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Friends First
Report and Financial Statements
Year ended 31 December 2014

(Company number: 4402061)

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COMPANIES HOUSE

FRIENDS FIRST

A charitable company limited by guarantee

Financial Statements - 31 December 2014

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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:

T Fahy (appointed on 16th September 2014)
S J Horne
P L J Jarvis
N D Jones
N D Ring
H Evans
J Foreman
I Bailey
K Stevens

Company Secretary A Davis

The company's advisors are:

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

Registered Auditors: BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

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

FRIENDS FIRST

TRUSTEES' ANNUAL REPORT

The trustees present their 13th report and the audited financial statements for the year ended 31 December 2014.

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 21-23 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 FOR THE PUBLIC BENEFIT

Introduction

Friends First provide pathways out of homelessness and long-term unemployment.

Our work helps to secure the homeless in safe supported housing and equip and empower the long-term unemployed to achieve paid employment and sustainable independent living.

Friends First is no longer local authority funded and itself is moving toward greater self-sustainability through the development of enterprising activities, adding greater value to our impact with no direct cost to the local economy.

Engaging its beneficiaries in the work that Friends First is paid to do decreases dependence on donors, whilst opening up multiple work experience and training opportunities for its beneficiaries.

Friends First aims to reduce the financial strain of long-term benefit dependence on the local authority by helping to impact the issues of homelessness and unemployment through the application of its 'Pathways to Housing' and 'Pathways to Employment' initiatives.

Friends First ultimately aims to positively impact the lives of local people who are currently struggling to break free from destructive cycles of dependence, social isolation, and long-term unemployment by supporting them into housing, work, and greater inclusion.

FRIENDS FIRST

Trustees' Report – continued

History

Friends First began with a group of local church volunteers delivering soup and sandwiches to street homeless men and women in the early 90's.

It quickly became apparent that the people the volunteers were coming into contact with had both complex and multiple needs e.g. mental health issues, substance misuse problems, homelessness, lacking education, unemployment etc

By 1995 the soup and sandwich run had become the weekly Friends First Drop-in for the homeless community in Brighton, serving meals and providing warm clothing, eventually moving into the Clarendon Centre building, home of the local church.

In 2002 Friends First became a registered charity and the Friends First Supported House opened its doors to its first cohort of twelve residents made up from Brighton's homeless population.

The Friends First House based itself upon a therapeutic community model, helping people tackle life-controlling issues, preparing them to live independently, and re-integrating them back into the wider community.

The main task for Friends First was now not simply meeting basic needs but also tackling underlying issues, rebuilding people's confidence, providing life-skills training, and helping individuals to find hope for their futures.

In 2010 Friends First began the Growing Together project as a progression of its life-skills programme. Growing Together, a 6 acre market garden, offered the opportunity for Friends First to develop a small micro-enterprise whilst allowing the Brighton homeless community to experience the therapeutic benefits of open spaces, working with their hands, all away from the city.

Growing Together helped Friends First to better understand the power of purpose in peoples lives, especially where access to that purpose comes within a supportive and accepting setting. Growing Together also opened up the opportunities that enterprise could offer our work.

In 2011 the Friends First Farmhouse opened its doors, using the successful therapeutic community model established at the Friends First House, but also adding in the expectation of meaningful full-time activity as part of each individuals stay.

The combination of housing, support and work-ready activity geared toward employment gave opportunity for the key 'pillars' of Friends First work to combine in one setting. As well as having a transformational effect on those accessing the service the success of the Farmhouse began to greatly impact the thinking going into Friends First development.

In 2012 Friends First trustees commissioned an independent review of the work of the charity.

The review concluded that FF would built on the lessons learnt in previous years and the success of the work based housing, but apply them in a more enterprising delivery strategy focused within Brighton and Hove and the surrounding conurbation.

Over 2013-2015 Friends First transitioned from being primarily a supported housing provider to become an enterprising pathway helping local homeless and long-term unemployed adults to access safe housing, gain work experience, and link them with opportunities to increase their employability and access to paid employment.

FRIENDS FIRST

Trustees' Report – continued

This transition was a delicate and challenging process requiring most all Friends First projects and housing to be closed. At the same time it allowed for the development of a more sustainable enterprising model, focused on securing work for the organisations beneficiaries, whilst partnering with others to provide the safe supported housing through the provision of intensive housing management and volunteer training.

ACHIEVEMENTS AND PERFORMANCE FOR THE PUBLIC BENEFIT IN 2014

Housing Pathway

22 people positively housed

5 people placed into Temporary Housing

Employment Pathway

27 people engaged in the work program in 2014

5 people work training per day on average

5.3hrs of work training per person per day on average

20 places attended weekly on average

8 people into employment in 2014

10 people continuing in training/education

9 people remained unemployed

* These statistics represent our work over a period of transition, as outlined above

FINANCIAL REVIEW

The Statement of Financial Activities on page 9 shows total incoming resources of £408,176. The charitable company has funded, out of the general fund and two designated funds, 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 deficit for the year of £22,144.

The major source of funding for Friends First for many years was the Brighton & Hove City Council's Supporting People programme, funding in excess of £92,000 per year. This contractual arrangement finished in March 2015 and no further contract was agreed. In addition Friends First received around £53,000 in Housing Benefit and rents, and in excess of £7,000 from residents' contributions. A drop in fundraising income was compensated by extra funding from Clarendon Trust. Following the aforementioned change in strategy and subsequent restructuring, budgeted expenditure for 2015 has been reduced. The trustees anticipate that future income will be secured by fundraising and enterprise activities. At the end of the year the funds of the charity were in surplus by £65,738. 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. It is the trustees' intention to create free reserves sufficient to enable the trust to meet its recurring expenditure for the foreseeable future. The trustees are actively seeking additional sources of income to cover current expenditure and maintain a sufficient level of reserves.

FRIENDS FIRST

Trustees' Report – continued

Plans for 2015

Following its process of independent review and two subsequent years of transition Friends First is now in a strong position to deliver enterprising solutions to the housing and unemployment issues faced within Brighton and Hove and East Sussex by supporting and equipping the individuals most impacted by these challenges.

Our key targets are to:

- Develop our 'Pathways to Employment' and 'Pathways to Housing' initiatives
- Grow our enterprising activities, that is activities that Friends First will be paid to undertake that simultaneously open up work experience and training opportunities for our beneficiaries
- Increase partnership working with a range of employers, businesses, agencies, and authorities in the city where those partnerships will directly benefit those accessing our support and guidance by increased access to training, education, work experience, mentoring, and employment opportunities
- Attract specific employ-ability and work-readiness Government support and funding
- Partner with local people and local organisations to secure the provision of housing to be used for socially beneficial purposes
- Train volunteers to mentor and befriend those resident
- Support residents to access appropriate move-on housing at the point that they are ready for more independent accommodation, and to link them with ongoing support
- See increasing numbers of local homeless and long-term unemployed adults access safe affordable housing and sustainable paid employment

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees, who are also directors for Companies Act purposes, are responsible for preparing the annual report and the financial statements of the charitable company in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The trustees are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that year. In preparing these financial statements, the trustees are required:

- to select suitable accounting policies and then apply them consistently;
- to make judgements and estimates that are reasonable and prudent;
- to state whether applicable accounting standards have been followed, subject to any material departures discussed and explained in the financial statements;
- to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that show and explain the charitable company's transactions, 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 2006. 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.

FRIENDS FIRST

Trustees' Report – continued

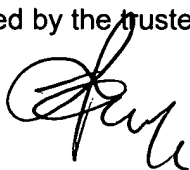
AUDITORS

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 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 provisions applicable to companies subject to the small companies regime.

Approved by the trustees on21/4/2015..... and signed on their behalf by



T Fahy
Trustee

21/23 Clarendon Villas
Hove
East Sussex
BN3 3RE

INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF FRIENDS FIRST

We have audited the financial statements of Friends First for the year ended 31 December 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement (set out on page 6), the trustees (who are also the directors of Friends First 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on 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 December 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

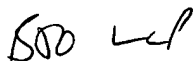
In our opinion the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SOLE MEMBER OF FRIENDS FIRST - continued

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;
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements and the trustees' report in accordance with the small companies' regime and to the exemption from the requirement to prepare a strategic report.



Andrew Stickland, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom

Date: 24 April 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

FRIENDS FIRST

Statement of Financial Activities for the Year Ended 31 December 2014

	<i>Notes</i>	2014	2013
		£	£
INCOME AND EXPENDITURE ACCOUNT			
Incoming resources from generated funds			
Voluntary income	2	202,091	107,085
Activities for generating funds	3	51,971	134,208
Incoming resources from charitable activities	4	154,113	184,605
		<hr/>	<hr/>
Total incoming resources		408,176	425,898
		<hr/>	<hr/>
Resources expended			
Cost of generating funds			
Fundraising and publicity		34,730	25,539
Charitable activities			
Supported housing	5	392,410	360,491
Governance costs	6	3,180	3,000
		<hr/>	<hr/>
Total resources expended		430,320	389,030
		<hr/>	<hr/>
Net movement in funds		(22,144)	36,868
Fund balances brought forward at 1 January 2014			
		87,882	51,014
		<hr/>	<hr/>
Fund balances carried forward at 31 December 2014		65,738	87,882
		<hr/>	<hr/>

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.

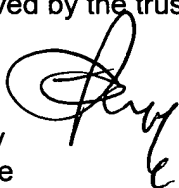
Balance Sheet at 31 December 2014

	Notes	£	2014 £	£	2013 £
TANGIBLE FIXED ASSETS	8		3,956		2,889
CURRENT ASSETS					
Debtors	9	61,509		46,397	
Cash at bank and in hand		14,603		57,441	
		<u>76,112</u>		<u>103,838</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(14,330)</u>		<u>(18,845)</u>	
NET CURRENT ASSETS			<u>61,782</u>		<u>84,993</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>65,738</u>		<u>87,882</u>
FUNDS					
Unrestricted funds					
General fund	11		65,738		75,671
Designated funds	11		-		12,211
TOTAL FUNDS			<u>65,738</u>		<u>87,882</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the trustees, signed on their behalf by and authorised for issue on21/4/2015.

T Fahy
Trustee



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

FRIENDS FIRST

Notes to the Financial Statements for the Year Ended 31 December 2014

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', the Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

(a) Incoming resources

Incoming resources are recognised in the statement of financial activities when receivable together with any related tax credits. Gifts in kind are included at estimated market value. Any income relating to future periods is deferred.

(b) Allocation of expenditure

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

(c) Voluntary assistance

A certain amount of time is expended by volunteers 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

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax arose in the year.

(e) Pensions

The charitable company contributes to defined contribution pension schemes. The charge to the Statement of Financial Activities for 2014 was £22,285 (2013 - £17,423).

(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.

All funds held are unrestricted funds.

FRIENDS FIRST

Notes to the Financial Statements for the Year Ended 31 December 2014

(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:

Vehicles/equipment – 33% per annum

2 VOLUNTARY INCOME

	2014 £	2013 £
Supported housing		
General Income	166,091	71,085
Donated facilities	36,000	36,000
	<hr/>	<hr/>
	202,091	107,085
	<hr/>	<hr/>

3 GRANTS RECEIVED

During the year the following grants of £2,000 or more were received:

HCD Memorial Fund	£10,000
Sussex Student Union	£10,000
Church Urban Fund	£5,000
Ernest Kleinwort Trust	£5,000
Brighton and Hove City Council	£3,750
Jubilee Foundation	£3,500
Beatrice Laing Trust	£3,000
Streetsmart	£2,000
Albert Hunt Trust	£2,000

4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2014 £	2013 £
Supported housing		
Local authority funding	146,607	173,448
Residents' contributions	7,506	11,157
	<hr/>	<hr/>
	154,113	184,605
	<hr/>	<hr/>

FRIENDS FIRST

Notes to the Financial Statements for the Year Ended 31 December 2014

5 RESOURCES EXPENDED ON CHARITABLE ACTIVITIES

	2014 £	2013 £
Direct Costs:		
Direct staff costs	209,275	177,546
Other direct costs	116,409	115,812
	<u>325,684</u>	<u>293,358</u>
Support costs:		
Support staff costs	15,906	15,795
Other support costs	47,215	47,912
Depreciation	3,605	3,426
	<u>392,410</u>	<u>360,491</u>

6 GOVERNANCE COSTS

	2014 £	2013 £
Audit fees	3,180	3,000
	<u>3,180</u>	<u>3,000</u>

7 TRUSTEES AND STAFF COSTS

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

Staff costs

	2014 £	2013 £
Gross salaries	215,909	184,844
Social security costs	19,151	15,562
Pension costs	22,285	17,423
	<u>257,345</u>	<u>217,829</u>

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

	2014 Number	2013 Number
Supported housing and support	10	9
	<u>10</u>	<u>9</u>

No employees had emoluments in excess of £60,000 (2013: nil).

FRIENDS FIRST

Notes to the Financial Statements for the Year Ended 31 December 2014

8 TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Office equipment £	Farm equipment £	Total £
Cost				
1 January 2014	9,719	12,268	10,295	32,282
Additions in the year	-	4,672	-	4,672
31 December 2014	9,719	16,940	10,295	36,954
Accumulated depreciation				
1 January 2014	9,017	11,107	9,269	29,393
Charge for the year	351	2,228	1,026	3,605
31 December 2014	9,368	13,335	10,295	32,998
Net book value				
At 31 December 2014	351	3,605	-	3,956
At 31 December 2013	702	1,161	1,026	2,889

9 DEBTORS

	2014 £	2013 £
Other Debtors	61,509	46,397

10 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Accruals and deferred income	14,330	18,845

FRIENDS FIRST

Notes to the Financial Statements for the Year Ended 31 December 2014

11 UNRESTRICTED FUNDS

	Balance at 1 January 2014 £	Movement in resources			Balance at 31 December 2014 £
		Incoming £	Outgoing £	Transfers £	
General fund	75,671	392,145	402,078	-	65,738
Specific Project Fund	-	567	567	-	-
Designated fund	12,211	15,464	27,675	-	-
	<u>87,882</u>	<u>408,176</u>	<u>430,320</u>	<u>-</u>	<u>65,738</u>

The designated fund was established to specifically develop Social Enterprise initiatives.

12 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.

The following transactions took place during the year:

- Rent, relating to the Supported Housing Unit, of £36,000 (2013 - £36,000) was charged, and
- Donated facilities, relating to the above rent, of £36,000 (2013 - £36,000) was received.

13 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.