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## The Forward Trust

# Annual Report and Consolidated Financial Statements

For the year ending 31<sup>st</sup> March 2019

Company Number: 02560474

Charity Number: 1001701



## Contents

<b>TRUSTEES' ANNUAL REPORT.....</b>	<b>2</b>
<b><i>Financial Performance .....</i></b>	<b>5</b>
<b><i>Principal Risks and Uncertainties &amp; Risk Management .....</i></b>	<b>8</b>
<b><i>Structure, Governance and Management.....</i></b>	<b>10</b>
<b>STATEMENT OF TRUSTEES' RESPONSIBILITIES.....</b>	<b>14</b>
<b><i>Auditor's Report .....</i></b>	<b>15</b>
<b><i>Statement of Financial Activities.....</i></b>	<b>18</b>
<b><i>Balance Sheet .....</i></b>	<b>19</b>
<b><i>Cash flow statement.....</i></b>	<b>20</b>
<b><i>Notes to the Financial Statements .....</i></b>	<b>21</b>
<b><i>Reference and Administrative Details.....</i></b>	<b>40</b>

## TRUSTEES' ANNUAL REPORT

### Introduction

The Forward Trust is at an important point in its history. During 2018-19 we took our experience of providing successful substance misuse recovery programmes, and applied it to a wider group of beneficiaries.

In addition to bringing our services to those dealing with substance misuse issues in both prison and the community, we have set out on a path to significantly develop our Employability Division which now incorporates the fully integrated and now redundant Blue Sky Development & Regeneration charity. This new division is focussed on expanding our offerings in respect of providing employment pathways for offenders and those with substance misuse and mental health problems.

We have also acquired and integrated another small charity, Vision Housing, and this gives us the ability to build our capacity for providing accommodation for offenders on release, as well as enabling us to pursue a vision for the provision of 'move on' housing for our clients in recovery.

The Board of Trustees, who are also directors of the Charity for the purposes of the Companies Act, submit their annual report and the financial statements for the year ended 31<sup>st</sup> March 2019.

The Board of Trustees confirms that the annual report and consolidated financial statements are made under charity law, provide a strategic report and directors' report, and are produced as required by company law. They also fulfil the requirements of the reporting and accounting regulations set out in 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 by the Charity Commission in January 2015 ("SORP 2015").

The financial statements have been prepared following the accounting policies set out within the financial statements and comply with the Charity's Articles of Association and the relevant laws.

### Message from the Chair

Elsewhere in this report Mike Trace, our CEO, records our very creditable performance against our annual work plans for the financial year to March 2019. We continued to maintain, and in many areas expand our services to our beneficiaries, both in prisons and in the community. Over the last three years the charity has undergone a number of significant changes. We merged with Blue Sky and then acquired Vision Housing. We changed our name after 25 years as RAPt to become the Forward Trust. We took on a large community drug services contract in East Kent. We have widened and deepened the range of recovery services we offer to ex-offenders and recovering addicts.

All of this had taken place against a very challenging environment for all operators in the third sector. Public expenditure cuts are continuing to bite. Commissioning of health care contracts in the prison sector has become particularly difficult for specialist providers such as Forward. Fundraising from the public and trusts and foundations is also harder than ever.

Despite this, I am pleased to be signing accounts that show a markedly reduced deficit of £260k, down from £632k in the previous year. Achieving this has required significant structural changes to our management and reductions in all areas of expenditure, including a move to new offices in London. None of this would have been possible without great flexibility, resilience and professionalism from staff at all levels of the organisation, and I happily take this opportunity to acknowledge and thank them for this. Throughout the implementation of extensive changes to systems and personnel they have consistently maintained the highest level of quality in the services we deliver – something that has been regularly recognised in the external inspections that our projects receive. We are above all else a "people" business, and while our staff may not appear on our balance

sheet, they are our greatest asset. Thanks to them we can look forward with confidence to a future in which we will continue to help thousands of clients to instigate lasting changes that enable them to lead positive and fulfilling lives.



**Hon David Bernstein**

Chair of Trustees

### Message from the Chief Executive Officer

The Forward Trust's activities are governed by an annual work planning process that commences in parallel with the budget setting process in January of each year. By April, each department will have agreed a work plan and budget with the senior management team, which will be consolidated and signed off by the Trustees. The headline objectives in these work plans are reviewed quarterly by senior management and Trustees, and adjustments made as required.

Reviewing the headline objectives for the financial year 2018/9, we can report the following achievements:

**Expand our Offender Employment Offer** – Following the merger with Blue Sky, and reducing demand for our agency model of placing offenders in employment, we comprehensively restructured our employment services to offer a variety of training and job coaching services to offenders in prison and the community, and a more diverse set of pathways into jobs – with us, with partner employers, and through self-employment. While more offenders are receiving support from us in preparation for employment, the number of actual job placements dipped in 2018/9, but are predicted to rise sharply to over 400 in the current year.

**Launch the Forward Enterprise Fund** – We successfully launched our £2 million investment fund aimed at supporting offender entrepreneurs to access affordable finance and business support. In the first 12 months of operation, we met our target of 20 applications, 12 businesses supported, and 1 completed investment. We continue to build on these numbers in year two of this three year initiative.

**Expand our Substance Misuse Services** – In an environment of significant cuts to substance misuse services, both in the community and in prisons, it is in some ways a relief that we have been able to maintain a stable level of service, retaining most contracted provision and expanding the level of recovery support to clients working to turn their lives around. However, we have found it difficult to win new contracts in a highly competitive market that prioritises cost cutting and low threshold services, rather than the high quality recovery focused interventions that we specialise in.

**Help a higher proportion of our service users to 'develop and prosper'** – Forward Trust has a clear 'theory of change' that helps clients to 'pause' – stop and think about the directions of their lives; 'engage' – build motivation to want to make some changes; 'develop' – go through personal development processes and programmes to build their resilience and skills to live a positive lifestyle; and 'prosper' – benefit from the positive influences, networks, jobs and homes, associated with recovery. Our aim is to help as many clients as possible to go through this change process. At the moment, the proportion is less than 10% of all clients, but we hope to progressively raise that number in the coming years.

**Maintain financial and operational stability** – With ever-tightening contracts, a tougher fundraising environment, and cost pressures on the delivery of clinical services, we took the decision in October 2018 that it was necessary to reduce some of our expenditures on management structures and some central functions. These

savings plans had a big impact on our monthly expenditure rates that will pay off in the 2019/20 financial year, but were not sufficient to get us to a break even position in financial year 2018/19.

Overall, this was a year of pressure on our services to continue quality delivery in tough environments, with a squeeze on resources. In this context, we are proud to have continued to help thousands of offenders, and to refine and improve our models of care. We go into the next financial year, however, in a much stronger position to pursue our mission.

A handwritten signature in black ink that reads "M Trace". The letters are cursive and somewhat stylized.

**Mike Trace**  
Chief Executive Officer

## FINANCIAL PERFORMANCE

### Financial Highlights

This Trustees' Annual Report and Accounts has been produced in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the FRS102 Charity SORP (Statement of Recommended Practice).

The company's total income remained relatively stable at £22.0 million. This income derives principally from contracts with local authorities, NHS Trusts or similar institutions, commercial contracts, fundraising activities including trust and grant income. Income from charitable activities, which represented 92.6 per cent of total income, decreased slightly by 6 per cent on the previous financial year.

Principal funding resources are explained in the notes to the financial statements. These funds are directly applied to the delivery of addiction treatment services and employability services. Most of the funds raised from charitable foundations are restricted income for a specific activity that supports our core contracts.

The Statement of Financial Activities (SOFA) shows the analysis of charitable activities split between Substance Misuse/Health & Well-Being Services, Family Services, Young People Services, Recovery Support Services, Residential Rehabilitation Services, Clinical Services, Employability and Training Services and activity related to the Forward Enterprise Fund.

The total spending on charitable activities has fallen from £23.31m to £22.35m.

### Reserves Policy

The General Reserves Policy continues to protect our programme work from risk of disruption at short notice due to a lack of funds, while at the same time ensuring that we do not retain income for longer than required. The Policy also provides parameters for future strategic plans and contributes towards decision-making. It determines an appropriate target level for general reserves, taking into account the following factors:

- Vulnerability to unplanned changes in financial position including potential costs arising from the termination of services and delays in payment of invoices;
- The need for the Charity to invest in implementation and other start-up costs of new services;
- The Charity's requirement to manage fluctuations in cash flow;
- Net financial risks related to the above, taking into account the likely speed of onset as well as the mitigation steps available to management;
- The fact that expenditure is generally predictable and long term, with the exception of 'variable' spend on restricted programmes, where risks typically involve unplanned events such as a change in government policies.

On 31<sup>st</sup> March 2019, the Group's General Reserves (excluding designated funds) are £1.7m (2018: £2.2m) and represent unrestricted funds, excluding funds that have been designated and those funds tied up in fixed assets. The basis of determining the target reserves' level is kept under periodic review and will be adjusted as perceptions of risk and other factors change. Our total funds as at 31<sup>st</sup> March 2019 are £2.5 million (2018: £2.7 million).

There is a degree of judgement involved in identifying risks faced by the Charity and in establishing the appropriate level of reserves that the Charity should maintain to mitigate these risks.

The Trustees are of the opinion that the level of reserves is acceptable based on the level of activity, therefore the appropriate target range for free reserves is between £2.1 million and £4.3 million. This will also provide a buffer should Forward Trust group encounter adverse conditions in its market and on this basis, the Trustees also consider that the Forward Trust has adequate resources to continue the business for the foreseeable future.

### Designated Funds (unrestricted)

Designated funds are those unrestricted funds that have been set aside by the Trustees for particular purposes.

The designated funds held at 31<sup>st</sup> March 2019 were £0.47 million (2018: £0.43 million), which are allocated to cover our estimated maximum liability for redundancy payments, potential pension liabilities and dilapidation costs on the Bridges Project and other Property. Further details of the designated funds and their movements during the year are shown in Note 15 of the accounts.

### Restricted Funds

These funds are used for specified purposes, as laid down by the donor. At 31<sup>st</sup> March 2019, unspent restricted funds were £0.31 million (2018: £0.12 million).

### Going Concern

The Trustees consider that there are sufficient reserves held at the year-end to manage any foreseeable downturn in the UK economy and that the Charity has adequate resources to continue in operational existence for the foreseeable future and, for this reason, the Trustees continue to adopt the 'going concern' basis in preparing the accounts.

### Key Management Personnel Remuneration

The Trustees consider the Board of Trustees and the Executive Management Team (which includes the Chief Executive Officer) as comprising the key management personnel of the charity in charge of directing, running, controlling the charity and operating the charity on a day-to-day basis.

All Trustees give their time freely and no Trustee remuneration was paid during the year. Details of any Trustee expenses and related party transactions are disclosed in Note 15 to the accounts.

In deciding appropriate pay levels, The Forward Trust aims to strike a balance between paying enough to recruit and keep people with the skills we need, meeting our contracting partners' needs, the public and our supporters' expectations that the money they entrust us with will be used wisely.

In setting Executive Management Team (ET) pay, the Trustees take account of the skills and experience required for each of the roles and the remuneration in the sectors from which suitable candidates for such posts would be found. They also take account of affordability for The Forward Trust. We do not pay bonuses or other incentive payments. Pay increases to ET and other employees are reviewed annually subject to good performance and the Charity's financial position. The remuneration is also benchmarked against other competitors within the sector of a similar size to ensure that the remuneration is set fairly, and not out of line with that of generally similar roles.

## Financial Risk Management

Services are subject to contracts, prices of goods are based on market prices and salary costs are subject to a formal annual review. Our standard payment terms are 30 days. Credit risk on amounts owed by debtors is low. In terms of liquidity risk, The Forward Trust has no borrowings, and our policies on the management of investments and reserves are set out above.



## PRINCIPAL RISKS AND UNCERTAINTIES & RISK MANAGEMENT

In delivering our objectives, we face significant risks every day (whether that be to the safety of our staff, to our clients, to our financial health, a duty of care to those that attend our fundraising events etc.).

We have robust procedures to evaluate, design and implement effective measures to reduce both the likelihood and the potential impact of these risks occurring.

### Risk Policy

The Forward Trust carries out annual risk identification, assessment and management analysis. A register of risks has been compiled, with risks scored for likelihood and impact severity.

Risk management strategies and time scales are also established and reviewed at least annually. Individual senior managers or committees are nominated to take responsibility for each key risk, which is reviewed on a quarterly basis.

The Trustees reviewed how risk is managed within the Charity and the level of reserves that should be held in relation to the principal risks that we face.

The Trustees have also examined other operational and business risks through an organisational risk management process; have identified those risks, which the Charity faces; and confirm that they have established systems to mitigate the significant risks.

### Key Risks

The following major risks were identified at an organisational level for the Group in 2018/19. For each risk, specific actions and performance indicators relating to them are monitored quarterly by the relevant committee:

- Failure in Financial Process and Accounting practice leading to inaccurate forecasting, budgeting and reporting;
- Failure to recruit, select and retain sufficient properly qualified staff at all levels and in particular in key roles;
- Non-compliance with statutory or commissioner-led requirements leading to significant reputational damage or contract loss;
- Significant and prolonged failure of the main Forward Trust networks through either infrastructure failure or cyber-attack;
- Failure to raise sufficient charitable income to cover costs not covered by contract or other income;
- Losing existing contracts and their financial contribution to overheads;
- Failure to win new contracts and grow the business;
- Threat to the organisation's reputation through negative PR or poor quality communications;
- High service delivery costs exceed or operate too close to contract value and/or income;
- Service delivery does not meet the mission of The Forward Trust (including the Theory of Change) or support other Forward Trust services (e.g. Recovery Support, Employment or Housing);

- Non-compliance with Regional Governance & Audit Framework impacts on service safety and quality, increasing the risk of breaches of regulatory/inspectorate compliance;
- The impact on current and future business due to poor or weak reputation caused by poor delivery, performance, contract compliance or poor management of stakeholder relationships;
- Failure to deliver revenue and contribution (margin) commitments as set out in the agreed budget through an inability to secure sufficient contracts/funding, to fill agency work vacancies and through poor operational delivery of contracts (including Blue Sky Services);
- Failure to deliver year 1 targets for Forward Enterprise Fund leading to significant reputational damage;
- Risk of an ex-offender client committing significant further offences whilst under Employment Services (ES) supervision or employment;
- Risk of significant injury or death to ES employee through procedural/systemic failure.

Other key components of The Forward Trust's risk management include:

- Governance & Quality Assurance Framework
- Clinical Governance Framework
- Clear policies regarding safeguarding children and vulnerable adults
- Regular consideration by the Trustees of financial results and variance from budgets
- Delegation of authority and segregation of duties
- A strategic plan and annual budget approved by the Trustees - progress is reported regularly including financial reporting of monthly results

The Trustees consider management of the above risks by use of a strategic risk register which outlines each risk's likelihood, impact, severity, risk owner and the committee responsible for the risk. These risks are also reviewed on a regular basis and are standing agenda items during monthly supervisions of risk owners and quarterly committee meetings. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and projects to ensure consistent quality of delivery for all operational aspects of the Charity. These procedures are reviewed annually to ensure that they continue to meet the needs of the Charity.

The Trustees receive regular reports on compliance with regulatory and statutory frameworks including those in respect of the health and safety of staff and clients.

## Auditor

A resolution proposing the reappointment of Haysmacintyre LLP as the group auditor will be submitted at the Annual General Meeting.



**Ben Houghton**

Treasurer

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Governing Document

The Forward Trust is a charity registered in England and Wales (Charity Number: 1001701) and a UK company limited by guarantee (Company Registration Number: 02560474). The governing document is the Articles of Association that determine its legal framework. The Charity does not have any share capital.

### Board of Trustees (Directors)

As at 1 April 2019, the following members of the Board of Trustees were registered as Directors of the company:

Chair	Hon David Bernstein
Treasurer	Ben Houghton
	Lady Louise Gibbings
	Hon Isabelle Laurent
	John Mason
	Dame Benita Refson OBE
	Marsha Taylor
	Rev. John Wates JP OBE
	Andrew Wylie
	David Riddle

The Directors of the Charity, who are the Charity's Trustees, form the Board of Trustees which is its ultimate governing body. The Board of Trustees is responsible for ensuring that all activities are within UK law and fall within the agreed charitable objectives. Its work includes governance, setting the strategic direction, ensuring the Charity upholds its values and delivers its objectives, and agreeing the financial plan.

The Board of Trustees reviews a schedule of matters reserved to them and delegates certain responsibilities to the Trustee sub-committees and the Chief Executive Officer. The day-to-day running of the Charity has been delegated to the Executive Management Team (Chief Executive Officer, Chief Operating Officer, Divisional Director of Substance Misuse, Divisional Director of Employment Services and Divisional Director of Business Development).

The Board of Trustees meets quarterly to consider strategic business issues. Each year we approve the annual budget and review the strategic plan of the Charity.

The Trustees and Chair are appointed for an initial period of three years that can be extended for further three-year terms. Any further extension may be made if it is deemed to be in the best interests of the Charity.

The Trustees are recruited to provide the skills and experience required to govern the Charity. We seek to appoint Trustees from among our Trustees' network and external advertisement. Recommendations for appointments are made to the Board by the Chair, which is then ratified by the Board.

New Trustees are provided with information on legal obligations under Charity and Company Law, the Charity Commission guidance on public benefit; and inform them of the content of the Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the Charity. New Trustees will also spend a day meeting key employees and other trustees. Trustees are required to complete mandatory training modules and are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

The Chair is an ex officio member of all Committees. Any Trustee may attend any Trustee sub-committee meeting. The sub-committees each have specific responsibilities on behalf of the Charity as outlined below. They provide counsel, expertise and support to the Senior Management Team. Individual Trustees also take reasonable steps to ensure there is regular and direct contact between Trustees, staff, volunteers and people who use our services at a local level. There are annual scheduled visits to Programmes by Trustees with an ET member.

### Finance and General Purposes Sub-committee

The committee members comprise five Trustees (Ben Houghton, Hon David Bernstein, Hon Isabelle Laurent, David Riddle and Rev John Wates JP OBE) together with the Chief Executive, Chief Operating Officer and Director of Finance & Commercial.

The Committee is responsible for the oversight of all aspects of the Charity's financial policies and operations, including human resources' issues. It monitors the short and long-term financial viability of the Charity, ensuring there are sufficient resources to fund its commitments. The committee reviews and approves for recommendation the Investment and Reserves Policy, and monitors the effectiveness of the Charity's risk management and internal control systems. It reviews the annual financial plans of the Charity and monitors performance against plans and recommends action where necessary. The committee also reviews all issues concerning human resources (including sickness, staff turnover, and diversity) IT, administration and health & safety issues. It met four times during the year.

### Governance & Quality Assurance Sub-committee

The Governance & Quality Assurance Committee has responsibility for the implementation and monitoring of effective governance throughout the organisation, including clinical governance. The Committee consists of five Trustees (David Riddle, Hon David Bernstein, Lady Louise Gibbings, and Dame Benita Refson OBE, the Chief Operating Officer, Divisional Directors of Services, the Clinical or Nursing Director and the Head of Governance and Quality Assurance.

A separate Clinical Governance Quality Assurance Forum is responsible for ensuring the collection and analysis of data and other information sufficient to ensure effective clinical governance, ensuring the input of clinical leadership and advice, promoting quality of care, including the safety and wellbeing of service-users, families and carers; and the safeguarding of children and vulnerable adults. This forum reports in to the Governance and Quality Assurance Sub-committee.

Managing a culture and processes of continuous improvement and innovation; ensuring that delivery keeps up to date with research and best practice; facilitating an examination and review of significant events and incidents; ensuring audits of services are undertaken and acted upon; and ensuring compliance with legislation and contractual obligations are also within the remit of the committee.

## Research, Fundraising and Communications Sub-committee

The committee members include four Trustees (Hon David Bernstein, Hon Isabelle Laurent and Lady Louise Gibbings, Dame Benita Refson OBE) and the Chief Executive together with Divisional Director of Business Development. All the meetings are chaired by a Trustee. The committee is responsible for providing an effective governance framework for the management of all aspects of the Research, Fundraising and Communications functions of the Charity's Business Development Division.

## Public Benefit

In preparing the report, the Board of Trustees have considered the requirements of the Charities Act 2011 and have satisfied themselves that they have complied with their duty to have due regard to the 'Public Benefit' guidance published by the Charity Commission.

We have referred to the Charity Commission guidance on public benefit in reviewing our activities and objectives, and in planning future activities. We have reviewed our reporting to ensure our activities clearly indicate public benefit through achievement of our aims.

Our main activities and achievements within these are described in "Objectives and Principal Activities". Broadly, our activities help advance health and save lives amongst our direct beneficiaries by the provision of treatment and support to rehabilitate substance misusers; we advance citizenship through reintegration support; and we deliver benefits to the wider public through the prevention of crime and destructive behaviour. In addition to the many thousands of prisoners who have received services from the Charity, our programmes have also had a positive benefit for the families of the individuals we directly help, as well as for the wider community through reducing reoffending among some of the most prolific offenders.

## Supporting Our Employees and Volunteers

As at 31<sup>st</sup> March 2019 we employed a total of 430 staff, a decrease of 3% on the 444 people we employed at 31<sup>st</sup> March 2018.

Achieving the desired transformational changes in our clients will depend on the expertise and motivation of those who work with us and we have continued throughout the last year with efforts to support our workforce to adapt to the changes in the way that we work.

We have a strong commitment to develop the diversity of our staff and volunteers through equal opportunity policies, training and practical action. As at 31<sup>st</sup> March 2019 the representation of women in our total workforce was 66.1%. The percentage of staff from an ethnic minority rose slightly to 34.25% of the total workforce for whom their ethnic origin is known.

We remain particularly indebted to the commitment of the 26,969 hours volunteered to us during the year. Our volunteers work tirelessly in various projects - these incredible people are at the heart of everything that we do.

We calculate the value of these hours to be in excess of £200,801 (based on the minimum national wage), and our services and events simply would not be possible without them. The roles vary from project to project, and event to event: it might be a few hours or entire days. Whatever their role, our volunteers provide incredible amounts of their time to The Forward Trust, and we are enormously grateful.

We are committed to strengthening skills training for all our volunteers, ensuring that they are able to gain new experiences and feel they have a greater connection to our work.

The Charity is strengthened by the number of people in recovery who are involved in the day-to-day operation at all levels – from Board members to ‘peer supporters’ – serving prisoners who volunteer to support our programme delivery – in the year 2018/19, an average of over 16.7% of our paid staff (who identified as such) had their own lived experience of being in recovery from drug or alcohol addiction.

During the year, regular communications to employees have been provided on matters affecting them, including factors affecting the Charity’s progress, and they have been consulted on decisions affecting them through the Staff Representative Group.

## Apprentices

We developed an award winning Apprenticeship Scheme for people in recovery in 2013. During the reporting year, 70% of our apprentices gained employment after their apprenticeship.

We are now leveraging this experience to provide new opportunities for those affected by substance misuse or with a history of offending behaviour through our employability directorate and are excited about future possibilities.

## Staff Representative Group

The Staff Representative Group is an important element in our quest to be fully inclusive, championing employee involvement and two-way communication between management and employees.

We wish to ensure that all employees are well informed about matters that directly relate to their employment terms and conditions, and also have the opportunity to communicate their views to the Executive Management Team.

The Staff Representative Group membership represents all employees employed by The Forward Trust. It provides a forum to share information and consult on proposed changes to employees’ contractual terms and conditions and the policies that sit alongside them.

It is not intended to replace or undermine other methods and channels of communication, but rather to enhance them. It is intended to:

- Promote an exchange of views between managers and employees on issues pertinent to the above;
- Test new ideas and approaches with employees;
- Provide an opportunity for the views of employees to be taken into account in making decisions that are likely to affect them directly;
- Staff representatives attend meetings on behalf of all employees within the group they represent. They have a responsibility to canvas the views and concerns of their constituents prior to meetings and provide feedback following the meetings.



**Hon David Bernstein**

Chair of Trustees

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of The Forward Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group and of the net movement in funds and application of resources, including the income and expenditure of the group 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;
- Make judgments 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 and group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charitable Company and Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as we are aware:

- There is no relevant audit information of which the Charitable Company's auditor is unaware; and;
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditor, Haysmacintyre LLP is willing to be re-appointed in accordance with section 485 of the Companies Act 2006.

The Trustees' Report, incorporating the Strategic Report, was approved and authorised by the Board of Trustees on 29<sup>th</sup> November 2019 and signed on their behalf by:



**Hon David Bernstein**  
Chair of Trustees

## AUDITOR'S REPORT

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FORWARD TRUST

#### Opinion

We have audited the financial statements of The Forward Trust for the year ended 31 March 2019 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 31 March 2019 and of the charitable company's net movement in funds, including the 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.

#### Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 14, 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.

### **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. 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' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) 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 included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

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

In the light of the 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 Trustees' Annual Report (which incorporates 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 by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**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.



Mutaza Jessa (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors  
2019

10 Queen Street Place  
London  
EC4R 1AG

## STATEMENT OF FINANCIAL ACTIVITIES

Including the income and expenditure account

For the year ended 31<sup>st</sup> March 2019

	Notes	Restricted Funds £'000	Unrestricted Funds £'000	2019 Total Funds £'000	2018 Total Funds £'000
<b>INCOME:</b>					
Donations and legacies	2	1,345	285	1,630	952
Charitable activities	3				
<i>Substance Misuse</i>		-	16,249	16,249	17,143
<i>Family Service</i>		-	182	182	214
<i>Young People Services</i>		-	54	54	-
<i>Recovery Support Services</i>		-	439	439	516
<i>Residential Rehabilitation Services</i>		-	124	124	299
<i>Clinical Services</i>		-	1,947	1,947	1,669
<i>Blue Sky Development &amp; Regeneration Services</i>		-	1,370	1,370	1,710
Investment Income		-	7	7	2
Income from Other Trading Activities			30	30	110
<b>Total income</b>		<b>1,345</b>	<b>20,687</b>	<b>22,032</b>	<b>22,615</b>
<b>EXPENDITURE:</b>					
Costs of raising funds					
<i>Raising funds</i>	4	-	52	52	35
Expenditure on charitable activities					
<i>Substance Misuse</i>	4	-	17,788	17,788	18,623
<i>Family Service</i>		-	200	200	232
<i>Young People Services</i>		168	(109)	59	-
<i>Recovery Support Services</i>		336	145	481	560
<i>Residential Rehabilitation Services</i>		122	14	136	323
<i>Clinical Services</i>		-	2,131	2,131	1,814
<i>Blue Sky Development &amp; Regeneration Services</i>		529	970	1,499	1,726
<b>Total expenditure</b>		<b>1,155</b>	<b>21,191</b>	<b>22,346</b>	<b>23,313</b>
<b>Net income/(expenditure)</b>		<b>190</b>	<b>(504)</b>	<b>(314)</b>	<b>(698)</b>
Other recognised gains and losses:					
Actuarial gains on defined benefit pension scheme	20	-	54	54	66
<b>Net movement in funds</b>		<b>190</b>	<b>(450)</b>	<b>(260)</b>	<b>(632)</b>
Reconciliation of funds					
Total funds brought forward		118	2,594	2,712	3,344
<b>Total funds carried forward</b>		<b>308</b>	<b>2,144</b>	<b>2,452</b>	<b>2,712</b>

The notes on pages 21 to 41 form part of these financial statements. The statement of financial activities includes all gains and losses recognised in the year. All amounts derive from continuing activities.

## BALANCE SHEET

Company Number 02560474

As at 31<sup>st</sup> March 2019

	Notes	2019 £'000	2018 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	5	5
<b>CURRENT ASSETS</b>			
Debtors and prepayments	10	2,571	3,267
Cash at bank and in hand		2,235	2,532
		<u>4,806</u>	<u>5,799</u>
<b>CREDITORS:</b> amounts falling due Within one year	11	<u>(2,359)</u>	<u>(3,092)</u>
<b>NET CURRENT ASSETS</b>		<u>2,447</u>	<u>2,707</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,452</u>	<u>2,712</u>
<b>FUNDS</b>			
<b>Unrestricted funds</b>			
General reserves	14/15	1,675	2,163
Designated fund	14/15	469	431
		<u>2,144</u>	<u>2,594</u>
Restricted funds	14/15	308	118
<b>TOTAL</b>		<u>2,452</u>	<u>2,712</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 29/10/2019 and signed on their behalf, by:



**Ben Houghton**

Treasurer



**Hon David Bernstein**

Chairman

The notes on pages 21 to 41 form part of these financial statements.

## CASH FLOW STATEMENT

	2019	2018
	£'000	£'000
<b>Cash used in operating activities</b>		(910)
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments	7	2
Purchase of property, plant and equipment	(3)	(5)
	<u>4</u>	<u>(3)</u>
<b>Net cash provided by (used in) investing activities</b>		(3)
	<u>4</u>	<u>(3)</u>
<b>Increase/(decrease) in cash and cash equivalents in the reporting period</b>		(913)
	(296)	(913)
Analysis of cash and cash equivalents		
Cash and cash equivalent at the beginning of the reporting period	2,531	3,444
	<u>2,531</u>	<u>3,444</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	2,235	2,531
	<u><u>2,235</u></u>	<u><u>2,531</u></u>
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of net movement in funds to cash flow operating activities</b>		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(314)	(698)
Pension service costs net of finance cost	54	66
<b>Depreciation charges</b>	2	4
<b>Dividends, interest and rents from investments</b>	(7)	(2)
Decrease/(increase) in debtors	694	(1,356)
(Decrease)/increase in creditors	(729)	1,076
	<u>(300)</u>	<u>(910)</u>
<b>Net cash used in operating activities</b>	<u><u>(300)</u></u>	<u><u>(910)</u></u>

The notes on pages 21 to 41 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting Policies

#### **Status of the Charitable Company**

The Forward Trust is a charitable company registered in England, a Limited Company by guarantee without share capital use of 'Limited' exemption limited by guarantee and not having share capital. It is a registered charity with its registered office at Unit 106-7, Edinburgh House, 170 Kennington Lane, London SE11 5DP, and is not liable to direct UK taxation on its charitable activities.

#### **Accounting Policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

#### **Basis of Preparation**

The financial statements of The Forward Trust 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) (effective 1 January 2015) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Forward Trust meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

#### **Going Concern**

The Trustees have reviewed the circumstances of the Charity and consider that adequate resources continue to be available to fund their activities for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

#### **Income**

All income is recognised once the charity has entitlement to income, it is probable that income will be received and the amount of income receivable can be measured reliably.

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Recognition of income is deferred where conditions specify that such income relates to future accounting periods. Where donors specify that funds are for specific purposes such income is included in incoming resources of restricted funds.

#### **Grant Income**

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognized when the charity has entitlement to the funds, any performance conditions attached to the grants have

been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

### **Investment Income**

Investment income is recognised on a receivable basis once the amounts can be measured reliably.

### **Donations & Legacies**

Income from donations and legacies includes donations and gifts in wills which are recognised where there is entitlement, probability of receipt and the amount of the gift is measurable. Income from donations, covenants and gift aid includes receipts from fundraising events. Donations together with the resulting tax credit from gift aid, is credited directly to the statement of financial activities on an accruals basis. Donations and all other receipts (including capital receipts) from fundraising are reported gross and the related fundraising costs are reported in raising funds.

### **Fund Accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

### **Expenditure**

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

Cost of raising funds comprises the direct and indirect costs associated in the day-to-day running of a Fundraising Department.

Expenditure on charitable activities includes the costs of all activities undertaken to further the purposes of the charity relating to the strategic vision and their associated support costs.

Direct costs are allocated on an actual basis to the relevant expenditure headings.

Support costs are allocated between expenditure headings on the basis of time spent and the number of staff working on projects and activities. Governance costs are allocated in line with the support costs.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

### **Employee Benefits**

#### *Short term benefits*

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

#### *Employee termination benefits*

Termination benefits are accounted for on an accrual basis and in line with FRS102.

### **Operating Leases**

Rentals payable under operating leases are charged to the SOFA on a straight-line basis over the lease term.

The Forward Trust strives to ensure that its property leases are co-terminus with its contracts. Where a property lease is longer than the initial contract we strive to ensure that break clauses are in place.

### **Pension Costs**

The Charity operates five defined benefit pension schemes on behalf of its employees. The Pension Scheme has been accounted for in accordance with FRS 102.

A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments

### **Tangible Fixed Assets**

Tangible fixed assets costing over £1,000 are capitalised and included at cost including any incidental expenses of acquisition. Depreciation has been provided on the straight-line method to write off the cost of tangible fixed assets on a straight-line basis over their considered useful economic lives as follows:

- |                                    |              |
|------------------------------------|--------------|
| ● Furniture, fixtures and fittings | over 3 years |
| ● Computer equipment               | over 3 years |
| ● Motor vehicles & equipment       | over 3 years |

A full year of depreciation is charged in the year of acquisition.

### **Financial Instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash equivalents are used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions

### **Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.



### **Cash and Cash Equivalents**

Cash and cash equivalents includes cash and short term highly liquid investments

### **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 the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

### **Share Capital**

The Company has no share capital but is limited by guarantee. The members of the Company are the Trustees who are also ordinary members. 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.

### **Taxation**

The Company is a registered charity and therefore is not subject to Corporation Tax on surpluses arising from charitable activities. The Charity is registered for VAT purposes. VAT is paid on inputs (purchases/costs) and is charged to the relevant expense category, unless expressly reclaimable under HMRC guidance.

### **Judgement in Applying Accounting Policies and Key Resources of Estimation Uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on Management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. The Trustees consider the following items to be areas subject to estimation and judgement.

#### *Depreciation:*

The usual economic lives of tangible fixed assets are based on Management's judgement and experience. When Management identifies that actual useful lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. As tangible fixed assets are not significant, variances between actual and estimated useful economic lives will not have a material impact on the operating results. Historically no changes have been required.

#### *Pensions:*

The company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

## Merger

On the 1 April 2018 the trade and assets of Blue Sky Development and Regeneration were formally transferred into the Forward Trust. Accordingly, the current financial statements present the financial position and performance of the Forward Trust only, as consolidated financial statements are no longer required. In accordance with S27 of the Charities SORP, the prior year comparative figures have been restated as the 'group' figures, in the interest of comparability. A reconciliation between the combined figures, and those reported in the individual entity accounts of the Forward Trust and Blue Sky Development and Regeneration, is provided below.

	<b>The Forward Trust £'000</b>	<b>Blue Sky Development and Regeneration £'000</b>	<b>Total £'000</b>
Total income	20,905	1,710	22,615
Total expenditure	(21,587)	(1,726)	(23,313)
Net Expenditure	(682)	(16)	(698)
Other gains	66	-	66
Net Movement in Funds	(616)	(16)	(632)

Total funds at the date of merger.

	<b>The Forward Trust £'000</b>	<b>Blue Sky Development and Regeneration £'000</b>	<b>Total £'000</b>
Net Assets	2,187	525	2,712
Unrestricted funds	2,069	525	2,594
Restricted funds	118	-	118
Total	2,187	525	2,712

## 2. Income from Donations and Grants

	<b>2019 £'000</b>	<b>2018 £'000</b>
Individual Donations	15	25
Other Income	1,531	866
Events Income	84	61
	1,630	952

### 3. Income from Charitable Activities

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Substance Misuse	16,249	17,143
Family Services	182	214
Young People Services	54	-
Recovery Support Services	439	516
Residential Rehabilitation Services	124	299
Clinical Service	1,947	1,669
Blue Sky Development & Regenerations	1,370	1,710
	<u>20,365</u>	<u>21,551</u>

### 4. Analysis of Expenditure

	<b>Direct Costs Staff £'000</b>	<b>Other Direct Costs £'000</b>	<b>Support Costs £'000</b>	<b>2019 £'000</b>
Substance Misuse Services	10,241	5,455	2,092	17,788
Family Services	115	61	24	200
Forward Enterprise Fund	34	18	7	59
Recovery Services	277	148	56	481
Residential Rehabilitation	78	42	16	136
Clinical Service	1,227	654	250	2,131
Cost of Raising Funds	39	13	-	52
Blue Sky	863	460	176	1,499
	<u>12,874</u>	<u>6,851</u>	<u>2,621</u>	<u>22,346</u>

	<b>Direct Costs Staff £'000</b>	<b>Other Direct Costs £'000</b>	<b>Support Costs £'000</b>	<b>2018 £'000</b>
Substance Misuse Services	10,966	5,299	2,358	18,623
Family Services	137	66	29	232
Young People	-	-	-	-
Recovery Services	330	159	71	560
Residential Rehabilitation	191	92	40	323
Clinical Service	1,068	516	230	1,814
Cost of Raising Funds	25	10	-	35
Blue Sky	799	150	777	1,726
	<u>13,516</u>	<u>6,292</u>	<u>3,505</u>	<u>23,313</u>

## 5. Analysis of Support Costs

	<b>Executive &amp; Central Admin £'000</b>	<b>Resources £'000</b>	<b>Governance £'000</b>	<b>2019 Total £'000</b>
Substance Misuse	937	996	159	2,092
Family Services	11	11	2	24
Forward Enterprise Fund	3	3	1	7
Recovery Support Services	25	27	4	56
Residential Rehabilitation Services	7	8	1	16
Clinical Services	112	119	19	250
Blue Sky	79	84	13	176
	<u>1,174</u>	<u>1,248</u>	<u>199</u>	<u>2,621</u>

	<b>Executive &amp; Central Admin £'000</b>	<b>Resources £'000</b>	<b>Governance £'000</b>	<b>2018 Total £'000</b>
Substance Misuse	1,058	1,054	246	2,358
Family Services	13	13	3	29
Young People Services	-	-	-	-
Recovery Support Services	32	32	7	71
Residential Rehabilitation Services	18	18	4	40
Clinical Services	103	103	24	230
Forward Trust – Costs of Raising Funds	-	-	-	-
Blue Sky	541	227	9	777
	<u>1,765</u>	<u>1,447</u>	<u>293</u>	<u>3,505</u>

## 6. Governance costs

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Staff costs	172	153
Legal and professional fees	8	103
Audit fees and other fees payable to auditor	39	37
	<u>219</u>	<u>293</u>
	<u><u>219</u></u>	<u><u>293</u></u>

## 7. Net income for the year

	<b>2019</b>	2018
	<b>£'000</b>	£'000
This is stated after charging:		
Depreciation	2	4
Auditor's Remuneration (excludes VAT)	39	37
Operating lease charges		
Property	422	427
Other	52	73
	<u>483</u>	<u>541</u>
	<u><u>483</u></u>	<u><u>541</u></u>

## 8. Staff numbers and costs

The average number of employees during the year, excluding trustees/directors was:

	<b>2019</b> <b>£'000</b> <b>Total</b>	2018 £'000 Total
Charitable	375	384
Administration	55	60
	<u>430</u>	<u>444</u>
	<u><u>430</u></u>	<u><u>444</u></u>

### Staff costs were as follows:

	<b>2019</b> <b>£'000</b>	2018 £'000
Salaries and wages	12,503	13,405
Social security costs	1,238	1,231
Pension contributions	590	680
Apprenticeship Levy	44	48
Operating costs of the defined benefit pension scheme	54	66
Redundancy and termination costs	156	307
Other forms of employee benefit (Life, Critical Illness insurance and Health Plan)	140	130
	<u>14,725</u>	<u>15,867</u>
	<u><u>14,725</u></u>	<u><u>15,867</u></u>

The redundancy and termination costs are accounted for in full during the year.

There are no liabilities at the balance sheet date that relate to ex gratia payments or payments in lieu of notice.

The number of employees whose annualised earnings were over £60,000 per annum:

	<b>2019</b>	2018
£60,000 - £69,999	5	2
£70,000 - £79,999	3	3
£80,000 - £89,999	2	1
£90,000 - £99,999	2	1
£100,000 - £109,999	3	2

In respect of the higher paid employees above, contributions for the provision of pension benefits totalled £98k (2018: £84k).

The total remuneration of the key management personnel of the company including benefits were £1,456k (2018: £985k).

The Key Management personnel of the organisation are the Chief Executive Officer, Chief Operating Officer, Divisional Director of Substance Misuse Services, Divisional Director of Employment Services and Divisional Director of Business Development.

During the year no Trustee received any remuneration (2018: £Nil), any benefits in kind (2018: £Nil), or any reimbursement of expenses or amounts that were paid directly to third parties (2018: £Nil).

## 9. Tangible Assets

	<b>Total (Fixtures, fittings, motor vehicles &amp; equipment) £'000</b>
<b>Cost</b>	
At 1 <sup>st</sup> April 2018	124
Additions in year	2
Disposals	-
	<hr/>
At 31 <sup>st</sup> March 2019	126
	<hr/>
<b>Depreciation</b>	
At 1 <sup>st</sup> April 2018	119
Charged in year	2
Disposals	-
	<hr/>
At 31 <sup>st</sup> March 2019	121
	<hr/>
<b>Net Book Value</b>	
At 31 <sup>st</sup> March 2019	6
	<hr/> <hr/>
At 31 <sup>st</sup> March 2018	5
	<hr/> <hr/>

#### 10. Debtors: due within one year

	<b>2019</b>	<b>2018</b>
	<b>£,000</b>	<b>£,000</b>
Trade debtors	2,326	2,968
Other debtors	55	10
Prepayments & accrued income	190	289
	-----	-----
	2,571	3,267
	=====	=====

#### 11. Creditors: amounts falling due within one year

	<b>2019</b>	<b>2018</b>
	<b>£,000</b>	<b>£,000</b>
Trade Creditors	413	533
Other Taxes and Social Security	309	363
Accruals	655	687
Other Creditors	89	136
Deferred Income	893	1,373
	-----	-----
	2,359	3,092
	=====	=====

#### 12. Deferred income within one year

	<b>2019</b>	<b>2018</b>
	<b>£,000</b>	<b>£,000</b>
At 31st March 2018	1,373	817
Released to incoming resources	(735)	(741)
Income deferred to a future year	254	1,297
	-----	-----
	892	1,373
	=====	=====

Deferred income are funds received for charitable activities in future years.



### 13. Financial Instruments

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash</b>	2,235	2,534
<b>Financial assets that are debt instruments measured at amortised cost</b>		
- Trade debtors	2,326	2,968
- Other debtors	55	10
	<u>2,381</u>	<u>2,978</u>
<b>Financial liabilities measured at amortised cost</b>		
- Trade creditors	413	533
- Other creditors	89	136
	<u>502</u>	<u>669</u>

### 14. Statement of funds

	<b>1 April</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers/</b>	<b>31 March</b>
	<b>2018</b>	<b>£'000</b>	<b>£'000</b>	<b>Gains/losses</b>	<b>2019</b>
	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Designated funds:</b>					
Redundancy and Pension fund	350	-	(156)	156	350
Works – The Bridges	27	-	-	3	30
Works – Head Office	54	-	-	35	89
	<u>431</u>	<u>-</u>	<u>(156)</u>	<u>194</u>	<u>469</u>
<b>General funds</b>	2,163	20,687	(21,035)	(140)	1,675
<b>Total Unrestricted funds</b>	<u>2,594</u>	<u>20,687</u>	<u>(21,191)</u>	<u>54</u>	<u>2,144</u>

	<b>1 April</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers/</b>	<b>31 March</b>
	<b>2017</b>	<b>£'000</b>	<b>£'000</b>	<b>Gains/losses</b>	<b>2018</b>
	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Designated funds:</b>					
Redundancy and Pension fund	350	-	(307)	307	350
Works – The Bridges	24	-	-	3	27
Works – Head Office	19	-	-	35	54
Blue Sky -Employment/Training	40	-	-	(40)	-
	<u>433</u>	<u>-</u>	<u>(307)</u>	<u>305</u>	<u>431</u>
<b>General funds</b>	2,685	21,445	(21,728)	(239)	2,163
<b>Total Unrestricted funds</b>	<u>3,118</u>	<u>21,445</u>	<u>(22,035)</u>	<u>66</u>	<u>2,594</u>

## 15. Statement of funds (continued)

The Designated Fund represents funds set aside to cover the potential redundancy and pension liabilities towards its staff, refurbishment costs of the Bridges Project in Hull, Head Office in London and funding earmarked for Blue Sky employment/training work.

	1 April 2018 £'000	Income £'000	Expenditure £'000	31 March 2019 £'000
<b>Restricted funds:</b>				
S Shepherd & S Dickson	-	18	(18)	-
Liz & Terry Bramall Foundation	-	50	(50)	-
The City Bridge Trust	-	41	(18)	23
Hans & Julia Rausing	97	653	(465)	285
Eva Rausing Memorial Trust	21	-	(21)	-
The Hull & East Riding Charitable Trust	-	10	(10)	-
The Sir James Reckitt Charitable Trust	-	6	(6)	-
The Holbeck Charitable Trust	-	15	(15)	-
Aurum Trust	-	133	(133)	-
Berkshire Community Foundation	-	8	(8)	-
Cecil Rhodes Trust	-	3	(3)	-
CHK Charities Limited	-	20	(20)	-
Drapers	-	35	(35)	-
Esmee Fairburn	-	46	(46)	-
Habadashers Company	-	10	(10)	-
Hillingdon Community Grant Trust	-	5	(5)	-
J.Leon	-	8	(8)	-
John Armitage	-	53	(53)	-
John Ellerman	-	13	(13)	-
Joseph & Annie Cattle Trust	-	4	(4)	-
Julie Good The Tribune Trust	-	3	(3)	-
Mercers	-	6	(6)	-
Monument Trust	-	30	(30)	-
Paul Stephenson Memorial Trust	-	1	(1)	-
Payne-Gallwey Charitable Trust	-	10	(10)	-
Porticus	-	40	(40)	-
RB Greenwich Social Enterprise	-	60	(60)	-
Shepherd Building Group Ltd 1	-	1	(1)	-
Schroder Foundation	-	50	(50)	-
The Big Give	-	4	(4)	-
The Leigh Trust	-	5	(5)	-
W.L. Pratt Charitable Trust	-	1	(1)	-
Warner Priory Charitable Trust	-	1	(1)	-
Yorkshire Building Society	-	1	(1)	-
Other restricted funding	-	1	(1)	-
	<u>118</u>	<u>1,345</u>	<u>(1,155)</u>	<u>308</u>

## 15. Statement of funds (continued)

	1 April 2017 £'000	Income £'000	Expenditure £'000	31 March 2018 £'000
<b>Restricted funds:</b>				
S Shepherd & S Dickson	-	5	(5)	-
Liz & Terry Bramall Foundation	-	50	(50)	-
The City Bridge Trust	-	20	(20)	-
Hans & Julia Rausing	173	623	(699)	97
The Eva Rausing Memorial Trust	43	62	(84)	21
The Hull & East Riding Charitable Trust	-	10	(10)	-
The Saintbury Trust	-	10	(10)	-
Swire Charitable Trust	-	5	(5)	-
The Sir James Reckitt Charitable Trust	-	5	(5)	-
The Thompson Family Charitable Trust	-	10	(10)	-
The Persula Foundation	-	5	(5)	-
The EQ Foundation	-	5	(5)	-
Lord Barnby's Foundation	-	5	(5)	-
The Holbeck Charitable Trust	-	15	(15)	-
The Martann Trust	4	-	(4)	-
Other restricted funding	6	43	(49)	-
Blue Sky	-	297	(297)	-
	<u>226</u>	<u>1,170</u>	<u>(1,278)</u>	<u>118</u>

### The purpose of restricted funds are as below:

- S Shepherd & S Dickson – funding towards the core costs of the Bridges.
- Liz & Terry Bramall Foundation – funding towards the core costs of the Bridges.
- City Bridge – funding towards the core costs of Recovery Support Services.
- Hans and Julia Rausing – funding towards the core costs of Recovery Support Services and the Apprenticeship Scheme.
- Eva Rausing Memorial Trust – funding towards the apprenticeship scheme and social enterprise.
- The Hull & East Riding Charitable Trust - funding towards the core costs of the Bridges residential unit.
- The Saintbury Trust – funding towards the costs of our team of Family Workers.
- The Swire Charitable Trust - funding towards the costs of our team of Family Workers.
- The Sir James Reckitt Charitable Trust - funding towards the core costs of the Bridges.
- The Thompson Family Charitable Trust - funding towards the costs of our team of Family Workers.
- The Persula Foundation - funding towards the core costs of the Bridges.
- The EQ Foundation unit - funding towards the core costs of the Bridges.
- Lord Barnaby's Foundation - funding towards the core costs of the Bridges.
- The Holbeck Charitable Trust - funding towards the core costs of the Bridges.

## 16. Analysis of net assets between funds

<b>At 31 March 2019</b>	<b>Restricted funds £'000</b>	<b>Unrestricted funds £'000</b>	<b>Total Funds £'000</b>
Fixed assets	-	5	5
Current assets	308	4,499	4,807
Current liabilities	-	(2,359)	(2,359)
	<u>308</u>	<u>2,145</u>	<u>2,453</u>
	<u><u>308</u></u>	<u><u>2,145</u></u>	<u><u>2,453</u></u>
<b>At 31 March 2018</b>	<b>Restricted funds £'000</b>	<b>Unrestricted funds £'000</b>	<b>Total Funds £'000</b>
Fixed assets	-	5	5
Current assets	118	5,683	5,801
Current liabilities	-	(3,092)	(3,092)
	<u>118</u>	<u>2,596</u>	<u>2,714</u>
	<u><u>118</u></u>	<u><u>2,596</u></u>	<u><u>2,714</u></u>

## 17. Operating Lease Commitments

At 31<sup>st</sup> March 2019, the charitable company future minimum operating lease payments are as follows:

<b>BUILDINGS</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Leases that expire:</b>		
Within one year	412	426
Two to five years	1,032	1,211
Over five years	297	522
	<u>1,741</u>	<u>2,159</u>
	<u><u>1,741</u></u>	<u><u>2,159</u></u>

During the year's rental costs in respect of assets under operating leases of £421k (2018: £422k).

## 18. Related Party Transactions

There were no related party transactions in the year.

Donations from Trustees in aggregate were £2.5k (2018: £4.2k).

## 19. Pensions

The company contributes to both defined contribution and defined benefit pension schemes for its employees. All defined benefit schemes are closed to new entrants and the numbers of active members can only grow as a result of the transfer of staff from other organisations ("TUPed").

The Charity contributes to a number of schemes: Group Personal Pension Plan managed by Aviva, NHS Pension Scheme managed by NHS Pensions, Shropshire County Pension fund managed by Shropshire Council, Civil Service Pension managed by The Cabinet Office and The Prudential Platinum Pension Scheme.

The Group Personal Pension Plan managed by Aviva is a defined contribution plan.

The NHS Pension Fund is a closed defined benefit scheme specific to employees TUPed who were members of a NHS Pension Scheme at the time of transfer. Shropshire County Pension is a closed defined benefit scheme applicable to employees TUPed who were members of Shropshire Pension Scheme at the time of transfer. Civil Service Pension Scheme is a closed defined benefit scheme applicable to employees who were members of the Civil Service Pension Scheme at the time of transfer.

The Company participates in 'Prudential Platinum Pension – The Forward Trust', a funded defined benefit statutory pension scheme in the UK which is contracted out of State Second Pension. This scheme was set up to ensure that we provide a comparable scheme for staff who are TUPed with final salary pension rights.

The assets of all pension schemes are held separately from those of the company.

Pension costs charged in the Statement of Financial Activities represent all the contributions payable by the company for the year together with any material provision to record the company's liability in relation to a defined benefit pension scheme, where this can be identified, in accordance with the accounting standard incorporated in FRS102.

## 20. Pensions: Prudential Platinum Pension – The Forward Trust

Prudential Platinum Pension is a centralised scheme which is available to employers throughout the United Kingdom. Each participating employer (or group company arrangement) has its own ring fenced section and accordingly there is no cross subsidy between employers, other than in a group company arrangement.

The Scheme provides retirement and death in service benefits for Members and their Dependants. It is a defined benefit scheme which means that the benefits under it are calculated on a pre-determined basis specified in the Scheme's rules.

The Scheme, which is legally and financially separate from the employers, is constituted by a Trust Deed and is administered in accordance with the rules by the Trustees. The Forward Trust is legally bound by a Deed of Adherence to the Scheme and became a participating employer with effect from 18 May 2012.

This note 20 to the Financial Statements reflects the position appropriate to the The Forward Trust for the purposes of the UK pensions accounting standard FRS 102. It does not reflect the position of any other participating employer in the Prudential Platinum Pension Scheme. The costs and balance sheet items in respect of the Company's other pension arrangements are included elsewhere in the Company's disclosures.

The Prudential Platinum Pension scheme is set up on a tax relieved basis as a separate trust independent of the Company and supervised by an independent Trustee. The Trustee is responsible for ensuring that the correct benefits are paid, that the Scheme is appropriately funded and that Scheme assets are appropriately invested.

This scheme provides pensions and lump sums to members on retirement and to their dependants on death. Members who leave service before retirement are entitled to a deferred pension.

Active members of the Scheme pay contributions at a rate based on their pensionable pay and the Company pays the balance of the cost as determined by regular actuarial valuations. The independent trustee is required to use prudent assumptions to value the liabilities and costs of the scheme whereas the accounting assumptions must be best estimates.

The liabilities for this year's accounting disclosures have been calculated by rolling forward the 31 December 2015 liabilities from that valuation date to 31 March 2019 allowing for member movements and cash-flows and using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

The amounts recognised in the statement of financial position are as follows:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Defined benefit obligation	(436)	(401)
Fair value of plan assets	629	587
	<u>193</u>	<u>186</u>
Net amount recognised year end (before any adjustment for deferred tax)	<u>193</u>	<u>186</u>
Adjustment of non-recognition of surplus	<u>(193)</u>	<u>(186)</u>

The amounts recognised as comprehensive income are:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
<b>SERVICE COST</b>		
Current service cost (net of employees contributions)	19	30
Administration expenses	40	40
Net interest credit	(5)	(4)
Charge recognised in profit or loss	<u>54</u>	<u>66</u>
	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Charge/(credit) recognised in profit or loss	54	66
Re-measurements of the net liability:		
Return on scheme assets	(14)	5
(excluding amounts included in net interest expense)		
Actuarial (gains)/losses	9	(43)
Credit recorded on other comprehensive income	<u>(5)</u>	<u>(38)</u>
Total defined benefit cost	<u>49</u>	<u>28</u>

The Principal actuarial assumptions used were:	<b>2019</b>	<b>2018</b>
	%	%
Liability discount rate	2.40%	2.50%
Inflation assumption – RPI	3.10%	3.00%
Inflation assumption – CPI	2.30%	2.20%
Rate of increase in salaries	2.80%	2.70%
Revaluation of deferred pensions - CPI	2.30%	2.20%
Increases for pensions payment - CPI	2.30%	2.20%

Expected age at death of current pensioner at age 65:		
Male ages 65 at year end	87.2%	87.3%
Female aged 65 at year end	89.1%	89.2%

Expected age at death of future pensioner at age 65:		
Males aged 45 at the year end	88.9%	89.1%
Female aged 45 at year end	91.0%	91.0%

Reconciliation of scheme assets and liabilities	<b>Assets</b>	<b>Liabilities</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At start of period	587	(401)	186
Benefits paid	(3)	3	-
Administration expenses	(41)	-	(41)
Current service cost	-	(18)	(18)
Contributions from the employer	56	-	56
Contributions from the employees	1	(1)	-
Interest income/(expenses)	15	(10)	5
Return on assets (excluding amount included net interest expense)	14	-	14
	-	(9)	(9)
At end of period	629	(436)	193

The return on plan assets was:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Interest income	15	14
Return on plan assets (excluding amounts included in net interest expense)	14	(5)
	-	-
Total return on plan assets	29	9

The Scheme has no investments in the Company on property occupied by the Company.  
The major categories of scheme assets are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Corporates	310	292
Index Linked	319	295
Total market value of assets	629	587

### 15. Capital Commitments

There are no known capital commitments at the year end.

### 16. Contingent Liabilities

There are no known contingent liabilities at the year end.

### 17. Post Balance Sheet Events

There are no known post balance sheet events at the year end.



## REFERENCE AND ADMINISTRATIVE DETAILS

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The Forward Trust is a charitable company limited by guarantee.

Charity Number: 1001701

Company Number: 02560474

### TRUSTEES/DIRECTORS

Chair Hon David Bernstein  
Lady Louise Gibbings

Treasurer Ben Houghton  
Hon Isabelle Laurent  
John Mason  
Dame Benita Refson OBE  
Marsha Taylor (Resigned April 2019)  
Rev. John Wates JP OBE  
Andrew Wylie  
David Riddle  
Tony Hazell (Joined July 2019)  
Dr Clare Gerada (Joined September 2019)

**COMPANY SECRETARY** John Biggin OBE

**PATRONS** Dame Judi Dench  
Roger Graef ~OBE  
The Rt Hon The Lord Woolf of Barnes  
The Hon Emma Soames  
Sir Anthony Hopkins CBE  
Tony Adams MBE  
Russel Brand

**FOUNDERS** Jonathan Wallace  
Peter Bond  
Michael Meakin

**BUSINESS ADDRESS/  
REGISTERED OFFICE**

Unit 106 - 7, Edinburgh House  
70 Kennington Lane  
London SE11 5DP

**KEY MANAGEMENT PERSONNEL**

Michael Trace	Chief Executive Officer
John Biggin OBE	Chief Operating Officer
Jason Moore	Divisional Director of Substance Misuse Services
Asi Panditharatna	Divisional Director of Employment Services
Carwyn Gravell	Divisional Director of Business Development.

**BANKERS**

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Chartered Accountants & Registered Auditors  
10 Queen Street Place  
London EC4R 1AG

**SOLICITORS**

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