

**Charity registration number 1069777**

**Company registration number 03550328 (England and Wales)**

**TEEN CHALLENGE LONDON**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

# TEEN CHALLENGE LONDON

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Revd L Cheshire Rev S Derbyshire Rev. D Langton Dr L Logan MBE Rev Christopher Scott	
<b>Charity number</b>	1069777	
<b>Company number</b>	03550328	
<b>Principal addresses</b>	Wilkerson House Uphall Road Ilford Essex IG1 2JJ	Drayton Hall Hall Lane Drayton Norwich NR8 6DP
<b>Registered office</b>	Essex House 8 The Shrubberies George Lane South Woodford London United Kingdom E18 1BD	
<b>Auditor</b>	Caton Fry & Co Ltd Essex House 7 The Shrubberies George Lane South Woodford London E18 1BD	
<b>Bankers</b>	Barclays Bank 180 High Road Ilford Essex IG1 1LS	
<b>Solicitors</b>	Red Kite Solicitors 14-15 Spilman Street Carmarthen West Wales SA31 1SR	
<b>Project manager</b>	Javier Lesta-Candal	

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# TEEN CHALLENGE LONDON

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# TEEN CHALLENGE LONDON

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 MARCH 2023

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The trustees present their report and financial statements for the year ended 31 March 2023 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 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 2023

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### Achievements and performance

#### Drayton Hall

The ongoing negotiations that began in the last financial year with The Lind Trust concerning the possible acquisition of Drayton Hall, Norwich a 36 bedroom 3-acre facility for the use of rehabilitation work finally came to an exciting conclusion when we exchanged contracts to receive the freehold of the property to the balance sheet of Teen Challenge London at NIL cost to the charity in September 2022. In December 2022 we completed on the contracts and became the legal owners of Drayton Hall Norwich.

Plans were already underway and from September 2022 we engaged contractors to make numerous alterations to ensure that the new property was fit for purpose. Showers, bedrooms and various building works including relocating the walk in Fridge freezer from Wilkerson House to Drayton Hall took place. The purchase art gym equipment for a new full gymnasium was also undertaken.

On Monday December 12th 2022 the 9 residents on Phases 1-3 relocated from Wilkerson House Ilford to Drayton Hall Norwich. The following week our first official chapel service was attended by a number of invited guests to join our trustees to hear Rev Phil Hills speak. Lunch was provided with guided tours of the property. The local community have welcomed Teen Challenge into the area and we have had numerous applications from men wishing to enter the program. The new manager at Drayton Hall is Rev Sam Mooney. We also had 1 new staff member added from the local area and several who transferred to Drayton from Wilkerson House.

#### Wilkerson House

The average occupancy level for Wilkerson House was 16.2. This was an increase of 1.1 over the year compared to 2021/22 which was 15.1. year.

3 current staff were made redundant as it was not possible for them to relocate to Norwich for work.

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. A gift of £40,000 was received as part of a legacy and a gift of £100,000 from City Gates Church in Ilford. A further £25,000 was pledged for the next financial year to the charity from City Gates Church to help with the installation of a new boiler for the showers. 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 by the look of the front elevation of the building from the street. Our application was finally approved on 20.02.2023 for an additional 5 bedrooms and 2 toilets to be added on the second floor.

#### TCL Reuse Centre

Teen Challenge London continues to rent part of its building to TCL Reuse Centre and this partnership continues to bear fruit. Clients in the rehabilitation Programme are finding the ability to work and assist TCL Reuse invaluable as part of the rehabilitation. TCL Reuse donated £40,000 to Teen Challenge London in November 2022. In November 2022 work began upstairs to remove the offices so as to open the area to increase the retail floor capacity by another 2,000 square feet. This was completed in March 2023 and increased the retail capacity to 10,000 square feet.

# TEEN CHALLENGE LONDON

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### Outreach Projects

In July 2022 we stopped the street outreach food program that we had operated for 25 years. We held a "Thank You" Barbecue and presentation at Wilkerson House to all past and present volunteers. We also were tremendously encouraged when we received a grant of £46,000 for the purchase of a new outreach vehicle.

Our new outreach initiative called 'The Joshua Project' (JP) in which TC have been active in 5 different locations, including other outreach events and church presentations. I'm sure as you view this report you will see the momentum of our influence increasing, and moving forward, becoming more effective in our approach to achieving that which we set out to accomplish.

### *The Joshua Project*

JP is run for 12 weeks. In this 12-week period from Tuesday- Friday a worker(s) from are specifically engaging with those in addiction and homeless. This is done by attending soup kitchens, homeless shelters and engaging directly on the streets.

During the middle 4-week period two Saturdays are organised to host evangelism training/ equipping. This is for the local churches, getting all involved to engage their community for Jesus and learn how to effectively share the Gospel. We also offer training in drug awareness, addiction awareness and how to minister to an addict. Sundays TCL will hold presentations in the local churches in the specified area from one week to the next to maximise our impact during this time.

In July 2022 TC London initiated the new outreach approach. Since then, we have been active in outreach in 5 different locations including; Acton, Chatham, Braintree, Barking and Harlow. Each have had differing successes and as this is a new project, after each project there has been reflection and improvement.

### *Acton July '22*

This outreach was over 4 weeks. Within this period we were working closely with members of the church and giving evangelism training daily (during mornings) 7 members were working consistently in this period. This culminated in a community BBQ for those that attended the church drop in for the homeless. One application was filled out for TCL.

### *Chatham October '22*

This outreach was over 12 weeks. First and last 4 weeks, we would be in Chatham once a week. The middle 4 weeks we would be there consistently through that period. The focus was more on attending the local drop-in services instead of outreaching on the streets. During the middle 4 weeks (on the Saturdays) for the local churches, we held evangelism training and street outreach. Every Sunday during October TCL held presentations at different local churches. Two men entered the TCL program.

### *Braintree February '23*

This outreach was over 12 weeks, set out as per previous. This was a mixture of attending the local drop-in centres, 'warm spaces', outreach into the streets and we also attended the local AA meeting. Although there were no applications filled out, we saw two powerful salvations where these people are now actively attending and serving in the local church. We held evangelism training/ equipping over two Saturdays. Braintree Elim have continued this time of evangelism in the town centre every other Saturday. Also, every Sunday through February TCL held presentations in the local churches.

### *Barking April '23*

This outreach was over 12 weeks, set out as per previous. Mainly working with two local churches who ran soup kitchens and outreaching into the streets of Barking. After conversing with the Pastor of Barking Elim, we established prayer walks every Monday through April. Barking Elim have since continued this, prayer walking once a month. Evangelism training/ equipping was held over two Saturdays. One application was filled out. During a TCL presentation a lady encountered Jesus powerfully, healing her of deep trauma and physical issues, she now attends and serves in Barking Elim.

### *Harlow June '23*

This outreach was over 12 weeks, set as per previous. Working in connection with Heart for Harlow (local churches together) our main contact was with Harlow Elim and Streets2Homes, a local homeless charity providing support for those to find housing. This is where the bulk of relationships were built with two clients filling out application forms for TCL. Through evangelism equipping/ training, over both Saturdays we saw 65 people in attendance.

# TEEN CHALLENGE LONDON

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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*Joshua Project summary in numbers;*

Applications filled out	9
Interview from Applications	4
Volunteers Attending Training/ Equipping	157
Churches / Organisations Actively involved	24
Applicants Entered Program	2

(These numbers are specific to JP and do not include the numbers from other outreaches during this period.)

### *Other outreach opportunities/ notable updates*

- A school reached out for us to come and share the work of TCL. This was completed and we also shared testimony in their RS class. The students had to pick a charity in the field of social justice, one group chose TCL. They had to raise funds and give a presentation to the year group and £75 was raised by the students. In their presentation to the year group they declared that 'it's Jesus that brings freedom to the lives of these men'. (This was a secular school and so particularly encouraging to experience this reaction.)
- We have launched a new outreach newsletter 'Joshua's Journal' and have begun to have more of a presence on social media.
- We were given permission to set up an awareness table at Daniel Chand's 'Tent Revival' meeting. This was an event taking place over a week and great publicity with the number of people coming through. An application was filled out for a man to enter TCL, he's due to attend a video interview. (Ongoing at time of writing.)
- We have seen 4 women go into Hope House TC as well as the entering of 2 men into TC London directly through the outreach projects. There were another 2 indirectly, having contact first and then followed up by co workers. We believe there have been more who have directly/ indirectly heard or received information of TCL as a result of JP.
- In fact, we had customers buy from the Reuse centre travelling from Braintree. They had heard about it through our time in the area and told the staff of the impact the JP had on them personally and of that to the wider community.

### Church presentations

Church presentations have been booked and given most weekend to various churches.

From the period 1st April '22- March 31st 2023 TC London held a total of 35 church presentations. This number does not include other presentations that have been held outside of Sunday services.

# TEEN CHALLENGE LONDON

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### Centre for Excellence Achievements 2022 -2023

Retraining and upskilling of clients

The following accredited certificates were achieved

<b>Accredited by City and Guilds</b>	
Level 1 Functional Skills English	4
Level 2 Functional Skills English	1
Level 1 Effective Communication	6
Level 1 Effective Skills and Qualities and Attitudes	15
Level 1 Managing Personal Finance	16
Level 1 Equality and Diversity	18
Level 1 Employability Personal Development Award	5
Level 1 ICT	4
Customer Service level 1	13
<b>TOTAL</b>	<b>82</b>

<b>Accredited by Highfield Online Learning</b>	
Level 2 Food Safety	21
Equality and Diversity	5
Health and Safety Level 2	1
First Aid at Work	4
Managing Conflict	3
Customer Services Level 2	4
Manual Handling	1
Warehousing and Storage	1
Fire Safety	3
<b>TOTAL</b>	<b>43</b>
<b>Trainer Courses</b>	
Health and Safety	26
<b>TOTAL</b>	<b>26</b>
<b>Teen Challenge</b>	
In-house Health and Safety	32
<b>TOTAL</b>	<b>32</b>
<b>TOTAL OF ALL COURSES</b>	<b>183</b>



# TEEN CHALLENGE LONDON

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### Any Other Developments

Due to the huge changes in expansion that the charity has experienced during this financial year, it is important that the stability of the day to day running of both Wilkerson House and Drayton Hall are in place. We have seen an increase in applicants wishing to come into the program in Drayton. Therefore, we would like to increase the bed capacity for residents from 20 to 30 by year end 2024. We are also looking in partnership with Exit Foundation at applying to Ofsted for approval to turn part of Wilkerson House into a secure 2 bed, 28-day emergency accommodation for under 18 year olds. The remainder part of Wilkerson House will be for phase 4 men wishing to return to Ilford.

### **Financial review**

Incoming resources for the year stood at £1,326,506 (2022 - £736,859). The large increase in incoming resources being the donation of Drayton Hall by the Lind Trust. The net incoming resources amounted to £609,421 (2022 - £147,020). Voluntary income amounted to £934,716 (2022 - £410,267) and represented 70.5% (2022 - 55.7%) of the charity's total income. This increase in income has meant that the charity is now audited which may now need to be completed on an ongoing annual basis.

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 £1,768,667 (2022 - £1,159,246). Included in the above figure are freehold properties shown at cost of £2,008,882 (2022 - £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 6 months' expenditure. This amounts to approximately £390,000. The trustees consider 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 £277,634 (2022 : £333,209).

### **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.

### **Risks**

The trustees have 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

# TEEN CHALLENGE LONDON

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 MARCH 2023*

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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.

### **Disclosure of information to auditor**

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

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

Rev S Derbyshire  
**Trustee**

29 November 2023

# **TEEN CHALLENGE LONDON**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 MARCH 2023***

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

# TEEN CHALLENGE LONDON

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF TEEN CHALLENGE LONDON

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#### Opinion

We have audited the financial statements of Teen Challenge London (the 'charity') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 2023 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 charity'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.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's 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.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

# TEEN CHALLENGE LONDON

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TEEN CHALLENGE LONDON

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

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

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 charity'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.

### **Auditor's 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 auditor's 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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 was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant are those that relate to:

- compliance with Statement of Recommended Practice : Accounting and Reporting by Charities 2015 as this is financial reporting framework that the financial statements are based on.

The key laws and regulations we have considered in this context included the Companies Act and Charities Act. In addition, we have considered provisions of other laws and regulation that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

# TEEN CHALLENGE LONDON

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TEEN CHALLENGE LONDON

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The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We assessed the risks of material misstatements in respect of fraud as follows:

- Enquiry of senior management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Used analytical procedures to identify any unusual or unexpected relationships;
- Discussed areas of the financial statements with management that were susceptible to misstatement.

Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above by:-

- Carrying out an accounts disclosure checklist to confirm that the financial statements comply with the financial reporting framework.

We corroborated our enquiries through:

- review of correspondence with HMRC, Charities Commission and Companies House;
- review of correspondence with other regularity bodies.

We considered the risk of fraud through management override and, in response, we incorporated testing of manual journal entries into our audit approach both at the year end and during the course of the year. We tested journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Based on the results of our risk assessment we designed our audit procedures to identify and to address material misstatements in relation to fraud, including:

- reviewing a sample of payments to documentation and procedures being followed in line with the financial procedures and controls in place;
- reviewed the accounting policies adopted by the entity were in line with standard practice and were being followed appropriately by the company.

The engagement partner considers the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

There are inherent limitations in the audit procedures, described above and the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Other matters**

The comparative figures were not audited.

### **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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

# **TEEN CHALLENGE LONDON**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TEEN CHALLENGE LONDON**

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**Mr Jonathan Caton (Senior Statutory Auditor)  
for and on behalf of**

6 December 2023

**Chartered Accountants  
Statutory Auditor**

# TEEN CHALLENGE LONDON

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £
<b><u>Income and endowments from:</u></b>					
Donations and legacies	3	297,051	637,665	934,716	410,267
Trading activities	4	301,104	-	301,104	263,459
Investment income	5	75,237	-	75,237	63,133
Other income	6	15,449	-	15,449	-
<b>Total income</b>		<b>688,841</b>	<b>637,665</b>	<b>1,326,506</b>	<b>736,859</b>
<b><u>Expenditure on:</u></b>					
Raising funds	7	2,562	-	2,562	2,504
Charitable activities	8	713,807	716	714,523	587,335
<b>Total resources expended</b>		<b>716,369</b>	<b>716</b>	<b>717,085</b>	<b>589,839</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(27,528)</b>	<b>636,949</b>	<b>609,421</b>	<b>147,020</b>
Gross transfers between funds		89,284	(89,284)	-	-
<b>Net income for the year/ Net movement in funds</b>		<b>61,756</b>	<b>547,665</b>	<b>609,421</b>	<b>147,020</b>
Fund balances at 1 April 2022		1,159,246	-	1,159,246	1,012,226
<b>Fund balances at 31 March 2023</b>		<b>1,221,002</b>	<b>547,665</b>	<b>1,768,667</b>	<b>1,159,246</b>

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 2023

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Tangible assets	16		2,215,381		1,565,859
<b>Current assets</b>					
Debtors	17	173,532		67,607	
Cash at bank and in hand		110,143		261,994	
			283,675		329,601
<b>Creditors: amounts falling due within one year</b>	18	(157,085)		(109,691)	
Net current assets			126,590		219,910
<b>Total assets less current liabilities</b>			2,341,971		1,785,769
<b>Creditors: amounts falling due after more than one year</b>	19		(573,304)		(626,523)
<b>Net assets</b>			1,768,667		1,159,246
<b>Income funds</b>					
Restricted funds	21		547,665		-
<u>Unrestricted funds</u>					
Designated funds	22	-		65,000	
General unrestricted funds		1,221,002		1,094,246	
			1,221,002		1,159,246
			1,768,667		1,159,246

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 29 November 2023

Rev S Derbyshire  
Trustee

Company Registration No. 03550328

# TEEN CHALLENGE LONDON

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	26		536,895		121,656
<b>Investing activities</b>					
Purchase of tangible fixed assets		(702,290)		(49,784)	
Investment income		75,237		63,133	
<b>Net cash (used in)/generated from investing activities</b>			(627,053)		13,349
<b>Financing activities</b>					
Repayment of bank loans		(61,693)		(58,784)	
<b>Net cash used in financing activities</b>			(61,693)		(58,784)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(151,851)		76,221
Cash and cash equivalents at beginning of year			261,994		185,773
<b>Cash and cash equivalents at end of year</b>			110,143		261,994

# TEEN CHALLENGE LONDON

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 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.

The activities of the charity, as described in the Trustees report, are carried out at Wilkerson House in Ilford or Drayton Hall in Norfolk.

##### 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 other than the donation of Drayton Hall which has been reflected at market value. 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.

# TEEN CHALLENGE LONDON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

---

### 1 Accounting policies

(Continued)

Income from trading activities are reflected on a receivable basis.

Income from investments and interest are included when receivable.

Rental income is recognised on the cash basis.

#### 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 2023

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### 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 2023

### 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	Restricted funds	Total	Unrestricted funds
	2023	2023	2023	2022
	£	£	£	£
Donations and gifts	297,051	137,665	434,716	370,267
Legacies receivable	-	-	-	40,000
Donated goods and services	-	500,000	500,000	-
	<u>297,051</u>	<u>637,665</u>	<u>934,716</u>	<u>410,267</u>

# TEEN CHALLENGE LONDON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 3 Donations and legacies

(Continued)

#### Grants included in donations and gifts

Coronavirus Job Retention Scheme	-	-	-	24,532
City Gate Church	25,000	-	25,000	25,000
Magnify Foundation	47,665	-	47,665	-
TCL Re-Use Centre	90,000	-	90,000	-
	<u>162,665</u>	<u>-</u>	<u>162,665</u>	<u>49,532</u>

During the year The Lind Trust donated Drayton Hall (Norwich, Norfolk) to the charity to help with the charities alcohol and drug rehabilitation programme. As this was a in-kind donation a professional valuation was undertaken to determine the value of the gift. More details of the valuation is reflected in Note 16.

The Charity also 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

	2023 £	2022 £
Students' housing benefits	238,487	228,019
Students' DWP benefits	59,560	32,835
Tuck shop sales	3,057	2,605
	<u>301,104</u>	<u>263,459</u>

### 5 Investment income

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Rental income	75,156	63,110
Interest receivable	81	23
	<u>75,237</u>	<u>63,133</u>

# TEEN CHALLENGE LONDON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 6 Other income

	Unrestricted funds	Total
	2023 £	2022 £
Insurance claim	15,449	-
	<u>15,449</u>	<u>-</u>

### 7 Raising funds

	Unrestricted funds	Unrestricted funds
	2023 £	2022 £
<u>Raising donations and legacies</u>		
Staff costs	2,562	2,504
	<u>2,562</u>	<u>2,504</u>



# TEEN CHALLENGE LONDON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 8 Charitable activities

	Rehab- ilitation 2023 £	Outreach ministry 2023 £	Egangs 2023 £	Total 2023 £	Rehab- ilitation 2022 £	Outreach ministry 2022 £	Egangs 2022 £	Total 2022 £
Staff costs	286,106	33,223	-	319,329	314,209	2,640	-	316,849
Costs of residence & catering	46,684	-	-	46,684	44,376	21	-	44,397
Travel	15,267	6,106	-	21,373	18,561	2,472	206	21,239
Donations	7,140	4,845	15,000	26,985	10,890	10,830	15,105	36,825
Training centre	751	-	-	751	773	-	-	773
Bank loan interest	34,835	-	-	34,835	19,698	-	-	19,698
	390,783	44,174	15,000	449,957	408,507	15,963	15,311	439,781
Share of support costs (see note 9)	196,939	13,228	-	210,167	98,780	7,378	-	106,158
Share of governance costs (see note 9)	54,399	-	-	54,399	41,396	-	-	41,396
	642,121	57,402	15,000	714,523	548,683	23,341	15,311	587,335
<b>Analysis by fund</b>								
Unrestricted funds	641,405	57,402	15,000	713,807	548,683	23,341	15,311	587,335
Restricted funds	716	-	-	716	-	-	-	-
	642,121	57,402	15,000	714,523	548,683	23,341	15,311	587,335

# TEEN CHALLENGE LONDON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 9 Support costs

	Support costs	Governance costs	2023	Support costs	Governance costs	2022
	£	£	£	£	£	£
Depreciation	52,768	-	52,768	19,442	-	19,442
Rent, rates & water	26,268	-	26,268	26,294	-	26,294
Light and heat	41,715	-	41,715	16,418	-	16,418
Repairs & renewals	71,630	-	71,630	25,149	-	25,149
Office	16,165	-	16,165	13,082	-	13,082
Finance	1,621	-	1,621	5,773	-	5,773
Audit fees	-	6,324	6,324	-	-	-
Accountancy	-	5,316	5,316	-	-	-
Legal and professional	-	42,759	42,759	-	37,952	37,952
Independent examination	-	-	-	-	3,444	3,444
	<u>210,167</u>	<u>54,399</u>	<u>264,566</u>	<u>106,158</u>	<u>41,396</u>	<u>147,554</u>
Analysed between						
Charitable activities	<u>210,167</u>	<u>54,399</u>	<u>264,566</u>	<u>106,158</u>	<u>41,396</u>	<u>147,554</u>

Support costs are allocated to activities based on staff time.

### 10 Net movement in funds

	2023	2022
	£	£
Net movement in funds is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets	52,768	19,442
(Profit)/Loss on disposal of fixed assets	-	(1,400)
Independent examination	-	3,243
Bank loan interest	18,589	33,020
Operating lease charges	<u>1,248</u>	<u>1,168</u>

### 11 Auditor's remuneration

#### Fees payable to the charity's auditor and associates:

	2023	2022
	£	£
Audit of the charity's annual accounts	<u>6,324</u>	<u>-</u>
<b>Non-audit services</b>		
All other non-audit services	<u>5,316</u>	<u>-</u>

# TEEN CHALLENGE LONDON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 12 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.

### 13 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Managers	2	2
Support	11	11
Administration	1	1
Total	14	14

#### Employment costs

	2023 £	2022 £
Wages and salaries	298,206	293,189
Social security costs	18,933	20,772
Other pension costs	4,752	5,392
	321,891	319,353

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

### 14 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 £4,752 (2022 : £5,392).

At 31st March 2023 contributions amounting to £1,964 (2022 : £2,197) were payable to the fund and are included in creditors.

### 15 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

# TEEN CHALLENGE LONDON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

16 Tangible fixed assets	Freehold land and buildings		Improvements to property		Fixtures and fittings		Computers		Motor vehicles		Total	
	£	£	£	£	£	£	£	£	£	£	£	£
<b>Cost</b>												
At 1 April 2022	1,508,882	414,008	140,494		121,199	2,190,990						
Additions	500,000	63,225	136,071		2,495	702,290						
Disposals	-	-	-		(83,679)	(83,679)						
At 31 March 2023	2,008,882	477,233	276,565		40,015	2,809,601						
<b>Depreciation and impairment</b>												
At 1 April 2022	-	402,614	108,171		107,939	625,131						
Depreciation charged in the year	-	7,588	38,177		6,838	52,768						
Eliminated in respect of disposals	-	-	-		(83,679)	(83,679)						
At 31 March 2023	-	410,202	146,348		31,098	594,220						
<b>Carrying amount</b>												
At 31 March 2023	2,008,882	67,031	130,217		8,917	2,215,381						
At 31 March 2022	1,508,882	11,394	32,323		13,260	1,565,859						

# TEEN CHALLENGE LONDON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 16 Tangible fixed assets

(Continued)

During the course of the year Drayton Hall (Norwich, Norfolk) was donated to the Charity by The Lind Trust. As the land and building were donated then a valuation was undertaken by a firm of local surveyors, Roche Surveyors. Due to the specialised nature of the property, the fact that it will be used for drug and alcohol rehabilitation and that there are restrictive covenants on the property then the value has been obtained on the basis of the rateable value and alternative uses for the property.

### 17 Debtors

	2023 £	2022 £
<b>Amounts falling due within one year:</b>		
Other debtors	102,353	65,200
Prepayments and accrued income	71,179	2,407
	<u>173,532</u>	<u>67,607</u>

### 18 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans	20	59,241	67,716
Other taxation and social security		4,860	6,560
Trade creditors		18,060	16,914
Other creditors		4,389	5,403
Accruals and deferred income		70,535	13,098
		<u>157,085</u>	<u>109,691</u>

### 19 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank loans	20	573,304	626,523
		<u>573,304</u>	<u>626,523</u>

# TEEN CHALLENGE LONDON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 20 Loans and overdrafts

	2023 £	2022 £
Bank loans	632,545	694,239
Payable within one year	59,241	67,716
Payable after one year	573,304	626,523
Amounts included above which fall due after five years:		
Payable by instalments	248,637	296,830

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.

# TEEN CHALLENGE LONDON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 21 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds		Movement in funds			
	Incoming resources	Balance at 1 April 2022	Incoming resources	Resources expended	Transfers	Balance at 31 March 2023
	£	£	£	£	£	£
Drayton Hall - Donated property	-	-	500,000	-	-	500,000
Drayton Hall - Refurbishment / Equipment	-	-	90,000	(716)	(89,284)	-
Ministry Bus	-	-	47,665	-	-	47,665
	-	-	637,665	(716)	(89,284)	547,665

During the year The Lind Trust donated Drayton Hall to the Charity. As Teen Challenge needs permission from The Lind Trust to dispose of the property, the property has been left in the restricted fund as there is a continuing restriction to use on the property.

Funding of £50,000 was received in the year from the TCL ReUse Centre towards the refurbishment of Drayton Hall. As these costs were capitalised in the accounts (Note 16- Improvements to Property). The TCL Re-Use Centre gave a further £40,000 towards gym equipment which the majority of was also capitalised in the the accounts (Note 16- Fixtures & Fittings). The spend on this grant has been treated as a transfer from restricted to unrestricted funds.

The Magnify Foundation gave a grant of £47,665 towards the purchase of a new Ministry minibus. The bus was purchased in April 2023 so this grant has been carried forward in restricted funds at the year end.

#### 22 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				
	Balance at 1 April 2021	Incoming resources	Balance at 1 April 2022	Transfers	Balance at 31 March 2023
	£	£	£	£	£
Refurbishment of rooms	65,000	-	65,000	(65,000)	-
	65,000	-	65,000	(65,000)	-

In the previous year £65,000 was designated by the Trustees for the refurbishment of rooms at Wilkerson House. As this work started in the year this amount has been undesignated to fund the anticipated spend.

# TEEN CHALLENGE LONDON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 23 Analysis of net assets between funds

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total Unrestricted funds 2023 £	2022 £
Fund balances at 31 March 2023 are represented by:				
Tangible assets	1,715,381	500,000	2,215,381	1,565,859
Current assets/(liabilities)	78,925	47,665	126,590	219,910
Long term liabilities	(573,304)	-	(573,304)	(626,523)
	<u>1,221,002</u>	<u>547,665</u>	<u>1,768,667</u>	<u>1,159,246</u>

### 24 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:

	2023 £	2022 £
Within one year	1,248	1,248
Between two and five years	312	1,560
	<u>1,560</u>	<u>2,808</u>

### 25 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023 £	2022 £
Total key management personnel remuneration	<u>46,125</u>	<u>45,075</u>



# TEEN CHALLENGE LONDON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 25 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:

- £15,000 (2022 : £15,105) grant given to the Exit Foundation.

At the year end £4,389 (2022 : £5,379) of donations was received on behalf of the Exit Foundation and will be distributed to them in the forthcoming year. This amount has been included under creditors - note 18.

During the year some of the church organisations that the Trustees are involved with gave donations totalling £161,921.

26 Cash generated from operations	2023 £	2022 £
Surplus for the year	609,421	147,020
Adjustments for:		
Investment income recognised in statement of financial activities	(75,237)	(63,133)
Depreciation and impairment of tangible fixed assets	52,768	19,442
Movements in working capital:		
(Increase)/decrease in debtors	(105,926)	5,684
Increase in creditors	55,869	12,643
<b>Cash generated from operations</b>	<b>536,895</b>	<b>121,656</b>

### 27 Analysis of changes in net (debt)/funds

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	261,994	(151,851)	110,143
Loans falling due within one year	(67,716)	8,475	(59,241)
Loans falling due after more than one year	(626,523)	53,219	(573,304)
	<b>(432,245)</b>	<b>(90,157)</b>	<b>(522,402)</b>