

Registered number: 06525659
Charity number: 1124673

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021



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 2021

Trustees	Paul Hodgkin, Clerk to the Trustees Zoe Greening (resigned 3 December 2020) Kathleen Hindle, Treasurer (resigned 3 December 2020) Carole Thomas, Chair of School Governors Elizabeth Roman (resigned 15 October 2020) Peter Sorrell (resigned 6 July 2021, appointed 2 December 2021) Ecky Prolingheuer (resigned 17 November 2021) Frances Prestidge Robert Ashton Kajetan Kasinski (appointed 2 January 2021) Martin Bould (appointed 2 January 2021) Chris Pugh (appointed 2 January 2021) Jonathan Stanley (appointed 2 January 2021, resigned 24 October 2021) Elaine Green (appointed 1 April 2021)
Company registered number	06525659
Charity registered number	1124673
Registered office	Glebe House Shudy Camps Cambridge CB21 4QH
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

FRIENDS THERAPEUTIC COMMUNITY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present their annual report together with the audited financial statements of the company for the year 1 April 2020 to 31 March 2021. 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 or hostels or communities 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 overall experience of the young people is positive. They benefit from therapeutic care and on-site education. Young people have trusting relationships with the staff. The large staff team embodies the therapeutic approach and community ethos of the home. Relationships are forged from open and honest communication during which young people are challenged and encouraged to voice their opinions." Ofsted Report 2019

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 2021

- 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, University of Cambridge, 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.

Subsidiaries

The Trust had a subsidiary company called Silvermill Training Ltd which has now been struck from the Companies Register.

Developments over the last year

The trust had three main goals for the year ending March 2021:

1. Surviving Covid-19 pandemic and maintain the service provision.
The Trust was in a difficult position during the first and second lockdown stages. This is because:
 - Up to 25% of the workforce were required to shield, in line with Government requirements to halt the wider spread of the virus
 - The Trust did not qualify for any Covid related benefits or funding, as the Trust is almost exclusively a service provider to local authoritiesHowever, the speeding up of payments from local authorities (as a service provider) helped cashflow, and the Trust was able to pass this speedier process down the line to its local suppliers, ensuring that the cashflow benefit was a mutual one within our local economy.
2. 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 from January 2021 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.
3. The final 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).

However, in the same way as Covid-19 lockdown measures affected our service provision for the resident group, the closure of schools also affected the learning support programme. Despite this, the 2021 year's exam results showed significant improvements and in addition collaboration between education staff and those leading therapy services and the children's home all improved.

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FOR THE YEAR ENDED 31 MARCH 2021

Looking forward: plans for 2022 and beyond

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 Managing Director who can lead the Trust and implement the Strategic Review.
- 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.
- 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
 - o Deal with the relatively small number of urgent issues identified in the recent full site survey
 - o 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 progress in this.
- Increasing 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

Financials

The Trust made good headway in its ambitions to generate an operating surplus through the year. Whilst a couple of early terminations of placement had an adverse effect, the Trust was able to bring in new placements and the effect was cushioned.

Staff turnover was lower than usual, and although the Trust had some vacancies to fill, the core of staff that were not shielding managed to continue service provision with few adverse effects.

As a result of operating with less staff and the resignation of the CEO (not replaced during this trading year), the Trust managed to generate an operating surplus (before adjustment for investment and pensions) of £430k in the year ended 31 March 2021.

Regrettably the pension adjustment required under FRS102 showed a negative movement of £792k which translated in a net loss of £362k on the Trust's Profit and Loss. This was financed out of free reserves.

Pensions

42% 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 only 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.

Up to 31 March 2021 the deficit for our Defined Benefits Pension scheme stands at £2.5m compared to £1.7m in 2020. In the medium term the Board remains committed to work with the Pension fund to agree a way to pay this down.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

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 £2,539k x 75% equals £1,904k) considering the 2020/21 figures.

The trust has free reserves (excluding allowance for a Defined Benefit Pension liability of £2,464k) of £2,604k. 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 2021 of the Trust's Investment Policy, which will also consider environmental investment in line with our Environmental Policy.

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

Trustees review Covid-19 related risks at every Board meeting

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.

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FOR THE YEAR ENDED 31 MARCH 2021

During 21/22 the Board will also maintain a specific emphasis on improving the school's Ofsted rating in order to minimise risks to our young people's education.

Going Concern

Although we ended the year with a deficit of £362k, the Board is pleased that the operating performance of the Trust has been so effective during the most adverse of conditions, and that prior to actuarial losses the Trust had generated a trading surplus of £430k.

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 seeks to appoint a Managing Director in the next trading year, with a view to formalising the next business plan, and ensuring that the management of the Trust are in the best possible position to deliver this.

The Trust recognises that both COVID-19 and Brexit factors have not yet ended and expects to see a negative effect on the economy and this may affect the Trust trading initially, but fully expects the impacts to be on the next financial year only. 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

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

- Recruiting a pro bono Educational Advisor to advise the Education Subcommittee.
- Bolstering the Trustee Board with 5 new Trustees and, for the first time, including Trustees who are not Quakers.
- Following the resignation of the CEO, the Trustees have created an interim management structure through a structure of 3 Chief Operating Officers
- The Board has subcommittees of
 - o Education Subcommittee
 - o Finance & Performance Group
 - o Strategic Review Implementation Group
- The above groups are able to scrutinise aspects of Trust trading activity and report/recommend to the main Board

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

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FOR THE YEAR ENDED 31 MARCH 2021

are made in that spirit.

Policy and procedures for induction and training of Trustees

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

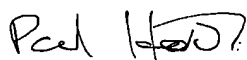
The Trustees meet six times a year for Trust Board business and receive reports on the work of the Trust and make strategic decisions affecting it. The members of the Senior Management Team routinely attend relevant sections of the Trustee Board's meetings.

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 set the salary for the Managing Director 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. In addition, a Job Evaluation exercise is undertaken on a four-year cycle.

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



Paul Hodgkin
Clerk to Trustees
Date: 2 December 2021

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

OPINION

We have audited the financial statements of Friends Therapeutic Community Trust (the 'charitable company') for the year ended 31 March 2021 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 2021 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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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS THERAPEUTIC COMMUNITY TRUST (CONTINUED)

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.

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

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.

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

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 charitable 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 charitable company, including the Charities Act 2011, Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with laws and regulations identified above through making enquiries of management and inspecting correspondence available;
- identified laws and regulations were communicated within the audit engagement 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.

We assessed the susceptibility of the charitable 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; and

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;

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

- assessed whether judgements and assumptions made in determining accounting estimates 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.

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. This description forms part of our Auditors' Report.

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 (Senior Statutory Auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants

Statutory Auditors

Salisbury House

Station Road

Cambridge

CB1 2LA

Date: 11 December 2021 | 09:12 GMT

FRIENDS THERAPEUTIC COMMUNITY TRUST
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STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
INCOME FROM:					
Donations and legacies	4	11,812	1,000	12,812	10,787
Charitable activities	5	2,856,852	-	2,856,852	2,526,189
Other trading activities	6	337	-	337	73
Investments	7	22,362	-	22,362	29,868
TOTAL INCOME		2,891,363	1,000	2,892,363	2,566,917
EXPENDITURE ON:					
Raising funds	8,9	26,397	-	26,397	23,769
Charitable activities	10	2,504,299	8,018	2,512,317	2,528,980
TOTAL EXPENDITURE		2,530,696	8,018	2,538,714	2,552,749
NET INCOME/(EXPENDITURE) BEFORE NET GAINS/(LOSSES) ON INVESTMENTS					
		360,667	(7,018)	353,649	14,168
Net gains/(losses) on investments		75,966	-	75,966	(77,486)
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)					
		436,633	(7,018)	429,615	(63,318)
OTHER RECOGNISED GAINS/(LOSSES):					
Actuarial (losses)/gains on defined benefit pension schemes		(792,000)	-	(792,000)	538,000
NET MOVEMENT IN FUNDS		(355,367)	(7,018)	(362,385)	474,682
RECONCILIATION OF FUNDS:					
Total funds brought forward		1,298,375	14,793	1,313,168	838,486
Net movement in funds		(355,367)	(7,018)	(362,385)	474,682
TOTAL FUNDS CARRIED FORWARD		943,008	7,775	950,783	1,313,168

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

The notes on pages 17 to 35 form part of these financial statements.

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REGISTERED NUMBER: 06525659

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible assets	15	802,946	858,303
Investments	16	818,984	726,806
		<u>1,621,930</u>	<u>1,585,109</u>
CURRENT ASSETS			
Debtors	17	161,887	356,814
Cash at bank and in hand		1,804,570	1,233,032
		<u>1,966,457</u>	<u>1,589,846</u>
Creditors: amounts falling due within one year	18	(173,604)	(168,787)
NET CURRENT ASSETS		<u>1,792,853</u>	<u>1,421,059</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,414,783</u>	<u>3,006,168</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>3,414,783</u>	<u>3,006,168</u>
Defined benefit pension scheme liability	24	(2,464,000)	(1,693,000)
TOTAL NET ASSETS		<u><u>950,783</u></u>	<u><u>1,313,168</u></u>
CHARITY FUNDS			
Restricted funds	19	7,775	14,793
Unrestricted funds	19	943,008	1,298,375
TOTAL FUNDS		<u><u>950,783</u></u>	<u><u>1,313,168</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.

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

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

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

Paul Hodgkin

Paul Hodgkin
Clerk to Trustees

Date: 2 December 2021

The notes on pages 17 to 35 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 2021

	2021 £	2020 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash used in operating activities	580,355	(1,728)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends, interests and rents from investments	22,362	29,868
Proceeds from the sale of tangible fixed assets	7,645	-
Purchase of tangible fixed assets	(22,612)	(15,347)
Movement of investments	(13,546)	(17,149)
Net movement of investments cash	(2,666)	(6,211)
NET CASH USED IN INVESTING ACTIVITIES	(8,817)	(8,839)
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR	571,538	(10,567)
Cash and cash equivalents at the beginning of the year	1,233,032	1,243,599
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,804,570	1,233,032

The notes on pages 17 to 35 form part of these financial statements

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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 loss in the year ended 31 March 2021 (2020 - loss). The loss in both years has been financed out of free reserves which have remained substantial. Our beneficiaries and our commissioners need the Trust to return to financial health and over the last year the trustees and the staff have made good progress to secure operational financial stability, as demonstrated by the surplus made this year.

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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.

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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.

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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 2021

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 2021. 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 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	11,812	1,000	12,812	10,787
Total 2020	10,787	-	10,787	

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Glebe House	2,856,852	2,856,852	2,526,189
	<u>2,526,189</u>	<u>2,526,189</u>	
Total 2020	<u>2,526,189</u>	<u>2,526,189</u>	

6. INCOME FROM OTHER TRADING ACTIVITIES

Income from fundraising events

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from solar panels	337	337	73
	<u>73</u>	<u>73</u>	
Total 2020	<u>73</u>	<u>73</u>	

7. INVESTMENT INCOME

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Investment income	20,458	20,458	23,306
Interest received	1,904	1,904	6,562
	<u>22,362</u>	<u>22,362</u>	<u>29,868</u>
Total 2020	<u>29,868</u>	<u>29,868</u>	

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

8. EXPENDITURE ON RAISING FUNDS

Costs of raising voluntary income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Printing / stationery and conference fees	21,754	21,754	22,380
	<u>22,380</u>	<u>22,380</u>	
Total 2020	<u>22,380</u>	<u>22,380</u>	

9. INVESTMENT MANAGEMENT COSTS

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Investment management fees	4,643	4,643	1,389
	<u>1,389</u>	<u>1,389</u>	
Total 2020	<u>1,389</u>	<u>1,389</u>	

FRIENDS THERAPEUTIC COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Summary by fund type

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Glebe House	2,504,299	8,018	2,512,317	2,528,980
Total 2020	2,528,980	-	2,528,980	

11. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Glebe House	1,578,342	933,975	2,512,317	2,528,980
Total 2020	1,578,990	949,990	2,528,980	

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

11. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF DIRECT COSTS

	Activities 2021 £	Total funds 2021 £	Total funds 2020 £
Pension finance costs (note 24)	40,000	40,000	55,000
Staff costs	1,336,016	1,336,016	1,277,294
Relapse prevention	312	312	2,225
Therapy	21,024	21,024	29,839
Residential milieu	134,821	134,821	135,356
Education and life skills	42,970	42,970	55,672
Independence training	-	-	6,286
Art, sports and activities	3,199	3,199	17,318
	<u>1,578,342</u>	<u>1,578,342</u>	<u>1,578,990</u>
Total 2020	<u>1,578,990</u>	<u>1,578,990</u>	

ANALYSIS OF SUPPORT COSTS

	Activities 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	394,601	394,601	366,725
Depreciation	56,680	56,680	81,581
Motor vehicles	18,044	18,044	23,467
Premises	135,023	135,023	120,714
Other support costs	95,293	95,293	68,723
Administration	48,968	48,968	107,102
Governance costs	185,366	185,366	181,678
	<u>933,975</u>	<u>933,975</u>	<u>949,990</u>
Total 2020	<u>949,990</u>	<u>949,990</u>	

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

12. STAFF COSTS

	2021 £	2020 £
Wages and salaries	1,473,203	1,270,890
Social security costs	135,718	117,273
Contribution to defined contribution pension schemes	22,062	22,045
Contribution to defined benefit pension schemes (note 24)	285,000	382,000
	<u>1,915,983</u>	<u>1,792,208</u>

During the year the charity paid £47,501 in severance pay.

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

	2021 No.	2020 No.
Care and therapy	29	28
Administration	9	9
Support and Maintenance	5	6
Education	8	9
	<u>51</u>	<u>52</u>

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

	2021 No.	2020 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	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 £525,598 (2020 - £402,690).

13. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 March 2021, expenses totalling £376 were reimbursed or paid directly to 3 Trustees (2020 - £2,812 to 6 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 2021

14. AUDITORS' REMUNERATION

	2021 £	2020 £
Fees payable to the company's auditor for the audit of the company's annual accounts	10,000	8,160
Fees payable to the company's auditor in respect of: All non-audit services not included above	2,240	2,820

15. TANGIBLE FIXED ASSETS

	Freehold property and improvements £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 April 2020	1,506,596	87,273	130,915	34,396	1,759,180
Additions	12,859	-	2,265	7,488	22,612
Disposals	(7,645)	-	-	-	(7,645)
At 31 March 2021	1,511,810	87,273	133,180	41,884	1,774,147
Depreciation					
At 1 April 2020	685,203	77,355	118,518	19,801	900,877
Charge for the year	54,938	8,043	5,719	5,638	74,338
On disposals	(4,014)	-	-	-	(4,014)
At 31 March 2021	736,127	85,398	124,237	25,439	971,201
Net book value					
At 31 March 2021	775,683	1,875	8,943	16,445	802,946
At 31 March 2020	821,393	9,918	12,397	14,595	858,303

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

16. FIXED ASSET INVESTMENTS

	Listed investments £	Long term deposits £	Total £
Cost or valuation			
At 1 April 2020	617,991	108,815	726,806
Additions	130,822	-	130,822
Disposals (proceeds £117,276)	(115,071)	-	(115,071)
Revaluations	73,761	-	73,761
Movement in cash	-	2,666	2,666
AT 31 MARCH 2021	707,503	111,481	818,984

The significance of financial instruments 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

	2021 £	2020 £
Due within one year		
Trade debtors	118,890	317,323
Other debtors	1,284	-
Prepayments and accrued income	41,713	39,491
	161,887	356,814

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	37,195	27,203
Other taxation and social security	40,719	34,376
Other creditors	48,707	43,365
Accruals and deferred income	46,983	63,843
	173,604	168,787

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

19. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Unrestricted funds						
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>
Restricted funds						
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>
Total of funds	<u><u>1,313,168</u></u>	<u><u>2,892,363</u></u>	<u><u>(2,538,714)</u></u>	<u><u>-</u></u>	<u><u>(716,034)</u></u>	<u><u>950,783</u></u>

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

19. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2020 £
Unrestricted funds						
General funds	2,969,243	2,566,917	(2,108,299)	(359,000)	(77,486)	2,991,375
Pension reserve	(2,153,000)	-	(437,000)	359,000	538,000	(1,693,000)
	<u>816,243</u>	<u>2,566,917</u>	<u>(2,545,299)</u>	<u>-</u>	<u>460,514</u>	<u>1,298,375</u>
Restricted funds						
Eastwood Cottage	7,950	-	-	-	-	7,950
Transition	3,457	-	-	-	-	3,457
Circles	7,450	-	(7,450)	-	-	-
Other restricted funds	3,386	-	-	-	-	3,386
	<u>22,243</u>	<u>-</u>	<u>(7,450)</u>	<u>-</u>	<u>-</u>	<u>14,793</u>
Total of funds	<u>838,486</u>	<u>2,566,917</u>	<u>(2,552,749)</u>	<u>-</u>	<u>460,514</u>	<u>1,313,168</u>

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.

Circles - This fund was used to fund a programme of rehabilitation of the residents on leaving Glebe House.

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

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

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT 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)
Total	943,008	7,775	950,783

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	858,303	-	858,303
Fixed asset investments	726,806	-	726,806
Current assets	1,575,053	14,793	1,589,846
Creditors due within one year	(168,787)	-	(168,787)
Provisions for liabilities and charges	(1,693,000)	-	(1,693,000)
Total	1,298,375	14,793	1,313,168

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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

	2021 £	2020 £
Net income/expenditure for the year (as per Statement of Financial Activities)	429,615	(63,318)
Adjustments for:		
Depreciation charges	70,324	81,581
Gains/(losses) on investments	(75,966)	77,486
Dividends, interests and rents from investments	(22,362)	(29,868)
Decrease/(increase) in debtors	194,927	(212,711)
Increase in creditors	4,817	67,102
Defined benefit pension scheme	(21,000)	78,000
Net cash provided by/(used in) operating activities	580,355	(1,728)

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash at bank and in hand	1,804,570	1,233,032
Total cash and cash equivalents	1,804,570	1,233,032

23. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	1,233,032	571,538	1,804,570
	1,233,032	571,538	1,804,570

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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 £3,732 (2020 - £2,651) 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 2021 was £403,000 (2020 - £424,000), of which employer's contributions totalled £346,000 (2020 - £359,000) and employees' contributions totalled £57,000 (2020 - £65,000). 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 2021 %	At 31 March 2020 %
Discount rate	2.05	2.4
Future salary increases	2.27	2
Future pension increases	2.7	2
	<hr/>	<hr/>
	At 31 March 2021 Years	At 31 March 2020 Years
Mortality rates (in years)		
- For a male aged 65 now	22.2	22
- At 65 for a male aged 45 now	23.2	22.7
- For a female aged 65 now	24.4	24
- At 65 for a female aged 45 now	26.2	25.5
	<hr/>	<hr/>

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

24. PENSION COMMITMENTS (CONTINUED)

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

	At 31 March 2021 £	At 31 March 2020 £
Equities	6,237,000	4,909,000
Bonds	1,376,000	866,000
Property	1,376,000	1,227,000
Cash and other liquid assets	183,000	217,000
Total fair value of assets	9,172,000	7,219,000

The actual return on scheme assets was £1,542,000 (2020 - £(805,000)).

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

	2021 £	2020 £
Current service cost (Staff costs)	(285,000)	(382,000)
Net interest cost (note 11)	(40,000)	(55,000)
Net actuarial (losses)/gains on defined benefit pension schemes	(792,000)	538,000
Total amount recognised in the Statement of Financial Activities	(1,117,000)	101,000

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

	2021 £
Opening defined benefit obligation	8,912,000
Current service cost (Staff costs)	285,000
Interest cost	216,000
Contributions by scheme participants	57,000
Benefits paid	(168,000)
Changes in assumptions	2,334,000
Closing defined benefit obligation	11,636,000

FRIENDS THERAPEUTIC COMMUNITY TRUST
(A Company Limited by Guarantee)

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:

	2021 £
Opening fair value of scheme assets	7,219,000
Interest cost	176,000
Contributions by employer	346,000
Contributions by scheme participants	57,000
Benefits paid	(168,000)
Return on assets	1,542,000
Closing fair value of scheme assets	9,172,000

25. OPERATING LEASE COMMITMENTS

At 31 March 2021 the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	9,069	10,745
Later than 1 year and not later than 5 years	6,036	15,105
	15,105	25,850

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 2021.