

VALLEY HOUSE (Company limited by guarantee)

**VALLEY HOUSE
(Company limited by guarantee)**

**REPORT AND ACCOUNTS FOR THE YEAR
ENDED 31 MARCH 2006**

Company registered number : 3593394

Charity registered number : 1074539

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VALLEY HOUSE
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VALLEY HOUSE
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**ANNUAL TRUSTEES AND MANAGEMENT COMMITTEE REPORT
FOR THE YEAR ENDED 31 MARCH 2006**

The Trustees / Management Committee presents its report and audited financial statement for the year ended 31 March 2006.

Reference and Administrative Information

Charity Name:	Valley House
Charity Registration Number:	1074539
Company Registration Number:	3593394
Registered Office and Operational address:	The Navigation Centre 55-57 Bell Green Road Coventry CV6 7GQ

Management Committee

Philippa Evans	Chair, Director and Trustee
Susan Wyllie	Treasurer, Director and Trustee
Liz Taylor	Director and Trustee
Dexter du Boulay	Trustee
Vicki Urch	Trustee
Lyn Abercrombie	Co-opted member
Bernie Howe	Co-opted member

Company Secretary

Philippa Evans

Senior Management Team

Miles Larmour	Project Director
John Blyth	Financial Manager
Barbara Hall	Senior Service Co-ordinator (Supported Housing and Floating Support)
Chris Haydon	Operational Services Manager
Baljit Gill	Children's Services Co-ordinator

Auditors

Bishop Simmons Ltd Chartered Accountants	Mitre House School Road Bulkington Bedworth CV12 9JB
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Bankers

Barclays Bank	Coventry City Office PO Box 2, 25 High Street Coventry, CV1 6QZ
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ANNUAL TRUSTEES AND MANAGEMENT COMMITTEE REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 6th July 1998 and registered as a charity on 5th March 1999. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.00

Recruitment and Appointment of Trustees/Management Committee

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as members of the Management Committee. Under the requirements of the Memorandum and Articles of Association the members of the Management Committee are elected to serve for a period of three years after which they must be re-elected at the next Annual General Meeting.

Trustee Induction and Training

Most trustees are already familiar with the practical work of the charity having been inducted at the time of their joining the board.

Trustees are encouraged to visit Valley House, attend team meetings, and other activities. The Board holds 2 Away Days a year with the Senior Managers Team. Additionally each individual manager attends Management Committee Meetings twice a year to make presentations and review their service area.

Organisational Structure

There are currently 7 Management Committee Members (see page 3 for details)

The Management Committee meets monthly. Sub-groups are established for individual projects if necessary.

Day-to-day operations are overseen by the Project Director. Each service is managed by a Service Co-ordinator/Manager as in

- The Senior Service Co-ordinator (Supported Housing and Floating Support)
- The Children's Services
- The Operational Services Manager (Admin and Centre Management)
- The Financial Manager

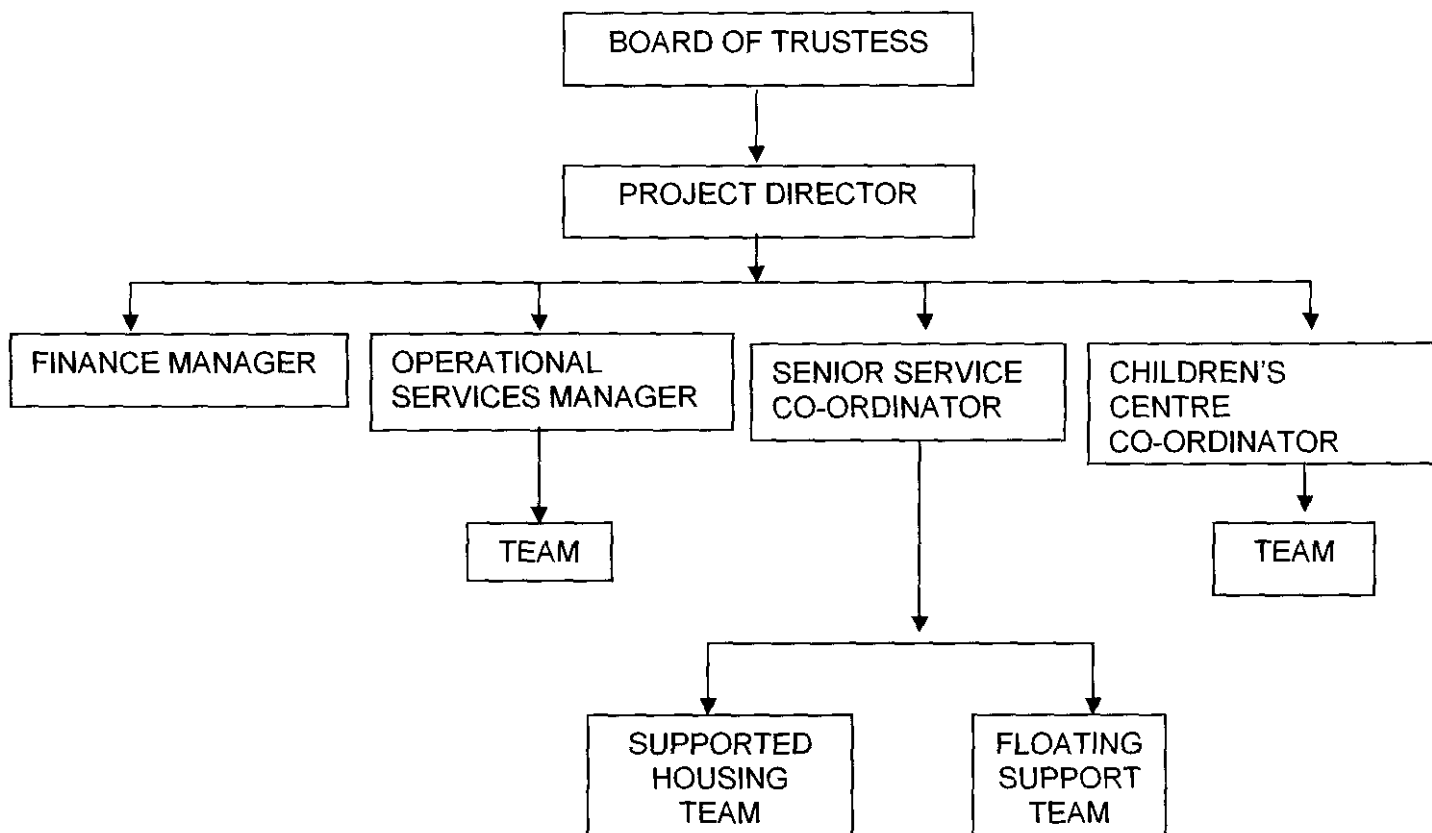
Currently, the Training Department is overseen directly by the Project Director.

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ANNUAL TRUSTEES AND MANAGEMENT COMMITTEE REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

Structure, Governance and Management (continued)

VALLEY HOUSE ORGANISATIONAL STRUCTURE



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ANNUAL TRUSTEES AND MANAGEMENT COMMITTEE REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

Structure, Governance and Management (continued)

Related Parties

There are no related parties.

Risk Management

The Trustees have a risk management strategy which comprises:

- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan;
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

This work has identified only a few minor new risks but it has resulted in better emergency procedures and contingency plans and has given the impetus for better planning. A key element in the management of financial risk is the setting of a reserves policy and its regular review by trustees.

Objectives and Activities

The objectives and principal activities of the organisation are:-

- a) To offer support and/or accommodation appropriate to the needs of individuals within the City of Coventry who are homeless, with the aim of enabling them to move into and sustain their own accommodation.
- b) To support and motivate people to re-engage with educational opportunities, that will allow them to develop their potential and have more life choices and the advancement of education, training or retraining, particularly among unemployed people, and providing unemployed people with work experience.
- c) To provide quality services for the advancement of the lives of children in partnership with parents, to enable children and young people to develop their physical and mental capacities so they may achieve their potential as individuals and members of society and their conditions of life may improve.

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ANNUAL TRUSTEES AND MANAGEMENT COMMITTEE REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

Structure, Governance and Management (continued)

Strategies to Achieve Objectives

a) Valley House has successfully negotiated with the local authority that it be the specialist high support needs provider of Supported Housing for Domestic Violence and Abuse, Teenage Pregnancy, and Homeless Families. It has also agreed a range of Floating Support provision including support for Teenage Pregnancy.

Valley House is a member of the Teenage Pregnancy Partnership Board, the Domestic Violence and Abuse Partnership, the Supporting People Provider Forum and its representative at the Supported People Core Strategy Group. It is also a member of the Housing Support Information Group. Valley House seeks to actively contribute to strategic thinking in the city regarding the future of Support and Supported Housing services. It is particularly interested in encouraging joint commissioning to enable 'whole family' provision that addresses the needs of the children and adults. It has established itself as a respected and influential provider and has built significant and constructive working relationships with partnership boards and commissioning processes to ensure its voice is heard.

Meanwhile, Valley House requires best practice models to be continuously reviewed and developed in its day-to-day provision of services. This includes staff training programmes, regular supervision, service reviews, user involvement and feedback forums and twice yearly reports by Service Managers to the Management Committee.

b) Education and Training are key to enabling our users to develop independence and life choices. Currently the main funder Learning and Skills Council is concentrating on level 2 provision. Our users are predominantly pre-entry, entry and level 2 in their needs. In employing a fundraiser this year, Valley House is seeking to maximise its access to other funding opportunities to meet the needs of its users. Additionally, Valley House has established relationships with Henley College, Adult Education and Warwickshire Association of Youth Clubs whereby we provide learners and facilities and they provide tutors. This has allowed us to maintain a range of training options during this difficult period. It is envisaged that Learning and Skills Council will return to entry level provision in the future. There are also indications that Big Lottery funding will become available later in 2006 for training at pre- and entry level. Valley House intends to pursue all and any of these options and has put a fund raising strategy in place to that effect.

Additionally, Valley House continues to maintain its UK On-Line Centre both as a drop in facility to all and for CLAIT and other IT courses for staff, service users and the community.

Valley House is an active member of the Coventry Learning and Training Theme Group and is championing the needs of community-based training provision through this group. Valley House is also a member of the Chamber of Commerce.

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ANNUAL TRUSTEES AND MANAGEMENT COMMITTEE REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

c) The over-riding strategy with regard to our children's services this year has been to negotiate and manage the closure of our existing Children's Centre and the building of our new one, which started in January 2006. At the end of the year we are operating our Children's services from temporary premises only offering a much reduced service and no nursery provision.

Both the Director and the Children's Service Co-ordinator are active members of various groups within the Coventry Children and Young People's Strategic Partnership. We are seen as a good service model and are actively advising the city on new practices. We have also set up a partnership with Creative Partnerships to pilot a scheme to develop more creative ways for children to have access to play. With this we are seeking to influence city thinking and to hopefully get buy-in to this initiative which would greatly enhance Coventry's approach to children and families work.

Funding is not provided through the use of Social or Program related investment.

Role of Volunteers

Volunteering has always been part of Valley House's core work. The majority of our volunteers move onto paid work following their volunteering at Valley House – a number of our own staff are ex-Valley House volunteers.

Volunteers are given a full induction, access to all relevant staff training, supervision and the opportunity to work as members of that team in offering the service to users. They are encouraged to establish their practices skills and pursue accredited qualifications and supported in seeking paid work when appropriate. Valley House's track record in this regard is exemplary. We also recognise and welcome that some people wish to continue to volunteer and do not wish to use it as a route to paid employment. While supporting the government's return to work agenda, Valley House does not see it as the sole rationale for volunteering.

Valley House is aware that volunteers bring a much-needed balancing ethos to its professional endeavors that both humanises and enriches what we do and how we do it. Valley House is very grateful to its volunteers for this and the work they do on our behalf.

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ANNUAL TRUSTEES AND MANAGEMENT COMMITTEE REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

Achievement and Performance

Valley House seeks to provide an integrated range of services including Supported Housing, Tenancy (Family) Support, Children and Family Services, Adult training, Educative and Work Placement opportunities and a Professional Counselling service.

Such an holistic approach offers service users the opportunity to develop their potential and life choices and become active members of the community.

Valley House works with the local community, and the people of Coventry and is specialised in working with vulnerable and hard-to-reach individuals and their families.

2005-06 has seen major developments particularly in the organisation's Supported Housing and Children's Services.

Supported Housing

Following review and remodelling in partnership with Coventry's Supporting People Programme Commissioners, Valley House offers the only dedicated 24/7 supported housing service in the city to a range of high support needs individuals and families. In its supported housing it has 12 units for Teenage Parents, 13 units for Domestic Violence and 5 units for homeless families. It has on average an adult population of 29/30 and a child population of 40-45.

The accommodation comprises a mix of single flats, single family houses and shared units. Additionally, there is a 2 bed space emergency direct access unit for vulnerable women and children in crisis out of hours (all weekend and every evening and night in the week).

Support is offered to residents through a 24 hour staff presence, structured support plans and an individual link work system offering practical and emotional support towards developing and sustaining greater independence. Valley House is an active member of the Supporting People Provider Forum, the Homeless Strategy Implementation Group, the Domestic Violence Partnership and the Teenage Pregnancy Partnership Board and the Children and Young People's Strategic Partnership, ensuring it works towards and influences city strategy on supported housing.

The work with children is as integral to Valley House's support as the work with adults. Valley House is very active in championing the needs of children who have witnessed Domestic Violence as well as enabling adults to work through their own needs and their responsibilities as parents.

In 2005/2006, Valley House Supported Housing services accommodated 71 adults and 73 Children.

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ANNUAL TRUSTEES AND MANAGEMENT COMMITTEE REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

Achievement and Performance (continued)

Floating (Tenancy) Support

This service is to vulnerable people who need support in order to maintain themselves independently in their own accommodation.

Currently, Valley House can offer 24 individuals or families the service – 18 as general support and 6 specialised to the needs of Young and Teenage Parents.

This service – which has been operating since 2003 – has identified various areas of unmet need, particularly amongst

- Care Leavers/Ex-Care Leavers
- Women with Domestic Violence who wish to remain in their own accommodation.
- Additional Young Parents

as well as noting how many service users/referrals have a mix of interlocking needs – many Teenage Parent's have a history of domestic violence and abuse, many domestic violence cases are ex-care leavers. Additionally, it is very common for users to have low level learning difficulties and/or mental health issues. Valley House is actively advocating for additional provision in all these areas and seeking to influence the city's strategies in these regards. Again, as with its Supported Housing service, the Valley House Floating Support workers find high numbers of children in all these categories of need.

Children's Services

2005-06 has been a very exciting year for Valley House Children's Service. We have successfully negotiated to become a designated children's centre under the Children's Centres Initiative. This will involve our nursery increasing from 33 to 63 places plus the provision of family support, health links and community outreach. Building of the extended Children's Centre began in January 2006 and is to open in June/July 2006. We have also secured a partnership with Groundwork to design and layout a new Children's Garden.

Much planning and local consultation has taken place to make sure we design the Children's Centre and Garden that the community want and need.

Valley House sees this as an opportunity to further centre-field the needs of children of vulnerable families and to extend our models of integrated whole-family support to benefit all. We are concerned that – at this stage in the development of the Children's Centre Initiative – the emphasis is only on younger children. It is clear that older children are as much affected by domestic violence and/or homelessness and disadvantage. Our funding from Children In Need ended in March 2006 and has severely restricted our ability to work with older children. This is an area of need and gap in provision that Valley House is seeking to address.

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ANNUAL TRUSTEES AND MANAGEMENT COMMITTEE REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

Achievement and Performance (continued)

Children's Services (continued)

In 2005-06, the existing Valley House Children's Services provided

- (a) Flexible and high quality childcare through its day care provision. The nursery is registered with OFSTED to provide care for 33 children 0-4yrs.
- (b) Parenting groups both formal and informal such as play and stay sessions, where parents can receive support, learn about their child's development, enable them to socialise and network with other parents and share experiences and parenting courses that will look at promoting positive behaviour and the importance of stimulating play for children.
- (c) Play project for 5-14 year olds is established and very successful at Valley House focusing on the needs of children and young people who have witnessed or experienced violence and abuse at home.
- (d) Supporting parent and child contact, where children are in the care of the Local Authority, which takes place at Valley House

As well as a 63 place nursery, the new Children's Centre will have

- Stay and Play
- Footsteps Into Books
- Fathers' Group
- Coffee Morning for Parents and Children
- A Teacher
- Additional Health links including Health Visitor sessions

Training and Education

As a learning organisation Valley House is committed to offering a wide range of training, education and work placement opportunities to people living in the local community and residents of Valley House's supported housing as well as staff and volunteers.

With our existing Learning and Skills Council funding falling out and an emphasis on level 2 training discriminating against the pre-entry/entry/level 1 needs of our users, Valley House has had to adjust its training work accordingly.

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ANNUAL TRUSTEES AND MANAGEMENT COMMITTEE REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

Achievement and Performance (continued)

Training and Education (continued)

We have continued our partnership with Coventry City Council Adult Education department and Henley College, which offers English, Maths and ICT at Valley House and we have joined the Community Partners for Learning Partnership which is a consortium of 10 organisations who aim to work together to plan and deliver training provision that minimises disadvantage and enables the wider community to participate in training and educational opportunities. We are an active member of the Coventry Strategic Partnership Learning and Training Theme Group.

We have used New Opportunity Fund funding to continue to offer both training and assisted drop-in sessions in our very popular UK On Line Centre. We have also run with Single Regeneration Budget funding a parents training support post for parents – especially young parents – interested in accessing educational and training tasters.

Valley House has 3 main training suites and many local contacts with people interested in accessing training in non-formal, non-mainstream settings. We are seeking to develop brokerage arrangements with various training providers to provide sessions in our setting.

The Valley House Creativity In Children's Play Project

In December, Valley House established a partnership with Creative Partnerships to develop innovative ways of working in and with the community to enable children, families, and the professionals that work with them, to use the spaces and places we inhabit more creatively.

The Project has engaged 2 visual artists and a musician to transform a series of rooms and an outdoor space into a creative learning environment by developing multi sensory spaces – sound, texture, vision, movement – using found, natural and recycled materials.

The project seeks to enable professionals to “teach” facilitate and appropriately support children's play, learning and development in a child-centred, developmentally appropriate and creative manner; and to inspire professionals to question their own practice and that of others and look for better and other ways of doing things.

In particular, the project aims to change the way professionals and carers of children see and plan the use of the environment they work in and how children interact with it and demonstrate that creativity is integral to all aspects of the learning process.

The project is proving very successful and interest from fellow professionals and the city body very well for its future and its influence of play provision in the widest sense.

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ANNUAL TRUSTEES AND MANAGEMENT COMMITTEE REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

Achievement and Performance (continued)

New Offices, Counselling and Training Suite and Community Garden

Following extensive fundraising and partnership with Groundwork, Valley House was able in 2005-06 to refurbish a disused building and attached piece of unused land to gain much needed office space, a dedicated counselling suite and a landscaped garden area for the use by Valley House users and the local community. The site is next to our Young Parent accommodation and training suite, which in turn is next to the Navigation Centre. This now gives Valley House a continuous campus site linking all its Support, Children, Training and Counselling services as well as a garden area for users, local people and staff to enjoy. This integrated physical environment parallels our wish to offer an holistic approach and integrated services that allow people to feel they belong and to be able to get all their needs met in one place.

Financial Review

The current financial year has produced a small surplus on our unrestricted funds of £36,334. Our major source of funding from Supporting People was reduced by 17% and our costs reduced accordingly. The charity was successful in renegotiating the Housing Benefits receivable which has enabled us to maintain our properties to a high standard for our tenants. The funding to support our training activities during the year decreased significantly and the charity is actively pursuing further funding with the help of an external fundraiser. Training is an integral part of our service and also provides support to our children's project.

Our application to become a Children's Centre was successful and building work grants were received from January 2006, the final cost expected to be £378,000 on completion in June 2006. As a result of the new buildings two previous extensions were demolished causing a write off against restricted funds of £42,131 being the balance of the un-depreciated expenditure. Revenue funding of £99,000 enabled us to sustain our service during the disruption caused by the re-building of the facilities. Further revenue funding from the Children's Centre Initiative will be available but Valley House will also need to obtain fees to ensure the viability of the Centre.

Investment policy

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees consider fit. The management committee has considered the most appropriate policy for investing funds and currently any cash surplus to day to day requirements is invested in Treasury Deposits.

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ANNUAL TRUSTEES AND MANAGEMENT COMMITTEE REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

Achievement and Performance (continued)

Financial Review (continued)

Reserves policy

The management committee has established the level of reserves (that is those funds that are freely available) that the charity ought to have. Reserves are needed to be able to continue the current activities of the charity in the event of a significant drop in funding, all be it for a very limited time, to enable them to replace the funding or reduce services provided in a way not detrimental to our residents and other users. The trustees therefore consider that the minimum ideal level as at 31 March 2006 would be £350,000.

The actual reserves at 31 March 2006 were £116,953 which is approximately £233,000 short of our target. In calculating reserves, the management committee have excluded from total funds restricted income funds of £53,200, tangible fixed assets £737,595 and the balance of designated funds £8,293.

It is hoped over the next three years to increase our reserves to our target level. However with our current funding streams being specifically targeted under the government's various initiatives this may prove very difficult. The charity is also seeking alternative ways to fund contingencies.

Principal funding sources are grants £1,276,183 (please refer to analysis in notes 2 and 8) and rents receivable £207,633.

Future Developments

The Management Committee see the coming year as one of consolidation as well as development. With the remodelling of Supported Housing now complete, the aim will be to bed in the new model and, in particular, to maximise the opportunities both for integration of this service with the complimentary services within Valley House as well as further development of partnerships with sister agencies both voluntary and statutory. The Floating (Tenancy) Support service has identified areas of unmet need, particularly for Young Parents, Ex-Care Leavers, Women victims of Domestic Violence who wish to remain in their own tenancies and additionally for Handyperson/DIY advise services to vulnerable people in their own accommodation and will be seeking to engage with the Supporting People programme to find ways to respond to these needs.

It will be a very big year for Children's Services with the opening of the Children's Centre in the summer and the taking up of the challenges presented by the demands of the Children's Centres Initiative. In particular, we will wish to find ways to offer services to the most vulnerable children and family in a Children's Centre Initiative context that seems to be prioritising universal services to all levels of family needs over those of the most vulnerable. Linked to this is the challenge to be financially sustainable as a nursery and Children's Centre while finding ways to offer nursery/Early Years Care and Education services to those most in need and least able to pay.

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ANNUAL TRUSTEES AND MANAGEMENT COMMITTEE REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

Future Developments (continued)

In the area of training, there are very real concerns as funding streams continue to emphasise high levels of qualification over no and/or low qualification levels of need. As with all its services, Valley House looks to offer education and training opportunities to the more vulnerable and disadvantaged who have invariably had low educational achievement. Valley House believes government agendas will of necessity need to return to pre-entry, entry and level 1 training provision as the numbers available for level 2 dry up. The immediate challenge will be to find ways to keep such pre-level 2 training available in this interim period.

More generally, Valley House will continue to seek to participate in and influence local and regional agendas with regard to all aspects of the needs of vulnerable individuals, children, young people, families and communities.

We are members of the Homelessness Strategy Implementation Group, the Domestic Violence Partnership, The Teenage Pregnancy Partnership Board, the Coventry Learning and Training The me Group, the Children and Young Persons Strategic Partnership and Coventry Voluntary Service Council and contribute to a wide range of local and national agendas including the Mental Health, Early Years, Supporting People, Homelessness, Domestic Violence, Teenage Pregnancy, Vulnerable Adult, Healthy Living, Drugs and Alcohol and The Crime Reduction strategies as well as The Coventry Community Plan and the Social Inclusion Agenda. This allows us to be active participants in the city's strategic thinking about its provision of services in the medium to long term.

The redesign of the Children's Centre and Navigation Centre are both going to enable us to offer more to our community. We have received much help and support in planning for this. In particular, we would like to thank our corporate partners, TNT, for all their ongoing assistance and support in so many aspects of our developmental work for core administrative and IT infrastructure. With their varied contributions in expertise, advice, guidance negotiation and resources, TNT and their personnel have greatly enabled us to maximise our service delivery and the quality of services.

Funds held as Custodian Trustee

Grants to service users where Valley House staff supervise spending of the grant on behalf of the grantor are retained in a separate balance sheet account pending submission of receipts for the approved expenditure. The balance in this account on 31st March 2006 is £1,116.

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ANNUAL TRUSTEES AND MANAGEMENT COMMITTEE REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

Trustees/Management Committee's responsibility for the accounts

Company law requires the Trustees/Management Committee to prepare financial statements for each financial year, which give a true and fair view of the company's state of affairs at the end of the financial year and its surplus or deficit for that period.

In preparing those financial statements, the Trustees/ Management Committee are required to: -

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in operation.

The Trustees/Management Committee are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985.

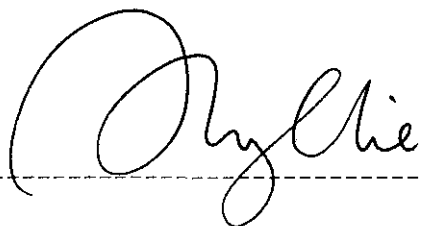
They are also responsible for safe guarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

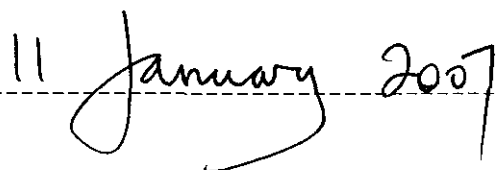
Bishop Simmons Limited were re-appointed as the company's auditors during the year and expressed their willingness to continue in that capacity.

This report has been prepared in accordance with the Statement of Recommended Practice-Accounting and Reporting by Charities and in accordance with the special provisions of Part V11 of the Companies Act 1985 relating to small entities.

Signed on behalf of the Management Committee



Director



Date

VALLEY HOUSE
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**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS
OF VALLEY HOUSE**

We have audited the financial statements of Valley House for the year ended 31 March 2006, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with S.235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Management Committee and Auditors

As described in the Statement of Trustees'/ Management Committee's Responsibilities, the Trustees' Management Committee is responsible for the preparation of the Trustee's Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements. We also report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions is not disclosed.

We read the Trustees'/Management Committee's Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Management Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS
OF VALLEY HOUSE (continued)**

Opinion

In our opinion :

the financial statements give a true and fair view ,in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's affairs as at 31 March 2006 and of its incoming resources and application of resources including its income and expenditure in the year then ended;
the financial statements have been properly prepared in accordance with the Companies Act 1985 and;
the information given in the Trustees'/Management Committee's Annual Report is consistent with the financial statements.

Bishop Simmons Limited

Bishop Simmons Limited
Chartered Accountants
Registered Auditors

Mitre House
School Road
Bulkington
Bedworth

12 January 2007

VALLEY HOUSE
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**STATEMENT OF FINANCIAL ACTIVITIES(Including Income and Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2006**

		Unrestricted Funds		Restricted	Total	Total
		General	Designated	Funds	2006	2005
Incoming Resources	Note	£	£	£	£	£
Incoming Resources from generating funds						
Voluntary Income						
Gifts in Kind				44151	44151	
Donations						1775
Activities for generating funds						
Student Placements		5638			5638	6600
Other Income		24346		4700	29046	26314
Investment Income						
Bank Interest		5443			5443	7238
Incoming Resources from charitable activities						
Rents Receivable		207633			207633	145282
Grants	2	782625		493558	1276183	1337632
Total Incoming Resources		1025685	0	542409	1568094	1524841
Resources Expended						
Costs of Generating Funds						
Fundraising and Publicity		3261			3261	3044
Charitable Activities						
Support Services		814090	5855	402670	1222615	1204531
Property Rental Costs		169180			169180	238300
Governance						
Audit		2820			2820	2468
Total Resources Expended	3	989351	5855	402670	1397876	1448343
Net Incoming Resources	4	36334	-5855	139739	170218	76498
Net movement in Funds		36334	-5855	139739	170218	76498
Funds at 1 April 2005		80619	304424	360780	745823	669325
Funds at 31 March 2006	8	116953	298569	500519	916041	745823

There were no recognized gains or losses for the current year and preceding year other than those included in the Statement of Financial Activities.

The notes on pages 21 to 28 form part of these accounts.

VALLEY HOUSE
(Company limited by guarantee)

BALANCE SHEET
31 MARCH 2006

	Note	£	2006 £	£	2005 £
Fixed Assets					
Tangible Assets	5		737595		483792
Current Assets					
Debtors	6	48498		62980	
Cash at bank and in hand		<u>166738</u>		<u>247962</u>	
		215236		310942	
Creditors: Amounts falling due					
Within one year	7	<u>36790</u>		<u>48911</u>	
Net Current assets			178446		262031
Net Assets			<u>916041</u>		<u>745823</u>
Funds					
Unrestricted Funds					
Designated Funds	8	298569		304424	
General Funds	8	<u>116953</u>	415522	<u>80619</u>	385043
Restricted Funds	8		<u>500519</u>		<u>360780</u>
			<u>916041</u>		<u>745823</u>

These Financial Statements have been prepared in accordance with the special provisions of Part V11 of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Approved by the Trustees/ Management Committee

P.M. Evans Director Aylinn Director

11 January 2007 Date

The notes on pages 21 to 28 form part of the accounts

VALLEY HOUSE
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

1. Accounting policies

Basis of accounts

The financial statements have been prepared under the historical cost convention and in accordance with the statement of Recommended Practice, Accounting and Reporting by Charities issued in March 2005 and the Companies Act 1985 relating to Small Companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Depreciation

All additions greater than £100 are capitalised and brought into account in accordance with normal accounting practice.

Depreciation is provided at rates calculated to write off the cost of fixed assets over their expected useful lives on the following basis:

New Furniture & Equipment - 4 years (straight line)

Buildings -2% p.a. (straight line) from date of first use.

Community Garden -3 years (straight line) from date of first use.

Incoming Resources

Voluntary Income

Donations and gifts are included in full in the Statement of Financial Activities when receivable.

The value of services provided by volunteers has not been included.

Investment Income

Investment income is included in the Financial Statements when receivable.

Activities for generating funds

Student placements and other income is included in the Financial Statements when receivable.

Rents Receivable

Rental income is accounted for on an accruals basis for all tenants in residence during the financial year.

Grants

Revenue grants are included on a receivable basis. Capital grants in respect of building costs are to be written off over the estimated useful life of the building from the date of occupancy.

Resources Expended

All expenditure is included on an accruals basis. Direct costs are allocated to the activity giving rise to those costs. Other costs are apportioned on an estimated basis generally based on staff time within each activity.

All VAT is included with the cost element to which it relates.

Costs of Generating Funds

Comprise the costs associated with attracting voluntary income.

VALLEY HOUSE
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2006

1. Accounting policies (continued)

Resources Expended (continued)

Charitable Expenditure

Comprise those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance

Includes those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees.

Pensions

The company operates a defined contributions personal pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The fund is managed by Friends Provident Pensions Solutions Direct. Contributions payable for the year are charged to the Statement of Financial Activities as and when incurred.

General funds

These comprise unrestricted funds that are available for the general purposes of the Charity.

Designated Funds

These comprise unrestricted funds set aside by the trustees for specific purposes but which are not binding on the trustees.

Restricted funds

These are funds subject to conditions imposed by the donor or by specific terms of the appeal under which the funds were raised. The restrictive conditions are binding upon the Charity.

2. Unrestricted Grants Received

	2006	2005
	£	£
Supporting People	782625	944820
Total	<u>782625</u>	<u>944820</u>

Restricted Grants are detailed in note 8.

VALLEY HOUSE (Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2006

3. Total Resources Expended

	Basis of allocation	Fund Raising £	Property Rental Costs £	Supporting Services £	Training £	Children's Centre £	Admin /Office £	Governance	2006 TOTAL £	2005 TOTAL £
Staff costs	Direct	3261	27960	494285	48781	230820	174519		979626	1040142
Staff Training & Expenses	Direct			19689	1476	7325	1746		30236	37092
Recruitment	Direct			6099	1395	3108	1409		12011	6958
Premises	Usage		136493	14559	17754	45988	60059		274853	239000
Telephone & Postage	Usage		4727	11529	1808	1143	10604		29811	30386
Stationery	Usage			4210	2156	1852	8255		16473	17777
Service User Expenses	Direct			7552	1996				9548	13027
Training courses	Direct					1944			1944	18685
Professional Fees	Direct						4996		4996	3329
Audit Fee	Direct							2820	2820	2468
Children' Activities	Direct					10183			10183	9872
Volunteer Expenses	Direct			7628					7628	10766
Miscellaneous	Direct			5202	2656	1572	8317		17747	18841
		3261	169180	570753	79966	301991	269905	2820	1397876	1448343

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2006

3. Total Resources Expended (continued)

	2006	2005
	£	£
Staff costs		
Salaries	881536	942657
Social Security costs	76470	76331
Pension costs	21620	21154
	<u>979626</u>	<u>1040142</u>

Salaries includes £68882 paid to agency staff during the year. Agency staff are mainly used for the Supporting People Project and the Children's Centre to cover staff illnesses and temporary staff vacancies. The average number of employees(full time equivalents),analysed by function :

	2006	2005
Service Providers	34	35
Maintenance	1	1
	<u>35</u>	<u>36</u>

The number of employees for whom retirement benefits were accruing was:

	<u>20</u>	<u>21</u>
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No employee earned £60,000 (2005 £50,000) or more.

No Director, Trustee or member of the Management Committee received any remuneration for services during the year or for re-imbusement of expenses, or is a member of the retirement benefit scheme.

4. Net incoming resources for the year

	2006	2005
	£	£
This is stated after charging:		
Depreciation	50943	40944
Loss on disposal of assets	42131	0
Auditors remuneration	2820	2468

VALLEY HOUSE (Company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2006**

5. Fixed Assets

	Furniture Fixtures & Equipment	Buildings	Assets under Construction	Total
Cost:	£	£	£	£
As at 1st April 2005	189108	447093	0	636201
Additions during year	20302	204569	122006	346877
Disposal in year		-44821		-44821
As at 31 March 2006	<u>209410</u>	<u>606841</u>	<u>122006</u>	<u>938257</u>
Depreciation:				
As at 1st April 2005	123389	29020		152409
Charge for the Year	39757	11186		50943
Disposal in year		-2690		-2690
As at 31st March 2006	<u>163146</u>	<u>37516</u>	<u>0</u>	<u>200662</u>
Net book value:				
As at 31st March 2006	<u>46264</u>	<u>569325</u>	<u>122006</u>	<u>737595</u>
As at 31st March 2005	<u>65719</u>	<u>418073</u>		<u>483792</u>

6. Debtors

	2006	2005
	£	£
Rents Receivable	9435	6737
Grants Receivable	38956	56243
Prepayments	<u>107</u>	<u>0</u>
	<u>48498</u>	<u>62980</u>

7. Creditors: Amounts due within one year

	2006	2005
	£	£
Rents received in advance	17680	25569
Accruals	<u>19110</u>	<u>23342</u>
	<u>36790</u>	<u>48911</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2006

8. Funds**Restricted Funds**

The funds of the Charity include restricted funds comprising the following unexpended balances of donations and grants held on trust to be applied for specific purposes.

	Balance at 1 April 2005	Funds Receivable	Funds Expended	Balance at 31st March 2006
	£	£	£	£
Capital Grants				
National Lotteries Charity Board	206044		4857	201187
Furniture Fund	10577	0	0	10577
New Opportunities Fund	10929	1600	4635	7894
Coventry Health Authority and New Opportunities Fund	15822		15822	
	26310		26310	
<i>Children's Centre Extension</i>				
Groundwork Community Garden		44151		44151
Single Regeneration Budget	3578		1961	1617
LSC Regeneration Budget	5333	10667	1578	14422
Coventry Children's Centres		169610		169610
Coventry Parent's Lounge		2500		2500
Coventry Liveability Fund		15000		15000
	<hr/> 278593	<hr/> 243528	<hr/> 55163	<hr/> 466958
Revenue Grants				
Children's Services				
Lankelly Foundation		16500	16500	
Creative Partnership		26000	1500	24500
Coventry Family Placement		28359	28359	
Eveson Trust	7500		7500	
Tudor Trust	4333	26000	26000	4333
Weston Foundation	1667		1667	
Coventry General Charities	500		500	
Neighbourhood Nursery		3950	3950	
Coventry Children's Fund		21804	21804	
Coventry Council PPR Finance	10000		10000	
NEG Nursery Grant		5824	5824	
Coventry Sustainability Grant		25000	25000	
Coventry Children's Centres		99000	99000	
Coventry Health Authority	21893		21893	
Training:				
Single Regeneration Budget		10290	10290	
Learning+Skills Council	36294		36294	
Lloyds TSB Foundation		5000	5000	
New Opportunities Fund		26454	21726	4728
Other Training Income		4700	4700	
	<hr/> 82187	<hr/> 298881	<hr/> 347507	<hr/> 33561
TOTALS	<hr/> 360780	<hr/> 542409	<hr/> 402670	<hr/> 500519

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2006**

8. Funds (continued)

Revenue Grants

Grants received for staff costs and specific project support are included in revenue grants from each of the donors as indicated and allocated to the centre benefiting from such grants

Capital Grants

The grants were received for the following purposes:

The National Lotteries Charity Board grant was to purchase and renovate the Navigation Centre office and nursery facility.

The Furniture Fund was to provide furniture for the Jephson Housing project in Navigation Way.

The New Opportunities Fund grants were to enable Valley House to become a U.K. Online centre and build an extension to the Children's Centre.

The grant from Coventry Health Authority was towards the cost of buildings for the support of teenage parents

The Groundwork gift in kind was to provide community gardens.

The Single Regeneration Grant was to provide a training room.

The LSC Regeneration Grant was to refurbish the reception area.

Coventry City Council are providing funds for Children's Centre and Parent's Lounge.

The Coventry Liveability Fund Grant was to assist in the conversion of 25 Bell Green Road.

Annual depreciation is charged against each fund as appropriate.

Unrestricted Funds

	2006	2005
	£	£
General Fund		
Balance at 1 April 2005	80619	174764
Surplus for the year	36334	50855
Transfer to designated fund		-
		145000
Balance at 31 March 2006	<u>116953</u>	<u>80619</u>

Designated Fund

Balance at 1 April 2005	304424	159424
Expenditure for the Year	-5855	
Transfer from general fund		145000
Balance at 31 March 2006	<u>298569</u>	<u>304424</u>

The designated fund is for the purchase and renovation of offices at 25 Bell Green Road

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2006

9. Analysis of Net Assets between Funds

	Fixed	Net	Total
	Assets	Current	Funds
	£	Assets	£
Restricted Funds	414525	85994	500519
Unrestricted Funds-General	32794	84159	116953
Unrestricted Funds-Designated	290276	8293	298569
	<u>737595</u>	<u>178446</u>	<u>916041</u>

10. Pension Contributions

The charge for the year was £21,620(2005 £21,154). At 31 March 2006 no contributions were outstanding to the scheme (2005 £nil)

11. Capital Commitments

At 31 March 2006 the Company had capital commitments amounting to £209,670 in respect of an authorised contract relating to the rebuild of the nursery annex to the rear of 55/57 Bell Green Road. The funds will be provided by the Children's Centres Initiative.

12. Controlling parties

The Charitable Company is under the control of its trustees, directors and management committee.