

Registered number: 06525659  
Charity number: 1124673

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

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**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**Trustees** Frances Prestidge, Clerk to the Trustees  
Elaine Green  
Peter Sorrell  
Kajetan Kasinski  
Martin Bould

**Company registered number** 06525659

**Charity registered number** 1124673

**Registered office** Glebe House  
Shudy Camps  
Cambridge  
CB21 4QH

**Company secretary** Peter Cox

**Independent auditors** Peters Elworthy & Moore  
Chartered Accountants  
Statutory Auditors  
Salisbury House  
Station Road  
Cambridge  
CB1 2LA

**Bankers** Barclays Bank plc  
Cambridge Business Centre  
28 Chesterton Road  
Cambridge  
CB4 3AZ

**Investment managers** Quilter Cheviot Limited  
One Kingsway  
London  
WC2B 6AN

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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The Trustees present their annual report together with the audited financial statements of the company for the year 1 April 2021 to 31 March 2022. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) second edition October 2019 (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

**Objectives of the Trust**

"To provide a therapeutic community for the treatment of children and young people who are unstable and maladjusted and in need of assistance.

To offer an emotionally secure and monitored environment which supports adolescent males who are a risk (emotionally and physically) to themselves, to children and to the wider community."

**The Charity's Aims, Achievements and Performance**

To provide and maintain one or more homes in which children and young people in need of such assistance may reside in conditions calculated to assist them to establish themselves in life as responsible members of society.

Over an average of two years residents are encouraged to recognise behaviour that puts others and themselves at risk and find effective ways to deal with these behaviours. The aim is to assist them to learn how to maintain socially and legally acceptable standards of behaviour so that they can resume independent living in the future.

"The care staff and clinical team manage children's exceptionally high risks remarkably well. The resident clinical team provides children with individual and group therapy sessions throughout the week. Children engage well in the therapeutic programme. As a result, overall, children's risks are either reduced or safely contained." Ofsted Report 2022

**Our services include:**

- A residential treatment service to address harmful sexual behaviour in older teenager males
- An independence transition service to support our young people on their return to their own communities
- An on-site school plus vocational education
- Training and consultancy
- Community based risk assessment
- Community based assessment and intervention work

**How do we know our beneficiaries benefit from our services?**

In accordance with the Charity Commission's general guidance on the provision of public benefit Trustees have considered the Trust's objectives and activities.

The Trust provides public benefit by decreasing the risk of harm to others and increasing the social inclusion and positive life chances for our young people. Without such interventions these young people are more likely to become marginalised, exploited and to exploit. This trajectory increases the likelihood of them ending up in custodial or psychiatric facilities.

We know this because of research commissioned by the Trust from independent academic research between 2002 and 2012. This long term follow up study showed that compared with a matched comparison group who were not placed in Glebe House, a young person completing two years at Glebe House:

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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- Commits an average of 15 fewer violent or sexual crimes over the subsequent 5 years than the comparison group
- Had a re-offending rate for any crime of 16% vs 44% for the comparison group who did not come to Glebe House
- a 7-fold reduction in future sexual and non-sexual crime for the programme completers compared with a matched comparison group who were not placed with the service

The Institute of Criminology, Cambridge University evaluated the support offered to recent programme completers who used the Circles of Support and Accountability to manage their return to the wider community.

Such long-term, independent outcome studies are very unusual, and it is part of the Trust's commitment to effective outcomes that this research was commissioned. It is very reassuring to be able to share this evidence about how effective the Trust's work is, with families, commissioners, and regulators.

**Developments over the last year**

The Trust had four main goals for the year ending March 2022

**1. Building a secure financial base for developing the trust over the next 5 years.**

Reaching profitability alone is not sufficient to guarantee that we thrive, so the Trust undertook a Strategic Review of its activities to identify how it should respond to the changing needs of our highly stigmatised and challenging clientele and the needs of commissioners.

As a result of the strategic review we have identified the following priorities to progress during 2022/23

- Improving internal management through the appointment of a full time CEO to reshape the organisation and its service offering
- Our Defined Benefit Contribution Pension represents a significant threat to the Trust's long-term financial viability. The trust has already made significant changes to mitigate this risk and is in active discussions with the pension provider to manage it down further. We hope to reach a definitive solution for this liability during this financial year (2022/23)
- Improving the campus. The strategic review highlighted the need for significant investment in the physical infrastructure of the Trust. During 2022/23 we aim to
  - Deal with the relatively small number of urgent issues identified in the recent full site survey
  - Begin to plan the major upgrade to facilities that is needed. This will be a multi-year project.
- Raising the standard of ratings in all aspects of regulatory oversight. The Trust acknowledges a need for constant improvement and self-awareness, and, with the staff body, is making good progress in this.
- Increasing and maintaining the resident group numbers, to bring about a more effective economy of scale and build the financial strength to finance improvements on the site and within the workforce

**2. The second goal of the trust this year was to continue to improve the school.**

The school was registered as an Independent School with the Department of Education in 2017. In July 2020 the Department for Education has agreed to change the status of the school of Glebe House as a school catering wholly and mainly for pupils with SEN (Special Educational Needs).

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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The Ofsted inspection of March 2022 gave our Independent School a rating of Good, We will use Ofsted's own words

"Glebe House is a special place. It is more than a school. It is part of a therapeutic community that works together to improve the life chances of the young men who live there. Pupils come to Glebe House with difficult and challenging histories. The school provides them with a safe place to learn, separate from the very challenging aspects of their lives that they work on with their therapists."

These comments are recognition of the efforts of the school staff and its direct support, as well as the high regard that the pupils hold for the school and its staff.

3. The third goal of the trust is to continue to improve the residential offering and rating.

The Trust recognises that much of the financial security that it aspires to achieve dovetails with the regulatory measurement of the skills of the workforce, and the quality of the service offering.

The Senior Management Team have strived to bring a higher level of professionalism in the relatively new workforce that has been built up since the ease of lockdown and the subsequent staff turnover.

Ofsted have recognised the improvements in their interim visit before the end of the financial year.

4. And finally to build a resilient and fully staffed organisation.

The Trust has seen some staff loss since the end of lockdown, and was already less than fully staffed. The Trust looks to change this position, with a full staff offering and improved staff retention before expanding its resident occupancy.

This has proved to be very challenging, but there are signs that we could deliver this before the end of the 2022/23 financial year.

#### **Financials**

The Trust made good headway in its ambitions to generate an operating surplus through the year.

Staff turnover increased following the easing of lockdown restrictions, and although the Trust still had some vacancies to fill, the safeguarding requirements have never been compromised.

The Trust saw some financial gain as a consequence of operating at a lower staffing level, along with a maintained level of residents and a positive gain on its portfolio. Furthermore, the FRS102 adjustment showed a positive movement of £1.15m which resulted in a surplus of £1.66m. This has replenished the reserves.

#### **Pensions**

56% of staff are now on our Defined Contribution private pension scheme. Over time this proportion will continue to rise due to staff turnover. The Trust's pension costs at an operating level are decreasing, however the percentage uplift to employer contributions is likely to increase as the pension provider seeks to bring down the liability in a shorter term.

Currently the uplift is manageable (at 24.5%) given that less than half of the workforce remains in the scheme. However, the defined benefit pension scheme remains a highly significant, and largely unpredictable, cost to the Trust. With stock markets and interest rates remaining volatile, this burden will remain unpredictable and the Board is completely committed to working with our pension provider to find a stable long-term solution to this difficult problem.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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Up to 31 March 2022 the deficit for our Defined Benefits Pension scheme stands at £1.3m compared to £2.5m in 2021. In the medium term the Board remains committed to work with the Pension fund to agree a way to pay this down.

**Reserves policy**

Trustees intend that any reserve should be covered by readily realisable assets in preference to fixed assets and our reserves policy should be as advised by the Charity Commission.

The Trust's reserves policy requires a value of 9 months of expenditure (which is £2,725k x 75% equals £2,044k) considering the 2021/22 figures.

The Trust also seek to create a Site Development reserve of £1m so that the extensive maintenance and remedial works required can commence, once the logistics have been resolved.

The Trust has free reserves (excluding allowance for a Defined Benefit Pension liability of £1,314k) of £3,926k. The additional funds are held to ameliorate further operating losses that may arise from the unpredictability of:

- our portfolio (which in the previous year saw substantial impact due to Covid-19 related shortages), and
- our occupancy level (fees based) which can be adversely affected by the pandemic.

The Trustees also want to be able to ensure that staffing levels and our quality of service is not compromised as a result of insufficient reserves to weather a difficult trading period, for as long as the pandemic should last.

**Investment Policy**

The Trust maintains a high level of cash and readily convertible investments to ensure that the cashflow principles (prompt payments to staff and local suppliers) is consistent and not adversely affected if our resident occupancy (fees based) falls below the minimum level required of 9.

There is a range of banks and building societies used to hold the liquid reserves (70% of reserves) of the Trust, and the Trust manages its investment risks by retaining the services of Quilter Cheviot Investment Management to manage the other 30% as our expert advisors. The Trust does not make use of derivatives and similar complex financial instruments.

The Trust acknowledge that this is a high ratio of cash to investments but is mindful of the considerable downturn of its investment portfolio in the previous financial year.

The Trustees have decided that at all times the Trust should only hold investments which are considered ethical investments by the Religious Society of Friends and as such will not invest in:

- Armaments
- Brewing/distilling and where selling alcohol is their main area of activity
- Gambling
- where Tobacco manufacturing and retailing is their main area of activity

In line with good governance practice Trustees have planned for a review later in 2022/23 of the Trust's Investment Policy, which will also consider environmental investment in line with our Environmental Policy.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**Risk Assessment and Management**

The Trustees require the Senior Management Team to review the major risks which the Charity faces on a regular basis. These risks are particularly high this year due to both Covid-19 and Brexit. The Trust has introduced a new Risk Register this year to reflect these risks and to help Trustees and Senior Management Team to monitor the cross-cutting and often reinforcing risks of the Covid-19 and Brexit.

The Trustees confirm that they have also examined the usual operational and business risks faced by the Charity and have provided systems to mitigate such risks. All risks are allocated across the Senior Management Team.

**Going Concern**

We ended the year with a surplus of £1,661k the Board is pleased that the operating performance of the Trust has been so effective during the improved but still adverse conditions.

This gives the Board the confidence that, providing the Trust averages sufficient resident numbers it is on track to a more financially secure future and can begin to implement the priorities within the Strategic Review.

The Board has appointed a CEO and work is underway to formalise the next business plan, and ensure that the management of the Trust are in the best possible position to deliver this.

The Trust recognises that there are considerable local (UK) and global influences that will affect the financial performance of the organisation (e.g. inflation) however the primary focus will remain the safeguarding of the young people we seek to help, our staff and the long-term delivery of our objectives. Should they be required, we believe our reserves are sufficient to enable the Trust to facilitate this for the next trading year.

**STRUCTURE GOVERNANCE AND MANAGEMENT**

The Trustees who served in the year were as follows:

Frances Prestidge, Clerk to the Trustees  
Elaine Green (appointed 1 April 2021)  
Paul Hodgkin, Clerk to the Trustees (resigned 31 December 2021)  
Jonathan Stanley (resigned 24 October 2021)  
Carole Thomas, Chair of School Governors (resigned 29 July 2022)  
Peter Sorrell (resigned 6 July 2021 & reappointed 2 December 2021)  
Ecky Prolongheuer (resigned 17 November 2021)  
Robert Ashton (resigned 11 August 2021)  
Kajetan Kasinski  
Martin Bould  
Chris Pugh (resigned 18 July 2022)

This year we have substantially strengthened the governance and management of the trust. This has included:

- Recruiting a full time permanent CEO
- Entered into discussion with our Defined Benefit Pension provider
- The Board has subcommittees of
  - Education Subcommittee
  - Finance & Performance Group
- The above groups are able to scrutinise aspects of Trust trading activity and report/recommend to the main Board



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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**Quaker Statement for Glebe House**

The Friends Therapeutic Community Trust (FTCT), based at Glebe House was established in 1965 in response to the concern of a Quaker Probation Officer, Geoffrey Brogden. He had not been able to find an appropriate residential resource where intensive work with troubled and troubling young males took place. Now the focus is working with young males with histories of harmful sexual behaviour.

Glebe House works intensively as a therapeutic community, holding three community meetings a day. It also offers education, individual treatment programmes and independence training. The programme works with residents to assess and manage their own risk.

The Trust strives to maintain a realistic price that reflect the exceptional range of services we offer and the unusually strong evidence that these achieve statistically significant outcomes.

Although the Trust is founded on the Quaker values of peace, simplicity, truth, equality, and sustainability Quakerism is not expected, taught, or necessarily observed within the Trust. In particular Glebe House School is not a faith school. Business continues to be conducted according to the Quaker business method and decisions are made in that spirit.

**Policy and procedures for induction and training of Trustees**

Not all trustees are also Governors of Glebe House school. The Education section of Board meetings constitutes the School Governing Body. These procedures are developed to reflect that safeguarding is at the centre of all the Trust activity and that education, therapy and home care are braided together into individualised programmes of care for each young person.

Below is a list of the checks carried out on Trustees:

- Enhanced DBS check
- Prohibition Check
- Section 128 Check
- Overseas Check – we can only process this within a certain length of time of the person having lived or worked overseas (varies from country to country).

In addition, Trustees are required to complete suitable online safeguarding training or attend one of the trusts own internal safeguarding programmes that are led and certified by a recognised external body.

We have now established an annual meeting with the Senior Management Team and Trustees into our governance year each October. The focus of the meeting is likely to change year on year to broaden the Trustees' understanding of how strategic plans are implemented and for us to know senior staff better.

**Organisational structure and how decisions are made**

The Trustees meet six times a year for Trust Board business and receive reports on the work of the Trust and make strategic decisions affecting it.

Trustees are required to disclose all relevant interests and declare potential conflicts of interest at the bi-monthly Trustees' Meeting which will be recorded in the Minutes.

**Key management personnel remuneration**

The Board of Trustees scrutinise the salary for the CEO and the Senior Management Team and agree any annual pay increases for the whole staff group. These are reviewed in line with the financial performance of the Trust and occupancy trends.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**RESPONSIBILITIES OF THE TRUSTEES**

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

Company law requires the Trustees to prepare financial statements for each financial period. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

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

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

Approved by order of the members of the board of Trustees and signed on their behalf by:



**Frances Prestidge**  
Clerk to Trustees

Date: 30.11.22

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS THERAPEUTIC COMMUNITY TRUST**

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**OPINION**

We have audited the financial statements of Friends Therapeutic Community Trust (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS THERAPEUTIC COMMUNITY TRUST (CONTINUED)**

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**OTHER INFORMATION**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS THERAPEUTIC COMMUNITY TRUST (CONTINUED)**

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**RESPONSIBILITIES OF TRUSTEES**

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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charity, including the Companies Act 2006, Charities Act 2011, and taxation legislation as well as those laws and regulations relating to the Charity's operations such as data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence;
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit; and
- we reviewed the minutes of board meetings to identify any references to non-compliance with laws and regulations.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS THERAPEUTIC COMMUNITY TRUST (CONTINUED)**

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We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we;

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reading the minutes of meetings of those charged with governance.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS THERAPEUTIC COMMUNITY TRUST (CONTINUED)**

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**USE OF OUR REPORT**

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

*Michael Hewett*

**Michael Hewett (Senior Statutory Auditor)**  
for and on behalf of  
**Peters Elworthy & Moore**  
Chartered Accountants  
Statutory Auditors  
Salisbury House  
Station Road  
Cambridge  
CB1 2LA

Date: 22 December 2022

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
<b>INCOME FROM:</b>					
Donations and legacies	4	192,386	14,208	206,594	12,812
Charitable activities	5	2,929,652	-	2,929,652	2,856,852
Other trading activities	6	375	-	375	337
Investments	7	17,461	-	17,461	22,362
<b>TOTAL INCOME</b>		<b>3,139,874</b>	<b>14,208</b>	<b>3,154,082</b>	<b>2,892,363</b>
<b>EXPENDITURE ON:</b>					
Raising funds	8,9	37,484	-	37,484	26,397
Charitable activities	10	2,688,118	8,734	2,696,852	2,512,317
<b>TOTAL EXPENDITURE</b>		<b>2,725,602</b>	<b>8,734</b>	<b>2,734,336</b>	<b>2,538,714</b>
<b>NET INCOME BEFORE NET GAINS ON INVESTMENTS</b>		<b>414,272</b>	<b>5,474</b>	<b>419,746</b>	<b>353,649</b>
Net gains on investments		28,110	-	28,110	75,966
<b>NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)</b>		<b>442,382</b>	<b>5,474</b>	<b>447,856</b>	<b>429,615</b>
<b>OTHER RECOGNISED GAINS/(LOSSES):</b>					
Actuarial (losses)/gains on defined benefit pension schemes		1,214,000	-	1,214,000	(792,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>1,656,382</b>	<b>5,474</b>	<b>1,661,856</b>	<b>(362,385)</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		943,008	7,775	950,783	1,313,168
Net movement in funds		1,656,382	5,474	1,661,856	(362,385)
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>2,599,390</b>	<b>13,249</b>	<b>2,612,639</b>	<b>950,783</b>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 18 to 37 form part of these financial statements.



**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 06525659**

**BALANCE SHEET**  
**AS AT 31 MARCH 2022**

	Note	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible assets	15	795,686	802,946
Investments	16	857,934	818,984
		<u>1,653,620</u>	<u>1,621,930</u>
<b>CURRENT ASSETS</b>			
Debtors	17	251,693	161,887
Cash at bank and in hand	22	2,222,283	1,804,570
		<u>2,473,976</u>	<u>1,966,457</u>
Creditors: amounts falling due within one year	18	(200,957)	(173,604)
<b>NET CURRENT ASSETS</b>		<u>2,273,019</u>	<u>1,792,853</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,926,639</u>	<u>3,414,783</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>3,926,639</u>	<u>3,414,783</u>
Defined benefit pension scheme liability	24	(1,314,000)	(2,464,000)
<b>TOTAL NET ASSETS</b>		<u><u>2,612,639</u></u>	<u><u>950,783</u></u>
<b>CHARITY FUNDS</b>			
Restricted funds	19	13,249	7,775
Unrestricted funds	19	2,599,390	943,008
<b>TOTAL FUNDS</b>		<u><u>2,612,639</u></u>	<u><u>950,783</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 06525659**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2022**

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The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

  
**Frances Prestidge**  
Clerk to Trustees

Date: 30.11.22.

The notes on pages 18 to 37 form part of these financial statements.

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash used in operating activities	21	474,619	580,355
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends, interests and rents from investments		17,461	22,362
Proceeds from the sale of tangible fixed assets		-	7,645
Purchase of tangible fixed assets		(63,527)	(22,612)
Movement of investments		(1,259)	(13,546)
Net movement of investments cash		(9,581)	(2,666)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(56,906)	(8,817)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		-	-
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>		417,713	571,538
Cash and cash equivalents at the beginning of the year		1,804,570	1,233,032
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	22	2,222,283	1,804,570

The notes on pages 18 to 37 form part of these financial statements

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**1. GENERAL INFORMATION**

The Company is limited by guarantee. The members of the Company are the Trustees named on page 1. In the event of the Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Company.

The presentational and functional presentation is GBP.

**2. ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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) second edition October 2019 (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Friends Therapeutic Community Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

**2.2 GOING CONCERN**

The Trust made a gain in the year ended 31 March 2022 (2021 - loss). The loss in the prior year was financed out of free reserves which have remained substantial. Our beneficiaries and our commissioners need the Trust to have good financial health and operational financial stability, as demonstrated by the surplus made this year. The trustees have prepared budgets and forecasts looking ahead to 2024 and have considered the position beyond this. The trustees consider that there are no material uncertainties about the charity's ability to discharge its liabilities in the normal course of business and continue as a going concern.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.3 INCOME**

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

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold.

Where the donated good is a fixed asset, it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset class and depreciated over the useful economic life in accordance with the company's accounting policies.

On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the company which is the amount it would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

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

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**2.4 EXPENDITURE**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the company to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the company's objectives, as well as any associated support costs.

**2.5 INTEREST RECEIVABLE**

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

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.6 TANGIBLE FIXED ASSETS**

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Freehold land is not depreciated.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Building improvements	-	10% straight line
Motor vehicles	-	33% straight line
Fixtures and fittings	-	25% straight line
Computer equipment	-	25% straight line

**2.7 INVESTMENTS**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of Financial Activities.

Investments held as fixed assets are shown at cost less provision for impairment.

**2.8 DEBTORS**

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

**2.9 CASH AT BANK AND IN HAND**

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

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.10 LIABILITIES AND PROVISIONS**

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

Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of Financial Activities as a finance cost.

**2.11 FINANCIAL INSTRUMENTS**

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2.12 OPERATING LEASES**

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**2.13 PENSIONS**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2019.

**2.14 FUND ACCOUNTING**

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

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

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**2. ACCOUNTING POLICIES (CONTINUED)**

**3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which is disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 March 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**4. INCOME FROM DONATIONS AND LEGACIES**

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	192,386	14,208	206,594	12,812
Total 2021	11,812	1,000	12,812	



**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**5. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Glebe House	2,929,652	2,929,652	2,856,852
Total 2021	2,856,852	2,856,852	

**6. INCOME FROM OTHER TRADING ACTIVITIES**

**Income from fundraising events**

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from solar panels	375	375	337
Total 2021	337	337	

**7. INVESTMENT INCOME**

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Investment income	16,585	16,585	20,458
Interest received	876	876	1,904
	17,461	17,461	22,362
Total 2021	22,362	22,362	

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**8. EXPENDITURE ON RAISING FUNDS**

**Costs of raising voluntary income**

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Printing / stationery and conference fees	31,739	31,739	21,754
	<u>31,739</u>	<u>31,739</u>	<u>21,754</u>
Total 2021	21,754	21,754	
	<u>21,754</u>	<u>21,754</u>	

**9. INVESTMENT MANAGEMENT COSTS**

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Investment management fees	5,745	5,745	4,643
	<u>5,745</u>	<u>5,745</u>	<u>4,643</u>
Total 2021	4,643	4,643	
	<u>4,643</u>	<u>4,643</u>	

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**10. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES**

**Summary by fund type**

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Total 2021 £
Glebe House	2,688,118	8,734	2,696,852	2,512,317
Total 2021	2,504,299	8,018	2,512,317	

**11. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Glebe House	1,690,723	1,006,129	2,696,852	2,512,317
Total 2021	1,578,342	933,975	2,512,317	

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**11. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)**

**ANALYSIS OF DIRECT COSTS**

	Activities 2022 £	Total funds 2022 £	Total funds 2021 £
Pension finance costs (note 24)	51,000	51,000	40,000
Staff costs	1,382,287	1,382,287	1,336,016
Relapse prevention	2,676	2,676	312
Therapy	32,978	32,978	21,024
Residential milieu	169,684	169,684	134,821
Education and life skills	46,678	46,678	42,986
Art, sports and activities	5,420	5,420	3,183
	<u>1,690,723</u>	<u>1,690,723</u>	<u>1,578,342</u>
Total 2021	<u>1,578,342</u>	<u>1,578,342</u>	

**ANALYSIS OF SUPPORT COSTS**

	Activities 2022 £	Total funds 2022 £	Total funds 2021 £
Staff costs	427,099	427,099	394,601
Depreciation	31,896	31,896	56,680
Motor vehicles	42,648	42,648	18,044
Premises	205,997	205,997	135,023
Other support costs	194,586	194,586	95,293
Administration	41,921	41,921	48,968
Governance costs	61,982	61,982	185,366
	<u>1,006,129</u>	<u>1,006,129</u>	<u>933,975</u>
Total 2021	<u>933,975</u>	<u>933,975</u>	

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**12. STAFF COSTS**

	2022 £	2021 £
Wages and salaries	1,359,571	1,473,203
Social security costs	132,011	135,718
Contribution to defined contribution pension schemes	23,786	22,062
Contribution to defined benefit pension schemes (note 24)	356,000	285,000
	<u>1,871,368</u>	<u>1,915,983</u>

The average number of persons employed by the company during the year was as follows:

	2022 No.	2021 No.
Care and therapy	28	29
Administration	9	9
Support and Maintenance	5	5
Education	8	8
	<u>50</u>	<u>51</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022 No.	2021 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1

The key management personnel of the charity comprise the Trustees, the CEO, Registered Manager, Head of Business and Operations, Assistant Director of Finance, Head of School, Head of House and Site Service and Maintenance Manager. The total employment benefits including severance pay, employer pensions contributions and national insurance of key management personnel were £417,782 (2021 - £525,598).

**13. TRUSTEES' REMUNERATION AND EXPENSES**

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 March 2022, expenses totalling £927 were reimbursed or paid directly to 4 Trustees (2021 - £376 to 3 Trustees). These expenses were in respect of travel and subsistence.

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**14. AUDITORS' REMUNERATION**

	2022 £	2021 £
Fees payable to the company's auditor for the audit of the company's annual accounts	10,080	10,000
Fees payable to the company's auditor in respect of: All non-audit services not included above	<u>3,000</u>	<u>2,240</u>

**15. TANGIBLE FIXED ASSETS**

	Freehold property and improve- ments £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 April 2021	1,511,810	87,273	133,180	41,884	1,774,147
Additions	58,592	-	3,567	1,368	63,527
At 31 March 2022	<u>1,570,402</u>	<u>87,273</u>	<u>136,747</u>	<u>43,252</u>	<u>1,837,674</u>
<b>Depreciation</b>					
At 1 April 2021	736,127	85,398	124,237	25,439	971,201
Charge for the year	59,691	1,875	2,377	6,844	70,787
At 31 March 2022	<u>795,818</u>	<u>87,273</u>	<u>126,614</u>	<u>32,283</u>	<u>1,041,988</u>
<b>Net book value</b>					
At 31 March 2022	<u>774,584</u>	<u>-</u>	<u>10,133</u>	<u>10,969</u>	<u>795,686</u>
At 31 March 2021	<u>775,683</u>	<u>1,875</u>	<u>8,943</u>	<u>16,445</u>	<u>802,946</u>

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**16. FIXED ASSET INVESTMENTS**

	Listed investments £	Long term deposits £	Total £
<b>Cost or valuation</b>			
At 1 April 2021	707,503	111,481	818,984
Additions	119,609	-	119,609
Disposals (Proceeds £118,351)	(106,712)	-	(106,712)
Revaluations	16,472	-	16,472
Cash movement	-	9,581	9,581
<b>AT 31 MARCH 2022</b>	<b>736,872</b>	<b>121,062</b>	<b>857,934</b>

The significance of financial investments to the ongoing financial sustainability of the Trust is considered in the financial review and investment policy section of the Trustees' Annual Report.

**17. DEBTORS**

	2022 £	2021 £
<b>Due within one year</b>		
Trade debtors	204,575	118,890
Other debtors	1,812	1,284
Prepayments and accrued income	45,306	41,713
	<b>251,693</b>	<b>161,887</b>

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 £	2021 £
Trade creditors	55,301	37,195
Other taxation and social security	37,796	40,719
Other creditors	81,147	48,707
Accruals and deferred income	26,713	46,983
	<b>200,957</b>	<b>173,604</b>

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**19. STATEMENT OF FUNDS**

**STATEMENT OF FUNDS - CURRENT YEAR**

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
<b>Unrestricted funds</b>						
General funds	3,407,008	3,139,874	(2,318,602)	(343,000)	28,110	3,913,390
Pension reserve	(2,464,000)	-	(407,000)	343,000	1,214,000	(1,314,000)
	<u>943,008</u>	<u>3,139,874</u>	<u>(2,725,602)</u>	<u>-</u>	<u>1,242,110</u>	<u>2,599,390</u>
<b>Restricted funds</b>						
Transition	4,389	-	-	-	-	4,389
Other restricted funds	3,386	-	(25)	-	-	3,361
Composter	-	3,499	(3,499)	-	-	-
Eco-Car	-	5,499	-	-	-	5,499
DFE School	-	5,210	(5,210)	-	-	-
	<u>7,775</u>	<u>14,208</u>	<u>(8,734)</u>	<u>-</u>	<u>-</u>	<u>13,249</u>
<b>Total of funds</b>	<u>950,783</u>	<u>3,154,082</u>	<u>(2,734,336)</u>	<u>-</u>	<u>1,242,110</u>	<u>2,612,639</u>



**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**19. STATEMENT OF FUNDS (CONTINUED)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
<b>Unrestricted funds</b>						
General funds	2,991,375	2,891,363	(2,205,696)	(346,000)	75,966	3,407,008
Pension reserve	(1,693,000)	-	(325,000)	346,000	(792,000)	(2,464,000)
	<u>1,298,375</u>	<u>2,891,363</u>	<u>(2,530,696)</u>	<u>-</u>	<u>(716,034)</u>	<u>943,008</u>
<b>Restricted funds</b>						
Eastwood cottage	7,950	-	(7,950)	-	-	-
Transition	3,457	1,000	(68)	-	-	4,389
Other restricted funds	3,386	-	-	-	-	3,386
	<u>14,793</u>	<u>1,000</u>	<u>(8,018)</u>	<u>-</u>	<u>-</u>	<u>7,775</u>
<b>Total of funds</b>	<u>1,313,168</u>	<u>2,892,363</u>	<u>(2,538,714)</u>	<u>-</u>	<u>(716,034)</u>	<u>950,783</u>

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**19. STATEMENT OF FUNDS (CONTINUED)**

**Restricted funds**

Eastwood Cottage fund - This fund was for Quaker Housing Trust grant for the purpose of Eastwood Cottage.

Transition - This fund has been established to help ex-residents in times of crisis or need.

Other funds - These are smaller donations gratefully received for specific expenditure on activities and equipment.

Composter - Monies received to purchase a composter.

Eco-Car - Funds raised to put towards the purchase of an Eco Car

DFE fund - Monies received from the Department for Education for supporting education activities.

Transfers represent contributions by the employer to the defined benefit pension scheme (note 24).

**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	795,686	-	795,686
Fixed asset investments	857,934	-	857,934
Current assets	2,460,727	13,249	2,473,976
Creditors due within one year	(200,957)	-	(200,957)
Provisions for liabilities and charges	(1,314,000)	-	(1,314,000)
<b>Total</b>	<b>2,599,390</b>	<b>13,249</b>	<b>2,612,639</b>

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**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	802,946	-	802,946
Fixed asset investments	818,984	-	818,984
Current assets	1,958,682	7,775	1,966,457
Creditors due within one year	(173,604)	-	(173,604)
Provisions for liabilities and charges	(2,464,000)	-	(2,464,000)
<b>Total</b>	<b>943,008</b>	<b>7,775</b>	<b>950,783</b>

**21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2022 £	2021 £
Net income for the year (as per Statement of Financial Activities)	<b>447,856</b>	429,615
<b>Adjustments for:</b>		
Depreciation charges	<b>70,787</b>	70,324
Losses on investments	<b>(28,110)</b>	(75,966)
Dividends, interests and rents from investments	<b>(17,461)</b>	(22,362)
Decrease/(increase) in debtors	<b>(89,806)</b>	194,927
Increase in creditors	<b>27,353</b>	4,817
Defined benefit pension scheme	<b>64,000</b>	(21,000)
<b>Net cash provided by operating activities</b>	<b>474,619</b>	580,355

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2022 £	2021 £
Cash at bank and in hand	2,222,283	1,804,570
<b>Total cash and cash equivalents</b>	<b>2,222,283</b>	<b>1,804,570</b>

**23. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	1,804,570	417,713	2,222,283
	<b>1,804,570</b>	<b>417,713</b>	<b>2,222,283</b>

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**24. PENSION COMMITMENTS**

The company has two pension schemes, a defined contribution scheme and the Local Government Pension Scheme, a defined benefit scheme which is now closed to new members.

The assets of the defined contribution pension scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £4,296 (2021 - £3,732) were payable to the fund at the balance sheet date and are included in creditors.

**Local Government Pension Scheme (LGPS)**

Employees of the charity participate in the Cambridgeshire County Council Pension Fund. The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 March 2022 was £392,000 (2021 - £403,000), of which employer's contributions totalled £343,000 (2021 - £346,000) and employees' contributions totalled £49,000 (2021 - £57,000). The agreed contribution rates for future years are 24.5 per cent for employers and 6 per cent for employees.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	At 31 March 2022 %	At 31 March 2021 %
Discount rate	2.75	2.05
Future salary increases	2.5	2.27
Future pension increases	3.15	2.7
	<u>          </u>	<u>          </u>
	At 31 March 2022 Years	At 31 March 2021 Years
Mortality rates (in years)		
- For a male aged 65 now	22	22.2
- At 65 for a male aged 45 now	22.9	23.2
- For a female aged 65 now	24.2	24.4
- At 65 for a female aged 45 now	26	26.2
	<u>          </u>	<u>          </u>

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**24. PENSION COMMITMENTS (CONTINUED)**

The company's share of the assets in the scheme was:

	At 31 March 2022 £	At 31 March 2021 £
Equities	6,871,000	6,237,000
Bonds	1,617,000	1,376,000
Property	1,515,000	1,376,000
Cash and other liquid assets	101,000	183,000
<b>Total fair value of assets</b>	<b>10,104,000</b>	<b>9,172,000</b>

The actual return on scheme assets was £527,000 (2021 - £1,542,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2022 £	2021 £
Current service cost (Staff costs)	(356,000)	(285,000)
Net interest cost (note 11)	(51,000)	(40,000)
Net actuarial gains/(losses) on defined benefit pension schemes	1,214,000	(792,000)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>807,000</b>	<b>(1,117,000)</b>

Movements in the present value of the defined benefit obligation were as follows:

	2022 £
Opening defined benefit obligation	11,635,000
Current service cost (Staff costs)	356,000
Interest cost	241,000
Contributions by scheme participants	49,000
Benefits paid	(177,000)
Changes in assumptions	(686,000)
<b>Closing defined benefit obligation</b>	<b>11,418,000</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**24. PENSION COMMITMENTS (CONTINUED)**

Movements in the fair value of the company's share of scheme assets were as follows:

	2022 £
Opening fair value of scheme assets	9,172,000
Interest cost	190,000
Contributions by employer	343,000
Contributions by scheme participants	49,000
Benefits paid	(177,000)
Return on assets	527,000
<b>Closing fair value of scheme assets</b>	<b>10,104,000</b>

**25. OPERATING LEASE COMMITMENTS**

At 31 March 2022 the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	6,474	9,069
Later than 1 year and not later than 5 years	243	6,036
	<b>6,717</b>	<b>15,105</b>

**26. RELATED PARTY TRANSACTIONS**

The company has not entered into any related party transaction during the year, nor are there any outstanding balances owing between related parties and the company at 31 March 2022.