



## **The London Pathway**

### **Operating as Pathway**

### **Annual Report and Financial Statements**

31 March 2016

Company Limited by Guarantee  
Registration Number  
07210798 (England and Wales)

Charity Registration Number 1138741

**Financial statements: year ended 31 March 2016**

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## Reference and administrative details

Charity Name: The London Pathway  
 Charity Registered Number: 1138741  
 Company Registration No: 07210798 (England and Wales)

Address: 5th Floor East  
 250 Euston Road  
 London, NW1 2PG

Trustee (Director) name	Office (if any)	
Sir Peter Dixon		
Dr Vanya Gant		
Prof Aidan Halligan		Deceased 27 April 2015
Prof Andrew Hayward		Appointed 18 April 2016
Ms Cathy James OBE		
Sir Ian Kennedy		
Ms Leslie Ann Morphy OBE	Chair	Appointed 9 November 2015
Mr David Pascall CBE	Vice Chair	
Mr Stephen Robertson		

<b>Chief Executive</b>	Mr Alex Bax
<b>Finance "Director" and Company Secretary</b>	Ms Stephanie Swan
<b>Medical "Director"</b>	Dr Nigel Hewett
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	The Co-operative Bank Business Customer Services PO Box 250 Skelmersdale WN8 6WT

## **Trustees' Report: year ended 31 March 2016**

The trustees of the charity present their annual report and audited financial statements for the year ended 31 March 2016.

This report has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 14 to 16 of the attached financial statements and comply with The London Pathway's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

### **Structure, Governance and Management**

#### Governing document

The charity is governed by a Memorandum and Articles of Association incorporated on 1 April 2010.

The charity is constituted as a charitable company limited by guarantee and has no share capital. Its company registration number is 07210798.

The charity has adopted the trading name of 'Pathway' to reflect its expansion into geographical areas outside London.

#### Organisation structure

Pathway is represented by an honorary group of high profile patrons, managed by a number of trustees, and administered by officers who deal with the operation of the charitable company. The trustees meet quarterly, and any new trustees are appointed with the agreement of the current trustees. One new trustee was appointed in 2015/16. A list of the current trustees is set out on page 1.

#### Key management personnel

Pathway's key personnel are the Chief Executive, Finance and Administration Director, and Medical Director, and the Board reviewed the remuneration of all current staff and vacant posts in 2015/16 including the key personnel. Also, at the same time the trustees established a Remuneration Sub-Committee to review job descriptions, set appropriate levels of pay and consider and if appropriate, recommend the annual pay award. All job descriptions along with recommendations for remuneration by the Remuneration Sub-Committee are submitted to a full meeting of the Board for ratification. The benchmarks used to assess pay are either the NHS Agenda for Change pay rates for Pathway staff working in hospitals or National Joint Council (NJC) pay scales for all other posts.

#### Recruitment, appointment and training of trustees

A trustee is a member of the Board of Trustees of the charitable company and director for the purposes of the Companies Act 2006. In accordance with Clause 11 of the Articles of Association of Pathway, trustees may appoint a person who is willing to act as a trustee for such a term as they shall see fit, usually a maximum of three years per term, either to fill a vacancy or as an additional trustee. There is a minimum requirement of three trustees. At the end of a term of office, the trustees can reappoint the trustee. There shall be no limit to the number of times a trustee may be reappointed. If the number of trustees shall fall below three, the remaining trustees may act only for the purposes of appointing new or additional trustees.

A trustee may resign from his/her post by written notice to the trustees. Clause 12 of the Articles provides conditions in which a trustee's term of office automatically terminates.

For the year 2015/16, there were seven trustees, two of whom were reappointed in February 2016. Following the sudden death of Professor Aidan Halligan on 27 April 2015, the Board of Trustees appointed David Pascall as Acting Chairman pending recruitment of a new Chair. Leslie Morphy was appointed Chair on 9 November 2015.

**Structure, Governance and Management (continued)**

Recruitment, appointment and training of trustees (continued)

Each trustee is provided with an information pack which provides details on the duties and roles of charity trustees, a copy of Pathway's constitution, the strategic plan, the previous year's annual accounts and the standing orders and standing financial instructions.

Potential trustees are invited to attend up to three board meetings as observers, and prior to their appointment to the Board, they meet the Chairman and senior officers of Pathway to discuss the charity's aims, objectives and direction. During the period of these accounts Professor Andrew Hayward attended two board meetings as an observer, and was appointed to the Board on his attendance at the third meeting on 18 April 2016.

Trustees are kept up to date regularly with changes relating to charity legislation, by the circulation of newsletters from the Charity Commission.

Members of the Board of Trustees have no beneficial interest in the charitable company.

Organisation and decision making process

The strategic direction, plan and draft budget for Pathway are presented to Board of Trustees for discussion at a meeting early in the calendar year, and are finalised and approved by the Board at their April meeting. Progress reports are presented to the quarterly meetings of the Board, and where decisions are required between meetings these are carried out through urgent action procedures. Depending on the decision required, this may be through written contact with every trustee or with the Chair and Vice Chair. All urgent decisions taken between meetings are reported to the Board at the next possible meeting for ratification.

Day to day running of the charity is delegated to the Chief Executive and his senior team. Levels of expenditure delegated to officers are set out in the standing financial instructions.

Risk Management

The trustees have assessed the major risks to which Pathway is exposed, in particular those relating to the specific operational areas of the charity, its assets and its finances.

Two key risks for the charity are financial sustainability and the loss of key personnel. These are addressed as follows.

1. The Trustees and key management personnel keep the funding and available finance under constant review, and actively seek funding from a range of sources including charitable foundations and trusts and statutory bodies including the NHS for core funding and specific projects, as well as ensuring funds are invoiced for in timely way. They also monitor reserves levels, and ensure controls exist over key financial systems.
2. The Trustees manage the risks that might ensue at the loss of key personnel by ensuring staff are supported, paid appropriately and that their knowledge of systems is shared with other staff members and the Board of Trustees. Trustees also intend to introduce succession planning wherever possible.

The Trustees believe that they have established effective systems to mitigate these and other operational and business risks which are kept under review.

**Objectives**

Objects of the Charity and Principal Activities

The objects of the charity are to advance such purposes as are charitable for the advancement of healthcare for, and for the relief of need of, people often excluded from society, including, but not exclusively, homeless people, alcoholics, drug users and those suffering from mental or physical health problems (excluded people) by, but not exclusively:

- a) the development of targeted healthcare and nursing support for excluded people;
- b) the provision of follow-up support after their discharge from hospital; and

**Objectives (continued)**

Objects of the Charity and Principal Activities (continued)

- c) the provision of healthcare-related education and training for excluded people and for staff and volunteers working with excluded people.

The trustees confirm they have complied with the duty in section 47(5) of the Charities Act to have due regard to public benefit guidance published by the Charity Commission.

Implementation of Objectives

It is the intention of the trustees that funding should be secured and used to work on advancing healthcare services for homeless people and other excluded groups. In formulating and applying these objects, the trustees have regard for the guidance of the Charity Commission on Public Benefit.

Objectives for the year

Pathway's objectives are to be:

- a recognised leader in the field of healthcare for homeless people and other multiply excluded groups;
- an organisation that puts service users at its centre;
- an agent of change working within and in partnership with the NHS and other services; and
- the leader of a growing cohort of dedicated, specialist professional health workers putting compassion at the heart of their practice.

**Activities, Achievements and Performance**

The main activities during 2015/16 have been:

- supporting homeless patients attending or admitted to six major hospitals in London, and securing funding for the work to continue into 2016/17;
- supporting homeless patients in Brighton & Sussex University Hospital and securing funding for the work to continue into 2016/17;
- supporting the Pathway style hospital models in Bradford, Manchester and Leeds;
- supporting the needs assessment for Pathway style models in Edinburgh and Perth, Australia;
- continuing to run the Pathway Care Navigator Apprenticeship scheme supported by the London Learning Consortium, and deploying the first Care Navigator outside University College London Hospital (UCLH) to the Royal London Hospital;
- piloting the Pathway to Home step-down medical respite facility in partnership with University College London Hospital NHS Foundation Trust;
- undertaking an assessment of need and consensus around the preferred option for an intermediate care service for homeless patients in King's Health Partners' hospitals;
- building on work involving Experts by Experience (EbyE's) in Pathway's and other partners' research and consultation work;
- piloting the provision of legal advice services to homeless patients at UCLH, King's Health Partners hospitals and the Royal London Hospital;

**Activities, Achievements and Performance (continued)**

- supporting the on-going work of the Faculty for Homeless and Inclusion Health
- starting a research project on end of life care for homeless people
- developing and improving Pathway's and the Faculty of Homeless and Inclusion Health's communications; and
- recruiting a new Chair with substantial experience within the homeless charities sector

Achievements

In our sixth year of operation we have:

- supported the service for homeless patients in UCLH throughout 2015/16 using permanent funding secured from UCLH NHS Foundation Trust to employ a consultant GP for four sessions per week, and enhanced the service by providing Care Navigators with funding from other charitable sources.
- supported the service for homeless patients in the Royal London Hospital and enhanced it by deploying a Care Navigator to the Pathway team with funding from other charitable sources.
- supported the services for homeless patients in the four King's Health Partners hospitals: Guy's, St Thomas's and King's College Hospital, and extending the service to the South London and Maudsley site on a pilot basis.
- run the one year pilot Pathway to Home, medical respite service in partnership with UCLH. This service is for homeless patients who are considered well enough to be discharged from hospital but who need on-going short term medical treatment under the UCLH@Home scheme. These patients are sent to a specialist bed in Olallo House, a local hostel and the continued treatment is provided by the @Home team, supported by the Pathway hospital team who continue to help secure onward accommodation. From 1 April 2016, UCLH are funding the service.
- undertaken an assessment of need and consensus around the preferred option for an intermediate care service for homeless patients in King's Health Partners' hospitals. The results were published in May 2016.
- supported four Care Navigator apprentices to study for City and Guilds Level 2 or Level 3 qualifications in Health and Social Care. One Care Navigator Apprentice completed the Level 2 and is studying for Level 3, two new apprentices began working for Pathway in autumn 2015 and are studying for Level 2, and one apprentice completed the Level 2 certificate but left Pathway service in August 2015.
- supported teams of clinicians in Edinburgh and Perth, Australia with needs assessments for the development and introduction of Pathway style services.
- started work on a substantial research project to study the end of life care for homeless patients, with a view to providing training resources for agencies working with homeless people with the aim of improving practices.
- continued to build a cohort of EbyE's across England who can be called upon to provide input to research and consultation projects, workshops and meetings. This included supporting a group of 14 EbyE's to attend and participate in the Faculty for Homeless and Inclusion Health's annual conference.
- begun to develop Pathway's use of social media to promote our presence in particular by regularly using Twitter.
- in partnership with the Faculty for Homeless and Inclusion Health:

## Trustees' Report: year ended 31 March 2016

### Activities, Achievements and Performance (continued)

#### Achievements (continued)

- o held the fourth international symposium: Homeless and Inclusion Health 2016, attended by 286 delegates. The event received excellent feedback
- o facilitated peer led reviews for checking the effectiveness of the implementation of the Service Standards for Homeless Health provision on two sites in Scotland
- o run a CPD course on inclusion health in Brighton
- o continued development work on a post graduate qualification in Inclusion Health
- o supported work to provide advice, guidance, support and training on mental health service interventions for rough sleepers.
- o launched a Midlands hub of the Faculty.
- o developed a weekly on- line newsletter for members of the Faculty.
- o continued to talk to the Royal College of Physicians about the potential to affiliate the Faculty of Homeless and Inclusion Health to their Royal College.
- o developed an on-line library of presentations from the first three international symposia that can be used for learning purposes and which has had over 33,000 viewings.

#### Review of financial position

The gross incoming resources for the year amounted to: £760,204, (£503,502 restricted and £256,702 unrestricted). The associated expenditure for the year was £886,202, (£603,730 restricted and £282,472 unrestricted). This gives a net deficit of £125,998 (comprising a £100,228 deficit on restricted funds and a £25,770 deficit on unrestricted funds). The total reserve to be carried forward to 2016/17 is £545,340 (£345,976 restricted and £199,364 unrestricted) after the reserve brought forward from 2014/15 of £671,338 (£446,204 restricted and £225,134 unrestricted) is included.

The principal sources of funds in 2015/16 were:

	£
<b>The Oak Foundation</b> – final payment of a four year core grant (unrestricted)	200,000
<b>The Oak Foundation</b> – first payment of a three year grant for research into end of life care provision for homeless people (restricted)	131,290
<b>Justlife Foundation</b> – lead partner receiving funding from Brighton and Hove Clinical Commissioning Group for the collaborative project to provide Pathway+ in Brighton and Sussex NHS Hospital Trust (restricted)	86,869
<b>University College London Hospital NHS Foundation Trust</b> – payment to support four sessions per week of a specialist homeless for the hospital's homeless team (restricted)	62,400
<b>Drapers Charitable Company</b> – single grant to support the extension of the Care Navigator Apprenticeship programme (restricted)	20,000
<b>Guys and St Thomas' NHS Trust</b> – annual contribution for support to Pathway teams in the King's Health Partnership (unrestricted)	20,000
<b>The Rayne Foundation</b> – final payment of three year grant to support the training of former homeless people to become Care Navigators (restricted)	10,000
<b>Crisis UK</b> – a single grant to support the attendance of homeless service users at the Faculty of Homeless and Inclusion Health's annual international symposium (restricted)	5,000
<b>Guy's and St Thomas' Charity</b> – single grant to build a case for need and consensus around the preferred option for an intermediate care service for homeless patients. (restricted)	19,980
<b>South London and Maudsley NHS Trust</b> – first year of a three year grant to pilot a mental health Pathway service in south London (restricted)	16,000
<b>Health Education England</b> - a single grant for 'Resilient 1' an educational project aimed at preventing homelessness among young people with severe mental illness (restricted)	48,350
<b>Lankelly Chase Foundation</b> – first year of a three year grant to support the work of the Faculty for Homeless and Inclusion Health (restricted).	70,000



### **Review of financial position (continued)**

More than 85% (£752,613) of the expenditure can be attributed directly to Pathway's core activities, with 14% (£127,396) related to support work including governance, less than 1% (£6,193) related directly to fundraising for the charity.

### **Reserves policy**

At the end of 2015/16 Pathway holds reserves of £545,340 (£199,364 unrestricted and £345,976 restricted). It is the policy of the charity to aim to maintain unrestricted reserves, which are the free reserves of the charity at a level which equates to six months of basic overheads. This provides sufficient funds to cover management, administration and support costs and to respond to emergency situations. Restricted reserves are balances of funding secured for specific projects, where the funding organisation requires the funding to be used on this work, and where work is continuing. Pathway records specific costs against these funds as they are incurred.

### **Plans for Future Periods**

We will continue our work towards the objectives set out in our strategic plan:

- to support, strengthen and spread our existing service models and networks;
- to develop the variety of services operating within the Pathway network;
- to research, test and evaluate new and additional services and build the evidence around homeless and inclusion health;
- to provide support to and develop further the Faculty for Homeless and Inclusion Health – including potentially establishing it as a free standing organisation; and
- to maintain a strong organisation.

In 2015/16, we were awarded a grant of £100,000 by UCLH Charities for further development of the Care Navigator service. We will draw down this grant during 2016/17.

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

The trustees (who are also directors of The London Pathway for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and 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 Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that 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

**Trustees' Report: year ended 31 March 2016**

**Statement of Trustees' Responsibilities (continued)**

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

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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.

**Small company exception**

The above report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved and authorised by the Board of Trustees on 11 July 2016 and signed on its behalf by:



Leslie Morphy, OBE  
Chair of The London Pathway

## **Independent auditor's report: year ended 31 March 2016**

### **Independent auditor's report to the members of The London Pathway**

We have audited the financial statements of The London Pathway for the year ended 31 March 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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

### **Respective responsibilities of trustees and auditor**

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

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

**Independent auditor's report: year ended 31 March 2016**

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



Katharine Patel (Senior Statutory Auditor)  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date

11 July 2016

## Statement of financial activities: year ended 31 March 2016

	Notes	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
<b>Income:</b>					
Donations and legacies		18,185	1,500	19,685	10,564
<i>Income from charitable activities</i>					
Grants	2	202,700	439,602	642,302	613,133
Research and project income	2	33,923	62,400	96,323	169,893
Investments		1,894	-	1,894	2,119
<b>Total income</b>		<b>256,702</b>	<b>503,502</b>	<b>760,204</b>	<b>795,709</b>
<b>Expenditure</b>					
Expenditure on charitable activities	3	282,472	603,730	886,202	847,600
<b>Total expenditure</b>	5	<b>282,472</b>	<b>603,730</b>	<b>886,202</b>	<b>847,600</b>
<b>Net expenditure and net movement in funds for the year</b>		<b>(25,770)</b>	<b>(100,228)</b>	<b>(125,998)</b>	<b>(51,891)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward at 1 April 2015		225,134	446,204	671,338	723,229
<b>Total funds carried forward at 31 March 2016</b>		<b>199,364</b>	<b>345,976</b>	<b>545,340</b>	<b>671,338</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The accounting policies and notes on pages 14 to 24 form part of these financial statements.

**Balance sheet:** as at 31 March 2016

	Note	2016 £	2016 £	2015 £	2015 £
<b>Current assets</b>					
Debtors	9	36,610		185,218	
Cash at bank		<u>779,695</u>		<u>818,147</u>	
		<b>816,305</b>		<b>1,003,365</b>	
<b>Liabilities</b>					
Creditors falling due within one year	10	<u>(270,965)</u>		<u>(332,027)</u>	
<b>Net current assets</b>			<b>545,340</b>		<b>671,338</b>
<b>Net assets</b>			<b>545,340</b>		<b>671,338</b>
<b>The funds of the charity</b>					
Unrestricted funds	11		<b>199,364</b>		225,134
Restricted funds	12		<b>345,976</b>		446,204
<b>Total charity funds</b>	13		<b>545,340</b>		<b>671,338</b>

The accounting policies and notes on pages 14 to 24 form part of these financial statements.

These financial statements were approved by the Board of Trustees for issue on 11 July 2016 and signed on its behalf by:



**Leslie Morphy OBE**  
Chair

The London Pathway,  
Charity Registration no 1138741  
Company Registration No: 07210798

## Statement of cash flows 31 March 2016

	Notes	2016 £	2015 £
<b>Cash outflow from operating activities:</b>			
Net cash used in operating activities	A	<u>(40,346)</u>	<u>(7,687)</u>
<b>Cash flows from investing activities:</b>			
Interest income		<u>1,894</u>	<u>2,119</u>
Net cash provided by investing activities		<u>1,894</u>	<u>2,119</u>
Change in cash and cash equivalents in the year		(38,452)	(5,568)
Cash and cash equivalents at the beginning of year	B	818,147	823,715
Cash and cash equivalents at the end of year	B	<u>779,695</u>	<u>818,147</u>

Notes to the statement of cash flows for the year to 31 March 2016.

<b>A Reconciliation of net movement in funds to net cash used in operating activities</b>		
	2016 £	2015 £
Net movement in funds (as per the statement of financial activities)	(125,998)	(51,891)
<b>Adjustments for:</b>		
Interest income	(1,894)	(2,119)
Decrease/ (Increase) in debtors	148,608	(38,050)
(Decrease)/increase in creditors	(61,062)	84,373
Net cash used in operating activities	<u>(40,346)</u>	<u>(7,687)</u>
<b>B Analysis of cash and cash equivalents</b>		
	2016 £	2015 £
Cash at bank and in hand	779,695	818,147
Total cash and cash equivalents	<u>779,695</u>	<u>818,147</u>

**1. Accounting policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

**Basis of preparation**

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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, Update Bulletin 1 issued on 2 February 2016, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011. The financial statements have been prepared under the historical cost except for the modification to a fair value basis as specified in the accounting policies below.

The charity constitutes a public benefit entity as defined by FRS 102.

All financial information is presented in British Pounds Sterling (£), the charity's functional currency, and has been rounded to the nearest pound (£).

**Reconciliation with previous Generally Accepted Accounting Practice**

In preparing the financial statements, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. The charity transitioned to FRS102 from previously extant UK GAAP as at 1 January 2015. The transition date for accounting purposes is 1 April 2014.

- a) Under FRS102 the charity is required to include "governance costs" previously shown as a separate line item on the face of the statement of financial activities, as part of the charity's expenditure on charitable activities. The comparatives in the statement of financial activities have been restated but have had no effect on the net expenditure and net movement in funds as previously reported.
- b) Under FRS 102 the charity is required to recognise liabilities arising from employees' entitlement to paid annual leave. The initial liability recognised at the transition date was for holiday entitlement which was due but not taken. The initial liability was £1,330. No other restatements were required.

The impact of the transition to FRS102 on the comparatives disclosed in the financial statements is as follows:

**Reconciliation of net expenditure:**

	2015 £
Net expenditure for 2015, as previously stated	(50,561)
Adjustment for recognition of employee holiday pay liabilities	(1,330)
Net expenditure for 2015, as restated under FRS102	(51,891)

**Reconciliation of charity funds:**

	2015 £
Fund balances as previously stated	672,668
Adjustment for recognition of employee holiday pay liabilities	(1,330)
Fund balances as restated under FRS102	671,338



**Critical accounting estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the trustees' to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the trustees' best knowledge of the amount, event or actions, actual results may differ from those estimates.

There are no areas requiring the use of estimates and critical judgements that may significantly impact on the charity's financial activities and financial position.

**Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The charity prepares forecasts and budgets for a two year period to 2017/2018 which provide the trustees with detailed costs for Pathway projects currently undertaken and proposed, together with an indication of how projected costs could be scaled back should funding levels fall. The trustees and the management team are currently in discussion with both existing and prospective funding bodies regarding future grant awards and are optimistic that further grants will be available to meet future expenditure and allow the charity to meet its liabilities as they fall due. Having considered the charity's budget forecasts and the charity's existing funding reserves at 31 March 2016 of £545,340, the trustees are satisfied that there will be sufficient future funds to allow the charity to continue as a going concern despite any uncertainties surrounding the timing and receipt of grant funding.

**Fund accounting**

Unrestricted funds are funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charitable company 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 the donors. The aim and use of each restricted fund is set out in the notes to the financial statements. Expenditure incurred in fulfilling the objective of each restricted fund is charged against the fund balance and shown in the relevant expenditure category in the charity's statement of financial activities.

**Income**

Income from donations is recognised in the period in which the charity becomes entitled to the donation and where receipt is probable and its amount can be measured reliably.

Income from grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income for the provision of commissioned research and other projects is recognised when the charity is entitled to receipt, any performance conditions have been met and the amount can be measured reliably.

Interest income from cash at bank is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

### **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It includes VAT which cannot be recovered.

#### *Expenditure on charitable activities*

Expenditure on charitable activities includes the costs of delivering the Pathway services and other activities undertaken for the purposes of the charity. Included is the direct cost of the Pathway service and an apportionment of support costs.

#### *Support and governance costs*

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administration, personnel and governance costs. Governance costs include audit costs and legal costs relating to the charity's compliance with regulation and good practice.

### **Financial assets and liabilities**

Financial assets and financial liabilities are recognised in the balance sheet when the charity becomes party to the contractual provisions of the instrument.

### **Debtors**

Trade and other debtors are initially recognised at their settlement amount and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence, such as significant financial difficulties on the part of the counterparty or default or a significant delay in payment, that the charity will be unable to collect all of the amounts due.

Prepayments are valued at the amount prepaid.

### **Cash at bank and in hand**

Cash at bank and in hand represents cash that is available on demand or has a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year are disclosed as short term deposits.

### **Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the charity anticipates it will pay to settle the debt, and subsequently at amortised cost.

### **Pensions**

No contributions to employees' personal pension plans have been made in 2015/16.

### **Short term employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the charity. Any unused benefits are accrued and measured at the amount the charity expects to pay to the employees to settle the unused entitlements.

**Notes to the financial statements: year ended 31 March 2016**

**2. Income from charitable activities**

	Unrestricted funds £	Restricted funds £	2016 £	2015 £
<b>Grants</b>				
The Oak Foundation	200,000	131,290	<b>331,290</b>	200,000
Justlife Foundation	-	86,869	<b>86,869</b>	102,882
Lankelly Chase Foundation	-	70,000	<b>70,000</b>	-
Health Education Council	-	48,350	<b>48,350</b>	-
Drapers Charitable Company	-	20,000	<b>20,000</b>	-
Guys & St Thomas's Charity	-	19,980	<b>19,980</b>	5,000
South London & Maudsley NHS Trust	-	16,000	<b>16,000</b>	-
Trust for London	-	15,000	<b>15,000</b>	-
The Worshipful Company of Leathersellers	-	13,333	<b>13,333</b>	20,000
The Rayne Foundation	-	10,000	<b>10,000</b>	10,000
The Health Foundation	-	3,780	<b>3,780</b>	24,720
Other grants	2,700	5,000	<b>7,700</b>	7,426
Department of Health	-	-	-	67,000
Public Health England	-	-	-	64,400
London Borough of Lambeth	-	-	-	49,000
NHS England	-	-	-	25,100
Merchant Taylors Charitable Company	-	-	-	20,000
London Housing Foundation	-	-	-	17,605
<b>Total grants</b>	<b>202,700</b>	<b>439,602</b>	<b>642,302</b>	<b>613,133</b>
<b>Research and project income</b>				
University College London Hospital NHS Foundation Trust	-	62,400	<b>62,400</b>	89,400
Guy's & St Thomas' Hospital NHS Foundation Trust	20,000	-	<b>20,000</b>	20,000
University of Manchester	-	-	-	20,000
Barts Health	-	-	-	17,000
Other projects	13,923	-	<b>13,923</b>	23,493
<b>Total research and project income</b>	<b>33,923</b>	<b>62,400</b>	<b>96,323</b>	<b>169,893</b>
<b>2016 Total funds from charitable activities</b>	<b>236,623</b>	<b>502,002</b>	<b>738,625</b>	<b>783,026</b>
<b>2015 Total funds from charitable activities</b>	<b>265,493</b>	<b>517,533</b>	<b>783,026</b>	

**Notes to the financial statements: year ended 31 March 2016**

**3. Expenditure**

	Unrestricted funds £	Restricted funds £	2016 £	2015 £
<b>Charitable activities</b>				
<b>Direct costs</b>				
Pay costs including staff costs	97,444	167,672	265,116	294,607
Consultants' fees	28,323	270,190	298,513	376,699
Care Navigator expenses	91	18	109	258
Staff training	12,775	12,278	25,053	14,369
Printing	2,219	-	2,219	7,375
Patient's costs	4,201	4,602	8,803	7,687
Patient's Legal Advice	-	5,395	5,395	-
Telephone	1,825	-	1,825	2,461
Travel and subsistence	1,366	611	1,977	8,536
Catering	834	560	1,394	1,691
Volunteer/Service User expenses	2,522	9,626	12,148	8,748
Conference provision	23,951	8,762	32,713	29,413
Marketing and design	160	720	880	1,659
Rent – Medical Respite	-	100,004	100,004	6,370
Equipment – Medical Respite	-	-	0	4,825
Stationery and IT equipment	238	81	319	704
IT Equipment	187	1,034	1,221	-
Staff uniforms	1,117	-	1,117	503
<i>Total costs allocated to activities</i>	<u>177,253</u>	<u>581,553</u>	<u>758,806</u>	<u>765,905</u>
<b>Support costs</b>				
Pay costs including staff costs	71,173	18,798	89,971	56,782
Consultants' fees	9,836	3,379	13,215	-
IT Equipment	1,192	-	1,192	2,902
Marketing and design	4,462	-	4,462	6,610
Travel	4,276	-	4,276	-
Printing	703	-	703	795
Insurance	4,569	-	4,569	4,232
Bank and payroll charges	835	-	835	435
Stationery	60	-	60	569
<i>Total support costs</i>	<u>97,106</u>	<u>22,177</u>	<u>119,283</u>	<u>72,325</u>
<b>Governance costs</b>				
Audit/accountancy fees	8,113	-	8,113	7,549
<i>Total governance costs</i>	<u>8,113</u>	<u>-</u>	<u>8,113</u>	<u>7,549</u>
<b>2016 Total expenditure on activities</b>	<u>282,472</u>	<u>603,730</u>	<u>886,202</u>	<u>845,779</u>
<b>2015 Total expenditure on activities</b>	<u>266,975</u>	<u>578,804</u>	<u>845,779</u>	

**4. Staff costs including key management personnel**

	2016 £	2015 £
Wages and salaries	208,347	74,792
Social security costs	18,729	3,930
Pension costs	0	1,977
	<b>227,076</b>	<b>80,699</b>

In addition to the staff costs above, the charity used three core contract based staff (two part time) at a cost of £125,346 (2015: £148,354).

The average monthly number of persons (including key management personnel) employed by the charitable company during the year, described as full time equivalents was:

	2016 No	2015 No
Care Navigators	3.5	3.0
Key Management (CEO, Medical Director & Finance Director)	1.7	1.7
Senior Healthcare Navigator Coordinator	1.0	1.0
Communications Officer	0.3	-
Research and administration	1.5	1.0
	<b>8.0</b>	<b>6.7</b>

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the charity and are represented by the Executive Management Team which comprise the Chief Executive, Finance and Administration Director and the Medical Director.

The number of key management personnel was 3 (2015: 3)

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2016 No.	2015 No.	2016 No.	2015 No.
£60,001 to £70,000 p.a.	1	-	1	1
£70,001 to £80,000 p.a.	-	-	-	-
£80,001 to £90,000 p.a.	-	1	-	-
	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

Key management personnel emoluments are made up as follows:

	2016 £	2015 £
Salaries	155,557	201,108
Benefits in kind	926	-
<b>Total emoluments</b>	<b>156,483</b>	<b>201,108</b>

**Trustees' remuneration**

None of the trustees nor any persons connected with them received any remuneration as a result of them holding the office of trustee during the current or preceding year.

**Notes to the financial statements:** year ended 31 March 2016

**4. Expenditure on charitable activities**

This is stated after charging:

	2016 £	2015 £
Auditors' remuneration		
. Statutory audit services	<b>8,100</b>	<b>7,500</b>

**5. Trustees' expenses**

There were no expenses paid to trustees during the year (2015: none).

**6. Trustees' indemnity insurance**

The charitable company purchased insurance to cover the trustees for costs and expenses incurred in respect of claims arising out of an actual or alleged wrongful act committed in good faith. It is not possible to identify separately the cost of the indemnity insurance.

**7. Taxation**

Pathway is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

**8. Debtors**

	2016 £	2015 £
Trade debtors	<b>26,084</b>	141,420
Accrued income	<b>8,976</b>	3,527
Prepayments	<b>1,550</b>	40,271
	<b>36,610</b>	185,218

**9. Creditors: amounts falling due within one year**

	2016 £	2015 £
Trade creditors	<b>64,280</b>	89,267
Accruals	<b>206,685</b>	229,427
Deferred income	-	13,333
	<b>270,965</b>	332,027

**10. Unrestricted Funds**

	At 1 April 2015 £	Incoming resources £	Resources expended £	Transfers between funds £	At 31 March 2016 £
General unrestricted funds	225,134	256,702	(282,472)	-	<b>199,364</b>

Notes to the financial statements: year ended 31 March 2016

11. Restricted Funds

	At 1 April 2015 £	Incoming resources £	Resources expended £	Transfers between funds £	At 31 March 2016 £
Greater London Authority	1,145	-	(1,145)	-	-
The Health Foundation	-	3,780	(2,240)	-	1,540
Department of Health	271,186	-	(183,329)	-	87,857
Royal Free & Hampstead NHS Foundation Trust	20,000	-	-	-	20,000
Justlife Foundation	13,609	86,869	(88,048)	-	12,430
Homed – Donation for Brighton	1,200	-	-	-	1,200
The Rayne Foundation	-	10,000	(10,000)	-	0
London Housing Foundation	13,384	-	(500)	-	12,884
London Catalyst	518	-	(414)	-	104
Merchant Taylors Charitable Company	20,000	-	(13,639)	-	6,361
London Borough Lambeth	13,104	-	(12,065)	-	1,039
Mental Health & Rough Sleeping Donation	965	1,500	-	-	2,465
Public Health England	64,400	-	(48,461)	-	15,939
NHS England	25,100	-	(13,827)	-	11,273
Crisis UK	1,593	5,000	(2,864)	-	3,729
The Oak Foundation	-	131,290	(69,705)	-	61,585
Lankelly Chase Foundation	-	70,000	(20,810)	-	49,190
Guys & St Thomas' Charity	-	19,980	(19,980)	-	0
South London & Maudsley NHS Trust	-	16,000	(16,000)	-	-
Trust for London	-	15,000	(11,395)	-	3,605
The Worshipful Company of Leathersellers	-	13,333	(13,333)	-	-
Health Education England	-	48,350	-	-	48,350
Drapers Charitable Company	-	20,000	(13,575)	-	6,425
University College London Hospital NHS Foundation Trust	-	62,400	(62,400)	-	-
	<b>446,204</b>	<b>503,502</b>	<b>(603,730)</b>	<b>-</b>	<b>345,976</b>

**12. Restricted Funds (continued)**

Greater London Authority

No additional grant was awarded in 2015/16, and the remaining grant was used to support the provision of reflective practice to staff employed in UCLH and the Royal London.

The Health Foundation

Pathway was awarded this funding under the Health Foundation's Widening Impact programme. Using a variety of methods, this funding helped us spread learning and best practice from Pathway's experience of working in hospitals, and also from our policy development which aims to transform the way healthcare is delivered to homeless and other vulnerable groups of people.

Department of Health

In October 2013, we secured a grant of £469,145 from the Department of Health's Homeless Hospital Discharge Fund to develop a pilot medical respite centre. Work continued during 2015/16 to develop and implement the pilot project Pathway to Home that was launched in 2015/16 using this grant. UCLH have agreed to continue Pathway to Home from 1 April 2016.

Justlife Foundation

In April 2014 following the successful pilot project funded by the Department of Health, the collaborative partnership led by Justlife Foundation was awarded funding from Brighton and Hove NHS Clinical Commissioning Group (CCG) to continue the service Pathway+ in Brighton. As the lead partner, Justlife Foundation received the funding and paid Pathway on a staged basis.

The Rayne Foundation

In May 2013, The Rayne Foundation awarded a grant of £10,000 a year for three years specifically to support our Care Navigator apprenticeship scheme, the third and final payment was received in April 2015.

London Housing Foundation

The London Housing Foundation awarded a grant of £35,210 for the continuation of research into the dental health of homeless people, and this grant included funding to provide direct support to those homeless people who were assessed as needing dental treatment and who wished to access that treatment. The grant was paid over two years, with half received in each of 2013/14 and 2014/15. Work to produce the final report is underway.

University College London Hospital NHS Foundation Trust

UCLH NHS Foundation Trust approved a business case in 2013 to fund four sessions a week of a GP for its Pathway led hospital homeless team and also to provide a second nurse for the service.

Merchant Taylors Charitable Company

In October 2014, the Merchant Taylors Charitable Company awarded a one off grant of £20,000 specifically to extend the Care Navigator Apprenticeship programme.

London Borough of Lambeth

During 2014/15, the London Borough of Lambeth provided two grants for work to provide advice, guidance, support and training on Mental Health Service Interventions for Rough Sleepers.

Public Health England

In March 2015, Public Health England approved grants for two projects: support to develop work with Experts by Experience (£50,000) and development of an e-library of learning material from the Faculty of Homeless and Inclusion Health's three international conferences (£14,400). Work on both these projects commenced in 2015/16 and will continue in 2016/17.

NHS England

In March 2015, NHS England approved a grant of £25,100 to support excluded and vulnerable service user experts at the Faculty of Homeless and Inclusion Health's conference.



12. Restricted Funds (continued)

The Oak Foundation

In August 2015 The Oak Foundation approved a grant of £285,430 over three years to research the end of life care for homeless people and to develop a training programme for agencies working with homeless people, the project entitled Advance Care Planning in Homeless People (Homeless Healthcare Collaboration). The work commenced in September 2015.

Lankelly Chase Foundation

In August 2015, Lankelly Chase Foundation approved a grant of £210,000 over three years to support the work of the Faculty for Homeless and Inclusion Health. The first tranche of the grant was received in January 2016.

Guy's and St Thomas' Charity

In September 2015, Guy's and St Thomas' Charity approved a grant of £19,980 to build a case for need and consensus around the preferred option for an intermediate care service for homeless patients.

South London and Maudsley NHS Trust

The first payment of an approved three year grant to pilot a mental health Pathway service in south London was paid in August 2015. The total grant to Pathway is £48,000.

Health Education England

In March 2016, the Health Education Council approved a grant of £48,350 towards project 'Resilient 1' the production of an educational film and materials aimed at preventing homelessness among vulnerable young people with severe mental illness. The materials will be used to provide training and participatory engagement resources to the staff of Tier 4 CAMHS units across the UK. Work is due to commence on the project after April 2016.

Drapers Charitable Company

In April 2015, the Drapers Charitable Company awarded a one off grant of £20,000 specifically to extend the Care Navigator Apprenticeship programme.

Trust for London

In March 2015, Trust for London awarded a grant of £90,000 over three years to deliver and evaluate a model of legal advice for homeless people in hospital on housing and other related issues. The first payment was claimed in April 2015.

12. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Current assets	289,854	526,451	816,305	1,003,365
Current liabilities	(90,490)	(180,475)	(270,965)	(332,027)
<b>2016 net assets</b>	<b>199,364</b>	<b>345,976</b>	<b>545,340</b>	<b>671,338</b>
2015 net assets	225,134	446,204		

13. Related party transactions

No transactions have taken place with organisations in which a member of the board of trustees has an interest.

14. Controlling party

The trustees make up the membership of the charitable company. There is no overall controlling party.

**Notes to the financial statements:** year ended 31 March 2016

**15. Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member or within one year after he/she ceases to be a member, not exceeding £1.