



HELPING HOMELESS AND VULNERABLE PEOPLE SINCE 1860

## **Trustees' Annual Report and Accounts for the year ended 31 March 2014**

Providence Row

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

Company number    07452798  
Charity number     1140192

E-mail: [info@providencerow.org.uk](mailto:info@providencerow.org.uk)  
[www.providencerow.org.uk](http://www.providencerow.org.uk)

## Key Information about the Charity

### Patron

His Grace The Duke of Norfolk

### Honorary Vice Presidents

Mr John S Hughesdon

Mr Daniel Regan

Mr Richard Sermon

Mrs Joan Wheeler Bennett

### Board of Trustees

Simon Bartley (Chairman)

Laurence Booth (resigned 12 December 2013)

Elizabeth Canning

Rita Chakraborty

Simon Cribbens (appointed 3 October 2013)

Sister Evelyn Gallagher

Sister Roisin Kelly

Linda McHugh (appointed 3 October 2013)

Jonathan Mumford

Jonathan Rhodes (appointed 1 January 2014)

Revd. Paschal Ryan

Richard Solomon (Honorary Treasurer)

Paul Strange

Prof. John Walton

### Finance subcommittee

Richard Solomon (Chairman)

Simon Bartley

Andrew Boucher (co-opted)

Daniel Regan (co-opted)

Paul Strange

Anthony Tama (co-opted)

### Fundraising subcommittee

Rita Chakraborty (Chair)

Simon Bartley

Laurence Booth (resigned 12 December 2013)

Elizabeth Canning

Bruce Fraser (co-opted)

Linda McHugh

Paul Strange

### Services subcommittee

Prof. John Walton (Chairman)

Simon Bartley

Elizabeth Canning

Simon Cribbens

Jonathan Mumford

Preeti Udas (co-opted)

### Chief Executive Officer

#### & Company Secretary

Pam Orchard

### Auditors

Mazars LLP

Times House

Throwley Way

Sutton

Surrey

SM1 4JQ

### Bankers

HSBC Bank plc

City of London Branch

60 Queen Victoria Street

London

EC4N 4TR

### Investment Advisors

Schroder & Co. Limited

t/a Cazenove Capital Management

12 Moorgate

London

EC2R 6DA

### Solicitors

Bates, Wells & Braithwaite

2 – 6 Cannon Street

London

EC4M 6YH

## **Introduction**

This document comprises the Trustees' annual report and financial statements of Providence Row for the year ended 31 March 2014. The financial statements appear in the format required by the Companies Act 2006 and the Statement of Recommended Practice (SORP) for Accounting and Reporting by Charities (revised March 2005).

The document is structured in three parts:

Section A: Report of the Trustees  
Section B: Independent Auditor's Report  
Section C: Financial Statements

## **Chairman's and Chief Executive's Statement**

Providence Row has been providing help and support to homeless people for more than 150 years. Just as in 1860, in the 21<sup>st</sup> century people sleep rough, are destitute, live in chaos and in crisis in the East End of London, despite the prosperity in the area.

2013/14 has been the second year of a three year strategy for the charity, to make sure we do the best job we can for vulnerable, homeless people in East London. This has been an exciting year for us. A real highlight has been the development of a courtyard garden, which significantly improves the look and feel of our Wentworth Street site. The garden is very significant in that it marks a real change in our approach. We want to ensure that Providence Row looks and feels like a really positive place for people to access vital services. Whether it's the first time or the fiftieth time coming to the centre, we want everyone to feel welcome, respected and valued, whoever they are. Our garden provides a beautiful, cheerful environment, a place to reflect or talk to friends. It's become an informal meeting space for clients and support staff. In the garden, people can learn about plants and grow things to eat. Everyone can appreciate the different seasons as they go by.

We were particularly pleased to host an event with the Sisters of Mercy and Archbishop Vincent Nichols in December. We celebrated their immense contribution to the growth and development of Providence Row and remembered our dear friend and colleague, Sister Winefride Biddle. Sister Winnie was a stalwart supporter of Providence Row in every way for over 35 years and was here, almost to the end, in a place that she loved, until her death in September 2013.

Alongside the changes to our physical environment, the charity has made major changes to services. We no longer consider ourselves to be a "day centre", although we maintain all that is good about this approach. We have created greater clarity and focus in all of our work, so that we make the most effective use of the resources and support available to us.

We are in a stronger financial position through increases both in fundraising and independently generated income. This is accompanied by our first steps into social enterprise with the Providence Row Bakery. We undertook a major property transaction, selling Peter Rigby House in Spelman Street in January, ready to invest in the purchase of a commercial property next door to our main site.

We would, as ever, like to thank all of our supporters and friends for their contribution to the success of Providence Row. Building on our achievements, we have much more coming in 2014/15 and we are looking forward to a great year ahead.

**Simon Bartley**  
Chairman



**Pam Orchard**  
Chief Executive



## **Section A: Report of the Trustees**

*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 activities which the charity 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 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charity Commission.*

### **1 About Us**

#### **Vision**

The charity sees the East End of London as a thriving, vibrant area which is a welcoming, friendly and culturally diverse place for people to live, work and visit. When people do experience very significant problems in their lives and have nowhere else to turn, there is a place they can go for safety, help and support to address what has gone wrong.

#### **Mission**

This vision can only truly be achieved if the persistent exclusion and poverty in the area are addressed. Providence Row will work with people, whatever their nationality, ethnicity or religion to help them to an independent and fulfilled life away from homelessness and exclusion, in which they are contributing members of the community. This means that we will address not only their immediate presenting issues, but also the underlying issues and causes of their homelessness and exclusion.

#### **The Core Values of Providence Row**

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

<b>Compassion:</b>	Taking the time to understand difficulties without pre-judgement and with a view to helping to overcome them
<b>Respect:</b>	Exercising the same degree of consideration and care for all those who come to Providence Row, whatever the reason
<b>Inclusiveness:</b>	Welcoming and seeking to involve everybody, whatever their background, presenting issues, ethnicity, nationality or faith
<b>Empowerment:</b>	Working <i>with</i> people, not <i>for</i> people, to enable them to realise their gifts, abilities and talents
<b>Justice:</b>	Acting fairly and promoting justice within the organisation and in relation to the needs and rights of people who use our services

#### **Service Provision**

During the course of 2013/14, Providence Row provided support to just over 1,200 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. An estimated 70% of homeless people experience mental ill health and 64% have poor physical health and substance misuse issues<sup>1</sup>.

During 2013/14 we have significantly re-shaped our core services, to ensure we are focused and as efficient as possible. We provide: a **Resource Centre** for people who are rough sleeping, with breakfast, showers and access to IT; **Advice and Support** for people who are homeless or at risk of homelessness; **Recovery and Progression** for people whose mental health and substance misuse issues are affecting their ability to find and stay in accommodation, and **Trainee Schemes** to help people with complex needs to move into regular learning, volunteering or work.

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<sup>1</sup> 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 Strategy

Between April 2012 and March 2015, Providence Row is working towards four key strategic aims. 2013/14 was the second year of our strategic plan. Building on the success of the previous year, the charity has taken forward significant development in all four aims.

**Strategic Aim 1 (Thriving) Providing a safe, welcoming and high quality environment for vulnerable people; supporting them into a stable, secure and positive way of life.**

### Achievements

During the year, we undertook a major Service Development process, reshaping and focusing our services. This was done to create more clarity about the services we offer, encourage cross-team working, improve consistency in our approach to clients, monitor and evaluate work done and engage more effectively with external agencies. We have achieved much greater clarity about the services we offer and have moved away from the label of "Day Centre", to work more proactively with clients who are local to the area, in particular the City of London and Tower Hamlets.

#### *The Resource Centre*

Almost 900 people used our Resource Centre during the year. In an average morning, we provided 35 breakfasts, enabled 15 people to have showers and 20 people to charge phones and use the computers. Access to the Resource Centre was limited to open hours of 8.30 – 12.00 in order to enable staff to concentrate on providing more in-depth 1:1 support.

#### *The Advice and Support Team*

Our Advice and Support Team worked closely with 372 homeless people and supported 249 in accessing housing, understanding their financial situation and connecting with health services.

188 people on the Verified Rough Sleepers list came into the centre, which is almost double the number in 2012/13. This reflects the increased focus on more individual support work with people with complex needs. We established a joint working protocol with the Local Authority street outreach teams, as working in partnership is achieving better, more sustainable results with clients.

The staff also piloted a project with the Pathways team at the Royal London Hospital. The aim of the project is to ensure that patients are not discharged from the hospital on to the streets. The project saw double the expected number of patients, with over 50 referrals from October 2013 to March 2014. 26 homeless patients were supported in finding accommodation on leaving hospital in this period.

#### *The Recovery and Progression Service*

We were awarded a four year £332k grant from the Big Lottery Fund to develop our Learning Programme. By the end of March, 147 homeless people had participated. The Learning Programme is designed to build the confidence and motivation of clients to recover from a period of homelessness. As part of the model for the programme, there is a strong emphasis on client involvement in developing, delivering and evaluating activities. Work to train and prepare clients for this new role has commenced.

46 people received support for their mental health issues over the year. Over 200 people accessed our needle exchange (almost 80 each quarter). This service is designed to reduce the harm associated with injecting drug use and encourage clients into treatment services. 52 clients were referred into drug and alcohol treatment in Tower Hamlets.

***The Trainee Scheme and Social Enterprise***

26 people participated in the Catering Trainee Scheme. Four got jobs; one has gone into education; two people have gone into work placements; two have completed work experience with our partners at The Andaz Hotel, and four have accessed treatment for significant mental health and substance misuse issues.

We undertook a pilot project to use the Trainee Scheme model in a significant building project to refurbish our third floor space in the Dellow Centre. This was done in partnership with Building Lives Training Academy CIC. Five clients were involved, four of whom were sleeping rough. Four got accommodated after the programme and all went on to get jobs or formal apprenticeships in the construction industry.

Trainees undertook their first external catering booking with the Worshipful Company of Feltmakers at Christmas.

Our first social enterprise, Providence Row Bakery, has been developed, involving over 25 clients, and it generated a modest profit in its first six weeks from launch in mid February.

**Strategic priorities for our services in 2014/15**

- To consolidate the changes in service structure, continuing to help around 1,200 people each year, providing more 1:1 and case work support and partnership with other agencies who are committed to helping to address rough sleeping and its causes.
- To develop our preventative approach – targeting our services at more local people who are homeless or at risk of homelessness.
- To complete the roll-out of the Learning Programme to include cycling, music, conflict resolution and a City & Guilds accredited qualification in personal development.
- To continue to develop the Trainee Scheme to encompass gardening and buildings maintenance.
- To improve the systems we use to assess and support clients, using personalisation, co-production and increased client involvement.



**Strategic Aim 2 (Dynamic) A leading frontline agency, working in a thoughtful and strategic way with other organisations across all sectors to prevent homelessness.**

## **Achievements**

During the spring of 2013, we transformed our courtyard into a garden. This was achieved through seed funding from BBMV, who were keen to invest in a sustainable and lasting local community project as a legacy from the Crossrail development, for which BBMV is a major contractor. Their initial investment enabled us to start planning and encouraged further support. The garden was designed and landscaped by professionals, working closely in collaboration with clients. As a next step, we have developed an ambitious plan to grow and cook food on site with significant involvement by clients, and a roof garden will follow in 2014/15.

In January 2014 we commenced an exchange project in partnership with Thames Reach and the London Borough of Tower Hamlets to better understand issues of homelessness amongst Polish and Romanian clients. This has included trips to both countries and return visits have taken place in the summer of 2014. This project, funded by the London Housing Foundation, is showing Providence Row's capacity to innovate, working alongside major service providers in London.

In February, we made our first steps into social enterprise by developing the Providence Row Bakery. This provides artisan cakes, inspired by modern art, to the independent cafés in the local area. The business was launched in a pilot phase in February after a period of market research and product testing.

Our work to be more outwardly focused is beginning to bear fruit. We have established strong partnership working with the London Borough of Tower Hamlets and the City of London Corporation, the two respective Street Outreach Teams and primary health care services in particular during the year. The charity has developed capacity and skills in the staff team to describe our newly refocused services and present our work to external agencies.

Our long-standing partnership with the Andaz Liverpool Street Hotel won the Lord Mayor's Dragon Award in the Social Inclusion category. The hotel delivers training and work placements to our clients as part of the Catering Trainee Scheme.

We honoured the immense contribution made by the Sisters of Mercy to the charity by inviting them to attend a special event in December at Providence Row's Dellow Centre. Over 50 Sisters from across the UK attended the commemoration and a Mass was celebrated by (now Cardinal) Archbishop Vincent Nichols. We also marked with great sadness the death of Sister Winefride Biddle, long standing contributor to the life and work of Providence Row. She worked here, in a place she loved, almost to the end and died after a short illness in September 2013. A tree was planted in the garden as a small tribute to her and a fund has been established in her memory to help provide practical help to our clients.

## **Strategic priorities for our communications and development work in 2014/15**

- To continue with our development project, in particular our links to the Health Service and our understanding of EU10<sup>2</sup> homelessness and how clients from these countries can be best served.

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<sup>2</sup> The term "EU10" is used to refer to those Central and Eastern European states which joined the European Union in 2004 (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) and 2007 (Bulgaria and Romania).

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- To undertake further development of the Providence Row garden – including growing food for our kitchen on our roof and engaging clients in the care and maintenance of the garden.
- To continue to create a psychologically informed environment, exploring mediation, conflict resolution and the management of challenging behaviour.
- To continue our development of social enterprises – specifically Providence Row Bakery and our room hire activity.
- To raise our profile in key sector networks, to lay foundations for further funding of our work in the future.
- To develop the capacity of our frontline staff to promote the organisation and their specific services in their day to day work.



**Strategic Aim 3 (Sustainable) Financially robust, independent and sustainable**

**Achievements**

Providence Row has made progress towards reducing its dependency on reserves. Our financial systems are running very smoothly and understanding across the charity of managing budgets has significantly improved.

During the year we made changes to our property portfolio. This involved selling Peter Rigby House, our property on Spelman Street E1, and negotiating the buy-out of the leasehold interest in the Gunthorpe Street Workshops, a property whose freehold we already own. Although the transaction was completed in May 2014, the great majority of the work was undertaken during financial year 2013/14. This included an extensive due diligence process and the selection of managing agents to run the property post completion. The expectation is that this transaction will enable us to increase significantly the charity's independent income generation after a period of investment in the condition of the property. By merging the leasehold and freehold interests, the site also offers considerable potential for future development.

We have also increased the income generation capacity of our Dellow Centre property, partly through the refurbishment of the third floor offices, giving us an additional lettable space.

Alongside increases in independently generated income, our fundraising income continues to grow. We are especially pleased with the growth in corporate fundraising, where we have been well supported during the year. We were thrilled to be chosen as Baring Asset Management's Charity of the Year; their £20,000 donation was used to contribute to the funding of our Learning Programme. We have also had the help of around 200 volunteers from companies in the local area. Volunteers have contributed to building the garden, developing our lunch service on site and supporting clients with learning English, riding bikes and finding work.

**Strategic priorities for our financial management, fundraising and assets work in 2014/15**

- To ensure our new property on Gunthorpe Street is fully occupied and well maintained, ready to bring in significantly increased income in 2015/16.
- To continue to make progress towards financial sustainability.
- To continue to work in partnership with companies, making the most of the resources that these partnerships can bring.
- To improve capacity across the organisation to raise money from multi-year funding streams.
- To explore how we can improve our profile in the Catholic Church and increase support.

**Strategic Aim 4 (Effective) Focused, efficient and making a difference**

**Achievements**

The charity is continuing to improve in efficiency and focus. Our planning process, which links our strategy to individual staff objectives, is now well embedded in the charity. Skills in planning and demonstrating the impact of our work are improving, including business planning. This has been enhanced by organisational training in monitoring and evaluation for all staff, using the Outcomes Star as a framework.

The staff team has developed during the year. Alongside the changes in staffing structure to reflect the new services, we have also invested in staff training. A high proportion of our annual expenditure is on staff salaries and it is vital that we have the best staff team we can within the resources available to us. Training has included a combination of practical skills and knowledge such as housing, benefits and volunteer management, with investment in staff capacity to provide 1:1 support work based on Providence Row values.

We have also made improvements to our buildings and facilities management during the year, including IT and telecoms. We have made changes to the ways in which we manage the building when clients are here, to ensure that we are reflecting our values. This includes the way in which we meet, greet, assess and support clients. The development of the garden has helped to complement this work. As a result, the look, feel and atmosphere at Providence Row have changed markedly during the year.

**Strategic priorities for our systems, procedures and facilities work in 2014/15**

- To develop our HR strategy, ensuring that our staff team is well supported and trained to do an excellent job for our clients.
- To increase and improve our volunteering opportunities for people who live and work in the local community and for our clients.
- To improve significantly our ability to demonstrate the impact of our work, building on the training which took place at the end of 2013/14.
- To continuously improve the efficiency of our facilities and buildings management, including health and safety.

### **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 1860<sup>3</sup>. 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 appointed 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 the Sisters of Mercy (one Trustee). Nominated Trustees serve for three years.

Elected Trustees must be appointed at the annual general 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 2014 annual general meeting.

The Trustees are the only members of the charity. 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.

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<sup>3</sup> 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 Trustees' meeting may be held at any time, subject to the Articles of Association). There are three subcommittees which also meet quarterly:

- Finance
- Fundraising
- Services

The Trustees may at their discretion invite suitable individuals to sit as co-opted members on the subcommittees.

The Chief Executive attends meetings of the Trustees (with other senior staff as appropriate) and submits for consideration and approval a proposed organisational 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 against objectives at least once a year. The Chief Executive further submits an annual budget to the Trustees for their consideration and approval.

The Chief Executive has formed a Leadership Team consisting of the Chief Executive, the Director of Operations (from April 2014, the Deputy CEO), the Head of Finance and the Social Enterprise Development Manager. 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 London Borough of Tower Hamlets and the Corporation of the City of London. The relationship with the Sisters of Mercy is a formal arrangement with powers to nominate Trustees to the Board. The Trustees are very grateful for the continued support of the Sisters of Mercy. In addition, the charity works with a number of other charities and agencies including Toynbee Hall, Crisis, Broadway, Thames Reach and Tower Hamlets PCT.

### 3.4 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 or 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 grant income represent a key risk for the charity. In order to address this risk, we are continuing to increase our capacity and experience in public sector tendering, impact monitoring and reporting and generation of income from a wide variety of sources.

The Trustees recognise that reliance on income from voluntary sources such as individuals, grant-making trusts and corporate supporters (which, excluding legacies, typically makes up over a third of our annual income) represents a key risk and the charity has invested significant resources in developing and expanding the work of the Fundraising team and establishing a 3 year fundraising plan.

The charity owns a number of property assets, the ownership and management of which 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.
- Following the sale in January 2014 of the charity's freehold property in Spelman Street E1 (Peter Rigby House, also previously known as the Satellite Centre), Providence Row in May 2014 acquired the leasehold interest in the Gunthorpe Street Workshops, a commercial property containing ten light industrial and office units immediately adjacent to the Dellow Centre and in which Providence Row has owned the freehold interest since 1991. The charity is aware that in buying out the leasehold interest in this property, it is exposed to a greater level of commercial and property-related risk than previously, and that it must actively manage these risks with the aid of professional property agents and its legal advisers. At the point of acquisition, five of the ten units in the property were vacant, and we are currently seeking new tenants for these units. 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 the vacant units and professional managing agents to manage the property on its behalf. A programme of improvements and repairs is currently in progress in order to ensure that the property remains attractive, secure and properly maintained.
- Certain of the charity's other freehold properties are let on long leases to tenants.

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 the charity's obligations and commitments in respect of the properties which it owns.

We recognise that in our work we are exposed to significant risks relating to the safeguarding of vulnerable adults. Risk management procedures are in place in respect of both staff and clients. These processes are included in a range of policies, in particular: Safeguarding Adults; Health and Safety; Personal Safety, and Lone Working.

#### **4 Staff and Volunteers**

The charity currently employs 27 staff.

The charity currently has 11 regular volunteers contributing hours equivalent to 3 full time equivalent roles. Our volunteers during the year to March 2014 have included:

- 1 Sister of Mercy
- 21 other regular community volunteers



- 3 interns/full time but short term volunteers
- Approximately 200 employee volunteers from local businesses and the City working alongside our clients and supporting the work of the organisation, including through pro bono professional advice.

## 5 Financial Review

### 5.1 Investment policy and objectives

The Trustees' 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 "united" equity related investments, managed by the charity's investment advisors<sup>4</sup>. 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 greater part of the charity's investible cash resources, which are outside the Endowment fund, are managed by its investment advisors and are invested across a range of maturities which balances the desire for yield on the investments with the ability to access liquid resources as needed. However, it should be noted that in the current market environment it is becoming increasingly difficult to make cash deposits on terms other than 'instant access', and the financial rewards for doing so are also limited. 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 2014, the charity's Endowment fund generated an overall return of £58,254 (equating to a total return of +10%), incorporating investment income of £13,266, realised gains of £12,748, unrealised gains of £35,224 less net management fees of £2,984 (2013: total return of £95,202 or +19%). The "gross of fee" return for comparison was c. 11% (2013: +20%). This gross return of c. 11% for the Endowment fund is in excess of the WM Charities Index return of +6.6% and ahead of both UK and Global equities (+8.8% and +8.6% respectively).

During the year to 31 March 2014, the charity's managed cash deposit portfolio generated interest income of £28,862 (2013: c. £36,300), equivalent to a return on average balances over the year of c. 1.7% (2013: c. 2.2%). In view of the continuing low interest rate environment and the charity's reduced cash deposit balances following the purchase of the Gunthorpe Street Workshops property in May 2014 (see section 3.4 above and note 17 to the financial statements), the charity expects its interest income to decline further over the coming year.

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<sup>4</sup> Following the acquisition of Cazenove Capital Management by Schroders in July 2013, the trading name of the charity's investment advisors changed from Schroders Charities to Cazenove Capital Management in January 2014. The legal and regulated entity with whom we are contracted remains, as before, Schroder & Co Limited.



## 5.2 Overview of results for the year

The charity's total income for the year of £1,051,513 (2013: £985,014) can be analysed as follows:

	2013/14 £'000	% of total income	2012/13 £'000	% of total income
Fundraising income *	398.6	37.9%	287.3	29.2%
Legacies	69.9	6.6%	95.3	9.7%
Homelessness Transition Fund	61.6	5.9%	113.5	11.5%
Income from charitable activities (local authority grants)	251.0	23.9%	233.1	23.7%
Investment and rental income	249.6	23.7%	217.9	22.1%
Other income, gifts in kind and donated services	20.7	2.0%	37.9	3.8%
<b>Total Income</b>	<b>1,051.5</b>	<b>100.0%</b>	<b>985.0</b>	<b>100.0%</b>

\* 'Fundraising income' is made up of: donations and gifts from individuals, corporate supporters and community groups (including Gift Aid, but excluding gifts in kind and donated services), grant income from trusts and foundations and income from fundraising events. (See note 2 to the financial statements.)

The charity's total expenditure in the year of £1,269,628 (2013: £1,172,287) breaks down as follows:

	2013/14 £'000	% of total expend- iture	2012/13 £'000	% of total expend- iture
Costs of generating funds	156.5	12.3%	169.0	14.4%
Costs of core services, excl. depreciation charges	718.7	56.6%	688.8	58.8%
Costs of development activities	242.0	19.1%	167.6	14.3%
Governance costs	57.5	4.5%	53.9	4.6%
Depreciation charges	94.9	7.5%	93.0	7.9%
<b>Total expenditure</b>	<b>1,269.6</b>	<b>100.0%</b>	<b>1,172.3</b>	<b>100.0%</b>

The charity recorded a net deficit (total income less total expenditure before the gain on the disposal of Peter Rigby House and before other recognised gains and losses) of £218,115 (2013: £187,273). After the net gain of £79,859 on disposal of Peter Rigby House, the charity recorded a net deficit before other recognised gains and losses of £138,256 (2013: net deficit of £187,992 after losses on disposals of fixed assets).

After net gains on investment assets of £47,972 (2013: £83,853), the net movement in funds of the charity during the year was a negative movement of £90,284 (2013: negative movement of £104,139).

Our fundraising performance in 2013/14 has been very pleasing in an economic climate which remains highly challenging, with further strong growth in fundraising from trusts and foundations, corporate supporters and community groups.

During the year we received £61,614 of funding from the Government's Homelessness Transition Fund, the second stage of a three year award totalling just over £208,000. During 2013/14 the grant funding has enabled us:

- To fund the post of Social Enterprise Development Manager (formerly Business Development Manager), leading on the sale of Peter Rigby House, progressing the project to acquire the Gunthorpe Street Workshops and establishing our first social enterprise, Providence Row Bakery
- To fund vital feasibility and due diligence work in preparation for the acquisition of the Gunthorpe Street Workshops

- To deliver our Buildings Maintenance Trainee Scheme pilot
- To provide further bespoke training for the charity's staff, focusing on exploring ways of working together and with clients which fully reflect the core values of Providence Row and working productively with volunteers

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

- The fall of approximately 7% in 'costs of generating funds' partly reflects lower costs in the year of the Communications Officer post due to staff changes, as well as a somewhat reduced percentage of support cost allocations in 2013/14.
- The increase in costs attributable to core services of approximately 4% reflects primarily the significant expansion of our Learning Programme within the Recovery and Progression Service following the Big Lottery Fund grant award, although this also involved some internal reallocation of management resources from Advice and Support to Recovery and Progression.
- This year we have seen a further significant step-up in the costs of development activities, which is primarily attributable to:
  - Further expenditure of approximately £50,000 to complete our new urban garden, following costs of around £23,000 incurred in 2012/13
  - Expenditure of approximately £24,400 to deliver the Building Maintenance Trainee Scheme pilot
  - Costs of approximately £8,000 on pre-acquisition feasibility and due diligence work for the Gunthorpe Street Workshops transaction
  - An increased percentage of support costs allocation to development work compared to 2012/13

### 5.3 Reserves policy

Providence Row has reviewed its reserves policy in line with its evolving strategic outlook 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.

#### ***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 2014, the Endowment Fund amounted to £617,506.

#### ***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 13 to the financial statements.

The net book value of fixed assets whose original acquisition or costs of construction were funded by restricted income is reflected in the fund 'Tangible fixed asset fund: Restricted' (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'). At 31 March 2014 this fund stood at £2,632,000.

### ***Designated funds***

As at 31 March 2014, 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'. As at 31 March 2014, this fund stood at £2,993,884.

#### ***Development reserve***

A designated 'Development reserve' is held to ensure that the charity is able to take advantage of development opportunities which will help to ensure the sustainability of the charity in the longer term. An amount of just over £102,000 was held in this fund as at 31 March 2013 for the purpose of covering the key staff costs incurred in developing important new sources of external income, especially in developing relationships with larger trusts and foundations. In the year under review an amount of £51,687 has been expended for this purpose. It is anticipated that the fund will continue to be used to fund similar costs during the financial year to March 2015.

In addition, as at 31 March 2013 the Trustees transferred an amount of £300,000 from the 'Contingency fund: Charity running costs' to the Development reserve in order to enable the charity to take advantage of concrete potential investment opportunities to allow Providence Row to increase its independent income through development of its property assets. It was also intended to be able to provide small amounts of seed capital for potential new social enterprises as these develop over the strategic plan period. In January 2014, Providence Row sold Peter Rigby House for £950,000 and the Trustees decided to transfer the proceeds of the sale, net of legal fees of £7,266, to the Development reserve (net transfer of £942,734). As a consequence of this transfer, the balance on the Development reserve stood at £1,293,264 as at 31 March 2014.

Subsequent to the year end, on 30<sup>th</sup> April 2014 the Board of Trustees resolved to purchase the leasehold interest in the Gunthorpe Street Workshops property (in which the charity already owned the freehold interest) for the purchase price of £1,150,000, to be funded from the Development reserve. Exchange of contracts took place on 21 May 2014 and the transaction completed on 30 May 2014 (see note 17 to the financial statements).

#### ***Cyclical maintenance and repairs fund***

The 'Cyclical maintenance and repairs fund' has been set at the level of £300,000 and is intended to provide adequate funds to cover requirements for major capital repairs to the freehold properties in use by the charity and planned maintenance and replacement of associated plant and equipment over the next 2-4 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.

*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'. The Trustees have reviewed the level of this fund as at 31 March 2014, 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
- A contingency for redundancy costs

As a result of this review, the Trustees have decided to hold the level of this fund at £800,000 as at 31 March 2014, equating to between eight and nine months of planned prospective cash operating expenditure.

*Other designated funds*

The opening balance as at 1 April 2013 on 'Other designated funds' of £25,000 represents part of a legacy from a benefactor notified to the charity during the prior year, which the Trustees decided to set aside as at 31 March 2013 to finance the development of specific key aspects of our Learning Programme as well as to fund essential training for new members of staff. Of this amount, £7,199 has been expended during the year and the balance of £17,801 will be utilised in 2014/15. The Trustees have decided to re-allocate approximately £13,000 of this balance in order to provide some investment for the Providence Row Bakery social enterprise and to invest further in staffing for the development of social enterprise in the second half of 2014/15. The Trustees have further decided to set aside an amount of £12,750, forming part of a legacy received from another benefactor during the year, which will also be used towards staffing costs for social enterprise development.

As at 31 March 2014, total balances on 'Other designated funds' stood at £30,551.

**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 liquid cash deposits).

Taking into account the need for sufficient general funds to cover normal working capital requirements and expected operating cash flow variability through the year, the Trustees have determined that the medium-term target level of free reserves should remain £950,000. This compares to the actual level of free reserves at 31 March 2014 of £988,514 (2013: £1,050,432). Based on its 2014/15 Budget, the charity expects that its level of free reserves will fall further below this level over the next year as a result of the planned operating deficit.

As the charity progresses with the implementation of its strategic plan, the Trustees will 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 12 to 16 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:

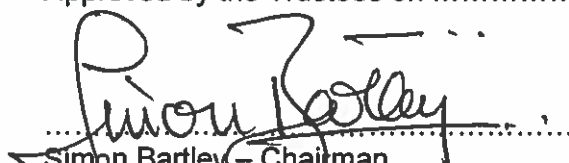
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 25<sup>th</sup> September 2014 and signed on their behalf by

  
.....  
Simon Bartley – Chairman

  
.....  
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 2014 which comprise the Statement of Financial Activities, the Balance Sheet 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).

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 19, 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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on 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.



.....  
Alistair Fraser (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

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

Date: 2 October 2014

## Section C: Financial Statements

### Statement of Financial Activities for the year ended 31 March 2014 (incorporating an income and expenditure account)

Income and Expenditure	Notes	General Funds £	Designated Funds £	Restricted Funds £	Endow- ment Fund £	Total 2014 £	Total 2013 £
<b>Incoming Resources</b>							
<i>Incoming resources from generated funds</i>	2						
Voluntary income: donations and gifts		149,652	-	50,302	-	199,954	179,592
Legacies		69,949	-	-	-	69,949	95,294
Grant income from trusts and foundations		39,270	-	155,789	-	195,059	119,827
Homelessness Transition Fund grant		-	-	61,614	-	61,614	113,470
Fundraising events		12,816	-	-	-	12,816	13,665
Investment income		42,404	-	-	-	42,404	52,298
Rental income		207,224	-	-	-	207,224	165,620
<i>Incoming resources from charitable activities</i>	2						
Activities funded by local authority grants		-	-	251,000	-	251,000	233,125
Other incoming resources		10,093	1,400	-	-	11,493	12,123
<b>Total incoming resources</b>		<b>531,408</b>	<b>1,400</b>	<b>518,705</b>	<b>-</b>	<b>1,051,513</b>	<b>985,014</b>
<b>Resources Expended</b>							
<i>Costs of generating funds</i>							
Fundraising and communications		(151,604)	-	(1,932)	-	(153,536)	(164,966)
Investment management costs		-	-	-	(2,984)	(2,984)	(4,028)
<i>Costs of charitable activities</i>							
Advice and support for homeless people		(167,660)	(23,928)	(238,886)	-	(430,474)	(477,988)
Learning, training, and specialised services for homeless people		(143,501)	(21,245)	(218,375)	-	(383,121)	(303,835)
Development activities		(52,806)	(52,599)	(136,569)	-	(241,974)	(167,558)
Governance costs		(53,723)	-	(3,816)	-	(57,539)	(53,912)
<b>Total resources expended</b>	3	<b>(569,294)</b>	<b>(97,772)</b>	<b>(599,578)</b>	<b>(2,984)</b>	<b>(1,269,628)</b>	<b>(1,172,287)</b>
<b>Total incoming resources less total resources expended</b>		<b>(37,886)</b>	<b>(96,372)</b>	<b>(80,873)</b>	<b>(2,984)</b>	<b>(218,115)</b>	<b>(187,273)</b>
<b>Net gains / (losses) on fixed assets</b>							
Realised gains / (losses) on disposal	14,15	79,859	-	-	-	79,859	(719)
<b>Net (outgoing) / incoming resources before transfers between funds</b>		<b>41,973</b>	<b>(96,372)</b>	<b>(80,873)</b>	<b>(2,984)</b>	<b>(138,256)</b>	<b>(187,992)</b>
<b>Transfers between funds</b>	13,14,15	<b>(103,891)</b>	<b>109,657</b>	<b>(5,766)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (outgoing) / incoming resources before other recognised gains and losses</b>		<b>(61,918)</b>	<b>13,285</b>	<b>(86,639)</b>	<b>(2,984)</b>	<b>(138,256)</b>	<b>(187,992)</b>
<b>Net gains on investments</b>							
Realised		-	-	-	12,748	12,748	9,588
Unrealised	7	-	-	-	35,224	35,224	74,265
<b>Net movement in funds</b>		<b>(61,918)</b>	<b>13,285</b>	<b>(86,639)</b>	<b>44,988</b>	<b>(90,284)</b>	<b>(104,139)</b>
<b>Fund balances at beginning of period</b>		<b>250,432</b>	<b>5,404,414</b>	<b>2,754,635</b>	<b>572,518</b>	<b>8,981,999</b>	<b>9,086,138</b>
<b>Fund balances at 31 March</b>		<b>188,514</b>	<b>5,417,699</b>	<b>2,667,996</b>	<b>617,506</b>	<b>8,891,715</b>	<b>8,981,999</b>


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 12 – 15 of the financial statements.


**Balance Sheet  
as at 31 March 2014**

	Notes	2014 £	2013 £
<b>Fixed Assets</b>			
Tangible fixed assets	6	5,625,884	6,565,197
Investments	7	1,831,367	2,200,827
<b>Current Assets</b>			
Debtors	8	126,206	172,392
Cash at bank and in hand	9	1,396,804	135,496
		1,523,010	307,888
<b>Current Liabilities</b>			
Amounts falling due within one year	10	(88,546)	(91,913)
<b>Net Current Assets</b>		1,434,464	215,975
<b>Net Assets</b>		8,891,715	8,981,999
<b>Funds</b>			
<b>Endowment Fund</b>	12	617,506	572,518
<b>Restricted Income Funds</b>	13		
Tangible fixed asset fund: Restricted		2,632,000	2,688,000
Other restricted income funds		35,996	66,635
		2,667,996	2,754,635
<b>Designated Funds</b>	14		
Tangible fixed asset fund: Unrestricted		2,993,884	3,877,197
Development reserve		1,293,264	402,217
Cyclical maintenance and repairs fund		300,000	300,000
Contingency fund: Charity running costs		800,000	800,000
Other designated funds		30,551	25,000
		5,417,699	5,404,414
<b>General Funds</b>	15	188,514	250,432
<b>Total Funds</b>	16	8,891,715	8,981,999

The financial statements on pages 22 to 36 were approved by the Board of Trustees

on 25<sup>th</sup> September 2014 and signed on its behalf by:

  
Simon Bartley – Chairman

  
Richard Solomon – Honorary Treasurer

The notes on pages 24 to 36 form an integral part of these financial statements.

## Notes to the Financial Statements

For the year ended 31 March 2014

### 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. They comply with the reporting requirements of the Companies Act 2006, 'Accounting and Reporting by Charities: Statement of Recommended Practice' issued by the Charity Commission in March 2005 ("SORP 2005") and all applicable UK accounting standards.

#### *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. Incoming resources

All incoming resources are credited to the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable certainty. Where grants are received which relate to a specific future period, these are deferred.

Voluntary donations and gifts, interest income, rent and grant income are recognised on a receivable basis. Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is virtually certain, i.e. when confirmation has been received from the representatives of the estates that payment of the legacy will be made and once all conditions attached to the legacy have been fulfilled. Income from events and activities for generating funds is recognised when the event takes place. Gift Aid recoverable is included in income on an accruals basis where there is a valid Gift Aid declaration from the donor.

Gifts in kind are recognised as income when brought into use by the charity. Gifts in kind and donated services and facilities 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.

#### c. Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Support costs, which are not directly

## **Providence Row: Trustees' Annual Report and Accounts for the Year Ended 31 March 2014**

attributable to generating funds, charitable activities or governance, are allocated to those categories on a basis consistent with the use of resources. Support costs include: senior general management (where not allocated as a direct cost to specific activities); financial, human resources and premises management; budgeting, accounting and payroll administration; information technology, office, general and administration costs, and depreciation charges.

### ***Fundraising and communications expenditure***

Fundraising and communications costs are those incurred in raising voluntary donations and gifts, together with the cost of communications and publicity and of organising events and activities for generating funds. This category excludes the costs of developing long-term relationships with certain grant-making trusts, foundations and statutory bodies, which are classified under 'Development expenditure' (see below).

### ***Development expenditure***

Development expenditure relates to costs incurred in developing new opportunities to extend the range of the charity's services to beneficiaries or to enhance the sustainability of the charity in the long term. It includes the costs of developing long-term relationships with certain grant-making trusts, foundations and statutory bodies.

### ***Governance costs***

Governance costs are those associated with the strategic direction and management of the charity, compliance with legal obligations and the charity's constitutional documents as well as ensuring proper public accountability, as opposed to day to day management of the charity's operations. Governance costs include the costs of preparing statutory accounts, external audit fees, the cost of Trustees' meetings and fees for general legal advice to the Trustees.

## **d. Tangible fixed assets**

### ***(i) Freehold land and buildings***

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

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

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

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

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 gifts in kind, the value to the charity – see note 1b above) is £500 or greater.

**e. Fixed asset investments**

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. All gains and losses are dealt with as part of the funds to which they relate.

**f. Fund accounting**

***i) Endowment fund***

The endowment fund represents investments, the capital of which forms the permanent endowment of the charity and must be retained and invested. Only the income from this fund is available to be used for general charitable purposes. 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 Asset Investments" (see note 7).

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

***iv) General funds - unrestricted***

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

**g. Pension costs**

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

**h. Operating leases**

Rentals paid under operating leases are charged to the SOFA as they fall due.

**i. Taxation**

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



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

### **j. Subsidiaries**

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

### **k. Cash flow statement**

The charity has taken advantage of the exemption in FRS1 from the need to prepare a cash flow statement, on the grounds that it is a "small company".

## 2 Incoming Resources

### a. Incoming resources from generated funds

	General funds £	Restricted funds £	2014 Total £	2013 Total £
Individuals	44,317	2,920	47,237	46,448
Corporates	56,535	46,446	102,981	69,720
Community groups	31,145	356	31,501	26,883
Gift Aid reclaimed	8,411	580	8,991	10,779
Gifts in kind / donated services and facilities	9,244	-	9,244	25,762
Legacies	69,949	-	69,949	95,294
Trusts and foundations	39,270	155,789	195,059	119,827
Homelessness Transition Fund grant	-	61,614	61,614	113,470
Fundraising events	12,816	-	12,816	13,665
Investment income	42,404	-	42,404	52,298
Rental income	207,224	-	207,224	165,620
<b>Total incoming resources from generated funds</b>	<b>521,315</b>	<b>267,705</b>	<b>789,020</b>	<b>739,766</b>

NB: The individual income categories above exclude gifts in kind and donated services and facilities, which are broken out separately in the table

Rental income includes rent of £120,000 (2013: £85,118) from Providence Row Housing Association ('PRHA') in relation to the Dellow Centre hostel operated by PRHA on the charity's main Gunthorpe Street / Wentworth Street freehold premises. Other rental income includes: premises costs apportionment charges to PRHA; rents and service charges received from tenants for use of office space in the main freehold properties of the charity, and rents from long term leases granted.

### b. Incoming resources from charitable activities

	General funds £	Restricted funds £	2014 Total £	2013 Total £
Local authority grants:				
LB Tower Hamlets: Advice & Support Services	-	194,500	194,500	156,125
LB Tower Hamlets: Supported Reconnections	-	-	-	21,000
LBTH Drug & Alcohol Action Team: Substance Misuse				
Worker and Needle Exchange Services	-	40,500	40,500	40,000
City of London: Mental Health Services	-	-	-	16,000
City of London: Recovery & Progression Service	-	16,000	16,000	-
<b>Total incoming resources from charitable activities</b>	<b>-</b>	<b>251,000</b>	<b>251,000</b>	<b>233,125</b>

The above grants were fully expended in the year.

### 3 Total Resources Expended

	Direct costs £	Support costs £	2014 Total £	2013 Total £
<b>Costs of generating funds</b>				
Fundraising and communications	112,498	41,038	153,536	164,966
Net investment management costs*	2,984	-	2,984	4,028
<b>Costs of charitable activities</b>				
Advice and support for homeless people	285,915	144,559	430,474	477,988
Learning, training and specialised services for homeless people	253,984	129,137	383,121	303,835
Development activities	185,111	56,863	241,974	167,558
<b>Governance costs</b>	<b>43,945</b>	<b>13,594</b>	<b>57,539</b>	<b>53,912</b>
<b>Total resources expended</b>	<b>884,437</b>	<b>385,191</b>	<b>1,269,628</b>	<b>1,172,287</b>

\* Investment management costs are stated net of cash rebates of £1,628 (2013: £937).

### Support Costs

Support costs can be analysed as follows:

	Staff costs £	Office/ premises costs £	Depreciation £	2014 Total £	2013 Total £
<b>Costs of generating funds</b>					
Fundraising and communications	19,098	21,940	-	41,038	48,950
<b>Costs of charitable activities</b>					
Advice and support for homeless people	38,546	55,764	50,249	144,559	168,050
Learning, training and specialised services for homeless people	34,965	49,535	44,637	129,137	106,613
Development activities	20,760	36,103	-	56,863	41,592
<b>Governance costs</b>	<b>5,023</b>	<b>8,571</b>	<b>-</b>	<b>13,594</b>	<b>13,473</b>
<b>Total</b>	<b>118,392</b>	<b>171,913</b>	<b>94,886</b>	<b>385,191</b>	<b>378,678</b>

### 4 Staff Costs

	2014 £	2013 £
Wages and salaries	698,662	691,812
Employer's National Insurance costs	69,918	71,230
Pension costs – defined contribution	12,080	11,985
Other staff costs (including redundancy, recruitment and training)	41,816	33,235
<b>Total</b>	<b>822,476</b>	<b>808,262</b>

During the year there was one employee whose gross salary fell within the banding £60,000 to £69,999 (2013: one). Employer payments in the year to a defined contribution pension scheme in respect of this employee totalled £3,250 (2013: £3,030).

No member of the Board of Trustees or any person connected with the Trustees received remuneration for their services during the year (2013: none). No Trustee received reimbursement of expenses incurred for services provided to the charity during the year (2013: none).

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

	2014	2013
<b>Function</b>		
Fundraising, communications, publicity and events	2.7	3.1
Charitable activities (excluding Development)	15.2	14.2
Charitable activities: Development	2.5	2.6
Governance/Finance/Support	3.0	3.5
<b>Total</b>	<b>23.4</b>	<b>23.4</b>

## 5 Costs of Audit Services

	2014 £	2013 £
<b>Audit fee:</b>		
Current year	11,880	11,334
Prior year underprovision	453	154
<b>Total</b>	<b>12,333</b>	<b>11,488</b>

No other services were provided by the auditors during the year (2013: none).

## 6 Tangible Fixed Assets

	Freehold land and buildings in use £	Freehold properties let on long leases £	Office furniture and equipment £	Computer Equipment £	Total £
<b>Cost or 'Fair Value' on Incorporation<sup>1</sup></b>					
Balance at 1 April 2013	6,262,312	450,000	27,750	2,913	6,742,975
Additions	-	-	7,977	10,471	18,448
Disposals	(900,000)	-	-	-	(900,000)
<b>Balance at 31 March 2014</b>	<b>5,362,312</b>	<b>450,000</b>	<b>35,727</b>	<b>13,384</b>	<b>5,861,423</b>
<b>Accumulated depreciation</b>					
Balance at 1 April 2013	153,058	8,396	15,353	971	177,778
Charge for the year	77,371	4,198	8,856	4,461	94,886
Disposals	(37,125)	-	-	-	(37,125)
<b>Balance at 31 March 2014</b>	<b>193,304</b>	<b>12,594</b>	<b>24,209</b>	<b>5,432</b>	<b>235,539</b>
<b>Net book value</b>					
<b>At 31 March 2014</b>	<b>5,169,008</b>	<b>437,406</b>	<b>11,518</b>	<b>7,952</b>	<b>5,625,884</b>
<b>At 31 March 2013</b>	<b>6,109,254</b>	<b>441,604</b>	<b>12,397</b>	<b>1,942</b>	<b>6,565,197</b>

<sup>1</sup> See note 1d(i).

'Freehold land and buildings in use' at 31 March 2014 includes £2,000,000 of land that is not depreciated (2013: £2,225,000).

All assets were used for charitable purposes.

## 7 Fixed Asset Investments

	2014 Cost £	2014 Market value £	2013 Cost £	2013 Market value £
<b>Unitised investments held within Endowment fund</b>				
Balance at 1 April 2013	445,826	562,788	425,472	483,981
Less: Disposals	(126,771)	(160,578)	(40,667)	(51,514)
Add: Acquisitions	170,667	170,667	61,021	61,021
Less: gross management fees incurred	-	-	-	(4,965)
Unrealised gains on revaluation	-	35,224	-	74,265
<b>Balance at 31 March 2014</b>	<b>489,722</b>	<b>608,101</b>	<b>445,826</b>	<b>562,788</b>
<b>Cash deposits</b>	<b>1,223,266</b>	<b>1,223,266</b>	<b>1,638,039</b>	<b>1,638,039</b>
<b>Total investments at 31 March 2014</b>	<b>1,712,988</b>	<b>1,831,367</b>	<b>2,083,865</b>	<b>2,200,827</b>

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

	2014 £	2013 £
Schroder QEP Global Active Value Fund	154,226	128,864
Schroder QEP Global Quality Fund	137,061	63,146
Schroder Charity Equity Fund	72,524	102,776
Schroder UK Alpha Plus Fund	70,333	61,857
Trojan Income Fund	69,425	-
SWIP Foundation Growth Fund	64,515	61,477
Schroder Income Fund	-	100,003

## 8 Debtors

	2014 £	2013 £
Trade debtors	63,791	12,612
Prepayments	7,181	22,114
Accrued income	55,234	137,666
<b>Total</b>	<b>126,206</b>	<b>172,392</b>

## 9 Cash at Bank and in Hand

Cash balances at 31 March 2014 totalling £1,396,804 include an amount of £1,150,000 which was used to fund the purchase of the leasehold interest in the Gunthorpe Street Workshops property in May 2014 (see note 17 'Post Balance Sheet Event' below).

## 10 Current Liabilities: Amounts Falling Due Within One Year

	2014 £	2013 £
Trade creditors	17,603	18,752
Tax and social security	19,102	18,586
Accruals	45,591	45,175
Deferred income	6,250	9,400
<b>Total</b>	<b>88,546</b>	<b>91,913</b>

## 11 Operating Lease Commitments

Amount payable in the next 12 months under non-cancellable operating leases for leases expiring:

	2014 £	2013 £
<i>Office Equipment:</i>		
Within one year	59	-
In one to two years	-	235
In two to five years	2,794	2,794
<i>Other Machinery and Equipment</i>		
In two to five years	3,312	3,312

## 12 Endowment Fund

	Balance 1 April 2013 £	Gains on investments (realised and unrealised) £	Net investment management fees £	Balance 31 March 2014 £
<b>Permanent Endowments</b>				
Endowment fund	572,518	47,972	(2,984)	617,506

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.



### 13 Restricted Income Funds

	Balance 1 April 2013 £	Incoming resources £	Resources expended £	Transfers £	Balance 31 March 2014 £
<b>Tangible fixed asset fund: Restricted</b>	2,688,000	-	(56,000)	-	2,632,000
<b>Homelessness Transition Fund</b>	40,405	61,614	(97,358)	(2,616)	2,045
Anonymous: PR staff training	-	200	(200)	-	-
<b>Advice &amp; Support for homeless people</b>					
LBTH: Advice & Support Services Grant	-	194,500	(194,500)	-	-
LHF: EU10 Exchange Project	-	10,675	(8,038)	-	2,637
Anonymous: Breakfast / baking groups	712	-	(712)	-	-
Various charitable trusts: grants for clients	-	1,050	(1,050)	-	-
Sister Winnie Fund: practical help to clients	-	1,250	(539)	-	711
Reed Smith LLP: items for Legal Clinic	-	2,519	(646)	(570)	1,303
J.P. Jacobs Ch. Trust: reconnections work	-	100	(100)	-	-
<b>Recovery &amp; Progression Service</b>					
City of London Grant: RPS	-	16,000	(16,000)	-	-
Big Lottery Fund: Learning Programme	-	84,759	(64,177)	(2,200)	18,382
LCF: Learning Programme	-	3,653	(3,653)	-	-
Reed Smith LLP: Learning Programme	-	10,000	(7,166)	-	2,834
The Wenhaston Ch. Tr.: Learning Prog	-	100	(100)	-	-
St John Southworth Fd: Learning Prog	-	5,014	(2,435)	-	2,579
Streetsmart: Learning Programme	-	7,600	(7,600)	-	-
Young Philanthropists' Syndicate at PwC:	-	1,579	(1,579)	-	-
Learning Programme					
Other Trusts: Learning Programme	-	600	(220)	(380)	-
Torstone Technology: Digital Media Project					
and Website Support	-	4,963	(3,792)	-	1,171
W. Co. of Merchant Taylors: Mental Health	-	10,000	(10,000)	-	-
Smiths Group plc: Mental Health	-	1,000	(1,000)	-	-
Anonymous: Mental Health	-	625	(625)	-	-
LB Tower Hamlets DAAT: Substance					
Misuse Worker and Needle Exchange	-	40,500	(40,500)	-	-
M&G Investments: English Classes	-	7,500	(7,166)	-	334
<b>Catering Trainee Scheme</b>					
Worshipful Company of Fan Makers	-	2,000	(2,000)	-	-
Worshipful Company of Innholders	-	2,500	(2,500)	-	-
SEM Charitable Trust	-	2,000	(2,000)	-	-
William Allen Young Charitable Trust	-	2,000	(2,000)	-	-
Mercers' Charitable Foundation	732	-	(732)	-	-
East End Community Foundation	-	7,338	(7,338)	-	-
The Shanly Foundation	-	2,000	(2,000)	-	-
Other Charitable Trusts	-	850	(850)	-	-
Andaz Hotel	-	3,295	(3,295)	-	-
<b>Other Trainee Schemes</b>					
Presidents Club: Building Maintenance	-	3,000	(3,000)	-	-
The Charlotte Bonham Carter Ch. Tr.:					
Gardening	-	3,000	-	-	3,000
Charlotte Marshall Ch. Tr.: Gardening	-	1,000	-	-	1,000
<b>Garden Development Project</b>					
BBMV	10,000	10,000	(20,000)	-	-
Reed Smith LLP	3,999	-	(3,999)	-	-
Anonymous - Individuals	-	1,371	(1,371)	-	-
John Laing Charitable Trust	2,500	-	(2,500)	-	-
The Finnis Scott Foundation	8,287	-	(8,287)	-	-
Beatrice Laing Trust	-	2,000	(2,000)	-	-
Tower Hill Trust	-	4,550	(4,550)	-	-
Laing O'Rourke	-	5,000	(5,000)	-	-
Other Corporate Supporters	-	1,000	(1,000)	-	-
<b>Total</b>	<b>2,754,635</b>	<b>518,705</b>	<b>(599,578)</b>	<b>(5,766)</b>	<b>2,667,996</b>

## 14 Designated Funds - Unrestricted

	Balance 1 April 2013 £	Incoming resources £	Resources expended £	Transfers between funds £	Balance 31 March 2014 £
Tangible fixed asset fund: Unrestricted	3,877,197	1,400	(38,886)	(845,827)	2,993,884
Development reserve	402,217	-	(51,687)	942,734	1,293,264
Cyclical maintenance and repairs fund	300,000	-	-	-	300,000
Contingency fund charity running costs	800,000	-	-	-	800,000
Other designated funds	25,000	-	(7,199)	12,750	30,551
<b>Total</b>	<b>5,404,414</b>	<b>1,400</b>	<b>(97,772)</b>	<b>109,657</b>	<b>5,417,699</b>

### 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. The opening balance of the fund includes the carrying value of Peter Rigby House (41 Spelman Street E1, formerly known as the Satellite Centre) which was sold during the year.

Incoming resources of £1,400 represent the value of certain items of computer equipment received by the charity under an insurance claim.

Net transfers out of £845,827 are made up of:

- Transfer out to the Development reserve of £862,875, representing that part of the cash proceeds received on sale of Peter Rigby House equivalent to its carrying value (net of accumulated depreciation) as at 15 January 2014, the date of disposal (see below);
- Transfer in from General funds of £11,282, representing the cost of office equipment and computer equipment purchased from general funds; and
- Transfers in from restricted funds of £5,766 representing the cost of equipment purchased from restricted income funds

### Development reserve

This represents sums set aside by the Trustees to ensure that the charity is able to take advantage of development opportunities which will help to ensure the sustainability of the charity in the longer term. During the year ended 31 March 2014, amounts expended represent the costs of staff involved in generating new external sources of income and other development activity.

As at 31 March 2013 the Trustees decided to re-designate an amount of £300,000 from the Contingency fund to the Development reserve in order to enable the charity to take advantage of potential investment opportunities which could allow Providence Row to increase its independent income through development of its property assets, as well as to provide small amounts of seed capital for potential new social enterprises as these develop over the strategic plan period.

This amount has been augmented during the year by the decision of the Trustees to transfer to the Development reserve the net proceeds from the sale of Peter Rigby House. The property was sold for £950,000 on 15 January 2014, and solicitors' fees of £7,266 were incurred on the transaction, giving net proceeds of £942,734. This figure breaks down between (i) the net carrying value of the property at the date of disposal of £862,875, transferred from the "Tangible fixed asset fund: Unrestricted" as set out above, and (ii) the net gain on disposal after legal fees of £79,859, transferred from General funds.

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Of the balance on the Development reserve at 31 March 2014 of £1,293,264, Providence Row has invested £1,150,000 since the year end in the acquisition of the leasehold interest in the Gunthorpe Street Workshops (see Note 17 below).

### 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.

### Contingency fund: Charity running costs

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

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

### Other designated funds

The opening balance of £25,000 represents part of a legacy from a benefactor notified to the charity during the prior year, which the Trustees decided to set aside as at 31 March 2013 to finance the development of specific key aspects of our Learning Programme as well as to fund essential training for new members of staff. Of this amount, £7,199 has been expended from the designated fund during the year and the balance of £17,801 will be utilised in 2014/15. The Trustees have decided to re-allocate approximately £13,000 of this balance in order to provide some investment for the Providence Row Bakery social enterprise and to invest further in staffing for the development of social enterprise in the second half of 2014/15. The Trustees have further decided to set aside an amount of £12,750, forming part of a legacy received from another benefactor during the year, which will also be used towards staffing costs for social enterprise development.

## 15 General Funds - Unrestricted

	Balance 1 April 2013 £	Net Incoming resources for the period before transfers £	Transfers between funds £	Balance 31 March 2014 £
General funds	250,432	41,973	(103,891)	188,514

Transfers out from General funds totalling £103,891 are made up of:

- A transfer of £79,859 to the Development reserve, representing the net gain on disposal of Peter Rigby House (see above)
- A transfer of £11,282 to the designated fund 'Tangible fixed asset fund: Unrestricted' (see above); and
- A transfer of £12,750 to 'Other designated funds' (see above).

## 16 Analysis of Net Assets Between Funds

	Tangible fixed assets £	Investments £	Net current assets £	Total 31 March 2014 £
<b>Endowment fund</b>	-	617,506	-	617,506
<b>Restricted funds</b>				
Tangible fixed asset fund: Restricted	2,632,000	-	-	2,632,000
Other restricted funds	-	-	35,996	35,996
<b>Designated funds</b>				
Tangible fixed asset fund: Unrestricted	2,993,884	-	-	2,993,884
Development reserve	-	43,264	1,250,000	1,293,264
Cyclical maintenance and repairs	-	210,000	90,000	300,000
Contingency fund charity running costs	-	800,000	-	800,000
Other designated funds	-	-	30,551	30,551
<b>General funds</b>	-	160,597	27,917	188,514
	<b>5,625,884</b>	<b>1,831,367</b>	<b>1,434,464</b>	<b>8,891,715</b>

## 17 Post Balance Sheet Event

Following a period of negotiations and due diligence work, on 30 April 2014 the Board of Trustees of Providence Row resolved to proceed with the purchase, for investment purposes, of the leasehold interest held by Toynbee Hall in the Gunthorpe Street Workshops, Gunthorpe Street, London E1, for the agreed purchase price of £1,150,000. (The freehold interest in this property, which forms part of the freehold title relating to Providence Row's main operating site at Gunthorpe Street / Wentworth Street, has been owned by the charity since 1991. The leasehold interest held by Toynbee Hall was due to expire in a little under 70 years.) Contracts were exchanged on 21 May 2014 and the transaction completed on 30 May 2014. The purchase consideration of £1,150,000 was funded from cash deposits held in the Development reserve as at 31 March 2014.