

Thames Reach Charity

Notes to the financial statements for the year ended 31 March 2017 (continued)

3. Support activities (continued)

Section 37 funding from London Councils amounted to £ 376,709 (2016: £ 376,709)

Total funding from London Councils was fully utilised against designated running costs as follows:

	Grant 2017 £	Spent 2017 £	2016 £
Staff costs	296,267	249,363	243,982
- includes partner EASL grant	15,000	12,500	
Beneficiary costs	37,725	20,464	37,613
- includes partner Maya grant	11,725	13,769	
Overheads	42,717	22,257	39,312
	<u>376,709</u>	<u>292,084</u>	<u>320,907</u>

A sum of £84,625 remained unspent at 31 March 2017 by Thames Reach.

The grant received by Thames Reach included a payment of £10,000 to our partner Blenheim. The payment was made to Blenheim at the end of 2015/2016 financial year and was shown in Thames Reach 2015/2016 annual reports. Blenheim has spent £6,328.20 and has unspent funds of £3,671.80.

Therefore, the total underspend is £88,297.

4. Pathways to occupation

	General funds £	Restricted funds £	Total 2017 £	Total 2016 £
Health Commission	71,446	-	71,446	966,989
London Borough of Lambeth	270,466	-	270,466	417,733
London Borough of Hammersmith and Fulham	-	-	-	-
London Borough of Lewisham	-	-	-	10,000
London Borough of Southwark	29,300	-	29,300	-
Trusts - Health related	-	1,951,138	1,951,138	612,633
Trusts - Employment and Skills related	-	55,062	-	-
Trusts - Brokerage and Resettlement	-	384,230	-	-
Donations	128,640	-	128,640	40,559
Other income	842,121	-	842,121	644,519
	<u>1,341,973</u>	<u>2,390,430</u>	<u>3,293,111</u>	<u>2,692,433</u>

5. Total Expenditure

	Staff costs	Other costs	Total 2017	Total 2016
Costs of raising funds	89,747	62,922	152,669	164,559
Charitable activities	9,073,250	6,369,604	15,442,854	15,584,075
	<u>9,162,996</u>	<u>6,432,525</u>	<u>15,595,523</u>	<u>15,748,634</u>
Total 2016	<u>9,315,206</u>	<u>6,433,428</u>	<u>15,748,634</u>	

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Notes to the financial statements for the year ended 31 March 2017 (continued)

5. Total expenses (continued)

Analysis of Governance and support costs	2017	2016
	£	£
Support costs		
Staff training and recruitment	117,387	105,784
Rent and service charges	489,735	411,042
IT support and equipment	653,419	617,610
Travel costs	153,505	264,726
Partnership contracts	232,997	436,548
Property costs	2,085,558	1,496,700
Insurance	159,870	170,258
Telephone and communication costs	212,568	199,428
Printing, postage, stationery and publicity	76,806	67,029
Food	208,858	184,238
Legal and professional	92,837	135,148
Tenants and clients welfare	179,867	183,327
RSL management and maintenance	1,427,185	1,763,203
Other direct costs	324,773	364,187
	<u>6,415,365</u>	<u>6,399,228</u>
 Governance Costs		
Audit fee	17,160	17,100
	<u>6,432,525</u>	<u>6,416,328</u>

Other direct costs include cost of furniture and depreciation.

6. Board

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

The key management personnel of the association comprises the senior management team who received remuneration of £254,798 (2016: £252,904).

7. Employees

Average monthly number of employees (Full time equivalents) during the year

	2017	2016
	Number	Number
Housing and project services	295	307
Fundraising and publicity	2	2
	<u>297</u>	<u>309</u>

Thames Reach Charity

Notes to the financial statements for the year ended 31 March 2017 (continued)

7. Employees (continued)

Analysis of staff costs	2017 £	2016 £
Wages and salaries	7,530,544	7,709,523
Social security costs	629,436	628,328
Other pension costs	466,322	480,351
Agency, relief and volunteer costs	536,694	497,004
	<u>9,162,996</u>	<u>9,315,206</u>

The number of employees whose annual emoluments were over £60,000 or more (excluding Employers NI and 6.5% Pension contribution) were:

	2017	2016
£80,001-90,000	1	1
£70,001-80,000	2	2
	<u>3</u>	<u>3</u>

8. Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

9a. Tangible fixed assets: Charity

	Freehold and Leasehold property £	Furniture, fittings, equipment & motor vehicles £	Total £
Cost			
At 1 April 2016	8,643,483	2,942,601	11,586,084
Additions	721,292	218,889	940,181
Written off	-	(1,908,117)	(1,908,117)
At 31 March 2017	<u>9,364,775</u>	<u>1,253,373</u>	<u>10,618,148</u>
Depreciation			
At 1 April 2016	1,001,107	2,793,278	3,794,385
Charge for the year	164,892	103,000	267,892
Written off	978	(1,907,139)	(1,906,161)
At 31 March 2017	<u>1,166,977</u>	<u>989,139</u>	<u>2,156,116</u>
Net book value			
At 31 March 2017	<u>8,197,798</u>	<u>264,234</u>	<u>8,462,032</u>
At 31 March 2016	<u>7,642,377</u>	<u>149,323</u>	<u>7,791,699</u>

Thames Reach Charity

Notes to the financial statements for the year ended 31 March 2017 (continued)

9a. Tangible fixed assets: Group

	Freehold and Leasehold property £	Furniture, fittings, equipment & motor vehicles £	Total £
Cost			
At 1 April 2016	8,643,483	2,942,601	11,586,084
Additions	721,292	218,889	940,181
Acquisitions resulting from formation of Group	-	147,588	147,588
Written off	-	(1,908,117)	(1,908,117)
At 31 March 2017	<u>9,364,775</u>	<u>1,400,961</u>	<u>10,765,736</u>
Depreciation			
At 1 April 2016	1,001,107	2,793,278	3,794,385
Charge for the year	164,892	103,000	267,892
Acquisitions resulting from formation of Group	-	146,591	146,591
Written off	978	(1,907,139)	(1,906,161)
At 31 March 2017	<u>1,166,977</u>	<u>1,135,730</u>	<u>2,302,707</u>
Net book value			
At 31 March 2017	<u>8,197,798</u>	<u>265,231</u>	<u>8,463,029</u>
At 31 March 2016	<u>7,642,377</u>	<u>149,323</u>	<u>7,791,699</u>

Thames Reach Charity

Notes to the financial statements for the year ended 31 March 2017 (continued)

9b. Investments: Group

Vital Regeneration has the following investment:

	Programme related investment £
COST	
At 1 January 2016	45,001
At 31 December 2016	45,001
At 31 December 2015	45,001

Vital Regeneration owns the entire share capital of Vital Invest CIC being 100 ordinary 'A' shares of £0.01 each and 45,000 ordinary 'B' shares of £1 each. Vital Invest CIC, company registered number 09506658, is incorporated in England and Wales. The address of the registered office is 31 Plympton Street, London, NW8 8AB. The principal activity of Vital Invest CIC is the provision of financial assistance to enable people living in temporary accommodation to establish and grow their business as a means to financial independence.

Vital Invest CIC:	2016 £	2015 £
Aggregate capital and reserves	43,919	45,001
Profit and loss for the year	(1,082)	-

Vital Invest CIC has not generated any turnover during the year to 31 December 2016 and has incurred administrative expenditure of £1,082 giving a loss of £1,082.

Vital Regeneration is committed to supporting beneficiaries to increase their economic resilience and independence. Our HELP and Help Enterprise projects support people who have experienced homelessness to become self-employed, or establish a micro-business. In the instance of the latter, many of our beneficiaries have sound business ideas and are entrepreneurial but lack access to initial start-up capital.

Vital Regeneration's social investment policy is focused on providing access to affordable, patient micro-finance capital for its beneficiaries to enable them to launch and sustain their start-up businesses as a route out of poverty. Vital Regeneration established a wholly owned subsidiary Vital Invest CIC in March 2015.

Vital Invest CIC is incorporated by share capital and Vital Regeneration is the sole shareholder of both A (£0.01 per share) and B (£1 per share) category shares. In 2015 Vital Regeneration purchased the entire share capital in Vital Invest CIC with the express purpose of that shareholding being utilised by Vital Invest CIC to make micro-investments into enterprises established by beneficiaries of the charity's HELP projects.

Vital Regeneration does not hold investments in any other entity and focuses its investment activity on developing the capacity of Vital Invest CIC to support micro-enterprises created by beneficiaries of the charity.

Thames Reach Charity

Notes to the financial statements for the year ended 31 March 2017 (continued)

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
10. Debtors				
Charges and grants receivable	1,863,810	1,336,725	1,863,810	1,336,725
Rent arrears	724,234	705,042	724,234	705,042
Other debtors	296,042	196,551	86,986	196,551
	<u>2,884,086</u>	<u>2,238,318</u>	<u>2,675,030</u>	<u>2,238,318</u>
11. Creditors: amounts falling due within one year	2017	2016	2017	2016
	£	£	£	£
Trade creditors	420,063	423,027	410,246	423,027
Rent in advance	506,266	477,448	506,266	477,448
Taxes and social security costs	208,418	176,040	170,581	176,040
Grants in advance	2,696,018	2,481,037	2,696,018	2,481,037
Big Issue Invest	-	250,000	-	250,000
Other creditors	651,834	649,174	479,742	649,174
	<u>4,482,599</u>	<u>4,456,726</u>	<u>4,262,853</u>	<u>4,456,726</u>

12. Pension costs

Thames Reach contributes to a defined contribution scheme for employees. Contributions payable to the scheme for the year were £ 466,322 (2016: £ 480,351).

13. Share capital

	Total 2017 £	Total 2016 £
Shares of £1 each fully paid		
Balance at the beginning of the the year	26	26
Eliminated on conversion to Charity	(26)	-
Balance at the end of the year	<u>-</u>	<u>26</u>

Thames Reach Charity

Notes to the financial statements for the year ended 31 March 2017 (continued)

14. Restricted funds

General funds and designated funds totalling £162,261 have been transferred to restricted funds as a contribution to supplement the shortfall on restricted activities incurred during the year.

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 31 March 2016	Income 2017	Expenditure 2017	Transfers in funds 2017	Balance at 31 March 2017
	£	£	£	£	£
Capital Fund	3,774,593	-	(84,541)	-	3,690,052
Street Rescue	-	-	(795)	795	-
Hilary Stent Fund	5,671	5,967	(3,026)	(2,902)	5,710
London Councils funded outreach team	-	292,084	(292,084)	-	-
Restricted fund for BRIL	-	384,230	(159,256)	71,358	296,332
Trust funded Community Support teams	-	2,006,200	(1,969,602)	(33,357)	3,241
Tower Hamlets outreach teams	-	452,879	(475,681)	22,802	-
Other Trust Restricted funding	-	86,375	(189,940)	103,565	-
	<u>3,780,264</u>	<u>3,227,735</u>	<u>(3,174,924)</u>	<u>162,261</u>	<u>3,995,335</u>

Capital Fund: This restricted income has been used for the purchase and refurbishment of Thames Reach Employment Academy. This is now being depreciated over 50 years.

Street Rescue: This income was 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. Fundraising is currently taking place before the award in November.

London Councils funded outreach team: This income is restricted to use for our Targeted Rapid Intervention and Outreach team

Restricted fund for BRIL: This represents the funds received to develop properties for Brokerage and Resettlement in London.

Community Support teams: these include our range of Employment and Health teams working as part of our recovery services.

Tower Hamlets Outreach teams: Outreach teams operating in Tower Hamlets. This had a net drain on resources.

Other Restricted funding: includes trust funding for hostels.

Thames Reach Charity

Notes to the financial statements for the year ended 31 March 2017 (continued)

15. Designated funds

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

	Balance at 31 March 2016 £	Income 2017 £	Expenditure 2017 £	Transfers in funds 2017 £	Balance at 31 March 2017 £
Furniture and equipment	1,519,629	103,083	(164,725)	132,148	1,590,135
Designated for Bad debts	29,399	-	-	(29,399)	-
Office leases	28,261	-	-	-	28,261
Repairs and maintenance	2,118,328	-	(128,817)	165,537	2,155,048
Dilapidations	463,976	-	(2,089)	-	461,887
Staff	221,201	-	-	-	221,201
Replacement vehicle	25,000	-	-	(25,000)	-
IT and infrastructure	315,796	-	(9,600)	-	306,196
New Business Development	1,483,820	-	-	-	1,483,820
	<u>6,205,410</u>	<u>103,083</u>	<u>(305,231)</u>	<u>243,286</u>	<u>6,246,548</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 was 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. The number of leases has decreased with our move to the Employment Academy. During 2017/18 Lewisham Reach will move out of their Eros House offices.

Repairs and maintenance: This fund enables the Association to meet repairing and maintaining obligations in relation to properties we manage on behalf of Registered Social Landlords and in relation to leased and freehold office premises.

Dilapidations: This fund covers the cost of maintaining and restoring properties to a high standard 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/parental leave and redundancy.

Replacement vehicle: This fund was 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. We will be upgrading the finance systems in 17/18. This work has been put back a year due to work pressures. We are currently redesigning our website and will also redevelop the intranet.

New Business Development: This fund provides lead-in funds to enable development of new projects, expansion of projects and programmes of work as well as working capital for payment by results contracts. It is anticipated this will be used in the coming year as we bid for new social investment and pbr contracts as announced by central government. We have also taken on two new contracts for outreach and tenancy support which are paid in arrears and include payment by results.

Thames Reach Charity

Notes to the financial statements for the year ended 31 March 2017 (continued)

16. Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 March 2017 are represented by:				
Tangible fixed assets	264,234	4,211,414	3,986,384	8,462,032
Current assets	4,774,221	2,035,134	8,951	6,818,306
Creditors: amounts falling due within one year	(4,262,853)	-	-	(4,262,853)
	<u>775,602</u>	<u>6,246,548</u>	<u>3,995,335</u>	<u>11,017,485</u>

18 Contingencies and commitments

Commitments under operating leases

At 31 March 2017 the organisation had annual commitments under non-cancellable operating leases as follows:

	2017 Land and buildings £	Other £	2016 Land and buildings £	Other £
Expiry date:				
Within one year	16,857	7,434	42,437	13,079
Between two and five years	38,250	709	30,759	9,617
In over five years	-	-	-	-
	<u>55,107</u>	<u>8,143</u>	<u>73,196</u>	<u>22,696</u>

(formerly Thames Reach Housing Association Limited)

Statement of financial activities for the year ended 31 March 2016

	Notes	General funds £	Designated funds £	Restricted funds £	Total 2016 £
Income					
Income from charitable activities					
Accommodation services	2	4,095,860	4,428,507	60,300	8,584,667
Support activities	3	-	2,768,196	1,690,477	4,458,673
Pathways to occupation	4	346,742	766,069	1,579,623	2,692,434
Investment income		17,421	-	-	17,421
Total income		<u>4,460,023</u>	<u>7,962,772</u>	<u>3,330,400</u>	<u>15,753,195</u>
Expenditure					
Cost of raising funds		46,262	83,229	35,069	164,560
Charitable activities		4,425,706	7,704,288	3,454,080	15,584,074
Total expenditure	5	<u>4,471,968</u>	<u>7,787,517</u>	<u>3,489,149</u>	<u>15,748,634</u>
Net incoming/(outgoing) resources before transfers		(11,945)	175,255	(158,749)	4,561
Transfers between funds	14	<u>178,698</u>	<u>(202,654)</u>	<u>23,956</u>	<u>-</u>
Net movement in funds		166,753	(27,399)	(134,793)	4,561
Fund balances at 1 April 2015		638,647	6,232,809	3,915,057	10,786,513
Fund balances at 31 March 2016		<u><u>805,400</u></u>	<u><u>6,205,410</u></u>	<u><u>3,780,264</u></u>	<u><u>10,791,074</u></u>

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

