



Shareholders' Annual Report And Financial Statements 1 April 2009 – 31 March 2010

Thames Reach Housing Association Limited

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REFERENCE AND ADMINISTRATIVE DETAILS

Introduction

Thames Reach Housing Association is an Industrial and Provident Society registered under the Industrial and Provident Societies Act 1965, register No. 24377R, and is an exempt charity. Thames Reach is a member of the National Housing Federation and operates under the National Housing Federation Model Rules 1997.

The objects of the Association, as described in the Model Rules, shall be *'to carry on for the benefit of the community the business of providing housing, accommodation and assistance to help house people and associated facilities and amenities for poor people'*.

Our principal address and registered office is: Gem House, 122-126 Backchurch Lane, London E1 1ND.

Details of the Members of the Board are detailed on pages 10-11.

The Senior Management Team (SMT) consists of:

Jeremy Swain, Chief Executive
Christine Smith-Gillespie, Director of Finance and Central Services
Audrey Mitchell, Director of Street and Hostel Services
Bill Tidnam, Director of Housing and Community Support

Bankers and Auditor

Bankers: National Westminster Bank plc
Lambeth North Branch
P O Box 7929
London SE1 7ZB

Barclays Bank plc
P O Box 35721
London E14 4WA

Auditor: Chantrey Vellacott DFK LLP
Russell Square House
10-12 Russell Square
London WC1B 5LF

OBJECTIVES AND ACTIVITIES

Our Vision

The vision of the organisation is to end street homelessness.

Our Mission

The organisation's mission is to assist homeless and vulnerable men and women to find decent homes, build supportive relationships and lead fulfilling lives.

Statement of Purpose

Thames Reach supports homeless and former homeless people and others who, although they have not been homeless in the past require assistance and interventions to sustain themselves in accommodation and to improve the quality of their life. The organisation specialises in helping people with complex and multiple problems, including those associated with poor mental health and substance misuse. It manages a range of services, including street outreach, frontline hostels, specialist supported housing for people with substance misuse and mental health problems, transitional support services and a range of employment, training, education and meaningful occupation schemes. Many of Thames Reach's service users have had involvement with the criminal justice system and spent periods in prison.

Public Benefit

We have referred to the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

Prevention and Partnerships

Thames Reach's frontline services, such as street outreach, frontline hostels and drop-in advice services, are at the heart of the organisation, effectively ameliorating rough sleeping by directly assisting people to move and remain off the street. Thames Reach also offers a range of services, including transitional support, geared around **prevention**: stopping people from drifting into a downward spiral of homelessness through destructive moves into poorer and less and less stable accommodation.

Thames Reach works to achieve its vision of ending street homelessness through effective **partnerships** and actively addresses unmet need. We seek collaborative ways of working with other voluntary sector organisations, central and local government, the business sector, supportive individuals and local communities.

Ethos and Values

Thames Reach strives to bring its ethos alive so that it is widely understood, and inspires and drives the work of the organisation. The following statements of the organisation's values are discussed at induction sessions for new staff, as well as in workshops and debates, and are a reference point for organisational policies and strategies:

1. Homelessness

We believe that homelessness and its effects are a great injustice and that anyone can become homeless. From our experience we know that the route out of homelessness can be long and painful. We are committed to never giving up on people, no matter how complex, chaotic or challenging they may be.

2. Service users

We are passionate in our belief that people can make real and lasting changes in their lives. We have the highest aspirations and respect for our service users and will never be indifferent to their individual needs.

3. Staff

Thames Reach's staff are characterised by their compassion, integrity, professionalism and commitment. In return, unstinting support will be given to staff making decisions in the best interest of service users, trusting in their ability to work autonomously and providing protection from undue risk.

4. Integrity of the whole

The success of Thames Reach depends on the integrity of the whole body. We believe passionately in achieving trust and mutual respect between the different parts of the organisation to achieve this objective.

5. Partnership

We believe our aims can only be achieved by working in partnership with others: we know we do not have all the solutions. We will generously give time, resources and expertise to others if the ultimate outcome gets us closer to our goal of ending street homelessness.

6. Free from dogma

Thames Reach will be renowned for its open-mindedness, creativity, flexibility and refusal to allow a rigid approach to reduce its effectiveness or inhibit its actions.

7. Our message

Our strength lies in knowing what is happening 'on the ground' and we will use this knowledge to make an impact at the very highest level, especially by giving our service users the chance to speak directly to those with influence and power. We will always 'tell it as it is', presenting information and offering views with integrity and honesty, even when the message may be unpopular.

Accommodation and Services

Thames Reach offers a range of accommodation and non accommodation-based services to homeless people, those at risk of homelessness and to other vulnerable people in need of support.

Thames Reach manages a number of services for rough sleepers and those involved in a street lifestyle working directly with rough sleepers every night of the year on the streets of the capital. The London Street Rescue team provides a service across most London boroughs. Some boroughs with a particularly large number of rough sleepers commission their own bespoke services and Thames Reach has borough-specific teams operating in Lambeth, Hammersmith and Fulham, Croydon and Tower Hamlets.

Thames Reach does not own housing stock. Instead it manages different kinds of accommodation on behalf of Registered Social Landlords (RSLs), including high-support frontline hostels, specialist supported housing for people with mental health and alcohol and substance misuse issues, and self-contained flats for people who have been homeless or are at risk of becoming homeless. The total number of units of accommodation managed by the organisation in partnership with RSLs as at 31 March 2010 was 661. These were situated in eight different boroughs.

Thames Reach also provides tenancy support, often referred to as floating support, to over 2,500 vulnerable people living in housing association and council flats and bedsits across a number of London boroughs who would be unable to manage without the flexible and responsive support offered under this model.

Thames Reach's Employment Reach Service is responsible for ensuring that all Thames Reach service teams focus on helping people to increase their skills and confidence and improve their employability. The service develops employment, training and volunteering initiatives and establishes links with key employers and specialist learning and employment organisations.

Rents

In 2009-2010 the average rent in accommodation managed by Thames Reach was £78.51 per week, excluding personal and service charges.

Business Plan

During the year the 2009-2012 Business Plan was launched following consultation with service users, staff at all levels and board members.

The Business Plan sets out the strategic direction of Thames Reach for the period 2009-2012. It establishes the key objectives that the organisation is seeking to achieve as it strives to fulfil its mission and vision.

The six key Business Plan work areas are:

1. Effective pathways out of homelessness
2. Skilled interventions to motivate and achieve change
3. Positive contributions to neighbourhoods, communities and society
4. User empowerment and involvement
5. Financial stability and robust governance
6. Communicating our experience and understanding the barriers leading to homelessness.

1. Effective pathways out of homelessness

This area of the Business Plan covers:

- Extending the range of our advice work aimed at breaking cycles of behaviour leading to homelessness
- Finding more ways of diverting people away from hostels who do not need a high level of support and into other forms of accommodation such as the private rented sector
- Extending our street work, particularly our reconnections work, so that we can help people return home
- Increase the effectiveness of our hostels, especially through improving our approach to addressing health and well-being, achieving more move-on and helping people increase their employability skills
- Raise the physical standards of our hostels
- Extend the range of our tenancy support services and improve our approach by having clearer expectations around change and recovery, especially in the area of substance misuse
- Remodel our second stage accommodation to adapt to emerging need
- Develop our strategy for working with ex-offenders
- Strengthen our relationship with health professionals and commissioners so that our services become more effective at addressing the health issues of our service users
- Substantially increase the number of our service users securing work and develop an Employment Academy in south London to contribute to this objective.

Progress in first year:

We have extended the range of our **advice work**, particularly in the area of employment-related advice working closely with colleagues from Job Centre Plus. This has included the creation of a back to work e-mail helpdesk to provide information on in-work benefits.

We successfully developed the **Lewisham Diversion Project** to help people find private rented sector options as an alternative to a place in a hostel. In its first seven months the project housed 33 people, all of whom retained their tenancies at a unit cost of £1,138 per unit. The local authority has agreed to fund the project directly based on its impressive outcomes.

Our **reconnections services** have grown significantly as a response to the increasing problem of Central and Eastern Europeans sleeping rough and there is now a pan-London reconnections team and an additional service which focuses on assisting central and eastern Europeans on the streets in north-west London. Three hundred and fifty individuals who have found themselves destitute on the streets have so far been assisted to return home.

Thames Reach's hostels have been piloting new work around Person Centred Planning (PCP) which offers a new focus to key-work and is more actively user-led than traditional key-working approaches.

This has led to improvements in **health and well-being** as measured through the outcomes tool used by Thames Reach, the outcomes star.

We have been successful in attracting capital funding to **improve the quality of our biggest hostel**, Graham House in Vauxhall via the Homes and Communities Agency's (HCA's) Places of Change capital programme. We expect work on the hostel to be completed during 2010-11.

Around **10% of our service users are in employment**, a small improvement on the previous year but not the level of increase required to achieve the ambitious target of 25% of service users in employment by 2012. Further work is required to improve our data collection during 2010-11 to ensure that the employment-related information is comprehensive and robust.

We have successfully purchased a building to develop as a flagship **Employment Academy** following achievement of planning permission for this development. The Employment Academy, made possible through a £4 million capital contribution from the Places of Change programme, will bring together in an impressive listed building a range of employment and training services which, together, will create a pathway from long-term worklessness for those who are committed to improving their skills and seeking employment. More detail on the Employment Academy is provided on page 14.

We have extended the geographical range of our **tenancy support** services through successfully competing for contracts. During the year we have been able to develop new services in Sutton, Croydon and Hackney. This work has an enormous impact on preventing homelessness and breaking the cycle of repeat homelessness which blights the lives of so many of our service users.

In the coming year we intend to strengthen our work with ex-offenders and to improve health outcomes for our service users, particularly those whose health is being destroyed through dependence on alcohol.

2. Skilled interventions to motivate and achieve change

This area of the Business Plan covers:

- Improvement in casework management
- Greater flexibility in the use of offices
- Staff training, career pathways and succession planning
- Staff well-being
- Service users becoming part of the work-force

Progress in first year

We embarked on an organisation-wide initiative to strengthen our **casework management** approach so that all service users receive a consistently high level of support from staff with clear needs assessments undertaken at an early stage leading to plans shaped by the service user themselves. The quality of casework and consistency of delivery has improved, as measured through the internal audits of teams that are regularly undertaken. The changes required teams to adopt a more purposeful and aspirational approach to our work with service users.

With pro bono support from staff at PriceWaterhouseCoopers (PwC) we have undertaken a **review of how Thames Reach's offices are used** with the objectives of making our use of the space more efficient and developing patterns of flexible working, particularly with respect of those teams which spend a lot of time working away from base supporting vulnerable service users in flats. This has been an extremely helpful exercise and we are now targeting two offices where new ways of using the space will be piloted. PwC continue to support us in this work.

We have continued to develop our **in-house staff training programme**, improved our induction processes and helped staff through appraisals and supervision to develop a career pathway. We are currently reviewing our approach to management and leadership training. Pleasingly, in the 2009 Employee Opinion Survey that Thames Reach takes part in every second year, 84% of staff strongly agreed or agreed with the statement 'the training and development I receive from Thames Reach is useful and relevant to my job'.

Bringing service users into the workforce has been a major focus for Thames Reach over the last three years and we have sought to increase further the number of people working at Thames Reach who have previously used services for homeless people. We are proud that our most recent figures

show that **103 staff members are users or former users of homelessness services**. These colleagues bring important experiences to the organisation, adding something extra to what we can offer service users. They are important role models that can inspire people to make positive changes in their lives.

3. Positive contributions to neighbourhoods, communities and societies

This area of the Business Plan covers:

- Ensuring that Thames Reach services are viewed positively as a local asset.

Progress in year one

It is important that Thames Reach is seen as a positive contributor to local communities. Although individual teams regularly seek ways to invest in their local neighbourhoods, we have decided that we need to tackle this area more systematically and during the year an **investment in communities group was established**, chaired by a senior member of the organisation, to explore ways and share examples of how we can build up stronger links with the communities in which we operate. This work will be shaped into an action plan which will shape our work in year two.

4. User involvement

This area of the Business Plan covers:

- Developing a more person-centred approach to our work
- Helping service users to create mutual (peer) support mechanisms
- Strengthening our service users' social networks
- Extending user involvement within Thames Reach.

Progress in year one

We have targeted specific projects, such as our hostel for older homeless men and women, in order to shape our approach more directly around the express needs and aspirations of service users using **person centred planning (PCP)** techniques linked to cognitive behaviour therapy (CBT) approaches. This has meant raising aspirations (of service users and staff) and encouraging service users to take more personal responsibility.

Linked to PCP and working closely with commissioners we have piloted new ways of working with service users as part of the national move towards the **personalisation** of services. This has involved experimenting with personal budgets, giving service users more choice over which staff members provide them with support and extending choice in terms of the activities that service users can undertake.

5. Financial stability and robust governance

This area of the Business Plan includes:

- Retaining contracts and developing new areas of business
- Reducing costs
- Property development
- Improving non-statutory fund-raising
- Reviewing governance

Britain is in the middle of a recession and the need for Thames Reach to reduce its costs to remain effective, competitive and able to deliver the highest quality services to vulnerable people who are particularly at risk at this time has been a dominant preoccupation in the last year.

All teams across the organisation have been required to demonstrate particular rigour in **reducing expenditure at a local level**, guided by an organisation-wide initiative called cash, confidence and cost.

We are also seeking to reduce office costs by the more efficient use of our current offices through a **review of the use of our offices** undertaken with the support of PwC, as noted above.

During the year we were delighted to be able to **purchase offices in Stockwell along with the adjacent resource centre**, buildings which were formerly leased to Thames Reach and are the base

for much of Thames Reach's learning and employment work. These are the first buildings Thames Reach has owned and our property ownership has extended further through the recent acquisition of the building that will become the Employment Academy.

In the coming year we will be reshaping our fund-raising strategy so that it focuses more on bringing in the necessary funds to sustain some of our key learning and skills initiatives and programmes which are vital components of the pathway leading people from low skills and worklessness to having relevant skills and sustainable employment.

The reputation of Thames Reach's board and governance standards remains high and we were delighted that **Thames Reach's Chair, Ken Olisa won the Non-Executive Director of the Year award for 2009** in the not-for-profit category. The board also figured strongly in a report produced by New Philanthropy Capital (NPC) called *Board Matters* and, in particular, the role of Senior Independent Director that has been created at Thames Reach to ensure good inter-board relations and the accountability of the Chair was noted as an innovative and effective role which is still uncommon in the voluntary sector.

6. Communicating our experience and understanding the barriers leading to homelessness

This area of the Business Plan covers:

- Giving more opportunity for service users to influence
- Strengthening the link between our messages and fund-raising initiatives
- Achieving greater impact at a local level
- Making better use of new media
- Being involved in research to reduce the barriers preventing people from escaping homelessness.

Progress in year one

Thames Reach undertook a campaign called '**This is our Glossy Fund-raiser**' which made a virtue of the fact that the great majority of Thames Reach's money and resources are invested in providing frontline services leaving little for fund-raising campaigns. The low cost of the campaign was achieved through pro bono help given by advertising experts and other professionals and companies and the backing of actress Joanna Lumley.

We actively sought to **link service users directly with the media** and with politicians and policy-makers, ensuring that appropriate support was in place for service users wishing to be involved. For example, service users were directly involved in our campaign to highlight the damage caused by super-strength lager which culminated in an article in *Community Care* magazine based on the experience of service user Dennis Rogers.

With support from Nokia we have developed our use of **new media including Facebook and Twitter** to raise the profile of Thames Reach and to engage in different ways with service users.

In order to disseminate our learning derived through our reconnections work with Central and Eastern European rough sleepers we developed a web-site with funding from the London Mayor's office. The **Routes Home website** can be used by anybody working with Central and Eastern European rough sleepers and provides a range of information relating to the legal position of migrants, the support that can be offered by embassies and consulates and the best way in which destitute rough sleepers from Eastern and Central Europe can be helped to return home.

We have been active participants in **research** on multiple exclusion homelessness led by the University of York, research on the factors leading to success in resettling homeless people with the University of Sheffield (For Home) and action research on the factors that lead to people escaping homelessness with Groundswell (The Escape Plan). The findings from this research will shape future work programmes.

Highlights of our work throughout the year are detailed in the Achievements and Performance section of this report on pages 14-17.

Organisational Work Programme

Every year an annual work programme is drafted by the Senior Management Team (SMT), setting out the actions and initiatives required in order to achieve the Business Plan objectives, and this is considered, agreed and, later in the year, reviewed by the Board. Each element of the work programme has a lead SMT member who takes responsibility for delivery on the particular area of work.

The annual work programme is linked to departmental, service and team work plans, all of which connect with the Business Plan. The work programme is aligned with the organisation's outcome management systems, including assessment and support planning tools, the outcomes star and the Excellence Model action plan. The European Foundation for Quality Management (EFQM) Excellence Model is the quality assurance framework that has been selected by Thames Reach to enable us to deliver continuous improvement in all areas of our operation.

The SMT is responsible for ensuring that the work programme is achieved and the Board receives regular papers relating to different parts of the work programme and has the opportunity to review overall progress.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Board Members 2009/2010

All of the Board members listed below served throughout the year. None of the Board has any beneficial interest in the organisation. No non-executive board member claimed expenses and no senior staff were remunerated for their work on the Board.

Ken Olisa OBE (Chair)	Chairman, Restoration Partners Director, Thomson Reuters Corporation Director, ENRC Chairman, Independent Audit Director, Retento Chairman, Powerlist Foundation Vice President, British Computer Society Member Independent Parliamentary Standards Authority First elected AGM 1993
Vasim Ul Haq ACMA FCA (Vice Chair)	Director, Audit, Tax and Advisory RSM Tenon First elected AGM 2001
Brigid Sutcliffe (Treasurer)	Chartered Accountant Associate Member of the Institute of Directors First elected January 2005
John Crowther *	Director of Operations, Thames Reach Appointed 13 July 1998 Resigned 19 July 2009
Peter Davey	Housing and Charity Consultant Affiliate Member CIH Board Member Stonewall Housing Trustee Edward Carpenter Community Trust First elected AGM 1988
William Flenley QC	Barrister and writer specialising in professional negligence, insurance, contract and property law First elected AGM 2001
Paula Jones	Thames Reach Health & Safety Officer Retired charity chief executive Trustee of the Peter Minet Trust Director and Company Secretary of Johnstone Court Management Ltd First elected AGM 2001
Tony McBrearty	Regeneration Consultant First elected AGM 1986
Vera Morris	Professor in Public Policy, London Metropolitan University Institute for Human Rights and Social Justice Consultant to the OECD Paris Consultant to the World Bank Former Government Economist, Department for Education and Employment Former advisor to the Joseph Rowntree Trust board Non-Executive National Health Trust Member of the Residential Tribunal Service First elected AGM 1999

Crispin O'Brien	Chartered Accountant Former KPMG partner and now senior adviser to KPMG and NEF consulting First elected May 2007
Aideen O'Halloran	Thames Reach Human Resources Officer Human resources consultant First elected AGM 1997
Jeremy Swain *	Chief Executive and Company Secretary, Thames Reach Appointed 1 February 1999
Joanna Wade	Thames Reach Equality & Diversity Champion Senior Independent Director Solicitor Employment Judge First elected AGM 1996
Andrew Whyte	Director of Communications, Department for Environment Food and Rural Affairs Executive Director, Advocacy and Communications, Arts Council England (until June 2009) Director, Community Channel (until September 2008) Fellow of the RSA Member of the Chartered Institute of Public Relations First elected AGM 1998
Steve Wylter	Director, Development Trusts Association Vice Chair, Social Enterprise Coalition Board member, Adventure Capital Fund, National Communities Resource Centre Member of various Government advisory groups on social enterprise, community organisations, and the third sector (Cabinet Office, CLG, Ministry of Justice) First elected AGM 1996

*** Executive Salaries**

Jeremy Swain, Chief Executive, £96,135

John Crowther, Director of Operations, (resigned 19th July 2009), £63,007 (full-time salary £78,759)

Board Members' Skills, Experiences and Qualities

Thames Reach's process for selecting new Board members is detailed in its Board Renewal Strategy. Thames Reach chooses to use open and transparent recruitment practices for new Board members, involving advertising positions on the Board in appropriate publications. Board members are elected by the shareholders at the AGM, one third of them retiring and being re-elected by rotation each year. New Board members undertake an induction, including visits to a range of Thames Reach projects, which gives them the opportunity to meet staff and service users. The Board appraises its performance as a group and, additionally, individual members are appraised by the Chair of the Board. The Chair is appraised annually by the Senior Independent Director (SID) on the Board who has a special responsibility for ensuring that the Chair is accountable to the Board. The Board is also externally appraised every three years in order to receive an external assessment of performance. Thames Reach's appraisal processes are set out in the Board Appraisal Strategy.

The Board strives to ensure that its membership reflects wider society and is diverse in both profile and background. It endeavours to operate according to equal opportunities and diversity principles which are encapsulated in Thames Reach's Policy Statement on Equality and Diversity (see page 13).

The Work of the Board

Ken Olisa is the chair of the Board of Trustees and Vasim Ul Haq is the vice-chair. The role of the Board is to provide clear strategic direction and effective risk management to enable the organisation to achieve its vision of ending street homelessness in partnership with other organisations, individuals and groups and its mission of helping homeless people to find decent homes, develop supportive relationships and live fulfilling lives. During the year the Board spent a day together to reflect on the previous year's activities and developments and to take a strategic overview of the coming period. The business challenges arising from the recession were the backcloth to much of the discussion and the board renewed its commitment to provide the best possible services and support to homeless people during this difficult period. The Board's reflections were enhanced through the contribution of two Thames Reach staff members who had previously been users of services for homeless people.

The Board reviews major risks to the organisation via the reporting mechanisms established to link to the main Board with the four standing committees. It also receives direct reports from the Chief Executive which are provided at every Board meeting. Detailed systems and procedures have been established to manage and mitigate the risks faced by Thames Reach. These include:

- Financial risk assessments covering risk to funding and issues of compliance which are reported to the Finance, Audit and Fundraising Committee.
- An effective system of internal audit of individual teams that has now entered its fifth year.
- Detailed health and safety reports which are submitted to the Services Committee on a quarterly basis, with a full report going to the full Board annually.
- The business planning processes, as well as the detailed work programmes, containing information on comprehensive risk analysis to ensure quality of delivery for all operational aspects of the organisation
- An annual, comprehensive risk analysis covering the full range of risks that the organisation must consider and find ways of mitigating.

It is recognised that comprehensive systems and reporting can provide considerable, but not absolute, assurance that all risks have been effectively managed.

The Work of the Committees

All four committees of the Board, as detailed below, met regularly throughout the year. All meetings were quorate.

The committee chairs referred up to the full Board all issues and matters requiring the attention of the full Board.

Finance, Audit and Fundraising Committee

Brigid Sutcliffe, our Treasurer, chaired the committee. The other non-executive Board members on the committee were Vasim Ul Haq and Crispin O'Brien.

The principal duty of the committee is to provide a strategic overview of the financial position of the organisation by examining budgets and making recommendations, approving the end-of-year accounts and considering the financial risk factors and insurance requirements for the organisation. During the year the committee scrutinised the quarterly accounts, approved the final accounts and shareholders' report as well as the annual budget, discussed the investment strategy, analysed the organisational financial risk assessments, in particular with respect to the Employment Academy (see page 14), and revised the authorisation of expenditure policy.

Services Committee

This committee was chaired by Paula Jones. The other non-executive Board members were Peter Davey and Andrew Whyte.

The committee's role is to ensure that the standards and performance of services delivered to homeless and vulnerable people remain high and that services continue to develop and improve coherently and effectively. During the year the committee received reports on the results of the internal audits of team performance and the audits of the accommodation managed by Thames Reach, undertaken to ensure that the physical conditions of our projects reach the high standards

demanded by the organisation. Other reports were considered on the use of the private rented sector and the organisation's performance indicators. The committee discussed bidding for business under framework agreements, the service user conference, the service user council, the service user involvement policy, quarterly health and safety reports and progress on the services-related sections of the Business Plan.

Services committee meetings are attended by three service users who act as paid specialist advisers to its members and make a valued contribution by offering a service users' perspective.

Governance Committee

This committee was chaired by Joanna Wade and the other non-executive Board members were Aideen O'Halloran and Tony McBrearty.

The committee's primary responsibilities include overseeing the renewal of the Thames Reach Board including the recruitment of new Board members, making arrangements for the appraisal of the Chief Executive and overseeing the annual appraisal of Board performance. The committee is also responsible for reviewing the remuneration of the Chief Executive and other senior staff at Director-level or above. During the year the committee considered the annual Human Resources (HR) report, addressing in particular the levels of sickness absence, the appraisal and re-election process for individual Board members, succession planning and talent management, the board conflict of interest policy, the employees' opinion survey results and progress reports on the consultation over the proposed increase in working hours.

Property Development Committee

This committee was chaired by Vasim Ul Haq and the other non-executive Board members were William Flenley, Crispin O'Brien (until September 2009) and Steve Wyler (from October 2009).

The committee's purpose is to oversee Thames Reach's work in the area of property purchase and development. During the year it focused its attention on the purchase and development of the Employment Academy and the offices at Elmfield House and adjacent Hudson House resource centre; Other work included agreeing a property purchase development strategy, an exploration of the benefits of becoming an RSL, consideration of options concerning the possible sale of offices owned by Thames Reach; whether to enter into a lease arrangement for the Graham House hostel and how to make more efficient use of office space incorporating the PriceWaterhouseCoopers initiative (see page 6).

Policy Statement on Equality and Diversity

Thames Reach is committed to equality of opportunity and the encouragement and celebration of diversity. This means that in the provision of services and employment of staff to provide these services, the organisation aims to ensure that no one is unfairly discriminated against because of their race, gender, age, disability, sexuality, social standing, religious beliefs, refugee status, ethnic or national origin, marital status or because of responsibility for dependents.

As well as recognising a duty to promote equality of opportunity for staff, service users, and others associated with the organisation, Thames Reach regards the diversity of these groups as an organisational strength to be valued and nurtured.

Health and Safety

It is Thames Reach's policy to energetically fulfil its responsibility to maintain a healthy and safe working environment for all its employees, volunteers, visitors and service users, and to ensure that all that is reasonable and practical is done to reduce and manage risks. Thames Reach's Board has a responsibility to ensure this policy is implemented in a rigorous manner and is committed to continuous improvement in health and safety performance. Performance is monitored through annual reports to the Board, and quarterly reports to the Services Committee.

As a member of the British Safety Council, Thames Reach is kept up-to-date with changes in legislation or good practice. Thames Reach has developed a new health and safety strategy for 2009-2012 which aims to achieve further reductions in workplace accidents and ill-health and also seeks to increase service user involvement, promote well-being and commits the organisation to reviewing all its existing policies and procedures associated with health and safety. During the past year we have reviewed a number of health and safety policies, invited service users to participate in our Central Health and Safety Committee, and have made efforts to ensure wellbeing is considered alongside health and safety issues.

ACHIEVEMENTS AND PERFORMANCE

New Services and development

The Employment Academy

In June 2010 our application for planning permission for the Employment Academy at 29 Peckham Road, SE5 was successful. This ambitious, large-scale employment initiative, funded under the Places of Change programme, is supported by the London boroughs of Southwark and Lambeth as a joint, cross-borough project. The Employment Academy will bring together under one roof a range of services and organisations dedicated to helping people out of long-term worklessness and help people, particularly those living locally in the London boroughs of Southwark and Lambeth, to develop new skills, increase their self-confidence and find work. The Employment Academy will be a local resource for people in Lambeth and Southwark, offering space and facilities that can be used by the local community. Within the building there will also be a café facility open to the public offering good quality nutritious food.

National GROW (Giving Real Opportunities for Work)

GROW is a programme that seeks to bring into the workforce people who have experienced using services for the homeless. The direct impact of the programme within Thames Reach is described on page 6. The Department for Communities and Local Government (CLG) funded the organisation to roll-out GROW on a national basis on the back of the success of the programme at Thames Reach. Working in partnership with Homeless Link the national GROW programme has continued to successfully influence agencies throughout England to develop and embrace service user employment. By the beginning of 2010 the GROW team had exceeded the targets set by CLG, for the number of agencies making a commitment to bring service users into their workforce as paid employees and for the number of service users to have started work and sustain employment.

London Reconnection Project

Since it began in January 2009 our London Reconnection Project has been enormously successful in helping destitute Central and Eastern Europeans return home. This was initially a year-long programme but the Department for Communities and Local Government (CLG) found additional funding to continue the service during 2010-11 because the outcomes being achieved were impressive and the level of destitution amongst Central and Eastern European rough sleepers remained disturbingly high. The additional funding also enabled legal advice to be provided to the targeted group.

West London Reconnect

We were successful in a bid we made in collaboration with the Barka Foundation, an organisation which runs a range of employment related, collectively organised projects and initiatives in Poland, to provide reconnection support and assistance to destitute Eastern and Central Europeans in West London. We support Barka through playing a coordinating role, allowing them to take the lead on direct service delivery. West London Reconnect also provides support and assistance to other people who have issues to resolve connected to their status as a migrant or asylum-seeker and who cannot usually claim welfare benefit entitlements in this country.

Hackney Reach generic floating support service

We were successful in our bid to manage a large floating support service in the London Borough of Hackney. Hackney Reach, commenced operation in November 2009. The team offers support to adults with a range of support needs who may need assistance with, for example, benefit claims, rent arrears, accessing care or counselling services, antisocial behaviour, skills improvement and training for work.

Sutton Reach floating support service

Our Sutton Reach floating support service which assists vulnerable people in the borough who have either mental health and/or substance use issues was able to extend its range when the London Borough of Sutton asked Thames Reach to extend the service to include an additional post which enables the team to provide an intensive support service to a group of tenants who are particularly withdrawn and difficult to engage. Additionally, in May 2010 we were successful in our bid to manage two supported housing projects in Sutton, for people with drug and/or alcohol issues.

25 bus initiative

In November 2009 we were successful in a bid to undertake outreach work on the number 25 bus, infamous because of its use by rough sleepers as a place to rest and sleep. This is a pilot scheme that addresses a significant problem, not unique to the number 25, but certainly an issue associated primarily with the bendy buses. The initiative has achieved a good level of success in terms of helping people to find accommodation and address related problems and has since been extended to other bus routes.

Camden Houses

Three accommodation projects for people with mental health problems in the London Borough of Camden were successfully transferred to Thames Reach in February 2010. An implementation plan is underway to bring about the required improvements, both to the physical quality of the houses and the service delivery.

Lambeth Mental Health Training and Employment Network

In early 2010 we were successful in our bid for a new post, funded by the NHS Lambeth and based within our Learning and Employment Services which aims to find more pathways into work for people with mental health problems by coordinating and strengthening links between vocational service providers, clinical services and mainstream organisations.

Partnership with Blenheim CDP

Over recent years Thames Reach has developed a very good relationship with Blenheim CDP which provides a 12-week substance misuse treatment programme for tenants living at our Brixton Step project. In July 2009 we took the step of formalising our partnership through a Memorandum of Understanding which commits both organisations to work together to develop effective and innovative services and to share ideas and resources.

Reshaping our work to meet new challenges

Personalisation

The way in which adult social care is delivered is changing with far greater emphasis being placed on empowering recipients of services by giving them more involvement in shaping their support plans, greater control over how money provided for their support is spent and a greater role in deciding who provides services to them. This approach is termed 'personalisation' and has been embraced by government, commissioners and service delivery organisations. The person-centred planning (PCP) approach adopted by Thames Reach fits well with the drive towards the personalisation of services and the development of PCP is a major initiative that was embarked on this year and will continue over the next two years. Additionally Thames Reach is running two pilots at Stafford House, our mental health project in the Westminster and at Lewisham Reach which provides tenancy support in the borough. These pilots are offering more choice to service users in terms of selection of staff who work with them and have enabled us to experiment with the use of personal budgets through which service users are able to decide themselves how money provided for their support is spent.

Graham House hostel upgrade

Thanks to a grant from the Places of Change Hostels Capital Improvement Programme we are working together with architects to substantially upgrade Graham House, our 69-bed hostel for rough sleepers in Vauxhall. The objective is to improve the reception area of the building and to create better spaces where people can engage in activities related to improving skills, and developing new interests.

Awards, Events and Visits

Thames Reach Chairman, Ken Olisa

Our chairman, Ken Olisa, was awarded an OBE in the Queen's Birthday Honours List June 2010 for his work in tackling homelessness in London. Ken Olisa was also named Non-Executive Director of the year in the not-for-profit category of the prestigious KBC Peel Hunt awards, sponsored by The Sunday Times. Winners were presented with their awards at a ceremony in London in February 2010.

London Excellence Awards

This year Thames Reach received a London Excellence Award for its customer focus, an award which is open to organisations from the private, public and voluntary sectors.

Third Sector Excellence Awards 2009

Thames Reach was highly commended in the 'Best Employer' category of the Third Sector Excellence Awards 2009. The awards acknowledge inspiring and outstanding work by charities and volunteering organisations and reflected the high regard in which the organisation is held by staff and the effectiveness of the organisation's Human Resources team.

Charity Awards 2010

Thames Reach's Moving In Moving On (MIMO) painting and decorating training scheme for formerly homeless people was 'highly commended' in the prestigious Charity Awards 2010. MIMO was shortlisted in the education and training category of the awards which aim to acknowledge excellence across a range of criteria, including leadership, innovation and effectiveness. The MIMO course helps people who have experienced homelessness to develop new skills, boost their self-confidence and learn about working as part of a team.

Fundraising Events

Business in the Community Programme Manager, Darren Coulby, completed the Reading half-marathon in aid of Thames Reach. Darren, who has volunteered with Thames Reach's London Street Rescue service for nearly five years, raised over a thousand pounds in aid of the Hilary Stent awards, an annual award for homeless and ex-homeless people who are trying to take big steps forward in their lives. The awards were created in honour of Hilary Stent, a former employee of Thames Reach, who died suddenly in 1999.

Street Excursion with the Homelessness Minister

Both Ian Austin, the Housing Minister in the last Labour administration and Grant Shapps the Housing Minister in the Coalition government, accompanied Thames Reach's outreach workers on shifts, in order to have contact with people sleeping rough and in doing so to better understand their needs. Giving people who are, or have been, homeless the opportunity of engaging directly with politicians is an important element of our work and crucial in terms of persuading those with power and influence to address the devastating problem of homelessness.

Visit of Dame Suzi Leather

Together with our partners Bleinham CDP we hosted a visit from Dame Suzi Leather, Chair of the Charity Commission who wanted to hear about the work of the our organisations and the background to our decision to establish a formal partnership. This was a useful session with the service users in attendance making a very positive impact.

Service user conference

Despite a tube strike on the day, around 80 service users attended a very successful service user conference in June 2009. There was a compelling mix of workshops, good food, awards and a panel discussion, which involved the London Mayor's Housing Richard Blakeway, to keep everyone interested and entertained.

Research and Campaigning

Glossy ads

Actress Joanna Lumley gave her backing to a high-profile Thames Reach campaign that pledges to spend every penny donated by the public on helping homeless people in London, rather than paying for glossy advertisements. In order to launch the campaign, Joanna and Maz Albrecht, a Thames Reach service user, painted a slogan onto a large billboard in Vauxhall. The campaign was the brainchild of Mark and Lewis, two of London's foremost creatives from the world of advertising, who gave up their time and expertise for free after seeing people sleeping rough. Backing for the campaign came from Clear Channel Outdoor who donated advertising space on a thousand bus shelter advertising sites across London.

Killing with Kindness

Our Killing with Kindness campaign urging the public not to give money to people who beg continued to attract interest. The poster for this campaign was adopted by two new London boroughs – the City of London and Tower Hamlets. It is also being displayed in Newcastle-upon-Tyne and Tunbridge Wells, Kent.

Super-strength drinks

We continued our campaign for an increase in the price of super-strength drinks, such as Carlsberg Special Brew, in order to reduce their availability and limit the damage to health that they cause. Thames Reach has welcomed the government's decision to tackle problem drinks and was delighted that Heineken, which produces one of the most damaging super-strength ciders, White Lightning, took the decision to stop its production. Senior staff from the company have recently visited our Graham House hostel in order to gain a fuller understanding of the impact of super-strength lager on the health of homeless men and women.

Further Information

More information about Thames Reach can be found in the Annual Review which is available to download on our website at www.thamesreach.org.uk.

FUTURE PLANS

Thames Reach has completed the first year of the 2009-2012 Business Plan. Progress against the objectives set out in the Business Plan are described in pages 5-9.

The main areas of work linked to the second year of the Business Plan are described in the 2009-10 work programme which has been agreed by the Board. The main objectives for the year are to:

1. Continue to improve the physical quality of our hostels and the outcomes they achieve for homeless people. This programme is called 'Places of Change'.
2. Develop the Employment Academy to help long-term unemployed and homeless people living in Southwark and Lambeth to find sustainable employment
3. Work with partners in central, regional and local government, the voluntary sector and in local communities to street homelessness as we seek to end rough sleeping in London by 2012
4. Develop a programme to achieve greater investment by Thames Reach in the communities in which it operates
5. Help service users improve their basic literacy, numeracy and money management skills
6. Seek further ways of improving our cost effectiveness so that the organisation can remain competitive and develop new services.

REVIEW OF THE FINANCIAL POSITION

The Statement of Financial Activities shows total incoming resources of £21,039,403 an increase of 8% on the previous year. Resources expended have increased by 7.5% to leave a small surplus. In keeping with previous years, 99% of the expenditure was incurred on direct charitable expenditure. Expenditure on fundraising and publicity represents less than one percent of total income but has increased as it is more difficult to raise funds in the current difficult climate..

Active measures were in place to manage our costs during the last year and staff and managers worked on the three principles of cash, confidence and costs. Our aims for the coming year are austerity and innovation as we prepare for difficult, challenging and changing funding environments. Our activities continue to grow and we have expanded our core business of tenancy support through new bids and projects. We will continue to grow the business where we are able to achieve full cost recovery. We also intend to expand our range of fundraising activities with a concentration on our learning and employment projects where it has been difficult to obtain statutory funding.

Thames Reach does not own the hostels and flats that it manages and therefore has only small levels of fixed assets. We operate a five-year rolling programmes of renewal in relation to furniture and equipment. We own one floor of a building in Vauxhall and in April 2009 purchased our first major fixed asset in the form of offices and a service user centre in Stockwell. During 2010/11 we will take ownership of substantial premises in Southwark where we will be developing our Employment Academy with capital grants from the Homes and Community Agency. We will also be embarking on a major capital fundraising campaign to fund the balance.

Thames Reach has maintained its record of financial stability and of maximising the use of its resources on direct charitable expenditure. In order to ensure the ongoing fulfilment of these objectives in the coming years the Board, through the Finance, Audit and Fundraising Committee and the Treasurer, will continue to monitor closely the levels of reserves that are necessary.

Reserves Policy

The Board of Thames Reach recognises the need to maintain financial stability in order to achieve our strategic intent and carry out the charitable objects of the organisation. The Board and Treasurer therefore consider it prudent to maintain adequate reserves which, in conjunction with appropriate financial controls and risk management systems, will minimise any disruption to our services.

Level of Reserves and Monitoring

The Thames Reach Reserves Policy sets out detailed targets for reserves. The organisation sets the level of designated reserves (planned use of funds) for specific risks and liabilities at the time of setting the annual budget. These reserves are calculated to provide for longer term contractual responsibilities such as office leases, maternity and sickness cover. They also include funds to cover replacement of vehicles, and to replace furniture and equipment in our accommodation over a five-year rolling programme. The designated reserves all meet the targets set within the policy.

The level of designated funds for expansion and new projects is set in conjunction with the Business Plan, SMT work programme and the fundraising programme at the time of setting the budget. The target for the development fund is 5% of turnover, but this year it has decreased from 3.7% to 3.5%. This reflects the more difficult funding climate where we have been unable to secure set-up costs from funders for new projects.

We also have a general reserve which provides a safety net and working capital. This is calculated via a detailed annual risk analysis. The aim is to provide funds to cover for an unforeseen/uninsurable risk, as well as to provide for any interruption to the funding for a project or team. The reserve is set at 25% of that funding which is identified as high risk, plus the amount of retained income within restricted income streams. Funds have been transferred to this fund but we remain below target for this fund. The loss of income from interest has also affected the balance of this fund.

The level of reserves is reviewed annually to ensure they are maintained at an appropriate level. The reserves policy will be reviewed annually until the Board is satisfied the reserves have reached a level adequate for potential risk. Once this has been achieved, the policy will be reviewed every three years.

Risk Factors

Financial risk assessment procedures have been implemented and are reported to the Finance, Audit and Fundraising committee and the Board on a regular basis. These procedures identify any significant risks and monitor progress and planning in relation to management of these organisational risks.

Analysis of Assets

Note 17 sets out an analysis of the assets and liabilities attributable to the various funds. These assets are sufficient to meet the organisation's obligations on a fund-by-fund basis.

Statement of the Board's Responsibilities

Regulations require the Board to prepare accounts for each financial year which give a true and fair view of the organisation's state of affairs at the end of the year and of its income and expenditure for that period.

In preparing those accounts, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation and to enable them to ensure that the accounts comply with the Industrial and Provident Societies Act 1965 and the Friendly and Industrial and Provident Societies Act 1968. It is also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the organisation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

A resolution proposing that Chantrey Vellacott DFK LLP be reappointed as auditor of the organisation will be put to the Annual General Meeting.

On behalf of the Board



Jeremy Swain
Board Member and Chief Executive

6th September 2010

Independent Auditor's Report to the Shareholders of Thames Reach Housing Association Limited

We have audited the financial statements of Thames Reach Housing Association Limited for the year ended 31 March 2010 which comprise the statement of financial activities, balance sheet, cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Organisation's shareholders, as a body, in accordance with the regulations. Our audit work has been undertaken so that we might state to the Organisation's shareholders 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 Organisation and the Organisation's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Board and auditor

As described in the Statement of the Board's Responsibilities, the Board members are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Act 1965 and the Friendly and Industrial and Provident Societies Act 1968. We also report to you whether, in our opinion, the Shareholders' Annual Report is consistent with financial statements. We also report to you if, in our opinion, the Organisation has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Board's remuneration and transactions with the Organisation is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Organisation'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 as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditor's Report to the Shareholders of Thames Reach Housing Association Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Organisation's affairs as at 31 March 2010 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Act 1965 and the Friendly and Industrial and Provident Societies Act 1968; and
- the information given in the Shareholders' Annual Report is consistent with the financial statements.

Chantrey Vellawott DAC LLP

**Chartered Accountants
Statutory Auditor**

LONDON

Date: 6th September 2010

THAMES REACH HOUSING ASSOCIATION LIMITED

Statement of financial activities for the year ended 31 March 2010

	Notes	General funds £	Designated funds £	Restricted funds £	Total 2010 £	Total 2009 £
Incoming resources						
Incoming resources from charitable activities						
Accommodation services	2	4,908,836	8,135,394	4,343	13,048,573	12,486,456
Support activities	3	167,643	5,028,450	1,816,177	7,012,270	5,513,564
Pathways to occupation	4	20,880	-	947,503	968,383	1,257,776
Incoming resources from generated funds						
Bank interest		10,178	-	-	10,178	194,359
Total incoming resources		<u>5,107,537</u>	<u>13,163,844</u>	<u>2,768,023</u>	<u>21,039,404</u>	<u>19,452,155</u>
Resources expanded						
Cost of generated funds		47,831	127,210	28,299	203,340	152,187
Charitable activities		4,851,275	12,988,195	2,926,824	20,766,294	19,347,468
Governance costs		4,633	12,322	2,741	19,696	24,847
Total resources expanded	5	<u>4,903,739</u>	<u>13,127,727</u>	<u>2,957,864</u>	<u>20,989,330</u>	<u>19,524,502</u>
Net incoming/(outgoing) resources before transfers		203,798	36,117	(189,841)	50,074	(72,347)
Transfers between funds		<u>(50,994)</u>	<u>(214,634)</u>	<u>265,628</u>	-	-
Net movement in funds		152,804	(178,517)	75,787	50,074	(72,347)
Fund balances at 1 April 2009		319,108	4,761,490	412,380	5,492,978	5,565,325
Fund balances at 31 March 2010		<u>471,912</u>	<u>4,582,973</u>	<u>488,167</u>	<u>5,543,052</u>	<u>5,492,978</u>

None of the activities of the Association were acquired or discontinued during the above year. The Association has no recognised gains or losses other than dealt with above.

The notes on pages 26 to 36 form part of these financial statements.

THAMES REACH HOUSING ASSOCIATION LIMITED

Balance sheet at 31 March 2010

	Notes	31 March 2010 £	31 March 2009 £
Fixed assets			
Tangible assets	9	1,812,903	825,932
Investments	10	-	510
		<u>1,812,903</u>	<u>826,442</u>
Current assets			
Debtors	11	2,123,772	1,470,176
Cash at bank and in hand		<u>4,885,540</u>	<u>6,076,155</u>
		7,009,312	7,546,331
Creditors: amounts falling due within one year	12	(3,279,163)	(2,879,795)
Net current assets		<u>3,730,149</u>	<u>4,666,536</u>
Total assets less current liabilities, being net assets	17	<u>5,543,052</u>	<u>5,492,978</u>
Income funds			
Share capital	14	25	25
Restricted funds	15	488,167	412,380
Unrestricted funds:			
Designated funds	16	4,582,973	4,761,490
General funds		471,887	319,083
		<u>5,543,052</u>	<u>5,492,978</u>

These financial statements were approved by the Board on 6th September 2010 and authorised for issue and were signed on its behalf by:



Ken Olisa
Chair



B. Sutcliffe
Treasurer

The notes on pages 26 to 36 form part of these financial statements.

THAMES REACH HOUSING ASSOCIATION LIMITED

Cash flow statement for year ended 31 March 2010

	Notes	Year ended 31-Mar 2010 £	Year ended 31-Mar 2009 £
Net cash inflow from operating activities	18	206,497	427,096
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets		(1,407,111)	(501,399)
Proceeds from disposal of assets		10,000	-
Decrease in cash	19	<u>(1,190,614)</u>	<u>(74,303)</u>

The notes on pages 26 to 36 form part of these financial statements.

THAMES REACH HOUSING ASSOCIATION LIMITED

Notes to the financial statements for the year ended 31 March 2010

1. Accounting Policies

a) Basis of Preparation

These financial statements are prepared under the historical cost convention and in accordance with relevant accounting standards.

The accounts have been prepared in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005.

b) Incoming Resources

Grants, charges, material donations and Supporting People funding are recognised in the period in which they are receivable. Supporting People and rental charges are stated net of voids. Smaller donations and bank interest received are recognised on receipt.

Income which is specifically for the performance of the main service of the organisation is analysed as "incoming resources from charitable activities".

Funds received for the purchase of fixed assets are treated as restricted funds. The treatment of the funds used to acquire these fixed assets depends upon the restriction imposed by the grant. If the fixed assets' acquisition discharges the restriction then a corresponding transfer of the associated restricted income will be made to the unrestricted fund in the year of purchase. If the acquisition does not discharge the restriction then the funds will be held in a restricted fixed asset reserve. The assets purchased are capitalised and the depreciation of these assets is allocated to the restricted fund on a yearly basis thereby reducing the restricted fund to nil over the life of the assets.

c) Resources expended

Expenditure is recognised on an accruals basis.

Salary and other costs expended in directly providing the main services of the organisation are analysed as "charitable activities".

Other support costs are allocated to "charitable activities" or "cost of generating charitable income" on the basis of the estimated staff time spent on each area.

Governance costs comprise those costs relating to compliance with constitutional and statutory requirements, Board expenses and other costs of strategic development.

d) Tangible fixed assets and depreciation

Assets over £500 are capitalised. Tangible fixed assets other than freehold land are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold Building	over twenty years on cost
Fixtures, fittings and equipment	over four years on cost
Motor vehicles	over five years on cost

e) Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated future periods. The finance element of the rental payment is charged to the statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period. Rentals payable under operating leases are charge against income on a straight line basis over the period of the lease.

THAMES REACH HOUSING ASSOCIATION LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

1. Accounting policies (continued)

f) Investments

Fixed asset investments in unlisted companies are stated at cost.

g) Pensions

The pension costs charged in the financial statements represent the contributions payable by the organisation during the year.

h) Accumulated Funds

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements. Designated funds comprise funds which have been set aside at the discretion of the Board for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

2. Accommodation services	General funds £	Designated funds £	Restricted funds £	Total 2010 £	Total 2009 £
Supporting people	-	6,984,647	-	6,984,647	6,843,200
Rental income	4,908,836	1,150,747	-	6,059,583	5,610,952
Sundry income	-	-	4,343	4,343	32,304
	<u>4,908,836</u>	<u>8,135,394</u>	<u>4,343</u>	<u>13,048,573</u>	<u>12,486,456</u>

3. Support activities

London Councils	-	307,626	-	307,626	282,626
Supporting People	-	4,308,134	21,133	4,329,267	3,195,117
Department for Communities and Local Government	-	-	1,762,556	1,762,556	1,324,625
Health Commission	-	26,605	-	26,605	246,825
London Borough of Lambeth	-	-	-	-	13,760
London Borough of Hackney	-	126,553	-	126,553	132,820
London Borough of Barking & Dagenham	22,500	-	-	22,500	22,500
London Borough of Croydon	16,000	-	-	16,000	-
London Borough of Havering	-	-	-	-	10,000
London Borough of Hackney	2,327	-	-	2,327	-
London Borough of Redbridge	22,500	-	-	22,500	22,500
London Borough of Tower Hamlets	-	233,000	-	233,000	129,703
London Borough of Lewisham	23,460	-	-	23,460	-
London Probation Services	-	26,532	-	26,532	45,000
West London Reconnections	69,172	-	-	69,172	-
Trust Income	-	-	-	-	15,400
Sundry income	-	-	32,488	32,488	71,127
Donations	11,684	-	-	11,684	1,561
	<u>167,643</u>	<u>5,028,450</u>	<u>1,816,177</u>	<u>7,012,270</u>	<u>5,513,564</u>

THAMES REACH HOUSING ASSOCIATION LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

3. Support activities (continued)

By activity:	Accommodation	Outreach	Tenancy sustainment	Total 2010	Total 2009
	£	£	£	£	£
London Councils	45,982	261,644	-	307,626	282,626
Supporting People Department for Communities and Local Government	-	832,857	3,496,410	4,329,267	3,195,117
Health Commission	-	440,000	1,322,556	1,762,556	1,324,625
London Borough of Lambeth	-	26,605	-	26,605	246,825
London Borough of Hackney	-	-	-	-	13,760
London Borough of Barking & Dagenham	-	126,553	-	126,553	132,820
London Borough of Croydon	-	22,500	-	22,500	22,500
London Borough of Hackney	-	16,000	-	16,000	-
London Borough of Havering	2,327	-	-	2,327	-
London Borough of Redbridge	-	-	-	-	10,000
London Borough of Tower Hamlets	-	22,500	-	22,500	22,500
London Borough of Lewisham	-	233,000	-	233,000	129,703
London Probation Services	-	-	23,460	23,460	-
West London Reconnections	-	26,532	-	26,532	45,000
Trust Income	-	69,172	-	69,172	-
Sundry income	14,487	-	18,001	32,488	71,127
Donations	-	10,284	1,400	11,684	1,561
	<u>62,796</u>	<u>2,087,647</u>	<u>4,861,827</u>	<u>7,012,270</u>	<u>5,513,564</u>

Section 44 funding from London Councils was £ 100,000 (2009: £ 75,000).

Section 47 funding from London Councils amounted to £ 213,142 (being £207,626 plus a carry forward of £ 5,516) (2009: £207,626)

Total funding from London Councils of £ 313,142 (2009: £ 282,626) was fully utilised against designated running costs as follows:

	Section 44	Section 47	2010 £	2009 £
Staff costs	78,159	176,799	254,958	208,186
Property costs	6,437	15,796	22,233	11,071
Clients' welfare	2,908	5,297	8,205	12,053
Central management costs	9,580	13,272	22,852	19,061
Other running costs	6,592	34,378	40,970	34,885
Additional Staff and volunteer costs	-	9,623	<u>9,623</u>	<u>-</u>

THAMES REACH HOUSING ASSOCIATION LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

4. Pathways to occupation	General funds £	Designated funds £	Restricted funds £	Total 2010 £	Total 2009 £
Department for Communities and Local Government	-	-	573,063	573,063	452,706
LDA	-	-	-	-	100,000
Trusts	-	-	97,675	97,675	185,813
Donations	-	-	100,290	100,290	194,356
Oak Foundation	-	-	-	-	164,680
Sundry income	-	-	176,475	176,475	112,526
Exhibition income	130	-	-	130	3,953
Shift income	20,750	-	-	20,750	43,742
	<u>20,880</u>	<u>-</u>	<u>947,503</u>	<u>968,383</u>	<u>1,257,776</u>
5. Total resources expanded		Staff costs	Other costs	Total 2010	Total 2009
Costs of generating voluntary income		145,061	58,281	203,342	152,188
Charitable activities		14,710,755	6,055,538	20,766,293	19,347,466
Governance costs		14,050	5,645	19,695	24,848
		<u>14,869,866</u>	<u>6,119,464</u>	<u>20,989,330</u>	<u>19,524,502</u>
Total 2009		<u>13,728,790</u>	<u>5,795,712</u>	<u>19,524,502</u>	

THAMES REACH HOUSING ASSOCIATION LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

5. Total resources expanded (continued)

Analysis of other costs	2010	2009
	£	£
Staff training and recruitment	211,288	268,476
Rent and service charges	522,568	501,872
Partnership contracts	169,700	123,800
Property costs	1,122,119	1,078,288
Insurance	164,908	203,078
Telephone and communication costs	220,050	183,257
Printing, postage, stationary and publicity	114,332	116,816
Food	166,293	172,443
Legal and professional	198,225	158,601
Audit fee	16,330	13,336
Tenants and clients welfare	207,209	252,840
RSL management and maintenance	1,984,066	1,605,649
Other direct costs	1,022,376	1,117,256
	<u>6,119,464</u>	<u>5,795,712</u>

Other direct costs include cost of furniture and computers.

Governance costs includes payments to auditor of £16,330 (2009: £14,386) for audit fees.

6. Board

None of the non-executive board members (or any persons connected with them) received any benefits from the organisation during the year.

7. Employees

Average monthly number of employees during the year

	2010	2009
	Number	Number
Housing and project services	416	395
Fundraising and publicity	2	2
	<u>418</u>	<u>397</u>

THAMES REACH HOUSING ASSOCIATION LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

7. Employees (continued)

Analysis of staff costs	2010 £	2009 £
Wages and salaries	12,249,796	11,457,056
Social security costs	1,234,886	1,160,013
Other pension costs	778,046	697,624
Agency, relief and volunteer costs	607,138	414,097
	<u>14,869,866</u>	<u>13,728,790</u>

The number of employees whose annual emoluments were over £60,000 or more were:

	2010	2009
£90,001-100,000	1	1
£80,001-90,000	-	-
£70,001-80,000	3	3
£60,001-70,000	-	1
	<u>4</u>	<u>5</u>

8. Taxation

As the organisation is registered under the Industrial and Provident Societies Act 1985 and the Friendly and Industrial Provident Societies Act 1968 it is an exempt charity and is not subject to corporation tax.

9. Tangible fixed assets

	Assets under construction £	Freehold property £	Furniture, fittings, equipment & motor vehicles £	Total £
Cost				
At 1 April 2009	-	70,000	2,957,927	3,027,927
Additions	315,164	824,414	267,534	1,407,112
Disposals	-	-	(20,057)	(20,057)
At 31 March 2010	<u>315,164</u>	<u>894,414</u>	<u>3,205,404</u>	<u>4,414,982</u>
Depreciation				
At 1 April 2009	-	45,500	2,156,495	2,201,995
Charge for the year	-	44,597	361,482	406,079
Disposals	-	-	(5,995)	(5,995)
At 31 March 2010	<u>-</u>	<u>90,097</u>	<u>2,511,982</u>	<u>2,602,079</u>
Net book value				
At 31 March 2010	<u>315,164</u>	<u>804,317</u>	<u>693,422</u>	<u>1,812,903</u>
At 31 March 2009	<u>-</u>	<u>24,500</u>	<u>801,432</u>	<u>825,932</u>

THAMES REACH HOUSING ASSOCIATION LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

10. Fixed asset investments	Total 2010 £	Total 2009 £
Cost		
At 1 April 2009 and 31 March 2010	<u>-</u>	<u>510</u>

Thames Reach's investment in Streetshine Limited was written off during the year as Streetshine was liquidated:

Company	Company of Registration or incorporation	Class of Shares held	%
Subsidiary undertakings			
Streetshine Limited	England and Wales	Ordinary	
Holding at beginning of year			51
Holding at end of year			<u>-</u>

The aggregate amount of capital and reserves and the results of this undertaking for the last relevant financial year were as follows:

	Accumulated loss £	Profit for the year £
Streetshine Limited	<u>(164,309)</u>	<u>(13,227)</u>

The subsidiary undertaking has not been consolidated on the basis of materiality.

11. Debtors	2010 £	2009 £
Charges and grants receivable	1,584,738	884,707
Rent arrears	320,564	276,484
Other debtors	218,470	308,985
	<u>2,123,772</u>	<u>1,470,176</u>

12. Creditors: amounts falling due within one year	2010 £	2009 £
Trade creditors	1,286,057	673,394
Rent in advance	630,179	599,529
Taxes and social security costs	15,489	11,962
Grants in advance	727,131	831,027
Other creditors	620,307	763,883
	<u>3,279,163</u>	<u>2,879,795</u>

THAMES REACH HOUSING ASSOCIATION LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

13. Pension costs

Thames Reach is a member of a group pension scheme, which is part of a multi-employer scheme, the assets of which are held in independently administered funds. The scheme is a defined benefit scheme and Thames Reach's share of the underlying assets and liabilities cannot be separately identified on a reasonable basis hence contributions to the scheme are accounted for as if it were a defined contribution scheme. Contributions payable to the scheme for the year were £778,046 (2008: £697,624).

14. Share capital

	Total 2010 £	Total 2009 £
Shares of £1 each fully paid	<u>25</u>	<u>25</u>

15. Restricted funds

The income funds of the Organisation include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2009 £	Net Movement and transfers in funds £	Balance at 31 March 2010 £
Department for Communities and Local Government capital grant	173,751	(61,582)	112,169
Trusts	51,435	(51,435)	0
Homelessness Directorate grant	9,111	-	9,111
New premises capital reserve	13,915	(13,915)	0
Capital Fund	1,760	333,222	334,982
Tenant Resource Centre	1,841	(1,841)	0
Slade Legacy	127,115	(127,115)	0
Street Rescue	35,620	-	35,620
Hilary Stent Fund	(2,168)	(1,547)	(3,715)
	<u>412,380</u>	<u>75,787</u>	<u>488,167</u>

DCLG Capital Grant: This is restricted income to cover specific capital costs in Greenhouse, MIMO, Street Rescue and Tenancy & Sustainment.

Trusts: this restricted income has been released towards the purchase of Elmfield and Hudson properties

Homelessness Directorate Grant: This is restricted income to cover the cost of Thames Reach's street rescue taxi.

New premises capital reserve: This restricted income has been released towards the purchase of Elmfield and Hudson properties.

Capital Fund: This restricted income will be used for the purchase and refurbishment of Thames Reach Employment Academy.

THAMES REACH HOUSING ASSOCIATION LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

15. Restricted funds (continued)

Tenant Resource Centre: This restricted income has been released towards the purchase of Hudson House Resource Centre

Slade Legacy: This is income from a legacy for the benefit of our client group and has been released towards the purchase and refurbishment of Elmfield and Hudson properties.

Street Rescue: This was income set aside for the development of street rescue

Hilary Stent Fund: The fund represents donations received for the annual award to a resettled client made in memory of our colleague Hilary Stent. The award takes place in June so the donations are received after the year end.

16. Designated funds

The income funds of the Association include the following designated funds which have been set aside out of unrestricted funds by the Board for specific purposes:

	Balance at 31 March 2009 £	Net Movement in funds £	Balance at 31 March 2010 £
Furniture and equipment	1,555,355	(126,320)	1,429,035
Designated for Bad debts	74,838	-	74,838
Office leases	41,531	-	41,531
Repairs and maintenance	1,595,498	-	1,595,498
Dilapidations	224,473	14,930	239,403
Staff	214,963	(86,532)	128,431
Replacement vehicle	35,666	-	35,666
IT and infrastructure	292,595	-	292,595
New Business Development	726,571	19,405	745,976
	<u>4,761,490</u>	<u>(178,517)</u>	<u>4,582,973</u>

Furniture and equipment: This fund enables Thames Reach to operate a rolling five year programme of furniture and equipment replacement for our hostels and accommodation projects.

Designated for Bad debts: This fund is set aside to offset bad debts due to difficulties in housing benefit administration for our client group.

Office leases: This fund is intended to cover costs of office relocation and forms part of the Organisation's disaster recovery procedure.

Repairs and maintenance: This fund enables the Organisation to meet longer term repairing and maintaining obligations in relation to properties we manage on behalf of Registered Social Landlords and in relation to leased office premises when these costs are not covered by capital or revenue programmes.

Dilapidations: This fund covers the cost of restoring properties at the end of a lease when these costs are not funded by capital or revenue programmes.

Staff: This represents non-budgeted costs required to meet contractual obligations such as maternity/paternal leave and redundancy.

THAMES REACH HOUSING ASSOCIATION LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

16. Designated funds (continued)

Replacement vehicle: This fund is set aside to offset the costs of replacement for vehicles owned and operated by Thames Reach.

IT and infrastructure: This fund enables the IT and infrastructure to meet the growing needs of the Organisation.

New Business Development: This fund provides lead-in funds to enable development of new projects, expansion of projects and programmes of work.

17. Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 March 2010 are represented by:				
Tangible fixed assets	1,812,902	-	-	1,812,902
Current assets	1,938,173	4,582,973	488,167	7,009,313
Creditors: amounts falling due within one year	(3,279,163)	-	-	(3,279,163)
	<u>471,912</u>	<u>4,582,973</u>	<u>488,167</u>	<u>5,543,052</u>

18. Net cash inflow from operating activities

	2010 £	2009 £
Reconciliation to changes in resources		
Net incoming/(outgoing) resources before transfers	50,074	(72,346)
Investment written off	510	-
Loss on disposal of assets	4,062	
Depreciation of tangible fixed assets	406,079	459,867
(Increase)/decrease in debtors	(653,596)	106,070
Increase/(decrease) in creditors	399,368	(66,495)
	<u>206,497</u>	<u>427,096</u>

19. Reconciliation of net cash flow

	2010 £	2009 £
(Decrease) in cash	(1,190,615)	(74,304)
Balance at 1 April 2009	6,076,155	6,150,459
Balance at 31 March 2010	<u>4,885,540</u>	<u>6,076,155</u>

THAMES REACH HOUSING ASSOCIATION LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

20. Contingencies and commitments

A. Commitments under operating leases

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as follows:

	2010		2009	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Expiry date:				
Within one year	9,414	11,608	45,347	9,589
Between two and five years	560,160	89,307	165,625	31,545
In over five years	-	30,598	149,940	16,602
	<u>569,574</u>	<u>131,513</u>	<u>360,912</u>	<u>57,736</u>

20 Contingencies and commitments (continued)

B. Capital commitments

The Association has the following capital commitments:

	2010	2009
	£	£
Contracted	1,800,000	790,000

The capital commitments as at 31 March 2010 comprise the purchase of a Peckham Road property. The purchase price is £2,005,000. A deposit of £205,000 was paid during March 2010. The purchase was finalised during August 2010.