

Charity registration number 1069777

Company registration number 03550328 (England and Wales)

TEEN CHALLENGE LONDON
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

TEEN CHALLENGE LONDON

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Revd L Cheshire Rev S Derbyshire Rev. D Langton Dr L Logan MBE Rev Christopher Scott
Charity number	1069777
Company number	03550328
Principal address	Wilkerson House Uphall Road Ilford Essex IG1 2JJ
Registered office	Essex House 8 The Shrubberies George Lane South Woodford London United Kingdom E18 1BD
Independent examiner	Caton Fry & Co Ltd Essex House 7 The Shrubberies George Lane South Woodford London E18 1BD
Bankers	Barclays Bank 180 High Road Ilford Essex IG1 1LS
Solicitors	Red Kite Solicitors 14-15 Spilman Street Carmarthen West Wales SA31 1SR
Project manager	Javier Lesta-Candal

TEEN CHALLENGE LONDON

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TEEN CHALLENGE LONDON

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2022

The trustees present their report and financial statements for the year ended 31 March 2022 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

The charity's objects as specified in the Memorandum and Articles of Association are:

- a) To advance the Christian faith in accordance with the Statement of Beliefs appearing in the County of Greater London, the surrounding areas, and in such other parts of the United Kingdom or the world as the Trustees of the Charity may from time to time think fit.
- b) To relieve persons who are in conditions of need or hardship or who are aged sick or who are homeless, including by means of helping and assisting individuals affected by alcohol, drug or other substance abuse or addiction and to relieve the distress caused thereby in the said locations and in such other parts of the United Kingdom or the World as the Trustees may from time to time think fit.
- c) To promote and fulfil such other charitable purposes beneficial to the community in the said locations and in such other parts of the United Kingdom or the world as the Trustees may from time to time think fit.

The policies adopted in furtherance of these objects are:

- 1) Offering residential rehabilitation to members of the public who have shown an interest in finding help with their addiction problems.
- 2) Outreach work through different means such as street work, bus ministry, church events and presentations, and testimony evenings.
- 3) Providing vocational training to enhance employment opportunities helping them go back into society with recognised achievements and qualifications.

There has been no change in these during the year.

Reporting Public Benefit

The trustees have paid due regard to guidance issued by the Charity Commission on public benefit in deciding what activities the charity should undertake. As a small charity below the Charities Act's audit threshold, the report focuses on the main activities undertaken by the charity to further the charitable purposes for the public benefit.

TEEN CHALLENGE LONDON

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

Achievements and performance TCL REUSE CENTRE

The activities of the reuse centre have remained stable for the financial year ending 2022. The TCL Trustees have pledged to give an initial £40,000 to Teen Challenge London for the next financial year ending 31 March 2023. The rental of the warehouse unit increased to £5,000 per month in January 2022.

Wilkerson House

The occupancy level for Wilkerson House was 15.1. This was a decrease of 0.8 over the year compared to 2020/21 which was 15.9 year.

It was decided that Wilkerson House was in need of modernisation and that the rooms required refurbishment. We received a number of gifts towards the renovation costs including £15,000 from a local business and £40,000 from a legacy. During the year City Gates Church pledged £100,000 which we anticipate to receive next year. The trustees wish to express their sincere gratitude for the gifts given towards the ministry at this time.

A planning application was made to Redbridge Council to build on top of the side wing of the building that faces the side entrance. This application was for an extra 7 bedrooms with 2 x toilets. The planning officer was not opposed to the adding of more rooms but was concerned with the look of the front elevation of the building from the street. We were not in agreement with the officer's comments and although the application was refused we proceeded with an appeal. This has now been lodged and we will know the outcome of this in the next financial year.

Outreach Report

David Tarr our outreach coordinator had been working alongside Elim Pentecostal Movement as a minister in training for several years. In October 2021, David accepted the role as the minister of Epping Elim church, Essex. In December 2021 David officially left us for that new role. We want to publically acknowledge David and his wife Lynnette for their commitment over the years and enormous contribution to the ministry of Teen Challenge London and we are grateful to God, that as a former resident he is now moving on to serve the community in a new capacity as pastor of the Epping Church. Michael Ovenden a former resident and Centre staff member was employed as Project Co coordinator as a replacement for David Tarr in October 2021.

Bus Outreach

As soon as the lockdown had lifted we began taking the Ministry bus back out on to the streets, again with chili, rice and hot drinks. At first we began with 4 nights as it was prior to lockdown. Immediately it was noticed that the number of people attending was significantly less. Initially we were barely counting 10 people per night. This was possibly due to a few factors. Firstly, we hadn't been regularly attending since before the Covid lockdown but with regards to our clients, during this period a lot of homeless had been housed or accommodated, also a lot of our clientele were Eastern European it was noticed that they were not in attendance anymore, possibly just moving out of the area or even moving back to their home countries in this period. It was also noticed that a lot more groups were now out on the streets with food projects of their own.

Monday nights at Whitechapel were the quietest as there were none of our target group in attendance. We decided to move to a new location nearby, outside Bethnal Green tube station. This proved to be the right move as the site we set up on was on a route which drug users had to walk to meet their dealer around the corner and so we had a consistent flow of visitors. The number of those attending consistently remained between 30- 40, people coming and receiving meals and hot drinks with the opportunity to speak with them. Monday night became and remained our busiest night from this point forward.

TEEN CHALLENGE LONDON

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Tuesday, Thursday and Friday through this period remained consistently low. Numbers of those in attendance averaged around 20 people with the exception of some nights being busier.

Tuesday proved to be very inconsistent from one week to the next. One week we were seeing between 20- 30 people the next we would see between 5- 10.

Thursday remained consistently low in attendance averaging between 5- 10 people.

PreCovid Friday had been our busiest night and it was a shame to see the numbers so low during 2022. We found that this was in part due to another group setting up a stall around the corner to where we were and also serving hot food, drinks and clothes too. As we continued to be regular in our attendance the number of those attending did rise to between 30- 40 but this was very inconsistent.

It was decided that we should start the Wednesday night in Brixton again. We had a worker from the TCL Reuse who is passionate about sharing Jesus and able to lead and volunteer on this night. When we started as usual it was very quiet but after a few weeks the numbers of those in attendance remained consistently between 15-20 people. In this period, we saw 3 people receive Jesus as Savior. We also had 4 application forms for the Teen Challenge program filled out but due to the nature of addiction and the lifestyle, unfortunately none made it on to the program.

Church Presentations

After Lockdown was lifted we began to call around churches to arrange presentations and get this part of our outreach and ministry started up again. As this was started up again the team of men were all new to the presentations, so all had to be shown and taught how to testify and share their faith effectively. This is a practice and teaching which will be kept for all those who come out on this evening. I believe anyone can share their faith but being able to share it effectively is another thing and comes with practice.

At first, the church presentation booking was tough due to restrictions still being in place and the after effects of the Covid lockdown still having an effect. I began to concentrate on old contacts we had made which proved to be fruitful and most were open to us booking with them. I continued to ring around those we hadn't contacted before and managed some bookings. During this period between October and April we managed to be giving presentations consistently on a weekly basis or on some occasion by weekly.

Change in Outreach Direction

As I have shown the numbers of those attending is significantly less than previous years. I believe and felt changes were necessary to be made in our approach to outreach to help us remain effective. The CEO and myself had spoken regarding this and the Trustees were in agreement. We felt due to the societal shift and the fact that there are many groups running humanitarian projects we wish to become more evangelistic. After seeking God, it was decided instead of setting up on a site and serving food whilst stationery that we would seek and search on foot those who are in addiction and homeless. This would make us more mobile allowing us to meet people even more so where they are at.

Plans for this are being put in place and are looking to come to pass in the next few months. The last month of the Ministry bus going out was May 2022, finishing in the last week with a presentation service for the volunteers.

TEEN CHALLENGE LONDON

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



Achievements 01.04.2021- 31.03.2022

NOTE: Due to the Covid pandemic, our number of referrals dropped by almost half. As a result of this, we could not deliver as courses as we would normally deliver. However, we are back to normal functioning now and already our referrals have increased to pre-pandemic levels. As a result of this, the achievements will be higher in the year 01.04.2022 to 31.03.2023

Accredited by City and Guilds	
Level 3 Award in Education and Training	4
Level 1 Functional Skills English	3
Level 2 Functional Skills English	1
Level 1 Effective Communication	11
Level 1 Effective Skills and Qualities	6
Level 1 Managing Personal Finance	6
Level 1 Equality and Diversity	9
Level 1 Employability Personal Development Award	6
Level 1 ICT	5
Level 2 ICT	2
TOTAL	53
Accredited by Highfield Online Learning	
Level 2 Food Safety	17
Equality and Diversity	6
Health and Safety Level 2	5
First Aid at Work	6
Managing Conflict	2
Team-Work	1
Customer Services Level 2	3
Manual Handling	1
Warehousing and Storage	1
TOTAL	42
Accredited by ROSPA	
Introduction to Energy	11
TOTAL OF ALL COURSES	106

TEEN CHALLENGE LONDON

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Any Other Developments

In September 2021, the CEO received an email from the owner of Unit 2 Uphall Road. The owner had given indication that their company was in a position to sell unit 2 and was enquiring whether Teen Challenge London would be interested in purchasing. The asking price would be £1,900,000 (One million nine hundred thousand pounds).

The trustees felt it was right to pursue the possibility of acquiring the unit with the intention of selling the complete land consisting of Wilkerson House, Unit 1 (reuse centre) and unit 2 for redevelopment.

With the proceeds of any sale, the charity could look to relocate the men's home to a more therapeutic environment, with more space. We approached Stewardship Services for a loan. This was unsuccessful.

The CEO contacted Rev Phil Hills the Executive Director for Teen Challenge UK to ask if Teen Challenge UK would be in a position to loan the amount to Teen Challenge London. They were unable to help us in loaning the money, however, they mentioned about an enquiry from a Rev Sam Mooney whether Teen Challenge UK would be interested in using Drayton Hall, Norwich as a rehabilitation program. Teen Challenge UK urged us to pursue communications with Rev Moony about Drayton Hall and if successful use Drayton Hall by relocating the London rehabilitation program to Norwich.

The Chair, Rev Stephen Derbyshire, contacted the Trustees of The Lind Trust (the owners of Drayton Hall) to ask whether the Trust would consider giving a lease to Teen Challenge London to use the property for rehabilitation. After a visit to Wilkerson House by one of the Lind Trust Trustees and the administrator, we received a letter in the post mentioning how impressed they were with the work of Teen Challenge London and as a result of a meeting the Trust had, decided to transfer the freehold of 4 parts of the property at nil cost to the balance sheet of the charity.

This incredible provision of a new building would mean that Teen Challenge London would no longer need to purchase unit 2 or sell the existing land to acquire a building that would suit the rehabilitation program better. This is an amazing turn in events and the trustees, staff and volunteers of Teen Challenge, are astounded and amazed with this fantastic opportunity and provision. Preparations are being made to ensure all the ongoing negotiations continue through to completion.

Financial review

Incoming resources for the year stood at £736,859 (2021 - £683,376). The net incoming resources amounted to £147,020 (2021 - £201,080). Voluntary income amounted to £410,267 (2021 - £375,191) and represented 55.7% (2021 - 54.9%) of the charity's total income.

The majority of ongoing resources have been utilised on charitable activities related to supporting residents at the centre for those with addictions: staff costs for services and support, expenses directly relating to the residents, and the ongoing costs of the premises themselves.

The net assets shown in the balance sheet amounted to £1,159,246 (2021 - £1,012,225). Included in the above figure are freehold properties shown at cost of £1,508,882 (2021 - £1,508,882).

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to be 10 months' expenditure. This amounts to approximately £420,000. The trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. At the year end the level of reserves, excluding the freehold land and buildings, improvements to property and related loan amounted to £342,940. This level of reserves has been maintained throughout the year.

Investment strategy

The reserves are held on cash deposits, and although consideration has been given to alternative forms of investment, the Trustees decided to retain the cash deposits.

TEEN CHALLENGE LONDON

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Risks

The trustees has assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Structure, governance and management

The charity is a company limited by guarantee and was incorporated on 22 April 1998. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Revd L Cheshire

Rev S Derbyshire

Rev. D Langton

Dr L Logan MBE

Rev Christopher Scott

The existing Trustees appoint any new Trustees following the provisions laid out in the Charity's governing instrument.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

The Board of Trustees are responsible for the strategic direction and policy of the charity. A scheme of delegation is in place, and day to day responsibility for the provision of services rests with the Project Manager. The Trustees, who are also Directors of the charitable company, meet together regularly, at least four times per year, to pray, review progress and make decisions on future developments.

New trustees are provided with a comprehensive information pack informing them of their potential roles as Trustees.

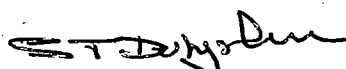
All staff are paid in line with their job role.

Teen Challenge London works closely with Teen Challenge UK and other Teen Challenge Groups throughout the country, but is legally independent of them.

Small company exemptions

This report has been prepared and delivered in accordance with the provisions in Part 15 of Companies Act 2006 applicable to companies subject to the small companies' regime.

The trustees' report was approved by the Board of Trustees.



Rev S Derbyshire
Trustee

23 November 2022

TEEN CHALLENGE LONDON

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF TEEN CHALLENGE LONDON

I report to the trustees on my examination of the financial statements of Teen Challenge London (the charity) for the year ended 31 March 2022.

Responsibilities and basis of report

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.



J E Caton FCA FCCA
Caton Fry & Co Limited
Essex House
7 The Shrubberies
George Lane
South Woodford
London E18 1BD

Dated: 23 November 2022

TEEN CHALLENGE LONDON

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted funds 2022 £	Unrestricted funds 2021 £
<u>Income from:</u>			
Donations and legacies	3	410,267	375,191
Trading activities	4	263,459	259,502
Other income	5	63,133	48,683
Total income		736,859	683,376
<u>Expenditure on:</u>			
Raising funds	6	2,504	2,563
Charitable activities	7	587,335	479,733
Total resources expended		589,839	482,296
Net income for the year/ Net movement in funds		147,020	201,080
Fund balances at 1 April 2021		1,012,226	811,145
Fund balances at 31 March 2022		1,159,246	1,012,225

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

As all funds in the prior year were unrestricted a comparative SOFA has not been prepared.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

TEEN CHALLENGE LONDON

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	13		1,565,859		1,535,517
Current assets					
Debtors	14	67,607		73,291	
Cash at bank and in hand		261,994		185,772	
		329,601		259,063	
Creditors: amounts falling due within one year	15	(109,691)		(94,340)	
Net current assets			219,910		164,723
Total assets less current liabilities			1,785,769		1,700,240
Creditors: amounts falling due after more than one year	16		(626,523)		(688,015)
Net assets			1,159,246		1,012,225
Income funds					
<u>Unrestricted funds</u>					
Designated funds	18	65,000		65,000	
General unrestricted funds		1,094,246		947,225	
			1,159,246		1,012,225
			1,159,246		1,012,225

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2022.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

The financial statements were approved by the Trustees on 23 November 2022



Rev S Derbyshire
Trustee

Company Registration No. 03550328

TEEN CHALLENGE LONDON

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	21		121,656		148,164
Investing activities					
Purchase of tangible fixed assets		(49,784)		(35,488)	
Investment income		63,133		48,683	
Net cash generated from investing activities			13,349		13,195
Financing activities					
Repayment of bank loans		(58,783)		(9,993)	
Net cash used in financing activities			(58,783)		(9,993)
Net increase in cash and cash equivalents			76,222		151,366
Cash and cash equivalents at beginning of year			185,772		34,405
Cash and cash equivalents at end of year			261,994		185,772

TEEN CHALLENGE LONDON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Charity information

Teen Challenge London is a private company limited by guarantee incorporated in England and Wales. The registered office is Essex House, 8 The Shrubberies, George Lane, South Woodford, London, E18 1BD, United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

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

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

1.2 Going concern

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

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

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

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

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

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

Donated services and assets are recognised when the charity has control over the item, and conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably.

Government Grants are recognised when received or when there is reasonable assurance that the grant conditions will be met and the grants will be received.

TEEN CHALLENGE LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.5 Resources expended

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to that category. Where costs cannot be directly attributed to particular headings they have allocated to activities on a basis consistent with the use of resources.

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

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the independence examination and professional fees linked to the strategic management of the charity.

Support costs are allocated on a basis consistent with the use of resources, as indicated in the notes to the financial statements.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	See below
Improvements to property	10% on cost
Fixtures and fittings	25% on cost
Computers	33% on cost
Motor vehicles	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

Since in the opinion of the Trustees, the freehold properties are maintained in a state of repair such that their estimated residual value is no less than their cost, the annual charge for depreciation of freehold properties is nil.

1.7 Impairment of fixed assets

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

TEEN CHALLENGE LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.8 Debtors

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

1.9 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provision are normally recognised at their settlement amount after allowing for any trade discounts due.

1.10 Cash and cash equivalents

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

1.11 Financial instruments

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

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Derecognition of financial liabilities

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

TEEN CHALLENGE LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.12 Employee benefits

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

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

1.13 Retirement benefits

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

1.14 Volunteer services

The value of services provided by volunteers is not incorporated into these financial statements.

1.15 Taxation

The charitable company is exempt from tax on income and gains falling within sections 466 to 493 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

2 Critical accounting estimates and judgements

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

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

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2022 £	2021 £
Donations and gifts	370,267	375,191
Legacies receivable	40,000	-
	<u>410,267</u>	<u>375,191</u>
Grants included in donations and gifts		
Coronavirus Job Retention Scheme	24,532	32,654
City Gate Church	45,646	57,980
The Lind Trust	-	13,260
	<u>70,178</u>	<u>103,894</u>

TEEN CHALLENGE LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Donations and legacies

(Continued)

The Charity benefits greatly from improvements and enthusiastic support of its many volunteers, details of which are given in our annual report. In accordance with accounting standards, the economic contribution of general volunteers is not measured in the accounts.

4 Trading activities

	2022 £	2021 £
Students' housing benefits	228,019	221,096
Students' DWP benefits	32,835	35,282
Tuck shop sales	2,605	3,124
	<u>263,459</u>	<u>259,502</u>

5 Other income

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Rental income	63,110	48,635
Interest receivable	23	48
	<u>63,133</u>	<u>48,683</u>

6 Raising funds

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
<u>Raising donations and legacies</u>		
Staff costs	2,504	2,563
	<u>2,504</u>	<u>2,563</u>

TEEN CHALLENGE LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

7 Charitable activities

	Rehab- ilitation 2022 £	Outreach ministry 2022 £	Egangs 2022 £	Total 2022 £	Rehab- ilitation 2021 £	Outreach ministry 2021 £	Egangs 2021 £	Total 2021 £
Staff costs	314,209	2,640	-	316,849	274,440	2,563	-	277,003
Costs of residence & catering	44,376	21	-	44,397	51,392	-	-	51,392
Travel	18,561	2,472	206	21,239	9,425	9,363	-	18,788
Donations	10,890	10,830	15,105	36,825	4,735	500	15,075	20,310
Training centre	773	-	-	773	1,883	-	-	1,883
Bank loan interest	19,698	-	-	19,698	22,220	-	-	22,220
	<u>408,507</u>	<u>15,963</u>	<u>15,311</u>	<u>439,781</u>	<u>364,095</u>	<u>12,426</u>	<u>15,075</u>	<u>391,596</u>
Share of support costs (see note 8)	98,780	7,378	-	106,158	67,320	4,407	-	71,727
Share of governance costs (see note 8)	41,396	-	-	41,396	16,410	-	-	16,410
	<u>548,683</u>	<u>23,341</u>	<u>15,311</u>	<u>587,335</u>	<u>447,825</u>	<u>16,833</u>	<u>15,075</u>	<u>479,733</u>

TEEN CHALLENGE LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

8 Support costs

	Support costs	Governance costs	2022	Support costs	Governance costs	2021
	£	£	£	£	£	£
Depreciation	19,442	-	19,442	9,574	-	9,574
Rent, rates & water	26,294	-	26,294	22,840	-	22,840
Light and heat	16,418	-	16,418	16,173	-	16,173
Repairs & renewals	25,149	-	25,149	13,192	-	13,192
Office	13,082	-	13,082	8,337	-	8,337
Finance	5,773	-	5,773	1,611	-	1,611
Legal and professional	-	37,952	37,952	-	12,966	12,966
Independent examination	-	3,444	3,444	-	3,444	3,444
	<u>106,158</u>	<u>41,396</u>	<u>147,554</u>	<u>71,727</u>	<u>16,410</u>	<u>88,137</u>
Analysed between						
Charitable activities	<u>106,158</u>	<u>41,396</u>	<u>147,554</u>	<u>71,727</u>	<u>16,410</u>	<u>88,137</u>

Support costs are allocated to activities based on staff time.

9 Net movement in funds

	2022	2021
	£	£
Net movement in funds is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets	19,442	9,574
(Profit)/Loss on disposal of fixed assets	-	(1,400)
Independent examination	3,243	3,150
Bank loan interest	32,274	33,020
Operating lease charges	<u>1,168</u>	<u>926</u>

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration, reimbursement of expenses or benefits from the charity during the year.

TEEN CHALLENGE LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

11 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Managers	2	3
Support	11	6
Administration	1	1
Total	14	9

Employment costs

	2022 £	2021 £
Wages and salaries	293,189	258,511
Social security costs	20,772	16,833
Other pension costs	5,392	4,222
	319,353	279,566

There were no employees whose annual remuneration was more than £60,000.

12 Pension commitments

The charity runs a Stakeholder Pension with Legal & General and a workplace pension with NEST. The assets of the scheme are held separately from those of the charity in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £5,392 (2021 : £4,222).

At 31st March 2022 contributions amounting to £2,197 (2021 : £1,384) were payable to the fund and are included in creditors.

TEEN CHALLENGE LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

13 Tangible fixed assets

	Freehold land and buildings	Improvements to property	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 April 2021	1,508,882	401,348	103,370	6,407	121,199	2,141,206
Additions	-	12,660	37,124	-	-	49,784
At 31 March 2022	1,508,882	414,008	140,494	6,407	121,199	2,190,990
Depreciation and impairment						
At 1 April 2021	-	401,348	96,625	6,407	101,309	605,689
Depreciation charged in the year	-	1,266	11,546	-	6,630	19,442
At 31 March 2022	-	402,614	108,171	6,407	107,939	625,131
Carrying amount						
At 31 March 2022	1,508,882	11,394	32,323	-	13,260	1,565,859
At 31 March 2021	1,508,882	-	6,745	-	19,890	1,535,517

TEEN CHALLENGE LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

13	Tangible fixed assets			(Continued)
14	Debtors		2022	2021
			£	£
	Amounts falling due within one year:			
	Other debtors		65,200	63,648
	Prepayments and accrued income		2,407	9,643
			<u>67,607</u>	<u>73,291</u>
15	Creditors: amounts falling due within one year		2022	2021
		Notes	£	£
	Bank loans	17	67,716	65,008
	Other taxation and social security		6,560	5,490
	Trade creditors		16,914	2,922
	Other creditors		5,403	9,327
	Accruals and deferred income		13,098	11,593
			<u>109,691</u>	<u>94,340</u>
16	Creditors: amounts falling due after more than one year		2022	2021
		Notes	£	£
	Bank loans	17	626,523	688,015
17	Loans and overdrafts		2022	2021
			£	£
	Bank loans		694,239	753,023
	Payable within one year		67,716	65,008
	Payable after one year		626,523	688,015
	Amounts included above which fall due after five years:			
	Payable by instalments		<u>(296,830)</u>	<u>(363,139)</u>

TEEN CHALLENGE LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

17 Loans and overdrafts

(Continued)

A term loan from Barclays of £950,000 was drawn in August 2015. The loan is secured by legal charges on Wilkerson House, the property at the rear of Wilkerson House and Unit 1 at Wilkerson House, together with a debenture dated 4 April 2007.

Interest is repayable at a rate equal to the aggregate of the LIBOR (London Inter-Bank Offered rate) and the bank's margin of 3.110% per annum. Repayments of the loan capital are payable over 112 monthly instalments following. Capital repayment of the loan commenced during the year ended 31 March 2017. The loan is fully repayable in 2030.

18 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds		Movement in funds		
	Balance at 1 April 2020	Incoming resources	Balance at 1 April 2021	Incoming resources	Balance at 31 March 2022
	£	£	£	£	£
Refurbishment of rooms	-	65,000	65,000	-	65,000
	-	65,000	65,000	-	65,000

19 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	1,248	1,248
Between two and five years	1,560	2,808
	2,808	4,056

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2022 £	2021 £
Total key management personnel remuneration	45,075	45,075

TEEN CHALLENGE LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

20 Related party transactions

(Continued)

Transactions with related parties

The Project Manager is a Trustee of the Exit Foundation Charity. During the year the charity entered into the following transactions with related parties:

- £NIL (2021 : £2,400) of rental income was received by the Exit Foundation.
- £15,105 (2021 : £15,000) grant given to the Exit Foundation.

There were no balances outstanding at the year end (2021 : £NIL).

21 Cash generated from operations

2022

2021

£

£

Surplus for the year

147,020

201,080

Adjustments for:

Investment income recognised in statement of financial activities

(63,133)

(48,683)

Depreciation and impairment of tangible fixed assets

19,442

9,574

Movements in working capital:

Decrease/(increase) in debtors

5,684

(20,984)

Increase in creditors

12,643

7,177

Cash generated from operations

121,656

148,164

22 Analysis of changes in net (debt)/funds

At 1 April 2021
£

Cash flowsAt 31 March 2022
£ £

Cash at bank and in hand

185,772

76,222

261,994

Loans falling due within one year

(65,008)

(2,708)

(67,716)

Loans falling due after more than one year

(688,015)

61,492

(626,523)

(567,251)

135,006

(432,245)