

Friends First

4402061

Financial Statements

31 December 2004



FRIENDS FIRST

A charitable company limited by guarantee

Financial Statements - 31 December 2004

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FRIENDS FIRST

General Information

TRUSTEES: P V Bedford (resigned 23 May 2004)
K H Brooks
P D Brooks
J Hosier
P L J Jarvis
N Jones
C J Karley
S Radley
N D Ring
K Wintermeyer (appointed 12 October 2004)

REGISTERED OFFICE: 21/23 Clarendon Villas
Hove
East Sussex
BN3 3RE

SECRETARY: K Rose

SUPPORTED HOUSING UNIT: 60 Wilbury Road
Hove
BN3 3PA

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

REGISTERED ^{COMPANY} ~~CHARITY~~ NUMBER: 4402061

REGISTERED ^{CHARITY} ~~COMPANY~~ NUMBER: 1094827

FRIENDS FIRST

Trustees' Annual Report

The trustees present their second report and the financial statements for the year ended 31 December 2004.

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.

LEGAL CONSTITUTION

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.

OBJECTIVES

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.

REVIEW OF ACTIVITIES

The accounts on pages 6 to 12 comply with statutory requirements of the Memorandum and Articles of Association.

The Statement of Financial Activities on page 6 shows total incoming resources of £195,291. 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 deficit, before transfers from restricted funds, of £11,306 on the unrestricted funds at the year end.

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Trustees' Report (continued)

REVIEW OF ACTIVITIES (continued)

The restricted funds were established towards the end of the 2003 financial year as a result of fundraising activities undertaken to support a Resettlement Programme. These funds have been spent and closed during the year.

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 will commence) to Friends First for the purpose of running the supported housing unit.

The charitable company is dependent upon the support from Clarendon Trust Ltd through facilities provided and continued receipt of local authority funding, the contract for which is currently under review. At the year end its financial position was satisfactory.

The charitable company receives a certain amount of voluntary help. It is not possible to quantify the value of this.

TRUSTEES

The trustees set out below have held office during the whole of the period from 1 January 2004 to the date of this report, unless otherwise stated:

P V Bedford (resigned 23 May 2004)
K H Brooks
P D Brooks
J Hosier
P L J Jarvis

N Jones
C J Karley
S Radley
N D Ring
K Wintermeyer (appointed 12 October 2004)

RISK MANAGEMENT

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.

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. The status of restricted and designated funds and the finalisation of capital expenditure plans have been reviewed and consequently the free reserves are more clearly identifiable.

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Trustees' Report (continued)

AUDITORS

During the period BDO Stoy Hayward LLP were appointed as auditors to the company.

The company is limited by guarantee and does not have a share capital. The sole corporate member is Clarendon Trust Ltd.

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 11 October 2005 and signed on their behalf by



K Rose
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 2004 which comprise a Statement of Financial Activities, Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and 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 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities the charity's trustees, who are also directors for the purposes of company law, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charitable company 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 company law regarding directors' remuneration and transactions with the charitable company are not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 charitable company'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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs at 31 December 2004 and of its incoming resources and resources expended for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

11 Oct 2005

FRIENDS FIRST

Statement of Financial Activities For the Year Ended 31 December 2004

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2004 £	2003 £
INCOME AND EXPENDITURE ACCOUNT					
Incoming resources					
Donations and similar incoming resources		12,805	0	12,805	9,704
Activities in furtherance of the charity's objectives	2	181,250	0	181,250	176,587
Bank interest		1,236	0	1,236	327
Total incoming resources		<u>195,291</u>	<u>0</u>	<u>195,291</u>	<u>186,618</u>
Resources expended					
Cost of generating funds					
Fundraising and publicity		291	0	291	2,486
Charitable expenditure					
Costs of activities in furtherance of the charity's objects		163,474	6,457	169,932	114,878
Management and administration	3	42,831	0	42,831	32,016
Total resources expended	4	<u>206,597</u>	<u>6,457</u>	<u>213,054</u>	<u>149,380</u>
Net movement in funds		(11,306)	(6,457)	(17,763)	37,238
Transfers		(4,407)	4,407	0	0
Fund balances brought forward at 1 January 2004		35,188	2,050	37,238	37,238
Fund balances carried forward at 31 December 2004	11	<u>£19,475</u>	<u>£0</u>	<u>£19,475</u>	<u>£37,238</u>

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 8 to 12 form part of these financial statements.

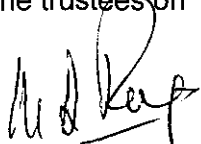
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Balance Sheet at 31 December 2004

	Notes	£	2004 £	£	2003 £
FIXED ASSETS	6		2,504		0
CURRENT ASSETS					
Debtors	7	360		1,274	
Cash at bank and in hand		66,895		60,584	
		<u>67,255</u>		<u>61,858</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(50,284)		(24,620)	
NET CURRENT ASSETS			16,971		37,238
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£19,475</u>		<u>£37,238</u>
FUNDS					
Unrestricted funds					
General funds	9		18,107		35,145
Designated funds	9		1,368		43
Restricted funds	10		0		2,050
TOTAL FUNDS	11		<u>£19,475</u>		<u>£37,238</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 on 11 October 2005, and signed on their behalf by



N D Ring - Trustee

The notes on pages 8 to 12 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2004**

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and the 2000 Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities'.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Donations

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

(c) Allocation of expenditure

Expenditure is allocated between cost of generating funds, charitable expenditure, support costs and the cost of management and administration of the charitable company on an invoice basis. Staff costs are apportioned on the basis of actual time spent.

(d) 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.

(e) Taxation

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

(f) Pensions

The charitable company contributes to defined contribution pension schemes. The charge to the Statement of Financial Activities for 2004 was £7,212 (2003 - £1,513).

(g) 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.

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Notes to the Financial Statements For the Year Ended 31 December 2004

(h) 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".

(i) 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 ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTIVES

	2004 £	2003 £
Unrestricted funds		
Local authority funding	174,367	171,529
Residents' contributions	6,883	3,008
	<hr/>	<hr/>
	181,250	174,537
Restricted funds		
Grants received	0	2,050
	<hr/>	<hr/>
	<u>£181,250</u>	<u>£176,587</u>

3 MANAGEMENT AND ADMINISTRATION OF THE TRUST

	Total 2004 £	Total 2003 £
Staff costs	22,536	12,413
Legal and professional fees	135	2,061
Audit fee	2,585	2,350
Bank interest and charges	377	486
Management charge	10,250	10,000
Sundries	5,696	4,706
Depreciation	1,252	0
	<hr/>	<hr/>
	<u>£42,831</u>	<u>£32,016</u>

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Notes to the Financial Statements For the Year Ended 31 December 2004

4 TOTAL RESOURCES EXPENDED

	Staff costs £	Other costs £	Total 2004 £	Total 2003 £
Fundraising and publicity	0	291	291	2,486
Costs of activities in furtherance of the charity's objects	117,054	52,878	169,932	114,878
Management and administration	22,536	20,295	42,831	32,016
	<u>£139,590</u>	<u>£73,464</u>	<u>£213,054</u>	<u>£149,380</u>

5 TRUSTEES AND STAFF COSTS

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

Staff costs

	2004 £	2003 £
Gross salaries	121,249	83,807
Social security costs	11,129	8,047
Pension costs	7,212	1,513
	<u>£139,590</u>	<u>£93,367</u>

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

	2004 Number	2003 Number
Charitable expenditure		
Support and administration	<u>7</u>	<u>5</u>

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Notes to the Financial Statements For the Year Ended 31 December 2004

6. FIXED ASSETS

	Fixtures & fittings £	Total 2004 £
Cost		
Additions in the year and at 31 December 2004	3,756	3,756
Depreciation		
Charge for the year and at 31 December 2004	(1,252)	(1,252)
Net book value		
At 31 December 2004	£2,504	£2,504

7 DEBTORS

	2004 £	2003 £
DUE WITHIN ONE YEAR		
Other debtors	£360	£1,274

All debtors are loans either to residents or volunteer support workers.

8 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Clarendon Trust Ltd	20,250	10,000
Accruals and deferred income	30,034	14,620
	£50,284	£24,620

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Notes to the Financial Statements For the Year Ended 31 December 2004

9 UNRESTRICTED FUNDS

	Balance at 1 January 2004 £	Movement in resources		Transfers £	Balance at 31 December 2004 £
		Incoming £	Outgoing £		
Designated fund					
Residents' benefit	43	1,890	(565)	0	1,368
General fund	35,145	193,401	(206,032)	(4,407)	18,107
	<u>£35,188</u>	<u>£195,291</u>	<u>£(206,597)</u>	<u>£(4,407)</u>	<u>£19,475</u>

The residents' benefit fund has been set aside for the purpose of purchasing for residents items which would not otherwise be available to them.

10 RESTRICTED FUNDS

	Balance at 1 January 2004 £	Movement in resources		Transfers £	Balance at 31 December 2004 £
		Incoming £	Outgoing £		
Resettlement programme	550	0	(4,957)	4,407	0
Resettlement programme – training workshop	1,500	0	(1,500)	0	0
	<u>£2,050</u>	<u>0</u>	<u>£(6,457)</u>	<u>£4,407</u>	<u>0</u>

The resettlement programme (which includes the training workshop) has provided skill-based training to enable residents to develop opportunities for future employment.

11 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, Clarendon Trust Limited no grant was made (2003 - £7,000) to Friends First. A management charge of £10,250 (2003 - £10,000) was made to Friends First from Clarendon Trust Ltd.

12 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.