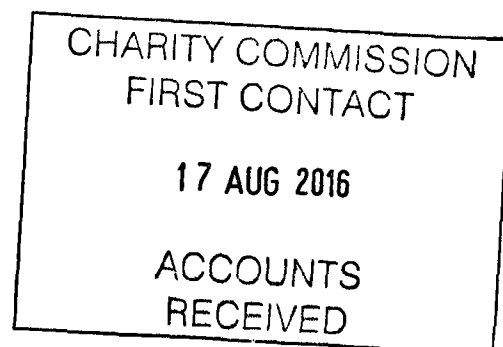




Tower Hamlets Friends And Neighbours

A Charitable Company Limited by Guarantee.
Company Number 04657449 Registered Charity 1099403

Financial Statements
Year ended 31 March 2016



Chair's report

After several difficult years, 2015/6 has been a year of consolidation for Tower Hamlets Friends and Neighbours (THFN), and we end the year in a stronger position than we have been in for some time.

THFN has long been committed to helping vulnerable older people in Tower Hamlets. Our aims are:

- To enhance quality of life and decrease isolation
- To promote well-being and increase independence through emotional support and improved access to services and benefits
- To provide stimulating activities.

Increasingly we find that our clients have one or more chronic illnesses and have limited mobility, as well as being isolated and lonely. A recent survey has shown a significant growth in the proportion who suffer from depression or dementia or both. This is an increasing focus of our work. Tower Hamlets has one of the highest proportions of people with depression in London and a much higher than average percentage of older people living on their own. With an ageing population, we can expect the demand for our help to continue to grow.

Loneliness is now known to have serious adverse effects on health as well as on the quality of life. Our services reduce loneliness not just through the continuing human contact with a known and trusted person, but also through tackling together some of the underlying issues and practical problems

The core of our activities remains befriending. This befriending provides the emotional support so many need and builds a relationship from which an understanding of how best to support the client can be developed. We have made good progress this year in agreeing with the clients the outcomes they want. That could be getting out more, increased confidence in accessing services, getting appropriate medical help, improved diet, or whatever is relevant to them. This identification of desired outcomes helps us to assess whether we are making a difference to our clients' lives. The results from our client surveys show that our services are highly valued, but we also must ensure that they are as effective and focused as possible.

The need for our services is clear. The challenge as always is to continue to be able to fund our activities. Our income this year has been just under £200,000. We were again able to make a small surplus. Several long term grants came to an end but we were pleased to be successful in our applications for major new grants from the London Borough of Tower Hamlets, Dunhill Medical Trust and Tudor Trust, all of which are for two or more years, which makes them particularly valuable for planning our future services. We are most grateful to them and to the numerous other smaller donors who have again supported us. Just after the end of the financial year, we received the excellent news that we have been awarded a large grant from the Big Lottery.

I am very pleased to say that our interim Chief Executive, Rajesh Kalhan, who has now been with us for over a year has agreed to stay on a permanent basis. That will provide the charity with the leadership and stability it needs. One of our team of befrienders has retired but the others continue to provide the excellent services which our clients value so much, and we have been building up our team of volunteers. Between them they have supported 264 clients this year.

Ruth Olney retired from the Board of Trustees after many years of service. Following a skills audit, we have recruited four new trustees to ensure that we have the range of skills and experience which THFN will need to meet future challenges.

The following pages describe our activities and plans in more detail.

Finally I must express my deep gratitude and thanks to the staff, volunteers and trustees who have worked so hard to ensure that THFN can continue to help those who need its services

Sarah E Brown

Sarah Brown
Chair

Why we are here and what we do

The objects of Tower Hamlets Friends and Neighbours (THFN) are the relief of poverty, hardship and distress, among those resident within the boundaries of the former Borough of Stepney and more generally within Greater London, by the provision of such support (in particular to the elderly, isolated and vulnerable) as the trustees shall from time to time consider appropriate. Our charitable aims are:

- to enhance the quality of life of older people and decrease social isolation;
- to promote wellbeing and increase independence through emotional support and through access to services, benefits, etc;
- to provide relevant and stimulating activities and increase social rehabilitation.

THFN provides a lifeline for vulnerable, isolated, older people, the majority of whom are housebound, and have at least one chronic, medical and mental health issue. Each client receives free befriending, advocacy and support designed to meet their individual needs, to enable them to overcome the barriers of loneliness, disadvantage, medical, cultural or issues around their own 'confidence'.

We provide non-medical services supporting isolated older people to improve their wellbeing and quality of life through individual long term befriending support.

We know old age can be lonely, but it is only recently that we have understood the dangers and implications of loneliness. Chronic loneliness kills - it is now known that it impacts on our health as much as obesity and poverty. Across the country, between 20-40 percent of older people feel lonely. At the age at which their physical and mental deterioration begins, lack of companionship and intellectual stimulation is the most damaging. Loneliness compounds the risks of developing other conditions, both physical and cognitive, and we know it accelerates the progression of mental ill-health or dementia.

Case study – *Barry, was referred to THFN in August 2015 from a Care Navigator in the Community Health Team. He was about to turn 100 years old and lived alone. The referrer found that he was suffering from depression and isolation as he had no social contact with friends or family. This meant he was becoming reclusive and was only going out for medical appointments.*

Barry had complained of feeling lonely and stated he would love someone to have a chat with. As he has severe hearing loss, communication was not always easy and he did not want to go to local day centres, as he felt uncomfortable.

His THFN befriender visits Barry at home regularly for emotional support and advocacy. Barry was a professional ballroom dancer and is passionate about music and dance. His befriender has undertaken reminiscence sessions at his home, using music and videos. He has also been informed of local activities that he may have an interest in such as music hall events and concerts. As his confidence grows, we hope Barry will take part in these. Barry has been helped to apply for new equipment from the sensory impairment team which has improved his situation. Barry has said he feels more supported and not so lonely. As his THFN befriender has developed a relationship with him she is able to encourage him to go on organised trips with THFN and meet other clients who have experienced similar loneliness.

Impact on THFN

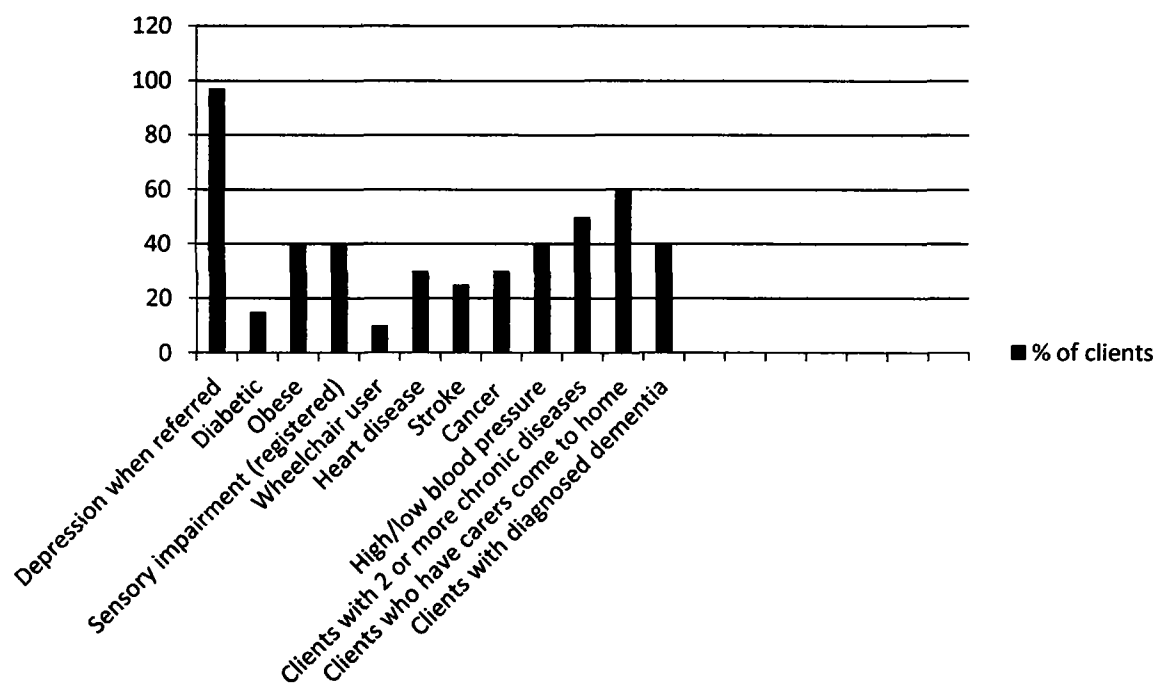
Designing services that meet the complex needs of older patients, and that reflect and support the many communities we serve is challenging. But, trying to navigate through the services as an older person, with no one to turn to, is very difficult. For the clients we see who lack family and friends, the loss of community cohesion, and a 'disconnect' between health and social care, leaves them more at risk of physical and emotional ill-health, as they age.

The best solution to this is one-to-one support from befrienders and advocates who champion their needs, who don't give up until they get treatment, housing, a medical appointment, or whatever these vulnerable, unwell people, so desperately need.

Our client base now comprises mainly isolated older people with complex physical and mental health problems and severely limited mobility. The majority are over 75, 70 % of them describe themselves as being housebound, and increasing numbers are referred to us with a multitude of problems including depression, an existing diagnosis of dementia, stroke, history of falls and other health issues. It is often assumed that if there are other people living with you, be it family or other residents in a home then it is unlikely that you can feel lonely. However, we know from our service users that this is not the case. 65% of our service users live alone, with a further 15% living with family and the remainder in sheltered accommodation. We know from them, that people often feel socially isolated and lonely in spite of sharing accommodation with other people.

In fact there has been a huge increase in the number of people referred to us with depression and dementia in particular, and we now find that 97% of our service users are referred to us with depression and we found that 40% of our service users have dementia. This is a huge increase on previous years, and information from local statutory bodies indicates that there is major under diagnosis of dementia in the borough which indicates that these numbers will increase.

Medical issues of service users



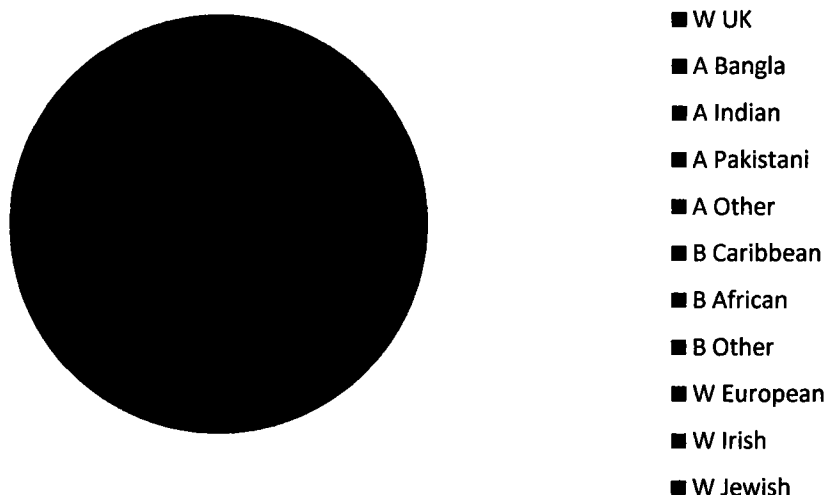
THFN provides services across the entire borough. In total we saw 264 clients in the period from April 1st 2015 to 31st March 2016. The vast majority were actively supported by us in their own homes, at least fortnightly, but we also help clients in sheltered, warden-controlled or residential accommodation, through reflexology and seated massage, and through outings, trips and community based reminiscence / music activities (ALFIEs).

Increasingly, our clients are at the sharp-end with a myriad of emotional and health issues, facing language and cultural barriers, and with no one else to turn to. Of our clients, 45% are male, an increase of 5% on last year and 55% female; 53% are White UK, 18% Bangladeshi and 7% Black Caribbean.

Providing advocacy services to our service users has become an integral part of our work. All our befrienders successfully undertook training in advocacy, and service users have told us that they find this aspect of our service invaluable. In 2015/16 we provided 215 incidences of support through advocacy to our clients and a further 27 incidences of self-advocacy. The advocacy focused on a wide range of things including support on housing, financial issues, social care and health issues.

We are currently receiving 3 new referrals per week or 36 per quarter. Over 90% of these are from statutory bodies, an overwhelming majority of which are from the local authority. In the past year we have seen an increase in the number of referrals from the Adult Social Care and Community Mental Health Teams. Our reflexology service remains the most popular of our services.

Ethnicity of THFN Clients 2015/16



Case study - Kerry is a 77 year old and was referred to us by a Community Matron at Tower Hamlets. She has numerous complex health problems including COPD, hypertension, DVT and because of this her mobility had been reduced drastically; she was now housebound, isolated and lonely.

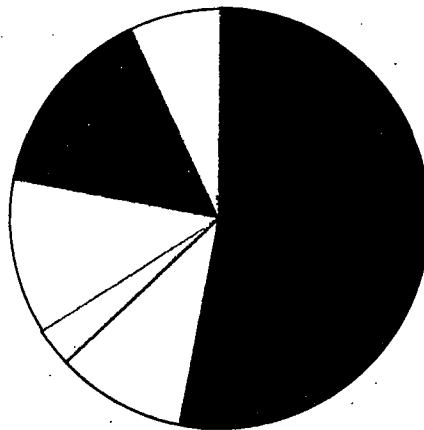
During her THFN assessment Kerry complained of how low she felt because she was unable to go out and used to visit a local day centre regularly where she had made good friends. It was now impossible for her to attend due to her health, but she missed the company.

Kerry's THFN befriender regularly visits her at the sheltered home where Kathy lives. They have built up a strong relationship and Kerry has been able to take part in in-home activities such as reflexology and reminiscence with the befriender's support.

As her condition has become more stable and with 1-1 support in place THFN has arranged for Kerry to return to the day centre once a week and meet her old friends again. She is also able to come along to organised trips and community events with THFN and meet other service users who had similar experiences. Kerry is very appreciative of everything THFN has done for her, particularly helping her to reconnect with old friends.

After a visit to Kew last Summer Kathy said: ""The trip to Kew Gardens was lovely. I saw lots of beautiful flowers and the befriender who pushed me in my wheelchair was so caring and helpful."

Referrers 2015



■ LBTH Adult Social Services

□ Alzheimer's Society

□ GPs

□ Community Mental health

■ Royal London and Mile End Hospital

□ Self Ref or Family Ref

□ Sheltered Home

Case study - Elaine is 73 year old and was referred to us in October 2015, by the Social Prescribing Co-ordinator at the Bromley by Bow Centre. She lives alone and the referrer found that she was suffering from depression and isolation and had very little social contact with friends or family and was becoming reclusive.

Elaine has been diagnosed with diabetes, walks with a frame and is partially deaf. She has no family in London and often did not want to go out of the house by herself. She had complained of feeling isolated and lonely, and was regularly calling her GP to speak to and was visiting her GP practice every time she felt down.

Her THFN befriender visits her at home regularly for emotional support. She has sign posted local activities that Elaine has an interest in such as museums and galleries and day centres. Elaine has been helped to apply for a taxi card so that she can visit her sister who lives outside of London on a regular basis. Eileen has also asked for help to contact her carer's service.

Since being a beneficiary of THFN Elaine has told us that she feels more supported and does not contact her GP for everything. Her THFN befriender has built up a strong relationship with Elaine who has now taken part in organised trips and activities with THFN and meets other older people who had experienced similar depression and anxiety. Elaine: "I like THFN's visits when can talk about my family and show their pictures. I am feeling less lonely now as I know there is someone local who cares."

Case study - Georgios is an 82 years old man and was referred to us in September 2015 by a Tower Hamlets Homecare Officer. Georgios had recently been diagnosed with vascular dementia which was causing him to feel frustrated and depressed.

His family had concerns that because of his dementia and memory problems he could no longer go out independently as he was easily confused and could not remember how to get home. This in turn made him anxious and angry and left him feeling isolated. His THFN befriender visits him at home regularly for emotional support and has accompanied him on walks to local parks and around his local area as well as to appointments.

Georgios is happy to go out with his befriender and talks about the changes he sees in the local area and his life. They also listen to Greek music that his befriender has downloaded on his mobile phone, and Georgios remembers these songs from his youth and sings along to all the words.

Georgios's daughter said: "I am so happy that THFN visit my father. He is happier and more talkative and I'm glad this service is available in Tower Hamlets."

What we have achieved this year?

It is nearly seventy years now since Tower Hamlets Friends and Neighbours started, and we are now receiving more referrals than ever. As we find the needs of our service users have changed we have adapted our services to meet their needs and ensure that our beneficiaries are at the heart of our services, and that our offer is based around their need. We try to involve the people we work with at every opportunity and consult with not only our primary beneficiaries but also the family and friends of our users, our secondary beneficiaries. This year we have undertaken formal and informal consultation with our service users and as a result, plan to organise more outings, which along with our free reflexology service are very popular.

Our core service, always termed as *befriending*, has changed. Regular home visits or phone contact providing emotional and practical support remain an important and vital part of our work – we will always offer befriending as part of our core work - but increasingly it is the *means* to building relationships and trust with clients, so that together we can ensure their health and wellbeing needs are met. Yet, the needs we see, and the help sought from us, are changing fast. Our clients now need us to be advocates and to help them to self-advocate; they require us to source information so they can understand; they want us to signpost to where other help is available; they want us to ensure their voices are heard in consultation on services they receive; and they need and love activities inside and outside the home to maintain their independence.

They need THFN to help them to help themselves to maintain their health and well-being, and reduce the isolation and loneliness that compound the impact of their health issues. In response to this, we have trained our befrienders so that they are accredited advocates and able to meet the needs of our beneficiaries.

As expected, much of this year has been spent fundraising and developing the various building blocks we need to deliver work at the highest level. We have started the process of ensuring the organisation is fit for purpose by undertaking an internal review and delivering on the resulting recommendations. This has included responding to the changing needs of our service users, and also ensuring that our staff have the skills, knowledge and information required to meet the needs of our clients.

The introduction of individual care plans for all our beneficiaries was a key achievement, but only a starting point in providing a bespoke one to one service based on need. These personalised well-being plans will take time to embed and become fully effective and we will continue to review these and adapt them as required.

Like many charities we need to be able to demonstrate the impact our intervention has on the lives of our service users and the difference we make to them, and what value we add. Our systems and processes are regularly reviewed to ensure we have the information we need to report back to funders, service users and other stakeholders, and this year we began using the Campaign to End Loneliness (CTEL) toolkit, to measure our impact on alleviating loneliness amongst our service users.

Finances

Both the income and the expenditure in the year were lower than the previous year, reflecting in part the difficulties faced in raising funds during the year and in part the fact that we undertook a major one-off research contract in 2015. A review of our cost base was undertaken and we reduced our staff numbers through voluntary redundancy. Total income for the year to 31 March 2016 was £193,335 (2015: £235,369) and expenditure was £190,608 (2015: £234,176). Despite these difficulties we were able to generate a small surplus of £2,727 in the year, resulting in general funds at 31 March 2016 of £85,192.

In the accounts for this year we have recognised the cost of fundraising, illustrating the time and endeavour applied by the management team. We were fortunate to have continued funding from the London Borough of Tower Hamlets, receiving grants in the year totalling £22,750 (£10,500 on 2014/15) and have enjoyed continued support from other long standing funders, as well as new funders.

At the beginning of the year we were facing a major shortfall in funds and hence, there has been a concerted focus on fundraising and much time and work was spent on developing relationships with funders and demonstrating the good work that we do. The quality of our work was recognised by LB Tower Hamlets and we received a grant from them midway through the year to provide befriending to new clients from the borough. A lot of time was also spent

developing an application to the Big Lottery and we are pleased to confirm that in April this year we were informed that our application was successful, and we were awarded a three year grant to start from July 2016. Whilst we will still need to fundraise, in what is still a very challenging climate, this is excellent news and a credit to everyone involved with THFN. It provides some stability for the charity but also allows us time to plan our work and focus on how we can best respond to the needs of our beneficiaries.

What we will do in 2016/17

The voluntary sector is still struggling to survive with less money available and a greater demand for services; and it is unlikely that this will change. We know that there is an under diagnosis of people with dementia in our borough and we also know that we will receive more referrals than ever before. We need to consider how we can best manage this increase and work with those that are the most vulnerable in our borough.

It is imperative therefore that we are prepared for what is to come with a workforce that has the skills to respond to the need and systems and an infrastructure that is capable of dealing with the increasing number of referrals that we are receiving.

We will need to continue fundraising this year to meet the shortfall that currently exists but also plan our fundraising activities for the next few years and diversify our funding base. Our priorities for next year include:

Outcomes – This year we introduced new systems for measuring the impact of our work, and we will review and adapt our systems so that they continue to be fit for purpose, and allow us to demonstrate the excellent work that we do and the difference we make to the lives of our beneficiaries.

Advocacy - Our model of befriending will need to change as demand increases – in both numbers, and the complexity of the issues we help with. Our clients are older, more isolated and extremely vulnerable – all compounded by the varied backgrounds and ethnicities of Tower Hamlets residents. Where possible, we must enable independence and empower people to make the most of their lives, for as long as they can. Where that isn't possible, where a client has dementia for instance, we must ensure they can access the services and support that exist to help them.

Partnerships – We will continue to develop partnerships so that we can share what we do and also learn from others to help us continually improve. We will work closer with the commercial sector as well as other charities and statutory bodies to enable us to deliver our services as effectively as we can.

Infrastructure – We will improve our out-of-date and inefficient infrastructure and develop or procure systems to enable us to work smarter, more effectively and more efficiently.

Skills – We will continue to ensure we have a workforce that has the training and skills required to meet the needs of our service users.

TOWER HAMLETS FRIENDS & NEIGHBOURS
(A company limited by guarantee)
DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The Board of Trustees presents its report and financial statements for the year ended 31 March 2016.

Reference and Administrative information

Charity name: Tower Hamlets Friends and Neighbours

Charity registration number: 1099403

Company number: 04657449

Registered office/operational address: St Margaret's House, 21 Old Ford Road, London E2 9PL

Telephone 020 8983 7979 Email admin@thfn.org.uk Website www.thfn.org.uk

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also directors of Tower Hamlets Friends and Neighbours for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the board of trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable it to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Trustees of Tower Hamlets Friends & Neighbours and signed on its behalf by:

Sarah E Brown

Sarah Brown OBE
(Director and Trustee)

12 May 2016

Independent examiner's report to the trustees of

TOWER HAMLETS FRIENDS & NEIGHBOURS (A company limited by guarantee)

I report on the accounts of the company for the year ended 31 March 2016, which are set out on pages 11 to 19.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

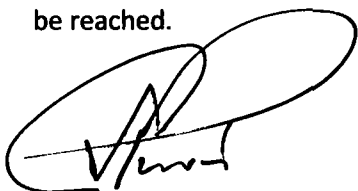
In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
- to prepare accounts which accord with the accounting records, and comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Gavin Purvis (FCCA), Chartered Certified Accountant

Purvis Stevens LLP, Hayles Bridge Offices, 228 Mulgrave Road, Cheam, Surrey SM2 6JT

3 June 2016

TOWER HAMLETS FRIENDS & NEIGHBOURS
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2016

	Note	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
		£	£	£	£
Income:					
Donations and legacies	2	35,422	131,690	167,112	190,665
Income from charitable activities	3	8,990	17,500	26,490	42,972
Investment income	4	(267)	-	(267)	1,732
Total income		<u>44,145</u>	<u>149,190</u>	<u>193,335</u>	<u>235,369</u>
Expenditure:					
Costs of raising funds	5	9,880	21,091	30,971	23,133
Expenditure on charitable activities:	5				
Befriending services		31,538	128,099	159,637	211,043
Total expenditure		<u>41,418</u>	<u>149,190</u>	<u>190,608</u>	<u>234,176</u>
Net income(Expenditure) and net movement in funds for the year.	15/16	2,727	-	2,727	1,193
Reconciliation of funds					
Total funds brought forward		<u>82,465</u>	-	<u>82,465</u>	<u>81,272</u>
Total funds carried forward		<u>85,192</u>	-	<u>85,192</u>	<u>82,465</u>

Statement of Financial Activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

Continuing Operations

None of the company's activities were acquired or discontinued during the above two financial periods.

The notes on pages 13 to 19 form part of these financial statements.

TOWER HAMLETS FRIENDS & NEIGHBOURS
(A company limited by guarantee)

BALANCE SHEET AS AT 31 MARCH 2016

	Note	2016 £	2015 £
Fixed Assets			
Tangible fixed assets	10	-	309
Investments	11	-	17,398
Total Fixed Assets		<u>-</u>	<u>17,707</u>
Current assets			
Debtors	12	16,067	6,241
Cash at bank and in hand		124,334	117,667
Total current assets		<u>140,401</u>	<u>123,908</u>
Liabilities			
Creditors due within one year	13	(55,209)	(59,150)
Net current assets		<u>85,192</u>	<u>64,758</u>
Total assets, less current liabilities		85,192	82,465
Net assets		<u>85,192</u>	<u>82,465</u>
The funds of the charity			
Unrestricted income funds	15	85,192	82,465
Restricted income funds	16	-	-
Total funds		<u>85,192</u>	<u>82,465</u>

The notes on pages 13 to 19 form part of these financial statements.

For the year ending 31 March 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476,
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts,
- these accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These accounts were approved by the Directors on 12 May 2016 and signed on their behalf by:

Sarah E Brown

Sarah Brown OBE
(Director and Trustee)

TOWER HAMLETS FRIENDS & NEIGHBOURS
(A company limited by guarantee)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

NOTES TO THE ACCOUNTS

1. Accounting policies

The principal accounting policies adopted are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

a. Basis of accounting

The financial statements have been prepared under the historical cost convention with the exception that investments (at 31 March 2015) are valued at market value. The financial statements have been prepared in accordance with the Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006.

Tower Hamlets Friends and Neighbours meets the definition of a public benefit entity under FRS 102. Assets and liabilities are recognised at historical cost, or transaction value, unless otherwise stated in the relevant accounting policy notes.

b. Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying accounting policies required by FRS 102 and the Charities SORP (FRS 102), the restatement of comparative items was required.

In applying the requirement to recognise liabilities arising from employees' entitlement to paid annual leave due but not taken, the liability as at 1 April 2014 and at 31 March 2015 was reviewed. The difference between the estimated liabilities at those dates, and the amounts applied in the accounts was less than £1,000 and was considered by the trustees not to be sufficiently material to require restatement. No other restatements were required.

c. Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Restricted funds are subject to the restriction on their expenditure imposed by the donor or through the terms of an appeal.

d. Income

All incoming resources are recognised when the charity has entitlement to the funds, any performance conditions attached have been met, it is probable that the income will be received and the amount can be measured reliably.

e. Donated services and facilities

Donated services and facilities are included at the value to the charity when the charity has control over the item, any conditions associated with the donated item have been met, the economic benefit to the charity is probable and the economic benefit can be reliably measured. On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain the services or facilities in the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

In accordance with the Charities SORP FRS 102, the general volunteer time provided by volunteers has not been recognised and refer to the trustees' annual report for more information about their contribution.

TOWER HAMLETS FRIENDS & NEIGHBOURS
(A company limited by guarantee)

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016

f. Interest receivable

Investment income is included when receivable and the amount can be reliably measured by the charity; this is normally upon notification by the bank. Investment income represents interest arising from interest bearing accounts and dividends from the investment in M&G Charibond units (redeemed in the year).

g. Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds comprise those costs incurred in seeking voluntary income, including staff time.
- Expenditure on charitable activities comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Other expenditure represents those items not falling into any other heading.

All expenditure is inclusive of irrecoverable VAT.

h. Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs are allocated between the expenditure categories on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; while others are apportioned on an appropriate basis e.g. estimated staff time or usage as set out in Note 5.

i. Tangible Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at the rate calculated to write off the cost of each asset over its useful economic life. The fixed assets are mainly computer equipment, and these assets are depreciated over three years on a straight line basis. Equipment, including computers and software, costing less than £500 per individual item or group of related items are not capitalised and are charged to expenditure in the year of purchase.

j. Debtors

Debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

k. Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due can be measured or estimated reliably.

l. Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

TOWER HAMLETS FRIENDS & NEIGHBOURS
(A company limited by guarantee)

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016

2 Donations and legacies

All of the charity's voluntary income was received in the form of grants and donations. While the charity receives a small portion of this income in the form of unsolicited donations, it generates much the greater part by application to charitable trusts and statutory bodies - including the London Borough of Tower Hamlets (2016: £22,750; 2015 £10,500).

During the year the charity was granted a rent-free period for 9 months. The value of these donated services (2016: £6,471, 2015: nil) is included as a donation, and an equivalent charge is included within premises cost.

3 Income from charitable activities

The charity was in receipt of income from certain performance related grants ancillary to the delivery of its charitable activities. The subcontract costs in 2015 (note 5) were incurred in fulfilling certain of these contracts.

4 Investment income

	Unrestricted	Restricted	2016	2015
	£	£	£	£
Income from investments	218	-	218	871
Loss on redemption of investments	(590)	-	(590)	-
Unrealised gain on investment	-	-	-	824
Bank interest	105	-	105	37
	<u>(267)</u>	<u>-</u>	<u>(267)</u>	<u>1,732</u>

TOWER HAMLETS FRIENDS & NEIGHBOURS
(A company limited by guarantee)

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016

5. Total resources expended

	Befriending Services				Basis of allocation
	Unrestricted	Restricted	2016	2015	
	£	£	£	£	
Cost of raising funds					
Staff costs	30,547	-	30,547	23,133	Time
Sundry costs	424	-	424	-	Direct
	30,971	-	30,971	23,133	
Cost of charitable activities					
Staff costs	2,698	115,045	117,743	155,705	Time
Reflexology	57	5,031	5,088	4,770	Direct
Transport and travel	102	2,250	2,351	3,871	Direct
Telephone	161	3,246	3,407	3,160	Direct
Postage and stationery	14	1,099	1,113	1,990	Direct
Recruitment costs	161	3,439	3,600	9,810	Direct
Training	14	481	495	2,882	Direct
Subcontract costs	-	-	-	5,400	Direct
Support costs allocated to charitable activities					
<i>General support:</i>					
Staff costs	292	12,435	12,726	10,026	Time
Premises	6,471	2,157	8,628	8,628	Direct
Insurance	23	456	478	698	Direct
Sundry expenses	41	822	862	1,594	Direct
Computer support	22	1,037	1,058	583	Direct
Payroll costs	25	505	530	478	Direct
Depreciation	309		309	308	Direct
<i>Governance cost:</i>					
Independent examiners fee	57	1,143	1,200	1,140	Direct
Sundry expenses	2	46	48	-	Direct
	10,447	149,190	159,637	211,043	
Total expenditure	41,418	149,190	190,608	234,176	

The 2015 figures for staff costs have been restated to reflect the allocation of staff time to fundraising activities.

6. Net income for the year

	2016	2015
	£	£
This is stated after charging:		
Independent Examiner's fee	1,200	1,140
Depreciation	309	308

TOWER HAMLETS FRIENDS & NEIGHBOURS
(A company limited by guarantee)

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016

7. Analysis of staff costs, trustees remuneration and cost of key personnel

	2016	2015
	£	£
Salaries and wages	143,562	177,136
National Insurance contributions	10,703	12,329
Redundancy costs	6,751	-
	<u>161,016</u>	<u>189,465</u>

No employee received employee benefits of more than £60,000. (2015: nil)

The trustees were not paid, or received, any benefits from employment with the charity (2015: nil) neither were they reimbursed any expenses during the year (2015: nil).

During 2015 a trustee was engaged to fulfil a contract relating to the charitable activities of the charity – see Note 8 below.

The employee benefits of the key management personnel of the charity were £80,445 (2015: £89,531).

The average number employees (and full-time equivalent), analysed by function was:

	2016		2015	
	Average	Full time Equivalent	Average	Full time Equivalent
Management	2	2	2	2
Service delivery	4	3	5	4

8. Transactions with related party

At a meeting on 14 January 2014 at which she was not present, the board of trustees approved the employment of Yvonne Webb, a trustee, through Datanow Limited, to assist it in the course of her business as a consultant to fulfil a contract with Healthwatch Tower Hamlets. The charity received £22,000 under the contract and paid £5,400 (inclusive of VAT) for Yvonne Webb's services –see Note 5.

9. Taxation

As a charity, Tower Hamlets Friends & Neighbours is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charge has arisen within the charity.

TOWER HAMLETS FRIENDS & NEIGHBOURS
(A company limited by guarantee)

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016

10. Tangible fixed assets

	2016 £	2015 £
Fixtures and office equipment		
Cost at 1 April 2015	925	925
Additions	-	-
Cost at 31 March 2016	<u>925</u>	<u>925</u>
 Depreciation		
As at 1 April 2015	616	308
Charge for the year	<u>309</u>	<u>308</u>
As at 31 March 2016	<u>925</u>	<u>616</u>
 Net book value:		
At 31 March 2015		<u>309</u>
At 31 March 2016	<u>Nil</u>	

11. Investment

The investment comprises units in the M&G Charibond Charities Fixed Interest Common Investment Fund.

	2016 £	2015 £
Balance at 1 April	17,398	16,574
Increase in market value during the year	-	824
Loss on redemption	(590)	-
Redemption amount	<u>(16,808)</u>	<u>-</u>
Balance at 31 March	<u>-</u>	<u>17,398</u>

12. Debtors

	£	£
Other debtors	13,750	4,991
Taxation	1,250	1,250
Prepayments	<u>1,067</u>	<u>-</u>
	<u>16,067</u>	<u>6,241</u>

TOWER HAMLETS FRIENDS & NEIGHBOURS
(A company limited by guarantee)

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016

13. Creditors: amounts falling due within one year

	2016	2015
	£	£
Deferred income	48,013	49,500
Taxation and social security costs	3,310	4,062
Holiday pay	2,125	3,151
Accruals	1,761	2,437
	<u>55,209</u>	<u>59,150</u>

Deferred income represents donations and grants attributable to the following accounting period.

14. Deferred Income

	2016	2015
	£	£
Balance at 1 April	49,500	32,528
Amount released to income	(49,500)	(32,528)
Amount deferred in the year	48,013	49,500
Balance at 31 March 2016	<u>48,013</u>	<u>49,500</u>

15. Movement in unrestricted funds

	General Fund	
	2016	2015
	£	£
Balance at 1 April 2015	82,465	64,698
Incoming resources	44,145	118,841
Resources expended	(41,418)	(117,648)
Transfer from Endowment Fund	-	16,574
Funds at 31 March 2016	<u>85,192</u>	<u>82,465</u>

The permanent endowment held by THFN included no power to convert the capital into income and as such had to be held for generating income. The board of trustees resolved that it would be beneficial for this to be transferred to the charity's unrestricted fund in pursuit of its policy on reserves. The donor whose grant had given rise to the permanent endowment was no longer in existence, and accordingly application was made to the Charity Commission who gave permission for the transfer on 19 June 2014.

16. Movement in restricted funds

	1 April 2015	Income	Expended	31 March 2016
	£	£	£	£
Big Lottery- Awards for All	-	9,740	9,740	-
Others	-	139,450	139,450	-
	<u>-</u>	<u>149,190</u>	<u>149,190</u>	<u>-</u>

TOWER HAMLETS FRIENDS & NEIGHBOURS
(A company limited by guarantee)
DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

Our people

Patron

The Right Reverend & Right Honourable Richard J C Chartres, Bishop of London

Board of Trustees (who are also directors in Company Law)

Mrs Sarah Brown (Chair)

Mr Victor Wilks (Treasurer)

Ms Elizabeth Marshall (Vice Chair)

Mr Anthony J Hardie

Ms Janet Lewis

Ms Ruth Olney (until July 2015)

Ms Yvonne Webb (until May 2015)

Mr Chris Rawlins (May 2015)

Ms Gemma Roye (January 2016)

Ms Amanda Goh (January 2016)

Mrs Anne Worlledge (March 2016)

Staff

Chief Executive and Company Secretary:

Rajesh Kalhan

Office Manager:

Bridget Akinbolaji

Service Manager:

Philip Adams (Until July 2015)

Befriending Workers:

Rose Curran, Shirajul Islam, Breenda Lawrence, Fouzia Nasrin, Gary Lawrence (until May 2015)

Bankers

HSBC Bank plc, 75 Whitechapel Road, London E1 1DU

Reporting Accountant

Gavin Purvis (FCCA), Purvis Stevens LLP, Chartered Certified Accountants, Hayles Bridge Offices, 228 Mulgrave Road, Cheam, Surrey SM2 6JT

Solicitors

Sinclair Taylor & Martin, The Charity Team, Russell-Cooke Solicitors, 2 Putney Hill, Putney, London SW15 6AB

Governing Document

The organisation is a charitable company limited by guarantee and is also a registered charity. The company was established by a Memorandum of Association which established the objects and powers of the charitable company and is governed by its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Recruitment and Appointment of Board of Trustees

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as the Board of Trustees. At each Annual General Meeting one third of the members of the Board of Trustees both elected and co-opted shall retire but all are eligible for re-election. Those longest in office since co-option or election shall retire first. In the case of an equal period of service in default of agreement those to be retired shall be selected by lot. At an Annual General Meeting the Board of Trustees may elect two of its members as Chair and as Treasurer, each to serve for an initial period of three years. At the Annual General Meeting marking the end of his/her first three years in office the Chair and/or the Treasurer shall retire from office but each is eligible for re-election for a further three year period. A Chair or Treasurer shall normally retire from office after a six year period in office.

TOWER HAMLETS FRIENDS & NEIGHBOURS
(A company limited by guarantee)
DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The Board of Trustees seeks to ensure that the charity's client group and the ethnic diversity of Tower Hamlets are appropriately reflected on the Board. It also tries to ensure a good mix of skills from the business, social and health care and voluntary sectors. The Board carried out a skills audit during the year and has an ongoing policy of identifying suitable potential Board members who can be approached to offer themselves for election to the Board as and when required. Four new appointments were made during the year, three of whom live or work in Tower Hamlets and the fourth has extensive experience of working in a charity as well as financial and accountancy skills which we need..

New trustees receive a trustee handbook and attend an induction day which includes visiting clients with a befriender as well as meetings with the Chair and Chief Executive.

Organisational Structure

The organisation has a Board of Trustees of not less than five and not more than twelve persons (currently nine), elected by the members of the Company at the Annual General Meeting, and not more than three additional co-opted members. The Company Secretary, who is also the Chief Executive of the organisation, attends Board meetings but has no voting rights. The Board of Trustees has overall responsibility for the strategic direction, policy and human and financial resources of the organisation. It meets at least four times a year. Day to day operational management of the organisation is delegated by the Board of Trustees to the Chief Executive, who is responsible for ensuring that the organisation delivers the services specified through its team of staff.

Risk Management

The Board of Trustees has reviewed the major risks to which the organisation is exposed and developed a risk matrix which is reviewed at each Board meeting. Internal and external risks have been identified and action taken to mitigate these to best ensure that the charity is able to carry out its purposes as securely and efficiently as possible. All procedures are reviewed on an ongoing basis to safeguard the charity's assets, to ensure the health and safety of staff, volunteers, clients and visitors in the offices and in clients' homes, and also in relation to data protection and confidentiality.

Reserves Policy

The Board of Trustees has examined the organisation's requirements for reserves in the light of the main risks to the organisation. Alongside the funding issues identified above, it has borne in mind the support needs of our client group who are particularly vulnerable and the time needed to find and arrange alternative ways to address these needs in the event of the cessation of activities. It has therefore established a policy whereby unrestricted funds not committed or invested in tangible fixed assets held by the charity should be six months of expenditure. This also acknowledges the financial risks and contractual obligations associated with employment of staff and contractual requirements relating to premises and equipment. The policy is reviewed annually. The charity's running expenditure is on average approximately £200,000 a year and the target for reserves is £100,000 in unrestricted liquid funds.

At the end of the financial year the unrestricted general funds totalled £85,192, still somewhat short of our reserves target. The organisation's strategy is to continue to build its reserves where possible, while acknowledging the difficulty of doing so in this funding climate.

Business Planning and Performance

In 2013/14, the Trustees and Chief Executive initiated a strategic review, both to ensure that the services we were providing were having the desired impact on clients' lives, and to ensure the sustainability of our income. As part of this process, we assessed, and decided not to change our primary target group: older, isolated or vulnerable people from any ethnic background, who are socially isolated or lonely for any reason, housebound and/or frail with mobility problems which make it difficult for them to get out and about.

Since then we have been implementing the recommendations arising from that review and seeking funding for our activities, mainly from grant giving organisations.

- In 2016/7 we will develop a fundraising strategy to diversify our funding base, and also develop a Business Plan which sets out our short to medium term goals.

Funders and contributors

Our renewed thanks to all our funders and contributors, without whom our work would not be possible.

Unrestricted funding

Restricted funding:

Northmoor Trust
Charles S French Charitable Trust
London Catalyst
Denton Charitable Trust
The Hasluck Charitable Trust
Poor Land Trust
Queen Adelaide's Charity
The Worshipful Company of Chartered
Secretaries and Administrators
Glamis Hall Residents Association
Sainsbury plc – Mile End store
Mr and Mrs Kasparas
Alice Hill
Alice Emmerson
Lillian Worrow
Sari Lindberg
Freda Ziff
Alf Swift
Florence Nathan
Sheila Rawlins
Margaret Fuller
Cesarine Ellison
Anis Fatima Ali
Ivy Cambron

Big Lottery- Awards for All
Tower Hamlets Old Peoples Welfare Trust
East End Community Foundation
Dunhill Medical Trust
Wakefield & Tetley Trust
Tudor Trust
The Henry Smith Charitable Trust

The Board would like to thank all of those people and organisations who make our work possible. Our funders and donors – without whom there would be no charity, and whose commitment to our work, and recent support of our plans to evolve our services have been instrumental in recent fundraising and services successes. Thank you also to our excellent staff, volunteers and community partners - all working with skill, dedication and passion to improve people's lives - and to our partners in health, social care, Tower Hamlets Healthwatch, and commissioners in our local authority – from whom we get the majority of our client referrals. Finally, our biggest thank you is to our service users, you are the reason THFN exists, and you make our jobs fulfilling. Thank you.