

**COMPASS - SERVICES TO TACKLE  
PROBLEM DRUG USE**

**(A company limited by guarantee)**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE**  
**(A company limited by guarantee)**

**CONTENTS**

---

	<b>Page</b>
Reference and administrative details of the charity, its directors and advisers	<b>1</b>
Directors' report	<b>2 - 7</b>
Directors' responsibilities statement	<b>8</b>
Independent auditor's report	<b>9 - 10</b>
Statement of financial activities	<b>11</b>
Balance sheet	<b>12</b>
Cash flow statement	<b>13</b>
Notes to the financial statements	<b>14 - 26</b>

## **COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE**

(A company limited by guarantee)

### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS DIRECTORS AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2017**

---

#### **Directors**

C E Wesley, Non-executive director/Chair  
S Hamer OBE, Chief Executive  
A J Begg, Non-executive director  
A J Biddle, Non-executive director  
R B Clark CBE, Non-executive director  
D Webster, Non-executive director  
P Webster, Non-executive director (appointed 27 May 2016)  
C Wood, Non-executive director  
R V Bundock, Executive director  
M E Roberts, Executive director

#### **Company registered number**

02054594

#### **Charity registered number**

518048

#### **Registered office**

Langton House, 5 Priory Street, York, YO1 6ET

#### **Company secretary**

M E Roberts

#### **Chief Executive**

S Hamer OBE

#### **Independent auditor**

BHP, Chartered Accountants, Bathurst House, 86 Micklegate, York, YO1 6LQ

#### **Bankers**

The Royal Bank of Scotland, 6 Nessgate, York, YO1 1FY

#### **Solicitors**

Nabarro, 1 South Quays, Victoria Quays, Sheffield, S2 5SY

## **COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE**

(A company limited by guarantee)

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017**

---

The Directors present their annual report together with the audited financial statements of Compass-Services To Tackle Problem Drug Use (the company) for the year ended 31 March 2017. The Directors confirm that the annual report and financial statements comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

#### ***Objectives and Activities***

##### **a. Policies and objectives**

The company was established in 1986, for the public benefit, and has the following objectives:

- (i) the relief of individuals, families and communities from the health, social and economic problems and crime that attend substance misuse;
- (ii) the prevention or reduction of the crime that attends substance misuse by providing services to substance misusers that enable them to become drug free and therefore reduces their need to commit crimes to buy illicit substances;
- (iii) the support of individuals who misuse substances or who are at risk of misusing substances to achieve stable and productive lives that are free from substance misuse through the delivery of services at all stages of the journey to abstinence;
- (iv) the advancement of the education of persons working in or generally concerned in the field of drug and alcohol services and of the public generally in problems resulting from substance misuse;
- (v) to promote the health and well being of children, young people and adults by such exclusively charitable means as the Trustees shall from time to time determine.

The Directors review the performance, aims and objectives of the company every year. In carrying out the review, the Directors refer to the Charity Commission's guidance on public benefit to ensure that all future and planned activities meet that guidance.

##### **b. Activities for achieving objectives**

Compass' service range spans the recovery process, identification of risky behaviours and universal services in its School Health and Wellbeing service. Its services have a wide geographical spread with services based in Yorkshire, the Midlands and London and cover individuals from the age of three years and upwards.

#### ***Strategic Report***

##### **a. Strategy 2016 to 2020**

In 2016/17 Compass embarked upon a new four-year strategy, which set out an ambition for Compass to be recognised widely for its:

- Innovation, with a strong focus on ground up development that faithfully articulates the end user experience in inventive and effective responses to multiple needs and makes creative and efficient use of diminishing investment;
- Delivery of consistently safe, effective and high impact models of care that are replicable in any circumstance.

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

---

The strategy is predicated upon a belief that significant and escalating reductions to investment in public services will hit the health and social care market hard. Compass anticipates that commissioning bodies will have to make difficult choices and Compass can use its expertise in delivering care to help commissioners find creative solutions to local problems and make efficient use of diminishing resources. To make the changes Compass believes are necessary to shape the future of health and social care, Compass is concentrating its efforts on two key areas:

- Developing service models that are multi-dimensional, responsive to multiple vulnerabilities and span the life course;
- Developing Compass' capacity to innovate from the ground up, harnessing the expertise within Compass to help commissioners realise a broader health and social care response to the wide-ranging needs of local communities.

Over the past year, Compass has broadened its range of activities to provide universal, targeted and specialist services for people from three years to 50 plus, and developed a more holistic response to multiple needs by combining health screening, substance misuse, mental health and emotional wellbeing, and sexual health care in its models.

Compass is establishing its health and wellbeing model through a series of actions in the areas of corporate governance, workforce development, service and business development, and clinical governance. This has involved revising clinical review processes to give improved opportunities for staff development, foster the generation of team and service user ideas to improve and develop services.

Compass has taken significant steps toward realising its ambitions for both Universal and Targeted 0-19 provision adding a high-profile expert in Health Visiting to the team of influential external advisers that supports the development of an integrated Healthy Child Programme (HCP) model. The addition of an equally expert lead on the HCP to the Senior Management Team has provided greater capacity as well as technical and managerial support to the service in Warwickshire and the pursuit of our development objectives.

Compass are firmly established in Warwickshire, drawing praise for the quality of delivery from the commissioners, the Director of Public Health, and Public Health England and the Department of Health. Of vital importance is the reputation Compass is building for offering an exciting alternative HCP model to that offered by the majority of NHS providers.

Over the life of the strategy Compass will aim to strengthen further its financial position through the acquisition of new business. This growth will be in a manageable way, ensuring quality, innovation and high levels of performance in order to enhance Compass' long-term sustainability. Success in the North Yorkshire School Mental Health tender has also added to the portfolio of mental health and emotional wellbeing services, with the prospect of developing more intensive provision over time. Compass has also added important new health and wellbeing services for young people in Lewisham (London), building upon the existing portfolio of risky behaviours services in Coventry and North Yorkshire.

Compass' adult substance misuse provision has reduced over a number of years but plans are in place to expand it over the coming year. However, concerns exist about the sustainability of the current arrangements for commissioning and delivering contracts of this type and so growth will be targeted carefully, with a focus on financially and operationally viable models that support a client centred approach to care.

#### **b. Risks to strategy**

Clear milestones have been set for all elements required to meet the objectives and these are regularly reviewed by both the Senior Management Team and the Directors. Necessary adjustments are made to priorities and resources to ensure the overall plan is delivered.

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

---

#### c. Review of activities

In 2016/17 Compass continued to deliver high quality care to over 13,500 adults and young people across services in Yorkshire, the Midlands and London and the South East. Compass offered a range of services from universal key staged contacts and screening to the intensive care of complex individuals. Compass eschews the "cherry picking" of clients to achieve contract targets and its adult substance misuse services work with a much higher level of complex and difficult cases than many other providers.

Nonetheless, outcomes compare well with other providers. In 2016/17 the substance misuse services discharged over 1,500 people with successful outcomes, with fewer than 50 re-presenting to care.

Building on key staged contacts the Warwickshire School Health and Wellbeing Service delivered follow up interventions to over 8,300 children, identifying and acting upon issues with weight and mental and emotional wellbeing in a significant proportion of those screened. Compass' staff play a crucial role in the early identification of problems and the directing of children to the most appropriate care and are delighted with the dynamic way in which they have responded to a change of focus in the service.

#### e. Investment policy

The Directors have the power to invest in such assets as they consider appropriate. The company has a policy of keeping any surplus liquid funds in short term deposits which can be readily accessed. Investments in property are permitted if the purchase of a property is for the use of furthering the organisation's activities.

#### *Financial review*

##### a. Going concern

The Directors are of the opinion that Compass is a going concern on the basis of the level of its reserves and the level of income which will be delivered in the next two years via contracts currently secured.

##### b. Financial review

Income during the year broadly remained flat at £7.41 Million compared to the previous year's figure of £7.59 Million with no significant movements in the contract base. Expenditure has followed the same trend at £7.26 Million compared to £7.57 Million.

Net income on operational activity before the exceptional item has increased by £129,229 to £151,717. This increase came about as a result of increased efficiencies in services and reductions in central overheads.

The exceptional amount shown in the Statement of Financial Activities (SOFA) is a net charge arising from the treatment of a previous year's contract income not being fully utilised.

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

---

#### **c. Reserves policy**

The Directors recognise the need to have reserves in place to ensure the sustainability of the organisation in the event of the loss of a major contract. The Directors are also aware of the need to balance the levels of free reserves with the need to maximise the service delivered to current beneficiaries.

The Directors have agreed a method of calculating the minimum reserves requirement that Compass prudently needs to hold. The calculation takes into account the need for working capital, any long-term lease commitments, levels of potential redundancy liability and assessment of the likelihood of the liabilities crystallising. Using this methodology, the minimum requirement at 31 March 2017 is £1.22 Million.

The free reserves at 31 March 2017 are £1.87 Million. This figure takes into account the allocation of £127,000 of the unrestricted reserves of the Company into a designated reserve to cover operational developments in the year to 31 March 2018. The excess of free reserves over the reserves requirement will be used to support future business growth.

#### **d. Principal funding**

The principal funding source for the company is contractual income from Local Authorities, Drug Action Teams and Clinical Care Commissioners.

#### ***Structure, governance and management***

##### **a. Constitution**

The charity is constituted as a company limited by guarantee and governed by its Articles of Association which set out a Unitary Board arrangement whereby Executive Directors share with Non-Executive Directors full responsibility under law for managing the affairs of the company.

##### **b. Recruitment and appointment of Directors**

The Directors of the company are also charity Trustees for the purposes of charity law and under the company's Articles are known collectively as the Board of Directors. Directors are elected to the Board either to fill a vacancy or to add to the number of Board members, up to a maximum of sixteen. The Articles provide that of the total number of Directors; no less than two thirds should be Non Executive Directors. The Non Executive Directors will hold office for a term of three years and will be able to put themselves forward to be elected for a further three-year term. The Chief Executive and Director of Finance are Executive Directors by virtue of office and any other Executive Directors, subject to a maximum of one third of total Board membership, are elected by the Board. The Chair of the Board is elected by the Non Executive Directors; Claire Wesley was elected to the role in March 2016.

Non Executive Directors have been recruited through advertising in local and national media, through a consultant led headhunting campaign, and through the use of professional and personal networks.

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

---

#### **c. Non-Executive Director induction and training**

All new Non Executive Directors are given a starter information pack and meet with the Chief Executive and Chair and are briefed on the history of the organisation, its current strategy and future developments in the context of the national drug strategy and the wider issues of social policy.

Directors regularly visit service sites, where practice issues and organisational development are discussed by staff. Directors and the Senior Management Team meet at least annually separate from standard meetings to focus on a review of the company's core vision, its values and its performance. The Non Executive Directors training schedule covers core components such as the Role of a Director and Trustee, Health and Safety, Safeguarding Children and Equal Opportunities, as well as specific individual development needs.

#### **d. Organisational structure**

The Directors meet regularly and are responsible for the strategic direction and policy of the company. Currently there are ten Directors, three of whom are Executive Directors. The seven Non Executive Directors are drawn from a variety of professional backgrounds relevant to the work of the company.

During the year, a review of the effectiveness of the Board was carried out with the assistance of an external facilitator. All recommendations from this review have been fully incorporated into the working practices of the Board.

A scheme of delegation is in place and day to day responsibility for the administration of the company and the delivery of the services rests with the Chief Executive and the Senior Management Team.

#### **e. Risk management**

The Senior Management Team applies risk registers across all operations to support the strategic risk register approved by the Board. The Board evaluates and agrees the strategic plan and business development plans which together ensure that risks are identified and evaluated for likelihood of crystallisation, and to support effective decision making.

The strategic risk register is reviewed at each meeting of the Audit & Risk Committee when procedures and mitigation of controls are tested to maintain all risks within the Board's agreed tolerance to risk. The Board's accountability for risk extends to the annual approval of its risk management policy and risk appetite statement. In turn the Senior Management Team is responsible for setting and communicating clear control principles for managers and staff.

The principal risks to which Compass is exposed are regulatory/compliance and financial risks. Key risks with their corresponding risk scores are highlighted for the Board in a risk map. Risks are also monitored in line with a series of key performance indicators. Information governance's relevant policies and procedures work in tandem to ensure the proper management of risk in accordance with data protection regulations and the NHS information governance toolkit for business partners.

The financial risks are managed to ensure that there are sufficient resources to meet ongoing contractual obligations. Such risks are further controlled against the Board's approved annual budget where variances are scrutinised through the year by the Audit & Risk Committee. This Committee works closely with the Business Development Committee in monitoring forward contracts in the business environment.



## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

---

Procedures are maintained for all operations and are subject to planned reviews and updating for changes in statutory and other requirements. Compass has in place a fraud and whistleblowing policy. The Audit & Risk Committee periodically invites risk owners to attend its meetings to satisfy itself with compliance to internal controls, policies and procedures, identifying any weaknesses for corrective actions. The Committee is also responsible for reviewing financial risks and procedures and provides the assurance necessary to the Board that systems of internal financial control are in place up to the date of approval of the annual accounts.

#### f. Key management pay and remuneration

The pay of Executive Directors is set by the Remuneration Committee, which is made up solely of Non-Executive Directors. Remuneration is based on scale points relevant to a particular role, which is determined by a benchmarking exercise.

The Remuneration Committee is considering amending the methodology by which staff progress within a pay band from the current increment system to one directly related to performance. The Committee is also working to identify other potential benefits that could improve the overall remuneration package.

#### Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

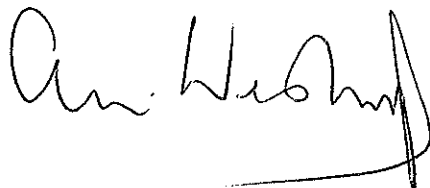
- so far as that Director is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

#### Auditor

The auditor, BHP, Chartered Accountants, has indicated its willingness to continue in office. The Directors reappointed the auditors at a meeting of the Board on 14 July 2017.

This report was approved by the directors on 14 July 2017 and signed on their behalf by:

C E Wesley  
Chair



## **COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE**

(A company limited by guarantee)

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2017**

---

The Directors (who are also trustees of Compass - Services To Tackle Problem Drug Use for the purposes of charity law) are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

---

We have audited the financial statements of Compass - Services to Tackle Problem Drug Use for the year ended 31 March 2017 set out on pages 11 to 26. 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 FRS 102 "The Financial Reporting Standard applicable in the UK 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 opinion we have formed.

#### Respective responsibilities of Directors and auditor

As explained more fully in the Directors' responsibilities statement, the Directors (who are also the trustees of the charity for the purposes of charity 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 Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### 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 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Opinion on other matter 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 Strategic and Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

**COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE**

(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE**

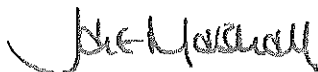
---

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

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

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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Jane Marshall (Senior statutory auditor)

for and on behalf of

**BHP, Chartered Accountants**

**Chartered Accountants**

**Statutory Auditors**

**Bathurst House**

**86 Micklegate**

**York**

**YO1 6LQ**

**24 July 2017**

**COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE**  
**(A company limited by guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

		Unrestricted	Restricted	Total	Total
		funds	funds	funds	funds
		2017	2017	2017	2016
	Note	£	£	£	£
<b>Income from:</b>					
Donations and legacies	2	1,505	-	1,505	1,350
Charitable activities	4	-	7,383,653	7,383,653	7,565,436
Investments	3	9,261	-	9,261	11,527
Other income	5	14,404	-	14,404	14,098
<b>Total income</b>		<b>25,170</b>	<b>7,383,653</b>	<b>7,408,823</b>	<b>7,592,411</b>
<b>Expenditure on:</b>					
<b>Charitable activities:</b>					
Other charitable activities	6	-	7,219,923	7,219,923	7,532,172
Governance	8	37,183	-	37,183	37,751
<b>Total expenditure</b>	9	<b>37,183</b>	<b>7,219,923</b>	<b>7,257,106</b>	<b>7,569,923</b>
<b>Net income / (expenditure) before transfers</b>		<b>(12,013)</b>	<b>163,730</b>	<b>151,717</b>	<b>22,488</b>
Transfers between funds	16	196,853	(196,853)	-	-
<b>Net operating income / (expenditure) before exceptional items</b>		<b>184,840</b>	<b>(33,123)</b>	<b>151,717</b>	<b>22,488</b>
Exceptional item: adjustment for income contract retention		-	(81,830)	(81,830)	(81,830)
<b>Net income/(expenditure) and net movement in funds</b>		<b>184,840</b>	<b>(114,953)</b>	<b>69,887</b>	<b>(59,342)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		1,901,650	138,953	2,040,603	2,099,945
<b>Total funds carried forward</b>		<b>2,086,490</b>	<b>24,000</b>	<b>2,110,490</b>	<b>2,040,603</b>

All activities relate to continuing operations.

The notes on pages 14 to 26 form part of these financial statements

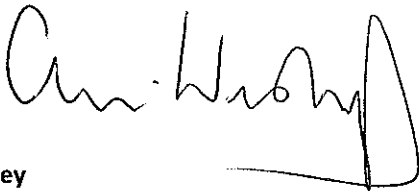
**COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE**

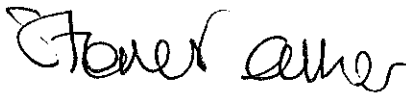
(A company limited by guarantee)

**REGISTERED NUMBER: 02054594****BALANCE SHEET  
AS AT 31 MARCH 2017**

	Note	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	13		220,592		259,154
<b>Current assets</b>					
Debtors	14	1,414,271		720,493	
Cash at bank and in hand		1,776,549		2,103,702	
		<u>3,190,820</u>		<u>2,824,195</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(1,300,922)</u>		<u>(1,042,746)</u>	
<b>Net current assets</b>			<u>1,889,898</u>		<u>1,781,449</u>
<b>Net assets</b>			<u>2,110,490</u>		<u>2,040,603</u>
<b>Charity Funds</b>					
Restricted funds	16		24,000		138,953
Unrestricted funds	16		2,086,490		1,901,650
<b>Total Charity funds</b>			<u>2,110,490</u>		<u>2,040,603</u>

The financial statements were approved by the directors on 14 July 2017 and signed on their behalf, by:

  
C E Wesley  
Chair

  
S Hamer OBE  
Chief Executive

The notes on pages 14 to 26 form part of these financial statements.

**COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE****(A company limited by guarantee)****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2017**

---

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	18	<u>(302,624)</u>	<u>(354,044)</u>
<b>Cash flows from investing activities:</b>			
Bank interest		9,261	11,527
Proceeds from the sale of property		-	421,346
Purchase of fixtures and fittings		<u>(33,790)</u>	<u>(72,710)</u>
<b>Net cash (used in)/provided by investing activities</b>		<u>(24,529)</u>	<u>360,163</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(327,153)</b>	<b>6,119</b>
Cash and cash equivalents brought forward		<u>2,103,702</u>	<u>2,097,583</u>
<b>Cash and cash equivalents carried forward</b>	19	<u><u>1,776,549</u></u>	<u><u>2,103,702</u></u>

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

---

#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Compass - Services to Tackle Problem Drug Use meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

These financial statements are prepared in Sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

##### 1.2 Company status

Compass - Services to tackle problem drug use is a company limited by guarantee. The members of the company are the Directors named on page 1. In the event of the being wound up, the liability in respect of the guarantee is limited to £1 per member. The registered office of the charity is given in the charity information on page 1.

##### 1.3 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

##### 1.4 Income

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Grants and contracts income due for the year have been included in full and have been allocated as restricted income where appropriate.



## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

---

#### 1. Accounting policies (continued)

##### 1.5 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.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

##### 1.6 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the charity has adequate resources to continue in existence for the foreseeable future. The Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.7 Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	4% straight line
Computer Equipment and Fixtures & Fittings	-	33.33% straight line

##### 1.8 Revaluation of tangible fixed assets

The company has adopted the historic cost model whereby items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

##### 1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

##### 1.10 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

---

#### 1. Accounting policies (continued)

##### 1.11 Debtors

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

##### 1.12 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

##### 1.13 Creditors and provisions

Creditors and provisions are recognised where the company 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.

##### 1.14 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

##### 1.15 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year in accordance with section 28 of FRS 102.

##### 1.16 Employee benefits

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

#### 2. Income from donations and legacies

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	1,505	-	1,505	1,350

---

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 3. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest receivable	<u>9,261</u>	<u>-</u>	<u>9,261</u>	<u>11,527</u>

#### 4. Income from charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Contract income - Adult services	-	3,241,461	3,241,461	4,330,381
Contract income - Young person services	-	4,142,192	4,142,192	3,235,055
	<u>-</u>	<u>7,383,653</u>	<u>7,383,653</u>	<u>7,565,436</u>

#### 5. Other income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Sundry income	<u>14,404</u>	<u>-</u>	<u>14,404</u>	<u>14,098</u>

During the previous year, the company sold 3 properties with a profit on disposal of £11,346. This amount has been included in other incoming resources within the SOFA.

#### 6. Analysis of expenditure on charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Adult services	-	3,178,043	3,178,043	4,326,902
Young person services	-	4,041,880	4,041,880	3,205,270
	<u>-</u>	<u>7,219,923</u>	<u>7,219,923</u>	<u>7,532,172</u>

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 7. Support costs

	Adult Services	Young Person Service	Total 2017	Total 2016
	£	£	£	£
Support costs	<u>188,606</u>	<u>239,844</u>	<u>428,450</u>	<u>391,997</u>

Support costs, which are included within expenditure on charitable activities (Note 6), cover the costs of governance and HR, Finance and Administration departments. They have been allocated on the basis of direct costs.

#### 8. Governance costs

	Unrestricted funds 2017	Restricted funds 2017	Total funds 2017	Total funds 2016
	£	£	£	£
Audit fee	12,000	-	12,000	11,810
Staff cost allocation	25,183	-	25,183	25,941
	<u>37,183</u>	<u>-</u>	<u>37,183</u>	<u>37,751</u>

#### 9. Analysis of resources expended by expenditure type

	Staff costs 2017	Depreciation 2017	Other costs 2017	Total 2017	Total 2016
	£	£	£	£	£
Adult services	2,272,819	20,841	884,383	3,178,043	4,326,902
Young person services	3,151,635	26,485	863,760	4,041,880	3,205,270
Sub total	<u>5,424,454</u>	<u>47,326</u>	<u>1,748,143</u>	<u>7,219,923</u>	<u>7,532,172</u>
Expenditure on governance	25,183	-	12,000	37,183	37,751
Total	<u>5,449,637</u>	<u>47,326</u>	<u>1,760,143</u>	<u>7,257,106</u>	<u>7,569,923</u>

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 10. Net incoming resources/(resources expended)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	47,326	30,424
Auditor's remuneration - audit	12,000	11,810
	<u>59,326</u>	<u>42,234</u>

#### 11. Staff costs

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	4,833,002	4,986,448
Social security costs	385,893	353,423
Staff pension costs	230,742	206,814
	<u>5,449,637</u>	<u>5,546,685</u>

Wages and salaries above includes £768,536 (2016: £924,537) related to temporary staff costs which are outsourced by Compass.

The average number of employees was 165 (2016: 161).

	2017	2016
	No.	No.
Project staff	157	153
Administrative staff	8	8
	<u>165</u>	<u>161</u>

The number of higher paid employees was:

	2017	2016
	No.	No.
In the band £ 60,001 - £ 70,000	1	1
In the band £ 70,001 - £ 80,000	1	1
In the band £ 90,001 - £100,000	1	1

Redundancy or termination payments which are included as an expense within wages and salaries above, amounted to £nil (2016: £157,040).

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

---

#### 12. Directors' remuneration

Details of Executive Directors' remuneration and expenses are given below.

	2017	2016
	£	£
Executive Directors' remuneration	<u>225,000</u>	<u>231,936</u>

During the year retirement benefits were accruing to 2 Executive Directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £94,600 (2016 - £94,600).

The Executive Directors' individual remuneration was:

S Hamer - £94,600 (2016: £94,600);  
M Roberts - £60,000 (2016: £60,000);  
R Bundock - £70,400 (2016: £70,400);  
F Shaw - £Nil (2016: £6,936).

No remuneration was paid to the Non-Executive Directors during the year.

Executive Directors received expenses amounting to £10,778 in the current year (2016: £12,054)

Non-Executive Directors received expenses amounting to £1,905 in the current year (2016: £3,317)

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 13. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1 April 2016	165,000	167,602	332,602
Additions	-	33,790	33,790
Disposals	-	(41,978)	(41,978)
Revaluation deficit	(25,000)	-	(25,000)
At 31 March 2017	140,000	159,414	299,414
<b>Depreciation</b>			
At 1 April 2016	-	73,448	73,448
Charge for the year	-	47,326	47,326
On disposals	-	(41,952)	(41,952)
At 31 March 2017	-	78,822	78,822
<b>Net book value</b>			
At 31 March 2017	140,000	80,592	220,592
At 31 March 2016	165,000	94,154	259,154

The company owns one freehold property as at 31 March 2017, which is no longer in use for charitable activities and has been placed on the market for sale.

On a historic cost basis the land and buildings would be included as follows:

	2017 £	2016 £
Cost	220,000	220,000
Accumulated depreciation	(61,600)	(52,800)
Net book value	158,400	167,200

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 14. Debtors

	2017	2016
	£	£
Trade debtors	909,856	227,898
Prepayments and accrued income	504,415	492,595
	<u>1,414,271</u>	<u>720,493</u>

#### 15. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	350,647	355,770
Other taxation and social security	119,910	213,914
Other creditors	140,000	165,800
Accruals and deferred income	690,365	307,262
	<u>1,300,922</u>	<u>1,042,746</u>

#### *Deferred income*

Deferred income at 1 April 2016	17,460
Resources deferred during the year	536,000
Amounts released from previous years	(17,460)
Deferred income at 31 March 2017	<u>536,000</u>

Within other creditors, £140,000 (2016: £165,000) relates to a grant from Hull Teaching Primary Care Trust to Compass to enable the purchase of freehold property at 27 Beverley Road, Hull. A legal charge has been taken out by Hull PCT on this property.

Within accruals and deferred income is a balance of £536,000 (2016: £17,460) for deferred income. This relates to amounts received in advance of the contract or work commencing.



## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 16. Statement of funds

	Brought Forward £	Income £	*Resources Expended £	Transfers in/out £	Carried Forward £
<b>Designated funds</b>					
Operational development	-	-	-	127,000	127,000
<b>General funds</b>					
General funds	1,901,650	25,170	(37,183)	69,853	1,959,490
Total unrestricted funds	1,901,650	25,170	(37,183)	196,853	2,086,490
<b>Restricted funds</b>					
Young person services	-	4,142,192	(4,041,880)	(76,312)	24,000
Adult services	138,953	3,241,461	(3,259,873)	(120,541)	-
	138,953	7,383,653	(7,301,753)	(196,853)	24,000
Total of funds	2,040,603	7,408,823	(7,338,936)	-	2,110,490
<b>Summary of funds</b>					
	Brought Forward £	Income £	*Resources Expended £	Transfers in/out £	Carried Forward £
Designated funds	-	-	-	127,000	127,000
Unrestricted funds	1,901,650	25,170	(37,183)	69,853	1,959,490
	1,901,650	25,170	(37,183)	196,853	2,086,490
Restricted funds	138,953	7,383,653	(7,301,753)	(196,853)	24,000
	2,040,603	7,408,823	(7,338,936)	-	2,110,490

\* Resources expended includes the exceptional item charged to the SOFA.

Restricted funds are for the provision of services commissioned from Young People and Adult Services to tackle issues in Health and Well-being. Where applicable surpluses accrued in the year are released to general reserves to be used for the charitable purpose of the Company. These are shown as transfers between funds. The restricted funds carried forward are available to carry out research into the effectiveness of delivery in Early Interventions Services and the Healthy Child Programme.

The Designated fund represents monies required for specific future development.

# COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 17. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Tangible fixed assets	220,592	-	220,592	259,154
Current assets	3,166,820	24,000	3,190,820	2,824,195
Creditors due within one year	(1,300,922)	-	(1,300,922)	(1,042,746)
	<u>2,086,490</u>	<u>24,000</u>	<u>2,110,490</u>	<u>2,040,603</u>

### 18. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net income/(expenditure) for the year (as per SOFA)	69,887	(59,342)
<b>Adjustment for:</b>		
Depreciation on tangible fixed assets	47,326	30,424
Impairment of fixed assets	25,000	-
Bank interest	(9,261)	(11,527)
Loss/(Profit) on the sale of fixed assets	26	(11,346)
Increase in debtors	(693,778)	(552,178)
Increase in creditors	258,176	249,925
<b>Net cash used in operating activities</b>	<u>(302,624)</u>	<u>(354,044)</u>

### 19. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,776,549	2,103,702
Total	<u>1,776,549</u>	<u>2,103,702</u>

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

---

#### 20. Operating lease commitments

At 31 March 2017, the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2017	2016
	£	£
<b>Amounts payable:</b>		
Within 1 year	46,963	68,322
Between 1 and 5 years	189,708	178,078
Total	<u>236,671</u>	<u>246,400</u>

#### 21. Related party transactions

There were no related party transactions during the period other than the remuneration paid to Directors of the charity disclosed in Note 12 of the financial statements (2016: Nil).

## COMPASS - SERVICES TO TACKLE PROBLEM DRUG USE

(A company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 22. SOFA prior year comparatives

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
<i>Income from:</i>			
Donations and legacies	1,350	-	1,350
Charitable activities	-	7,565,436	7,565,436
Investments	11,527	-	11,527
Other income	14,098	-	14,098
<b>Total income</b>	<b>26,975</b>	<b>7,565,436</b>	<b>7,592,411</b>
<i>Expenditure on:</i>			
Other charitable activities	-	7,532,172	7,532,172
Governance	37,751	-	37,751
<b>Total expenditure</b>	<b>37,751</b>	<b>7,532,172</b>	<b>7,569,923</b>
<b>Net incoming / (expenditure) before transfers</b>	<b>(10,776)</b>	<b>33,264</b>	<b>22,488</b>
Transfers between funds	33,264	(33,264)	-
<b>Net operating income/ (expenditure) before exceptional items</b>	<b>22,488</b>	<b>-</b>	<b>22,488</b>
Exceptional item: adjustment for income contract retention	-	(81,830)	(81,830)
<b>Net income/(expenditure) and net movement in funds</b>	<b>22,488</b>	<b>(81,830)</b>	<b>(59,342)</b>