

Company Registration No. 02546750
Charity Registration No. 1001582

POSITIVE EAST

(A charitable company limited by guarantee)

**BOARD OF TRUSTEES' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2017

MONDAY



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13/11/2017

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COMPANIES HOUSE

BOARD OF TRUSTEES AND ADVISORS**Patron**

Lord Collins of Highbury
Rt. Hon Stephen Timms MP

Board of Trustees

Graham Stoner*
Marigold Chirisa +
Mark Butcher*
Pete McDonnell* (Chair and co-chair of Finance and Fundraising Subcommittee)
Ravi Ravindran* (Treasurer and Chair of Finance and Fundraising Subcommittee)
Rebecca Wilkins+
Nena Foster*
Simon Killick
Genoveffa Noschese*
Kirsty Cornell+ (Chair People Management Subcommittee)
Sarah Malcolm*

* Member of Finance and Fundraising Subcommittee

+ Member of People Management Subcommittee

Chief Executive/Director

Mark Santos

**Secretary and
registered office**

Mark Santos
159 Mile End Road
London E1 4AQ

Principal bankers

Unity Trust Bank Plc
Nine Brindleyplace
4 Oozells Square
Birmingham
B1 2HB

BOARD OF TRUSTEES AND ADVISORS (cont.)

Solicitors (Probono) CMS Cameron McKenna Naborro Olswang LLP
Cannon Place, 78 Cannon Street
London EC4N 6AF

Solicitors Russell Cooke
2 Putney Hill
London
SW15 6AB

Auditors M J Bushell Ltd
8 High Street
Brentwood
Essex CM14 4AB

Company registration number 02546750

Registered charity number 1001582

**BOARD OF TRUSTEES REPORT (Incl. Group Directors Report)
for the year ended 31 March 2017**

The Board of Trustees are pleased to present their annual report and the financial statements of the charity for the year ended 31 March 2017, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)".

Legal and administrative information

The charity Positive East is the result of a merger between 2 charities in 2005. They were London East Aids Network (company # 02544440 and charity # 1001106) and The Globe Centre (company #02546750 and charity # 1001582). For legal and business reasons, the main activities of the charity recorded under the old LEAN company and charity numbers were combined with the assets of the Globe Centre and now trade under the Globe Centre company and charity numbers. But the history of the charity's activities pre-2009 is found under company # 02544440 and charity # 1001106.

Positive East is a company limited by guarantee and not having a share capital (registered in England and Wales number 2546750). The governing document is the Memorandum and Articles of Association. The Company cannot pay dividends and must utilise all its funds to further its stated charitable objectives. The Company is registered at the Charity Commission (registered charity number 1001582).

Board of Trustees

The Board of Trustees is the governing body and determines the strategy and policy of the organisation. Members of the governing body are charity trustees as defined by the Charities Act, and are registered as directors in accordance with the Companies Act.

The Board of Trustees is responsible for the overall management and for ensuring that Company policy is implemented by the staff through the Director and the Management Team. During the period under review the Management Team was composed of the Director, Deputy Director, Finance Director, Director of Fundraising and Communications, Advice Services Manager as well as the Volunteer Performance Manager reflecting the services offered by Positive East and the continued shift towards community based empowerment through volunteering.

New Trustees are elected to the Board by Members of the Company, usually at the Annual General Meeting although appointments to fill vacancies may be made at other times. All Trustees hold office only until the following AGM, at which point they must offer themselves for re-election. There must be between five and fifteen Trustees at any time, unless otherwise determined by a General Meeting. The Board may also co-opt up to five additional people at any one time, so long as the number of co-optees does not exceed the number of Board members. Usually a skills audit is carried out each year to identify gaps, with new Trustees recruited prior to the AGM. New Trustees are given an induction, and there are opportunities for Trustee training throughout the year.

**BOARD OF TRUSTEES REPORT (Incl. Group Directors Report)
for the year ended 31 March 2017 (Cont.)**

There are two Subcommittees, the Joint Finance and Fundraising Subcommittee and the People Management Committee. The sub-committees provide governance oversight and control. The first is in relation to all funding and financial matters and the second all aspects of human resources (including Health and Safety) for both paid staff and the increasingly important volunteering resource. Additionally, there are a Building Group set up to evaluate how the charity can best utilise the existing Stepney Centre.

Finally, there is a Social Enterprise working group that oversees work in relation to social enterprise initiatives. These include the re-launching of a programme to promote wellbeing through mindfulness in the workplace to the health sector as well as a range of healthy food products. The income and expenditure for this social enterprise are processed through the trading company subsidiary of Purple People Enterprises.

All these groupings act in an advisory capacity only, and do not have the authority to make decisions on behalf of the Board unless this power has been delegated specifically. Non-Trustees may be co-opted onto the Subcommittees but the majority of members must always be members of the Board of Trustees.

Full Board meetings take place approximately every quarter, with Subcommittee meetings scheduled before to feed reporting into these meetings.

The members of the Board of Trustees as at 31 March 2017, all of whom held office throughout the year, unless otherwise stated, were as follows: -

Pete McDonnell (Chair)
Graham Stoner
Marigold Chirisa
Mark Butcher
Ravi Ravindran
Rebecca Wilkins
Nena Foster
Simon Killick
Genoveffa Noschese
Kirsty Cornell
Sarah Malcolm (reappointed 8th August 2016)

Trustees can claim for reasonable expenses incurred in undertaking the Charity's business but they receive no remuneration or other financial benefit. All members of the Board have confirmed that they do not have, and have not had any beneficial interest in any contract with the Charity.

The Board of Trustees is required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the surplus or deficit of the Company for that period.

**BOARD OF TRUSTEES REPORT (Incl. Group Directors Report)
for the year ended 31 March 2017 (Cont.)**

The Board of Trustees confirms that suitable accounting policies have been used and applied consistently, reasonably and where estimates are required with prudent judgement in the preparation of the financial statements for the year ended 31 March 2017. The Board of Trustees also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on "*the going concern basis*".

The Board of Trustees is responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Board acknowledges the fact that the London Borough of Tower Hamlets provides the main building at Stepney Green for a peppercorn rent. The charity wants to record its appreciation to the Borough for this support.

Charitable Objectives and Public Benefit Reporting. The Board of Trustees have taken into consideration the Charities Commission pronouncements on the reporting of public benefit that is involved in running a charity. The next few pages of the trustees report relate to the strategy and services provided and highlight the work of the charity and the many benefits that accrue to the people living with HIV as a result.

Positive East Vision

The Charity's Vision is to work towards a world where people living with HIV can fulfil their potential free from stigma and discrimination. Further, we work towards a world where the onward transmission of HIV is eliminated.

Positive East Mission

The Charity works to realise its vision through its mission which is to 'Improve the quality of life of individuals and communities affected by HIV'

Strategic Objectives

In practical terms the Charity developed a 5 year strategy through the delivery of which we seek to achieve our vision and mission. Within the strategy the Charity has 5 strategic objectives which continue to be: -

- i) Provide a holistic range of services that enable people living with HIV to promote their health and wellbeing, support self-management and gain then sustain their independence
- ii) Maintain and increase work in building a safer sex culture, supporting people to stay HIV negative, reduce undiagnosed infection, reduce late diagnosis of HIV and the onward transmission of HIV.
- iii) Expand services across London, supporting the development of best practice models. This will be done where such expansion does not pose a risk to the charity and only where it contributes to and complements the charity's core capabilities
- iv) Influence policy development and service improvement and development that will enable the Charity to further its mission and achieve its vision
- v) Ensure the Charity is sustainable, appropriately resourced, and has the broadest strategic choice to best enable achievement of its vision

**BOARD OF TRUSTEES REPORT (Incl. Group Directors Report)
for the year ended 31 March 2017 (Cont.)**

This financial year was one of celebration, challenge and realising new possibilities.

The Charity continued its celebrations marking its 25-year history of service and support to individuals and communities affected by HIV. Positive East has played a significant role in the lives of thousands of people in those 25 years. In the early days of the epidemic this was supporting people in their last days of life in the context of a condition for which there was no effective treatment, was highly stigmatised and severely impacted on marginalised communities. Thankfully, the advent of effective treatment meant our role changed to supporting people to live well with HIV and helping people fulfil their potential. The Charity also broadened its work to focus on eliminating the onward transmission of HIV building on our relationships of trust with communities disproportionately impacted.

Ours is a history of successfully adapting to the changing need of our beneficiaries – the individuals and communities we support. This core ability has meant our services have continued to remain relevant and been the source of positive, powerful and transformative change for many whose lives the organisation has touched.

The many hundreds of staff, trustees, volunteers and supporters, who have been involved with the Charity over those 25 years, can quite rightly be proud and celebrate their role in the contribution to the success of Positive East's work.

Amongst the highlights of our year of celebrations was our Silver Jubilee Reception held at the House of Lords. We were hosted by our Patron Lord Collins of Highbury and it was a real opportunity to bring together all key stakeholders who had played and continue to play a part on our ongoing journey. Our 25th anniversary rightfully being a time to reflect, remember and celebrate.

This year was also one of challenge. It was the year in which we implemented a change which meant we said goodbye to valued and much respected colleagues. However, whilst a significant factor in the change was finance (i.e. the reduction in statutory funding as a result of government public sector funding reductions) it presented an opportunity for ensuring the Charity remained relevant to the needs of our beneficiaries.

This meant that this year was also one of realising new opportunities and so we used this change to place peer support front and centre of our work. We recognised through our work and from the evidence that people who live with HIV were best placed to support, mentor and share strategies that would equip our clients with the information, skills knowledge and confidence to self-manage and live well with HIV. The changing needs of people living with HIV meant our role in promoting their health and wellbeing was becoming more significant, not least because the people we support are ageing. The Charity therefore created the role of Health and Wellbeing Coordinator and in the latter part of the year established a health and wellbeing programme including regular mindfulness meditation sessions, yoga and workshops and on a wide range of issues providing information, knowledge and practical skills to enable people to live well with HIV. We also took the opportunity to strengthen our information services which meant we are better at supporting people who are more able to meet their needs without the requirement of more in-depth interventions.

Developments also took place within our Prevention and Testing services such as the expansion of our testing offer to include STI screening as well as an HIV test. This new approach, supported by Bart's Health, recognised that the communities we support also disproportionately bear the burden of poorer sexual health as well as HIV infection. It was a further recognition of our ability to connect with often marginalised groups and communities.

We also held our first Pastor's Forum. The Charity understands that many individuals within the communities we support are people of faith. We have therefore continuously developed relationships with faith leaders as part of a process of effectively being able to engage with our target communities. This year we built on those relationships and have established a Pastor's Forum. This forum provides opportunities for dialogue, information sharing and training. It enables us to work more effectively with faith leaders on addressing HIV prevention and testing needs of their congregations as well as

**BOARD OF TRUSTEES REPORT (Incl. Group Directors Report)
for the year ended 31 March 2017 (Cont.)**

supporting faith community members living with HIV. We are excited by the success of this new initiative and are hopeful that it will provide us with a good platform on which to build for the future.

This being the digital age we are constantly experimenting with social media platforms and apps to reach and connect with people about our HIV prevention work. This year was no exception when we used the opportunity of the popularity of Pokémon Go app. We set up Pokémon stops using lure modules. We were supported by an advertising company that developed some artwork and branding producing posters and roller banners that read 'If you would stop for Pokémon. Would you stop for HIV?' Our outreach workers engaged with people who came to the Pokémon Stops providing information, condoms and directing people to where there could get an HIV test.

The way HIV and STI services are being offered is changing in London. There already is an online offer for HIV testing which will be expanded to include sexual health screens. Together with our GMI partners we tested the acceptability of this for Gay and Bisexual men and the value of a community coaching approach. This being where Gay and Bisexual would be able to get support from a member of our prevention & testing teams to support and advise people in how to undertake a self-administered test. Key findings from the study showed that

- 96% agreed that they were able to better understand how self-testing for HIV works after being coached.
- 80% felt more confident with the GMI worker supporting while doing a self-test.
- 69% believed that they would be more comfortable to test themselves next time.

There have been a few other big achievements in the year which would be important to note. These include: -

World AIDS Day 2016 saw our Red Run become the largest HIV community event in the country with 14 HIV Charities participating, over 600 people involved and £60,000 raised for HIV Charities across the city. We had 3 ambitions with the Red Run. Firstly, to enable us to raise awareness about HIV and challenge HIV stigma. Secondly to create a space where HIV organisations, the HIV community and our allies/supporters can come together in solidarity to fight the challenge of HIV. Thirdly to raise much needed funds for HIV services. We believe that it has started to deliver against all 3 of these goals and we will be looking to build on this success in the coming years.

Positive East is a proud partner in the UK AIDS Memorial Quilt Partnership. The partnership's goals are to preserve and share this vital part of the social history of the story of HIV in our country. On November 23rd 2016 the Partnership displayed the 5 Quilts at St Paul's Cathedral (which featured in the BBC documentary Prejudice & Pride). In the weekend around World AIDS Day we displayed Quilts at 10 different venues across London (including 5 at our offices in Stepney). This was the biggest display of the UK AIDS Quilt in London in almost 2 decades. We were delighted to be able to play a role in these events and will be continuing to work with this partnership to achieve its longer-term goals.

This year as well as being one of change and innovation was also one of delivery. The Charity continued to support individuals and communities affected by HIV through our comprehensive range of HIV support and HIV Prevention & Testing services.

This year we provided direct support to 1,700 people living with HIV:

- a) 1,453 with advice and support on benefits and housing
- b) Raised nearly £1.5 million on an annualised basis for clients from benefit and charitable sources
- c) 205 with Counselling
- d) 113 with practical courses, i.e. wellbeing and employment
- e) 194 with Volunteering opportunities

**BOARD OF TRUSTEES REPORT (Incl. Group Directors Report)
for the year ended 31 March 2017 (Cont.)**

This work involved helping people like Hassan.

Hassan's Story

Hassan is a bisexual Pakistani man in his 50s who was diagnosed with HIV and Hepatitis C. He was referred to Positive East by a local HIV clinic as they were concerned that he was isolated and had support needs.

Hassan had told his family that he was living with Hepatitis C but had not disclosed about his HIV status. He was already being partially ostracised by his family, due to his sexuality, and as long as he lives in the family home he must remain in a separate room.

When we spoke with him we identified that he had some issues with his benefits and his English was not that strong. He also wanted to return to work but was unclear as to how the law operates in relation to his health.

We worked with Hassan to get him established on the benefits he was entitled to and linked him with a disability advisor at the Department of Works and Pensions so that he could be supported appropriately. We provided him with Peer Support helping him to explore issues about HIV disclosure, sexuality (within his cultural context) and HIV treatment. We also encouraged Hassan to join our support group for gay and bisexual men, Positive Life, where he made friends and started to build a support network. Hassan joined a Positive East ESOL class to help improve his English.

Hassan is feeling more confident, has made some new friends where he is open about his HIV status, and has started planning to return to work.

It was also a successful year for our prevention and testing services. These services are key in working towards eliminating the onward transmission of HIV, contributing towards reducing late diagnosis of HIV infection and identifying those who have acquired HIV. The Charity delivers prevention and testing services through local borough level contracts, at a London Level through our GMI partnership (where the GMI partnership is the outreach and engagement arm of the Do It London Programme), and nationally through HIV Prevention England. In Positive East, specific work over the last year has enabled us to engaged with over 25,000 people at 41 locations in London and carried out 1,500 HIV tests.

The Future

This year has shown that, even in challenging and uncertain times, we are more than able to continue to deliver on the promise of our vision and mission. At the heart of this success is our ability to be agile and adapt to changing needs of the people we support, reducing funding from statutory sources, and a changing political environment. This is clearly a capability that the Charity needs to nurture enabling us further on our journey to reach our vision.

Over the course of the next year the Charity will be: -

- a) Developing a new strategic plan to support our work for a further 3 years ensuring that we continue on-course to achieving our vision and mission
- b) Embedding the change of this year and developing our new service model and in particular our approach to promoting the health and wellbeing of people living with HIV.

**BOARD OF TRUSTEES REPORT (Incl. Group Directors Report)
for the year ended 31 March 2017 (Cont.)**

- c) Developing our prevention and testing services building on our faith work through our evolving Pastor's forum, undertaking some insight work with African Communities around HIV prevention messaging, preparing for the roll out of PrEP and how some of the communities we work can benefit, and reviewing our 5 years of HIV community based testing data to learn lessons from our work.
- d) Further nurturing and developing our capability around change ensuring we continue to be agile and adaptable to our changing environment.
- e) Continuing to ensure our sustainability through an increased focus on raising voluntary income.

Reserves Policy

The board and management of the charity, in line with guidance from the Charities Commission, aim to hold adequate reserves to cover the ongoing costs of the operations of the charity. This is essential in today's environment to reflect the continued challenging times facing the economy. The ongoing drive by government to reduce the public deficit and the attendant impact on funding from all sources as well as the increased uncertainty from the EU referendum in June 2016 exacerbated by the recent general election which resulted in a minority Conservative government.

The current level of free reserves (defined as being unrestricted reserves less fixed assets) is £348,000 (2016 £179,000 and 2015 £334,000) after posting a consolidated £152,000 surplus in the year (2016 £176,000 deficit). This roller-coaster ride over the past 2 financial years occurred when we downsized in the summer of 2016 to reflect statutory funders announcing unexpected and substantial cuts in funding at the start of 2016. The charity then took the necessary action to remodel its service delivery by making some staff redundant (and incurring the £187,000 exceptional item in the 2016 accounts) to reflect the new financial realities. Only to find that the same funders took longer to implement these reductions than was expected which has resulted in a large counter-balancing surplus in the current year in 2017.

The result is a reduced cost base of around £1.2 million annually which after the large deficit and near equal rebound is expected to be the new norm.

With planned budgeted operational spend of £1.2 million in 2017/18 or around £100,000 per month this means the charity has currently some three and half months of free reserves. This is below what the charity has set for its reserves and Trustees have committed to review how to achieve a suitable increase in reserves to a position in which the Charity feels more comfortable. A target to increase, consistently over the foreseeable future, by running surpluses was agreed by the trustees. The aim being some £25-35,000 per annum, funding dependent.

Risk Management

Management, at the direction of the board, continue to review the risk profile of the charity as part of its governance responsibilities.

The Assessment was undertaken firstly by identifying the internal and external threats or potential threats. Then reviewing what mitigating actions have been put in place to manage or minimise these threats and finally the ongoing management of the risks through the governance and long term strategy of the organisation.

**BOARD OF TRUSTEES REPORT (Incl. Group Directors Report)
for the year ended 31 March 2017 (Cont.)**

Internal threats. The obvious threats from fire or theft continue to be monitored and are all fully insured. The reliance on a single location (Stepney Centre) for the operations means that the business interruption aspect of the insurance coverage are vital to ensure that we could afford to relocate and set up in some temporary premises whilst the office is repaired. As part of the annual insurance review in 2017 we checked that the business interruption aspects of the insurance policy to ensure it remains sufficient to meet the needs of the charity. The cover in mid-2017 remains adequate and covers the additional spend from any relocation required.

Finally, the Health and Safety Group continues to monitor and manage all physical risks to the organization. The Group continues to work through the physical risks to the charity and, reporting their findings through the People and Services Committee to the board to keep ahead of the problem.

The external threats. As mentioned above, in the reserves section, the charity was notified and responded to a substantial funding threat from the statutory funders and over a two-year period has seen the loss of nearly £400,000 annually. To better help manage risks of this size and nature the charity has introduced a new and more comprehensive risk management process – the Operational Business Continuity process. This involves defining and monitoring specific risks with predefined responses and detailed steps to avoid financial insolvency. Additionally, the charity keep under review the cost base and to this end identified and implemented a £350,000 cost reduction involving 25% of the paid staff to rebalance the cost base during 2016. Finally, the charity is pursuing the increased use of the people living with HIV to deliver services which will mean an enhanced service user capability as well as a more sustainable cost base.

Financial Results**Income and Expenditure.**

Current year. The results are set out on page 16. They show that the income fell to £1,323,000, (2016 £1,530,000 - so a reduction of £207,000) and with expenditure also down at £1,171,000 an operating surplus of £152,000 was achieved. These fluctuations over the past couple of years are fully explained in the reserves policy paragraph earlier.

Our thinking in relation to the sustainability of the Charity is set out above. In summary, the strategy remains one of maintaining a core of statutory funding, continuing to increase voluntary income and an expansion in the use of volunteers in the delivery of the services.

Fixed Assets

Details of the movement in fixed assets are in note 12 to the financial statements. The year saw the net book assets of the charity continue their reduction year on year as a result of minimal purchases and ongoing depreciation. The net book value went down from £90,000 to £74,000 with only £4,000 of additions and £20,000 of depreciation.

**BOARD OF TRUSTEES REPORT (Incl. Group Directors Report)
for the year ended 31 March 2017 (Cont.)**

Investment powers

The charity's investment powers are governed by clause 3 (r) of the Memorandum of Association which permits the investment of monies not immediately required for its purposes as may be thought fit. Surplus money is placed on a high interest bearing account. The year saw interest income of £5,758

(2016 £5,377) reflecting the ongoing use of CCLA Investment Management Ltd (CCLA) where the charity holds all its operational cash surplus at higher rates than main street banks.

We continue to hold some of the cash surplus in a CCLA investment product. We had invested £125,000 and at year end we had a surplus on revaluation of £19,000. This has been subsequently sold to assist in the funding of the charity thereby returning our investment to around the £125,000 mark.

A. Statement of Trustees' Responsibilities

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

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Trustees are required to:

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

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

B. Auditors

M J Bushell Ltd has indicated that they are willing to be reappointed as auditors for the next year.

**BOARD OF TRUSTEES REPORT (Incl. Group Directors Report)
for the year ended 31 March 2017 (Cont.)**

C. Disclosure of information to auditors

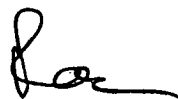
Each of the Trustees (directors) has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Approved by the Board of trustees on 6th November 2017 and signed on its behalf by



Pete McDonnell
Chair



Ravi Ravindran
Treasurer and Vice Chair

**INDEPENDENT AUDITORS' REPORT
to the members of Positive East**

We have audited the financial statements of Positive East for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities (including income and expenditure accounts), the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2017 and of the group's 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 and the Charities Act 2011.

**INDEPENDENT AUDITORS' REPORT
to the members of Positive East (Cont.)**

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

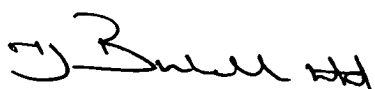
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Other matter

Your attention is drawn to the fact that the charity has prepared financial statements 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) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.



Ian Warwick ACA FCCA (Senior Statutory Auditor)
for and on behalf of M J Bushell Ltd

.....8-11-2017.....

Chartered Accountants
Statutory Auditor

8 High Street
Brentwood
Essex
CM14 4AB

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(including income and expenditure accounts)
for the year ended 31st March 2017

		2016-2017			2015-2016		
		Unrestricted funds	Restricted funds	year ended 31 March 2017	Unrestricted funds	Restricted funds	year ended 31 March 2016
	Notes	£	£	£	£	£	£
INCOME AND ENDOWMENTS FROM:							
Donations and legacies							
1. Grants received from core activities	3	-	89,000	89,000	-	89,000	89,000
2. Donations and legacies	4	14,090	-	14,090	7,333	-	7,333
Charitable activities							
1. Performance related grants	5	-	1,117,675	1,117,675	-	1,325,088	1,325,088
Earned from other activities							
1. Other trading activities	6	65,658	-	65,658	93,248	-	93,248
2. Commercial trading operations	13	11,365	-	11,365	10,124	-	10,124
Investment and Other income							
1. Investment income	7	24,870	-	24,870	5,377	-	5,377
Total Income and Endowments		115,983	1,206,675	1,322,658	116,082	1,414,088	1,530,170
EXPENDITURE:							
Cost of raising funds							
1. Fundraising costs	8a	147,880	-	147,880	238,422	-	238,422
2. Trading costs	13	9,767	-	9,767	10,315	-	10,315
Expenditure on Charitable activities							
1. HIV Testing and Prevention services	8a	-	267,788	267,788	-	285,561	285,561
2. Advice	8a	-	325,565	325,565	-	808,028	808,028
3. Peer Supports and Counselling services	8a	-	366,444	366,444	-	119,755	119,755
4. Governance costs	8a	-	53,074	53,074	-	57,505	57,505
5. Exceptional Item	8b	-	-	-	187,000	-	187,000
Total Expenditure		157,647	1,012,871	1,170,518	435,737	1,270,849	1,706,586
Net income/(expenditure)		(41,664)	193,804	152,140	(319,655)	143,239	(176,416)
Transfers between funds		193,804	(193,804)	-	143,239	(143,239)	-
Net movement in funds		152,140	-	152,140	(176,416)	-	(176,416)
Reconciliation funds:							
Total fund brought forward		270,292	-	270,292	446,708	-	446,708
Total Fund carried forward		422,432	-	422,432	270,292	-	270,292

CONSOLIDATED AND PARENT CHARITABLE COMPANY BALANCE SHEETS
as at 31st March 2017

	Notes	Group		Charity	
		2017	2016	2017	2016
		£	£	£	£
Fixed assets					
Tangible assets	12	74,476	90,252	74,476	90,252
Investments	13	155,106	135,995	155,106	135,995
Total fixed assets		229,582	226,247	229,582	226,247
Current assets					
Debtors	14	101,085	188,348	100,695	187,939
Cash at bank and in hand		412,482	234,091	410,530	233,754
Total current assets		513,567	422,439	511,225	421,693
Creditors: amounts falling due within one year	15	320,717	378,394	320,717	378,394
Net current assets		192,850	44,045	190,508	43,299
Total net assets		422,432	270,292	420,090	269,546
Funds					
Restricted income funds	16a	-	-	-	-
Unrestricted funds:					
- General funds	16b	422,432	270,292	420,090	269,546
Total funds	17	422,432	270,292	420,090	269,546

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Trustees and authorised for issue on the 6th November 2017 and are signed on its behalf by:



Pete McDonnell
Chair



Ravi Ravindran
Treasurer and Vice Chair

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31st March 2017

	Notes	£	2017	£	£	2016	£
Cash flows from operating activities							
Cash generated from/(absorbed by) operations	20			176,639		(50,345)	
Cash flows from investing activities							
Interest received		5,758			5,377		
Purchase of tangible fixed assets		(4,008)			(3,965)		
Purchase of investments		0			(135,995)		
Net cash generated from/(used in) investing activities				<u>1,750</u>		<u>(134,583)</u>	
Net increase/(decrease) in cash and cash equivalents				178,389		(184,928)	
Cash and cash equivalents at beginning of year				<u>234,092</u>		<u>419,020</u>	
Cash and cash equivalents at end of year				<u>412,481</u>		<u>234,092</u>	

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st March 2017**

1 Accounting Policies**Company information**

Positive East is a private company limited by guarantee incorporated in England and Wales. The registered office is 159 Mile End Road, London, E1 4AQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 as applicable to companies subject to the small companies regime and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view. The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements of Positive East prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS102.

1.2 Basis for consolidation

The Group accounts consolidate the accounts of Positive East and its wholly-owned non-charitable subsidiary trading company Purple People Enterprises Limited, on a line by line basis. The Company has availed itself of Paragraph 3(3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Company's activities. No separate income and expenditure account or statement of financial activities has been presented for the Company alone as permitted by Section 408 of the Companies Act 2006.

1.3 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

1.4 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the accounts.

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017**

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

1.5 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received. Where the income relates to charitable trading activities, it is shown net of VAT.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

All income arises in the United Kingdom.

Income shown on the face of the Statement of Financial Activity (SOFA) is split between unrestricted, restricted and project income and the differentiation is based on the following definitions:

- Project income funds are those for which the funding was made available for specific identifiable outputs which are discrete and separately identifiable from the core activity of advice and support that the charity was established to deliver;
- Restricted funds are those funds subject to specific conditions, usually relating to the provision of a salary for a position within the charity;
- Other income funds are those which are generated by specific and deliberate actions of the employees and others in furtherance of the charity's aims, for example, the renting of spare room space;
- Unrestricted income, relates to funds provided for which no specified output or resource requirement is made, given to the charity merely in furtherance of its objectives.

1.6 Resources expended

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 and includes attributable value added tax which cannot be recovered. Costs are allocated to the different activities as follows:

All direct staff costs are allocated in full to their respective areas as are non-staff directly attributable spend. Infrastructure overhead costs are assigned to the various service areas on the basis of the percentage of area staff costs to total staff costs. This is believed to be a reasonable approximation.

- **Costs of Generating funds** involves the spend associated with fundraising in the broadest sense. Therefore, it addresses the direct cost of staff employed in the fundraising function and associated other spend on volunteers and promotional materials of a charity wide nature. It also includes the costs of senior management involved in fundraising.
- **Prevention Services** involve a variety of testing and awareness promotion activities but some 70% represents the cost of the workers involved in providing the service. The remainder of the direct spend is advertising and volunteer costs.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017

- **Treatment and Care Services.** This heading incorporates the work done by the advice function as well as the African and gay men services which are combined in the Community Support Group. The expenditure in this area is again overwhelmingly the employment costs of the workers involved in providing the services. In addition, the African Services also includes the cost of running a substantial number of support groups and includes food as well as crèche and other related costs. Additionally, the Gay Man Services includes the cost of service awareness and promotion. Finally, the counselling services provided by both staff and an increasing number of volunteers is included here.
- **Social Care** combines Volunteer and costs associated with our employability programme which again include staff costs as well as training and career management costs with their attendant travel and subsistence. It also covers the Healthy Living costs includes some employment but also the cost associated with maintenance of the gym, complementary therapies and running the subsidised café.
- **Governance costs** are included in the accounts based on a narrow definition of governance costs being principally related to staff and other costs to provide information to the Board of Trustees in furtherance of their role in strategic management of the charity. Additionally, it covers the costs associated with the preparation of management financial information and the statutory accounts and the necessary associated filing of returns with Companies House and the Charities Commission.

1.7 Tangible fixed assets

All assets costing more than £250 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation and impairment is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, which is reviewed annually. The rates used are as follows:

- | | | |
|--------------------------|---|-------------------|
| • Fixtures and fittings | - | 25% straight line |
| • Equipment | - | 25% straight line |
| • Computer equipment | - | 33% straight line |
| • Leasehold improvements | - | 5% straight line |
| • Gym equipment | - | 10% straight line |

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the charity becomes party to the contractual provisions of the instrument.

Financial assets are offset, with the net amounts presented in the accounts when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Financial assets classified as other financial assets are stated at fair value with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017**

Derecognition of financial assets in the year

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Financial liabilities classified as other financial liabilities are stated at fair value with any gains or losses arising on re-measurement recognised in profit or loss.

De-recognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017

3. Grants receivable for core activities

MacAIDS

Unrestricted funds	Restricted funds	Total 2017	Unrestricted funds	Restricted funds	Total 2016
£	£	£	£	£	£
-	89,000	89,000	-	89,000	89,000
-	89,000	89,000	-	89,000	89,000

4. Donations and legacies

Donations

Unrestricted funds	Restricted funds	Total 2017	Unrestricted funds	Restricted funds	Total 2016
£	£	£	£	£	£
14,090	-	14,090	7,333	-	7,333
14,090	-	14,090	7,333	-	7,333

NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017

	Unrestr icted funds	Restricted funds	Total 2017	Unrestr icted funds	Restricted funds	Total 2016
	£	£	£	£	£	£
5. Performance related grants						
London borough of Hackney - HIV Prevention and Testing		-	-		48,897	48,897
London borough of Hackney - HIV Supports		145,880	145,880		202,124	202,124
London borough of Hackney - HIV Testing - HealthWatch		-	-		8,000	8,000
City Bridge Trust		19,500	19,500		43,000	43,000
London Borough of Havering - HIV support		13,257	13,257		13,257	13,257
Dagenham		49,930	49,930		55,000	55,000
Londond Borough of Tower Hamlets - HIV Prevention and Testing		135,517	135,517		139,517	139,517
London Borough Tower Hamlets - HIV Supports		87,005	87,005		95,512	95,512
London Borough of Newham		195,599	195,599		195,599	195,599
Pan London Gay Men Interaction (GMI) BME		62,276	62,276		62,897	62,897
London Borough of Redbridge - HIV supports		78,673	78,673		5,300	5,300
London Borough of Waltham Forest - HIV Support		82,493	82,493		74,461	74,461
London Borough of Waltham Forest - HIV African Support		19,500	19,500		92,200	92,200
London Borough of Waltham Forest - HIV Testing		-	-		24,000	24,000
HPE - African		11,150	11,150		15,000	15,000
HPE - Gay		-	-		17,755	17,755
Henry Smith		35,600	35,600		26,314	26,314
ViiV Healthcare		15,000	15,000		34,910	34,910
Award for all - OASIS		-	-		8,775	8,775
Big Lottery - Reaching Community		75,724	75,724		3,000	3,000
Heritage Project		-	-		73,518	73,518
Comic Relief		25,364	25,364		51,900	51,900
Homerton		4,500	4,500		25,152	25,152
Pilgrim		13,611	13,611		9,000	9,000
Gilead Testing		27,097	27,097		-	-
Gilead-Reassure		5,000	5,000		-	-
Big Lottery - Big Potential		15,000	15,000		-	-
	-	1,117,675	1,117,675	-	1,325,088	1,325,088
	-	1,117,675	1,117,675	-	1,325,088	1,325,088

NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017

6. Other trading activities

	Unrestricted funds	Restricted funds	Total 2017	Unrestricted funds	Restricted funds	Total 2016
	£	£	£	£	£	£
Fundraising events	57,398	-	57,398	68,144	-	68,144
MAST - income from letting arrangements for property	5,500	-	5,500	15,000	-	15,000
Other income	2,760	-	2,760	10,104	-	10,104
	65,659	-	65,659	93,248	-	93,248

7. Investment income

	Unrestricted funds	Restricted funds	Total 2017	Unrestricted funds	Restricted funds	Total 2016
	£	£	£	£	£	£
Interest	5,758	-	5,758	5,377	-	5,377
Revaluation of CCLA investment at fair value at 31.03.17	19,112	-	19,112	-	-	-
	24,870	-	24,870	5,377	-	5,377

8a. Total resources expended

	Fundraising	HIV Testing and Prevention services	HIV Supporting services	Social Care	Governance	Total 2017	Total 2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff Costs (Note 10)	106	196	234	273	42	851	1,154
Direct costs (Non Staff)	15	23	33	25	-	96	131
Overhead	9	17	20	23	4	73	74
Infrastructure	18	32	39	45	7	141	151
Total Resources Expended	148	268	326	366	53	1,161	1,510

Note: the difference between the total expenditure shown on the Consolidated Statement of Financial Activities (page 15) of £1,171,000 (2016: £1,707,000) and the table above of £1,161,000 (2016: £1,510,000) is the trading costs of £10,000 (2016: £10,000)

NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017

8b. Exceptional item

In early 2016 the charity was informed by a number of the main Statutory funders that they were intent to implement some unexpectedly large funding cuts to the Positive East 2016/17 and future funding resulting from the new squeeze on the public deficit that the Chancellor had announced after the 2015 election.

The charity had been planning for a range of scenarios and found itself confronted with the loss of £400,000 between 2015/16 and 2016/17. The charity's principal cost is staff (70-75% of the cost base is staff employment related), therefore any cost savings need to address this cost. Additionally, the charity has responded by reviewing the model of delivery to incorporate an extension of the use of service users as volunteers in the co-production model embarked upon a couple of years back.

The charity announced to the staff the need for the downsizing in early April 2016 and embarked on a consultation period. The new organisation based on affordability was finalised by May and this has meant that the charity was reduced its staffing levels by around 25%.

The cost associated with this downsizing in terms of both redundancy and notice was costed at £187,000. The charity therefore charged the 2015/16 accounts with this cost.

Note the substantial surplus in the current year reflects the fact that the Statutory funders were slower in implementing their cuts than anticipated. But they have now come through at the level expected.

9. Net income/(expenditure)

Net income/(expenditure) is stated after charging/(crediting):

- Staff costs
- Depreciation - owned assets
- Professional Indemnity Insurance
- Auditors' remuneration for the audit of the company's accounts
- Auditors' remuneration for all other non-audit services

2017	2016
£	£
851,484	1,153,732
19,784	23,867
9,992	9,259
5,800	5,400
-	2,334
<u>887,060</u>	<u>1,194,592</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017

10. Staff Costs

Total employment costs were:

Wage and salaries
Social security costs
Pension costs

2017	2016
£	£
719,850	976,515
65,305	95,717
66,329	81,500
851,484	1,153,732

Fundraising
Prevention
Treatment and Care
Social care
Administration of the charity

2017	2016
£	£
2	3
4	4
3	7
6	7
5	7
20	28

11. Board of Trustees expenses

During the year no trustees claimed travel expenses. No trustees nor any persons connected with them have received remuneration or Benefits in Kind (2016: none)

NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017

12. Tangible fixed assets	Leasehold Improvements £	Other Leasehold £	Less Government Grant £	Furniture and Fittings £	Office Equipment £	Computer Equipment £	Gym Equipment £	Total 2017 £	Total 2016 £
Historical costs									
At 1st April 2016	596,722	151,338	(280,000)	37,235	17,767	123,658	6,516	653,236	649,270
Transfers									
• Additions	-	-	-	-	-	4,007	-	4,007	3,965
• Disposals									
At 31st March 2017	596,722	151,338	(280,000)	37,235	17,767	127,666	6,516	657,243	653,235
Depreciation									
At 1st April 2016	596,722	80,867	(280,000)	35,776	15,672	112,916	1,032	562,983	562,983
• Reclassification Transfers	-	-	-	-	-	-	-	-	-
• Charge for the year	-	8,026	-	629	692	9,785	652	19,784	23,867
• Disposals									
At 31st March 2017	596,722	88,893	(280,000)	36,405	16,364	122,701	1,683	582,767	586,850
Net book value									
At 31st March 2016	-	70,472	-	1,459	2,094	10,743	5,484		90,252
At 31st March 2017	-	62,445	-	830	1,403	4,965	4,833	74,475	

13. Fixed asset investments

Subsidiaries

Positive East has a wholly owned trading subsidiary undertaking, Purple People Enterprises Limited, a company incorporated and registered in England and Wales (Registration No. 06956340). The principal activities are catering services and well-being courses. All its profits are paid to the charity by gift aid.

A summary of the results is shown below:

NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017

Profit and Loss Account

Turnover

Expenditure

Deficit

Balance sheet

Current asset

- Cash in hand
- Debtors and prepayment
- Other debtors - VAT receivable from HMRC

Creditor

- amount falling due within one year
- other creditors - accrual

Total assets less current liabilities

Called up share capital

Retained earnings

Charity fund

2017	2016
£	£
11,365	10,124
(9,767)	(10,315)
<u>1,598</u>	<u>(191)</u>
1,951	337
	-
392	408
-	-
<u>2,343</u>	<u>745</u>
125,000	125,000
(122,657)	(124,255)
<u>2,343</u>	<u>745</u>

As a result of past years' poor trading we consolidated the trading company activity in the current year under review. We cut the expenditure relating to the mindfulness programme and concentrated on the cafe where we were able to make a small surplus.

Additionally, we have actively and successfully sought out grant funding for the mindfulness programme. At the end of 2016 and into early 2017 we were successful in gaining funding from both Big Lottery and City Bridge Trust. This has enabled us to breath fresh life into the mindfulness programme and it is expected to return to the market with an offering in subsequent years.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017

13. Fixed asset investments (cont.)

Listed investments
Unlisted investments

Group		Charity	
2017	2016	2017	2016
£	£	£	£
145,106	125,995	145,106	125,995
10,000	10,000	10,000	10,000
155,106	135,995	155,106	135,995

Listed investments included above

Listed investments carrying amount

Group		Charity	
2017	2016	2017	2016
£	£	£	£
145,106	125,995	145,106	125,995
145,106	125,995	145,106	125,995

14. Debtors

Grants Receivable:

Others
Pan London - GMI project
REAL
London Borough of Barking and Dagenham
Terrence Higgins Trust
Barclays PLC
Chilli Pig
Interbanks
Homerton

Group		Charity	
2017	2016	2017	2016
£	£	£	£
140	150	141	150
	-		-
10,972	22,776	10,973	22,776
	13,750		13,750
10,625	8,351	10,625	8,351
	7,607		7,607
10,179	7,981	10,179	7,981
3,021		3,021	
4,500		4,500	
39,437	60,615	39,439	60,615
6,074	6,865	6,074	6,865
(1,451)	-	(1,451)	-
6,127	8,923	6,127	8,923
50,506	106,061	50,506	106,061
392	5,884	-	5,475
101,085	188,348	100,695	187,939

Other Debtors
Amount due from group undertakings
Prepayments
Accrued income (WIP income)
VAT receivable from HMRC

Total

NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017

15. Creditors: amounts falling due within one year:

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade Creditors	40,907	41,749	40,907	41,749
Other Creditors	59	7,201	59	7,201
Taxation and social security	16,831	25,470	16,831	25,470
Accruals	23,177	14,911	23,177	14,911
Deferred income	222,296	102,064	222,296	102,064
Provision for Downsizing	-	187,000	-	187,000
Amount due from group undertakings	-	-	-	-
VAT payable to HMRC	17,447	-	17,447	-

320,717	378,395	320,717	378,395
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Deferred Income: On a few projects where there are some specific deliverable or outputs and these have not been met by the end of the financial period (31st March 2017) then a value representing the portion remaining unmet is deferred until the future. At 31st March 2017, a total of £222,296 (2016 the equivalent was £102,064) was rolled over to the future. Included in this year's total is an amount of £96,000 from MAC AIDS, £60,000 from Hackney which we received before year end but the project is planned to start in 2017/18.

16. Funds**16a. Restricted Reserves**

	Brought Forward	Income	Expenditure	Carried Forward
	£	£	£	£
London borough of Hackney - HIV Supports		145,880	145,880	
City Bridge Trust		19,500	19,500	-
London Borough of Havering - HIV support		13,257	13,257	-
London Borough of Barking and Dagenham		49,930	49,930	-
Londond Borough of Tower Hamlets - HIV Prevention and Testing		135,517	135,517	-
London Borough Tower Hamlets - HIV Supports		87,005	87,005	-
London Borough of Newham		195,599	195,599	-
Pan London Gay Men Interaction (GMI)		62,276	62,276	-
London Borough of Redbridge - HIV supports		78,673	78,673	-
London Borough of Waltham Forest - HIV Support		82,493	82,493	-
London Borough of Waltham Forest - HIV African Support		19,500	19,500	-
HPE - African		11,150	11,150	-
Henry Smith		35,600	35,600	-
ViiV Healthcare		15,000	15,000	-
Big Lottery - Reaching Community		75,724	75,724	-
Comic Relief		25,364	25,364	-
Hormerton		4,500	4,500	-
MAC AIDS		89,000	89,000	-
Pilgrim		13,611	13,611	-
Gilead Testing		27,097	27,097	-
Gilead-Reassure		5,000	5,000	-
Big Lottery - Big Potential		15,000	15,000	-
		1,206,675	1,206,675	-

NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017

16b. Unrestricted Reserves:

General Fund

Total

Brought forward	Income	Expenditure	Carried Forward
£	£	£	£
270,292	309,787	(157,647)	422,432
270,292	309,787	(157,647)	422,432

17. Analysis of net assets between funds

Tangible fixed assets

Investment

Cash at bank and in hand

Other current assets

Current liabilities

Transfer between funds

Unrestricted funds	Restricted funds	Total 2017	Total 2016
£	£	£	£
74,475	-	74,475	90,252
155,107	-	155,107	135,995
412,481	-	412,481	234,092
101,085	-	101,085	188,348
(320,717)	-	(320,717)	(378,395)
193,804	(193,804)	-	-
616,236	(193,804)	422,432	270,292

18. Retirement benefit schemes

Defined contribution schemes

The charity pays a non-contributory 6% of the staff's salary into nominated stakeholder pensions on their behalf. The total cost to the charity during the financial year was £66,329 (2016 £81,500) which decreased by £15,171 due to a lower number of staff in the year.

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the year ended 31st March 2017**

19. Related party transactions

Remuneration of key management personnel

Key management personnel have been identified as the Chief Executive Officer and the Chief Finance Officer.

The remuneration of key management personnel is as follows:

Aggregate compensation

2017	2016
£	£

Transactions and balances with related parties

At the year end the charity was owed £nil (2016: £nil) by its subsidiary company.

The balances are non-interest bearing and are repayable on demand in cash.

No guarantees have been given or received.

20. Cash generated from operations

Surplus/(deficit) for the year

Adjustments for:

Investment income recognised in profit or loss

Depreciation and impairment of tangible fixed assets

Movements in working capital:

Increase in debtors

Increase in creditors

Cash generated from/ (absorbed by) operations

2017	2016
£	£
152,140	(176,416)
(24,870)	(5,377)
19,784	23,867
87,263	(30,915)
(57,678)	138,496
176,639	(50,345)