



HELPING HOMELESS AND VULNERABLE PEOPLE SINCE 1860

## **Trustees' Annual Report and Accounts for the year ended 31 March 2013**

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

Elizabeth Canning

Rita Chakraborty

Sister Evelyn Gallagher

Bernadette Keane (resigned 23 July 2012)

Sister Roisin Kelly

Jon Mumford

Revd. Paschal Ryan

Richard Solomon (Honorary Treasurer)

Paul Strange

Prof. John Walton

### Finance subcommittee

Richard Solomon (Chairman)

Simon Bartley

Daniel Regan (co-opted)

Paul Strange

### Fundraising subcommittee

Rita Chakraborty (Chair)

Simon Bartley

Laurence Booth

Elizabeth Canning

Paul Strange (from 23 July 2012)

### Services subcommittee

Bernadette Keane (Chair, until 23 July 2012)

Prof. John Walton (Chair from 11 October 2012)

Simon Bartley

Elizabeth Canning

Jon Mumford

### 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

Schroders Charities

100 Wood Street

London

EC2V 7ER

### 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 2013. 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. This is despite the considerable economic development the area has seen, particularly over the past 20 years, with more planned. There is every indication that homelessness of all types is increasing at a time of economic hardship.

The charity embarked on a new strategic plan in 2012/13. This plan sets out the work we need to do to be the best charity we can be in helping people not just to get off the streets, but to address the underlying causes of their homelessness.

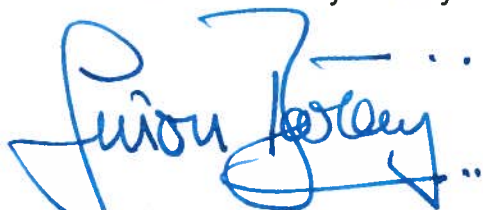
We have made great progress. We've helped just under 1,000 people during the year, providing not only a safe place, a meal and washing facilities, but in-depth advice and support to some of London's most vulnerable people.

We have also undertaken a programme of change and development to meet the needs of our clients. This has included a review of all service provision, significant improvements in our fundraising and finance work, putting in place robust foundations to grow our independent income generation and improving our communications with supporters and stakeholders.

We have great plans for 2013/14, including developments in services, particularly learning and training; improvements in our facilities, and capacity building with our staff and volunteers.

We would like to record our special gratitude to Sister Winefride Biddle for her tireless service and immense contribution to the charity over more than 35 years. Sister Winnie, as she is known to all at Providence Row, served for many years as Charity Co-ordinator and more recently as a volunteer in the finance team but has recently had to step back from her work at the charity due to ill health.

We'd like to sincerely thank all of our supporters for their contribution to the success of Providence Row – you really make a difference!



**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**

|                       |  |
|-----------------------|--|
| <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**

Overall, during 2012/13 the charity provided help and support to almost 1,000 people (of whom around 500 were sleeping rough) through our services for adults who are homeless or facing homelessness:

**The Local Team** provides help for people who are identified by the London Borough of Tower Hamlets and the City of London as sleeping rough. Often working in partnership with other agencies, Providence Row provides intensive support to clients to help them leave the streets, move into accommodation and get the specialist help they need with mental health and substance misuse issues.

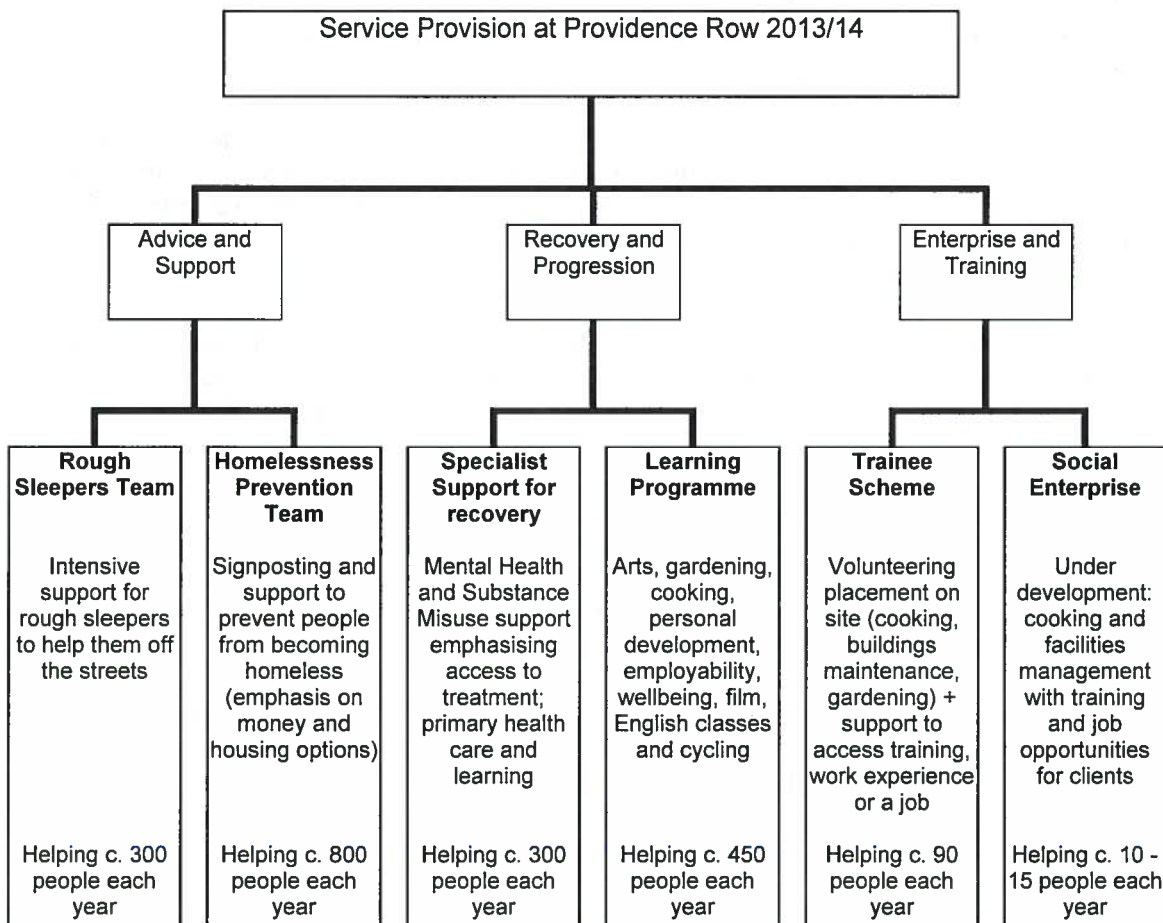
**The Reconnections Team** works with clients who are either sleeping rough or in insecure accommodation. Work includes reconnecting clients to their community or country of origin to access long term support. The team also provides help with housing advice and benefits issues alongside "signposting" to other services.

**The Complex Needs Team** is comprised of two specialists: one in mental health, the other in drug and alcohol misuse. Work includes one-to-one support, a needle exchange, access to primary health care and recovery services.

**The Activity Programme** delivered on site includes a regular art, photography and digital media group, English Language classes and “taster sessions” in cooking and other practical skills. The programme is designed to help clients build confidence and engage in learning as a precursor to more structured training in the future.

**The Trainee Scheme** provides volunteering opportunities and employability support for clients with mental health or substance misuse problems. The scheme then links clients into further training and work experience with supporting companies where possible. Volunteering is based in our kitchen, enabling us to provide a breakfast service to all clients from any service each day.

We have started a process of development and change in all of our services. This means that during 2013/14 new services and a more efficient management structure will be put in place to meet the needs of our clients and make best use of resources. The new services will be as follows:



## 2 Our Strategy

Between April 2012 and March 2015, Providence Row will be working towards four key strategic aims. 2012/13 was the first year of our strategic plan, with significant progress made against each of our 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

*The Local Team* provided help to just over 100 clients during the year. Through our breakfast and drop-in, we were able to identify 45 rough sleepers who had not previously been known to the local authorities. As a result, this group then accessed significant ongoing support and help. 30 clients were re-housed with our help.

*The Reconnections Team* helped around 800 people during the year. 537 were new clients. 153 people were reconnected to their community or country of origin, 97 were helped to overcome their homelessness.

*The Complex Needs Team* supported over 300 people to address significant issues. 239 were able to access health services and the needle exchange to minimise harm associated with their drug use. We have resumed delivery of a Low Threshold Prescribing Service in partnership with the Tower Hamlets Drug and Alcohol Action Team. We have also improved our systems for assessing the mental health of clients.

*The Activity Programme* engaged over 100 clients during the year. 70 people took part in the Olympic Voices project and the Art Exhibition, we ran 28 "taster" sessions with 78 clients in total. 11 went on to participate in the Trainee Scheme. 68 people attended our English classes.

*The Trainee Scheme* helped 33 people to build confidence and skills during the year. We have worked closely with our partners, Andaz Hotel, to provide cooking workshops delivered by their chefs and work experience placements in the hotel kitchen. We have also devised an employability model to plan out how our clients move from learning into training, work experience and where possible a job.

In all services we are working more effectively in partnership with other agencies to achieve better results for clients. We have made efforts to engage our clients in our work, including involvement in fundraising, volunteering and meeting with Trustees in small groups to consult on service changes. Our review of all client work has resulted in the creation of an exciting service development plan for our work over the coming 2-3 years.

### Strategic priorities for our services in 2013/14

- To put in place our new service structure, providing greater clarity and efficiency in our delivery of help to vulnerable people. This will include two main service areas:
  - Advice and Support (Rough Sleepers Team and Homelessness Prevention Team)
  - Recovery and Progression (Specialist Support and the Learning Programme)
- To improve our engagement with the external environment, including networking and partnership work.
- To scale up our Trainee Scheme to encompass gardening and buildings maintenance as well as our kitchen-based scheme.

- To complete improvements to our site (specifically our courtyard garden and third floor meeting area in the Dellow Centre), making us a more inclusive and welcoming place, as well as deriving an increase in income.

**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**

An organisational communications plan is in place and will be reviewed annually. Our website has been redeveloped and is now a much better resource for clients and reflects our service provision more clearly. We held two art exhibitions for supporters and the public to raise our profile in the local area and promote our clients' abilities. We partnered with Reed Smith to run the Olympic Voices project which gave clients the opportunity to document the London 2012 Games and its impact on East London through the medium of photography and film. Our Facebook and Twitter presence has further improved. Our review of existing services provided better evidence of the impact of our work than we have previously had. The review was presented to key supporters, significantly improving their understanding of our work. A better awareness of the policy environment in which we work is developing across the charity.

Our plans to develop our courtyard as a colourful and welcoming urban garden are well under way. This is an exciting and transformative project for the charity and will change the environment in which we provide services for clients. Crossrail's contractor, BBMV, is our main partner in this project. We submitted a successful bid to the Big Lottery Fund to develop and scale up our Learning Programme, beginning in August 2013. We are developing plans for the art group to concentrate on projects which enhance both the internal and external environment on site. We have developed our work to prepare for social enterprise, with a strategy in place to take this work forward.

### **Strategic priorities for our communications and development work in 2013/14**

- To complete an equalities impact assessment to improve our reach in the local community.
- To improve our promotion of all of our services, based on clear referral criteria.
- To continue to develop our social media presence – attracting support and interest from the next generation of supporters.
- Complete garden and third floor improvements, aligning the work of the art group to this as appropriate.
- Develop a mediation project to prevent evictions from hostels in Tower Hamlets.
- Develop our social enterprise strategy so that we are in a position to launch two small businesses generating an initial income stream during the year.



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

**Achievements**

Stability is key to our clients and we believe that ensuring a sound, sustainable financial basis for all that the charity does is of the utmost importance.

We have invested in the finance team and put in place new systems to improve our financial management. This has included new accounting software, budgeting processes and better information exchange between the finance and fundraising staff. Progress has been made to develop 3 year financial forecasts based on the service, fundraising and social enterprise development plans for the charity.

During the year, we established a short life working group to look at our properties. This work has been very generously supported by Londonewcastle, GL Hearn and Featherstone Young architects and has enabled the charity to make strategic long term decisions about property, including cyclical maintenance, tenancy arrangements and freehold interests. We have reviewed our investments and cash deposits portfolio to ensure we are balancing income generation with management of risk.

Having invested in the fundraising team by appointing a Fundraising Manager in January 2012 and putting in place a new full time Development Officer role, fundraising income for the year (excluding legacies, gifts in kind and donated services) was £287,322, compared with £268,347 in 2011/12. This represents good progress in what remains a highly challenging economic environment. We are working on a 3 year fundraising plan which will be aligned to our 3 year financial forecasts, covering our main areas of fundraising including individual giving, community giving, events, legacies, companies and trusts.

**Strategic priorities for our financial management, fundraising and assets work in 2013/14**

- To develop and refine medium-term forecasts based on modest growth and development for the charity over 3 years – with an accompanying fundraising strategy.
- To review our reserves and investment policies, to ensure they reflect the current and likely future position of the charity.
- To increase income generated from our buildings through letting space to tenants and increasing room hire in our refurbished third floor meeting room area.
- To carefully assess our options in relation to our freehold property on Spelman Street, taking into account the long term financial interests of the charity.

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

**Achievements**

At the beginning of the year, we reviewed the document "The Spirit of Providence Row" which sets out the charity's core values and guiding principles (see page 4 above). As a result, we have implemented a training programme with all staff to explore how we put these values into action. This has been highly successful and is making an impact on the way in which staff work together and how we work with clients.

We put in place an organisational planning process, linking strategic priorities with individual staff performance. It involved updating our appraisal system so that it takes into account the achievement of organisational objectives and our core values. We have also reviewed our HR strategy and completed an initial policy audit to help us to manage staff and resources more effectively. In our work with clients, we have made some progress with Monitoring and Evaluation by creating a service matrix which links our client work with the Outcomes Star.

We have put in place a new process for managing facilities and have a better understanding of our buildings maintenance responsibilities. We have hosted a record number of corporate team challenges and attracted considerable pro bono professional support for the charity. Trustees have accepted the NCVO Code of Good Governance and each year will review the governance of the charity using the code framework. We have completed two successful Trustee away-days looking at fundraising, services and governance.

**Strategic priorities for our systems, procedures and facilities work in 2013/14**

- To review all service based policies, customer care procedures and staff job descriptions to ensure that all of our activity with clients is delivered in a way which is consistent with the core values of the charity.
- To put in place business plans for all services, so that each activity we deliver is thoroughly thought through and planned over the long term.
- To increase the capacity of middle and senior managers to understand core business skills including marketing, monitoring and evaluation, report writing, managing a budget, fundraising / income generation, networking / market intelligence.
- To improve the ability of staff to demonstrate impact in all our areas of activity.
- To implement the HR strategy, including volunteers as well as paid staff.
- To put in place an IT plan for the charity – to include how we intend to use IT in the future, the required equipment and servicing and costs.
- To review and update our governance business cycle, to include an annual review of good governance and the implementation of an updated risk register.

### **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). 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 2013 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.

### **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 and Communications
- 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, the Finance Manager (from May 2013, the Head of Finance) and the Business Development Manager (from April 2013, 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, including their invaluable help both with front line service delivery and with office administration. 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.

## **Providence Row: Trustees' Annual Report and Accounts for the Year Ended 31 March 2013**

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 around 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 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. The charity also owns a property in Spelman Street E1 (Peter Rigby House, also previously known as the Satellite Centre). 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, and Personal Safety.

### **4 Staff and Volunteers**

The charity currently employs 27 staff.

The charity currently has 18 regular volunteers contributing hours equivalent to 5 full time equivalent roles. Our volunteers during the year to March 2013 have included:

- 3 Sisters of Mercy
- 13 other regular community volunteers
- 2 interns/full time but short term volunteers
- Approximately 140 people from local employers who have volunteered to support the charity, including pro bono professional advice, team challenges, fundraising and skills sharing with clients.

### **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 "unitised" equity related investments, managed by the charity's investment advisors. The primary objective of the investment strategy is to preserve the long-term real value of the charity's permanent endowment, whilst providing a good level of income which may be deployed by the charity to further its objectives.

## Providence Row: Trustees' Annual Report and Accounts for the Year Ended 31 March 2013

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. 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 2013, the charity's Endowment fund generated an overall return of £95,202 (equating to a total return of +19%), incorporating investment income of £15,377, realised gains of £9,588, unrealised gains of £74,265 less net management fees of £4,028 (2012: total return of £2,446 or +0.7%). The "gross of fee" return for comparison was c. 20% (2012: +1.5%). This gross return of c. 20% for the Endowment fund is in excess of the WM Charities Index return of +13.8% and ahead of both UK and Global equities (+16.8% and +18.4% respectively).

During the year to 31 March 2013, the charity's managed cash deposit portfolio generated interest income of c. £36,300, equivalent to a return on average balances over the year of c. 2.2%. In view of the continuing low interest rate environment, the charity expects its interest income to decline over the coming year.

## **5.2 Overview of results for the year**

The charity's total income for the year of £985,014 (2012: £1,108,875) can be analysed as follows:

|  | 2012/13<br>£'000 | % of total<br>income | 2011/12<br>£'000 | % of total<br>income |
|--|------------------|----------------------|------------------|----------------------|
| Fundraising income *                                       | 287.3            | 29.2%                | 268.3            | 24.2%                |
| Legacies   | 95.3             | 9.7%                 | 353.8            | 31.9%                |
| Homelessness Transition Fund                               | 113.5            | 11.5%                | -                | -                    |
| Income from charitable activities (local authority grants) | 233.1            | 23.7%                | 284.0            | 25.6%                |
| Investment and rental income                               | 217.9            | 22.1%                | 192.6            | 17.4%                |
| Other income, gifts in kind and donated services           | 37.9             | 3.8%                 | 10.1             | 0.9%                 |
| <b>Total income</b>  | <b>985.0</b>     | <b>100.0%</b>        | <b>1,108.9</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 £1,172,287 (2012: £1,093,490) breaks down as follows:

|  | 2012/13<br>£'000 | % of total<br>expend-<br>iture | 2011/12<br>£'000 | % of total<br>expend-<br>iture |
|--|------------------|--------------------------------|------------------|--------------------------------|
| Costs of generating funds                          | 169.0            | 14.4%                          | 132.8            | 12.2%                          |
| Costs of core services, excl. depreciation charges | 688.8            | 58.8%                          | 764.4            | 69.9%                          |
| Costs of development activities                    | 167.6            | 14.3%                          | 51.9             | 4.7%                           |
| Governance costs                                   | 53.9             | 4.6%                           | 59.1             | 5.4%                           |
| Depreciation charges                               | 93.0             | 7.9%                           | 85.3             | 7.8%                           |
| <b>Total expenditure</b>                           | <b>1,172.3</b>   | <b>100.0%</b>                  | <b>1,093.5</b>   | <b>100.0%</b>                  |

## Providence Row: Trustees' Annual Report and Accounts for the Year Ended 31 March 2013

The charity recorded a net deficit (total income less total expenditure before other recognised gains and losses) of £187,273 (2012: net surplus of £15,385 before accounting for the transfer of assets from Providence Row Charity on incorporation on 31 March 2011 totalling £9,076,694).

After net gains on investment assets of £83,853 (2012: net losses of £5,941) and a loss on disposal of a fixed asset of £719, the net movement in funds of the charity during the year was a negative movement of £104,139 (2012: positive £9,086,138 including the transfer of assets from the old unincorporated charity, or a positive movement of £9,444 excluding this transfer of assets).

Our fundraising performance in 2012/13 has continued to be very encouraging in a challenging economic climate, with especially strong growth in fundraising from trusts and foundations and in community fundraising.

During the year we received £113,470 of funding from the Government's Homelessness Transition Fund, the first stage of a three year award totalling just over £208,000. During 2012/13 the grant funding has enabled us:

- To establish the post of Business Development Manager, taking forward our plans for growing the charity's independent income, looking at options for our properties and laying the groundwork for social enterprise
- To deliver bespoke training for all of the charity's staff, focusing on exploring ways of working together and with clients which fully reflect the core values of Providence Row
- To develop our Buildings Maintenance Trainee Scheme pilot
- To underpin our successful Financial Systems Improvement plan

Approximately £40,000 of the first year's grant has been carried over to be spent in the first half of 2013/14, including on the delivery of the Buildings Maintenance Trainee Scheme pilot, which was successfully concluded in June 2013.

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

- The increase in 'costs of generating funds' partly reflects the appointment of the Fundraising Manager in January 2012, as well as the creation of a dedicated Development Officer position from May 2012, which has freed up the capacity of other members of the Fundraising team to focus on current fundraising
- The fall in costs attributable to core services reflects primarily the closure of the Night Service at the end of 2011/12 (with the discontinuance of the LBTH Night Service grant)
- This year we have seen a significant step-up in the costs of development activities, which is attributable to:
  - Creation of the Development Officer post
  - Creation of the Business Development Manager role, funded by the Homelessness Transition Fund
  - Investment in bespoke training for all staff, also funded by the Homelessness Transition Fund
  - Expenditure of around £23,000 in 2012/13 on the development of our new urban garden (which has been completed in the first quarter of 2013/14)

### 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 2013, the Endowment Fund amounted to £572,518.

#### ***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 12 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 2013 this fund stood at £2,688,000.

#### ***Designated funds***

As at 31 March 2013, 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 March 2013, this fund stood at £3,877,197.

##### *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. The level of this fund was set at £150,000 as at 31 March 2012 and has been used during the period under review to cover the key staff costs incurred in developing important new sources of external income, especially in developing relationships



## Providence Row: Trustees' Annual Report and Accounts for the Year Ended 31 March 2013

with larger trusts and foundations. It is anticipated that the fund will continue to be used to fund similar costs over the next two financial years to March 2015.

In addition, as at 31 March 2013 the Trustees have decided to transfer 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 which have arisen during 2012/13 and which continue to be pursued. It is anticipated that, if successful, these plans will allow Providence Row to increase its independent income through development of its property assets. It is 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. Following this transfer, the balance of the Development reserve stood at £402,217 as at 31 March 2013.

### *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 3-5 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 2013, 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 set the level of this fund at £800,000 as at 31 March 2013, equating to between eight and nine months of planned prospective cash operating expenditure.

### *Other designated funds*

As at 31 March 2013, the Trustees have decided to earmark an amount of £25,000 to develop specific key aspects of our Learning Programme as well as to fund essential training for new members of staff. A corresponding amount has therefore been transferred from General Funds to create this designated fund. This sum represents part of a legacy from the estate of a benefactor totalling £80,430, which was notified to the charity during the year.

### **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 is £950,000. This compares to the actual level of free reserves at 31 March 2013 of £1,050,432. Under its strategic plan and current three-year financial forecasts, the charity expects that its level of free reserves will fall towards the target level of £950,000 over the next three years as a result of operating deficits.

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 11 to 15 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:

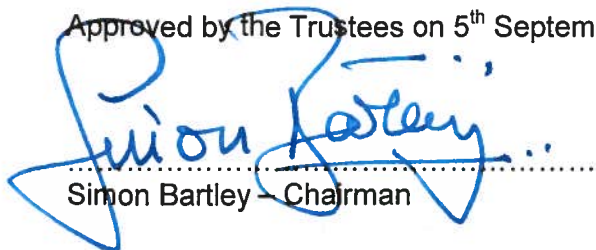
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 5<sup>th</sup> September 2013 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 2013 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 18, 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 2013 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.

..... *N J Wakefield* .....  
Nicola Wakefield (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

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

Date: *1 October 2013*

## Section C: Financial Statements

### Statement of Financial Activities for the year ended 31 March 2013 (incorporating an income and expenditure account)

| Income and Expenditure  | Notes    | General Funds<br>£ | Designated Funds<br>£ | Restricted Funds<br>£ | Endow-<br>ment Fund<br>£ | Total<br>2013<br>£ | Total<br>2012<br>£ |
|---|----------|--------------------|-----------------------|-----------------------|--------------------------|--------------------|--------------------|
| <b>Incoming Resources</b>   |          |                    |                       |                       |                          |                    |                    |
| <i>Incoming resources from generated funds</i>                                      | 2        |                    |                       |                       |                          |                    |                    |
| Voluntary income: donations and gifts   |          | 137,708            | -                     | 41,884                | -                        | 179,592            | 151,930            |
| Legacies  |          | 95,294             | -                     | -                     | -                        | 95,294             | 353,843            |
| Grant income from trusts and foundations  |          | 40,027             | -                     | 79,800                | -                        | 119,827            | 96,060             |
| Homelessness Transition Fund grant  |          | -                  | -                     | 113,470               | -                        | 113,470            | -                  |
| Fundraising events  |          | 13,665             | -                     | -                     | -                        | 13,665             | 20,357             |
| Investment income   |          | 52,298             | -                     | -                     | -                        | 52,298             | 46,008             |
| Rental income   |          | 165,620            | -                     | -                     | -                        | 165,620            | 146,608            |
| <i>Incoming resources from charitable activities</i>                                | 2        |                    |                       |                       |                          |                    |                    |
| Activities funded by local authority grants   |          | -                  | -                     | 233,125               | -                        | 233,125            | 284,000            |
| Other incoming resources  |          | 12,123             | -                     | -                     | -                        | 12,123             | 10,069             |
| <b>Total incoming resources</b>   |          | <b>516,735</b>     | <b>-</b>              | <b>468,279</b>        | <b>-</b>                 | <b>985,014</b>     | <b>1,108,875</b>   |
| <b>Resources Expended</b>   |          |                    |                       |                       |                          |                    |                    |
| <i>Costs of generating funds</i>  |          |                    |                       |                       |                          |                    |                    |
| Fundraising and communications  |          | (155,229)          | (2,633)               | (7,104)               | -                        | (164,966)          | (129,179)          |
| Investment management costs   |          | -                  | -                     | -                     | (4,028)                  | (4,028)            | (3,674)            |
| <i>Costs of charitable activities</i>   |          |                    |                       |                       |                          |                    |                    |
| Advice and support for homeless people  |          | (231,776)          | (29,654)              | (216,558)             | -                        | (477,988)          | (528,173)          |
| Learning, training, and specialised services for homeless people                    |          | (123,932)          | (18,870)              | (161,033)             | -                        | (303,835)          | (321,508)          |
| Development activities  |          | (38,539)           | (50,642)              | (78,377)              | -                        | (167,558)          | (51,869)           |
| Governance costs  |          | (49,201)           | (3,000)               | (1,711)               | -                        | (53,912)           | (59,087)           |
| <b>Total resources expended</b>   | 3        | <b>(598,677)</b>   | <b>(104,799)</b>      | <b>(464,783)</b>      | <b>(4,028)</b>           | <b>(1,172,287)</b> | <b>(1,093,490)</b> |
| <b>Total incoming resources less total resources expended</b>                       |          | <b>(81,942)</b>    | <b>(104,799)</b>      | <b>3,496</b>          | <b>(4,028)</b>           | <b>(187,273)</b>   | <b>15,385</b>      |
| Transfer of assets from the unincorporated charity at 31 March 2011                 |          | -                  | -                     | -                     | -                        | -                  | 9,076,694          |
| <b>Net (outgoing) / incoming resources before transfers between funds</b>           |          | <b>(81,942)</b>    | <b>(104,799)</b>      | <b>3,496</b>          | <b>(4,028)</b>           | <b>(187,273)</b>   | <b>9,092,079</b>   |
| Transfers between funds   | 12,13,14 | (31,147)           | 36,779                | (5,632)               | -                        | -                  | -                  |
| <b>Net (outgoing) / incoming resources before other recognised gains and losses</b> |          | <b>(113,089)</b>   | <b>(68,020)</b>       | <b>(2,136)</b>        | <b>(4,028)</b>           | <b>(187,273)</b>   | <b>9,092,079</b>   |
| Net gains / (losses) on investments   |          |                    |                       |                       |                          |                    |                    |
| Realised  |          | -                  | -                     | -                     | 9,588                    | 9,588              | (8,245)            |
| Unrealised  | 7        | -                  | -                     | -                     | 74,265                   | 74,265             | 2,304              |
| Net losses on fixed assets  |          |                    |                       |                       |                          |                    |                    |
| Realised loss on disposal   | 13       | -                  | (719)                 | -                     | -                        | (719)              | -                  |
| <b>Net movement in funds</b>  |          | <b>(113,089)</b>   | <b>(68,739)</b>       | <b>(2,136)</b>        | <b>79,825</b>            | <b>(104,139)</b>   | <b>9,086,138</b>   |
| Fund balances at beginning of period  |          | 363,521            | 5,473,153             | 2,756,771             | 492,693                  | 9,086,138          | -                  |
| <b>Fund balances at 31 March</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>   |

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 11 – 14 of the financial statements.

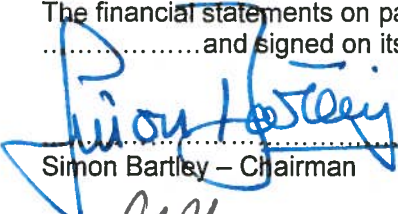
**Providence Row: Trustees' Annual Report and Accounts for the Year Ended 31 March 2013**

Registered company number: 07452798  
Charity number: 1140192

**Balance Sheet  
as at 31 March 2013**

|   | Notes | 2013            |                  | 2012             |                  |
|---|-------|-----------------|------------------|------------------|------------------|
|   |       | £               | £                | £                | £                |
| <b>Fixed Assets</b>                     |       |                 |                  |                  |                  |
| Tangible fixed assets                   | 6     |                 | 6,565,197        |                  | 6,647,153        |
| Investments                             | 7     |                 | 2,200,827        |                  | 2,157,868        |
| <b>Current Assets</b>                   |       |                 |                  |                  |                  |
| Debtors                                 | 8     | 172,392         |                  | 126,548          |                  |
| Cash at bank and in hand                |       | <u>135,496</u>  |                  | <u>289,613</u>   |                  |
|   |       | 307,888         |                  | 416,161          |                  |
| <b>Current Liabilities</b>              |       |                 |                  |                  |                  |
| Amounts falling due within one year     | 9     | <u>(91,913)</u> |                  | <u>(135,044)</u> |                  |
| <b>Net Current Assets</b>               |       |                 | <u>215,975</u>   |                  | <u>281,117</u>   |
| <b>Net Assets</b>                       |       |                 | <u>8,981,999</u> |                  | <u>9,086,138</u> |
| <b>Funds</b>                            |       |                 |                  |                  |                  |
| <b>Endowment Fund</b>                   | 11    |                 | 572,518          |                  | 492,693          |
| <b>Restricted Income Funds</b>          |       |                 |                  |                  |                  |
| Tangible fixed asset fund: Restricted   | 12    | 2,688,000       |                  | 2,744,000        |                  |
| Other restricted income funds           |       | <u>66,635</u>   |                  | <u>12,771</u>    |                  |
|   |       |                 | 2,754,635        |                  | 2,756,771        |
| <b>Designated Funds</b>                 |       |                 |                  |                  |                  |
| Tangible fixed asset fund: Unrestricted | 13    | 3,877,197       |                  | 3,903,153        |                  |
| Development reserve                     |       | 402,217         |                  | 150,000          |                  |
| Cyclical maintenance and repairs fund   |       | 300,000         |                  | 300,000          |                  |
| Contingency fund: Charity running costs |       | 800,000         |                  | 1,100,000        |                  |
| Other designated funds                  |       | <u>25,000</u>   |                  | <u>20,000</u>    |                  |
|   |       |                 | 5,404,414        |                  | 5,473,153        |
| <b>General Funds</b>                    | 14    |                 | <u>250,432</u>   |                  | <u>363,521</u>   |
| <b>Total Funds</b>                      | 15    |                 | <u>8,981,999</u> |                  | <u>9,086,138</u> |

The financial statements on pages 22 to 35 were approved by the Board of Trustees on 5<sup>th</sup> September 2013 and signed on its behalf by:

  
Simon Bartley – Chairman

  
Richard Solomon – Honorary Treasurer

The notes on pages 24 to 35 form an integral part of these financial statements.

## Notes to the Financial Statements For the year ended 31 March 2013

### 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 and the prior period comparative figures shown in these financial statements are those for the period from the date of incorporation to 31 March 2012. Providence Row is the corporate successor to the unincorporated charity known as Providence Row Charity ('PRC') (charity number 207454). 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. As a result, the prior period comparative income and expenditure figures shown in these financial statements substantially relate to the activities of the charitable company over the 12 month period from 1 April 2011 to 31 March 2012, with no transactions in fact having taken place in the charitable company between incorporation and the transfer of charitable undertaking.

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').

As explained above, PRC's assets, liabilities, employees, operations and activities were transferred as a going concern to Providence Row on 31 March 2011, part way through the prior reporting period. In accordance with applicable accounting standards, the assets transferred from PRC to Providence Row were brought on to the balance sheet of Providence Row at fair value as at the date of transfer. In the case of the charity's main freehold properties, the Dellow Centre complex and Peter Rigby House in Spelman Street E1, the Trustees took advice from a firm of appropriately qualified Chartered Surveyors in order to ascertain "fair value" of the properties at the date of transfer (see note 1d(i)).

#### 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 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.

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<br>£ | Restricted funds<br>£ | 2013<br>Total<br>£ | 2012<br>Total<br>£ |
|--|--------------------|-----------------------|--------------------|--------------------|
| Individuals*   | 44,484             | 1,964                 | 46,448             | 51,128             |
| Corporates*  | 29,800             | 39,920                | 69,720             | 74,329             |
| Community groups                                     | 26,883             | -                     | 26,883             | 15,899             |
| Gift Aid reclaimed                                   | 10,779             | -                     | 10,779             | 10,574             |
| Gifts in kind / donated services and facilities      | 25,762             | -                     | 25,762             | -                  |
| Legacies   | 95,294             | -                     | 95,294             | 353,843            |
| Trusts and foundations                               | 40,027             | 79,800                | 119,827            | 96,060             |
| Homelessness Transition Fund grant                   | -                  | 113,470               | 113,470            | -                  |
| Fundraising events                                   | 13,665             | -                     | 13,665             | 20,357             |
| Investment income                                    | 52,298             | -                     | 52,298             | 46,008             |
| Rental income  | 165,620            | -                     | 165,620            | 146,608            |
| <b>Total incoming resources from generated funds</b> | <b>504,612</b>     | <b>235,154</b>        | <b>739,766</b>     | <b>814,806</b>     |

\* Figures for Individuals and Corporates exclude gifts in kind and donated services and facilities, which are broken out separately in the table

Rental income includes rent of £85,118 (2012: £80,224) 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 rents and service charges received from tenants for use of office space in the main freehold properties of the charity as well as rents from long term leases granted.

### b. Incoming resources from charitable activities

|  | General funds<br>£ | Restricted funds<br>£ | 2013<br>Total<br>£ | 2012<br>Total<br>£ |
|--|--------------------|-----------------------|--------------------|--------------------|
| Local authority grants:                                    |                    |                       |                    |                    |
| LB Tower Hamlets: Day Services                             | -                  | 156,125               | 156,125            | 143,000            |
| LB Tower Hamlets: Supported Reconnections                  | -                  | 21,000                | 21,000             | -                  |
| LB Tower Hamlets: Night Service                            | -                  | -                     | -                  | 75,000             |
| LBTH Drug & Alcohol Action Team: Substance Misuse          |                    |                       |                    |                    |
| Worker and Needle Exchange Services                        | -                  | 40,000                | 40,000             | 40,000             |
| City of London: Mental Health Services                     | -                  | 16,000                | 16,000             | 16,000             |
| City of London: English Classes                            | -                  | -                     | -                  | 10,000             |
| <b>Total incoming resources from charitable activities</b> | <b>-</b>           | <b>233,125</b>        | <b>233,125</b>     | <b>284,000</b>     |

The above grants were fully expended in the year.

### 3 Total Resources Expended

|   | Direct<br>costs<br>£ | Support<br>costs<br>£ | 2013<br>Total<br>£ | 2012<br>Total<br>£ |
|---|----------------------|-----------------------|--------------------|--------------------|
| <b>Costs of generating funds</b>                                |                      |                       |                    |                    |
| Fundraising and communications                                  | 116,016              | 48,950                | 164,966            | 129,179            |
| Net investment management costs*                                | 4,028                | -                     | 4,028              | 3,674              |
| <b>Costs of charitable activities</b>                           |                      |                       |                    |                    |
| Advice and support for homeless people                          | 309,938              | 168,050               | 477,988            | 528,173            |
| Learning, training and specialised services for homeless people | 197,222              | 106,613               | 303,835            | 321,508            |
| Development activities  | 125,966              | 41,592                | 167,558            | 51,869             |
| <b>Governance costs</b>   | 40,439               | 13,473                | 53,912             | 59,087             |
| <b>Total resources expended</b>                                 | <b>793,609</b>       | <b>378,678</b>        | <b>1,172,287</b>   | <b>1,093,490</b>   |

\* Investment management costs are stated net of cash rebates of £937 (2012: £520). These rebates are credited to cash deposits within 'Investments' (see note 7).

### Support Costs

Support costs can be analysed as follows:

|   | Staff<br>costs<br>£ | Office/<br>premises<br>costs<br>£ | Deprec-<br>iation<br>£ | 2013<br>Total<br>£ | 2012<br>Total<br>£ |
|---|---------------------|-----------------------------------|------------------------|--------------------|--------------------|
| <b>Costs of generating funds</b>                                |                     |                                   |                        |                    |                    |
| Fundraising and communications                                  | 24,523              | 24,427                            | -                      | 48,950             | 50,806             |
| <b>Costs of charitable activities</b>                           |                     |                                   |                        |                    |                    |
| Advice and support for homeless people                          | 45,947              | 65,259                            | 56,844                 | 168,050            | 161,289            |
| Learning, training and specialised services for homeless people | 28,916              | 41,525                            | 36,172                 | 106,613            | 101,482            |
| Development activities  | 15,069              | 26,523                            | -                      | 41,592             | 36,401             |
| <b>Governance costs</b>   | 4,959               | 8,514                             | -                      | 13,473             | 34,023             |
| <b>Total</b>  | <b>119,414</b>      | <b>166,248</b>                    | <b>93,016</b>          | <b>378,678</b>     | <b>384,001</b>     |

### 4 Staff Costs

|  | 2013<br>£      | 2012<br>£      |
|--|----------------|----------------|
| Wages and salaries   | 691,812        | 640,263        |
| Employer's National Insurance costs                                | 71,230         | 65,718         |
| Pension costs – defined contribution                               | 11,985         | 10,467         |
| Other staff costs (including redundancy, recruitment and training) | 33,235         | 45,287         |
| <b>Total</b>   | <b>808,262</b> | <b>761,735</b> |

During the year there was one employee whose gross salary fell within the banding £60,000 to £69,999 (2012: none). Employer payments in the year to a defined contribution pension scheme in respect of this employee totalled £3,030.

No member of the Board of Trustees or any person connected with the Trustees received remuneration for their services during the year (2012: none). No Trustee received reimbursement of expenses incurred for services provided to the charity during the year (2012: none).

## Providence Row: Trustees' Annual Report and Accounts for the Year Ended 31 March 2013

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

|   | 2013        | 2012        |
|---|-------------|-------------|
| <b>Function</b>                                   |             |             |
| Fundraising, communications, publicity and events | 3.1         | 2.8         |
| Charitable activities (excluding Development)     | 14.2        | 16.5        |
| Charitable activities: Development                | 2.6         | -           |
| Governance/Finance/Support                        | 3.5         | 3.9         |
| <b>Total</b>                                      | <b>23.4</b> | <b>23.2</b> |

### 5 Costs of Audit and Non-Audit Services

|  | 2013<br>£     | 2012<br>£     |
|--|---------------|---------------|
| <b>Audit fee:</b>  |               |               |
| Current year   | 11,334        | 11,334        |
| Prior year underprovision                                | 154           | 1,334         |
| <b>Fees for other services provided by the auditors:</b> | <b>-</b>      | <b>7,445</b>  |
| <b>Total</b>   | <b>11,488</b> | <b>20,113</b> |

### 6 Tangible Fixed Assets

|  | Freehold<br>land and<br>buildings<br>in use<br>£ | Freehold<br>properties<br>let on long<br>leases<br>£ | Office<br>furniture<br>and<br>equipment<br>£ | Computer<br>Equipment<br>£ | Total<br>£ |
|--|--|--|--|----------------------------|------------|
| <b>Cost or 'Fair Value' on incorporation<sup>1</sup></b> |  |  |  |                            |            |
| Balance at 1 April 2012                                  | 6,262,312  | 450,000  | 20,162                                       | -                          | 6,732,474  |
| Additions  | -  | -  | 8,866  | 2,913                      | 11,779     |
| Disposals  | -  | -  | (1,278)                                      | -                          | (1,278)    |
| Balance at 31 March 2013                                 | 6,262,312  | 450,000  | 27,750                                       | 2,913                      | 6,742,975  |
| <b>Accumulated depreciation</b>                          |  |  |  |                            |            |
| Balance at 1 April 2012                                  | 72,312   | 4,198  | 8,811  | -                          | 85,321     |
| Charge for the year                                      | 80,746   | 4,198  | 7,101  | 971                        | 93,016     |
| Disposals  | -  | -  | (559)  | -                          | (559)      |
| Balance at 31 March 2013                                 | 153,058  | 8,396  | 15,353                                       | 971                        | 177,778    |
| <b>Net book value</b>                                    |  |  |  |                            |            |
| At 31 March 2013   | 6,109,254  | 441,604  | 12,397                                       | 1,942                      | 6,565,197  |
| At 31 March 2012   | 6,190,000  | 445,802  | 11,351                                       | -                          | 6,647,153  |

<sup>1</sup> See notes 1a and 1d(i).

'Freehold land and buildings in use' includes £2,225,000 of land that is not depreciated. All assets were used for charitable purposes.

## 7 Fixed Asset Investments

|   | 2013<br>Cost<br>£ | 2013<br>Market<br>value<br>£ | 2012<br>Cost<br>£ | 2012<br>Market<br>value<br>£ |
|---|-------------------|------------------------------|-------------------|------------------------------|
| <b>Unitised investments held within Endowment fund</b>  |                   |                              |                   |                              |
| Balance at 1 April 2012 (prior period: transfer of assets from unincorporated charity at 31 March 2011) | 425,472           | 483,981                      | 430,176           | 487,625                      |
| Less: Disposals   | (40,667)          | (51,514)                     | (81,879)          | (78,929)                     |
| Add: Acquisitions   | 61,021            | 61,021                       | 77,175            | 77,175                       |
| Less: gross management fees incurred  | -                 | (4,965)                      | -                 | (4,194)                      |
| Unrealised gains on revaluation   | -                 | 74,265                       | -                 | 2,304                        |
| Balance at 31 March 2013  | 445,826           | 562,788                      | 425,472           | 483,981                      |
| <b>Cash deposits</b>  | <b>1,638,039</b>  | <b>1,638,039</b>             | <b>1,673,887</b>  | <b>1,673,887</b>             |
| <b>Total investments at 31 March 2013</b>   | <b>2,083,865</b>  | <b>2,200,827</b>             | <b>2,099,359</b>  | <b>2,157,868</b>             |

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

|                                       | 2013<br>£ | 2012<br>£ |
|---------------------------------------|-----------|-----------|
| Schroder Income Fund                  | 100,003   | 83,263    |
| Schroder Charity Equity Fund          | 102,776   | 85,286    |
| Schroder UK Alpha Plus Fund           | 61,857    | 103,027   |
| Schroder QEP Global Active Value Fund | 128,864   | 113,669   |
| Schroder QEP Global Quality Fund      | 63,146    | 55,188    |
| SWIP Foundation Growth Fund           | 61,477    | -         |

## 8 Debtors

|                | 2013<br>£      | 2012<br>£      |
|----------------|----------------|----------------|
| Trade debtors  | 12,612         | 9,530          |
| Prepayments    | 22,114         | 2,704          |
| Accrued income | 137,666        | 114,314        |
| <b>Total</b>   | <b>172,392</b> | <b>126,548</b> |

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

|                         | 2013<br>£     | 2012<br>£      |
|-------------------------|---------------|----------------|
| Trade creditors         | 18,752        | 9,317          |
| Tax and social security | 18,586        | 17,612         |
| Accruals                | 45,175        | 39,176         |
| Deferred income         | 9,400         | 68,939         |
| <b>Total</b>            | <b>91,913</b> | <b>135,044</b> |

## 10 Operating Lease Commitments

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

|                                      | 2013<br>£ | 2012<br>£ |
|--------------------------------------|-----------|-----------|
| <i>Office Equipment:</i>             |           |           |
| Within one year                      | -         | 480       |
| In one to two years                  | 235       | 235       |
| In two to five years                 | 2,794     | 2,794     |
| <hr/>                                |           |           |
| <i>Other Machinery and Equipment</i> |           |           |
| In two to five years                 | 3,312     | 3,312     |
| <hr/>                                |           |           |

## 11 Endowment Fund

|                             | Balance 1<br>April 2012<br>£ | Gains on<br>investments<br>(realised and<br>unrealised)<br>£ | Net<br>investment<br>management<br>fees<br>£ | Balance 31<br>March 2013<br>£ |
|-----------------------------|------------------------------|--|--|-------------------------------|
| <b>Permanent Endowments</b> |                              |  |  |                               |
| Endowment fund              | 492,693                      | 83,853   | (4,028)                                      | 572,518                       |
| <hr/>                       |                              |  |  |                               |

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



## 12 Restricted Income Funds

|  | Balance<br>1 April<br>2012<br>£ | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Transfers<br>£ | Balance<br>31 March<br>2013<br>£ |
|--|---------------------------------|----------------------------|----------------------------|----------------|----------------------------------|
| <b>Tangible fixed asset fund: Restricted</b>                                 | 2,744,000                       | -                          | (56,000)                   | -              | 2,688,000                        |
| <b>Homelessness Transition Fund</b>  | -                               | 113,470                    | (73,065)                   | -              | 40,405                           |
| <b>Fundraising, communications and publicity</b>                             |                                 |                            |                            |                |                                  |
| Anonymous – Sponsorship of Carol Service                                     | -                               | 500                        | (500)                      | -              | -                                |
| Torstone Technology – Website Redesign and Photography Project               | -                               | 9,420                      | (6,701)                    | (2,719)        | -                                |
| <b>Advice and support for homeless people</b>                                |                                 |                            |                            |                |                                  |
| LBTH Day Services Grant  | -                               | 156,125                    | (156,125)                  | -              | -                                |
| LBTH Supported Reconnections Grant   | -                               | 21,000                     | (21,000)                   | -              | -                                |
| Hamilton Wallace Trust - Reconnections                                       | -                               | 1,000                      | (1,000)                    | -              | -                                |
| Anonymous – Breakfast and related services                                   | -                               | 1,464                      | (752)                      | -              | 712                              |
| <b>Mental Health Services</b>  |                                 |                            |                            |                |                                  |
| City of London – Mental Health Services                                      | -                               | 16,000                     | (16,000)                   | -              | -                                |
| City Bridge Trust – Mental Health Services                                   | -                               | 20,000                     | (20,000)                   | -              | -                                |
| Hasluck Charitable Trust – Mental Health Staff Salaries                      | -                               | 1,000                      | (1,000)                    | -              | -                                |
| <b>Substance Misuse and Needle Exchange Services</b>                         |                                 |                            |                            |                |                                  |
| LB Tower Hamlets DAAT – Substance Misuse Worker and Needle Exchange Services | -                               | 40,000                     | (40,000)                   | -              | -                                |
| <b>Arts and Community</b>  |                                 |                            |                            |                |                                  |
| Reed Smith LLP – Olympic Voices Project                                      | 12,771                          | -                          | (12,771)                   | -              | -                                |
| London & Newcastle Capital Ltd – Olympic Voices Opening Night Event          | -                               | 500                        | (500)                      | -              | -                                |
| Streetsmart – Digital Media Project  | -                               | 10,000                     | (7,087)                    | (2,913)        | -                                |
| GLA: Showtime Community Cinema Grant   | -                               | 500                        | (500)                      | -              | -                                |
| <b>Catering Trainee Scheme</b>   |                                 |                            |                            |                |                                  |
| St John Southworth Fund  | -                               | 5,000                      | (5,000)                    | -              | -                                |
| Charlotte Bonham-Carter Charitable Trust                                     | -                               | 2,100                      | (2,100)                    | -              | -                                |
| Worshipful Company of Fan Makers   | -                               | 2,000                      | (2,000)                    | -              | -                                |
| Worshipful Company of Drapers  | -                               | 7,500                      | (7,500)                    | -              | -                                |
| G.C. Gibson Charitable Trust   | -                               | 2,000                      | (2,000)                    | -              | -                                |
| Mercers' Charitable Foundation   | -                               | 10,000                     | (9,268)                    | -              | 732                              |
| Bothwell Charitable Trust  | -                               | 2,000                      | (2,000)                    | -              | -                                |
| <b>Garden Development Project</b>  |                                 |                            |                            |                |                                  |
| BBMV   | -                               | 20,000                     | (10,000)                   | -              | 10,000                           |
| Reed Smith LLP   | -                               | 10,000                     | (6,001)                    | -              | 3,999                            |
| The British Humane Association   | -                               | 4,000                      | (4,000)                    | -              | -                                |
| John Laing Charitable Trust  | -                               | 2,500                      | -                          | -              | 2,500                            |
| The Finnis Scott Foundation  | -                               | 9,200                      | (913)                      | -              | 8,287                            |
| Charlotte Marshall Charitable Trust  | -                               | 1,000                      | (1,000)                    | -              | -                                |
| <b>Total</b>   | <b>2,756,771</b>                | <b>468,279</b>             | <b>(464,783)</b>           | <b>(5,632)</b> | <b>2,754,635</b>                 |

### 13 Designated Funds - Unrestricted

|   | Balance 1<br>April 2012<br>£ | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Transfers/<br>other<br>recognised<br>gains/<br>(losses)<br>£ | Balance 31<br>March<br>2013<br>£ |
|---|------------------------------|----------------------------|----------------------------|--|----------------------------------|
| Tangible fixed asset fund: Unrestricted | 3,903,153                    | -                          | (37,016)                   | 11,060   | 3,877,197                        |
| Development reserve                     | 150,000                      | -                          | (47,783)                   | 300,000  | 402,217                          |
| Cyclical maintenance and repairs fund   | 300,000                      | -                          | -                          | -  | 300,000                          |
| Contingency fund charity running costs  | 1,100,000                    | -                          | -                          | (300,000)  | 800,000                          |
| Other designated funds                  | 20,000                       | -                          | (20,000)                   | 25,000   | 25,000                           |
| <b>Total</b>                            | <b>5,473,153</b>             | <b>-</b>                   | <b>(104,799)</b>           | <b>36,060</b>  | <b>5,404,414</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), the Activity Centre at the same site as well as Peter Rigby House (41 Spelman Street E1, formerly known as the Satellite Centre).

Transfers in totalling £11,779 comprise a transfer from general funds of £6,147 relating to assets acquired as a gift in kind and transfers from restricted funds of £5,632 representing the cost of equipment purchased from restricted income funds. These amounts are shown net of a realised loss on disposal of an asset of £719.

#### 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 2013, amounts expended represent the costs of staff involved in generating new external sources of income and other development activity.

The transfer in of £300,000 relates to the decision of the Trustees as at 31 March 2013 to re-designate this amount 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.

#### 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:

## Providence Row: Trustees' Annual Report and Accounts for the Year Ended 31 March 2013

- 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

The transfer out of £300,000 relates to the re-designation of this amount to the Development reserve as at 31 March 2013, as described above.

### Other designated funds

The opening balance of £20,000 represents an amount received as an interim distribution to the charity from the estate of a benefactor. This amount was expended during the year to finance the extension of the Temporary Finance Manager post from September 2012 to March 2013. The transfer in of £25,000 from General Funds represents part of a legacy from a benefactor notified to the charity during the year, which the Trustees have decided to set aside to finance the development of specific key aspects of our Learning Programme as well as to fund essential training for new members of staff.

## 14 General Funds - Unrestricted

|               | Balance 1<br>April 2012<br>£ | Net outgoing<br>resources for<br>the period<br>before<br>transfers<br>£ | Transfers<br>between<br>funds<br>£ | Balance 31<br>March 2013<br>£ |
|---------------|------------------------------|---|------------------------------------|-------------------------------|
| General funds | 363,521                      | (81,942)  | (31,147)                           | 250,432                       |

Transfers out from General funds totalling £31,147 are made up of:

- A transfer of £6,147 to the designated fund 'Tangible fixed asset fund: Unrestricted' (see above); and
- A transfer of £25,000 to 'Other designated funds' (see above).

## 15 Analysis of Net Assets Between Funds

|   | Tangible<br>fixed assets<br>£ | Investments<br>£ | Net current<br>assets<br>£ | Total<br>31 March<br>2013<br>£ |
|---|-------------------------------|------------------|----------------------------|--------------------------------|
| <b>Endowment fund</b>                   | -                             | 572,518          | -                          | 572,518                        |
| <b>Restricted funds</b>                 |                               |                  |                            |                                |
| Tangible fixed asset fund: Restricted   | 2,688,000                     | -                | -                          | 2,688,000                      |
| Other restricted funds                  | -                             | -                | 66,635                     | 66,635                         |
| <b>Designated funds</b>                 |                               |                  |                            |                                |
| Tangible fixed asset fund: Unrestricted | 3,877,197                     | -                | -                          | 3,877,197                      |
| Development reserve                     | -                             | 402,217          | -                          | 402,217                        |
| Cyclical maintenance and repairs        | -                             | 300,000          | -                          | 300,000                        |
| Contingency fund charity running costs  | -                             | 800,000          | -                          | 800,000                        |
| Other designated funds                  | -                             | -                | 25,000                     | 25,000                         |
| <b>General funds</b>                    | -                             | 126,092          | 124,340                    | 250,432                        |
|   | 6,565,197                     | 2,200,827        | 215,975                    | 8,981,999                      |

