
NORTHERN PATHWAYS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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NORTHERN PATHWAYS LIMITED

COMPANY INFORMATION

Directors	Martin Sykes John Doran Helen Rowntree (resigned 19 July 2017) John Campbell (resigned 15 November 2017) Catherine Waters Laurence Hollando (appointed 19 July 2017) Philip Newton (appointed 16 January 2018)
Company secretary	Phillip Newton
Registered number	06325398
Registered office	Turning Point Standon House 21 Mansell Street London E1 8AA
Independent auditor	Crowe U.K. LLP (previously Crowe Clark Whitehill LLP) 3rd floor The Lexicon Mount Street Manchester M2 5NT
Bankers	Barclays Bank Plc Level 11 20 Chapel Street Liverpool L3 9AG
Solicitors	Eversheds Eversheds House 70 Great Bridgewater Street Manchester M1 5ES

NORTHERN PATHWAYS LIMITED

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NORTHERN PATHWAYS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Objectives and activities

Northern Pathways Ltd is a joint venture founded in 2009 by Turning Point and The Retreat York, two highly regarded organisations providing mental health services.

The partnership's objective is to bring together a wealth of experience to deliver:

- Low security mental health services.
- Services for people with personality disorders in both residential and community settings.
- Crisis services that avoid admission to hospital.
- Specialist services for elderly people with behaviour challenges.
- Recovery services for those with complex mental health needs.
- Services for those who also need medical care.

Northern Pathways Ltd was established to address long-standing concerns in the UK regarding the quality and safety of secure mental health provision specifically for women. Northern Pathways Ltd addresses these issues by bridging the gap to provide step-down and high-support community residential services for women with complex needs.

Working closely with Leeds and York Partnership NHS Foundation Trust, Northern Pathways Ltd delivers services at Garrow House, demonstrating how health and social care organisations can work in collaboration with the NHS and commissioners for the benefit of women using mental health services.

Garrow House provides 24-hour clinical and nursing cover and social care support for women. The service includes access to a range of:

- Individual and group psychological therapies
- Daytime activities based around life skills development
- Dialectical behaviour therapy (DBT) skills programme
- Psychiatry and psychology support
- Community-based education, training and social re-integration opportunities

Services are holistic and person centred, designed to meet the individual needs of each service user.

From April 2015 Garrow House started to operate as a tier 4 personality disorder service for women. This has meant continuing to provide an excellent high quality service whilst ensuring that the staff skills, operational systems and processes are appropriate to meet the new service specification.

In addition the service has achieved all of the innovation goals agreed between Northern Pathways Ltd, and the Regional Commissioners for the provision of NHS Services, through the Commissioning for Quality and Improvement Payment framework (CQUINS).

Garrow House maintained an average occupancy rate of 83 per cent (10.05 beds) during 2017/18. This reflects a small reduction from the previous year where occupancy was at 89% however this is attributed to a temporary reduction in the maximum occupancy during August & September 2017 to enable the service to recruit to vacant posts. During this period maximum occupancy was reduced to 10 beds. The service benefits from high commissioner confidence as reflected in the referral rates and the support with recruitment from commissioners to reduce occupancy.

The service operates within a recovery model providing a high level of relational security and support. Its commitment to involvement is demonstrated by its employment of a full-time Involvement Coordinator supporting the women's involvement in local, regional and national initiatives. The women have participated in workshops focussing on areas of interest or concern with regards to their residency and care. Women's representatives participated in external forums, internal recovery and outcomes meetings, and staff interviews.

NORTHERN PATHWAYS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

Within the service there are a range of psychological therapies available in addition to an extensive therapeutic activity programme. The Consultant Clinical Psychologists (30 hours per week), full time Occupational Therapist and Assistant Psychologist work alongside the Development Specialist Nurse to ensure the therapeutic programme meets the needs of women in the service.

The average stay for clients is viewed as being optimal at 18 months. This view is accepted by the Commissioner. Statistics on length of client stay are submitted in the form of SMH data provided to the Commissioner – NHS England.

When women leave Garrow House, the service continues to provide care for them through its strong links in the community and has seen women successfully move on to individual and family-led support. Whilst at the service, the women are able to balance vocational work, college or volunteering in the local community with participation in the community of Garrow House.

Managing safety and risk

The Northern Pathways Ltd governance regime is provided by Turning Point. The Garrow House policies and procedures regarding risk management, risk mitigation and quality assurance are all informed by Turning Point policies as appropriate. The board receives clinical and performance reports as well as client feedback reports. The Garrow House service has a robust risk register which is also reviewed by the board.

The Northern Pathways Ltd Clinical Governance Meeting is co-chaired by the Nurse Consultant who works within the service, employed by LYPFT, and Turning Point's Head of Clinical Services. At these monthly meetings local policies, procedures and protocols covering Risk and Assurance are reported and signed off. In addition to this, services leads meet weekly for Multi-Disciplinary Team (MDT) meetings, Risk Review Meetings and Clinical Team Meetings where safety and risk issues are reviewed by the team.

The service has continued to meet regularly with the Lead CQC Inspector to share progress on improvement plans.

Under its service improvement agenda, Garrow House participates in the CQUINS scheme to help improve recovery and outcomes, implement a secure pathway and prepare for Payment by Results. The service met 100% of its CQUINS targets for 2017/18

Results and dividends

The results of the company for the year are set out in the financial statements. The Directors do not recommend the payment of a dividend.

Governance

The Northern Pathways Board of Directors

The Board of Directors is responsible for setting and ensuring compliance with Northern Pathways Ltd's values, objectives and strategy. The directors are nominated by Turning Point and The Retreat York.

The Board met twice in 2017/18 and received reports on the operational management and clinical governance of the Garrow House service.

The Directors do not hold any beneficial interest in the share capital of the company.

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DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;

make judgments and accounting estimates that are reasonable and prudent;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

Martin Sykes

John Doran

Helen Rowntree (resigned 19 July 2017)

John Campbell (resigned 15 November 2017)

Catherine Waters (appointed 19 July 2017)

Laurence Hollando (appointed 19 July 2017)

Philip Newton (appointed 16 January 2018)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Auditor

On 25 June 2018, Crowe Clark Whitehill LLP changed its name to Crowe U.K. LLP

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 18/07/2018 and signed on its behalf.



Philip Newton
Director

NORTHERN PATHWAYS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NORTHERN PATHWAYS LIMITED (CONTINUED)

Opinion

We have audited the financial statements of Northern Pathways Limited (the 'Company') for the year ended 31 March 2018, which comprise the Statement of comprehensive income, the Statement of financial position and the related notes, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its loss 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Use of our report

This report is made solely to the 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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

NORTHERN PATHWAYS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NORTHERN PATHWAYS LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report 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.

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

NORTHERN PATHWAYS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NORTHERN PATHWAYS LIMITED (CONTINUED)

Responsibilities of directors

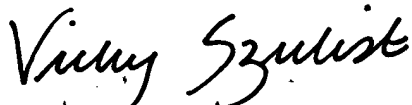
As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an Auditor's report 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 Auditor's report



Vicky Szulist (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

Date:

25 JUL 2018

NORTHERN PATHWAYS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £000	2017 £000
Turnover	3	2,047	2,045
Operating costs		(2,103)	(1,969)
Operating (loss)/profit	4	(56)	76
(Loss)/profit before tax		(56)	76
Tax on (loss)/profit		-	-
(Loss)/profit for the financial year		(56)	76

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

The company's turnover and expenses all relate to continuing operations.

NORTHERN PATHWAYS LIMITED
REGISTERED NUMBER: 06325398

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £000	2017 £000
Current assets			
Debtors	6	39	36
Cash and cash equivalents	7	67	230
		<u>106</u>	<u>266</u>
Creditors: amounts falling due within one year	8	(164)	(268)
Net current liabilities		<u>(58)</u>	<u>(2)</u>
Total assets less current liabilities		<u>(58)</u>	<u>(2)</u>
Net liabilities		<u>(58)</u>	<u>(2)</u>
Capital and reserves			
Called up share capital	9	1	1
Designated Reserves		41	41
Unrestricted reserves		(100)	(44)
		<u>(58)</u>	<u>(2)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18/07/2018.



Philip Newton

Chair of the Board of Directors

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

NORTHERN PATHWAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

The company is a private company limited by share capital and is incorporated in England. The registered office is Standon House, 21 Mansell Street, London, E1 8AA. The registered number is 06325398.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

In preparing these financial statements the company has adopted the amendments to FRS 102 as set out in the Triennial review 2017 amendments published in December 2017.

No provision is included for any potential tax liability arising on the company's profits for the year because the directors propose that gift aid donations to Turning Point and The Retreat York will be paid within 9 months of the balance sheet date at an amount sufficient to reduce any such potential tax liability to Nil.

Donations to the Turning Point and The Retreat York are recognised as an expense either when paid or at the date when the company has a legal liability to make the donation payments if earlier.

The following principal accounting policies have been applied:

2.2 Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue its activities. This expectation is valid until 31 March 2019, which is the date on which the current contract expires and the future of the contract thereafter is uncertain at this time. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Directors' Responsibilities on page 3.

2.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

NORTHERN PATHWAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.4 Pension costs

Northern Pathways Ltd participated in the Turning Point Pension Scheme ("the Scheme") which is a defined benefit pension scheme. This is a multi-employer scheme covering Turning Point, Northern Pathways Ltd and Turning Point Scotland employees (and former employees). Turning Point Scotland left the Group and became a separate entity 1999.

The assets of the Scheme are held in common across the three employers and cannot be separately identified. The pension cost is therefore accounted for as the current level of contributions payable in line with our understanding of the treatment of such a scheme under the FRS102 accounting standard. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable then being determined by Pension Trustees on advice of the actuary.

The Turning Point Pension Scheme closed on 31 March 2012, and the employers agreed in principle to continue paying the contributions required to remove the deficit over a fifteen year period.

On 1 April 2012, Northern Pathways Ltd started a defined contribution scheme.

3. Activities

The turnover, results for the year and net assets are attributable to the principal activity. The whole of the turnover and result for the year is attributable to the company's continuing operations.

The company operates in the United Kingdom and the whole of its turnover is to the United Kingdom market.

4. Operating loss

The operating loss is stated after charging:

	2018 £000	2017 £000
Auditors remuneration	2	2
Hire of plant and machinery - rentals payable under operating leases	<u>2</u>	<u>2</u>

During the year, no Director received any emoluments (2017: £0)

NORTHERN PATHWAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

5. Staff numbers and the cost of key management personnel

The average monthly number of employees during the year was as follows:

	2018	2017
	No.	No.
Employees	<u>35</u>	<u>31</u>

The key management personnel of Northern Pathways Ltd comprises the directors, who are paid through Turning Point or The Retreat York. No key management personnel costs are therefore included in these financial statements.

6. Debtors

	2018 £000	2017 £000
Other debtors	9	3
Prepayments and accrued income	30	33
	<u>39</u>	<u>36</u>

7. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	67	230
	<u>67</u>	<u>230</u>

8. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	47	74
Amounts owed to Turning Point	5	7
The Retreat York	-	6
Other taxation and social security	19	15
Accruals and deferred income	93	166
	<u>164</u>	<u>268</u>

NORTHERN PATHWAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

9. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

1,000 £1 ordinary shares issued at face value.
500 shares issued to Turning Point and 500 shares to The Retreat York.

Reserves

	At 1 April 2017	Transfer from / (to) I&E	At 31 March 2018
	£000	£000	£000
Unrestricted	(44)	(56)	(100)
Designated - Asset Maintenance	<u>41</u>	<u>-</u>	<u>41</u>

The unrestricted reserve balance of negative £100k (2017: negative £44k) represents the cumulative retained loss of the company, comprising both distributable and non-distributable reserves.

The designated reserve balance of £41k (2017: £41k) represents amounts set aside to cover expected building costs when Northern Pathways Ltd returns its leased property to the landlord.

10. Contingent assets

There were no known contingent assets at the year ended 31 March 2018 (2017: none).

11. Pension scheme

On 1 April 2012, Turning Point and its subsidiaries started a Group Personal Pension. During the year, Northern Pathways Ltd contributed £11k (2017: £16k). Included within other creditors is £1k (2017: £2k) in respect of amounts owed to the Scheme at 31 March 2018.

NORTHERN PATHWAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

12. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Land and buildings		
Within one year	162	194
Within two to five years	-	162
	<u>162</u>	<u>356</u>
	2018 £000	2017 £000
Other operating leases		
Within one year	3	2
Within two to five years	4	-
	<u>7</u>	<u>2</u>

13. Related party transactions

Northern Pathways Ltd is a jointly controlled entity between Turning Point 50% and The Retreat York 50%. During the year, Northern Pathways Ltd made an operating loss after transfers to/from reserves of £56k (2017: operating profit £76k). Turning Point are entitled to 50% of any profit made in line with their shareholding. Turning Point's share of operating surplus in jointly controlled entity for the year was £nil (2017: £38k).

Northern Pathways Ltd will not make a gift aid payment this year (2017: £nil) and Turning Point will receive £nil in respect of their shareholding (2017: £38k).

As at 31 March 2018, Northern Pathways Ltd owed Turning Point £5k (2017: £7k) in relation to the management fee for providing the central function support and supplier invoices paid on their behalf. During the year, Northern Pathways was charged £205k (2017: £202k) by Turning Point in relation to the management fee. The charges for central function support and recharges of supplier invoices totalled £194k (2017: £194k).

14. Ultimate parent undertaking and controlling parties

Northern Pathways Ltd is a jointly controlled entity of Turning Point (50%) and The Retreat York (50%). Both Turning Point and The Retreat York are incorporated in the United Kingdom and are registered charities. A copy of Turning Point's and The Retreat York's accounts can be obtained from the Registrar of Companies. The registered office of The Retreat York is The Retreat, Heslington Road, York YO10 5BN. The registered office of Turning Point is Standon House, 21 Mansell Street, London E1 8AA.