



Registered number: 03390541
Charity number: 1070483

DEPTFORD CHALLENGE TRUST LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

DEPTFORD CHALLENGE TRUST LIMITED
(A company limited by guarantee)

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DEPTFORD CHALLENGE TRUST LIMITED
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2023**

Trustees	D Malone S Hetherington O Adefiranye S Brown B Ellson R Flook D Flynn J Mallory Councillor R Parry
Company registered number	03390541
Charity registered number	1070483
Registered office	14th Floor 33 Cavendish Square London W1G 0PW
Company secretary	L Clayton
Independent auditors	Sumer Auditco Limited 14th Floor 33 Cavendish Square London W1G 0PW
Bankers	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Mailling Kent ME19 4JQ
Investment Manager	Evelyn Partners 25 Moorgate London EC2R 6AY

DEPTFORD CHALLENGE TRUST LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees present their annual report together with the audited financial statements of the Company for the 1 September 2022 to 31 August 2023. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Status and Governing Document

Deptford Challenge Trust Limited (the Trust or DCT) is a charitable company limited by guarantee, incorporated on 23 June 1997 and registered as a charity on 9 July 1998. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed by its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1 towards its liabilities, if anything at all.

Objectives and activities

a. Policies and objectives

The Trust's objectives and its principal activities are to promote the benefit of the inhabitants of the Deptford City Challenge area in a common effort to advance education, training and social welfare with the object of improving the conditions of life of the said inhabitants. The Trustees carry out these objects by providing grants to organisations undertaking projects that meet the criteria set out within its grant schemes. The Trustees have taken account of the guidance contained in the Charity Commission's general guidance on public benefit in carrying out these objectives and in planning future grant funding rounds.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Achievements and performance

a. Income Stream

Until September 2021, the Trust's funding source arose from the income stream from the Dean House building constructed as student accommodation. The building is the result of an investment by Deptford City Challenge Limited, which, in May 1999, transferred its interest to the London Borough of Lewisham by an agreement which recognised the use, for charitable purposes in Deptford, of future funds arising from rentals. On the same date, the Trust entered into an agreement with the London Borough of Lewisham relating to the use of the funds.

The lease on Dean House, and DCT's agreement with London Borough of Lewisham, ended in September 2021, after which the Trust entered into a lease for the property directly with London Borough of Lewisham, at a peppercorn rent, for the purpose of letting as private student accommodation. The level of rent reflected the intended beneficiaries of the income from the property. A specialist property manager was appointed to manage the student lettings and the building on a day-to-day basis.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Achievements and performance (continued)

Income, after costs, from the letting of the student accommodation at Dean House is used for the charitable purposes of the Trust.

b. Public benefit

The Trustees have a duty to make the best use of the funds at the Trust's disposal by ensuring that the work of the organisations which submit applications is of value and public benefit to the people of Deptford and that such organisations are able to make good use of the funding.

c. Grant schemes

The Trustees review the grant schemes each year to ensure they best meet the needs of the inhabitants of the area of benefit in accordance with the objects of the Trust. The schemes were last fully reviewed in 2017, after independent research commissioned by the Trust into the funding of the voluntary and community sector informed a new Open Programme, covering all grants from £1,000 to £30,000. The criteria and priority themes of education and skills; community cohesion and social inclusion; health and wellbeing; strengthening the DCT area were set as guidelines. In addition, they introduced a new Core Grant programme of up to £20,000 per year, for a maximum of three years, for up to two organisations. Funds would be unrestricted for the use of core activities rather than for specific projects or roles so that the organisation would be able to concentrate on developing its charitable aims.

Further research was commissioned in 2019, following a significant drop in the number of applications compared to previous years. The research concluded that organisations have a need for core grants and multi-year funding to give them more stability and continuity and do not always have sufficient time to dedicate to completing the application process each year. Trustees therefore agreed to widen the grant scheme to include core and capital funding and increase the number of multi-year core grants.

During the financial year, the Trust commissioned LCF to undertake new research to ascertain whether the grant scheme was still meeting the current needs for organisations needing funding within the DCT area. The research concluded that the priorities of the Open Programme were still relevant, but the Trustees agreed a new recommended priority, to fund organisations which provide assistance to individuals in poverty or crisis. The research also recommended that more emphasis be given to help with core funding, including the introduction of £15k-£20k multi-year grants to organisations which are critical locally and have previously received grants over multiple years.

The Trustees also agreed to this recommendation, with the caveat that no multi-year grants are offered until such time that the repairs are completed at Dean House and sufficient reserves are built up.

Due to the ongoing repairs at Dean House, there were no funds available to undertake a grant round during the year. However, after the year end, the Trustees were able to commit to a grant round for 2024. Applications have already been received for this grant round, for which the overall quality of the applications remains high both from applicants already known to the Trust and from well-qualified new applicants.

The Trust receives more applications than it is able to fund and employs The London Community Foundation (LCF) to independently assess each application and make written recommendations to the Board. The Trustees then consider each application with reference to LCF's recommendations, the Trust's funding policy and their own local knowledge. The Trustees make it known that any organisation which is unsuccessful on one occasion should not feel discouraged from applying in a later round. LCF also monitors the projects, provides feedback to the Trustees, and works with the organisations to address any issues during the project that may cause them not to meet their project outcomes.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Achievements and performance (continued)

d. Future developments

The Trust will continue the repair programme for the Dean House student accommodation and restart the grant-giving programmes in the next financial year.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

b. Reserves policy

Trustees review DCT's reserves policy and reserves levels annually as part of the planning process.

The Trust maintains an operational reserve to ensure that operating expenses can be met. The level of this reserve is monitored on a regular basis as it fluctuates over the financial year. The Trust targets 3 months of operating expenses for this.

c. Investments policy

It is the policy of the Trust to manage its reserves in a way that generates a return on its reserves without unduly risking the capital invested. This has led the Trust to hold its:

- Unrestricted Funds reserves in interest-bearing accounts with a financial institution or institutions of established reputation or within the limits of FSCS Guarantee scheme.
- Investment Reserve in a balanced investment portfolio with a 5 year + time horizon and managed by a financial institution or institutions of established reputation.

The Trustees review DCT's investment policy annually. Currently, DCT's investment managers are Evelyn Partners Investment Management LLP (formally known as Smith & Williamson Investment Management LLP). Given DCT's resources, it has not created its own investment policy and has opted to use one based upon the Church of England Ethical Investing Policies to ensure its investments do not harm the communities it is trying to help. Over time DCT's policy may diverge from the Church of England Ethical Investing Policies should the Trustees identify areas where these conflict with the Trust's open and inclusive values. This policy is reviewed annually and is consistent with Trustees responsibilities under the Charities Act.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

d. Principal risks and uncertainties

The Trustees have considered the risks faced by the Trust. They consider the main risks to be:

(a) misuse of funds under the Trust's immediate control: the risk of such misuse is reduced by the requirement that all proposed payments and transfers of funds, being the property of the Trust, must be supported by transfer instructions implementing approvals by the Board or by invoices from providers of goods and services. In either case, instructions for transfers and payments must be signed by two authorised signatories; and

(b) loss of funds due to failure or liquidation of any agency holding funds which are the property of the Trust; This is of particular concern to DCT, being a distributing charity, which relies on an agent to distribute funds of which the release has been authorised by the Board. Here, the particular risk of loss is alleviated by a provision in the agreement with the agent having the responsibility for the distribution of funds, having the effect that the funds remain the property of DCT until such time as they are passed to recipients in accordance with instructions of its Trustees.

(c) an incident at the property causes injury or death to an individual. The risk has been addressed by appointing a reputable property manager with suitable experience of running such buildings.

e. Financial Review

During the period that ended 31 August 2023 income of £827,447 (2022: £291,594) was raised from the letting of the Dean House. The increase was due to the whole building being lettable for the whole of the year.

Income from donations of £330,000 (2022: £132,000) represents the adjustment to open market value in regards to the peppercorn rent for Dean House. A corresponding entry has been made to raising funds.

Property operational costs of £747,673 (2022: £540,044) arose for the 2022/23 academic year which meant that Dean House generated a net operating profit of £409,774 (2022: £116,450 loss) for the year.

During the period ended 31 August 2023, no grants were distributed, due to the level of repairs required on Dean House. (2022: £216,953 to 13 applicants).

The Trust's debtors include the Rental debtors for Dean House and the cash held by the Property Manager on behalf of the Trust. Creditors include Rents and cash received in advance for the next academic year, as well as operational creditors managed by the Property Manager.

Structure, governance and management

a. Constitution

Deptford Challenge Trust Limited is registered as a charitable company limited by guarantee and was set up by a Trust deed.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Structure, governance and management (continued)

b. Methods of appointment or election of Trustees

The Management Board consists at any time of up to 14 members. The following organisations are each entitled to appoint one Board Member: Goldsmiths College, Lewisham College, South East London Chamber of Commerce and the London Borough of Lewisham. Deptford Community Forum was entitled to appoint two Board Members but has now been disbanded. Up to two Members may be appointed from local tenants and residents' associations but no appointments have been made. The Management Board may invite a business or service in the local area to nominate one person to be a Board Member and may appoint up to four additional Directors.

c. Organisational structure and decision-making policies

The Trust is managed by its Management Board whose members are also the Trustees of the charity. The London Community Foundation (LCF) continues to act as administrator and assessor of the applications and makes recommendations to the Trustees who remain entirely responsible for the allocation of the funds. To ensure accountability, LCF monitors the use of funding in order to ensure adherence to grant conditions and accountability for the use of funds, and reports to the Trustees.

Members of the Management Board, who are Directors for the purposes of company law and Trustees for the purposes of charity law, who served during the year and up to the date of this report are set out below.

Mr O Adefiranye
Ms S Brown
Mr B Ellson
Mr R Flook
Mr D Flynn
Mr S Hetherington (Vice Chair)
Mr J Mallory
Mr D Malone (Chair)
Councillor R Parry

Management Board Responsibilities

Company and charity law requires the Management Board, as Trustees and Directors, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing those financial statements, the Management Board are required to:

- 1) select suitable accounting policies and then apply them consistently.
- 2) make judgements and estimates that are reasonable and prudent.
- 3) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business. The Management Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities Act 2011. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Structure, governance and management (continued)

d. Policies adopted for the induction and training of Trustees

New Trustees are briefed on the source of income and the grant-making policies of the Trust and on the content and purposes of the Memorandum and Articles of Association of the Company. They are supplied with the Charity Commission's publication on the duties of Charity Trustees and are made aware of their responsibilities as Company Directors.

Statement of Trustees' responsibilities

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

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

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

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

Small Company Provision

These financial statements have been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

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



D Malone
Chairman

Date: 7/5/2024

DEPTFORD CHALLENGE TRUST LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEPTFORD CHALLENGE TRUST LIMITED

Opinion

We have audited the financial statements of Deptford Challenge Trust Limited (the 'charitable company') for the year ended 31 August 2023 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

DEPTFORD CHALLENGE TRUST LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEPTFORD CHALLENGE TRUST LIMITED
(CONTINUED)

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

DEPTFORD CHALLENGE TRUST LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEPTFORD CHALLENGE TRUST LIMITED
(CONTINUED)

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

In order to identify and assess the risks of material misstatements, including fraud and non-compliance with laws and regulations that could be expected to have a material impact on the financial statements, we have considered:

- the results of our enquiries of management and those charged with governance of their assessment of the risks of fraud and irregularities;
- the nature of the company, including its management structure and control systems (including the opportunity for management to override such controls);
- management's incentives and opportunities for fraudulent manipulation of the financial statements including the company's remuneration and bonus policies and performance targets; and
- the industry and environment in which it operates.

We also considered UK tax and pension legislation and laws and regulations relating to employment and the preparation and presentation of the financial statements such as the Companies Act 2006.

Based on this understanding we identified the following matters as being of significance to the entity:

- laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, Company Law and Charities SORP;
- the timing of the recognition of rental income;
- grants payable being in accordance with the Charity's governing document;
- management bias in selecting accounting policies and determining estimates;
- recoverability of debtors; and
- inappropriate journal entries.

We communicated the outcomes of these discussions and enquiries, as well as consideration as to where and how fraud may occur in the entity, to all engagement team members.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEPTFORD CHALLENGE TRUST LIMITED
(CONTINUED)

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised:

- enquiries of trustees as to whether the entity complies with such laws and regulations and discussion with the same regarding any known or suspected instances of non-compliance;
- enquiries with the same concerning any actual or potential litigation or claims;
- inspection of relevant legal correspondence;
- assessment of matters reported to management and the result of the subsequent investigation;
- obtaining an understanding of the policies and controls over the recognition of rental income and testing their implementation during the year;
- agreeing grants payable to supporting documentation;
- challenging assumptions made by management in their specific accounting policies and estimates, in particular in relation to the carrying value of tangible fixed assets and calculation of the rental benefit in kind;
- assessing the recovery of debtors in the period since the balance sheet date and challenging assumptions made by management regarding the recovery of balances which remain outstanding;
- reviewing the financial statements for compliance with the relevant disclosure requirements;
- performing analytical procedures to identify any unusual or unexpected relationships or unexpected movements in account balances which may be indicative of fraud;
- evaluating the underlying business reasons for any unusual transactions; and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or crediting revenue or cash.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

Other matters

In the prior year, the Charity was not subject to audit and so the comparative figures are unaudited.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEPTFORD CHALLENGE TRUST LIMITED
(CONTINUED)

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Sumer Auditco Limited

Statutory Auditors
14th Floor
33 Cavendish Square
London
W1G 0PW

Date:

Sumer Auditco Limited are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

DEPTFORD CHALLENGE TRUST LIMITED
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2023**

	Note	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:				
Donations		330,000	330,000	132,000
Rent receivable		827,447	827,447	291,594
Investments	4	2,604	2,604	3,588
Total income		<u>1,160,051</u>	<u>1,160,051</u>	<u>427,182</u>
Expenditure on:				
Raising funds	5	747,673	747,673	540,044
Charitable activities	6	22,150	22,150	266,995
Total expenditure		<u>769,823</u>	<u>769,823</u>	<u>807,039</u>
Net income/(expenditure) before net gains on investments		390,228	390,228	(379,857)
Net gains on investments		-	-	43,075
Net movement in funds		<u>390,228</u>	<u>390,228</u>	<u>(336,782)</u>
Reconciliation of funds:				
Total funds brought forward		484,744	484,744	821,526
Net movement in funds		390,228	390,228	(336,782)
Total funds carried forward		<u>874,972</u>	<u>874,972</u>	<u>484,744</u>

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

The notes on pages 15 to 24 form part of these financial statements.

DEPTFORD CHALLENGE TRUST LIMITED
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REGISTERED NUMBER: 03390541

BALANCE SHEET
AS AT 31 AUGUST 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	10	550,053	556,682
Investments	11	-	22
		<u>550,053</u>	<u>556,704</u>
Current assets			
Debtors	12	559,373	380,296
Cash at bank and in hand		281,484	88,007
		<u>840,857</u>	<u>468,303</u>
Creditors: amounts falling due within one year	13	(515,938)	(540,263)
Net current assets / liabilities		<u>324,919</u>	<u>(71,960)</u>
Total net assets		<u><u>874,972</u></u>	<u><u>484,744</u></u>
Charity funds			
Unrestricted funds	14	874,972	484,744
Total funds		<u><u>874,972</u></u>	<u><u>484,744</u></u>

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006. However, an audit is required in accordance with section 144 of the Charities Act 2011.

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

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

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

R Flook
Trustee

Date: 7 MAY 2024



The notes on pages 15 to 24 form part of these financial statements.

DEPTFORD CHALLENGE TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. General information

Deptford Challenge Trust is a registered charity and Private Limited Company by guarantee without share capital, incorporated in England and Wales. Company registration number 03390541, Charity registration number 1070483. The address of the registered office is 14th Floor, 33 Cavendish Square, London, W1G 0PW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

2.2 Income

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

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

2.3 Expenditure

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

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

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

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

2. Accounting policies (continued)

2.3 Expenditure (continued)

All expenditure is inclusive of irrecoverable VAT.

2.4 Interest receivable

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

2.5 Tangible fixed assets and depreciation

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

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

Depreciation is provided on the following basis:

Short-term leasehold property - 7 years

2.6 Investments

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

2.7 Debtors

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

2.8 Cash at bank and in hand

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

2.9 Liabilities and provisions

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

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2. Accounting policies (continued)

2.10 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

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

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, 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.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instruments any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

3. Donations

Included in donations is £330,000 (2022: £132,000) which is the Trust's estimate of a benefit in kind for rent from the London Borough of Lewisham. An equivalent charge is recognised within rent payable in raising funds.

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4. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from managed investments	-	-	2,712
Bank interest receivable	2,604	2,604	876
	<u>2,604</u>	<u>2,604</u>	<u>3,588</u>

5. Raising funds

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Investment management fees	-	-	4,275
Marketing costs	40,956	40,956	41,593
Property Staffing costs	68,754	68,754	52,373
Cleaning	12,008	12,008	2,165
Property repairs	19,670	19,670	53,123
Waste disposal	4,192	4,192	1,622
Office costs	17,722	17,722	36,334
Internet costs	15,578	15,578	7,161
Property insurance	7,267	7,267	5,023
Utilities	90,511	90,511	58,754
Management fees	40,536	40,536	36,000
Pest control	-	-	4,519
Other costs	207	207	776
Rent payable	330,000	330,000	132,000
Legal fees	12,425	12,425	56,892
Depreciation	87,847	87,847	47,434
	<u>747,673</u>	<u>747,673</u>	<u>540,044</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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5. Raising funds (continued)

Raising funds are costs directly attributable to Dean house which is the property generating the rental income to enable the Trust to meet its charitable objectives.

6. Charitable activities

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Grant funding	-	-	216,953
Management fees (LCF)	-	-	31,241
Awards ceremony	-	-	3,108
Support costs	22,150	22,150	15,693
Total 2023	22,150	22,150	266,995

Analysis of Grants Payable

	2023 £	2022 £
170 Community Advice Project	-	14,316
BelEve UK	-	20,000
Bench Outreach	-	20,000
Creekside Education Trust	-	18,000
Deptford Lionesses	-	8,155
Free to Be Kids	-	6,000
New Cross & Deptford Families First	-	11,440
Paradigm Project	-	21,500
Peak Barista Academy CIC	-	6,350
Thames Reach	-	18,335
The Deptford Ragged Trust	-	20,000
Toucan Employment	-	27,857
Youth First	-	25,000
	-	216,953

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5. Analysis of expenditure by activities (continued)

Analysis of Support Costs

	Activities 2023 £	Total funds 2023 £	Total funds 2022 £
Independent examination	-	-	3,600
Auditors remuneration	6,000	6,000	-
Consultancy	610	610	1,130
Computer Costs	-	-	757
Accountancy fees	1,680	1,680	-
Administration support	6,763	6,763	8,793
Insurance	440	440	421
Bank charges	(75)	(75)	135
Loan interest payable	6,311	6,311	589
Other Costs	421	421	268
Total 2023	22,150	22,150	15,693

7. Auditors' remuneration

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	6,000	-

8. Employees

The average number of employees, including the Trustees, during the year was 9 (2022:9).

9. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Tangible fixed assets

	Short-term leasehold property £
Cost	
At 1 September 2022	604,116
Additions	81,218
At 31 August 2023	<u>685,334</u>
Depreciation	
At 1 September 2022	47,434
Charge for the year	87,847
At 31 August 2023	<u>135,281</u>
Net book value	
At 31 August 2023	<u>550,053</u>
At 31 August 2022	<u>556,682</u>

11. Fixed asset investments

	Listed investments £
At 1 September 2022	22
Disposals	(22)
At 31 August 2023	<u>-</u>
Net book value	
At 31 August 2022	<u>22</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Debtors

	2023 £	2022 £
Due within one year		
Trade debtors	87,036	131,447
Other debtors	467,822	241,768
Prepayments and accrued income	4,515	7,081
	<u>559,373</u>	<u>380,296</u>

13. Creditors: Amounts falling due within one year

	2023 £	2022 £
Other creditors	35,260	194,911
Accruals and deferred income	480,678	345,352
	<u>515,938</u>	<u>540,263</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Statement of funds

Statement of funds - current year

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2023 £
Unrestricted funds					
Designated funds					
Designated funds	556,682	-	(87,847)	81,218	550,053
General funds					
General funds	(71,938)	1,160,051	(681,976)	(81,218)	324,919
Total Unrestricted funds	484,744	1,160,051	(769,823)	-	874,972

Statement of funds - prior year

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds						
Designated funds						
Designated funds	-	-	(47,434)	604,116	-	556,682
General funds						
General funds	821,526	427,182	(759,605)	(604,116)	43,075	(71,938)
Total Unrestricted funds	821,526	427,182	(807,039)	-	43,075	484,744

The Designated fund consists of a property fund reserve, relating to the short term leasehold held for the benefit of the Charity. All other assets and liabilities relate to the undesignated fund.

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15. Related party transactions

D Flynn, Trustee, is the Chief Executive of Bench Outreach which received a grant of £Nil (2022: £20,000) from Deptford Challenge Trust Limited during the period.

Included in other creditors at the balance sheet date is an amount of £Nil (2022: £32,000) owed to CH4 Accounts Limited, a company in which R Flook is a Director.

16. Capital commitments

At the year end, the Charity has committed to capital expenditure of £224,214 (2022: £23,207).