk management

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

The Chief Executive together with the Leadership Team produces a risk register for the organisation and reports to the Board of Trustees on 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 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 reported in section 2 above, during the year under review the charity was awarded a new contract for the provision of the Day Service for Rough Sleepers by LBTH for a period of two years from 1 October 2015, with the Council able to exercise an option to extend the contract for a further 12 months at its discretion. The contract sum awarded is £194,968 p.a. In addition the charity was notified in July 2016 that it had been awarded a new contract for provision of the Adult Drugs and Alcohol Outreach and Referral Service following a competitive tender process conducted by LBTH (contract sum of £163,914 p.a. for a period of three years from 31 October 2016). 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 31% of our total income (excluding legacies) in 2015/16 (2014/15: 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. Following its review of subcommittees, the charity plans to set up a formal Property Subcommittee made up of trustees, relevant staff members and (where appropriate) external advisors, which will monitor these capital expenditure plans and report regularly to the Board and, where appropriate, to the Finance Subcommittee on their progress and implementation.

- 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. In addition a property consultant was appointed in early 2016 to project manage a major refurbishment of vacant units and to co-ordinate efforts to let available space to new tenants at market level rents as soon as practicable during the course of 2016/17. The Property Subcommittee mentioned above 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 (see section 5.4 below).

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.

5.4 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 2016 the charity held total funds of £12,127,445 (2015 as restated: £11,026,677), comprising the restricted endowment fund, restricted income funds and unrestricted funds.

Restricted Endowment fund

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 charitable purposes (as an addition to unrestricted funds). The permanent Endowment fund incorporates the Dr Gilbert Trust and the Manning Memorial Fund. At 31 March 2016, the Endowment Fund amounted to £632,828 (2015: £666,661).

Restricted income funds

Restricted income funds are funds subject to specific trusts, which may be declared by the donor(s) or with their authority (e.g. in a public appeal) or created through legal process, but still within the wider objects of the charity. In accordance with trust law, a restricted fund may only be expended for the specific charitable purpose for which it has been given. Restricted funding received and expended during the period under review is summarised in note 16 to the financial statements. As at 31 March 2016 the charity held total restricted income funds of £2,572,176 (2015: £2,615,810).

Included within the figure above is the fund 'Tangible fixed asset fund: Restricted'. This reflects the net book value of fixed assets whose original acquisition or costs of construction were funded by restricted income (unless the Trustees are satisfied that no continuing restrictions remain in force on the assets or the funds employed, when the Trustees may transfer the relevant balances to the designated fund 'Tangible fixed asset fund: Unrestricted'). The amounts held in this fund could only be realised by disposing of tangible fixed assets. At 31 March 2016 this fund stood at £2,520,000 (2015: £2,576,000).

Unrestricted funds

As at 31 March 2016, the Trustees have established the following designated funds:

Tangible fixed asset fund: Unrestricted

The net book value of fixed assets whose original acquisition or costs of construction were funded 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) is reflected in the designated fund 'Tangible fixed asset fund: Unrestricted'. The amounts held in this fund could only be realised by disposing of tangible fixed assets. As at 31 March 2016, this fund stood at £2,919,906 (2015: £2,935,072).

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

On 30 May 2014 Providence Row completed the purchase, for investment purposes, of the leasehold interest held by Toynbee Hall in the commercial property known as the Gunthorpe Street Workshops, situated adjacent to the charity's main Gunthorpe Street / Wentworth Street site and forming part of the same freehold. On completion of the acquisition, Providence Row's ownership of the Gunthorpe Street Workshops (since renamed 'Sherrington Mews') was reclassified as investment property.

As an investment property, the charity's interest in Sherrington Mews is held on the balance sheet at its fair value as at the year end. In accordance with regulations made under the Companies Act 2006 and the requirements of Charities SORP (FRS 102), the element of the fair value of the property representing revaluation gains is disclosed in a separate revaluation reserve.

During the year under review, capital additions relating to refurbishment works to the common parts, new security fencing, other improvements and professional fees totalling £57,508 were made, of which £48,416 were reflected by a transfer to the 'Fixed asset fund: Investment Property' from the remaining balance on the Development reserve (see below).

Sherrington Mews has been revalued to fair value as at the year end, with an unrealised gain on investment for the year of £735,568 credited to the 'Revaluation reserve: Investment Property'. Consequently, as at 31 March 2016 the total of these two funds stood at £4,446,752 (2015: £3,653,676).

Development reserve

A designated 'Development reserve' was created in prior periods to ensure that the charity was able to take advantage of development opportunities arising in order to help to ensure the sustainability of the charity in the longer term.

The brought forward balance on this fund at 1 April 2015 of £48,416 was fully utilised during the year as planned by means of the transfer to the 'Fixed asset fund: Investment Property' referred to above. As at 31 March 2016 there was therefore a nil balance on this fund.

Cyclical maintenance and repairs fund

It is vital for the work of the charity and for the sustainability of its income that we maintain the functionality, condition and safety of our buildings to a high standard. In particular, as the Dellow Centre is now more than 20 years old, we recognise that the costs of maintaining and renewing its fabric and installations will increase over the coming years. The 'Cyclical maintenance and repairs fund' is intended to provide adequate funds to cover requirements for major capital repairs to the buildings owned by the charity and planned maintenance and replacement of associated plant and equipment over a planning horizon of approximately five years, 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. This fund is not intended to be used for costs of regular ongoing annual maintenance contracts for equipment etc., which we would normally expect to charge as operating expenditure to General funds.

In order to achieve this aim, during the year under review the Trustees decided to make a transfer from the General funds to the Cyclical maintenance and repairs fund of £250,476, increasing the level of this fund to £450,000 as at 31 March 2016 (2015: £204,144). This was made possible primarily by the receipt during the year of a substantial amount of legacy income.

It should be noted that, of the £450,000 held on this fund as at 31 March 2016, amounts totalling just over £103,000 have been expended during the first quarter of 2016/17 in connection with the refurbishment of five ground floor units at Sherrington Mews (see note 8 to the financial statements).

Other designated funds

The opening balance on 'other designated funds' as at 1 April 2015 of £849 represents a residual sum from a designated fund created in earlier periods to aid with the development of the Providence Row Bakery, which had not yet been expended as at 31 March 2015. This sum was spent as planned on equipment for the bakery in April 2015.

During 2015/16 three further designated funds were established by means of transfers from General funds, as set out below:

An amount of £36,500 was set aside in October 2015 from a legacy received in order to (i) bring forward the establishment of a new Senior Personal Adviser role to undertake the development of our services monitoring and evaluation capabilities, and (ii) to invest in urgently required computers and other IT equipment. During the remainder of the financial year the following amounts were utilised from the fund:

- Expenditure of £14,242 in staff costs

- £5,000 transferred to the 'Tangible fixed asset fund: Unrestricted' in relation to computers and other IT equipment purchased

It is intended that the remaining balance on this fund as at 31 March 2016 of £17,259 will be used to co-fund the Senior Personal Adviser role mentioned above over approximately the next 18 months alongside restricted income funds secured for this purpose from 1 April 2016 onwards.

An amount of £24,000 was set aside as at 31 March 2016 from a generous donation of £38,000 made by the Sisters of Mercy in December 2015. It is intended to utilise this amount during 2016/17 to fund the costs (including staff costs) of certain elements of the work of the Recovery and Progression Service to continue the development of our values-based approach, including training for clients in communications skills.

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 the accounts have been authorised for issue. Since the timing of receipt of this legacy is not yet certain, the Trustees have 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.

In addition, an amount of £370 representing the proceeds raised from the sale of a bakery delivery bicycle in February 2016 was transferred from the 'Tangible fixed asset fund: Unrestricted' and set aside in a designated fund for additional marketing expenditure related to the launch of the new "Rise Bakery" brand. This amount was fully expended during March 2016.

Contingency fund: Charity running costs

The charity provides a number of core services directly to beneficiaries. 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 charity holds a 'Contingency fund: Charity running costs', which forms part of its free reserves. The Trustees have reviewed the level of this fund as at 31 March 2016 as part of their review of the minimum level of free reserves required to support the charity's operations, and with reference to the following key factors:

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

As a result of this review, the Trustees have decided to increase the level of this fund from £800,000 to £850,000 as at 31 March 2016 by means of a transfer from General funds.

General funds

In reviewing the structure of Providence Row's reserves, the Trustees have considered the minimum level of free reserves required to support the charity's operations. Providence Row's free reserves are made up of the 'Contingency fund: Charity running costs' described above and the General Funds, and are backed by cash (including investment cash deposits).

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 increase from £950,000 to £1,000,000**. This compares to the actual level of free reserves at 31 March 2016 of **£1,014,525** (£850,000 in the 'Contingency fund: Charity running costs' and £164,525 in General funds) (2015 as restated: £902,049, of which £800,000 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.

6 Statement of Trustees' Responsibilities

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.

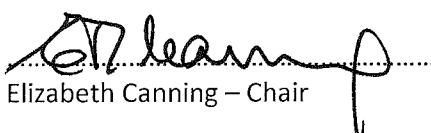
The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and ensure that the financial statements comply with the Companies Act 2006. The Trustees 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.

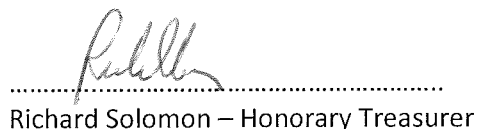
The Trustees are not aware of any relevant audit information that has not been disclosed to the charity's auditors. The Trustees have taken all the steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are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

7 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 10th October 2016 and signed on their behalf by


Elizabeth Canning – Chair


Richard Solomon – Honorary Treasurer

Section B: Independent Auditor's Report to the Members of Providence Row

We have audited the financial statements of Providence Row for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 29, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016 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.

Opinion on the other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

N J Wakefield

Nicola Wakefield (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

Date: 12th October 2016

Section C: Financial Statements

Statement of Financial Activities for the year ended 31 March 2016 (incorporating an income and expenditure account)

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total Funds 2016 £	Total 2015 As restated £
Income and Expenditure						
Income from:						
Donations		269,101	96,987	-	366,088	291,998
Legacies		549,253	-	-	549,253	25,489
<i>Sub-total: Donations and legacies</i>	2a	818,354	96,987	-	915,341	317,487
Charitable activities	2b	194,045	460,352	-	654,397	654,717
Other trading activities	2c	32,606	-	-	32,606	22,168
Investments	2d	188,666	-	-	188,666	140,354
Other	2e	25,000	-	-	25,000	31,648
Total income		1,258,671	557,339	-	1,816,010	1,166,374
Expenditure on:						
<i>Raising funds</i>						
Raising donations and legacies		(188,466)	(3,687)	-	(192,153)	(188,886)
Other trading activities		(12,655)	(5,203)	-	(17,858)	(16,676)
Investment management		(156,550)	-	(5,049)	(161,599)	(193,230)
<i>Sub-total: Raising funds</i>		(357,671)	(8,890)	(5,049)	(371,610)	(398,792)
<i>Charitable activities</i>						
Advice and Support / Resource Centre		(157,571)	(235,888)	-	(393,459)	(397,373)
Recovery and Progression		(102,057)	(161,768)	-	(263,825)	(317,450)
E&T: Trainee Schemes, Food & Garden		(95,208)	(130,345)	-	(225,553)	(116,849)
E&T: Providence Row Bakery		(44,031)	(28,120)	-	(72,151)	(74,232)
Property let for charitable purposes		(57,872)	(34,720)	-	(92,592)	(80,024)
<i>Sub-total: Charitable activities</i>		(456,739)	(590,841)	-	(1,047,580)	(985,928)
Other		(2,836)	-	-	(2,836)	(9,115)
Total expenditure	3	(817,246)	(599,731)	(5,049)	(1,422,026)	(1,393,835)
Net gains / (losses) on investments						
Unrealised gains on investment property	8,17	735,568	-	-	735,568	2,313,803
Net (losses) / gains on other investments	9,15	-	-	(28,784)	(28,784)	55,123
Net income / (expenditure)		1,176,993	(42,392)	(33,833)	1,100,768	2,141,465
Transfers between funds	16,17	1,242	(1,242)	-	-	-
Net movement in funds		1,178,235	(43,634)	(33,833)	1,100,768	2,141,465
Reconciliation of funds						
Total funds brought forward (as restated)		7,744,206	2,615,810	666,661	11,026,677	8,885,212
Total funds carried forward		8,922,441	2,572,176	632,828	12,127,445	11,026,677

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 – 17 of the financial statements. Comparative information for the prior year is included in Note 20.

Providence Row: Trustees' Annual Report and Accounts for the Year Ended 31 March 2016

Registered company number: 07452798


Charity number: 1140192


Balance Sheet as at 31 March 2016

	Notes	Total Funds 2016		Total Funds 2015 (Restated)	
		£	£	£	£
Fixed Assets					
Tangible fixed assets	7		5,439,907		5,511,072
Investment property	8		4,446,752		3,653,676
Other investments	9		1,923,409		1,777,179
Total Fixed Assets			11,810,068		10,941,927
Current Assets					
Debtors	10	266,594		251,600	
Cash at bank and in hand		340,289		39,710	
Total Current Assets		606,883		291,310	
Liabilities					
Creditors falling due within one year	11	(271,335)		(176,015)	
Net Current Assets			335,548		115,295
Total Assets Less Current Liabilities			12,145,616		11,057,222
Creditors falling due after more than one year	12	(18,171)		(30,545)	
Total Net Assets	18		12,127,445		11,026,677
The Funds of the Charity					
Endowment Fund	15		632,828		666,661
Restricted Income Funds	16				
Tangible fixed asset fund: Restricted		2,520,000		2,576,000	
Other restricted income funds		52,176		39,810	
			2,572,176		2,615,810
Unrestricted Funds	17				
Tangible fixed asset fund: Unrestricted		2,919,906		2,935,072	
Fixed asset fund: Investment Property		1,397,381		1,339,873	
Revaluation reserve: Investment Property		3,049,371		2,313,803	
Development reserve		-		48,416	
Cyclical maintenance and repairs fund		450,000		204,144	
Other designated funds		91,258		849	
Free Reserves					
Contingency fund: Charity running costs		850,000		800,000	
General funds		164,525		102,049	
Total Free Reserves		1,014,525		902,049	
			8,922,441		7,744,206
Total Charity Funds	18		12,127,445		11,026,677

The financial statements on pages 32 to 59 were approved by the Board of Trustees

on 10th October 2016 and signed on its behalf by:


Elizabeth Canning – Chair


Richard Solomon – Honorary Treasurer

The notes on pages 35 to 59 form an integral part of these financial statements.

Information on Cash Flows for the year ended 31 March 2016

	Notes	Total Funds 2016 £	Total Funds 2015 £
a) Reconciliation of net income to net cash flow from operating activities			
<i>Net income for the year (as per the statement of financial activities)</i>		1,100,768	2,141,465
Adjustments for:			
Income relating to donated goods capitalised as tangible fixed assets	2a	(11,250)	(2,000)
Depreciation charges	3,7	93,503	89,456
Unrealised gains on investment property	8	(735,568)	(2,313,803)
Net losses / (gains) on other investments	9	28,784	(55,123)
Dividends, interest and rents from investments per the SOFA		(188,666)	(140,354)
Investment management costs per the SOFA		161,599	193,230
Loss on the sale of fixed assets		302	-
Increase in debtors (operating activities)		(69,586)	(33,377)
Increase in creditors (operating activities)		109,149	26,113
<i>Net cash provided by / (used in) operating activities</i>		489,035	(94,393)
b) Statement of Cash Flows		Total Funds 2016 £	Total Funds 2015 £
<i>Net cash provided by / (used in) operating activities</i>		489,035	(94,393)
Cash flows from investing activities:			
Dividends, interest and rents from investments per the SOFA		188,666	140,354
Decrease / (increase) in debtors (investing activities)		54,592	(92,016)
Investment management costs per the SOFA		(161,599)	(193,230)
(Decrease) / Increase in creditors (investing activities)		(26,203)	85,398
Proceeds from the sale of property, plant and equipment		370	-
Purchase of property, plant and equipment	7, 2a	(11,760)	(116,309)
Proceeds from maturing cash deposits (notice > 3 months)	9	325,050	582,958
Proceeds from sale of endowment investments	9	-	70,152
Purchase of endowment investments*	9	218	(66,600)
Acquisition of investment property	8	-	(1,161,636)
Capital additions to investment property	8	(57,508)	(34,572)
<i>Net cash provided by / (used in) investing activities</i>		311,826	(785,501)
<i>Change in cash and cash equivalents in the year</i>		800,861	(879,894)
<i>Cash and cash equivalents at the beginning of the year</i>		832,167	1,712,061
<i>Cash and cash equivalents at the end of the year</i>		1,633,028	832,167
* Positive flow indicates an equalisation payment received			
c) Analysis of Cash and Cash Equivalents		31 March 2016 £	31 March 2015 £
Cash at Bank and in Hand		340,289	39,710
Investments: Notice deposits (3 months or less)	9	1,289,331	784,219
Investments: Cash held in endowment fund (capital)	9	3,407	8,238
Total Cash and Cash Equivalents		1,633,028	832,167

Notes to the Financial Statements

For the year ended 31 March 2016

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 accounts 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 accounts 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. Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and Charities SORP (FRS 102) the restatement of comparative items was required. FRS 102 requires the recognition of a liability for paid holiday pay in respect of annual leave accrued but not taken as at the end of the reporting period. In restating the accounts for this item, the additional charges / accruals were fully allocated to Unrestricted Funds (General Funds). In accordance with FRS 102 a reconciliation of opening balances and a reconciliation of net income / (expenditure) are provided below:

Reconciliation of retained Charity Funds

	Total Funds 1 April 2014 £	Total Funds 31 March 2015 £
Total Charity Funds as previously stated	8,891,715	11,035,605
Accrual for paid annual leave	(6,503)	(8,928)
Total Charity Funds as restated	8,885,212	11,026,677

Reconciliation of net income / (expenditure)

	Total Funds 2015 £
Net outgoing resources as previously stated	(225,036)
Release accrual for paid annual leave as at 31.03.2014	6,503
Charge accrual for paid annual leave as at 31.03.2015	(8,928)
Unrealised gain on investment property*	2,313,803
Net gains on other investments*	55,123
Net income as restated	2,141,465

* NB: these items were both recognised in the SOFA as previously stated but shown below the line 'Net outgoing resources'

In addition, it should be noted that the categories of income and expenditure shown on the face of the SOFA have been reanalysed in accordance with the Charities SORP (FRS 102) requirements and guidelines. The most significant impacts on the presentation of the comparative 2014/15 SOFA figures include:

- Reclassification of income from performance-related grants totalling £216,822 previously included within the SOFA categories 'Grant income from trusts and foundations', 'Homelessness Transition Fund grant' and 'Other public sector grants and awards' to 'Income from charitable activities'
- Reclassification of expenditure on 'Development activities' totalling £172,438, which was previously shown in aggregate on the face of the SOFA, to the respective areas of activity to which these costs primarily related
- Governance costs, previously shown as a separate main activity on the face of the SOFA, are now required to be treated as support costs and allocated to the various activities of the charity on a basis consistent with the use of resources (see note 3 to the accounts)

c. Income

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

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

In the case of a donation, entitlement usually arises immediately on its receipt. In the case of a grant, evidence of entitlement will usually exist when the formal offer of funding is communicated in writing

to the charity. However, some grants contain terms or conditions that must be met before the charity has entitlement to the resources. Where grants specify a time period within which the funds must be spent and the funds are received before the start of that period, then the income is deferred and only released to income at the start of the relevant period.

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

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

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

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

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

Where the charity has entitlement to a legacy but the criteria for income recognition have not been met, e.g. due to uncertainty as to the amount of the payment, then the legacy is treated as a contingent asset (and is disclosed in the notes to the accounts if material) until the criteria for income recognition are met.

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

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

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

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

Rental income from property leases is recognised when it is receivable in accordance with the terms of the relevant leases, provided receipt of the income is probable. The aggregate cost of lease incentives

(e.g. rent free periods or periods of concessionary reduced rents) is recognised as a reduction to the rental income over the full contractual term of the lease on a straight-line basis.

d. Expenditure

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

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

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

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

Governance costs are those associated with the governance arrangements of the charity, including external audit, general legal advice for the trustees (fees for legal advice specifically relating to investment property are included in investment management costs) and costs associated with constitutional and statutory requirements and ensuring proper public accountability, e.g. the costs of preparing statutory accounts. 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) Thames Reach in respect of offices for the Towers Hamlets Street Outreach Response Team ('TH SORT'). 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 in co-ordination with the Housing Options Service of the London Borough of Tower Hamlets ('LBTH') and by means of funding from LBTH. TH SORT is LBTH's commissioned rough sleeper outreach team managed by Thames Reach. Providence Row considers that the services and facilities provided by these two tenants 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 these tenants are included in the charity's 'Income from charitable activities' (see note 2b) and the expenditure incurred by the charity in relation to these parts of our buildings is classified as 'expenditure on charitable activities' (see note 3).

e. Tangible fixed assets

(i) Freehold land and buildings

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

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

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

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

Included within 'Freehold land and buildings in use' are the capitalised costs of the full replacement and resurfacing of the flat roof of the charity's main Gunthorpe Street / Wentworth Street premises (the Dellow Centre complex) undertaken during 2014-15. The costs of the new roof are being depreciated on a straight line basis over 25 years.

Freehold land is not depreciated.

ii) Other tangible fixed assets

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

Office furniture and equipment	- 4 years
Computer equipment	- 3 years

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

f. Fixed asset investments

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

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

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

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

g. Fund accounting

i) Endowment fund

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

ii) Restricted income funds

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

iii) Designated funds - unrestricted

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

iv) General funds - unrestricted

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

h. Pension costs

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

i. Operating leases

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

j. Taxation

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

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

k. Subsidiaries

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

2 Income

a. Income from donations and legacies

	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
Individuals	53,591	3,509	57,100	70,779
Corporate donors	67,231	36,338	103,569	54,527
Community	61,302	759	62,061	32,806
Gift Aid reclaimed	9,753	297	10,050	14,100
Donated goods, facilities and services	24,760	-	24,760	17,758
Grants from trusts and foundations	52,464	56,084	108,548	102,028
<i>Sub-total: Donations</i>	269,101	96,987	366,088	291,998
Legacies	549,253	-	549,253	25,489
Total income from donations and legacies	818,354	96,987	915,341	317,487

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 £20,571 (of which £1,487 in restricted income) (2015: £6,072, of which £2,091 in restricted income).

'Community' donations include gifts from the Sisters of Mercy of the Union of Great Britain, the Institute of our Lady of Mercy, other 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):

	2016 £	2015 £
Donated furniture, electronic and computer equipment (2015: catering equipment), capitalised as tangible fixed assets	11,250	2,000
Food and kitchen equipment	6,175	2,815
Seeds, soil and equipment for garden	750	1,068
Other goods donated for client use	-	950
Meeting rooms provided for staff training	1,500	525
Pro bono legal advice to the charity	-	6,000
Pro bono professional services	5,000	3,100
Other donated services	85	1,300
Total donated goods, facilities and services	24,760	17,758

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 sections 2 and 4 of the Report of the Trustees, our volunteers make a vital contribution to the work of the charity, including corporate volunteers, "speed volunteers", Welcome Area volunteers and general volunteers within the main service teams, Finance and Resources and Fundraising.

b. Income from charitable activities

	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
LB Tower Hamlets: Advice & Support - Rough Sleepers Services / Safe Connections (NFNO)	-	195,925	195,925	194,875
LBTH Drug & Alcohol Action Team: Substance Misuse Worker and Needle Exchange	-	40,000	40,000	40,556
City of London: Recovery & Progression Service	-	16,000	16,000	16,000
<i>Sub-total: Local Authority Contracts for Services</i>	-	251,925	251,925	251,431
Performance-related grants	-	208,427	208,427	216,822
Providence Row Bakery* sales	12,802	-	12,802	4,025
Rents and charges from non-investment properties let in furtherance of charitable purposes	179,382	-	179,382	181,013
Income from other charitable activities	1,861	-	1,861	1,426
Total income from charitable activities	194,045	460,352	654,397	654,717

* Providence Row Bakery was rebranded as "Rise Bakery" in April 2016.

Income from Government sources:

Income from performance-related grants in the prior reporting period of £216,822 included £33,559 of restricted funding from the Government's Homelessness Transition Fund. This was the final tranche of a three year grant award totalling £208,643. We received no income from the Homelessness Transition Fund in 2015/16.

Performance-related grants in 2015/16 included grant income of £4,995 (2015: £7,487) from Team London, part of the Greater London Authority with a remit to encourage employer supported volunteering across the capital, in connection with its "Speed Volunteering" initiative.

Income from government sources is summarised in the table below:

	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
Local Authority Contracts for Services (see above)	-	251,925	251,925	251,431
Homelessness Transition Fund	-	-	-	33,559
Team London (GLA)	-	4,995	4,995	7,487
Social Justice SME Award (GovKnow / DWP)	-	-	-	2,000
Total income from government sources	-	256,920	256,920	294,477

c. Income from other trading activities

	2016 Total £	2015 Total £
Fundraising events	-	2,647
Other trading activities	5,227	2,172
Income from letting and licensing of property held primarily for functional use but temporarily surplus to operational requirements (incl. room hire)	27,379	17,349
Total income from other trading activities	32,606	22,168

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

d. Investment income

	2016 Total £	2015 Total £
Rents and charges from commercial tenants at investment property (Sherrington Mews)	158,516	100,949
Dividend and interest income from other investments	30,150	39,405
Total investment income	188,666	140,354

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

e. Other income

	2016 Total £	2015 Total £
Ground rents from non-investment freehold property let on long leases	25,000	26,648
Other property-related compensation	-	5,000
Total other income	25,000	31,648

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

3 Expenditure

	Direct costs £	Support costs £	2016 Total £	2015 Total (as restated) £
Raising funds				
Raising donations and legacies	129,074	63,079	192,153	188,886
Other trading activities	11,888	5,970	17,858	16,676
Investment management	141,529	20,070	161,599	193,230
<i>Sub-total: costs of raising funds</i>	282,491	89,119	371,610	398,792
Charitable activities				
Advice and Support / Resource Centre ¹	264,295	129,164	393,459	397,373
Recovery and Progression	177,217	86,608	263,825	317,450
E&T: Trainee Schemes, Food & Garden ¹	151,509	74,044	225,553	116,849
E&T: Providence Row Bakery	48,465	23,686	72,151	74,232
Non-investment properties let in furtherance of charitable purposes	48,597	43,995	92,592	80,024
<i>Sub-total: costs of charitable activities</i>	690,083	357,497	1,047,580	985,928
Other expenditure	-	2,836	2,836	9,115
Total expenditure	972,574	449,452	1,422,026	1,393,835

¹ Costs of providing the breakfast service are included within 'Enterprise & Training: 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 £	2016 Total £	2015 Total (as restated) £
Raising funds									
Raising donations and legacies	7,768	6,329	6,062	4,206	17,433	12,412	8,869	63,079	62,015
Other trading activities	715	583	503	387	1,447	1,030	1,305	5,970	4,970
Investment management	8,518	6,940	-	4,612	-	-	-	20,070	22,784
<i>Sub-total: costs of raising funds</i>	17,001	13,852	6,565	9,205	18,880	13,442	10,174	89,119	89,769
Charitable activities									
Advice and Support / Resource Centre	15,906	12,959	12,412	8,613	35,697	25,415	18,162	129,164	124,134
Recovery and Progression	10,666	8,689	8,323	5,775	23,936	17,041	12,178	86,608	97,453
E&T: Trainee Schemes, Food & Garden	9,118	7,430	7,116	4,937	20,463	14,569	10,411	74,044	37,684
E&T: Providence Row Bakery	2,918	2,376	2,275	1,580	6,546	4,661	3,330	23,686	25,155
Non-investment properties let in furtherance of charitable purposes	2,925	2,383	-	1,583	-	-	37,104	43,995	42,165
<i>Sub-total: costs of charitable activities</i>	41,533	33,837	30,126	22,488	86,642	61,686	81,185	357,497	326,591
Other expenditure	294	240	-	159	-	-	2,143	2,836	3,115
Total expenditure	58,828	47,929	36,691	31,852	105,522	75,128	93,503	449,452	419,475

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

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

4 Staff Costs and Employee Benefits

	2016 £	2015 £
Wages and salaries (incl. accrual for paid annual leave)	743,861	735,448
Employer's National Insurance contributions (social security costs)	69,770	70,581
Employer's contribution to defined contribution pension schemes	6,806	9,910
Agency staff (including agency fees)	5,650	-
Insurance premiums: group life assurance and employee personal accident	2,643	2,421
Contribution to staff Christmas meal (net)	713	31
Termination payments and related fees	12,670	-
Total	842,113	818,391

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 (2015: none). No Trustee received reimbursement of expenses incurred for services provided to the charity during the year (2015: 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 (2015: one). Employer payments in the year to a defined contribution pension scheme in respect of this employee totalled £3,375 (2015: £3,282).

The key management personnel of the charity consists of the Trustees and the Leadership Team (see section 3.3 of the "Report of the Trustees"). Total employee benefits received by the charity's key management personnel (excluding trustees) during the year were £168,616 (2015: £209,707).

5 Staff Numbers

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

	2016	2015
Full-time staff	17.8	17.9
Part-time staff	8.8	7.6
Total Average Head Count	26.6	25.5

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

Activity	2016	2015
Fundraising, communications, marketing	3.6	3.6
Charitable activities	16.9	15.8
Support, central, investment management	3.1	3.1
Total Full-Time Equivalent Employees	23.6	22.5

6 Amounts Payable to the Auditors

	2016 £	2015 £
Audit fee:		
Current year	12,728	12,478
Prior year (overprovision)/underprovision	(438)	165
Total	12,290	12,643

No other services were provided by the auditors during the year (2015: none).

7 Tangible Fixed Assets

	Freehold land and buildings in use £	Freehold properties let on long leases £	Office furniture and equipment £	Computer equipment £	Total £
Cost or 'Fair Value' on incorporation¹					
Balance at 31 March 2015	5,458,168	300,000	46,596	21,479	5,826,243
Additions	-	-	15,657	7,353	23,010
Disposals	-	-	(1,195)	-	(1,195)
Balance at 31 March 2016	5,458,168	300,000	61,058	28,832	5,848,058
Accumulated depreciation					
Balance at 31 March 2015	264,384	8,572	29,623	12,592	315,171
Charge for the year	71,080	2,143	11,640	8,640	93,503
Disposals	-	-	(523)	-	(523)
Balance at 31 March 2016	335,464	10,715	40,740	21,232	408,151
Net book value					
At 31 March 2015	5,193,784	291,428	16,973	8,887	5,511,072
At 31 March 2016	5,122,704	289,285	20,318	7,600	5,439,907

¹See note 1e(i).

'Freehold land and buildings in use' at 31 March 2016 includes £2,000,000 of land that is not depreciated (2015: £2,000,000).

8 Investment Property

	2016 Cost £	2016 Fair value £	2015 Cost £	2015 Fair value £
Balance at beginning of the year	1,339,873	3,653,676	-	-
Add: Transfers from Tangible Fixed Assets	-	-	143,665	143,665
Add: Acquisitions	-	-	1,150,000	1,150,000
Add: Capitalised transaction costs	-	-	11,636	11,636
Add: Additions at cost	57,508	57,508	34,572	34,572
Unrealised gain on revaluation	-	735,568	-	2,313,803
Balance at end of the year	1,397,381	4,446,752	1,339,873	3,653,676

In late March 2016 the charity entered into a 'Minor Works Building Contract' with Crestel Projects Ltd ('the Contractor') to carry out refurbishment works on five ground floor units and two first floor units at Sherrington Mews, the charity's investment property. Under this agreement the charity committed to pay the Contractor a contract sum of £82,230 ex. VAT (£98,676 incl. VAT). The work under the contract took place substantially in April/May 2016 and no costs incurred under the contract have been recognised as at 31 March 2016. In addition, the charity was committed to pay related professional fees of £4,620 incl. VAT which were incurred after the year end, giving a total capital commitment as at 31 March 2016 of £103,296 in relation to the refurbishment. Following minor contract adjustments during the course of the work, the total amount incurred for the project after the year end was £103,248. This capital expenditure has been funded from the designated 'Cyclical maintenance and repairs fund' during the first quarter of 2016/17.

The charity's investment property was valued as at 31 March 2016 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 £4,550,000 has been adjusted for the capital expenditure incurred post year end in relation to the refurbishment project carried out in April/May 2016 of £103,248, since this refurbishment was in progress as at the date of the valuer's site inspection and the valuation assumptions, in particular with regard to prospective rents, include the assumption that the refurbishment has been completed. This gives an adjusted balance sheet fair value as at 31 March 2016 of £4,446,752.

The same investment property was valued as at 31 March 2015 by an independent valuer, Strettons Limited, 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 RICS "Red Book". The property was fully occupied as at 31 March 2015 and the valuation was based on the property's existing commercial use and subject to the existing tenancies. The valuer adopted the investment method of valuation involving capitalisation of the current rental income and any reversionary rents by means of Years Purchase ('YP'). Yields were applied based on evidence from recent comparable transactions, as adjusted for the characteristics of the subject property and its tenancies. The valuation was checked for reasonableness against capital value rates per square foot achieved in recent comparable sales of other commercial and office buildings. The resulting valuation per the independent valuer's report of £3,700,000 was adjusted for capital expenditure of £46,324 incurred after 31 March 2015 but prior to the date of valuer's site inspection in relation to refurbishment work on the common parts of the property, the impact of which was taken into account in assessing the valuation. This gave an adjusted balance sheet fair value as at 31 March 2015 of £3,653,676.

9 Other Investments

	2016 Cost £	2016 Market value £	2015 Cost £	2015 Market value £
Unitised investments held within Endowment fund				
Balance at beginning of the year	515,654	659,672	489,722	608,101
Less: Disposals	-	-	(40,668)	(70,152)
Add: Acquisitions	-	-	66,600	66,600
Less: Equalisation payments	(218)	(218)	-	-
Realised losses on disposals	-	-	-	(181)
Unrealised (losses)/gains on revaluation	-	(28,784)	-	55,304
Balance at end of the year	515,436	630,671	515,654	659,672
Cash deposits at end of the year				
Notice deposits (> 3 months)	-	-	325,050	325,050
Notice deposits (3 months or less)	1,289,331	1,289,331	784,219	784,219
Cash held in Endowment fund (capital account)	3,407	3,407	8,238	8,238
Total cash deposits at end of the year	1,292,738	1,292,738	1,117,507	1,117,507
Total other investments at end of the year	1,808,174	1,923,409	1,633,161	1,777,179

Investments exceeding 5% of market value of fixed asset investments (excluding investment property and cash deposits) as at 31 March were:

	2016 £	2015 £
Schroder QEP Global Active Value Fund	162,233	174,081
Schroder QEP Global Quality Fund	159,452	159,646
Trojan Income Fund	77,759	74,947
Schroder Charity Equity Fund	70,342	76,758
Aberdeen Foundation Growth Fund	61,366	66,592
Old Mutual UK Alpha Fund	60,148	68,741

10 Debtors

	2016 £	2015 £
Long term debtors (receivable after more than one year)		
Rent deposits held by agents	18,171	30,545
Short term debtors		
Trade debtors	158,245	150,706
Rent deposits held by agents	12,535	-
Other debtors (legacies)	50,000	22,309
Staff loans ("Cycle to work" scheme)	-	422
Prepayments	11,150	35,135
Accrued income	16,493	12,483
Total Debtors	266,594	251,600

11 Creditors: Amounts Falling Due Within One Year

	2016 £	2015 £
Trade creditors	51,015	67,838
Tax and social security	21,339	20,828
Rent deposits held from commercial tenants	12,535	-
Grant payments received on account	102,609	-
Holiday pay accrual	11,902	8,928
Other accruals	33,288	72,171
Deferred income	38,647	6,250
Total	271,335	176,015

Analysis of movement in deferred income

Income deferred in 2014/15:

Ground rents on non-investment freehold property let on long leases; rent received in March 2015 in respect of the period April-June 2015

6,250

Deferred income balance at 31 March 2015

6,250

Income released in 2015/16:

Ground rents as above

(6,250)

Income deferred in 2015/16:

Ground rents on non-investment freehold property let on long leases; rent received in March 2016 in respect of the period April-June 2016

6,250

Rent on property let in furtherance of charitable purposes; rent received in March 2016 in respect of the period April-June 2016

32,397

Deferred income balance at 31 March 2016

38,647

12 Creditors: Amounts Falling Due After More Than One Year

	2016 £	2015 £
Rent deposits held from commercial tenants	18,171	30,545
Total	18,171	30,545

13 Operating Leases

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

	2016 Office equipment £	2016 Other machinery and equipment £
Within one year	1,952	1,751
	2015 Office equipment £	2015 Other machinery and equipment £
Within one year	2,794	3,312
Later than one year and not later than five years	1,952	1,751
Total future payments	4,746	5,063

Operating lease payments recognised as an expense in the year were as follows:

	2016 £	2015 £
Office equipment	2,794	2,794
Other machinery and equipment	3,312	3,312
Total	6,106	6,106

14 Capital Commitments

As at 31 March 2016 the charity had capital commitments totalling £103,296 in respect of a project to carry out refurbishments at Sherrington Mews, its investment property. See note 8 'Investment Property' for further details.

15 Endowment Fund

	Balance 31 March 2015 £	Investment managem't fees charged £	Unrealised losses on investments £	Balance 31 March 2016 £
Permanent Endowments				
Endowment fund	666,661	(5,049)	(28,784)	632,828

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.

16 Restricted Income Funds

	Balances 31 March 2015 £	Income £	Expenditure £	Transfers £	Balances 31 March 2016 £
Tangible fixed asset fund: Restricted	2,576,000	-	(56,000)	-	2,520,000
GLA Team London: Speed Volunteering	2,496	4,996	(6,492)	-	1,000
Shanly Foundation: staff training	1,600	-	(1,600)	-	-
Advice & Support					
LBTH: Rough Sleepers Services Contract / Safe Connections (NFNO)	-	195,925	(195,925)	-	-
Marie Celeste Samaritan Society: Hospital Discharge Project	-	23,016	(23,016)	-	-
LHF: EU10 Collaboration in Romania Project	-	12,435	(8,350)	-	4,085
Sister Winnie Fund: practical help to clients	251	125	(376)	-	-
St Martin-in-the-Fields: grant for client	-	250	-	-	250
Leeds Building Society Charitable Foundation	-	670	(670)	-	-
Recovery & Progression					
Learning Programme					
Big Lottery Fund	22,493	75,230	(86,828)	-	10,895
Homeless Link: Your Vote Matters project	-	300	(300)	-	-
Individuals: English classes	-	108	(108)	-	-
Individuals: Art group	-	140	(140)	-	-
Other Activities					
LB Tower Hamlets DAAT: Substance Misuse Worker and Needle Exchange	-	40,000	(40,000)	-	-
City of London: RPS	-	16,000	(16,000)	-	-
Merchant Taylors' Company: Mental Health	-	7,500	(7,500)	-	-
Souter Charitable Trust: Mental Health	-	4,000	(4,000)	-	-
Nelsons: homeopathy service	-	3,000	(3,720)	-	(720)
Reed Smith LLP: translation services	1,303	-	(1,303)	-	-
Training & Employment					
M&G Investments	-	7,500	(7,500)	-	-
Worshipful Company of Fan Makers	-	2,000	(2,000)	-	-
Streetsmart	-	10,000	(10,000)	-	-
D'Oyly Carte Charitable Trust	-	3,000	(3,000)	-	-
City Bridge Trust: Investing in Londoners grant	-	18,000	(18,000)	-	-
Sodexo: Grow, Cook, Eat	-	16,840	(6,423)	-	10,417
BBMV: Garden Development	-	10,000	(10,000)	-	-
Finnis Scott Foundation: Garden	-	2,700	(2,700)	-	-
Individual donor: Garden	-	532	(532)	-	-
Metropolitan Public Garden Association	-	564	(564)	-	-
Esmée Fairbairn Foundation: Grow, Cook, Eat	9,175	35,600	(36,251)	-	8,524
Worshipful Company of Drapers	-	15,000	(15,000)	-	-
Fund 5 Futures appeal fund	-	5,706	(5,706)	-	-
Streets of London	-	7,500	-	-	7,500
Young Philanthropists' Syndicate at PWC	-	1,487	(1,487)	-	-
Charlotte Marshall Charitable Trust	1,500	-	(1,500)	-	-
Tower Hill Trust	992	-	(300)	(692)	-
Social Enterprise incl. Providence Row Bakery ("Rise Bakery")					
City Bridge Trust Stepping Stones grant	-	36,150	(25,878)	(550)	9,722
Individual donor	-	1,065	(562)	-	503
Total Restricted Income Funds	2,615,810	557,339	(599,731)	(1,242)	2,572,176

17 Unrestricted Funds

	Balances 31 March 2015 £	Income £	Expenditure £	Net transfers between funds £	Unrealised gains on investment revaluation £	Balances 31 March 2016 £
Tangible fixed asset fund: Unrestricted	2,935,072	11,250	(37,805)	11,390	-	2,919,906
Fixed asset fund: Investment Property	1,339,873	-	-	57,508	-	1,397,381
Revaluation reserve: Investment Property	2,313,803	-	-	-	735,568	3,049,371
Development reserve	48,416	-	-	(48,416)	-	-
Cyclical maintenance and repairs fund	204,144	-	-	245,856	-	450,000
Other designated funds	849	-	(15,461)	105,870	-	91,258
Free Reserves						
Contingency fund: Charity running costs	800,000	-	-	50,000	-	850,000
General funds	102,049	1,247,421	(763,980)	(420,965)	-	164,525
Sub-total: Free Reserves	902,049	1,247,421	(763,980)	(370,965)	-	1,014,525
Total Unrestricted Funds	7,744,206	1,258,671	(817,246)	1,242	735,568	8,922,441

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.

Income of £11,250 represents the value of fixed assets, including office and canteen furniture, bakery equipment and computer and electronic equipment generously donated to the charity by various corporate supporters during the year (see note 2a).

Net transfers in of £11,390 are made up of:

- Transfers in from General funds of £5,518, representing the cost of office equipment and computer equipment purchased from General funds;
- Transfer in from "Other designated funds" of £5,000, representing the cost of computer equipment purchased from these funds;
- A transfer out to "Other designated funds" of £370, representing proceeds raised from the sale of a bakery delivery bicycle set aside for additional marketing expenditure related to the launch of the new "Rise Bakery" brand;
- Transfers in from restricted funds of £1,242, representing the costs of equipment purchased from restricted income funds.

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 £57,508 are made up of:

- Transfers in from the Development reserve totalling £48,416 (see below), representing the capitalised costs of the refurbishment of the common parts of the property in April/May 2015 and part of the cost of improvements to fencing and security made to the property during the year;
- Transfer in from General funds of £4,472 representing the remaining capitalised costs of fencing and security improvements made to the property; and
- Transfer in from the Cyclical maintenance and reserves fund of £4,620, representing capitalised professional fees in relation to the planning phase (fourth quarter of 2015/16) for the refurbishment of five ground floor units and two first floor units, which was carried out in April/May 2016.

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. The unrealised gain on revaluation for the year of £735,568 represents the difference between (i) the fair value of the property brought forward at the beginning of the year of £3,653,676 plus the value of capitalised additions of £57,508 and (ii) the assessed fair value of the property as at 31 March 2016 of £4,446,752 (see note 8).

Development reserve

This represents sums set aside by the Trustees in earlier periods to ensure that the charity would be able to take advantage of development opportunities which would help to ensure the sustainability of the charity in the longer term. In accordance with this aim, the remaining balance on this designated fund at the start of the year of £48,416 was fully utilised during the year by means of the transfer to the 'Fixed asset fund: Investment Property' referred to above.

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 transfer into the Cyclical maintenance and repairs fund during the year of £245,856 breaks down as follows:

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- Transfer out to the 'Fixed asset fund: Investment Property' of £4,620 relating to capitalised professional fees as noted above;
- Transfer in of £250,476 from General funds to replenish the level of this designated fund to £450,000 as at 31 March 2016.

It should be noted that, of the £450,000 held on this fund as at 31 March 2016, amounts totalling just over £103,000 have been expended during the first quarter of 2016/17 in connection with the refurbishment of five ground floor units and two first floor units at Sherrington Mews (see note 8 'Investment Property' above).

Other designated funds

The opening balance of £849 represents a residual sum from a designated fund created in earlier periods to aid with the development of the Providence Row Bakery, which had not yet been expended as at 31 March 2015. This sum was spent as planned on equipment for the bakery in April 2015.

During 2015/16 three further designated funds were established by means of transfers from General funds, as set out below:

An amount of £36,500 was set aside in October 2015 from a legacy received in order to (i) bring forward the establishment of a new Senior Personal Adviser role to undertake the development of our services monitoring and evaluation capabilities, and (ii) to invest in urgently required computers and other IT equipment. During the remainder of the financial year the following amounts were utilised from the fund:

- Expenditure of £14,242 in staff costs
- £5,000 transferred to 'Tangible fixed asset fund: Unrestricted' in relation to computers and other IT equipment purchased (see above)

It is intended that the remaining balance on this fund as at 31 March 2016 of £17,258 will be used to co-fund the Senior Personal Adviser role mentioned above over approximately the next 18 months alongside restricted income funds secured for this purpose from 1 April 2016 onwards.

An amount of £24,000 was set aside as at 31 March 2016 from a generous donation of £38,000 made by the Sisters of Mercy in December 2015. It is intended to utilise this amount during 2016/17 to fund the costs (including staff costs) of certain elements of the work of the Recovery and Progression Service to continue the development of our values-based approach, including training for clients in communications skills.

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 accounts have been authorised for issue. Since the timing of receipt of this legacy is not yet certain, the Trustees have 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 (see below).

In addition, an amount of £370 representing the proceeds raised from the sale of a bakery delivery bicycle in February 2016 was transferred from 'Tangible fixed asset fund: Unrestricted' (see above) and set aside in a designated fund for additional marketing expenditure related to the launch of the new "Rise Bakery" brand. This amount was fully expended during March 2016.

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 £800,000 as at 31 March 2015. As a result of the review of the charity's reserves policy and the minimum level of free reserves (of which the Contingency fund forms part) required to support the charity's operations, the Trustees have decided to increase the level of this fund to £850,000 as at 31 March 2016 by means of a transfer from General funds.

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.

Total transfers out from General funds during the year of £420,965 are made up of:

- Transfers out totalling £5,518 to the designated fund 'Tangible fixed asset fund: Unrestricted' (see above);
- Transfers out totalling £4,472 to the 'Fixed asset fund: Investment Property' representing part of the capitalised costs of fencing and security improvements made to the Sherrington Mews property (see above);
- Transfer out to the 'Cyclical maintenance and repairs fund' of £250,476 to increase the level of that fund to £450,000 as at 31 March 2016 (see above);
- Transfers out of £36,500, £24,000 and £50,000 respectively to establish three new designated funds during the year, as set out under 'Other designated funds' above; and
- Transfer out of £50,000 to the designated fund 'Contingency fund: Charity running costs' (see above).

18 Analysis of Net Assets Between Funds

	Tangible fixed assets £	Investment property £	Other investm'ts £	Current assets less total liabilities £	Total 31 March 2016 £
Endowment fund	-	-	634,078	(1,250)	632,828
Restricted income funds					
Tangible fixed asset fund: Restricted	2,520,000	-	-	-	2,520,000
Other restricted funds	-	-	-	52,176	52,176
Unrestricted funds					
Tangible fixed asset fund: Unrestricted	2,919,906	-	-	-	2,919,906
Fixed asset fund: Investment property	-	1,397,381	-	-	1,397,381
Reval'n reserve: Investment property	-	3,049,371	-	-	3,049,371
Cyclical maintenance and repairs	-	-	281,831	168,168	450,000
Other designated funds	-	-	7,500	83,758	91,258
Contingency fund	-	-	850,000	-	850,000
General funds	-	-	150,000	14,525	164,525
	<u>5,439,907</u>	<u>4,446,752</u>	<u>1,923,409</u>	<u>317,377</u>	<u>12,127,445</u>

19 Related Party Transactions

Jonathan Rhodes has been a Trustee of Providence Row since 1 January 2014. Jonathan is a Director and Head of Valuation of G.L. Hearn Ltd, the property consultancy (part of the Capita Group since July 2015) and until July 2015 he was also a shareholder of G.L. Hearn Ltd. In November 2015 G.L. Hearn, following due consideration by the Board of Trustees, was appointed to advise the charity on a right to light claim arising in relation to the development of a neighbouring estate. In accordance with industry practice, G.L. Hearn's fees for their advice to Providence Row have been indemnified by the developer, who has paid fees of £4,575 plus VAT directly to G.L. Hearn since the year end. G.L. Hearn expect to invoice a further amount of approximately £2,500 + VAT to the developer in relation to this project in October 2016. As at 31 March 2016 there were no amounts outstanding between Providence Row and G.L. Hearn Ltd.

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 £55,584 (2015: £15,497), of which £1,432 in restricted income (2015: £1,004).

20 Statement of Financial Activities: comparative information for the year ended 31 March 2015 (as restated)

	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total Funds 2015 £
Income and Expenditure				
Income from:				
Donations	206,990	85,008	-	291,998
Legacies	25,489	-	-	25,489
<i>Sub-total: Donations and legacies</i>	232,479	85,008	-	317,487
Charitable activities	186,465	468,252	-	654,717
Other trading activities	22,168	-	-	22,168
Investments	140,354	-	-	140,354
Other	31,648	-	-	31,648
Total income	613,114	553,260	-	1,166,374
Expenditure on:				
<i>Raising funds</i>				
Raising donations and legacies	(183,384)	(5,502)	-	(188,886)
Other trading activities	(15,835)	(841)	-	(16,676)
Investment management	(180,606)	(6,656)	(5,968)	(193,230)
<i>Sub-total: Raising funds</i>	(379,825)	(12,999)	(5,968)	(398,792)
<i>Charitable activities</i>				
Advice and Support / Resource Centre	(136,198)	(261,175)	-	(397,373)
Recovery and Progression	(112,492)	(204,958)	-	(317,450)
E&T: Trainee Schemes, Food & Garden	(64,494)	(52,355)	-	(116,849)
E&T: Providence Row Bakery	(35,689)	(38,543)	-	(74,232)
Property let for charitable purposes	(50,712)	(29,312)	-	(80,024)
<i>Sub-total: Charitable activities</i>	(399,585)	(586,343)	-	(985,928)
Other	(9,102)	(13)	-	(9,115)
Total expenditure	(788,512)	(599,355)	(5,968)	(1,393,835)
Net gains on investments				
Unrealised gains on investment property	2,313,803	-	-	2,313,803
Net gains on other investments	-	-	55,123	55,123
Net income / (expenditure)	2,138,405	(46,095)	49,155	2,141,465
Transfers between funds	6,091	(6,091)	-	-
Net movement in funds	2,144,496	(52,186)	49,155	2,141,465
Reconciliation of funds				
Total funds brought forward (as restated)	5,599,710	2,667,996	617,506	8,885,212
Total funds carried forward	7,744,206	2,615,810	666,661	11,026,677