



## **Cambridge House and Talbot**

### **Annual Report & Accounts**

1 April 2012 to 31 March 2013

### **Tackling the Injustice of Poverty**

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## Message from the Chair

The trustees are pleased to present Cambridge House's annual report and financial statements for the year ended 31 March 2013.

Last year was another year of tough economic times globally and it was increasingly evident that our mission to tackle the injustice of poverty was as relevant today as it was in 1889 when we were founded.

To ensure that we are able to meet the increasing needs of our beneficiaries, as well as respond to the needs of those in our community who have not experienced poverty before, we decided to focus more actively on developing our ability to generate new income to fund our work.

On 4 July 2012 our Patron HRH The Duke of Gloucester opened our refurbished building. This £6million building development provides outstanding and accessible resources for our beneficiaries, and an enterprise centre which ensures that we effectively use our most important asset to generate income through office rentals and space hires.

At the end of the 2012-13 financial year we tripled the size of our fundraising and development team so we entered the new financial year better prepared to meet the challenges of a highly competitive fundraising environment.

Our Chief Executive of almost nine years, Clare Gillhooly, left in July 2012 to take up post at the SHINE Trust. We are enormously grateful to Clare for her excellent and committed leadership and wish her well in her new role. We are pleased to announce that Karin Woodley was appointed as our new Chief Executive and commenced her employment in the beginning of April 2013.



Karin brings over 25 years of third-sector experience in community empowerment, arts and culture, education, diversity and equality, and criminal justice. Karin is passionately committed to addressing the complex needs faced by some of the most vulnerable people in our society and we are excited that she has joined our team.

Cambridge House supporters, from corporate partners to local authorities, our funders and our regular donors are an important part of Cambridge House; without them the work we do wouldn't be possible. I thank them and our excellent team of staff and volunteers for their continued commitment to the critical work which we do.

Our action plan for the period to 2015 is based on the following core commitments:

- To continue to improve the services we offer to the local community;
- To provide an exemplary facility in our building at 1 Addington Square;
- To expand our fundraising initiatives; and
- To foster and grow the unique collaborative culture of Cambridge House.

This annual report shows our excellent progress towards realising these commitments, demonstrates the scope and breadth of our work during the year, and identifies areas in which we have achieved measurable results.



**David Coleman**

## Cambridge House

45,000 beneficiaries in 2012-13

We are a South London charity with more than 124 years of experience working with local people to tackle the injustice of poverty.

Based in the London Borough of Southwark, Cambridge House began life in 1889 as a lay settlement founded by Cambridge University to combat the effects of poverty and deprivation in the poorest parts of South London.

Southwark is the 41st most deprived borough out of the 326 local authorities in England  
(Indices of Multiple Deprivation - IMD 2010)

Overcoming the injustice of poverty is a more complex challenge during this period of austerity, welfare reform and changes to legal aid.

Our local neighbourhoods are ranked amongst the 10% most deprived communities in the country.  
(IMD 2010)

Demand for our work is growing and we need to continue to be innovative and responsive to changing and increasing needs.

We have a Local to National Ethos that means that to affect long-term social change and impact we will:

- Develop and pilot services in our local area including Southwark and the adjoining Boroughs of Lambeth and Lewisham
- Use this experience to offer best practice initiatives across London
- Share our work and experiences with government, businesses and the voluntary and community sectors across the country.

33% of local children live in poverty  
Local unemployment increased by 60% between 2008 and 2011, with long term unemployment rising by over 100% in the same period.  
(Southwark JSNA)

Last year almost 1000 people visited Cambridge House every week. Our direct services benefited 25,000 people and our enterprise services reached a further 20,000.



## Our Purpose and Beliefs

### Vision

We have a vision of a society without poverty where all people are valued, treated equally and lead fulfilling and productive lives.

### Mission

Cambridge House is a social action centre that works with vulnerable individuals, families and communities to tackle the injustice of poverty and empower them to:

- Realise their full potential
- Influence decisions which affect their lives
- Contribute economically
- Shape the future of civil society
- Enjoy their rights

### Aims

- To provide solutions to the injustice of poverty
- To enhance understanding of the choices and actions that can be taken to reduce poverty

### Values

- We place the experience of the people we work with at the heart of everything we do
- We are committed to our staff and volunteers
- We work with like-minded organisations to extend the reach and impact of our services
- We are individually accountable and collectively responsible

## Our Work and Impact in 2012-13

### Social Justice Services

#### Cambridge House Law Centre

We offered the most vulnerable in our community free access to high quality legal services, both directly and indirectly. We provided:

- Confidential advice, assistance and representation in social welfare law, including housing, welfare benefits and employment law.
- Training to Law Centres across England and Wales in housing matters and the legal aid changes.

#### Case Study

Ms Y is a lone parent with a nine year old son who had to reduce her work hours due to ill health. As a result, Ms Y faced difficulties paying her rent. She came to us distressed after the Council issued an eviction notice. With no money to clear her arrears, she did not know how she would look after her son if she was evicted.

Cambridge House were able to assist her with an emergency application to the court. We supported her to assess her finances and put forward reasonable proposals for future rent payments and a sustainable arrangement to reduce the debt. The Council agreed to the arrangement. She has kept the home for herself and her son.

#### Achievements

- 2,099 enquiries
- 213 housing cases worked on
- 194 new welfare benefit cases
- 91 new employment cases
- Represented clients at court in 67 housing cases, with a 100% success rate
- Provision of training for solicitors and caseworkers from 30 law centres from as far apart as Cumbria, Rochdale, the Isle of Wight and Cardiff, including Manchester, Leeds, Birmingham and Gloucester
- The Law Centre obtained **Lexcel Accreditation** from the Law Society. Lexcel is the Law Society's quality mark for client care and service

### Advocacy Services

Our advocates 'gave voice' to some of the most vulnerable in our society through:

- **Independent Mental Capacity Advocacy (IMCA)** in Southwark and in Waltham Forest as a safeguard for people who are not able to make particular decisions for themselves and do not have friends or family members who are available, willing or suitable to be consulted on their behalf.
- **Relevant Persons' Representative (RPR)** in Southwark and in Waltham Forest for the purposes of the Deprivation of Liberty Safeguards under the Mental Capacity Act 2005. These provide legal protection to vulnerable people who are considered by professionals as being deprived of their liberty in a care home or hospital.
- **Independent Mental Health Advocacy (IMHA)** in Southwark to help patients in hospital and in the community to obtain information and understand their rights under the Mental Health Act, any conditions or restrictions to which they are subject, any medical treatment which they are receiving or might be receiving, the reasons for the treatment and the legal authority for providing the treatment.
- **Children's Advocacy Services** in Southwark to help the views of children and young people to be heard, and to enable children and young people to speak up for themselves in areas such as education, health, social care, leisure and family issues.
- **Generic Advocacy Services** in the City of London to support people in the community to access health and social care, education and employment support.

#### Achievements

- 502 beneficiaries
- 3,604 hours of advocacy provision
- Our service was awarded the Action for Advocacy **Quality Performance Mark** for the exceptional quality of independent advocacy that we provide.

*'My advocate helped me understand my rights relating to support I was entitled to from the local Social Services and helped me challenge their decision which resulted in access to services I found very helpful.'*  
Client of Cambridge House

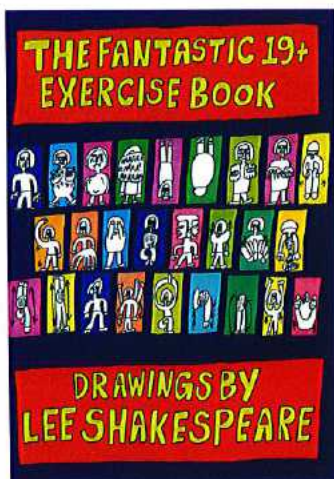
## Community Empowerment Services

### Education and Learning

The extent to which the children's individual needs are catered for at Cambridge House is exemplary'  
OFSTED

We nurtured children and adults with disabilities and special educational needs by delivering a range of projects including:

- **19Plus** a creative club for adults to support the development of independent living skills. Through fun and sociable art activities participants can learn about healthy living and eating, accessing main-stream services and travelling on public transport.



- **Saturday Arts Club** where adults can socialise and experiment artistically with the support of professional artists.
- **Wednesday after School Club** a creative club for children, where they can socialise, play and develop their communication skills and self-confidence.

*'My son has enjoyed himself so much that I can't think how to improve it. Just keep doing more of what you are already doing.'*  
Quote from a parent



- **Holiday Activity Scheme** (Easter and summer holidays) we deliver our respite activity scheme for children, young people and adults with moderate and severe learning disabilities and/or multiple disabilities that require 1-1 or 2-1 support.

#### Achievements

- 6,000 hours of creative activities for children and adults with SEN, and physical and learning disabilities.
- 100% of parent/carers whose young people attended the programme said they would recommend the service to others.
- Our Play and Respite scheme received an 'Outstanding' rating from OFSTED for its Early Years' provision.



## Youth Empowerment

We created and delivered youth clubs on local estates, outreach programmes and collaborated with schools in our community to provide vulnerable young people with educational and recreational activities.



### Achievements

- We completed our Aspire project, which helped ten Year 9 students at Bacon's College in Southwark to enjoy learning and to develop confidence and self-esteem, and communication and teamwork skills.
- Our estates based programme was delivered with the support of the Southwark Youth Fund across two sites in Southwark and provided safe and welcoming places for young people aged 11-19 years to take part in variety of activities, socialise and learn from each other.
- We delivered intensive services to 70 young people including creative writing sessions, sports, video gaming, cooking and CV writing.

## Social Action

Our social action projects increase the capacity of disadvantaged communities to deliver their own solutions to poverty and inequality.

*'It is wonderful to get to know my neighbours after all of this time - nothing like this has ever happened before.' Quote from a local resident*

## Achievements

- Five Community Organisers completed their training at Cambridge House and graduated from the 'Foundations of Community Organising' course.
- We completed our contract as the host organisation for LINK Southwark, the Local Involvement Network concerned with all publicly-funded health and social care services.
- Our Community Organisers worked with 1,500 local people
- 45 volunteers worked with our Community Organisers.

## Employment Projects

We provided volunteering, apprenticeship and mentoring opportunities and skills support to help people into work.



### Achievements

- We recruited a Volunteer Coordinator, enabling us to increase the number of volunteers and to offer individualised support and personal development
- 68 volunteers contributed 5,420 hours

*My experience at Cambridge House was amazing. People in the office are really helpful and we are all part of a big family. I have this feeling that everyone is pushing in the same direction...*

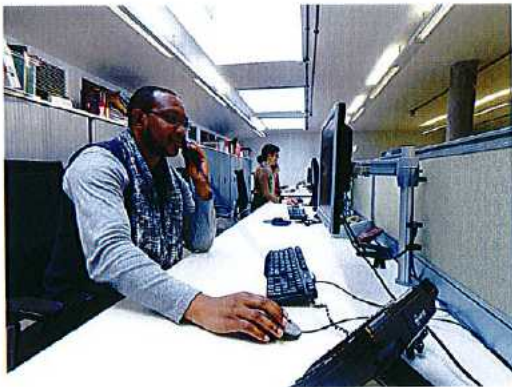
*Cambridge House is assisting me in gaining office experience while at the same time I am putting what I have learnt during my Masters Degree into practice. It is a win - win situation.'*

*Chris Boukary: Research and Administrative Assistant (Traineeship)*

## Community Enterprise Services



We offered facilities and services including office and meeting space to strengthen and empower voluntary sector and community organisations.



- We launched our People's Centre with an art exhibition by local artist Alice White and now hold regular art exhibitions to support local artists and to bring art to the community.



### Achievements

- £6 million building redevelopment completed
- Provision of fully accessible facilities that exceed the expected standards of the Disability Discrimination Act
- Increased desk space for 10 resident charities and community organisations
- Increased energy efficiencies
- Birkbeck University delivered their Adult Learner's Week activities at Cambridge House
- Opened our purpose built 50 place nursery which is run as a social enterprise by 1<sup>st</sup> Place Children and Family's Centre





## Future Plans



During this period of continued austerity, our business plan for 2013-14 responds to the economic uncertainty by offering a transition approach with three objectives:

1. Be **competitive**: demonstrate the impact of existing services; generate new services; improve our branding and marketing; align the allocation of resources to the new needs of actual and potential beneficiaries
2. Be **innovative**: boost performance and resilience by taking every opportunity to maintain and grow our activities and to continue to provide high quality, effective and integrated support to actual and potential beneficiaries
3. Be **prudent**: diversify our sources of income, measure our successes and risks, be adaptable, and use our assets carefully.

The primary outcome of this transition plan is the completion of a business plan for the period 2014–17.

Our other key objectives for 2013-14 are to:

1. Extend our education, employment training and personal development services to address the needs of:
  - Families of children and young people with learning and physical disabilities, particularly siblings
  - Children and young people affected by street crime and gangs
  - Children and young people living in poverty.

2. Launch a restructured 'Peoples' Justice Centre' offering integrated specialist and generalist advice, legal and advocacy services that are orientated towards identifying and addressing gaps in statutory provision and responding to new needs emerging as a result of welfare and legal aid reforms.
3. Increase delivery of building-based enterprise and community development services, particularly focusing on employability initiatives and encouraging similar organisations to use our excellent buildings and facilities, in-house apprenticeships and extended volunteering and work experience opportunities.
4. Review and update our quality assurance and impact recording processes.
5. Finalise a fundraising & communications strategy that focuses on securing income from trusts and foundations, business and major donors.
6. Maximise opportunities for merger and partnership.
7. Extend beneficiary involvement in the design and evaluation of services and governance.



## Corporate Partnerships



We maintained our strong relationships with a number of corporate partners including:

## BROADGATE ESTATES

**Broadgate Estates**, a property management company, whose portfolio covers many of the UK's most prestigious developments and British Land's office portfolio. Mike Thornton, their Portfolio Director, is one of our trustees, and the company continues to help us by:

- Sharing their Cascade HR software with us to reduce the costs of HR management
- Training and mentoring to our Facilities Manager
- Providing on-going property management advice and support



In April 2012 we were very fortunate to have Kirsty Apthorpe, Associate Director at Broadgate Estates, run the London Marathon for us. Kirsty's fundraising efforts on behalf of Cambridge House were exceptional; she achieved £3,122.40 of the total £4,862.80 raised by our marathon runners.

## MACFARLANES

**Macfarlanes LLP**, a City-based independent law firm, has supported Cambridge House for over 30 years. In addition to David Coleman, one of the firm's partners, chairing our trustees and Alex Crockford serving as our Company Secretary; Macfarlanes staff have continued to provide:

- Pro bono legal advice on property related contracts, outsourcing disputes and employment law.
- Administrative and IT advice
- Individual donations.



## Financial Statements

### Year ended 31 March 2013

#### Governance and management

Cambridge House 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. Our objects and powers are set out in our 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 is used for non-primary purpose trading activities. The results of the undertaking have not been consolidated; under FRS 2 the undertaking is being held with a view to disposal or resale. The taxable profits are gifted to the charity.

#### 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 seven times per year to manage the business of the organisation. It appoints sub-committees and working groups to operate with delegated responsibilities as follows:

- Finance (Graham Moss and Robert Park)
- Governance (David Coleman, Shveta Shah and Alex Crockford)

In addition, a Succession Working Group (David Coleman, Paul Yiannouzis and Shveta Shah) met on a number of occasions to deal with the appointment of the new Chief Executive.

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'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 effected 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.

#### Recruitment, appointment and training of trustees

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.

Once the ideal skill/experience profile has been identified, a recruitment plan is formulated. This will identify the most appropriate resources from which applicants might be found. Preference is given to advertising in the media, volunteer bureau, and direct approaches to professional bodies and other voluntary organisations over approaches to personal contacts, as the intention is to promote diversity and to avoid conflicts of interest.

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.

As part of its ongoing training, the trustees are offered the opportunity to attend training on key areas, such as risk and accountability.

## Risk Management

The trustees regularly review and assess the risks faced Cambridge House in all areas of its work, and plan for the management of those risks. There is a Risk Register which is the on-going responsibility of the Finance sub-committee and reviewed by the Council periodically in order to ensure that the material risks to which the charity is exposed are properly identified and evaluated in terms of inherent and residual risk.

Appropriate actions are then scheduled to address the residual risk, mitigating it to a level the Council considers acceptable.

These processes in combination ensure that major risks and key controls are reviewed and monitored on an ongoing basis by staff who act on behalf of the trustees.

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 or fully managed, but where this happens there is active and clear monitoring of the risk.

Trustees consider that systems and controls are in place to monitor, manage and mitigate Cambridge House's exposure to major risks. These include, among other control mechanisms, the maintaining of general reserves and the review of key systems and processes by the Finance sub-committee.

## Public benefit

Charity trustees have a duty to report in the trustees' annual report on their charity's public benefit. They 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.

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.

## 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, 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for 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.

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.

### Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

### Signed on behalf of the trustees/directors

  
**David Coleman**  
Chair

### Corporate information

#### Patron

HRH The Duke of Gloucester

#### Board of Trustees and Directors

David Coleman – Chair  
Graham Moss – Treasurer  
Alex Crockford - Company Secretary  
Nikki Mellor  
Dan Metcalfe  
Robert Park  
Shveta Shah  
Mike Thornton  
Paul Yiannouzis

#### Chief Executive

Karin Woodley

#### Bankers

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

#### Auditors

Haines Watts, Chartered Accountants  
Old Station House, Station Approach, Newport Street,  
Swindon, Wilts SN1 3DU

#### Registered and principal 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

## Financial Review

During the year the charity's incoming resources from charitable activities decreased by 20% to £1,303,190 (2012 - £1,630,168); this decrease is largely due to lower levels of income for Advocacy and Community Empowerment Services. On the other hand, income from the Law Centre increased by 42% reflecting the higher demand for these services given the changes in the welfare system and the local effects on housing related matters. The London Borough of Southwark remained the largest single source of income to the charity at 57% of total incoming resources for service delivery (2012 - 56%). In total, funds received from public bodies fell to 61% (2012 - 83%) of total incoming resources.

Total expenditure was 15% higher than the previous year (2012 - 29% lower). This increase is largely due to the full impact of the loan interest, higher utility costs and increased staff capacity for enhanced service delivery.

The net result for the year after the net investment surplus and net surplus on the revaluation of the freehold property was a surplus of £624,248 (2012 - surplus £44,577). Special attention should be paid to the impact of freehold property revaluation; the net loss for the year excluding the net surplus on revaluation of the freehold property was £451,670 (2012 - surplus £44,577).

The Redevelopment Project was completed during the year: the total cost has been financed by loans of £4.1m and grants of £1.64m from the Futurebuilders England Fund, Communitybuilders Fund, the Sure Start Capital Grant Scheme, the Aiming High Fund, a capital grant from the Tudor Trust and a capital grant from City Bridge Trust. Capital loan repayments started during the financial year. The property was professionally valued at the end of the 2012/13 financial year and is stated at market value from this financial year's accounts.

### Investments

The charity experienced the slightly improved effect of the investment markets; the net value of the investments increased by 15% (2012 - 0% change).

Trustees had adopted a "wait and see" approach to our investments. This will now be re-assessed as the value of the investment now equals the initial value when invested in 2005. Although the investment portfolio performance for the year was positive, the Council continues to assess policy to avoid repetition of previous years' mediocre performance. Investment continues to be in line with the charity's policy of social, ethical and environmental considerations regarding investments.

### Reserves

The Council'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 in order to provide the charity with some ability to cope with unforeseen expenditure and for interruptions in income flows. Based on 2012/3's expenditure, the monthly operating costs amount to circa £178,000 without the capital loan repayment. The charity's total free reserves, excluding tangible fixed assets, at 31st March 2013 amounted to £643,421. This represents a reserve level of 3.6 times the monthly expenditure. Trustees are closely monitoring the situation.

Designated funds relating to Cambridge House's programmes are funds earmarked for use by programmes and or projects. The trustees annually review the level of such funds carried forward by each programme. As a result of the latest revision of these, no transfer to designated funds from unrestricted funds were made. None of the funds held by the charity is materially in deficit.

No Restricted funds were held at the financial year end. The reserves policy is reviewed and amended annually by the trustees.

## Budgeting

We prepare annual budgets for all activities and monitor performance against these in order to ensure that any activity operating at a deficit is carefully monitored and that opportunities are taken to increase unrestricted funds. The charity has continued to include two organisational designated reserves in the budget for the financial year 2013/14. The Staff Cost Reserve is calculated as 5% on annual salary cost and would be designated for unforeseen expenditure on any component regarding salaries (long-term sickness, maternity leave cover cost and the cost of other staffing related issues). The Development Reserve is calculated as 1% on the total income of the charity and is designated to a reserve for organisational and service development and expansion. The reserve is created to enable the charity to cover expenditure associated with tendering of existing and new contracts and the development of new services. It serves as a provision for unsuccessful bid expenditure that may not be recovered from any existing services.

## Financial position

The Trustees considers that there are sufficient reserves held at the year end to manage any further downturn in the economy. Trustees consider that there is a reasonable expectation that Cambridge House has adequate resources to continue in operational existence for the foreseeable future and, for this reason, they continue to adopt the 'going concern' basis in preparing the accounts.

**This report was approved by the Council on 20 July 2013 and signed on its behalf by:**



**David Coleman**  
Chair

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

### Statement as to disclosure of information to auditors

We have audited the financial statements of Cambridge House and Talbot for the year ended 31 March 2013 which comprise the Statement of Financial Activities (incorporating the income and expenditure account), 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 12 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 (APB'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 Trustees' Annual Report to identify material inconsistencies with the audited financial statements. 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 2013, 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 applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### 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; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Susan Plumb*

**Susan Plumb**  
**Senior Statutory Auditor**

**For and on behalf of Haines Watts, Chartered Accountants and Statutory Auditors**  
**Old Station House, Station Approach, Newport Street**  
**Swindon SN1 3DU**

**Dated this:** 23 July 2013



## Statement of financial activities for the year ended 31 March 2013

		Unrestricted General Fund	Restricted Funds	Total 2013	Total 2012
		£	£	£	£
<b>Incoming resources</b>					
Income resources from generated funds					
	Voluntary income	23,826	1,000	<b>24,826</b>	22,409
	Activities for generating funds	(note 2) 313,939	-	<b>313,939</b>	252,066
	Investment income	(note 3) 52,498	-	<b>52,498</b>	13,260
		390,263	1,000	<b>391,263</b>	287,736
	Incoming resources from charitable activities	(note 4) 1,163,911	139,279	<b>1,303,190</b>	1,630,168
<b>Total incoming resources</b>					
		<b>1,554,174</b>	<b>140,279</b>	<b>1,694,453</b>	1,917,903
<b>Resources expended</b>					
Cost of generating funds					
	Cost of fundraising	51,439	-	<b>51,439</b>	28,731
	Charitable activities costs	(note 7) 1,926,687	140,279	<b>2,066,966</b>	1,808,858
	Governance costs	42,420	-	<b>42,420</b>	35,471
<b>Total resources expended</b>					
		<b>2,020,546</b>	<b>140,279</b>	<b>2,160,825</b>	1,873,060
<b>Net (outgoing)/incoming resources before Transfers</b>					
		(466,372)	-	<b>(466,372)</b>	44,843
<b>Transfers between funds</b>					
		(note 13) 33,000	(33,000)	-	-
<b>Net (outgoing)/incoming resources before other recognised gains and losses, being</b>					
	<b>Net income/(expenditure) for the year</b>	(433,372)	(33,000)	<b>(466,372)</b>	44,843
	Unrealised gains on investment assets	(note 9) 14,702	-	<b>14,702</b>	(266)
	Unrealised gains on assets for charity use	1,075,918	-	<b>1,075,918</b>	-
<b>Total gains and losses recognised since 31 March 2012</b>					
		1,090,620	-	<b>1,090,620</b>	(266)
<b>Net movement in funds</b>					
		657,248	(33,000)	<b>624,248</b>	44,577
<b>Reconciliation of funds</b>					
	Total funds brought forward	2,682,042	33,000	<b>2,715,042</b>	2,670,465
	Total funds carried forward	(note 13) <b>3,339,290</b>	-	<b>3,339,290</b>	2,715,042

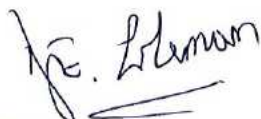
All the above accounts relate to continuing activities. The notes on pages 19-26 form part of these financial statements. All gains and losses are shown above; hence no statement of total recognised gains and losses have been presented.

## Balance sheet for the year ended 31 March 2013

		2013	2012
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	(note 8)	6,654,289	5,401,309
Investments	(note 9)	94,188	79,486
		<u>6,748,477</u>	<u>5,480,795</u>
<b>CURRENT ASSETS</b>			
Debtors and prepayments	(note 10)	82,654	202,279
Bank balances and cash		641,532	1,237,474
		<u>724,186</u>	<u>1,439,753</u>
<b>LESS:</b>			
Creditors: falling due within one year	(note 11)	<u>(282,754)</u>	<u>(357,492)</u>
<b>NET CURRENT ASSETS</b>		<b>441,432</b>	<b>1,082,261</b>
Creditors: falling due after one year	(note 12)	<u>(3,850,619)</u>	<u>(3,848,014)</u>
<b>NET ASSETS</b>	(note 13)	<b><u>3,339,290</u></b>	<b><u>2,715,042</u></b>
<b>FUNDS</b>			
Unrestricted general funds (including revaluation reserve of £1,075,918)	(note 13)	3,218,811	2,561,563
Unrestricted designated funds	(note 13)	<u>120,479</u>	<u>120,479</u>
		<b>3,339,290</b>	<b>2,682,042</b>
Restricted Funds		-	33,000
<b>TOTAL CHARITY FUNDS</b>		<b><u>3,339,290</u></b>	<b><u>2,715,042</u></b>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Council and authorised for issue on 20 July 2013 and signed on its behalf by:



**David Coleman**  
Chair

The notes on pages 19 – 26 form part of these financial statements

## 1. ACCOUNTING POLICIES

### Basis of Accounting

The accounts have been prepared under the historical cost convention, except for investments and the freehold property which are stated at market value, and in accordance with the Companies Act 2006, the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) issued in 2005, and applicable accounting standards.

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements do not consolidate the results of the subsidiary undertaking on the grounds it is being held with a view to disposal (see note 14). The financial statements therefore only refer to the parent undertaking.

### Income and Expenditure Account

A separate Income and Expenditure Account has not been prepared as the figures comprising net income/expenditure for the year shown in the Statement of Financial Activities give the information required under the Companies Act 2006, together with details of other recognised gains and losses.

### Fund Accounting

Unrestricted funds are available for use at the discretion of the Council in furtherance of the general charitable objects. Unrestricted Designated Funds are unrestricted funds which the trustees have earmarked for particular uses by the Charity. Where, at the end of the financial year, all conditions of funding for a given activity have been met (thereby preventing claw back), any surplus is transferred to Unrestricted Funds. Any deficits arising for a particular activity were met firstly from related Restricted Reserves, then from available Unrestricted Designated Funds of that activity's programme or, in the absence of either of those, from Unrestricted General Funds. Restricted Funds are subject to specific restrictions imposed by the donors.

### Incoming Resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

### Resources Expended

All costs are recognised on accruals basis including VAT where irrecoverable. All charitable activities costs are charged to the programme/activity to which they are directly attributable. Costs which are incurred centrally are allocated to the programme/activity on a basis which is consistent with the budgeted use of the resources. Governance costs include the cost of the statutory audit, the printing of the annual report, the accounts, holding the annual general meeting and administrative costs related specific to governance. Cost of fundraising represents costs incurred in all fundraising activities.

### Tangible Fixed Assets

Tangible fixed assets costing more than £500 are capitalised and included at Cost. Freehold property is held at revalued amount. Depreciation is calculated to write off the cost of tangible fixed assets by equal annual instalments over their expected useful lives as follows:

Freehold property	2% p.a.
Equipment	25% p.a.

### Investments

Investments are stated at market value as at the Balance Sheet date and the unrealised gains or losses taken to the Statement of Financial Activities.

### Pension Contributions

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 Utilised 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. ACTIVITIES FOR GENERATING FUNDS

	2013	2012
	£	£
Rental income	313,939	252,066

## 3. INVESTMENT INCOME

	2013	2012
	£	£
Bank interest	6,582	11,725
Gift aid from group undertaking	45,159	
Other	757	1,535
	<u>52,498</u>	<u>13,260</u>

#### 4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

##### a) Total income analysis by activity:-

	Advocacy	Community Services	Law Centre	Enterprise Centre	Support Functions	Total 2013	Total 2012
	£	£	£	£	£	£	£
London Borough of Southwark	109,718	450,633	181,000	-	-	741,351	905,689
Southwark Primary Care Trust	94,844	-	-	-	-	94,844	94,492
Legal Services Commission	-	-	143,121	-	-	143,121	62,751
Grant making trusts / similar	-	51,964	81,950	-	1,614	135,528	233,057
Other services	65,375	38,031	69,931	31	(2,400)	170,968	36,268
Other government / public bodies	-	-	-	-	17,378	17,378	297,711
	269,937	540,628	476,002	31	16,592	1,303,190	1,630,168
2012	480,800	663,431	334,258	33,693	-	1,630,168	

##### b) Restricted income analysis by activity:-

	Advocacy	Community Services	Law Centre	Enterprise Centre	Support Functions	Total 2013
	£	£	£	£	£	£
London Borough of Southwark	-	315	-	-	-	315
Southwark Primary Care Trust	-	-	-	-	-	-
Legal Services Commission/Legal Aid Agency	-	-	-	-	-	-
Grant making trusts / similar	-	45,764	81,950	-	-	127,714
Other services	-	7,650	3,600	-	-	11,250
Other government / public bodies	-	-	-	-	-	-
	-	53,729	85,550	-	-	139,279

#### 5. RESOURCES EXPENDED

Resources expended include:

	2013	2012
	£	£
Audit fees	4,500	4,800
Depreciation	171,540	90,292

## 6. EMPLOYEE INFORMATION

The average number of employees during the year was:

	2013	2012
Full time employees	25	19
Part time employees and sessional workers (not expressed as full time equivalents)	30	34
	55	53

No remuneration or expenses were paid to any member of the Council during the year (2012 - £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.

### Staff costs:

	2013	2012
	£	£
Wages and salary costs	948,067	1,009,382
Social security costs	83,761	93,943
Pension costs	23,138	26,044
Training and Expenses	14,445	-
	1,069,411	1,129,369

There were no employees earning more than £60,000 pa. (2012 - £nil)

## 7. CHARITABLE ACTIVITIES COSTS

	Advocacy	Community Services	Law Centre	Enterprise Centre	Support Functions	Total 2013	Total 2012
	£	£	£	£	£	£	£
Staff Cost	209,796	282,020	266,063	88,148	223,384	1,069,411	1,136,899
Activity Cost	9,798	59,370	12,901	46,925	130,134	259,128	225,449
Occupancy Cost	4,563	77,187	2,255	641,827	73,117	798,949	502,230
Support Costs	73,362	160,307	103,749	(45,326)	(352,614)	(60,522)	(55,760)
	297,519	578,884	384,968	731,574	74,021	2,066,966	1,808,858
2012	449,560	600,725	380,634	394,334	(16,395)		1,808,858

## 8. TANGIBLE ASSETS

	Freehold Premises £	Computer & Office Equipment £	Total £
Cost			
At 1 <sup>st</sup> April 2012	5,398,385	214,919	5,613,304
Additions	307,859	40,742	348,601
Revaluation	1,075,919	-	1,075,919
At 31st March 2013	<u>6,782,163</u>	<u>255,661</u>	<u>7,037,824</u>
Depreciation			
At 1 <sup>st</sup> April 2012	171,548	40,447	211,995
Charge for the year	110,615	60,925	171,540
Disposals	-	-	-
At 31st March 2013	<u>282,163</u>	<u>101,372</u>	<u>383,535</u>
NBV at 31st March 2013	<u>6,500,000</u>	<u>154,289</u>	<u>6,654,289</u>
NBV at 31st March 2012	<u>5,226,837</u>	<u>174,472</u>	<u>5,401,309</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 as an endowment many years ago.

The freehold property was re-valued at year end (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. The historical cost of the building is £5,706,244.

## 9. INVESTMENTS

	2013 £	2012 £
The movements on investments in the year were:		
Market value brought forward (cost £85,138)	79,486	79,752
Additions to investments at cost	-	-
Disposals at carrying rate	-	-
Net gain/ (loss) on revaluation	14,702	(266)
Market value carried forward (cost £85,138)	<u>94,188</u>	<u>79,486</u>
At 31st March 2013 investments comprised:	£	
Unlisted investment	83	
Conversion stock	55	
Ethically branded unit trusts	79,348	

All investments were held in the UK. There were no material individual investment holdings in the year that require disclosure. Investments held by the charity also include an additional £1 (2012: £1) investment in a subsidiary company at cost (see note 15).

## 10. DEBTORS AND PREPAYMENTS

	2013 £	2012 £
Other debtors	31,589	128,936
Prepayments and accrued income	5,906	73,343
Amount due from group undertakings	45,159	-
	<u>82,654</u>	<u>202,279</u>

**11. CREDITORS FALLING DUE WITHIN ONE YEAR**

	2013	2012
	£	£
Loan from Futurebuilders/Communitybuilders	127,280	231,509
Creditors and accruals	69,768	43,824
Taxes and social security costs	27,814	38,250
Deferred income	57,892	43,909
	<u>282,754</u>	<u>357,492</u>

All deferred income is released in the following year.

**12. CREDITORS FALLING DUE AFTER ONE YEAR**

	2013	2012
	£	£
Loan from Futurebuilders	2,713,456	2,728,681
Loan from Communitybuilders	1,137,163	1,119,333
	<u>3,850,619</u>	<u>3,848,014</u>

Repayment of the Futurebuilders loan commenced in July 2012 and will be repayable on a monthly basis for a period of 20 years. Interest is initially charged at 6% per annum.

Repayment of the Communitybuilders loan commenced in September 2012 and will be repayable on a monthly basis for a period of 8 years. Interest is initially charged at 5% per annum.

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

**13. FUNDS**

Restricted Funds	Balance at 1st April 2012	Incoming resources	Resources expended	Balance at 31st March 2013
	£	£	£	£
Community Empowerment Services	-	53,729	(53,729)	-
Law Centre	-	85,550	(85,550)	-
<b>Total</b>	<u>-</u>	<u>139,279</u>	<u>(139,279)</u>	<u>-</u>

Community Empowerment Services; Social action, employment and education services for adults, children and young people.

Law Centre: Free confidential advice, assistance and representation in social welfare law, including housing, welfare benefits and employment law.

### 13. FUNDS (continued)

#### General Funds

	Balance at 1st April 2012 £	Net movements excluding transfers £	Transfers (to)/from other Funds £	Balance at 31st March 2013 £
General fund	2,561,563	624,248	33,000	3,218,811
Designated Funds				
Staff Cost Reserve	92,708	-	-	92,708
Development Reserve	27,771	-	-	27,771
Sub-total	2,682,042	624,248	33,000	3,339,290
Restricted Reserves	33,000	-	(33,000)	-
Total	2,715,042	624,248	0	3,339,290

Staff Cost Reserve represents a designated reserve for unexpected staff related expenditure in cases of long-term illness cover and maternity cover. The Development Reserve represents a designation for costs associated with unsuccessful tendering; these costs are not allocated to the specific or relevant projects.

The Restricted Reserves represented the remainder of the capital grant income for the Redevelopment Project which was spent during the financial year on the completion of the Redevelopment Project.

#### Analysis of net assets between funds

	Unrestricted general funds £	Restricted funds £	31 March 2013 Total funds £
Tangible fixed assets	6,654,289	-	6,654,289
Investments	94,188	-	94,188
Current assets	724,186	-	724,186
Current liabilities	(282,754)	-	(282,754)
Long-term liabilities	(3,850,619)	-	(3,850,619)
	3,339,290	-	3,339,290

### 14. SUBSIDIARY COMPANY

The charity owns the whole of the issued ordinary share capital of Enterpris at Cambridge House Limited, a company registered in England and Wales. The subsidiary is used for non-primary purpose trading activities. The results of the undertaking have not been consolidated; under FRS 2 the undertaking is being held with a view to disposal or resale. The taxable profits are gifted to the charity. A summary of the results of the subsidiary is shown below:

	Total 2013 £	Total 2012 £
Turnover	107,859	-
Cost of Sales	61,606	-
Gross Profit	46,253	-
Administrative Expenses	46,253	-
Net profit / (loss)	-	-
The aggregate of the assets, liabilities and funds was:		
Assets	55,399	1
Liabilities	55,398	-
Funds (representing 1 ordinary share of £1)	1	1

The Parent company is the ultimate controlling party:



## 15. PENSION

The Charity 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.

The Charity paid contributions at the rate of 5% during the accounting period. Members paid contributions at the rate of 5.2% during the accounting period.

As at the balance sheet date there were 4 active members of the Plan employed by the Charity. The Charity has closed the Plan to new entrants. 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%.

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 Pensioners	4.2
	4.2
Bonuses on accrued benefits	0.0
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 has prepared a funding position update as at 30 September 2012. The market value of the Plan's assets at that date was £790 million and the Plan's Technical Provisions (i.e. past service liabilities) was £984 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £194 million, equivalent to a funding level of 80%.

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.

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). 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.

## 15. PENSION (continued)

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. The amounts of debt can therefore 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). The calculation basis that applies to the Growth Plan was amended due to a change in the definition of money purchase contained in the Pensions Act 2011 but the regulations that will determine exactly how the change will apply in practice are still awaited. As the law stands, it is not yet clear whether the statutory calculation should include or exclude Series 3 liabilities. However, based upon current advice, the most likely interpretation is that Series 3 liabilities will have to be included in the calculation of an employer's debt on withdrawal.

If an employer withdraws from the Growth Plan prior to the implementation of the regulations, the debt will be calculated on both bases and we would request payment of the higher amount with any adjustment being made when the regulations are implemented.

The Charity has been notified by The Pensions Trust of the estimated employer debt, if the charity were to withdraw from the Plan, based on the financial position of the Plan as at 30 September 2011. As on 31<sup>st</sup> March 2013 the estimated employer debt for the Charity was £ 62,864.18

## 16. RELATED PARTY TRANSACTIONS

During the year the company used the services of Macfarlanes LLP, a law firm in which Mr D Coleman is a partner and Alex Crockford a solicitor, and Broadgate Estates Limited, a property management company in which Mr M Thornton is a director.

Services provided by Macfarlanes LLP included legal advice on property related contracts, outsourcing disputes and employment law, administrative and IT advice and individual donations. Services provided by Broadgate Estates Limited helped the charity to evaluate and procure a new IT system for Cambridge House, improve and reduce the costs of HR management by sharing their Cascade HR software and employ a Head of Facilities and provide training and mentoring to the appointee. All services provided by both were on a pro-bono basis.

## Acknowledgements

Cambridge House fundraises for all its work. We rely on relationships with many partners throughout the country. Our Trustees sincerely thank all our supporters and donors who make our work possible including:

Aiming High Fund  
Belmont Production Ltd  
Broadgate Estates  
City Bridge Trust  
City of London Academy  
City of London Corporation  
Communitybuilders Fund  
Credit Suisse Securities  
DCV Limited  
Esprima Ltd  
Eurotech Monitoring  
Friends of Cambridge House  
Futurebuilders England Fund  
Incentive Lynx Security  
Knightsbridge Guarding Ltd  
Legal Aid Agency  
Locality  
London and Quadrant  
London Borough Southwark  
London Borough Waltham Forest  
London PE School Sports Network  
Macfarlanes LLP  
Magdalene College Youth Trust  
Merchant Taylor's Company  
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Newcomen Colett Foundation  
Office Concierge  
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Orbell Associates  
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Peckham Pulse  
Peter Minet Foundation  
Quality & Service Ltd  
Ross & Craig  
Sports England  
Sure Start Capital Grant Scheme  
Tallow Chandlers Company  
The Baring Foundation  
The City Bridge Trust  
The Creation Trust  
The Elizabeth and Prince Zaiger Trust  
The Tudor Trust  
United St. Saviour's Charity  
Vault IT  
Vehyster Ltd

Our Trustees also wish to thank the many organisations who have worked in partnership with Cambridge House to deliver services to beneficiaries – our success relies on collaboration.

1st Place Children and Parents' Centre  
Anthony Gold Solicitors  
Bacon's College  
Birkbeck College, University of London  
Blackfriars Settlement  
Blackfriars Advice Centre  
Camberwell Youth Centre  
Charles Russell LLP  
City Action  
City Gateway  
Community Action Southwark  
Contact a Family  
ContinYou  
Creative Innovations  
Damilola Taylor Trust  
Endz 2 Endz  
Health Watch Southwark  
Heart of the City  
International Federation of Settlements  
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Southwark Citizens Advice Bureau  
Southwark Disability Forum  
Southwark Law Centre  
Southwark Legal Advice Network  
The New Aylesbury Trust - Creation  
Vodafone World of Difference  
Young Southwark Works

