

Company number: 1050006
Charity number: 265103

Cambridge House

A people's social action centre - working innovatively to achieve
social justice for all

Annual Report and Accounts

Year ended 31 March 2015

Welcome to our annual report

We continue to pursue our vision of a society without poverty where all people are valued, treated equally and lead fulfilling and productive lives. While working nationally and participating in a number of international collaborations, we remained firmly rooted in our local neighbourhood as a community asset and hub working one person, one family and one community at a time.

This annual report demonstrates the scope and quality of our work during our 2014- 2015 financial year. We identify areas in which we have achieved measurable results, and illustrate how we have continued to develop a leaner and more effective business model.

We remain practice-led and participative so that agency and power is transferred to members of our society living with multiple disadvantage and complex need. Our capacity to influence national policy and deliver social transformation has increased substantially through participation with many kinds of organisations both in the UK and Europe, and via commissioning academic research.

A highlight of the year was our Law Centre's successful Supreme Court challenge of the way in which local authorities assessed vulnerability when determining the needs of homeless people. Our case resulted in a clarification of the law so that people who are significantly vulnerable will now be accepted as being in priority need for accommodation. This is a clear example of how we work to change systems so that the human rights of the most vulnerable in our society are protected.

In an environment that continues to be financially constrained, we recognise that we need to demonstrate value for money by assessing our impact, offering excellent social return on investment and ensuring we operate efficiently and ethically. We are proud of our internal financial controls and performance measures. We use these proactively to ensure that our supporters and funders are confident that we can achieve quality results while further improving our financial resilience. In this way we continue to amplify our reach and impact.

Our work is made possible by our generous, enthusiastic, and dedicated funders and supporters. Our tremendous thanks goes to them and our excellent team of staff and volunteers for their continued commitment to the people we serve.

David Coleman, Chair and
Karin Woodley, Chief Executive

Corporate information

President

HRH The Duke of Gloucester

Patrons

Dr Rowan Williams
Charles Arthur
Robert Park
Jeremiah Emmanuel (Youth Patron)

One Big Community Patrons

Baroness Lane-Fox of Soho, CBE
Christine Ohuruogu, MBE
Thusha Kamaleswaran (Youth Patron)

Board of Trustees and Directors

David Coleman – Chair
Julie Myers (Appointed 11 12 2014) – Chair Elect
Graham Moss – Treasurer (to 31 03 2015)
Fran Sanderson (Appointed 11 12 2014) – Treasurer (from 1 04 2015)
Alex Crockford - Company Secretary (Stood down 11 12 2014)
Nicholas Page - Company Secretary (Appointed 11 12 2014)
Andy Carr (Appointed 11 12 2014)
Peter Jenkins (Appointed 11 12 2014)
Carole Macqueen (Appointed 11 12 2014)
Nikki Mellor
Dan Metcalfe
Robert Park (Stood down 11 12 2014)
Shveta Shah
Tessa Smith (Appointed 11 12 2014)
Paul Yiannouzis

Youth Management Committee

One Big Community:
Yara Shaikh
Precious Oyelade
Jahanara Chaudhry
Kenny Imafidon
Eli-Rose Sanford
Alexander Garlitos
Chante Joseph
Erika Lopez
Darwin Bernardo
Khalid O'Beirne
Ashley Pitter
Eliza Rebeiro
Temi Mwale
Emanuel Candengue

Bankers

Royal Bank of Scotland, London City Office
63 Threadneedle Street, London EC2R 8LA

Auditors

Sayer Vincent
Invicta House, 108-114 Golden Lane
London EC1Y 0TL

Chief Executive

Karin Woodley

Registered Office

Cambridge House, 1 Addington Square,
London SE5 0HF

Reference and Administrative Details

Charity number, England and Wales: 265103
Company number: 1050006
VAT Registration Number: 802 6719 39

Council of Management's Annual Report

Cambridge House

Cambridge House is a people's social action centre that works innovatively to tackle poverty and social injustice. Occupying our own building in Southwark for 126 years, we deliver specialist frontline services to address the needs of people facing multiple disadvantage and complex interrelated needs as a community asset and hub, and we promote systemic change by delivering social justice and empowerment projects nationally and through international partnerships.

Our Work

We tackle social injustice and poverty by:

- Delivering intensive and specialist social justice and empowerment services to vulnerable people with multiple disadvantages
- Improving the resilience and self-sufficiency of people who are vulnerable, under-served and marginalised
- Empowering excluded people to become active participants and contributors to civil society

We drive change and social innovation by:

- Providing social enterprise and community development resources to improve the impact and reach of civil society organisations
- Developing new anti-poverty solutions that improve existing practices and tackle entrenched social challenges
- Promoting and organising knowledge exchange and research projects that enable us to share our work, evidence base, rich history and experiences with government, businesses and civil society organisations nationally and internationally

Operational Aims and Objectives

During the year, as decided in last year's Business Turnaround Strategy, we worked intensively to produce a three-year business plan to 31 March 2017, supported by our stakeholders and business advisers. We recognise fully that we had depleted our reserves in previous years while weathering the impact of austerity measures on our income streams.

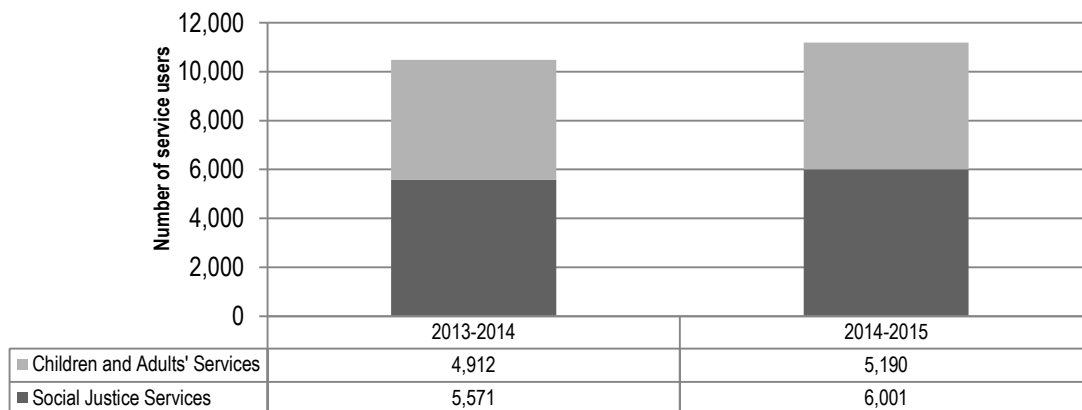
The plan's key strategic objectives are to:

- Enhance organisational capacity, resilience and sustainability
- Design and provide services that deliver positive impact for individuals, families and communities facing severe and multiple disadvantages

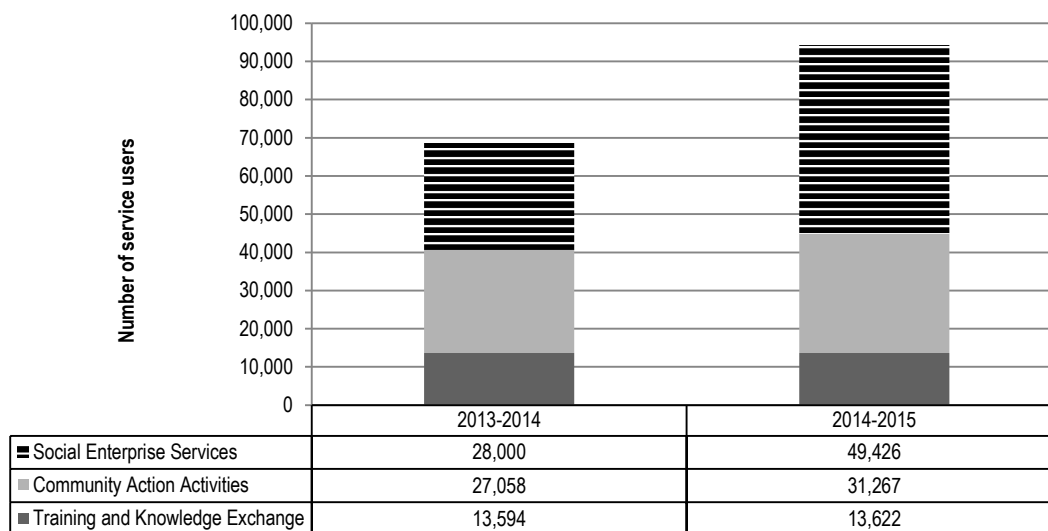
Strategic Report

Key achievements

Specialist services for individuals and families



Social innovation services



105,506 service users in 2014-15

Our numbers of service users in the year were calculated by:

- Recording the numbers of individual people and families who accessed each Cambridge House service and project delivered during the year
- Recording the numbers of individual people and families who accessed services provided by organisations that Cambridge House provided with work, delivery and events spaces
- Recording the numbers of people who participated in Cambridge House's knowledge exchange activities delivered digitally and through meetings, seminars and training events

Strategic Objective 1:

To enhance organisational capacity, resilience and sustainability

Our key achievements in relation to business development included:

- Continuing to embed the shift in strategy and thinking required by the business turnaround strategy we devised in 2013-14, we:
 - Reduced overhead costs to 22% of spend including a 27% reduction in Management Team costs
 - Increased our earned income (from workspace licenses, legal, advocacy and venue hire fees) by 9%
 - Returned our previous year operating result (before interest charges and depreciation) from deficit to surplus
 - Reduced our net cash outflow by 50%
 - Increased our number of service users in response to increasing levels of demand by 33%
 - Reviewed and updated our mission, objectives, theory of change and corporate policy frameworks
 - Recruited 7 new trustees externally to fill skills and knowledge gaps in our governance structure
 - Appointed a new treasurer and a new company secretary
 - Continued to convene monthly meetings of the trustees' Finance Sub-Committee
 - Became a London Living Wage employer
 - Gained Investor in People accreditation and Positive about Disability accreditation. We also maintained our Mindful Employer accreditation
 - Our Law Centre maintained its Law Society's Lexcel legal practice quality mark for excellence in legal practice management and excellence in client care
 - Our Advocacy Service maintained its Action for Advocacy Quality Performance Mark for the exceptional quality of independent advocacy that we provide
 - Our Stand-Up Southwark programme achieved Project Oracle Impact Standard 1
- Mapping a way to take advantage of future opportunities and navigate future challenges we:
 - Secured funding for new services and won new contracts to extend existing services
 - Established a paid internship programme
 - Increased our portfolio of national and international activities
- Inspiring creativity and innovation so that we use change to our advantage and leverage growth we:
 - Established a trustee and staff Impact Working Group
 - Established a part-time Research and Knowledge Exchange post
 - Ensured all services received externally audited quality assurance and impact accreditations
 - Established research and impact projects at Leeds and Loughborough Universities

Strategic Objective 2:

To design and provide services that deliver positive impact for individuals, families and communities facing severe and multiple disadvantages

Social Justice Services

Independent Advocacy Services

Protecting the voices, choices and rights of vulnerable adults and children

Our key achievements in relation to advocacy included the following:

- A 170% increase in the number of cases handled compared to the previous year
- The continued provision of services to the London Boroughs of Southwark, Lewisham, Islington, and Waltham Forest
- The extension of services to the London Boroughs of Camden, Enfield, and Newham
- 4,271 hours of free, independent and qualified care and support were provided in Southwark, Lewisham, Islington and Waltham Forest
- 2,728 hours of Independent Mental Capacity Advocacy (IMCA), supporting and protecting the rights of people who were declared unable, for medical reasons, to make key decisions about their lives
- 1,069 hours of Independent Mental Health Advocacy (IMHA), supporting people who were detained or sectioned in hospital under the Mental Health Act, or had their liberty restricted by Community Treatment Orders
- 350 hours of Disability Advocacy for children and adults with physical, sensory or learning disabilities to help them understand their rights and choices, and give voice to their wishes
- 89% of advocacy issues resolved
- 22% of clients trained to self-advocate

Cambridge House Law Centre

Helping vulnerable people save their homes, keep their jobs and protect their families

Our key achievements in relation to free, independent and expert legal services included the following:

- Our Law Centre successfully challenged the way in which local authorities assessed vulnerability when determining the needs of homeless people in the Supreme Court
- Stuart Hearne, our Law Centre Manager, was named the Times 'Lawyer of the Week'
- 3,523 beneficiaries during the year comprising 2,642 direct clients and an estimated further 880 family members and children:
 - 60% female
 - 64% Black and Minority Ethnic
 - 53% in social housing
 - 21% homeless
 - 40% lone parents with children
 - 22% couples with children
 - 50% unemployed
 - 6% retired
- Housing and homelessness
 - 75 new housing cases opened
 - 155 clients represented at court
 - 104 eviction proceedings successfully defended
 - 25 successful homelessness challenges
 - 14 successful disrepair claims
 - 74 specialist advice clients
- Employment
 - 78 clients

- Welfare
 - 28 cases opened
 - 136 specialist advice clients
 - 211 Sure Start family advice sessions in Children's Centres in Peckham, Camberwell and Dulwich
 - 7 successful Appeals Tribunals
 - 9 successful Employment and Support Allowance Appeals
 - 9 successful Housing Benefit overpayment Appeals

Children and Adults' Services

Providing support and building the resilience of people facing severe and multiple disadvantage

Youth Empowerment and Successor Generation Projects

Our key achievements in relation to services for young people included the following:

1. We continued to deliver **Stand-Up Southwark**, a long-term, intensive and wrap-around scheme for 16 to 25 year olds who have been failed by society. Activities and outcomes included:
 - The recruitment of a further 13 new participants comprising:
 - 80% care leavers
 - 33% involved in criminal activity
 - 25% involved in gang activity
 - 22% involved in gun and knife crimes
 - 38% involved in substance abuse
 - 47% living with emotional and behavioural problems including self-harm, undiagnosed learning difficulties and low level mental health conditions
 - 100% lack of formal education qualifications
 - 69% Black & Ethnic Minority
 - 20% in and out of homelessness
 - 70% in destructive personal relationships
 - The recruitment of 10 volunteer coaches and 8 project support volunteers
 - Twice weekly workshops in life skills and employment training
 - Weekly 1:1 Life Coaching Sessions
 - 180 hours of Drop-In Support Sessions
 - 6.5 hours contact time per week for each participant, representing a 1 hour per week increase compared to the previous year
 - Provision of specialist advice and support to:
 - Secure safe and secure housing for 7 homeless participants
 - Empower 5 participants to end their involvement in gang activity
 - Stand-Up Southwark participants reported the following outcomes:
 - 94% improved behaviour
 - 88% increased confidence
 - 75% improved relationships
 - 92% improved self esteem
 - 75% have progressed into employment, education or training
2. We maintained our support of **One Big Community**, a youth led successor generation project that continued to bring together 16 to 25 year olds across all services to take part in activities that aimed to influence social policy and hold policy makers to account. The focus of their activities continued to be working with the police, the Greater London Authority, and the Mayor's Office for Policing and Crime to tackle youth violence.

Education Projects

Our key achievements in relation to education services that promoted equality and diversity and built the skills and resilience of children and adults with disabilities and mental health conditions included:

1. In our capacity as the **PLAY International** (formerly Sports San Frontières) UK partner, we launched **Playdagogy**, a new project that utilises dynamic sports-based activities to tackle discrimination and social issues affecting young people. During the course of the year:
 - 1,080 young people participated in anti-discrimination play activities, including 950 disabled children
 - 9 young ambassadors represented Cambridge House and PLAY International the global Doha Goals conference in Qatar
 - We worked closely with Nike to help develop their 'Designed to Move' strategy and associated monitoring tools to increase activity levels and ensure early positive experiences in sport
 - We established partnerships with:
 - Arsenal FC
 - Leyton Orient FC
 - West Ham FC
 - Crystal Palace FC
 - Queens Park Rangers FC
 - Fulham FC
 - London PE and School Sport Network
 - London Youth
 - Tower Hamlets Youth Sport Foundation
 - We delivered sessions in 6 Southwark Schools and 3 Community Centres
 - 89% of those we trained found our model "Very Effective" for educating children about disabilities, 100% found it "Effective" or "Very Effective"
 - We trained 76 sports coaches across 12 organisations
 - We established research and impact assessment partnerships with the Centre of Disability Studies at Leeds University and the Centre for Sport and Development at Loughborough University
2. We continued to deliver **Sensational Sports**, providing hydrotherapy and rebound therapy (trampolining) sessions to 22 young people with profound and multiple learning difficulties aged 14 to 25 years. Activities and outcomes included:
 - Weekly therapeutic rebound and weightlessness sessions to improve the psychological, emotional and physical health and well-being of participants
 - 100% of participants reported improved sports skills
 - 100% of participants reported improved wellbeing
 - 80% of participants were healthier as a result of participating in more regular sport than they had done 6 months previously
 - 53% developed water based skills including swimming strokes and water confidence
 - 85% of participants' carers reported improved behaviour in their cared-for person
 - 50% of participants gained new independent living skills
3. We continued to deliver **19 Plus**, a friendship and skills project that enabled adults with moderate to severe learning disabilities to fulfil their potential and live the lives they choose. During the course of the year:
 - 11 adults with learning disabilities attended 19 Plus sessions
 - Weekly activities focused on 'Being Active', participating in daytrips, sporting events, and creative arts classes to combat loneliness, build positive relationships, improve their health, and mitigate the effects of cognitive decline and depression
 - Dynamic sports activities were introduced to the project and included 200 hours at the Herne Hill Velodrome and 100 hours using the outdoor gym at Burgess Park
 - Day trips were organised to the National Theatre, Serpentine Gallery, Natural History Museum, Panto Theatre and the London Transport Museum
 - A Top of the Pops Disco hosted and organised by 19 Plus members was attended by over 40 guests

Cambridge House and Talbot Council of Management's Annual Report For the year ended 31 March 2015

4. We continued to deliver our **Arts Clubs** for children and adults with profound and multiple learning difficulties so that they feel valued, develop social skills, and understand and manage their emotions better. During the course of the year:
 - 17 children and adults with profound needs were referred to our practical afterschool club for children and a weekend club for adults, led by practising artists, to experience and develop skills in musical instrument-making, audio visual activities, painting and drawing
 - This year, new technologies and activities were introduced into the sessions including music, projected audio visual loops, drawing, animation, model making and film making to enable members to:
 - Develop their fine and gross motor skills
 - Develop friendships and support each other despite wide gap of social abilities
 - After school clubs provided 78 hours of activities for children
 - Weekend clubs provided 156 hours of activities for adults
 - Adult members organised 'The Great Muffin Bake Off' during which they learnt how to prepare and decorate muffins as well as photography sessions so that they could learn how to use disposable cameras
 - 1 adult member acquired sufficient computer skills during the year to enable them to support staff with club registration processes

5. We completed our Support Planning pilot for Southwark Council to empower people with disabilities and their carers to use their personal budgets effectively. During the year:
 - We delivered 182 hours of specialist support through:
 - 37 Peer support group sessions
 - 36 Workshop sessions
 - 36 1:1 Support sessions
 - Having participated in the project, 38 carers reported feeling:
 - More supported and less isolated
 - Less anxious and concerned about the self-directed support planning and how to spend their budgets to achieve their goals or outcomes
 - More confident in their ability to provide the most appropriate and person-centred support for the person they care for
 - Better equipped to navigate social care support systems and the challenges of being a carer
 - Participants evaluated the project as follows:
 - 75% rated session content very good or excellent
 - 85% rated the facilitator very good or excellent

Social Innovation and Enterprise Services

Promoting systemic, structural and cultural change

Knowledge Exchange and Research

Our key achievements in relation to knowledge exchange and research were as follows:

1. We developed our capacity to share evidence-based practice that develops and improves the way society tackles poverty and escalating levels of severe and multiple disadvantage. During the year:
 - We established a trustees' Impact Working Group
 - Our Chief Executive was appointed to the Economic and Social Research Council by the Secretary of State
 - We appointed a part-time Knowledge Exchange and Research Coordinator
 - Research projects were established at University of Leeds' Centre for Disability Studies and Loughborough University's Sports Development Centre
2. We promoted systemic change by nurturing opportunities for government, businesses and civil society organisations to share information, experiences, skills and expertise. 37,000 individuals used our building this year for a range of community-oriented services, activities and events including:
 - Social Care events, engaging users, practitioners, and strategic partners
 - Southwark forum for local VCS organisations and local authority commissioners
 - Public health and patient experience consultations and drop-in sessions co-delivered with Southwark Council
 - Support, solidarity, and awareness raising groups and events
 - Victim support sessions
 - 1:1 counselling, debt advice and generalist legal support sessions

Social Enterprise Services Work and event spaces for civil society organisations

Our key achievements in relation to the provision of work and event spaces for civil society organisations were as follows:

1. We continued to provide work and event spaces to improve the working and service delivery conditions of thirteen charities and social enterprises and more than 40 community groups so that they can focus on their mission, accelerate their success, and amplify their impact. Our resident organisations provided services to more than 50,000 beneficiaries during the year.
2. 13 resident organisations occupied workspaces at Cambridge House during the year:
 - **Community Action Southwark** - Supported volunteering and community action in Southwark
 - **Advising London** - Provided nearly 10,000 hours of free and confidential, face-to-face and written advice and information
 - **Working Families** - Helping working parents and carers and their employers find a better balance between responsibilities at home and work
 - **Place 2 Be** - Provided in-school support and expert training to improve the emotional wellbeing of pupils, families, teachers and school staff
 - **Contact A Family** - Offered information, advice and support to parents and carers of disabled children as well as professionals working with families
 - **Coplestone Maintaining Health Partners** - Provided therapies to improve the quality of life of people experiencing mental health difficulties and the wider community
 - **Lambeth and Southwark Mind** - Promoted the well-being of people in Lambeth and Southwark experiencing mental distress
 - **Latin American Women's Rights Service** - Advocated for better provision and awareness of local services for Latin American women
 - **Orchard Hill College** - Offered non-residential specialist educational opportunities for students over 16 years old with learning difficulties
 - **Nexgen** - Offered a range of courses, workshops, training and events to members of local black and minority ethnic communities
 - **Romain Inspired Trainers** - Provided training opportunities to individuals and organisations locally
 - **Southwark Association for Mental Health** - Campaigned for better mental health services across Southwark
 - **1st Place Children and Play Centre** - Provided high-quality, early learning experiences, family support and training to local families

Cambridge House and Talbot Council of Management's Annual Report For the year ended 31 March 2015

Acknowledgements

Cambridge House fundraises for all its work. We rely on relationships with many partners throughout the country and internationally.

Our trustees sincerely thank all our supporters and donors who make our work possible, including:

Broadgate Estates
Cambridge House *Ride London Team*
Cambridge University Fashion Show
Charterhouse in Southwark
City of London Academy
City of London Corporation
Communitybuilders Fund
Credit Suisse Securities
Dr Anne Wilson
Emmanuel College, Cambridge University
Esprima Ltd
Futurebuilders England Fund
Head to Toe, Camberwell
Jack Petchey Foundation
Joey Toller
King Badouin Foundation
Legal Aid Agency
Locality
London Borough of Southwark
London Borough of Newham
London Borough of Waltham Forest
London PE School Sports Network
Macfarlanes LLP
Magdalene College Youth Trust
Merchant Taylor's Company
More London
Newcomen Colett Foundation
Office of Civil Society
Orchard Hill College
Peckham Pulse
Peter Minet Foundation
Shangri La Europe
St John's College, Cambridge University
Sure Start Capital Grant Scheme
Tallow Chandlers Company
Tesco Extra Surrey Quays
The Alan and Babette Sainsbury Charitable Fund
The Baring Foundation
The Batchworth Trust
The City Bridge Trust
The Creation Trust
The Elizabeth and Prince Zaiger Trust
The Tudor Trust

Individual donors who wish to remain anonymous

Our trustees also wish to thank the many organisations who have worked in partnership with Cambridge House – our success relies on collaboration:

1st Place Children and Parents' Centre
Advising London
Amy Winehouse Foundation
Arsenal Football Club
Bacon's College
Bite the Ballot
Blackfriars Settlement
Blackfriars Advice Centre
Black Police Association Charitable Trust
British Youth Council
Brixton Topcats
Camberwell Youth Centre
Centre for Disability Studies – Leeds University
Charles Russell LLP
Citizens UK
City Action
City Gateway
Community Action Southwark
Contact a Family
Creative Innovations
Crystal Palace Football Club
Electric Elephant Café Ltd
Empower Change
Endz 2 Endz
Fulham Football Club
Gala Bingo Surrey Quays
Get Outta The Gang
Health Watch Southwark
Heart of the City
InSpire
International Federation of Settlements
ITV
Laureus Sport for Good Foundation
Lambeth and Southwark Mind
Latin American Women's Rights Service
Leyton Orient FC
Lilian Baylis Technology School
Lives Not Knives
Livity London
London Borough of Hackney
London Legal Support Trust
London Live
London School of Economics
London South Bank University Student Union
London Youth
Mayor's Office for Police and Crime (MOPAC)

Media Trust
Metropolitan Police Service
Myla and Davis
New Philanthropy Capital
Nike
NP Training
Oxford House
Place 2 Be
PLAY International
Queens Park Rangers Football Club
Rhammified Media
Royal Bank of Scotland
SE5 Forum for Camberwell
Social Action for Health
South London Press
Southwark Association for Mental Health
Southwark Citizens Advice Bureau
Southwark Disability Forum
Southwark Law Centre
Southwark Legal Advice Network
Spirit of London Awards
Spotted
Success Talks
Tate Modern
The Borough Market (Southwark)
The Challenge Network
The GLA Peer Outreach team
The Institute of Mad Science
The New Aylesbury Trust – Creation
Tower Hamlets Youth Sport Foundation
UpRising
University of East London
University of Loughborough
vInspired
Vodafone World of Difference
Volunteer Police Cadets
West Ham FC
Wide Horizons
Young Southwark Works
Your Forum
2020 Foundation

Financial Report

Governance and management

Cambridge House and Talbot is a registered charity (registration number 265103) and is constituted as a company registered in England and Wales and limited by guarantee (registration number 1050006). The company does not have share capital, and is limited by the guarantee of the members to a maximum of £1 each. The total number of such guarantees at the year end was 15 (2014 – 9). The objects and powers are set out in the Articles of Association.

Cambridge House owns the whole of the issued ordinary share capital of Enterprise at Cambridge House Limited, a company registered in England and Wales. The subsidiary was used for non-primary purpose trading activities. The results of the undertaking have not been consolidated; under FRS 2 the undertaking was being held with a view to disposal or resale. The undertaking ceased to trade during 2013-2014.

Trustees

Cambridge House is governed by the charity's trustees, who are also the company's directors (and are collectively called the Council). The members of the Council are elected at the company's annual general meeting. Each year one third of the elected members of the Council stand down at the annual general meeting and are eligible for re-election.

The Council meets a minimum of seven times per year to manage the business of the organisation. It has appointed sub-committees and working groups to operate with delegated responsibilities as follows:

- Finance (Carole Macqueen, Graham Moss, Fran Sanderson, Paul Yiannouzis, Robert Park)
- Governance (David Coleman, Shveta Shah, Alex Crockford, Nicholas Page)
- Impact Working Group (Julie Myers, Tessa Smith)
- Communications Working Group (Andy Carr, Nikki Dawson, Dan Metcalfe, Peter Jenkins)

The delegated responsibilities and accountabilities of the Chief Executive, directors and other managers are currently set out in the organisation's Governance Manual and in individual job descriptions.

The Council of Management's governance structure is set out in its Governance Manual, which enshrines a clear distinction between the role of the trustees and the Council, and that of the Chief Executive and the senior management team. The trustees concentrate on strategic matters, setting overall direction, ensuring clear organisational objectives and holding the senior management team to account. This is affected through reporting, both on performance and strategic matters, and formal appraisal of the Chief Executive's performance.

The trustees have reserved certain powers, which only they can exercise. These include those statutory powers that cannot be delegated, such as policies on investment and reserves, and decisions linked to major policy or programme initiatives, strategic planning, and changes to organisational structure.

Trustee recruitment and training

The Council completes skills audits in order to assess the skills of the existing trustees, identify any 'skills gaps' and assess any skills being lost by the retirement of a trustee.

This year, once the ideal skill/experience profile had been identified, a public recruitment process was implemented and seven new trustees were recruited through advertising in the media, volunteer bureau, and direct approaches to professional bodies and other voluntary organisations.

The induction process for new trustees is based on Cambridge House's induction pack, and is designed to acquaint them with our purposes, financial position, work programmes, structure, staff and current issues. The induction process includes:

- Meetings with the existing trustees and others involved with the charity such as the CEO, members of staff, beneficiaries and stakeholders.
- One-to-one meetings with the Chair and the CEO after the first few trustees' meetings, in order to discuss any questions or issues that may have arisen.

In order to ensure continued development, the trustees are offered the opportunity to attend training on key areas, such as risk and accountability.

Public benefit

Charity trustees have a duty to report in the trustees' annual report on their charity's public benefit. The trustees should demonstrate the following:

- They are clear about what benefits are generated by the activities of the charity. This report sets out the activities carried out by Cambridge House to further its mission.
- The benefits must be related to the objects of the charity: all activities are intended to further Cambridge House's charitable objects, as detailed in the Articles of Association.

The people who receive support are entitled to do so according to criteria set out in the charity's objects: wherever possible, the views and opinions of beneficiaries are sought in the design and implementation of Cambridge House's activities. This approach helps to ensure that projects are targeted at people in need, and that beneficial changes to the lives of people from disadvantaged and excluded communities can be evaluated and assessed.

The trustees are therefore confident that Cambridge House meets the public benefit requirements, and they confirm that they have taken into account the guidance contained in the Charity Commission's general guidance on public benefit where applicable.

Staffing and Remuneration

Cambridge House is accredited as both an Investor in People and a Mindful Employer. In practice these standards ensure our human resource policies:

- Are underpinned by a rigorous assessment methodology and a framework which reflects the very latest workplace trends, essential skills and effective structures required to perform effectively.
- Promote increased awareness of mental health at work and provide ongoing support for the organisation in the recruitment and retention of staff.

Performance Management

We have a performance management and appraisal policy that:

- Promotes a consistent approach to workforce supervision throughout Cambridge House.
- Ensures that supervision is geared to achieving the organisation's objectives.
- Enhances the quality of workforce performance.
- Addresses the personal impact of work on all Cambridge House's staff, volunteers, interns and trainees.

Cambridge House and Talbot Council of Management's Annual Report For the year ended 31 March 2015

Staff Remuneration

We recognise the importance of being transparent and accountable in all aspects of our work, including how we reward and recognise our staff. We are an accredited Living Wage Employer and we employ interns with pay. This means that every employee and intern in our organisation earns at least the Living Wage. The London Living Wage is an hourly rate set independently and updated annually, based on the cost of living in London.

Cambridge House is committed to ensuring that we pay our staff fairly and in a way which ensures we attract and retain the right skills to have the greatest impact in delivering our charitable objectives. In deciding on levels of pay the following factors are taken into account:

1. The mission, aims, objectives and values of Cambridge House.
2. How any decision might impact on the overall pay policy for all staff.
3. The type of skills, experience, competences, etc. that our organisation needs.
4. A significant increase in responsibilities or major change in job description.
5. Our current strategic business plan and how this might affect future needs.
6. Our ability to pay.
7. Assessment of the individual's performance against expectations, where possible with clear evidence and targets.
8. Appropriate available information on pay levels in other charities relative to size, budgets, responsibilities, etc.
9. Our track record in recruiting and retaining high-performing staff.
10. The likely impact of any decision on our public reputation, especially amongst our service users and stakeholders.

Salaries

We have a staff team of 19 full-time and 31 part-time staff (37.2FTE). For Cambridge House to run successfully, a large range of skills and disciplines are required, and we need to pay appropriately to ensure that we can recruit people with the right skills. We also need to retain them in a competitive market for the long-term, developing them and benefiting from their growing knowledge. This is in preference to the disruption and expense of recruitment, especially as many staff have detailed knowledge that is unique to them in the organisation and could not be quickly replaced. Our staff pay scales are set with this in mind.

The salary of the chief executive is approved by our Council of Management on the basis of recommendations from its Finance Sub-Committee. The chief executive requires a breadth and depth of expertise which requires drawing from the best senior level talent in a competitive market. They need to be able to command the respect of their peers, our stakeholders and our service users locally, nationally and internationally, through their experience and their credibility. Every three years the chief executive's salary is reviewed to benchmark it against other charities in London relative to size, budgets, responsibilities and the competitiveness of the employment market. At the same time, we seek to keep salary costs under control. The chief executive's salary was last benchmarked in 2013-14.

Chief Executive pay level

| Name | Title | 2014-15 | 2013-14 |
|---------------|-----------------|---------|---------|
| Karin Woodley | Chief Executive | £75,000 | £75,000 |

All other staff salaries are set by our management team, using comparisons with charities of our size in London and taking into account factors including inflation and Cambridge House's financial position. Salaries are openly stated in job adverts. The same benefits, including pensions, and terms and conditions apply to the chief executive as all other staff. We don't apply any form of performance-related pay, nor do we have a bonus scheme.

Pay Awards

The annual pay increase for the chief executive, management team and staff was 0% in 2013-14 and 0% in 2014-15, except for staff being paid the London Living Wage who received a cost of living increase of 3.5% in January 2015.

Pay ratio

The ratio of our highest salary (£75,000) to our median salary (£21,667) is 3.46:1.

Volunteering and Employability Projects

Volunteering

Volunteers have always been vital in delivering our work and bring their time, energy and enthusiasm to all Cambridge House's activities. We aim to ensure that as many local people as possible are aware of the volunteering opportunities we offer. We also aim to provide our volunteers with opportunities to acquire the skills and experiences they have identified will help them to improve their quality of their life, develop their professional knowledge and or progress into further education, employment or training.

The majority of our volunteers find out about us through online recruitment, through personal recommendation and business CSR schemes. Our volunteers aren't paid for their time but they are reimbursed for out-of-pocket expenses such as travel, and they provide receipts for any expenses they incur. All of our volunteers are provided with volunteer agreements which define their goals, our needs, and the level of support or training they will receive.

71 volunteers were recruited and trained in 2014-2015 to provide support in the following areas:

- Reception and administration
- Youth mentoring and coaching
- Education projects
- Advocacy
- Event organising

Internships and Work Experience Placements

In 2014-15, we extended our employability activities by establishing 3 externally recruited paid Development Internships and hosted 7 work experience placements.

Risk Management

The trustees regularly review and assess the risks faced by Cambridge House in all areas of its work, and plan for the management of those risks. The management ensure that all plans and decisions take into account the possibility of negative outcomes. There is a Risk Register which is supervised and monitored monthly by the Finance sub-committee, reported on quarterly at meetings of the Council and reviewed annually by the Council in order to ensure that the material risks to which the charity is exposed are properly evaluated and managed.

Appropriate mitigating actions are implemented by management to address the residual risks, mitigating them to a level the Council considers acceptable.

The Council recognises that, to achieve the objectives of the charity, the nature of some of Cambridge House's work requires acceptance of some risks which are outside our control, that is, risks which cannot be eliminated, so where this happens there is active and clear monitoring of the risk.

The trustees consider that appropriate systems and controls are in place to monitor, manage and mitigate Cambridge House's exposure to risks. These include, among other control mechanisms, maintaining staff awareness of risks by embedding suitable approaches in the budgeting process, the maintaining of reserves and the review of key systems and processes by the Finance Sub-Committee.

Principal Risks and Uncertainties

Our risk assessment and mitigation strategy approach is proactive and:

- Involves the whole organisation in the identification of business risks
- Increases our capability to respond to unforeseen events by integrating risk management with business continuity management
- Provides a register of prioritised risks, ranked for likelihood and impact
- Provides a framework for operational risk management and quarterly reporting by delivery teams
- Integrates scenario planning and disaster recovery into the agenda of annual trustees' strategy days
- Updates our risk assessment methodology every 2 years

Principle risks and uncertainties are assessed for impact and likelihood. The highest risk areas have been identified as follows:

- Failure to generate sufficient income

Cambridge House and Talbot Council of Management's Annual Report For the year ended 31 March 2015

- Failure to effectively manage budget and liquidity
- Failure to invest in asset renewal, leading to inadequate buildings and declining asset values and income
- Major unforeseen expenditure creates significant overspend or a need to make significant and unplanned reductions in expenditure
- Failure to maintain day-to-day service provision where service quality, availability and continuity of service is affected by partial or total loss of resources such as staff, equipment, systems, information and premises, which would result in reduced levels of service provision and additional cost, dissatisfied clients and lost business
- Competition from other providers across all sectors resulting in the organisation being unable to sustain its current service portfolio

Financial Review

During the year the charity's total incoming resources decreased by 5% to £1,374,073 (2014 - £1,448,964); this small decrease is largely due to the implementation of government austerity measures which reduced levels of income for all services.

In line with our turnaround strategy's income diversification objectives:

- Funds generated by earned income (from workspace licenses, legal, advocacy and venue hire fees) became our largest source of income rising to 75% of total incoming resources (66% in 2014). As part of this increase in earned income, funds generated by earned income for enterprise services increased by 11% to £446,310 (2014 - £402,167).
- We significantly reduced our reliance on the London Borough of Southwark to 36% of total incoming resources for service delivery (2014 - 56%).

We continued to reduce total expenditure which was 17% lower than the previous year (2014 - 6% lower). Significant cuts were made in management overhead costs while maintaining services to beneficiaries. Overall, our turnaround strategy enabled us to reduce our net deficit for the year by 51% so the net result for the year was a deficit of £312,465 (2014 - £571,915).

Reserves

The Council of Management's reserves policy is to maintain total free reserves, excluding the element which relates to tangible fixed assets, at a level which is no less than approximately three month's operating costs. This policy provides the ability to cope with unforeseen expenditure of both a capital and an expenditure nature, and with interruptions in income flows. The reserves policy is reviewed and amended annually by the trustees.

The buildings project which commenced in 2011 always anticipated making use of reserves and then rebuilding them once the newly refurbished space in Addington Square was fully deployed. The impact of austerity measures which has affected our income in recent years has meant utilising reserves faster and harder than we had anticipated. We have also found it more challenging than we had anticipated filling the building with reliable tenants in order to achieve our income targets.

Based on 2014-15's expenditure, the monthly operating costs amount to circa £140,000 without the capital loan repayment. The charity's total free reserves, excluding tangible fixed assets, at 31st March 2015 were in negative by £213,932 (2014 – positive of £3,131). This represents a level considerably below the desired amount. The trustees are closely monitoring the reserves situation, ensuring that redoubled efforts are put in place including restructuring the way in which we develop our business activities.

No Restricted funds were held at the financial year end.

Budgeting

Annual budgets are prepared for all activities and we carefully monitor performance against these on a monthly basis in order to ensure that any activity operating at a deficit is carefully supervised and opportunities are taken to mitigate risks and increase unrestricted funds.

Future Plans

Our future plans are to:

1. Enhance organisational capacity, resilience and sustainability by:
 - Completing our governance succession plan and for Julie Myers our Chair Elect to succeed David Coleman in December 2015
 - Reducing our overhead costs further to less than 20%
 - Continuing to diversify our income profile with particular regard to unrestricted earned income
 - Merging with Magdalene College Youth Trust
 - Securing continuation of 0% SIB interest on loan repayments to 2017
 - Beginning to rebuild our reserves
 - Generating earned income from delivering the Playdagogy training project in schools
 - Extending the Advocacy Service to a minimum of one new London Borough

2. Design and provide services that deliver positive impact for individuals, families and communities facing severe and multiple disadvantages by:
 - Increasing our national and international reach by:
 - Expanding our co-produced academic research projects
 - Securing funding for Pan-European social action projects
 - Developing cross-sector partnerships for the Playdagogy project
 - Participating in global social action projects
 - Initiating the development of a national What Works Centre for Civil Society
 - Increasing our regional impact and reach by:
 - Extending youth empowerment activities to the London Borough of Lambeth
 - Extending the delivery of advocacy services to an increased number of London Boroughs
 - Continuing to use our experience gained by delivering frontline services to influence policy in favour of community-led solutions to multiple disadvantage and complex need
 - Supporting IBC by enabling it to establish itself as an independent body

Statement of trustees' responsibilities

The trustees (who are also the directors of Cambridge House for the purpose of company law) are responsible for preparing the Report of the Trustees and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the net income or expenditure, of the charitable company for the year. In preparing those financial statements, the trustees are required to:

- Select suitable accounting policies, and then apply them consistently.
- Observe the methods and principles in the charities SORP.
- 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 financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006.

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

**Cambridge House and Talbot
Council of Management's Annual Report
For the year ended 31 March 2015**

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.
- The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from the legislations in other jurisdictions.

Auditors

Sayer Vincent LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year. A resolution proposing their re-appointment will be submitted to the Annual General Meeting.

The Trustees Annual Report is approved by the Trustees of Cambridge House. The Strategic Report, which forms part of the Annual Report, is approved by the Trustees in their capacity as Directors in company law of Cambridge House.

Signed on behalf of the trustees/directors

**David Coleman
Chair**

Date 19 November 2015

Independent auditors' report to the members of Cambridge House and Talbot

We have audited the financial statements of Cambridge House and Talbot for the year ended 31 March 2015 which comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities set out in the report of the trustees, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Cambridge House and Talbot
Independent Auditors' Report
For the year ended 31 March 2015**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us
- The financial statements are not in agreement with the accounting records and returns
- Certain disclosures of trustees' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit

Noelia Serrano (Senior statutory auditor)

20 November 2015

For and on behalf of Sayer Vincent LLP, Statutory Auditors
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Cambridge House and Talbot
Statement of financial activities (incorporating an income and expenditure account)
For the year ended 31 March 2015

| | Note | Restricted £ | Unrestricted £ | 2015 Total £ | 2014 Total £ |
|---|------|-----------------|-------------------|--------------------|--------------------|
| Incoming resources | | | | | |
| <i>Incoming resources from generated funds</i> | | | | | |
| Voluntary income | 2 | - | 35,196 | 35,196 | 14,760 |
| Activities for generating funds - rental income | | - | 446,310 | 446,310 | 402,167 |
| Investment income | | - | 493 | 493 | 2,566 |
| <i>Incoming resources from charitable activities</i> | | | | | |
| Advocacy | 3 | - | 197,628 | 197,628 | 164,439 |
| Children and adult services | | 142,307 | 125,299 | 267,606 | 464,427 |
| Law Centre | | 14,150 | 381,312 | 395,462 | 383,227 |
| <i>Other incoming resources</i> | | - | 31,378 | 31,378 | 17,378 |
| Total incoming resources | | 156,457 | 1,217,616 | 1,374,073 | 1,448,964 |
| Resources expended | | | | | |
| <i>Costs of generating funds:</i> | | | | | |
| Costs of fundraising | | - | 8,160 | 8,160 | 88,554 |
| <i>Charitable activities</i> | | | | | |
| Advocacy | | - | 262,485 | 262,485 | 204,675 |
| Children and adult services | | 142,307 | 176,618 | 318,925 | 419,288 |
| Law Centre | | 14,150 | 356,492 | 370,642 | 360,804 |
| Enterprise Services | | - | 713,585 | 713,585 | 925,258 |
| <i>Governance costs</i> | | - | 12,741 | 12,741 | 31,129 |
| Total resources expended | 4 | 156,457 | 1,530,081 | 1,686,538 | 2,029,708 |
| Net outgoing resources before gains and losses | 5 | - | (312,465) | (312,465) | (580,744) |
| Realised gains | | - | - | - | 8,829 |
| Net movement in funds | | - | (312,465) | (312,465) | (571,915) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | - | 2,767,375 | 2,767,375 | 3,339,290 |
| Total funds carried forward | | - | 2,454,910 | 2,454,910 | 2,767,375 |

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 14 to the financial statements.

Cambridge House and Talbot
Balance sheet
As at 31 March 2015

Company number: 1050006

| | Note | £ | 2015 £ | 2014 £ |
|--|------|----------------|------------------|------------------|
| Fixed assets | | | | |
| Tangible fixed assets | 8 | | <u>6,497,081</u> | <u>6,712,484</u> |
| Current assets | | | | |
| Debtors | 10 | 146,961 | | 74,800 |
| Cash at bank and in hand | | <u>3,509</u> | | <u>191,268</u> |
| | | <u>150,470</u> | | <u>266,068</u> |
| Liabilities | | | | |
| Creditors: amounts falling due within one year | 11 | <u>364,401</u> | | <u>262,937</u> |
| Net current (liabilities)/assets | | | <u>(213,931)</u> | <u>3,131</u> |
| Creditors: amounts falling due after one year | 12 | | <u>3,828,240</u> | <u>3,948,240</u> |
| Net assets | 13 | | <u>2,454,910</u> | <u>2,767,375</u> |
| The funds of the charity | | | | |
| Restricted funds | 14 | | - | - |
| Revaluation reserve | | | 1,032,877 | - |
| Unrestricted general fund | | | <u>1,422,033</u> | <u>2,767,375</u> |
| Total charity funds | | | <u>2,454,910</u> | <u>2,767,375</u> |

Approved by the trustees on 19 November 2015 and signed on their behalf by

David Coleman
Chair

Cambridge House and Talbot
Cashflow statement
For the year ended 31 March 2015

| | 2015 | | 2014 | |
|--|------------------|-------------------------|------------------|-------------------------|
| | £ | £ | £ | £ |
| Net cash flow from operating activities | | (88,748) | | (237,534) |
| Returns on investments & servicing of finance | | | | |
| Interest received | 493 | | 2,566 | |
| Interest paid | <u>(110,000)</u> | | <u>(163,003)</u> | |
| | | (109,507) | | (160,437) |
| Capital expenditure & financial investment | | | | |
| Acquisition of tangible fixed assets | (19,330) | | (125,551) | |
| Disposal of fixed asset investments | <u>-</u> | | <u>103,017</u> | |
| | | (19,330) | | (22,534) |
| Financing | | | | |
| Repayment of loans | <u>-</u> | | <u>(29,659)</u> | |
| | | - | | (29,659) |
| Net cash flow | | <u><u>(217,585)</u></u> | | <u><u>(450,164)</u></u> |

Notes to the cashflow statement

1. Reconciliation of net incoming resources to net cash flow from operating activities

| | 2015 | 2014 |
|--|------------------------|-------------------------|
| | £ | £ |
| Net outgoing resources for the year | (312,465) | (580,744) |
| Interest received | (493) | (2,566) |
| Interest paid | 110,000 | 163,003 |
| (Increase)/decrease in debtors | (72,161) | 7,954 |
| Decrease in creditors | (48,362) | (9,410) |
| Depreciation | <u>234,733</u> | <u>184,229</u> |
| Net cash flow from operating activities | <u><u>(88,748)</u></u> | <u><u>(237,534)</u></u> |

2. Analysis of change in net debt

| | At 1 April | Cash flows | Other changes | At 31 March |
|--------------------------|---------------------------|-------------------------|-----------------|----------------------------------|
| | 2014 | | | 2015 |
| | £ | £ | £ | £ |
| Cash at bank and in hand | 191,268 | (187,759) | - | 3,509 |
| Overdrafts | <u>-</u> | <u>(29,826)</u> | <u>-</u> | <u>(29,826)</u> |
| | 191,268 | (217,585) | - | <u>(26,317)</u> |
| Loans due within 1 year | - | - | (120,000) | (120,000) |
| Loans due after 1 year | <u>(3,948,240)</u> | <u>-</u> | <u>120,000</u> | <u>(3,828,240)</u> |
| Net debt | <u><u>(3,756,972)</u></u> | <u><u>(217,585)</u></u> | <u><u>-</u></u> | <u><u>(3,974,557)</u></u> |

Cambridge House and Talbot
Notes to the financial statements
For the year ended 31 March 2015

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005).
- b) Voluntary income is received by way of donations and gifts and is included in full in the statement of financial activities when receivable.
- c) Revenue grants are credited to the statement of financial activities when received or receivable whichever is earlier.

Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the incoming resources are recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the charity can meet such conditions the incoming resource is deferred.

- d) Income generated from the supply of goods or services is included in the statement of financial activities in the period in which the supply is made, net of VAT where applicable.
- e) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.
- f) Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.
- g) Designated funds are unrestricted funds earmarked by the trustees for particular purposes.
- h) Costs of generating funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

- i) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

| | |
|---------------------------|-----|
| Costs of generating funds | 2% |
| Advocacy | 22% |
| Children & Adults | 28% |
| Law Centre | 24% |
| Enterprise Services | 24% |

Cambridge House and Talbot
Notes to the financial statements
For the year ended 31 March 2015

1. Accounting policies (continued)

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

- j) Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

| | |
|-------------------------------|----------|
| Freehold property | 50 years |
| Computer and office equipment | 4 years |

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

- k) The charity participates in two sections of The Pensions Trust, a multi-employer pension scheme. One section effectively provides benefits based on final pensionable pay, "The Growth Plan". The assets of this section are held separately from those of the charity. It is not possible to separately identify the assets and liabilities of participating employers on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', the charity accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The other section, The Unitised Ethical Plan, is a segregated defined contribution pension scheme. The assets of this section are also held separately from those of the charity. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

2. Voluntary income

| | Restricted £ | Unrestricted £ | 2015 Total £ |
|----------------------|-----------------|-------------------|--------------------|
| Corporate donations | - | 12,176 | 12,176 |
| Individual donations | - | 8,757 | 8,757 |
| Events income | - | 14,263 | 14,263 |
| Total | - | 35,196 | 35,196 |

Total voluntary income for 2014 was £14,760. Previously no additional analysis of voluntary income has been included in the accounts. While this has been added for the current year, as the method of recording voluntary income changed during the year it was not possible to restate the 2014 figures into the new categories.

Cambridge House and Talbot
Notes to the financial statements
For the year ended 31 March 2015

3. Incoming resources from charitable activities

a. Unrestricted income analysis by activity:

| | | | | | 2015 | 2014 |
|---|----------------|---------------------|----------------|---------------|-----------------------|------------------|
| | Advocacy | Children & Adult | Law Centre | Overheads | Total | Total |
| | £ | £ | £ | £ | £ | £ |
| London Borough of Southwark | 102,944 | 58,498 | 284,212 | 26,378 | 472,032 | 507,270 |
| Legal Aid Agency | - | - | 74,602 | - | 74,602 | 114,630 |
| Grant making trusts/similar organisations | - | 4,945 | - | 5,000 | 9,945 | 190,850 |
| Other services | 94,684 | 61,856 | 22,498 | - | 179,038 | 198,181 |
| Other government/public bodies | - | - | - | - | - | 18,540 |
| | <u>197,628</u> | <u>125,299</u> | <u>381,312</u> | <u>31,378</u> | <u>735,617</u> | <u>1,029,471</u> |

b. Restricted income analysis by activity:

| | | | | 2015 | 2014 |
|---|--|---------------------|---------------|-----------------------|----------------|
| | | Children & Adult | Law Centre | Total | Total |
| | | £ | £ | £ | £ |
| London Borough of Southwark | | 29,000 | - | 29,000 | 310,427 |
| Grant making trusts/similar organisations | | 113,307 | 14,150 | 127,457 | 40,254 |
| Other services | | - | - | - | 94,026 |
| | | <u>142,307</u> | <u>14,150</u> | <u>156,457</u> | <u>444,707</u> |

Cambridge House and Talbot
Notes to the financial statements
For the year ended 31 March 2015

4. Total resources expended

| | Cost of generating funds £ | Advocacy £ | Children & Adult Services £ | Law Centre £ | Enterprise Services £ | Governance Costs £ | Support Costs £ | 2015 Total £ | 2014 Total £ |
|---------------------------------|-------------------------------------|----------------|--------------------------------------|-----------------|-----------------------------|--------------------------|-----------------------|------------------|-----------------|
| Staff costs (Note 6) | - | 164,619 | 176,172 | 278,207 | 120,042 | - | 259,337 | 998,377 | 1,119,483 |
| Other staff costs | - | 8,748 | 13,739 | 3,071 | 65 | - | 2,621 | 28,244 | 41,583 |
| Activity cost | - | 15,045 | 35,448 | 11,392 | 170,773 | - | - | 232,658 | 240,219 |
| Premises cost | - | - | - | - | - | - | 14,804 | 14,804 | 45,207 |
| Office costs | 1,662 | - | - | - | - | 1,636 | 15,161 | 18,459 | 68,036 |
| Audit fees and accountancy fees | - | - | - | - | - | 11,105 | - | 11,105 | 31,109 |
| Legal and Professional fees | - | - | - | - | - | - | 9,108 | 9,108 | 12,013 |
| Loan interest | - | - | - | - | 110,000 | - | - | 110,000 | 222,361 |
| Depreciation | - | - | - | - | 234,733 | - | - | 234,733 | 184,591 |
| Irrecoverable VAT | - | - | - | - | - | - | 29,050 | 29,050 | 65,396 |
| | 1,662 | 188,412 | 225,359 | 292,670 | 635,613 | 12,741 | 330,081 | 1,686,538 | 2,029,998 |
| Support Costs | 6,498 | 74,073 | 93,566 | 77,972 | 77,972 | - | (330,081) | - | - |
| Total resources expended | 8,160 | 262,485 | 318,925 | 370,642 | 713,585 | 12,741 | - | 1,686,538 | 2,029,998 |

Cambridge House and Talbot
Notes to the financial statements
For the year ended 31 March 2015

5. Net outgoing resources for the year

This is stated after charging / crediting:

| | 2015 | 2014 |
|-------------------------------|--------------------------|--------------------------|
| | £ | £ |
| Depreciation | 234,733 | 184,229 |
| Interest payable | 110,000 | 163,003 |
| Auditors' remuneration: | | |
| ▪ audit | 7,500 | 4,500 |
| ▪ other services | 1,500 | - |
| Trustees' remuneration | - | - |
| Trustees' reimbursed expenses | - | - |
| | <u><u> </u></u> | <u><u> </u></u> |

No remuneration or expenses were paid to any member of the Council during the year (2014: nil). Professional indemnity insurance including trustee indemnity insurance has been taken out in order to protect the charity against loss arising from claims of neglect by and defaults of its employees, volunteers, directors and officers.

6. Staff costs and numbers

Staff costs were as follows:

| | 2015 | 2014 |
|-----------------------|-------------------------|-------------------------|
| | £ | £ |
| Salaries and wages | 905,427 | 1,012,190 |
| Social security costs | 78,350 | 90,054 |
| Pension contributions | 14,600 | 17,237 |
| Training and expenses | 19,133 | 22,858 |
| | <u><u>1,017,510</u></u> | <u><u>1,142,339</u></u> |

One employee earned between £70,000 and £80,000 during the year (2014 - one). There were no pension contributions payable in respect of this employee

The average weekly number of employees (full-time equivalent) during the year was as follows:

| | 2015 |
|---------------------------|--------------------|
| | No. |
| Costs of generating funds | 0.5 |
| Advocacy | 5.7 |
| Children & Adults | 7.2 |
| Law Centre | 6.0 |
| Enterprise Services | 6.0 |
| Support | 5.8 |
| | <u><u>31.2</u></u> |

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7. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

8. Tangible fixed assets

| | Freehold Premises £ | Computer & office equipment £ | Total £ |
|-------------------------------|---------------------------|--|-------------------------|
| Cost | | | |
| At the start of the year | 6,961,894 | 318,354 | 7,280,248 |
| Additions in year | - | 19,330 | 19,330 |
| At the end of the year | <u>6,961,894</u> | <u>337,684</u> | <u>7,299,578</u> |
| Depreciation | | | |
| At the start of the year | 397,082 | 170,682 | 567,764 |
| Charge for the year | 161,121 | 73,612 | 234,733 |
| At the end of the year | <u>558,203</u> | <u>244,294</u> | <u>802,497</u> |
| Net book value | | | |
| At the end of the year | <u>6,403,691</u> | <u>93,390</u> | <u>6,497,081</u> |
| At the start of the year | <u>6,564,812</u> | <u>147,672</u> | <u>6,712,484</u> |

All the fixed assets are used for direct charitable purposes.

The accounts include the cost of improvements to freehold premises but not the original cost, since the land and buildings were given to the Company an endowment many years ago.

The freehold property was re-valued at 31 March 2013 by Chris Rodericks BSc (Hons) MRICS from Colliers International Property Consultants Limited. The Market Value of the freehold interest in subject property assuming full vacant possession throughout as at 31 March 2013 is £6,500,000. On an historical cost basis the cost of the building is £5,885,975 and the net book value is £5,370,814

9. Investments

| | 2015 £ | 2014 £ |
|--|-----------|-----------|
| The movements on investments in the year were: | | |
| Market value brought forward (cost £85,138) | - | 94,188 |
| Disposal proceeds | - | (103,017) |
| Gain on disposals | - | 8,829 |
| Market value at the end of the year | <u>-</u> | <u>-</u> |

10. Debtors

| | 2015 £ | 2014 £ |
|--------------------------------|-----------------------|---------------|
| Trade debtors | 41,617 | 57,962 |
| Prepayments and accrued income | 105,344 | 16,838 |
| | <u>146,961</u> | <u>74,800</u> |

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11. Creditors: amounts falling due within one year

| | 2015 | 2014 |
|--|----------------|----------------|
| | £ | £ |
| Loan from Futurebuilders/Communitybuilders | 120,000 | - |
| Creditors and accruals | 78,932 | 122,530 |
| Taxes and social society | 117,774 | 93,964 |
| Deferred income | 17,869 | 46,443 |
| Bank overdraft | 29,826 | - |
| | <u>364,401</u> | <u>262,937</u> |

All deferred income is released in the following year

12. Creditors: amounts falling due after one year

| | 2015 | 2014 |
|-----------------------------|------------------|------------------|
| | £ | £ |
| Loan from Futurebuilders | 2,693,517 | 2,777,518 |
| Loan from Communitybuilders | 1,134,723 | 1,170,723 |
| | <u>3,828,240</u> | <u>3,948,241</u> |

The terms of the loans were renegotiated during the year resulting in capital repayments commencing from 1 April 2015. Interest during the year was capped at £10k per month (split pro-rata between the two loans) with these terms are subject to an annual review. Interest for 1 April 2015 to 31 March 2016 has been agreed at 0%, with agreement in principle to extend this until 31 March 2017.

The loans are secured on a Pari Passu legal charge basis between the Futurebuilders Fund and Communitybuilders Fund Investements over the freehold property.

Contingent liability

In the event of the property being sold, additional payments will be due to the Futurebuilders and Communitybuilders funds under the terms of the loan agreements with them to account for reductions in the interest rate charged in comparison to the original agreement.

13. Analysis of net assets between funds

| | Unrestricted funds £ | Restricted funds £ | Total Funds £ |
|--|----------------------------|--------------------------|------------------|
| Tangible fixed assets | 6,497,081 | - | 6,497,081 |
| Current assets | 150,470 | - | 150,470 |
| Current liabilities | (364,401) | - | (364,401) |
| Long-term liabilities | (3,828,240) | - | (3,828,240) |
| Net assets at the end of the year | <u>2,454,910</u> | <u>-</u> | <u>2,454,910</u> |

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14. Movements in funds

| | At the start of the year £ | Incoming resources £ | Resources expended £ | Transfers | At the end of the year £ |
|--|----------------------------------|----------------------------|----------------------------|-------------|--------------------------------|
| Restricted funds: | | | | | |
| <i>Children and Adult services</i> | | | | | |
| Sport England | - | 28,546 | (28,546) | - | - |
| Tudor Trust | - | 30,000 | (30,000) | - | - |
| Charterhouse in Southwark | - | 10,000 | (10,000) | - | - |
| Peter Minet Trust | - | 3,435 | (3,435) | - | - |
| Jack Petchey Award | - | 1,950 | (1,950) | - | - |
| King Baudouin Foundation | - | 37,576 | (37,576) | - | - |
| <i>Law Centre</i> | | | | | |
| Baring Foundation | - | 14,150 | (14,150) | - | - |
| Southwark CAB - Advice Services Transition Fund - Cabinet Office/Big Lottery | - | 20,000 | (20,000) | - | - |
| CH Overhead | | | | | |
| Southward Council Transition Fund | - | 9,000 | (9,000) | - | - |
| Total restricted funds | - | 154,657 | (154,657) | - | - |
| Unrestricted funds | | | | | |
| Revaluation reserve | - | - | - | 1,032,877 | 1,032,877 |
| General Fund | 2,767,375 | 1,217,616 | (1,530,081) | (1,032,877) | 1,422,033 |
| Total unrestricted funds | 2,767,375 | 1,217,616 | (497,204) | - | 2,454,910 |
| Total funds | 2,767,375 | 1,372,273 | (651,861) | - | 2,454,910 |

Revaluation reserve

The revaluation reserve represents the increase in value between fixed assets held at valuation compared to cost.

Purposes of restricted funds

Children and Adult Services

These funds are to deliver specific Children and Adult services programmes in accordance with restrictions agreed with the funder.

Law Centre

These funds are to support the work of the Law Centre subject to restrictions agreed with the funder.

CH Overhead

These funds are to support specific overhead costs of the charity.

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15. Trading subsidiary

Enterprise at Cambridge House Limited, the charitable company's trading subsidiary (Company Number: 06740813) was incorporated on the 4 November 2008. The subsidiary was used for non-primary purpose trading activities.

The results of the undertaking have not been consolidated as they were held with a view to disposal. The company ceased to trade in September 2013 although has continued to incur some expenditure.

The charity holds all the share capital of Enterprise at Cambridge House Limited.

| | 2015 | 2014 |
|---|-------------------|-------------------|
| | £ | £ |
| Turnover | - | 32,425 |
| Cost of sales | - | (31,951) |
| | <u> </u> | <u> </u> |
| Gross profit | - | 474 |
| Administrative expenses | (430) | (1,647) |
| | <u> </u> | <u> </u> |
| Profit for the financial period | (430) | (1,173) |
| Accumulated profit at the start of the period | (1,173) | - |
| | <u> </u> | <u> </u> |
| Accumulated profit at the end of the period | <u>(1,603)</u> | <u>(1,173)</u> |

The aggregate of the assets, liabilities and funds at 31 March was:

| | 2015 | 2014 |
|------------------|-------------------|-------------------|
| | £ | £ |
| Assets | 701 | 1,134 |
| Liabilities | (2,304) | (2,307) |
| | <u> </u> | <u> </u> |
| Accumulated loss | <u>(1,603)</u> | <u>(1,173)</u> |

16. Pension liability

Cambridge House and Talbot participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

Cambridge House and Talbot paid contributions at the rate of 5% during the accounting period. Members paid contributions at the rate of 5% during the accounting period.

As at the balance sheet date there were 3 active members of the Plan employed by Cambridge House and Talbot. Cambridge House and Talbot continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore, revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

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The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

| | % p.a. |
|--|---------------|
| Rate of return pre retirement | 4.9 |
| Rate of return post retirement: | |
| Active/Deferred | 4.2 |
| Pensioners | 4.2 |
| Bonuses on accrued benefits | 0 |
| Inflation: Retail Prices Index (RPI) | 2.9 |
| Inflation: Consumer Prices Index (CPI) | 2.4 |

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary is currently finalising the 2014 valuation and results will be communicated in due course. At 30 September 2013, the market value of the Plan's assets was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall. A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. Therefore, the amounts of debt can be volatile over time.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan.