

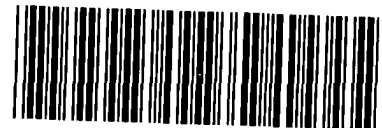
Company number: 4402061

Friends First

Report and Financial Statements

Year ended 31 December 2018

TUESDAY



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COMPANIES HOUSE

FRIENDS FIRST

Financial Statements - 31 December 2018

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FRIENDS FIRST

REFERENCE AND ADMINISTRATIVE DETAILS

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

S Horne
P Jarvis
N Jones
H Evans
J Foreman
I Bailey
K Stevens
M Sibanda
K Ball

Company Secretary A Waller

The company's advisors are:

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

Registered Auditors: Chariot House Limited
44 Grand Parade
Brighton
BN2 9QA

FRIENDS FIRST

TRUSTEES' ANNUAL REPORT

The trustees present their 17th report and the audited financial statements for the year ended 31 December 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The company was incorporated on 22 March 2002 and was registered as a charity on 28 November 2002. It is governed by its Memorandum and Articles of Association. The company is limited by guarantee and has no share capital.

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 of the company are appointed upon becoming a trustee of Clarendon Trust Ltd. 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 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.

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. The trustees have implemented systems to ensure ongoing identification, management and documentation of foreseeable risks. As per the trust's constitution, the following trustees resigned and were reappointed: Peter Jarvis, Neville Jones and James Foreman.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The trustees have had regard to the Charity Commission guidance on public benefit, and paid due regard to it in deciding what activities the charity should undertake. The trustees are satisfied that the ongoing activities which they are involved in means that the charity is continuing to meet the public benefit requirement.

Friends First Trust aims to contribute toward:

- reducing long-term unemployment
- reducing homelessness
- reducing social isolation
- increasing the provision of safe supportive housing

Friends First began with a team of volunteers delivering soup and sandwiches to men and women who were sleeping on the streets of Brighton in the early 1990's. The project quickly developed into a weekly drop-in at a local church building. In 2002 Friends First became a registered charity and started running a Supported House which offered a therapeutic community model for its residents all who had been previously homeless. Over the years, Friends First developed a comprehensive life skills programme and started various projects to support its clients including move-on accommodation, rural residential training centres, meaningful occupation and micro-enterprise opportunities.

In 2013 Friends First moved from being primarily a supported housing charity to an enterprising pathway toward employment. Friends First began to focus on **supporting** adult men and women, who were homeless and/or long-term unemployed, to gain **work experience**, access **safe housing**, and link them with opportunities to increase their employability and access to paid **employment**.

FRIENDS FIRST

Trustees' Report – continued

In 2018 Friends First provided work experience placements through a set of enterprises that offer paid for services in catering, construction & maintenance, café & barista, facilities management and cleaning. The enterprises have developed over the last few years and in 2018 enterprise income totalled £140,000, accounting for 38% of the budget (2017: £91,000, 2016: £50,000). In 2014 Friends First were 100% donor dependant.

Further to this, Friends First work with local employers who offer work experience and paid employment opportunities to those who have actively and positively engaged with the Friends First Employment Pathway.

Friends First works with socially minded property investors, enabling Friends First beneficiaries access to secure and affordable accommodation. The accommodation Friends First have available includes: short stay and emergency accommodation, shared housing and lodgings in the local community.

Friends First provides intensive paid-person support for beneficiaries to assist them in gaining momentum and achieving independent living. Alongside this Friends First recruit, screen, and train volunteer mentors and befrienders to come alongside beneficiaries living in their local communities. The charity also has access to counselling referral and regularly work alongside and signpost to other like-minded agencies in the city.

Friends First join with local partners and other public sector organisations to share learning, and support the development of other charities who are finding more enterprising operational models that decrease their dependence on donors.

ACHIEVEMENTS AND PERFORMANCE FOR THE PUBLIC BENEFIT IN 2017

In 2018 Friends First achieved the following results:

Pathways to Employment

- 31 people engaged with volunteer work experience on the Employment Pathway, an increase of 14% on the year before.
- 42% accessed employment.
- This increases to 65% when we include people who accessed further education, training and work placements.
- People averaged 12 months engaged on the pathway.
- At the end of 2018 Friends First had 65 connected local organisations available for work experience, training or employment opportunities.

Pathways to Housing

- 5 individuals and a mother with three children have been accommodated across two properties. 3 have paid work and are in the process of moving on. Two others have been identified to move in.
- 1 person is lodging with a local family connected to Friends First
- 29 hours of Housing support sessions
- 7 hours of in-house Relapse Prevention sessions plus signposting to specialist support.

FRIENDS FIRST

Trustees' Report – continued

Support

- 178 hours of individual Trainee support sessions
- 130 hours of Therapy sessions (Group Work, Life Coaching, Counselling)
- 50 Mentor Support hours delivered by Emmanuel volunteer mentors
- 88 hours of staff team and volunteer team training

FINANCIAL REVIEW

The Statement of Financial Activities on page 10 shows total incoming resources of £372,062. The charitable company has funded 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 £4,210. Friends First developed more diverse income streams by accessing new resources from fundraising and enterprise activities. The charity also received £137,680 from Clarendon Trust. At the end of the year the funds of the charity were in surplus by £54,629. 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. At the same time, Friends First is aiming to move towards greater self-sustainability.

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. Friends First is actively seeking additional sources of income from fundraising and enterprise, while controlling its current expenditure. The charity currently seeks to further increase reserves by £5k annually. At year end unrestricted reserves of £54,629 cover approximately two months of expenditure.

PLANS FOR FUTURE PERIODS

Friends First are developing new ways in which we might connect people to work based opportunities that have an element of support built in without being responsible for the operational management of those opportunities.

Our desire is that the majority of our staff time is focused on working alongside our beneficiaries.

The aims for 2019 are to:

- Reduce our need for fundraising
- Maximise our input into individual lives of beneficiaries
- Increasingly Work with other sympathetic employers
- Establish a network of employment partners
- Secure accreditation for our mentor training programme
- Enhance the counselling qualifications within our support team
- Explore opportunities to develop apprenticeship placements
- See 50% plus of people move into long-term employment

FRIENDS FIRST

Trustees' Report – continued

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.

Chariot House Limited have been appointed as auditors via a resolution at the Annual General Meeting.

In preparing this trustees' report advantage has been taken of the small companies' exemption.

Approved by the trustees on 23/7/2019 and signed on their behalf by



James Foreman
Trustee

21/23 Clarendon Villas
Hove
East Sussex
BN3 3RE

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

Opinion

We have audited the financial statements of Friends First (the 'charitable company') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditors' 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John Thacker FCA DChA (Senior Statutory Auditor) for and on behalf of Chariot House Limited

Chartered Accountants

44 Grand Parade

Brighton

East Sussex

BN2 9QA

Date:

23 July 2019

FRIENDS FIRST

Statement of Financial Activities for the Year Ended 31 December 2018

	Notes	2018	2017
		£	£
INCOME AND EXPENDITURE ACCOUNT			
Incoming resources from generated funds			
Voluntary income	2	147,790	88,159
Activities for generating funds	3	60,258	72,081
Incoming resources from charitable activities	4	164,014	119,843
		<hr/>	<hr/>
Total incoming resources		372,062	280,083
		<hr/>	<hr/>
Resources expended			
Cost of generating funds			
Fundraising and publicity		13,526	15,256
Charitable activities			
Housing & Employment Support	5	354,326	279,611
		<hr/>	<hr/>
Total resources expended		367,852	294,867
		<hr/>	<hr/>
Net movement in funds		4,210	(14,784)
Fund balances brought forward at 1 January 2018		50,419	65,203
		<hr/>	<hr/>
Fund balances carried forward at 31 December 2018		54,629	50,419
		<hr/>	<hr/>

All funds are unrestricted.

The Statement of Financial Activities reflects 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 13 to 17 form part of these financial statements.

FRIENDS FIRST


Company number: 4402061

Balance Sheet at 31 December 2018

	Notes	£	2018 £	£	2017 £
CURRENT ASSETS					
Debtors	7	6,862		26,449	
Cash at bank and in hand		62,560		35,319	
		<u>69,422</u>		<u>61,768</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
	8	<u>(14,793)</u>		<u>(11,349)</u>	
NET CURRENT ASSETS			<u>54,629</u>		<u>50,419</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>54,629</u>		<u>50,419</u>
FUNDS					
Unrestricted funds					
General fund	9		48,794		50,280
Designated funds	9		5,835		139
TOTAL FUNDS			<u>54,629</u>		<u>50,419</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 on 23/7/2019


James Foreman
Trustee

The notes on pages 13 to 17 form part of these financial statements.

FRIENDS FIRST

Cash Flow Statement for the year ended 31 December 2018

	2018		2017	
	£	£	£	£
Reconciliation of net movement in funds to net cash flows from operating activities				
Net movement in funds	4,210		(14,784)	
Depreciation	-		-	
Decrease/(increase) in debtors	19,587		(22,154)	
Increase/(decrease) in creditors	3,444		7,671	
		<u>27,241</u>		<u>(29,267)</u>
Net cash outflow from operating activities				
Capital expenditure				
Purchase of tangible fixed assets	-		-	
		<u>-</u>		<u>-</u>
Net cash outflow from capital expenditure				
		<u>27,241</u>		<u>(29,267)</u>
Increase/(decrease) in cash in the year				
Reconciliation of net cash flow to movement in net cash funds				
Net funds at beginning of the year		35,319		64,586
Change in net funds during the year		27,241		(29,267)
		<u>62,560</u>		<u>35,319</u>
Net funds at end of the year				

FRIENDS FIRST

Notes to the Financial Statements for the Year Ended 31 December 2018

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and with the 2015 Statement of Recommended Practice (SORP 2015) '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 2018 was £17,353 (2017 - £15,147).

(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 2018

(g) 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

	2018 £	2017 £
Housing and Employment Support		
General Income	147,790	88,159
Donated facilities	-	-
	<u>147,790</u>	<u>88,159</u>

3 GRANTS RECEIVED

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

People Postcode Trust	£13,758
Big Lottery Fund	£9,000
CO-OP	£7,185
Derek & Eileen Dodgson Foundation	£6,000
Community Works	£2,881
CriSeren Foundation	£2,500
Albert Hunt Trust	£2,000
Truemark Trust	£2,000

4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2018 £	2017 £
Housing and Work Support		
Local authority funding	24,100	28,706
Employment Pathways	139,914	91,137
	<u>164,014</u>	<u>119,843</u>

FRIENDS FIRST

Notes to the Financial Statements for the Year Ended 31 December 2018

5 RESOURCES EXPENDED ON CHARITABLE ACTIVITIES

	2018 £	2017 £
Direct Costs:		
Direct staff costs	190,107	134,995
Other direct costs	156,455	121,229
	<u>346,562</u>	<u>256,224</u>
Support costs:		
Support staff costs	-	15,555
Other support costs	7,764	7,832
Depreciation	-	-
	<u>354,326</u>	<u>279,611</u>

Other support costs include audit fees of £2,496.

6 TRUSTEES AND STAFF COSTS

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

Staff costs

	2018 £	2017 £
Gross salaries	173,565	137,135
Social security costs	13,364	12,644
Pension costs	17,353	15,147
	<u>204,282</u>	<u>164,926</u>

Total paid to key management personnel was £41,114 (2017: £40,342).

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

	2018 Number	2017 Number
Housing and work support	8	6

No employees had emoluments in excess of £60,000: nil (2017: nil).

FRIENDS FIRST

Notes to the Financial Statements for the Year Ended 31 December 2018

7 DEBTORS

	2018 £	2017 £
Other Debtors	6,862	26,449
	<u> </u>	<u> </u>

8 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Accruals and deferred income	14,793	11,349
	<u> </u>	<u> </u>

9 UNRESTRICTED FUNDS

	Balance at 1 January 2018 £	Movement in resources			Balance at 31 December 2018 £
		Incoming £	Outgoing £	Transfers £	
General fund	50,280	365,181	366,667	-	48,794
Specific Project Fund	139	6,881	1,185	-	5,835
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	50,419	372,062	367,852	-	54,629
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	Balance at 1 January 2017 £	Movement in resources			Balance at 31 December 2017 £
		Incoming £	Outgoing £	Transfers £	
General fund	65,064	280,083	294,867	-	50,280
Specific Project Fund	139	-	-	-	139
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	65,203	280,083	294,867	-	50,419
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

FRIENDS FIRST

Notes to the Financial Statements for the Year Ended 31 December 2018

10 CONNECTED CHARITY

The charitable company is connected with Clarendon Trust Limited (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.

11 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.

12 RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.