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Friends First

Report and Financial Statements

Year ended 31 December 2007



Friends First

Working with people in need

WEDNESDAY



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COMPANIES HOUSE

FRIENDS FIRST

A charitable company limited by guarantee

Financial Statements - 31 December 2007

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FRIENDS FIRST

REFERENCE AND ADMINISTRATIVE DETAILS

Friends First is a registered charity (number 1094827) and a company limited by guarantee (number 4402061)

Its registered office is

21/23 Clarendon Villas
Hove
East Sussex
BN3 3RE

The Trustees throughout the year, (unless otherwise shown), and at the date the report is signed were

K H Brooks
S J Horne
J Hosier
P L J Jarvis
N D Jones
S S Radley
N D Ring
K Wintermeyer
H Evans (appointed 12 December 2007)

Company Secretary

A Davis

The Manager of the Supported Housing Unit throughout the year was R Liddiard

The company's advisors are

Bankers:

National Westminster Bank plc
103 Church Road
Hove
East Sussex
BN3 2BF

Registered Auditors

BDO Stoy Hayward LLP
Emerald House, East Street
Epsom
Surrey
KT17 1HS

Solicitors:

Charles Russell
8 - 10 New Fetter Lane
London
EC4A 1RS

FRIENDS FIRST

TRUSTEES' ANNUAL REPORT

The trustees present their fifth report and the financial statements for the year ended 31 December 2007

STRUCTURE, GOVERNANCE AND MANAGEMENT

The company was incorporated on 22 March 2002, and is registered as a charity, registered number 1094827. It is governed by its Memorandum and Articles of Association.

The company is limited by guarantee and has no share capital.

The trustees of the company are appointed upon becoming a trustee of Clarendon Trust Ltd which is the sole corporate member of Friends First. The induction process for trustees involves supplying them with copies of the Memorandum & Articles of Association, recent Accounts and Minutes of trustees' Meetings. They are also shown the work of Friends First at the Supported Housing Unit and meet with the senior staff. Trustees meet regularly through the year and all the major decisions of the charity are made by them in consultation with the charity's managers.

Friends First is connected with Clarendon Trust Ltd (of 17 Clarendon Villas, Hove, East Sussex BN3 3RE) in that the charities have common trustees and Clarendon Trust Ltd is the sole corporate member of Friends First.

The trustees have recognised the importance of assessing and managing risk associated with the charity's objectives. The process of identifying risk is ongoing and has been an essential part of the management of the charity during the establishment of the supported housing unit. The trustees have implemented systems to ensure ongoing identification, management and documentation of foreseeable risks.

OBJECTIVES AND ACTIVITIES

The main objectives of the charitable company are to provide assistance for persons in conditions of need, hardship or distress, to advance the Christian faith, and to make gifts, donations or loans to any charitable religious institution. These objectives have not changed during the year.

The principal activity of the charity is the provision of supported housing at 60 Wilbury Road, Hove, BN3 3PA.

The vision statement of the Friends First Resettlement Programme is to see people in need equipped to achieve sustained independence.

Friends First is a partner agency in Brighton and Hove City Council's Single Homeless Strategy, and has been a provider to the Supporting People programme for Brighton and Hove since April 2003.

Friends First's experience and research had identified a need for a residential unit. The objective was to provide an environment which prepared residents to live independently, but work on the challenges of living and relating with others, and peacefully living within the wider community. The target client group, those with a history of multiple personal problems resulting in chronic homelessness, indicated the need for a robust support team and environment, 24 hour cover, and a proactive and individually tailored programme for each resident, including a comprehensive life skills programme to equip residents for independent living over a period of up to 2 years.

FRIENDS FIRST

Trustees' Report – continued

The Supported Housing Unit ("SHU") provides a house with twelve bed sitting rooms each equipped with basic cooking facilities, and communal facilities for the domestic, life skills training, and recreational needs of the residential community. A team of Christian staff comprising a manager, an assistant manager, five support workers, and a part-time administrative assistant staffs the SHU. Maintaining a well trained and highly motivated professional staff team is essential to achieving our goals.

All residents are accepted on the programme on the understanding that they will be engaging in a demanding programme designed to equip them with the knowledge, skills and attitudes necessary to achieve sustained independence.

Principally the Brighton and Hove Supporting People team refer residents. Every application is assessed on the basis of their needs, and the risks that they may represent within a residential unit, against our established referral and eligibility criteria. Every resident has an individual support plan agreed in the assessment phase. This is then regularly reviewed throughout their stay. Successful applicants agree to engage in 10 hours of life skills training each week. The various elements are designed to equip the resident to achieve sustained independence, and to meet the objectives of their individual support plan.

ACHIEVEMENTS AND PERFORMANCE

The main activity of the charitable company is operated within the freehold property at 60 Wilbury Road, Hove, which is used as a supported housing unit. The property is owned by Clarendon Trust Ltd (the sole corporate member of Friends First) and provided rent free (with effect from 1 January 2005 a rent charge was to have commenced, however due to financial restrictions no charge has been raised by Clarendon Trust Ltd) to Friends First for the purpose of running the SHU.

The charitable company is dependent upon the support from Clarendon Trust Ltd through facilities provided and continued receipt of local authority funding through the Supporting People programme. Friends First currently have a three year "steady state" contract with Supporting People which commenced in April 2008. At the year end its financial position was satisfactory.

The SHU has been successful in its performance in the contract monitoring and review conducted by the Supporting People team.

It maintains an average occupancy rate in excess of 90%. In 2007 it was 90.11%. In the past year, 11 residents have moved on from the Friends First SHU. Over 66% have moved into independent accommodation, two have returned to living with their families, one moved to other supported housing, and one person abandoned their tenancy. This is in the context of people with chronic histories of difficulty in homelessness and maintaining tenancies, coupled with a variety of life controlling issues. This year we have worked very proactively to avoid evictions and we had only one instance of abandonment. We continue to increase our success rate of people moving on to independent living, or less dependent supported housing.

Since we opened in November 2002 we have accommodated 85 people. Over the last three years we have housed 40 people, achieving an occupancy rate in excess of 90%, with over 50% of residents moving on to independent living in a planned way.

We have also satisfied the Supporting People requirements identified in our first review for Value for Money, and Equal Opportunities, and as a result moved from our initial rating for contract monitoring purposes from high risk to medium risk. In 2005 we received confirmation of Friends First being accredited by Brighton and Hove Council as a competent organisation.

FRIENDS FIRST

Trustees' Report – continued

In summary, we have established an effective SHU. We have secured the basis for ongoing contractual funding, and we are seeking to secure further funding to develop the facilities, and enable the unit to be even more effective.

FINANCIAL REVIEW

The Statement of Financial Activities on page 9 shows total incoming resources of £243,213. The charitable company has funded, out of the general fund, a variety of projects and activities, which are in line with its stated objectives. The level of activity for the year was satisfactory. There was a surplus for the year of £592.

The major source of funding for the SHU has been from Brighton & Hove City Council and the trustees are grateful for the Council's ongoing support which has been set for the contractual period of April 2008 to March 2009 at £109,497 pa. In addition Friends First expects to receive at least £67,000 in Housing Benefit and rents, and in excess of £10,000 from residents' contributions. This year Friends First has received a first instalment of £17,000 from the Henry Smith Trust, and £7,000 from the Sussex Community Foundation. We have also been successful in a number of bids for money for our resettlement worker, who has increased his input to two days per week as a result.

At the end of the year the funds of the charity were in deficit by £13,508. The trustees of Clarendon Trust Ltd have indicated that they will provide ongoing financial support for at least 12 months from the date of this report.

RESERVES POLICY

The trustees have formulated a reserves policy in line with Charity Commission guidance. This is linked to the trust's strategic plan. It is the trustees' intention to maintain free reserves sufficient to enable the trust to meet its recurring expenditure for the foreseeable future.

PLANS FOR FUTURE PERIODS

Essential tasks in achieving our aims over the next twelve months are

- Completing the Supporting People contract monitoring and review successfully and achieve Level B ("Good") across all Supporting People's "Quality Assessment Framework" Service Objectives
- Ensure that our service remains strategically relevant to the needs identified by Brighton and Hove City Council
- Develop further our Life Skills programme to equip residents to achieve sustained independence
- Increase the provision of the specialist Resettlement Worker to assist residents and staff at all stages of the 'Move-on' process
- Accessing or providing a sufficient supply of appropriate move-on housing for our residents, at the point that they are ready for more independent accommodation
- Raise funds from charitable trusts to enable us to provide sufficient staff for the Life Skills programme to operate at full intensity, and to provide move-on support and access to accommodation

FRIENDS FIRST

Trustees' Report – continued

In particular the trustees have set the following objectives for the future:

1 Continue to develop the fundraising strategy

£70,000 of our present activities has been identified as suitable projects for which we can make applications to grant making trusts. At the same time we are seeking to build up a donor base of individuals and businesses willing to make regular contributions to maintain and develop the work of Friends First. Also, to sustain and increase income sources further, three members of the Supported Housing Unit staff are dedicating their time for half a day a week on fundraising for the trusts work.

2 Obtain Funding for a full Time Move-on/resettlement Worker.

We believe the development of this role is necessary and an exciting addition to our ability to see people in need equipped for sustained independence. So far a two year grant of £5,000 p a from the charitable arm of Lloyds TSB has enabled us to employ a specialist worker one day a week. This grant has now been completed, but a further £12,000 has been raised elsewhere to increase the hours of our resettlement worker to two days per week. We have indications that a previous funder would welcome an application to fund post full time in April 2009.

3 Seek landlords willing to work cooperatively with Friends First to provide more 'move-on' capacity.

A Christian investment trust, Greenpastures, has acquired a 3 bedroom house into which it allowed us to place residents who are ready to move on. We have already moved three ex-residents into this property, and they are offered 'floating support' by our resettlement worker. Further relationships of this type will be sort in the future to secure move on accommodation for our ex residents.

4 Secure Greater Access to Tenancies for Residents

Commenced in 2007 the 'rental intermediary' scheme continues to offer security to private landlords willing to offer tenancies to residents with good references and rent paying histories. We have also been able to work more closely with the Brighton and Hove Council Housing Options team to secure greater access to tenancies.

5 Develop the Life Skills Programme

Having established the life skills programme as a means of responding effectively to the support needs of the residents identified by the needs assessment, we wish to develop the programme further in ways that will require specialist staff funded by additional monies from fundraising or statutory funding as government developments initiatives to meet the needs of adults facing chronic exclusion. We would see the development of life skills and support on a more intensive scale to

- Assist residents to return to employment
- Strengthen the relapse prevention programme
- Offer therapeutic resources in settings outside the SHU
- Offer a one to one mentoring scheme tailored to the 'lifeskills' needs of each resident

FRIENDS FIRST

STATEMENT OF TRUSTEES RESPONSIBILITIES

Charity law requires the trustees, who are also directors for Companies Act purposes, to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the net incoming or outgoing resources of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- comply with applicable United Kingdom accounting standards subject to any material departures disclosed and explained in the financial statements, and state whether the financial statements have been prepared in accordance with statements of recommended practice, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 1985 and the Charities Act 1993 and regulations thereunder. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

All of the current trustees have taken all steps that they ought to have taken to make themselves aware of any information needed by the charity's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The trustees are not aware of any relevant information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Approved by the trustees on 24th June 2008 and signed on their behalf by



A Davis
Secretary

21/23 Clarendon Villas
Hove
East Sussex
BN3 3RE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS FIRST

We have audited the financial statements of Friends First for the year ended 31 December 2007 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of Friends First for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Trustees' Report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

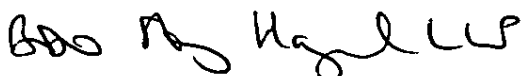
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS FIRST - continued

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity at 31 December 2007, and of the charity's incoming resources and resources expended, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with the Companies Act 1985, and
- the information provided in the Trustees' Report is consistent with the financial statements



BDO STOY HAYWARD LLP

Chartered Accountants & Registered Auditors
Epsom, Surrey

Date 26 June 2008

FRIENDS FIRST

Statement of Financial Activities For the Year Ended 31 December 2007

	Notes	2007	2006
		£	£
INCOME AND EXPENDITURE ACCOUNT			
Incoming resources from generated funds			
Voluntary income		24,721	23,967
Activities for generating funds		12,715	5,012
Investment income		511	464
Incoming resources from charitable activities	2	205,266	190,572
Total incoming resources		243,213	220,015
Resources expended			
Cost of generating funds			
Fundraising and publicity		259	3,004
Charitable activities			
Supported housing	3	239,539	236,793
Governance costs	4	2,823	3,134
Total resources expended		242,621	242,931
Net movement in funds		592	(22,916)
Fund balances brought forward at 1 January 2007		(14,100)	8,816
Fund balances carried forward at 31 December 2007		(13,508)	(14,100)

All funds are unrestricted

The net incoming resources reflect the results of continuing activities for the year

There were no recognised gains or losses for the year other than those shown on the Statement of Financial Activities

The notes on pages 11 to 15 form part of these financial statements

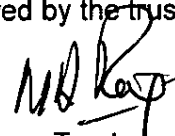
FRIENDS FIRST

Balance Sheet at 31 December 2007

	Notes	£	2007 £	£	2006 £
TANGIBLE FIXED ASSETS	6		918		2,149
CURRENT ASSETS					
Cash at bank and in hand		15,613		685	
		<u>15,613</u>		<u>685</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(30,039)		(16,934)	
NET CURRENT LIABILITIES			(14,426)		(16,249)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(13,508)</u>		<u>(14,100)</u>
FUNDS					
Unrestricted funds					
General funds	8		(15,691)		(16,283)
Designated funds	8		2,183		2,183
TOTAL FUNDS			<u>(13,508)</u>		<u>(14,100)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities

Approved by the trustees, signed on their behalf by and authorised for issue on 24/6/08


N D Ring - Trustee

The notes on pages 11 to 15 form part of these financial statements

**Notes to the Financial Statements
For the Year Ended 31 December 2007**

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and with the 2005 Statement of Recommended Practice (SORP 2005) 'Accounting and Reporting by Charities' and The Companies Act 1985

(a) Donations

Donations received are recognised in the statement of financial activities when received together with any related tax credits

(b) Allocation of expenditure

Expenditure is allocated between cost of generating funds, charitable expenditure, support costs and governance of the charitable company on an invoice basis. Overhead and support costs have been allocated to charitable expenditure

(c) Voluntary assistance

A certain amount of time is expended on the charitable company's activities which is donated free of charge. It is not possible to quantify the value of the time given, and accordingly it is neither recorded as donated income nor as an expense in the financial statements

(d) Taxation

All of the charitable company's activities and income are exempt from direct taxation

(e) Pensions

The charitable company contributes to defined contribution pension schemes. The charge to the Statement of Financial Activities for 2007 was £13,553 (2006 - £12,678)

(f) Fund accounting

An explanation of the nature and purpose of each fund is included in the notes to the financial statements. Funds held by the charity are either

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the trustees

Designated funds - these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects

Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes

FRIENDS FIRST

Notes to the Financial Statements For the Year Ended 31 December 2007

All funds held are unrestricted funds

(g) Cash flow statement

The accounts do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare a cash flow statement under FRS1 "cash flow statement"

(h) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost, less estimated residual value, of fixed assets over their estimated useful lives on a straight line basis as follows

Fixtures and fittings – 33% per annum

2 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2007 £	2006 £
Supported housing		
Local authority funding	193,767	176,239
Residents' contributions	11,499	14,333
	<u>205,266</u>	<u>190,572</u>

3 RESOURCES EXPENDED ON CHARITABLE ACTIVITIES

	Total 2007 £	Total 2006 £
Direct Costs:		
Direct staff costs	174,229	164,994
Other direct costs	30,022	30,449
	<u>204,251</u>	<u>195,443</u>
Support costs:		
Support staff costs	13,477	12,803
Other support costs	7,109	13,987
Management charge	12,886	11,689
Depreciation	1,816	2,871
	<u>239,539</u>	<u>236,793</u>

FRIENDS FIRST

Notes to the Financial Statements For the Year Ended 31 December 2007

4 GOVERNANCE COSTS

	Total 2007 £	Total 2006 £
Audit fees	<u>2,823</u>	<u>3,134</u>

5 TRUSTEES AND STAFF COSTS

No trustees received salary or expenses from the company during the year

Staff costs

	2007 £	2006 £
Gross salaries	158,156	152,755
Social security costs	15,997	13,818
Pension costs	13,553	11,224
	<u>187,706</u>	<u>177,797</u>

The average number of persons employed by the charitable company during the year was as follows

	2007 Number	2006 Number
Supported housing and support	<u>9</u>	<u>9</u>

No employees had emoluments in excess of £60,000 (2006 nil)

FRIENDS FIRST

Notes to the Financial Statements For the Year Ended 31 December 2007

6 TANGIBLE FIXED ASSETS

	Fixtures & fittings £
Cost	
1 January 2007	8,615
Additions in the year	585
	<hr/>
31 December 2007	9,200
	<hr/>
Accumulated depreciation	
1 January 2007	6,466
Charge for the year	1,816
	<hr/>
31 December 2007	8,282
	<hr/>
Net book value	
At 31 December 2007	918
At 31 December 2006	2,149
	<hr/>

7 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Bank overdraft	-	6,526
Clarendon Trust Ltd – parent undertaking	18,124	5,457
Accruals and deferred income	11,915	4,951
	<hr/>	<hr/>
	30,039	16,934
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FRIENDS FIRST

Notes to the Financial Statements For the Year Ended 31 December 2007

8 UNRESTRICTED FUNDS

	Balance at 1 January 2007 £	Movement in resources		Transfers	Balance at 31 December 2007 £
		Incoming £	Outgoing £	£	
Designated fund					
Residents' benefit	2,183	0	0	0	2,183
General fund	(16,283)	243,213	(242,621)	0	(15,691)
	<u>(14,100)</u>	<u>243,213</u>	<u>(242,621)</u>	<u>0</u>	<u>(13,508)</u>

Funds have been set aside in the Residents' benefit fund for the purpose of purchasing, for residents, items which would not otherwise be available to them

9 CONNECTED CHARITY

The charitable company is connected with Clarendon Trust Limited (of 17 Clarendon Villas, Hove, East Sussex, BN3 3RE) in that the charities have common trustees and Clarendon Trust Ltd is the sole corporate member of Friends First. During the year, a grant of £22,000 was made (2006 - nil) to Friends First. A management charge of £12,886 (2006 - £11,689) was made to Friends First from Clarendon Trust Ltd.

10 CHARITABLE COMPANY STATUS

The charitable company does not have a share capital and the liabilities of its sole member are limited to the guarantee of up to a maximum of £10.