

# **RESPONSE ORGANISATION**

## **Annual Report and Financial Statements**

**for the year ended 31st March 2018**

**response** 

**Contents**

**Page**

1 - 9	Report of the Trustees
10	Statement of Financial Activities
11	Balance Sheet
12	Cash Flow Statement
13 - 22	Notes to the Accounts
23 - 24	Report of the Auditors

**Response Organisation**  
**Trustees' Report**  
**Year ended 31st March 2018**

---

**Directors and Charity Trustees**

The directors of the charity are its Trustees for the purposes of charity law and throughout this report are collectively referred to as the Trustees. The current Trustees and those that served throughout the year ending 31st March 2018 are:

Paul O'Hare (*Chairman until 31st July 2018*)  
Dr Robert Sutcliffe (appointed 17th July 2018) (*Chairman from 1st August 2018*)  
Dr Peter Agulnik  
Pat Armstrong  
David Boswell  
Dr Kate Chalmers (resigned 30th April 2018)  
Philip Davidson (appointed 21st February 2018)  
Roger Harwood  
Kathryn James  
Ben Lloyd-Shogbesan (resigned 5th July 2018)  
Andrew Morgan-Giles (appointed 22nd February 2018)  
Hazel Nicholson (appointed 25th July 2017)  
Patricia Ross (resigned 19th November 2017)  
John Taylor  
Tania Wilson (appointed 25th July 2017)

**Company Secretary**

Ifeanyi Maijeh

**Executive Officers**

*Chief Executive:* John McLaughlin  
*Director of Service Delivery:* Angelo Fernandes  
*Director of Housing & Property:* Catherine Clemmow  
*Director of Finance & Information:* Ifeanyi Maijeh

**Registered Office** A G Palmer House

Morrell Crescent  
Littlemore  
Oxford  
OX4 4SU

**Auditors** Wenn Townsend

30 St Giles  
Oxford  
OX1 3LE

**Bankers** Barclays Bank plc

PO Box 858  
Oxford  
OX2 0JB

**Solicitors** Freeths LLP

5000 Oxford Business Park South  
Oxford  
OX4 2BH

**Registered charity number** 1101071

**Registered company number** 4781936

## Response Organisation

### Trustees' Report (continued) Year ended 31st March 2018

---

The Trustees present their report and the audited financial statements of the charity for the year ended 31st March 2018. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

#### Reference and Administrative Details

Response Organisation is a charitable company limited by guarantee. It is registered as a charity (No. 1101071) and a company (No. 4781936). Details of Trustees, officers and external advisers are given on page 1.

#### Structure, Governance and Management

Response Organisation is governed by its Memorandum and Articles of Association. The Board of Trustees is responsible for the overall governance of the charity. The Board meets ten times a year. The quorum of the Board is five Trustees and for any Committee is two; the minimum number of Trustees is ten (Two new board members; Hazel Nicholson and Tania Wilson were appointed on the 25th of July 2017).

The present membership of the Board of Trustees is set out on page 1. A regular skills audit is carried out to ensure that the Trustee body has the appropriate mix of skills and experience. New Trustees receive an induction pack containing detailed information about Response Organisation, its organisation and its work. Trustees are encouraged to undertake a skills audit and to attend training sessions in order to develop their knowledge and skills. The Trustees actively encourage the participation of users and carers in the working of the charity. A representative of the Response Organisation Carers' Forum is a Trustee and the Trustees continue to encourage user representation on the Board with a view towards appointing one or more residents as full Board members. The Board presents a summary of the year's activity to an Annual Public Meeting held each year for users, carers, staff, stakeholders and the wider community.

Election and re-election of Trustees is carried out by approval by the Board of Trustees. Executive officers are consulted regarding all appointments. Trustees are appointed for a period of four years after which they are required to retire by rotation at an annual general meeting. Trustees who so retire, may, if willing to act, be reappointed for a further four years. A Trustee's term of office may also be ended by resignation or by removal, if necessary, by the Board and in accordance with the Memorandum and Articles of Association.

The Chief Executive is responsible for the day to day management of Response Organisation's affairs and for implementing policies agreed by the Board of Trustees. The Chief Executive is assisted by a team of senior managers.

#### *Committees*

The Board has established two formally constituted sub-committees, each with specific terms of reference and functions delegated by the Board. These are:-

- Finance
- Performance

The Finance Committee meets at least nine times a year and oversees all financial aspects of the Charity's operations so as to ensure short and long term viability. It reviews the annual budget and monitors performance against it and financial forecasts. It also considers all aspects of the properties that Response Organisation owns or occupies and makes recommendations to the Board. It is chaired by the Honorary Treasurer.

The Performance Committee meets quarterly and ensures delivery of the organisation's targets and strategies. It provides monitoring of overall compliance within the organisation and allows appropriate scrutiny and review in respect of quality, staffing, activity, information management and technology and risk. It is chaired by a Trustee.

## Response Organisation

### Trustees' Report (continued) Year ended 31st March 2018

---

In Addition to the above committees;

Response Giving considers requests for financial support from carers, support workers and other health professionals on behalf of individuals with mental health issues living in the community (not necessarily in our services). Donations are made to help such individuals with the practical aspects of daily living. Response Giving is chaired by a Trustee.

Formal minutes of Finance & Performance committees are circulated to all Board members.

#### Key Management Personnel Remuneration

The Trustees consider the Trustees and Executive Officers as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in note 7 to the accounts.

Trustees are required to disclose all relevant interests and in accordance with the charity's policy withdraw from decisions where a conflict of interest arises.

The pay of the Executive Officers is reviewed annually. The remuneration is reviewed to ensure that it is fair and not out of line with similar roles.

#### Our Aims and Objectives

##### *Purposes and Aims*

Our charity's purposes as set out in the objects contained in the charitable company's memorandum of association are to:

- benefit the public by supporting the statutory services to provide services for people with enduring mental health problems and/or complex needs and
- provide appropriate mental health care and support services that are readily accessible to those who need them so that they can maintain optimum levels of independence.

##### *Ensuring our work delivers our aims*

We review our aims, objectives and activities each year. The review looks at what we achieved and the outcomes of our work in the previous twelve months; at the success of each key activity and the benefits they have brought to those groups of people we are set up to help. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they set.

##### *The focus of our work*

- We believe that everyone has the right to high quality accommodation, care and support and that these are vital components of mental wellness.
- We recognise that in order to continually improve the services we offer, we need to listen to and be guided by the people who use or come into contact with our services.
- We believe that in order to provide high quality services we need to invest in our staff team and help them develop their skills.

#### Strategic Report

##### **Our Mission:**

'Our mission is to enable people with mental health problems and complex needs to live their lives to the full'

##### **Our Values:**

- Caring
- Safe
- Aspirational
- Creative

## Response Organisation

### Trustees' Report (continued) Year ended 31st March 2018

---

#### Our Strategic Goals:

1. We will be operationally excellent; evidenced by high levels of Service User, Carer, Staff and Stakeholder involvement and satisfaction.
2. We will make an outstanding success of Oxfordshire Mental Health Partnership by providing the necessary skills, expertise, resources.
3. We will continue to improve our choice for the experience of service users by extending our range of services including property and housing options.
4. We will expand these services into the neighboring areas, in particular the Thames Valley, in an innovative and sustainable way.
5. Response will be an employer of choice. We will invest in our staff expertise; provide excellent training and education opportunities and the best terms and conditions possible.

#### How our activities deliver public benefit

Our main activities and who we try to help are described below. All our charitable activities focus on improving the lives of people with enduring mental health issues and complex needs

##### *Who used and benefited from our services*

Response Organisation provides supported accommodation to over three hundred adult residents with enduring mental health problems and complex needs in a mix of projects. From very high support with staffing twenty four hours a day to individual flats with intensive housing management Response Organisation offers a variety of services to meet the needs and aspirations of its residents. A key feature is that people should be able to move between types of support, care and accommodation according to their individual needs.

1. We will be operationally excellent; evidenced by high levels of Service User, Carer, Staff and Stakeholder involvement and satisfaction.

We recognise that in order to continually improve the services we offer, we need to listen to and be guided by the people who use or come into contact with our services. We have consistently very positive feedback from the friends and family of the residents whom we support. In response to unmet need we opened a new female only supported housing service in partnership with Connection Support and Oxford Health NHS Foundation Trust for women who needed this kind of provision to enable them to leave hospital. We continue to hold Investors in People Gold Status, as we are an organisation who put a great value on the wellbeing and satisfaction of our staff.

We have achieved a "Good" rating from CQC for both our residential care and Homecare services. We are also on a "Green" status from Oxfordshire County Council for all services we deliver.

We have supported the development of "RAW", which is now a subsidiary of Response. RAW provides work activities for people overcoming a range of challenges including mental health, learning disability and autism.

2. We will make an outstanding success of Oxfordshire Mental Health Partnership by providing the necessary skills, expertise, resources.

In 2015 Response Organisation entered into a partnership with five other local organisations to form the Oxfordshire Mental Health Partnership. This partnership was granted 'most capable provider' status by NHS Oxfordshire Clinical Commissioning Group for the delivery of a single mental health pathway. This innovative partnership model has a lead provider (Oxford Health NHS Foundation Trust) who holds the main contract and a partnership board which oversees the delivery of an outcome focused contract. The outcomes based contract will last for a minimum of five years. The partnership has delivered significant improvements to services offered, including a Recovery College, increased step-down provision integration of the third sector's roles in AMHTs and a single point of access for service users.

We believe we are on target to meet all the key outcomes in year 3 of this contract and have introduced systems and processes that will enable us to monitor the progress of the partnership for the remaining years of the contract. In addition to the outcomes in the contract, the partnership have been working hard to reduce the need for service users to be placed in services outside of Oxfordshire.

## Response Organisation

### Trustees' Report (continued) Year ended 31st March 2018

---

Building on the success of the Adult partnership, Response have developed a partnership model for the delivery of Child and Adolescent Mental Health Services in Oxfordshire with Oxford Health and a number of other charities.

3. We will continue to improve our choice for the experience of service users by extending our range of services including property and housing options.

The number of homes we manage has further increased this year, securing properties in Oxfordshire. We are also expanding our services into Berkshire and Buckinghamshire.

We are working collaboratively with other local organisations to provide 'housing first' options for clients with very complex needs. The number of homes provided is due to increase during the next financial year. We have carried out a full stock condition survey for all our homes to enable us to plan our programmes and cost of work over the next 30 years. A full service charge review has taken place to ensure our residents are getting value for money services provided by us and our contractors.

4. We will expand these services into the neighbouring areas, in particular the Thames Valley, in an innovative and sustainable way.

We have been working in partnership with Berkshire Health NHS Foundation Trust to develop the mental health housing pathway. We have completed the renovation and upgrade of a 10 bed property in Thatcham, West Berkshire to provide accommodation and specialist mental health step down support which opened in July 2018. Likewise, we have been exploring options with Oxford Health re step down facilities in Buckinghamshire as well as exploring strategic partnership opportunities with a number of charities across the Thames Valley. We continue to work with donors and foundations across the Thames Valley to raise funds to finance these projects.

5. Response will be an employer of choice. We will invest in our staff expertise; provide excellent training and education opportunities and the best terms and conditions possible.

We believe that this is essential to continued success of the charity. We have introduced an employee assistance program which provides professional employee support services who are available to provide advice and support 24 hours a day, 365 days a year. They employ professional, qualified counsellors and Information Specialists who are experienced in helping people deal with all kinds of situations, including health and well-being, anxiety and depression, debt, bereavement, smoking, drinking, gambling and much more.

We continually benchmark the terms and conditions we offer to ensure we remain competitive and have developed a reward scheme to ensure that our staff are paid at the best rates we can achieve.

#### **Organisational development**

Quality in our services is of paramount importance to us in all areas of our charitable activity. We rely heavily on the excellence of our staff to help us to achieve, maintain and exceed the high standards of care and support we set ourselves. We are always keen to benchmark our achievements and as a result have undergone various assessment processes to judge our progress.

- Response holds Investors in People Gold status.
- Response has developed an organisation wide Quality Assurance system (ReSET)

#### **Financial Review and Results for the Year**

The Statement of Financial Activities, set out on page 10, reflects all income receivable in the year.

The surplus for the year was £797,786 (2017: £61,829). The organisation has benefitted from continuing low interest rates charged against its mortgage liabilities which stood at £2,219,589 at the year end (2017: £2,324,729).

The balance sheet remains strong with net current assets of £1,196,921 (2017: £413,216) and net assets of £7,287,503 (2017: £6,489,717).

## Response Organisation

### Trustees' Report (continued) Year ended 31st March 2018

Response Organisation uses various financial and non-financial key performance indicators ('KPIs') to measure the performance of the organisation and to establish and understand trends over time. Examples of such KPIs include:

Year Ended	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Number of Residents	304	334	332	342
Total Income £'000	6,738	7,521	7,873	9,158
Net Income £'000	330	509	62	798
Net Current Assets £'000	759	1,220	413	1,197
Current Assets: Current Liabilities	2	2.5	1.5	2.5

The KPIs show consistent growth over the last four years in terms of resident numbers and both total and net incoming resources. Net current assets and the ratio of current assets:current liabilities shows that Response Organisation has maintained a strong working capital position over the last four years. The working capital position at 31st March 2018 is considered to be satisfactory.

#### Reserves Policy

Each year the Trustees consider Response Organisation's exposure to the risk of any significant loss of income or unforeseen cost. The nature of our contracts means that any major change would require at least six months' notice which would enable us to put in place additional funding if it should be needed. Also, the nature of the work that we do means that the risk of major unforeseen expenditure is remote. However, we consider it prudent to maintain the amount we hold as free reserves at six weeks' budgeted income to enable us to weather any short term delays in contract payments.

Free reserves available for use by Response Organisation exclude restricted funds, tangible fixed assets and creditors falling due after more than one year.

	<b>2017</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Free reserves required	888	944
Free reserves held	413	1,175

The Trustees note the free reserves held as of 31st March 2018 are well above the reserve policy. We are actively working on ensuring the free reserves remain above the reserve policy. These reserves are held in low risk interest bearing accounts with Barclays Bank which has proved a prudent and effective course of action over the past few years.

#### Risk management and internal control

The Trustees have introduced a formal risk management process to assess business risk and implement risk management strategies. This has involved identifying the types of risks Response Organisation faces, prioritising them in terms of potential impact and likelihood of occurrence and then identifying and implementing ways of mitigating them.



## Response Organisation

### Trustees' Report (continued) Year ended 31st March 2018

---

The following risks have been identified as the most significant the organisation faces:

- Financial sustainability – We recognise that a diverse range of income streams and substantial capital reserves are the best protection against changes of policy within the public bodies with whom we deal. We are following a number of avenues in pursuit of this objective.
- An increasingly competitive operating environment generally and the risk of potential new entrants into our markets are recognised as operating risks.
- Recruitment, training and retention of staff – we recognise that our staff are key to providing the quality of service which our residents want and need. As discussed later in the section on Employees we are committed to ensuring that Response Organisation is a place where staff want to come to work.
- Investment in infrastructure – we recognise that we need to maintain an infrastructure and support systems that are fit for purpose. To manage this risk we aim to continually invest in our systems and infrastructure in the context of organisational priorities and financial constraints.
- Mortgage interest rates – Response Organisation has a significant mortgage liability. The Trustees have taken the opportunity created by low interest rates to fix the maximum rate payable on these mortgages for periods of up to ten years.

The Trustees have reviewed Response Organisation's current internal controls and the costs of operating particular controls relative to the benefits. The internal systems are designed to provide reasonable but not absolute assurance against material misstatement or loss. They include:

- A strategic plan and annual budget approved by the Trustees
- Regular consideration by the Trustees of financial results, variances from budgets and non-financial performance indicators
- Delegation of day to day management authority and segregation of duties.

#### Investment Policy

Under the Memorandum and Articles of Association the charity has the power to make any investments which the Trustees deem appropriate. The Trustees apply their judgement and expertise in making decisions on investments. The majority of the charity's assets are in freehold property used to provide accommodation for our residents. Any spare funds are held in short term bank deposits and bank accounts with Barclays. This avoids risk of capital loss and gives the necessary flexibility to enable the Trustees to quickly respond to changes in demand for services by purchasing additional properties and/or upgrading existing properties.

#### Employees

Response Organisation aims to be an "employer of choice" where employees want to work, enjoy a sense of fulfilment in what they do and where they feel involved, supported and developed. Employees are involved in defining our corporate strategies and objectives and we continually ask ourselves how well we are doing in terms of managing and involving our employees.

Staff are involved in the running of the business via the Employee Network, away days, staff and team meetings and we assess our progress against our corporate objectives regularly. We also seek external independent assessment in order that we can benchmark ourselves against other organisations inside and outside of our working sector. We are committed to a policy of equality, diversity and inclusion regardless of gender, sexual orientation, race, colour, nationality, religion, ethnic or national origins, culture, disability, marital status, age, economic class, language or working arrangements, in respect of the people to whom we provide a service, to our staff, prospective job applicants of both salaried and voluntary posts and members of our Board. We believe that everyone should be valued and that our differences should be celebrated.

The charity is very aware of the needs of disabled people and reviews ways in which practical assistance can be given by alteration to work sites. Care is taken to ascertain from new disabled employees, or from employees who may develop disabilities, what assistance they may require to enable them to fulfil their duties. Response Organisation has recently been awarded the disability employer charter mark.

## Response Organisation

### Trustees' Report (continued) Year ended 31st March 2018

---

The charity continues to hold and value its Investor in People (IIP) gold status. It is a credit to the skills, experience and leadership abilities of all of our staff that our commitment to our employees, our residents and our service users has remained at the very highest standard.

Response Organisation is committed to the training, career development and promotion of all employees. An individual's career development and aspirations are assessed within an annual appraisal system and regular supervisions provide review and support during the year. Training programmes are designed and delivered to meet mandatory needs as well as meeting further development needs with the aim of preparing employees for both their current and future roles. This emphasis on training is demonstrated by the receipt of national training accolades and the IIP award.

#### **Pensions**

Response Organisation continues to operate a defined contribution pension scheme with Friends Life. For those employees who are not members of the Friends Life scheme, in August 2014 Response Organisation introduced automatic enrolment into a defined contribution workplace pension scheme with The People's Pension. The pensions offered and provided to employees exceed The Pensions Regulator's requirements.

#### **Funds held on behalf of third parties**

At 31st March 2018 Response Organisation held funds totalling £712K (2017: £701k) on behalf of residents. The transactions and assets associated with residents' funds are accounted for separately and are not included within the financial statements of Response Organisation. Residents' funds are held in separate bank accounts and specific controls are in place to safeguard these funds.

#### **Future Plans**

We believe that Response Organisation has a sound financial basis upon which to build for the future. We will continue to take every opportunity to explore and develop new services and models of delivery. We will continue to seek out opportunities to improve the standard of accommodation we can offer to residents as we believe that this is a valuable aid to improving their mental wellness.

We will continue to develop our partnerships with other organisations and will seek ways of assisting other charities in the mental health sector. We will investigate opportunities for new contracts outside of Oxfordshire; provided they are relatively nearby and provided we can make a real difference to the lives of those new clients without affecting current activities.

We will continue to respond to the growth of personalisation and individual budgets by developing our own range of personal services.

#### **Statement of Trustees' Responsibilities**

The Trustees (who are also directors of Response Organisation for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) 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 period, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

## **Response Organisation**

### **Trustees' Report (continued) Year ended 31st March 2018**

---

The Trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and 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 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.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

#### **Signed on behalf of the Trustees**

**Dr R Sutcliffe - Chairman**

23rd October 2018

## Response Organisation

### Statement of Financial Activities (including income and expenditure account) for the year ended 31st March 2018

	Note	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Unrestricted Funds Total 2017 £
<b>Income from:</b>					
Voluntary income	2	64,140	366,300	430,440	16,248
Activities for generating funds		4,644	-	4,644	9,776
Investment income	3	1,120	-	1,120	4,150
		<u>69,904</u>	<u>366,300</u>	<u>436,204</u>	<u>30,174</u>
<i>Charitable activities</i>					
Housing		3,996,971	-	3,996,971	3,581,986
Care and support		3,994,527	-	3,994,527	4,004,861
Residents' services		340,893	-	340,893	255,914
		<u>8,332,391</u>	<u>-</u>	<u>8,332,391</u>	<u>7,842,761</u>
<i>Other income</i>					
Profit from disposal of tangible fixed assets		388,930	-	388,930	-
<b>Total income</b>		<u>8,791,225</u>	<u>366,300</u>	<u>9,157,525</u>	<u>7,872,935</u>
<b>Expenditure on:</b>					
<i>Cost of raising funds</i>					
Response Giving		1,543	-	1,543	1,983
<i>Charitable activities</i>	4				
Housing		3,227,861	-	3,227,861	2,896,089
Care and support		4,652,611	-	4,652,611	4,483,220
Residents' services		477,724	-	477,724	429,814
		<u>8,359,739</u>	<u>-</u>	<u>8,359,739</u>	<u>7,811,106</u>
<b>Total expenditure</b>		<u>8,359,739</u>	<u>-</u>	<u>8,359,739</u>	<u>7,811,106</u>
<b>Net income</b>		<u>431,486</u>	<u>366,300</u>	<u>797,786</u>	<u>61,829</u>
<b>Reconciliation of funds</b>					
<b>Fund balances brought forward at 1st April 2017</b>		<u>6,489,717</u>	<u>-</u>	<u>6,489,717</u>	<u>6,427,888</u>
<b>Fund balances carried forward at 31st March 2018</b>		<u>6,921,203</u>	<u>366,300</u>	<u>7,287,503</u>	<u>6,489,717</u>

The statement of financial activities includes all gains and losses in the year.  
All income and expenditure derives from continuing activities.

The notes on pages 13 to 22 form part of these accounts.

## Response Organisation

### Balance Sheet 31st March 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible fixed assets	9	8,436,532	8,501,042
<b>Current assets</b>			
Debtors	10	622,164	702,772
Cash at bank and in hand		1,364,062	528,940
		<u>1,986,226</u>	<u>1,231,712</u>
<b>Current liabilities</b>			
Creditors' amounts falling due within one year	11	(789,305)	(818,496)
<b>Net current assets</b>		<u>1,196,921</u>	<u>413,216</u>
<b>Total assets less current liabilities</b>		<u>9,633,453</u>	<u>8,914,258</u>
<b>Deduct: Creditors due after one year</b>	12	(2,345,950)	(2,424,541)
<b>Net assets</b>		<u><u>7,287,503</u></u>	<u><u>6,489,717</u></u>
<b>Funds</b>			
Unrestricted funds	13	6,921,203	6,489,717
Restricted funds	13	366,300	-
		<u><u>7,287,503</u></u>	<u><u>6,489,717</u></u>

The financial statements on pages 10 to 22 were approved by the Trustees on 23rd October 2018 and signed on their behalf by:

**Dr R Sutcliffe – Chairman**

Registered number: 4781936

**The notes on pages 13 to 22 form part of these accounts.**

## Response Organisation

### Statement of Cash Flows for the year ended 31st March 2018

	Note	2018 £	2017 £
<b>Net cash flow from operating activities</b>	15	721,382	865
<b>Cash flow from investing activities</b>			
Payments to acquire tangible fixed assets		(444,184)	(886,713)
Proceeds from disposal of tangible fixed assets		760,628	-
Interest received		1,120	4,150
<b>Net cash flow from investing activities</b>		317,564	(882,563)
<b>Cash flow from financing activities</b>			
Repayment of long term loans		(105,140)	(106,171)
Interest paid		(98,684)	(90,875)
<b>Net cash flow from financing activities</b>		(203,824)	(197,046)
<b>Net increase/(decrease) in cash and cash equivalents</b>		835,122	(1,078,744)
<b>Cash and cash equivalents at 1st April 2017</b>		528,940	1,607,684
<b>Cash and cash equivalents at 31st March 2018</b>		1,364,062	528,940
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand		1,364,062	528,940

The notes on pages 13 to 22 form part of these accounts.

## **1. Summary of significant accounting policies**

### **a) General information and basis of preparation**

Response Organisation is a company limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are included in the Trustees Report.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2nd February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

### **b) Funds**

Unrestricted funds are funds which Response Organisation may use in the furtherance of its charitable objectives at the discretion of the Trustees.

Restricted funds are where the donor specifies a purpose for which these funds must be spent.

### **(c) Income recognition**

All income is included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure. No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102).

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

**Response Organisation**  
**Notes to the Accounts**  
**For the year ended 31st March 2018**

---

**1. Summary of significant accounting policies (continued)**

**(c) Income recognition (continued)**

The charity receives government grants in respect of supported housing contracts. Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

**(d) Expenditure recognition**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes costs associated with voluntary fundraising;
- Expenditure on charitable activities includes costs relating to those activities listed on the SoFA and in note 4; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

**(e) Support costs allocation**

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

**(f) Tangible fixed assets**

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended. Items of £500 and over of a fixed asset nature are capitalised.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold buildings	Not depreciated
Freehold land	Not depreciated
Leasehold land and buildings	Straight line over the life of the lease
Office fixtures and fittings	33% Straight line
Equipment and furniture	25% Straight line
Vehicles	25% Straight line

Depreciation is not charged on freehold property as the properties are maintained to a high standard, are not seen as diminishing in value, and therefore any depreciation charge would be immaterial. Properties are reviewed for impairment annually.



**1. Summary of significant accounting policies (continued)**

**(g) Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

**(h) Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the statement of financial activities unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

**(i) Operating leases**

Rentals paid under operating leases are charged to income as incurred.

**(j) Employee benefits**

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

**(k) Tax**

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

**(l) Going concern**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

**(m) Judgements and key sources of estimation uncertainty**

The Trustees consider that the amount provided for dilapidations on leasehold properties is the only significant area of judgement and estimation uncertainty. This liability has been included based on a review of property conditions, and historically incurred costs on previous expired leases.

Response Organisation

Notes to the Accounts  
For the year ended 31st March 2018

2. Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Donations	64,140	366,300	430,440	16,248

3. Investment income

Bank deposit interest	1,120	-	1,120	4,150
-----------------------	-------	---	-------	-------

4. Charitable activities – expenses

	Staff Costs £	Other Direct Costs £	Support Costs £	Total 2018 £	Total 2017 £
<i>Unrestricted</i>					
Housing	214,472	2,070,451	942,938	3,227,861	2,896,089
Care and support	3,561,772	443,911	646,928	4,652,611	4,483,220
Residents' services	53,618	322,007	102,099	477,724	429,814
	3,829,862	2,836,369	1,691,965	8,358,196	7,809,123

5. Support Costs by Activity

	Governance Costs £	Staff Costs £	Facilities Costs £	General Office Costs £	Total 2018 £	Total 2017 £
Housing	9,534	322,408	26,624	584,372	942,938	887,574
Care and support	6,736	317,491	15,351	307,350	646,928	616,273
Residents services	481	58,690	1,754	41,174	102,099	97,635
	16,751	698,589	43,729	932,896	1,691,965	1,601,482

**Response Organisation**  
**Notes to the Accounts**  
**For the year ended 31st March 2018**

---

<b>6. Governance Costs</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Audit fees - for audit work	8,000	7,700
- for non-audit work - current year	1,650	1,600
Trustee Liability Insurance	1,412	1,400
Office costs	1,414	1,373
Staff costs	4,275	4,151
	<u>16,751</u>	<u>16,224</u>

<b>7. Staff costs</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Staff costs:</b>		
Wages and salaries	4,041,760	3,958,786
Social security costs	339,304	331,157
Pensions	151,662	145,234
	<u>4,532,726</u>	<u>4,435,177</u>

The average monthly number of employees and full-time equivalent (FTE) staff analysed by function was:

	<b>2018</b>		<b>2017</b>	
	<b>Number</b>	<b>FTE</b>	<b>Number</b>	<b>FTE</b>
Housing	13	10	10	10
Care and support	168	135	176	140
Residents' services	4	3	4	3
	<u>185</u>	<u>148</u>	<u>190</u>	<u>153</u>

One (2017: one) employee earned between £80,001 - £90,000 in the current year.

**7. Staff costs (continued)**

**Trustees and key management personnel remuneration and expenses**

Two (2017: No) Trustees were reimbursed for travel expenses in the year £213 (2017: £nil) to attend meetings at A G Palmer House. The payments were for car mileage travel expenses at the same rate as paid to employees of the charity.

No remuneration was paid during the year to any member of the Board of Trustees for services rendered in that capacity.

The total amount of employee benefits received by key management personnel is £292,592 (2017: £272,881). The Trust considers its key management personnel comprise the Trustees and Executive Officers.

**Pension contributions**

In accordance with the requirements of the Pensions Act 2008 Response Organisation administers a workplace pension scheme with The People's Pension. The scheme automatically enrolls eligible employees at the prescribed minimum rate of 1% of basic salary with funding matched by Response Organisation. Members of the People's Pension scheme have the option to increase their contributions up to a maximum of 4% matched by the employer.

Response Organisation has retained the stakeholder pension scheme with Friends Life for employees who were members of that scheme before the introduction of the People's Pension workplace pension scheme. Contributions to the Friends Life stakeholder pension scheme are made up to a maximum of 6% of basic salary matched by the employer.

In addition, five members of staff are members of the NHS pension scheme.

**8. Net movement in funds for the year**

		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
This is stated after charging:			
Operating leases	- land and buildings	1,204,404	1,058,956
Depreciation		136,996	98,037
Auditor's remuneration	- for audit work	8,000	7,700
	- for non-audit work	1,650	1,600
		<u>          </u>	<u>          </u>

Response Organisation

Notes to the Accounts  
For the year ended 31st March 2018

9. Tangible fixed assets

	Freehold property £	Leasehold property £	Office fixtures and fittings £	Equipment and furniture £	Vehicles £	Assets under Construction £	Total £
<b>Cost</b>							
At 1st April 2017	7,469,176	983,579	327,742	343,713	105,984	-	9,230,194
Additions	-	-	81,713	24,456	-	338,015	444,184
Disposals	(361,698)	(10,000)	-	-	-	-	(371,698)
Transfer	-	(6,284)	-	-	-	6,284	-
At 31st March 2018	<u>7,107,478</u>	<u>967,295</u>	<u>409,455</u>	<u>368,169</u>	<u>105,984</u>	<u>344,299</u>	<u>9,302,680</u>
<b>Depreciation</b>							
At 1st April 2017	-	161,298	238,017	223,853	105,984	-	729,152
Charge for the year	-	33,783	48,786	54,427	-	-	136,996
At 31st March 2018	<u>-</u>	<u>195,081</u>	<u>286,803</u>	<u>278,280</u>	<u>105,984</u>	<u>-</u>	<u>866,148</u>
<b>Net book value</b>							
At 31st March 2018	<u>7,107,478</u>	<u>772,214</u>	<u>122,652</u>	<u>89,889</u>	<u>-</u>	<u>344,299</u>	<u>8,436,532</u>
At 31st March 2017	<u>7,469,176</u>	<u>822,281</u>	<u>89,725</u>	<u>119,860</u>	<u>-</u>	<u>-</u>	<u>8,501,042</u>

The market value of the freehold property is significantly in excess of its net book value. The Trustees do not consider that the cost of a valuation of these properties at the year end is justified.

Tangible fixed assets with a net book value of £4,966,170 (2017: £4,966,170) have been pledged as security for liabilities of the charity.

10. Debtors

	2018 £	2017 £
Rents and service charges receivable	424,007	464,172
Other debtors	132,918	165,413
Prepayments and accrued income	65,239	73,187
	<u>622,164</u>	<u>702,772</u>

Included in other debtors is an amount of £64,297 (2017: £67,638) which is recoverable after more than one year.

**Response Organisation**  
**Notes to the Accounts**  
**For the year ended 31st March 2018**

<b>11. Creditors: amounts falling due within one year</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank loans	105,139	106,188
Rents and service charges received in advance	64,297	135,717
Trade creditors	72,564	38,651
Taxes and social security	84,104	88,963
Other creditors	10,151	22,606
Accruals and deferred income	453,050	426,371
	<u>789,305</u>	<u>818,496</u>

<b>12. Creditors amounts falling due after one year</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank loans	2,014,450	2,118,541
Accruals and deferred income	231,500	206,000
Other loans	100,000	100,000
	<u>2,345,950</u>	<u>2,424,541</u>

The bank loans and other loans are secured on 2 Dodgson Road, Oxford, 4 Bodley Road, Oxford, 1 Egerton Road, Oxford, 93-95 Papist Way, Wallingford, 1-17 Scrutton Close, Oxford and 49 Oxford Road, Banbury. At 31st March 2018 the value of loans was 45% of the net book value of the secured properties.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Loans</b>		
Repayable in one year or less	105,139	106,188
Repayable between one and two years	105,609	110,214
Repayable between two and five years	350,489	353,976
Repayable in five years or more	1,658,352	1,754,351
	<u>2,219,589</u>	<u>2,324,729</u>

**13. Analysis of net assets between total funds**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total £</b>
Fund balances at 31st March 2018 are represented by:			
Tangible fixed assets	8,092,233	344,299	8,436,532
Cash at bank and in hand	1,342,061	22,001	1,364,062
Other net current liabilities	(167,141)	-	(167,141)
Long term liabilities	(2,345,950)	-	(2,345,950)
	<u>6,921,203</u>	<u>366,300</u>	<u>7,287,503</u>

**Response Organisation**  
**Notes to the Accounts**  
**For the year ended 31st March 2018**

**14. Statement of funds**

	As at 1st April 2017 £	Income £	Expenditure £	As at 31st March 2018 £
<b>Unrestricted funds</b>				
General fund	6,489,717	8,791,225	(8,359,739)	6,921,203
<b>Restricted funds</b>				
Thatcham (Priory) Project fund	-	264,350	-	264,350
Aylesbury (Mandeville) Project fund	-	101,950	-	101,950
	-	366,300	-	366,300
	<u>6,489,717</u>	<u>9,157,525</u>	<u>(8,359,739)</u>	<u>7,287,503</u>

Both of the restricted funds were for contributions to the cost of renovations and properties to provide care and support services.

**15. Reconciliation of net income to net cash flow from operating activities**

	2018 £	2017 £
Net income for year	797,786	61,829
Interest receivable	(1,120)	(4,150)
Interest payable	98,684	90,875
Depreciation	136,996	98,037
Surplus on disposal of tangible fixed assets	(388,930)	-
Decrease/(increase) in debtors	80,608	(259,705)
(Decrease)/increase in creditors	(2,642)	13,979
<b>Net cash inflow from operating activities</b>	<u>721,382</u>	<u>865</u>

**16. Operating leases**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>Land and buildings</b> 2018 £	2017 £
On leases expiring:-		
Within one year	1,265,050	1,101,058
Between one and five years	1,307,926	1,957,502
Greater than five years	440,144	553,992
	<u>3,013,120</u>	<u>3,612,552</u>

**17. Capital commitments**

As at 31st March 2018, the charity has authorised renovation costs of £300,000 (2017: £350,000) on properties it leases.

**18. Related party transactions**

Response Organisation's board voted to take on the management of RAW Workshop (registered charity no: 1014416) during 2017/18. This process is expected to be completed in 2018, and this charity has common trustees with Response.

Response Organisation lent the charity funds during the previous period, of which £62,097 were outstanding for repayment at the period end (2017: £102,260). This is being repaid over 3 years.

There were no other related party transactions to be disclosed for this year.



#### Opinion

We have audited the financial statements of Response Organisation Ltd (the 'charitable company') for the year ended 31st March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Independent Auditor's report to the members of Response Organisation

---

#### Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

#### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 8 and 9, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Graham Cole BA FCA (Senior Statutory Auditor)**

**For and on behalf of Wenn Townsend**

**Chartered Accountants and Statutory Auditor, 30 St Giles, Oxford OX1 3LE**

**23rd October 2018**