

# FARA FOUNDATION

England & Wales · Charity number 1139349

## Details

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**Other names** FARA FOUNDATION

**Status** Registered

**Legal form** Charitable company

**Company number** [07432706](#)

**Registered** 2010-12-16

**Register** [View on the Charity Commission register](#)

## Contact

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**Address** FARA Foundation  
Suite 1  
Level 2  
8 Waldegrave Road  
TW11 8HT

**Phone** 02089730910

**Email** [mail@faracharity.org](mailto:mail@faracharity.org)

**Website** [www.faracharity.org](http://www.faracharity.org)

## Activities

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**Objects:** FOR THE BENEFIT OF THE PUBLIC:-INSPIRED BY CHRISTIAN VALUES FOR THE RELIEF OF SUFFERING OF THOSE CHILDREN AND ADULTS IN ROMANIA WHO ARE LIVING IN POVERTY OR MARGINALISED OR WHO HAVE DISABILITIES BY:-1. PROVIDING FAMILY STYLE RESIDENTIAL HOMES AND SUPPORTED LIVING ACCOMMODATION IN ROMANIA2. PROVIDING EDUCATION AND SOCIAL SUPPORT FOR CHILDREN WITH COMPLEX NEEDS IN DAY CARE CENTRES AND OUTREACH PROGRAMMES3. PROVIDING COMMUNITY BASED CARE TO THOSE LIVING IN POVERTY BY THE PROVISION OF EDUCATION, FOOD, CLOTHING, SHELTER AND EQUIPMENT4. PROVIDING REHABILITATION AND TRAINING FOR THOSE DISABILITIES5. ADVOCATING FOR SOCIAL AND ECONOMIC INCLUSION OF DISADVANTAGED CHILDREN AND ADULTS6. ARRANGING AND PROVIDING FOR, OR JOINING IN, ARRANGING AND PROVIDING FOR, THE HOLDING OF EXHIBITIONS, MEETINGS, LECTURES, SEMINARS AND TRAINING COURSES

**Activities:** FARA has worked with abandoned and vulnerable children and young people in Romania, many with disabilities, since 1991. It aims to transform their lives by providing family-style homes, recovery and training in four residential centres, social support to promote school attendance in six villages and, in four

centres, special needs education and specialist child therapy.

## Classification

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- **How:** Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, Disability, The Prevention Or Relief Of Poverty, Accommodation/housing, Economic/community Development/employment, Human Rights/religious Or Racial Harmony/equality Or Diversity
- **Who:** Children/young People, People With Disabilities, People Of A Particular Ethnic Or Racial Origin

## Geography

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- **Area of benefit:** ROMANIA
- Romania

## Finances

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Period end	Income	Expenditure	Assets	Employees
2024-12-31	£12,457,682	£12,757,083	£11,621,148	282
2023-12-31	£12,676,775	£12,211,040	£11,765,885	279
2022-12-31	£12,083,182	£11,040,713	£11,116,291	318
2021-12-31	£9,613,316	£9,881,958	£10,484,540	306
2020-12-31	£7,594,909	£7,511,240	£10,561,419	297

## Trustees

Name	Role	Appointed
<b>Siobhan Geraldine Cross</b>	Chair	2022-06-23
Dr Yik Siew Hannah Johnson		2024-03-25
Elizabeth Hannah Austin Middleton		2021-03-08
Karen Bendell		2025-07-07
Lucinda Jane Dawson		2014-03-05
Michelle Elizabeth Bonner		2026-01-06
Paul Jeyanathan Gunaratnam		2026-01-01
Richard Hugh Charles Chalk		2015-07-08
Robert Davidson		2021-12-09
Susan Braun		2026-01-01

**FARA FOUNDATION**

England & Wales - Charity number 1139349

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# Accounts

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FARA FOUNDATION  
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

Principal Office:-  
2nd Floor  
Suite 1  
8 Waldegrave Road  
Teddington  
England  
TW11 8GT

Tel: 02089 730910  
Website: [www.FARACHarity.org](http://www.FARACHarity.org)

Registered Charity No: 1139349  
Registered Company No: 07432706

FARA FOUNDATION (LIMITED BY GUARANTEE)

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for the Year Ended 31 December 2024

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**TRUSTEES' ANNUAL REPORT**  
**Incorporating the Strategic Report and Directors' Report**  
**for the Year Ended 31 December 2024**

**INCORPORATION**

The charitable company was incorporated on 8 November 2010.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**  
07432706 (England and Wales)

**Registered Charity number**  
1139349

**Registered office**

2nd Floor  
Suite 1  
8 Waldegrave Road  
Teddington  
England  
TW11 8GT

**Key Management Personnel**

**Trustees (Directors)**

Ms S G Cross - Chair  
Mrs L J Dawson  
Mr R H C Chalk  
Mr P W Groves  
Mr R Davidson - Treasurer  
Mrs N Nowak  
Mrs E H A Middleton  
Mr R Lynas (appointed 25.03.24)  
Dr Y S H Johnson (appointed 25.03.24)  
Ms K Higgins (appointed 14.06.24)

**Company Secretary and Chief Operating Officer (COO)**

Mr R Phelan

**Chief Executive Officer (CEO)**

Ms E Gordon

**Administrator**

Ms J Sugden

**Royal Patron**

His Majesty King Charles III

**Senior Managers of FARA Enterprises Limited**

**Directors**

Mr R Phelan – Chief Operating Officer and Company Secretary  
Mrs L J Dawson  
Mr P W Groves  
Ms E H A Middleton  
Mr R Davidson (appointed 08.07.24)  
Ms E Gordon (appointed 08.07.24)

**Senior Managers of FARA Properties Limited (Dissolved 26.11.24)**

**Directors**

Mr R Phelan (Director and Company Secretary)  
Mr R H C Chalk

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**Banks**

Barclays Bank PLC  
Santander UK PLC  
Flagstone Group Ltd

**Solicitors and legal advisors**

Just Employment Law – Employment  
Field Seymour Parkes – Property  
Broadfield Law LLP – UK Charity Law Solicitors  
MPR Partners -Romanian Law Advisors  
Shield Safety – Health & Safety

**Auditors**

Rothmans Audit LLP  
Statutory Auditors  
Chartered Accountants  
Chilworth Point  
1 Chilworth Road  
Southampton  
SO16 7JQ

**STATEMENT OF TRUSTEES RESPONSIBILITIES**

The Trustees (who are also the directors of FARA Foundation (Limited by Guarantee) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing those financial statements, the Trustees are required to:-

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charity SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

FARA FOUNDATION (LIMITED BY GUARANTEE)

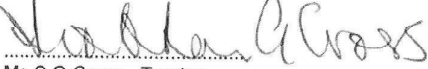
TRUSTEES' ANNUAL REPORT  
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**PUBLIC BENEFIT**

The Board of Trustees has given regard to the legislative and regulatory requirements for disclosing how its charitable objectives have provided benefit to the public. The Trustees confirm that they have complied with their duty under the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. This report outlines how our achievements during 2024 have benefited the public, either directly or indirectly.

ON BEHALF OF THE BOARD:



Ms S G Cross - Trustee

Date: 7 July 2025

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### **Statement from the Chair and Chief Executive**

We are pleased to introduce the FARA Foundation 2024 annual report. The challenges faced by vulnerable populations in Romania remain significant. European Union statistics continue to show that Romania has the highest rate of children at risk of poverty or social exclusion in the EU, at 41.5%. This underscores the vital importance of our partner Fundația FARA's work in Romania. We are proud to report that in 2024, the programmes of Fundația FARA - - reached more than 1,800 beneficiaries. This represents an increase in the number of people directly supported compared to 2023.

Fundația FARA's three Therapy and Rehabilitation programmes worked with more than 250 children with disabilities and their families to provide free and vital therapies to help the children overcome the limitations of their disability and facilitate inclusion into mainstream education. The Tackling Poverty Through Education programmes worked with more than 280 disadvantaged or marginalised primary, secondary and high school students, providing educational support and other wrap-around support, all aimed at preventing school drop-out, fighting poverty and promoting social inclusion. And their residential and outreach programmes for adults with disabilities providing support for 82 people, helping them to gain independence and live their lives in dignity.

It is hugely inspirational to see how effective and impactful the programmes we fund are. One of the things that always strikes us when we visit the programmes is just how much joy there is within them. As one of the specialists who works within the adults with disability programmes commented: "Impact is measured in small steps, through seemingly minor activities that those with disabilities do for the first time. I measure impact by the joy the beneficiaries express."

This year saw a significant change take place within the Fundația FARA programmes. St Nicolas children's home, which marked the beginning of FARA as we know it today, closed its doors at the end of 2024 after 27 years of activity. Opened in 1997, St Nicolas was FARA's first residential care facility and official programme. Alongside its sister home, St Gabriel's (1999–2019), 78 children were provided with a family, and the love generated through this programme continues to resonate and extend into the wider community, enriching many lives. Since St Nicolas and St Gabriel's opened, Romanian society has changed significantly. The development of foster care services has reduced the need for residential homes for children and switched the focus to community work. Though St Nicolas and St Gabriel's have now closed, their legacy lives on in the lives they touched and the hope they brought to so many; these homes offered a true family environment where children were loved, cared for, educated, supported and encouraged to succeed in life.

The year has not been without its challenges. In 2024, we continued to navigate economic pressures in the UK and in Romania, and we are incredibly grateful for the tireless commitment and professionalism of our staff. On the UK side, our retail operations, comprising 40 shops in 26 neighbourhoods across London, remained a vital source of funding. Because of this, we have continued to invest time and effort into strengthening the retail arm and raising the profile of our shops as a core part of our wider strategy.

We continue to focus on the delivery of our three key strategic objectives from our 2024 – 2026 strategy.

- 1) Programmes: We will support the Fundația FARA programmes to deliver services of the highest quality to help the most vulnerable children, young people, adults and families in Romania, developing our partnership to ensure it is effective, professional and sustainable and enables them to implement their three-year strategic plan.
- 2) Public engagement: We will consolidate and grow the contributions from our retail operation to ensure its continued success and resilience, while also looking to diversify our income base by increasing our public profile and community engagement.
- 3) People: We will cultivate a thriving and productive workforce supported by dedicated and professional governance, united under shared values, vision and mission.

This year, it has been a pleasure to continue working alongside our hardworking leadership team and Board of Trustees. And we remain hugely grateful to the generosity of those who shop in and donate goods to our stores, donate financially, and raise funds for us - you enable us to be able to fund the excellent programmes that make real change happen for many of Romania's most vulnerable.

**Siobhan Cross, Chair of the Board of Trustees, FARA Foundation, and Libby Gordon, Chief Executive, FARA Foundation**

· FARA FOUNDATION (LIMITED BY GUARANTEE) ·

**TRUSTEES' ANNUAL REPORT**  
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## STRATEGIC REPORT

### WHO WE ARE AND OUR OBJECTIVES

The FARA Foundation (FARA UK) is a registered charity in the UK and was founded in 1991 in order to provide "relief of suffering of those children and adults in Romania who are living in poverty or marginalised or who have disabilities" and this is done in a number of ways through our partner Fundatia FARA including providing community based care to those living in poverty with a focus on education for children, the provision of social support for children and adults with complex needs and disabilities (in day centers, outreach programs and supported living accommodation) and advocates for social and economic inclusion of disadvantaged children and adults.

In order to deliver on our charitable objectives FARA UK makes grants to Fundația FARA a non-profit, non-governmental organisation supporting Romania's poorest and most vulnerable children, young people and families. FARA and Fundația FARA work toward common values, strategies and standards. Fundația FARA's work is closely monitored and evaluated, with appropriate policies in place and results reported.

The FARA Partnership comprises Fundația FARA Romania (grantee) and FARA UK (grantor), formalised through a Memorandum of Understanding / Partnership Agreement. Although independent of each other, these two organisations work to fulfil a shared vision, mission, and set of values and are governed by two separate boards with defined remits and responsibilities. Each board is responsible for implementing its strategic objectives.

In 2024 FARA UK remitted funds to Fundația FARA every quarter based on an approved annual grant, providing 96% of the funds required by Fundația FARA in 2024 to deliver the core services in the programmes. Fundația FARA raised the remaining 4% in Romania, while also raising funds to provide additional services over and above the core services.

The work delivered under the annual grant enables Fundația FARA to provide support for some of the most vulnerable social groups facing extreme poverty by addressing social inclusion and poverty reduction. Operating in two regions of Romania, it fulfils lives, builds futures and spreads hope. The work is life-changing for many families living in poverty and for children and adults with disabilities.

### Vision, Mission and Values

Our vision is of a world in which everyone can live with freedom and dignity in a loving, protective environment, experiencing fulfilled lives whatever their ability.

Our mission is to transform the lives of the most vulnerable and disadvantaged children, young people, adults and families living in Romania's poorest communities.

Our values underpin all the work and are shared by all those involved in carrying out our mission both in the UK and Romania. FARA strives to build a just society serving the common good, based on Christian values of love, justice, dignity and respect, welcoming people of all faiths and none.

- We act with kindness and compassion.
- We respect the human dignity of every person.
- We believe in practical hands-on care.
- We strive to build a just society.
- We responsibly collaborate across all sections of society.
- We strive to be a best-practice organisation.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

FARA UK is governed by a Board of Trustees, who are legally responsible for directing the affairs of the charity. The Trustees have full legal responsibility for the actions of the organisation. The Board of Trustees meets at least three times annually to review and direct strategy, budget and performance.

FARA UK has three main board subcommittees, which aim to ensure that FARA and all its subsidiary entities in the UK are properly governed and that the funds remitted to Fundația FARA are spent appropriately. They meet in advance of and report on their proceedings to the full board. Each subcommittee has a separate remit.

- *Services Subcommittee – responsible for HR governance, strategy & oversight of services delivered in Romania (Chair: Lucinda Dawson)*
- *Trading Subcommittee – responsible for charity retail matters and marketing & communications. (Chair: Hannah Middleton)*
- *Finance & Risk Subcommittee – responsible for all finance and risk matters. (Chair: Robert Davidson)*
  - *Within this also sits an Investment Committee that reviews the investment portfolio (Chair during 2024: Natalia Nowak)*

In addition, there is a Remuneration Committee which meets annually and is responsible for reviewing the annual increases for all staff and overall pay principles, and providing recommendations to the board and a Property Committee which approves new and renewing property leases.

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FARA UK was incorporated as a company limited by guarantee, as defined by the Companies Act 2006, on November 8, 2010, and is governed by its Articles of Association. The Articles of Association were updated in March 2024 to ensure they are appropriate and fit for purpose.

During the year, the charity had two wholly owned subsidiaries. FARA Enterprise Limited (FEL) operates a retail charity business that donated all of its profits to Fundatia FARA. This comprises 40 high street stores: 22 general stores, 14 children's stores, two bookstores, a homeware store and a vintage store. In addition, it has an online store selling items suitable for sale online. Four members of the Board of Trustees sit on the board of FARA Enterprises Limited along with the Chief Executive Officer and Chief Operating Officer / Company Secretary of FARA.

FARA Properties Limited (FPL) was a property holding company. It disposed of all its property holdings during the course of 2023 and was dissolved on 26.11.24.

### **Appointment of Trustees**

The appointment of Trustees is outlined in the Articles of Association and follows the advice of the Charity Commission. The Articles of Association were updated in March 2024 to support and simplify the process around the appointment, retirement and removal of Trustees and to bring it into line with the Charities Act 2011.

All new Trustees are put through an induction and training programme to ensure they understand their role, how the organisation runs, and its vision, mission, and values. They will spend time with the Chair of Trustees and the CEO and meet key executive members to understand how the charity operates. They will be a member of at least one of the subcommittees. They will also be expected to visit the programmes in Romania when the opportunity arises so they understand how the funds raised are utilised.

### **Public benefit**

The FARA UK Trustees confirm that they meet the Charities Act 2011 public benefit requirement. FARA fulfils this by grant funding to Fundația FARA for the relief of poverty, the improvement of the lives of people with disabilities, and its programme to tackle poverty through the education of school-aged children. The programmes and work are further outlined below.

### **Executive leadership**

Libby Gordon has continued as Chief Executive of the FARA Foundation, and she, along with the executive leadership team, has delegated authority for running the charity and trading arm, working within a board-approved scheme of delegations. The organisation's director roles include Chief Operating Officer, Trading Director, Marketing and Communications Director, Development and External Engagement Director, and Human Resources Director all working collectively to lead the organisation.

### **Equal Opportunities Policy**

FARA UK does not discriminate on the basis of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnicity or national origin, religion or belief, sex or sexual orientation.

### **Remuneration Policy**

Our approach to remuneration is designed to ensure that we attract and retain staff and maintain affordability. Pay principles and banding were developed and rolled out in 2022 to ensure fairness and consistency, and roles are formally benchmarked every two years. The Remuneration Committee oversees this area on behalf of the board.

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## **ACHIEVEMENTS AND PERFORMANCE**

Romania is home to nearly four million children but, unfortunately, many of them are still struggling with poverty, inadequate education and a lack of medical services. Although the economy is growing, the country still faces various challenges, and many people find it hard to make ends meet.

Despite some progress, Romania still has a long way to go in terms of providing support to vulnerable social groups. Poverty rates remain high compared to countries with similar income levels and inequality continues to be stubbornly high (*World Bank 2024*). Romania has the highest share of its population at risk of poverty or social exclusion in the European Union (*Eurostat 2023*), including approximately 1.5 million children (41.5% of overall) at risk, twice as high as the EU average (*Eurochild 2021*). Romania's multidimensional risk-of-poverty-or-social exclusion rate sits at 32.0% which is the lowest in the EU (this measures the percentage of households in a country deprived along three dimensions –monetary poverty, education, and basic infrastructure services – to capture a more complete picture of poverty) (*Eurostat 2023*)

Families living in poverty often lack the necessary support, leaving children at risk of dropping out of school or being placed in social service provision. In Romania 75.7% of children ages over three are in early childhood education which is well below the EU average of 94.6% (*Eurostat 2023*). More than 300,000 children do not complete compulsory education, and nearly 50% do not have basic literacy and numeracy skills at the age of 15 (*UNICEF 2022*). Leaving school early can also lead to unemployment, social exclusion and poverty. Romania has the highest rate of early school leavers within the EU, with this figure sitting at 16.8% compared to an average of 9.6% (*Eurostat 2023*). The level of basic skills among young Romanians is low, with consequences for competitiveness, employment and innovation potential in the country. Students are underachieving in maths, reading and sciences, at rates that are among the highest in the EU and significantly above the EU averages (*European Commission, 2024*).

Children with disabilities are unable to access vital life-changing therapies and education, and adults with learning disabilities also remain in institutional care. All this further exacerbates the cycle of poverty. It is known that people with disabilities are more likely to experience poverty or social exclusion. In Romania alone, there are more than 77,000 children registered with disabilities, but this number is believed to be an underestimate as many individuals remain unseen. Additionally, there are reportedly over 16,000 adults with disabilities living in social care residential centres under the social protection system (*World Bank 2023*). The disability employment gap sits at 44.8% the highest in the EU and significantly higher than the EU average of 24% (*Eurostat 2024*) with people with disabilities facing significant barriers to education, employment, and healthcare, especially in rural areas (*Disability: In 2024*).

### **Fundația FARA Services in Romania**

Fundația FARA, whose programmes were funded by FARA UK during 2024, is an experienced care provider in Romania. It supports vulnerable children with or without disabilities, young people, and people with disabilities and their families is at the core of FARA's mission. Their needs, challenges, and future drive the organisation's model of impact.

To support the work that Fundația FARA carried out in 2024, FARA UK approved a net budget of Lei 15,111,224 (Stg £2,708,105) in December 202 to fund core programmes in Romania for 2024. Additionally, it approved funding a development bursary programme of Lei 150,000 (Stg £26,882). These funds were then remitted under an annual grant funding arrangement and a memorandum of understanding / partnership agreement is in place to provide guidance. In 2024, Fundația FARA served more than 1,800 beneficiaries and demonstrated strong programmatic achievements, exceeding targets, expanding services and laying the groundwork for continued impact in the years ahead. They did this through their core programmes.

- **HOMES FOR LIFE AND OUTREACH:** Providing safe accommodation in a family type environment, psychosocial assistance, non-formal education, and socialization for adults with disabilities and working in the community supporting people with disabilities and their families.
- **THERAPY AND REHABILITATION:** Supporting children with disabilities and their parents in the therapeutic process. Helping professionals to work better with these children and support their social inclusion.
- **TACKLING POVERTY THROUGH EDUCATION:** Providing educational support, non-formal learning opportunities, psychosocial and material support, and social inclusion activities for disadvantaged and/or marginalized children, their family members and other professionals.
- **EDUCATIONAL BURSARIES:** Offering financial assistance and other support to help teenagers with educational performance and achievement.
- **A FAMILY FOR THOSE WITHOUT:** Providing residence, psychosocial assistance, non-formal education and socialization in a family-type home, St. Nicolas, in Suceava, for children and young people from the protection system, lacking parental and family support and care.
- **SOLIDARITY WITH THE UKRAINIAN REFUGEES:** Fundatia FARA created the Solidarity Team for Ukraine in 2022 to provide accommodation, essential material support and psychological assistance to the Ukrainian refugee families.

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Looking forward into 2025, FARA UK will continue to fund Fundatia FARAs work which will have a focus on strengthening all core areas of their work. While also aiming to increase beneficiary participation, enhance their visibility through improved communication efforts, diversify partnerships, and continue advocating for vulnerable populations.

#### **Therapy and Rehabilitation**

Fundatia FARA provided free access to a range of therapies for more than 250 children with disabilities from low-income families and/or families affected by poverty at their three centres: Rafael in Bucharest, Emmanuel in Suceava, and St Teresa's in Falticeni, Suceava County. These include speech and psychological treatment, physiotherapy, and creative therapies (such as art therapy, sensory, animal-assisted therapy, hydrotherapy). The work carried out across all of these aims to help the children overcome the limitations of their disability, facilitate inclusion in mainstream education, and improve their functionality at home, school, and in their community.

In 2024, more than 18,000 therapy sessions were carried out across these centres and new for this year within this programme was the piloting of respite camps.

Three respite camps were organized for 30 children and 29 parents, where they had an opportunity to learn, interact with peers, volunteers and professionals, rest and have fun in a family-type environment outside of their homes, surrounded by breathtaking nature. Lessons learned from piloting these camps showed that innovation in therapy is needed to expose children and parents to formal and informal social interactions that have a lasting impact and increase their feelings of belonging to a supportive community.

Work focused on helping parents to continue therapy at home, with specific activities organized involving family members and professionals to enhance their understanding of children's disabilities, their pace of development, and pathways for rehabilitation.

The parents are hugely appreciative of the help they receive from the programme, as the feedback below indicates.

*"Since coming to this centre, there have been significant changes; he started to walk, to talk. He only said 'mama-dada' and then he started to say other words and form sentences, but only recently. Now we go to kindergarten. He is very loving, happy to come to the centre; sometimes he cries for reasons known only to him, but I know he is always happy to come here."*

*"He is now working on motor skills, attention, and patience. He is much more receptive; he accepts staying in one place longer; he is more compliant with tasks. There's been progress in this regard. He is cheerful in the morning when I bring him here."*

#### **Homes for Life and Outreach**

This programme has two components: residential and community outreach. It is implemented in Suceava County in two communities, at St Mary's Home in Vadu Moldovei and at Casa Elizabeta in Cacica, and in Popești-Leordeni, Bucharest.

- Residential: The aim of this is to create a loving and supportive family life for 19 adults with disabilities who have a history of institutionalisation, are permanently deprived of family care and have a disability requiring support over their lifetimes. It provides ongoing support for the individuals living in these homes, including specialised healthcare, psychological counselling and emotional support, and creative and leisure activities
- Community: This work aims to reduce barriers and foster social inclusion for 63 adults with disabilities who live with their families in Vadu Moldovei and Cacica, through social interactions, non-formal education, and community awareness. This support included holding sessions on independent living, occupational therapy and providing food and other items to support daily life.

At the core of these services is providing ongoing quality and individual support tailored to specific needs of adults with disabilities to help them develop their autonomy and the ability to responsibly build an independent life in more inclusive communities.

For more than 13 years, Fundația FARA has been actively involved in the recovery and deinstitutionalization of adults with disabilities. Efforts have focused on developing tailored support services, providing welcoming homes for those without families, and strengthening caregivers. A significant aspect of their work has been advocating for the rights of people with disabilities, promoting their participation in society and their ability to live active, independent lives. Through their approach to working with individuals with disabilities, they have gained valuable insights into their needs and potential. They have used these experiences to create a model of best practices in the community, particularly through close collaborations with local authorities.

This programme has a significant impact on the lives of people with disabilities. A key part of this work and programme is introducing these adults to a variety of creative activities, drawing, colouring, and group discussions to encourage self-expression.

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After a Therapy in Nature session, one of the adults said: *"I painted something beautiful in nature. It was like I was Picasso. I liked it."*

Over the course of the year, we had two exhibitions involving 19 adults with disabilities, where they had an opportunity to exhibit their hand-made work and demonstrate their special talents. The events were well attended by the community, helping to break down barriers and build an understanding about disability.

One of the specialists working at St Mary's said: *"We offer trust, love, harmony, balance, emotional support, safety; we form a true family together with them... we give them confidence and courage."*

Reflecting on the programme, a local priest in Vadu Moldovei commented: *"I know well and closely the work the ladies from FARA do. I have the highest appreciation. I also know the beneficiaries. They are loved, well taken care of, and lack nothing. You can see they are content. They are not discouraged or frightened. Everyone is around them to help and teach them what is good. I often go to their home. When it's their house's feast day or on other occasions."*

*"The atmosphere is family-like, warm, pleasant. The young people also come to church, and everyone loves them. We keep an eye on them to see them. If they don't show up, we ask what happened. We care about them."*

*"The work of the FARA ladies has had a special impact in our community. Seeing how beautiful their activity is, more women have been inspired; they have grown fond of children without families and have become foster parents. We now have children in about 15 families. We see them regularly. They are well taken care of and happy. These women say that they never thought about becoming foster parents and helping abandoned children and those with health issues if FARA had not offered such a beautiful example of dedication."*

#### **Tackling Poverty Through Education**

This community-based programme is delivered in Baia and Preutești, two communes in Suceava County, and in Popești-Leordeni, Bucharest. It aims to prevent school drop-out, combat poverty, promote social inclusion and integration, and support growth through education, community involvement, and access to opportunities.

The programme contributes to implementing national and international policies, strategies and legislation regarding poverty reduction, promoting social inclusion, promoting and respecting the rights of children and young people, including those with disabilities, and building sustainable communities. It aims to improve wellbeing, help vulnerable individuals thrive, facilitate access to education and employment, improve quality of care, strengthen community-based services and amplify beneficiaries' voices in decisions relating to their lives.

During 2024 in Suceava, 100 kindergarten and 200 primary school-age children were supported through the after-school programme, which provided more than 36,000 hot meals and more than 3,500 hours of support with homework. More than 450 educational packages were provided and there was a 100% graduation rate for primary school students.

Within the wider community, we also provided support for families struggling with poverty. This included provision of more than 2,000 packages of food and non-food items, while more than 120 families received gardening articles and household tools. Approximately 150 educational kits were distributed to families. More than 140 people received medical help in the form of tests, consultations, and dental and eye care. Twenty sessions were run over the year on topics related to health, communication, nutrition, financial education, relationships, first aid, friendship, bullying, solidarity and empathy.

Fundația FARA's corporate partner Lenovo has continued to support the programme, with their STEM (Science, Technology, Engineering and Mathematics) educational room being used by 335 unique beneficiaries.

Parents provided the feedback below about the programme and its impact on their children's progress.

*"I am very satisfied because my daughter does her homework and because she is happy. She enjoys having more time. She doesn't feel tired because she falls asleep by 8pm. She is happy to do her homework and is learning to speak correctly, to interact with other children. I am very satisfied, may God keep this programme going as long as possible, even until the 8th grade if possible. My daughter doesn't cry about not going to school, but if she misses two days of FARA, she cries. She even gets out of bed when sick to come to FARA."*

*"My son was with Ms. M.B., and I am very satisfied because he gets help with his homework. He gets very good things from FARA. He learns well. If he had to bring his homework home, we wouldn't manage to help him. We don't know how to assist. The homework they get is very different. We don't understand any of it. Ms. M.B. is great; she's warm, stays with them, explains correctly, and has patience and a good heart."*

The Popești-Leordeni programme provided daily support for 14 people with disabilities at the day centre. Activities included group therapy, individual counselling and guidance, creative activities and recreational activities. Approximately 2,400 support packages of food and non-food items were distributed to families, who also had access to individual counselling and group discussions to help them overcome crisis and difficult situations.

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Participants in the programme offered the following reflections.

*"I like to work, to be with my colleagues here in the centre, and to learn something new. Even I don't know how much I can do sometimes. But if I work every day, I manage to do something good. I'm glad that today I learned something new. I didn't think I would be able to do anything. I managed to sort out things; it really wasn't that difficult. I'm glad I succeeded."*

*"I felt very good. I like how the muffins turned out; I'll make them at home with my mother, too."*

*"I liked doing cooking activity because I was challenged to develop my ability to cut vegetables, and I am very happy that I succeed."*

*"I like coming here to the centre to socialize and do activities with the other young people. I feel good and at ease."*

#### **Educational Bursaries**

Following its successful launch in 2023, the Fundația FARA Educational Bursaries programme expanded in 2024 to supporting 56 recipients, 30 funded by FARA UK. These were awarded to high-achieving students from disadvantaged backgrounds to support their continued education. This programme is more than just financial support; it consists of counselling, guidance, mentoring, emotional support for national exams and admission to university, support for participation in national competitions and contests, advice at the exit of the protection system and access to personal development opportunities, in addition to financial aid to maximize their chances for increased academic performance and achievement of career plans.

A sample of student feedback is highlighted here.

*"I appreciate this wonderful programme because it helped me financially when I needed it most to overcome barriers and provided me with learning opportunities that helped me accumulate knowledge and develop new skills faster than I could imagine."*

*"Education is one of the most important stages for our development because it shapes us a people. Focus on your dream and do the best you can to succeed! The power to change your life circumstances is in our hands."*

*"Nobody has helped me so far, not emotionally, not morally, not financially. I believe that this programme is my chance to go beyond my limits and find ways to use my full potential through learning and education."*

*"This bursary is essential for my future. It is my chance to finish my high school and further my education at university level."*

#### **A FAMILY FOR THOSE WITHOUT: St Nicholas**

After 27 years of activity, Fundatia FARA's St Nicolas home for children closed its doors at the end of 2024. Opened in 1997, St Nicolas was Fundatia FARA's first residential care facility and official programme. Alongside its sister home, St Gabriel's (1999 – 2019), St Nicolas marked the beginning of Fundatia FARA as we know it today. The creation of St Nicolas and, subsequently, St Gabriel's allowed Fundatia FARA to help more children than ever before by providing an independent, nurturing, loving home that was desperately needed by its beneficiaries.

Since St Nicolas and St Gabriel's opened, Romanian society has changed significantly. The development of foster care services has reduced the need for residential homes for children and switched the focus to community work.

St Gabriel's had 36 beneficiaries before it closed and, over its lifetime, St Nicolas has been home to 42 children at different times. The homes offered a true family environment where children were loved, cared for, educated, supported and encouraged to succeed in life. The children who lived at St Nicolas came from diverse and often traumatic backgrounds, including those abandoned, without families, and others removed from their parents' care.

As a result of investments in this programme and professional interventions, many children were reunified with their families, making room to support others in need. The home witnessed countless success stories. Many beneficiaries grew out of full-time care and went on to pursue higher education, enter the workforce, and live happy, independent lives. Plenty now have their own families and keep in touch with the Fundația FARA staff who helped raise them.

Regina Bulai, Associate Director of Fundația FARA, commented:

*"For the young adults who have left the programme, it's like coming home to their families, they come and see us and visit us. I would share a wonderful success story of a child at St Gabriel's who was reunited with his mother 20 years ago when he was about 12. I feel his gratitude and respect when he calls me to share his achievements, happiness and feelings about his experience in our care or ask for advice, as we're still in contact at least once a month. And this is common because they feel that [FARA] family is where they found love and support and they knew that people cared about them."*

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The goal of St Nicolas was always first and foremost to provide care, love and a family to those without. The Fundatia FARA team who ran the home treated the children as their own each day, not as a technical job, thus showing their extraordinary dedication. We want to thank our incredible staff for their tireless devotion and commitment to the children in their care.

**Solidarity with Ukrainian refugees**

Following the outbreak of war in Ukraine in February 2022, Fundația FARA created the Solidarity Team for Ukraine to provide essential material support and psychological assistance to the Ukrainian refugees, children and families crossing the border at Vama Siret, Suceava. This work continued in 2024, although it is winding down, and scheduled to close in 2025. Fundația FARA helped a total of 60 people (24 adults and 36 children) over the course of the year. Half of these people were supported in the community in Suceava county. The others were supported with accommodation. Services included Romanian language lessons, educational activities, recreation, social activities and childcare support.

One refugee we supported said: *"Thanks to FARA we managed to bring peace to our souls... we thank you from the bottom of our hearts for every moment of peace."*

**In the UK: Engagement with the FARA workforce**

The FARA UK workforce has 180 full time equivalent staff. This comprises approximately 300 paid staff, 120 who are full-time with the remaining 180 operating on a part time or casual basis equivalent, along with volunteers. The charity communicates with its staff and volunteers in multiple ways, including monthly internal newsletters, email communications, the FARA intranet, the holding of regular project/team/area meetings and through the senior management team. The shops receive regular visits from the Area Managers and ad hoc visits from members of the Executive Leadership team and Trustees. All staff have a charity email address.

An annual appraisal process is conducted for all staff. It seeks to understand professional and personal development requirements and how they might use other skills and expertise to support the charity. This information is used to understand career aspirations and further enhance staff development.

E-learning is used as a means of training and development. The Training Academy continues to operate at our Islington shop, providing basic training for shop staff when someone first starts with FARA, refresher training and ad hoc training when required.

**FINANCES AND RESERVES**

During 2024 FARA received £27,549 (2023: £23,880) from sponsors, donations and charitable trusts.. Investment income was £437,208 (2023: £287,376) while the unrealised gains on fund investments amounted to £154,664 (2023: £183,842).

The Investment Committee again recommended the approval of an investment policy designed to produce above inflation returns over the longer term while adhering to the ethical concerns of the charity.

The contribution from trading operations decreased to £1,699,341 during the year (2023: £2,759,890). The reserves position of the charity has shifted from £11.77m in 2023 to £11.62m in 2024.

The accounting policies adopted by the charity are set out in Note 1 to the accounts.

**FARA UK fundraising**

2024 was a difficult year for trading following the post-COVID surge in sales that took place in 2022 and 2023, with sales 1.4% down on 2023. This enabled FARA retail shops and online operations to generate a surplus of £1,699,341 which it was able to covenant to FARA UK during 2024. This ensured that FARA UK could continue to grant fund Fundația FARA core and development programmes in 2024, only drawing on reserves of £144,737.

FARA UK Trading Operations continues to generate almost 96% of FARA UK's annual income, and the remaining 4% comes from generous regular UK givers and investment returns.

During 2024, income received from listed investments and bank deposit accounts amounted to £437,208 (2023: £287,376), reflecting an improvement in dividend yields and interest rates. At the same time, the unrealised gains made on investments amounted to £154,664 (2023: £183,842).

Income generation outside of the shops has been developed during 2024 and will continue into 2025 as part of the development of the three-year 2024-2026 strategy.

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**Plans for the future**

During 2024, FARA UK's 2024-2026 strategy began to be implemented to help it to achieve its objectives over the three-year period. This looked to continue the alignment of FARA UK and its trading subsidiary to continue supporting the work in Romania, and in the UK focusing on three strategic areas.

- **Programmes:** We intend to continue supporting Fundația FARA preprogrammes to deliver services of the highest quality to help the most vulnerable children, young people, adults and families in Romania, developing our partnership to ensure it is effective, professional and sustainable and enables them to implement their three-year strategic plan.
- **Public engagement:** We will consolidate and grow the contributions from our retail operation to ensure its continued success and resilience, while also looking to diversify our income base by increasing our public profile and community engagement.
- **People:** We will cultivate a thriving and productive workforce supported by dedicated and professional governance, united under shared values, vision and mission.

FARA UK, under its Partnership Agreement with Fundația FARA, is expected to provide Fundația FARA between £2.5m-£3.0m each year over the three-year strategy period 2024-2026 to fund existing programmes (subject to the continuing need in Romania for those programmes) and new developments. Fundația FARA itself will continue to make all reasonable efforts to raise funds during that period from the public and corporations and through applying for eligible funding within Romania and in Europe.

**Financial review and risks**

The charity maintains and, at each Board meeting, reviews its risk register and updates it where necessary. In addition to this, the risk register is a standing item at all subcommittees and is thoroughly reviewed in detail once a year in March. We work to ensure we have adequate and appropriate controls in place and are taking any further action as required to prevent, mitigate or limit risk, while acknowledging we can't prevent all risk related events. The Board of Trustees are satisfied that this process manages and mitigates those risks.

Our risk register identifies potential risks faced by FARA UK, and looks in detail across external, compliance, financial, governance, operational and program delivery risk areas. As a grant funding organization we consider the most significant risks include the following:

- 1) The programs we fund not delivering the expected outcomes and impact in line with our charitable objectives or not being delivered safely and credibly which is mitigated by having in place a robust grant funding and partnership arrangement (memorandum of understanding) between FARA UK and Fundatia FARA together with regular senior management meetings and reporting.
- 2) A lack of sufficient number of people with the appropriate skills on the FARA UK board, which is mitigated by regular reviews of the governance structure and skills gaps.
- 3) An over-reliance on FARA UK trading activities to generate adequate profits perhaps due to a downturn in trading income, increased costs due to inflationary pressures or high staff turnover and dissatisfaction, which is mitigated by developing alternative funding streams along with good internal communications and adequate management support backed up by appropriate HR policies and practices and well-being resources.

Other lesser risks include risks of inadequate financial controls which are mitigated by robust budgetary processes and a regular review of the financial controls in place and the investment and reserves strategies not being appropriate. In the case of the Investment strategy the risk is mitigated by being regularly discussed at Investment Committee meetings held in advance of the Finance meetings and reviewed and approved by the full board annually with the reserves policy being reviewed in depth annually to ensure it is appropriate.

**Reserves Policy**

The position on cash reserves is reviewed ahead of each Finance and Risk Subcommittee meeting before reporting to the full FARA UK board while the reserves policy is examined annually when the financial statements are being finalised.

The crucial measure of the charity's ability to continue funding service provision in Romania is its level of liquidity cover. Accordingly, in reviewing and establishing the reserves policy and to align with the current 2024-2026 Strategy along the Partnership Agreement, the Trustees have considered the requirement to designate funds for the next three years to fund the core programmes established in Romania, a further four years for the long-term support for those who are in long-term care, and the short-term requirements for the next ten months. The funding requirements are based on the approved 2024 budget and are covered by the annual grant funding agreement agreed and signed at the end of each financial year setting out FARA UK's legal obligation to provide funding for the year.

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FARA UK recognises two types of reserves: Restricted Funds and Unrestricted Funds.

- Restricted Funds - these are funds received for specific purposes and subject to donor-specified restrictions. No such funds were held or received during the financial year 2024.
- Unrestricted Funds - these are funds that are not subject to donor-specific restrictions and are available for the general purposes of FARA UK. Unrestricted funds are classified as designated funds or General Reserves in line with the General Reserves Policy as approved by the Trustees.

**General Reserves Policy**

General Reserves are the portion of the unrestricted funds remaining once the Trustees have set aside any amounts as designated funds (see below).

The board of FARA agreed to the General Reserves Policy. This policy requires FARA to hold general reserves of approximately ten months of grant funding for the programmes in Romania at any time within the year. In 2025 this amounts to £2,175,864 of General Reserves. The Trustees judged this level of reserves was appropriate to:

- be resilient to financial shocks and ensure retail operations can continue in the short term if income is significantly restricted for a short period of time; and
- ensure charitable income is spent in a timely manner whilst balancing the need for resilience.

**General Reserves**

General reserves are not restricted to, set aside, or designated for a particular purpose. On 31<sup>st</sup> December 2024, General Reserves were £2,629,740, within the target range of ten months of net grant funding required by Fundația FARA to fund the current programmes for one year.

**Designated Funds**

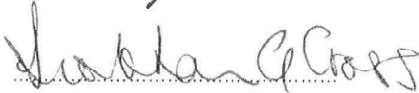
Designated funds are those unrestricted funds that have been allocated at the Trustees' discretion for particular purposes. Under the Partnership Agreement, the Trustees and Fundația FARA agreed that FARA UK should hold three years of grant funding based on the Fundația FARA 2025 annual net budget as a designated fund to assure FARA UK's commitment to continuity of funding to Fundația FARA on a rolling three-year basis. On 9<sup>th</sup> December 2024, the general budget of £2,555,336 (Lei 14,054,346) was approved by the board of FARA UK, allowing the board to allocate three years of that net spend to designated reserves a total of £7,666,007. The Trustees have also designated funding of £1,325,400 to be set aside to fund the two Homes for Life for four years beyond the current 2025-2027 three-year funding cycle.

**Investment Policy**

The charity continues to invest its surplus reserves in a mix of high and low risk investments, bonds and cash deposits and those investments adhere to its ESG commitments. This policy is designed to ensure higher than average growth, with associated high-risk, over a 5-to-10-year time horizon. This is underpinned by the judgement that the charity would be unlikely to need these funds in the short term and that the charity, therefore, needed some investments directed to higher growth and with higher risk for the longer-term needs. FARA UK continues to have holdings in low-risk funds set up expressly to meet the requirements of charities. These funds track the UK stock and bond market.

The value of FARA UK investments stood at a little over £6.57m as of 31st December 2024 (2023: £6.79m).

The Annual report, incorporating the Strategic report and Director's report has been approved by the Board of Trustees on 7 July 2025 and signed on their behalf by:-



Ms S G Cross – Chair of Trustees

Dated: 7 July 2025

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARA FOUNDATION (LIMITED BY GUARANTEE)

### Opinion

We have audited the financial statements of FARA Foundation (Limited by Guarantee) (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, 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 group's and of the parent charitable company's affairs as at 31 December 2024 and of the group's 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;
- have been prepared in accordance with the requirements of the Companies Act 2006 and 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent charitable company 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 group and the parent company's ability to continue as a going concern for a period of at least 12 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the Trustees' Report (incorporating the Strategic Report and Directors' Report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (incorporating the Strategic Report and Directors' Report prepared for the purposes of company law) has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (incorporating the Strategic Report and Directors' 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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees'/directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARA FOUNDATION (LIMITED BY GUARANTEE)

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 2, 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 group's and the parent 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 group or the parent 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.

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 identifying and assessing risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures include the following:

- > Enquiring of management concerning the company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- > Discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud.
- > Obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on operations.

The key laws and regulations we considered in this context included the UK Companies Act 2006 and the accounting standard. The engagement team is familiar with these and has resources available to support the review. Other relevant laws and regulations are those concerned with the retail activity of the company, for which the management's assumptions and decisions were reviewed.

Due to the differences in the activities between the various components of the group, these were reviewed individually for each component.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of income and the override of controls by management. To address the risk of fraud in these areas, we:

- > reviewed all material estimates affecting income, including recoverability of debtors and completeness and accuracy of deferred and accrued income;
- > selected a sample of transactions from material income streams and compared expected income to that recorded within the financial statements;
- > performed analytical procedures to identify any unusual or unexpected relationships;
- > tested journal entries during the year and at the year-end to identify unusual transactions;
- > assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; investigated the rationale behind significant or unusual transactions;
- > Reviewed minutes of meetings of those charged with governance and obtained an understanding of Risk Assessments and Policies introduced by management;
- > Compared results of estimates previously made to actual outcomes to consider if there were indications of misstatement due to bias, including but not limited to dilapidations provisioning.

The procedures carried out which relate to detecting errors in the application of the laws and regulations are thought to be capable of detecting, and advising the correction of, any material irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARA FOUNDATION (LIMITED BY GUARANTEE)**

Misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. However, audit procedures were designed to account for the management override of controls being considered a high risk.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

**Use of our report**

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



Lisa Wilson FCA (Senior Statutory Auditor)  
For and on behalf of Rothmans Audit LLP  
Statutory Auditors  
Chartered Accountants  
Chilworth Point  
1 Chilworth Road  
Southampton  
SO16 7JQ

Date: 15/07/2025 .

Rothmans Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Rothmans Audit LLP is a limited liability partnership registered in England and Wales (registered number OC426200)

FARA FOUNDATION (LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
For the Year Ended 31 December 2024

	Notes	2024 (Total) Unrestricted Funds £	2023 (Total) Unrestricted Funds £
<b>INCOME</b>			
Donations and legacies:			
Donations and other voluntary income		27,549	23,880
Income from other trading activities			
Retail income	3	11,992,925	12,364,119
Property management charges		-	1,400
Investment income	4	437,208	287,376
<b>TOTAL INCOME</b>		<u>12,457,682</u>	<u>12,676,775</u>
<b>EXPENDITURE</b>			
Costs of raising funds:			
Retail costs	3	10,432,205	9,498,620
Portfolio management		29,714	18,884
Expenditure on charitable activities:			
Provision of Funding for Child, Youth, Adult Care & Educational Services	6	2,295,164	2,693,536
<b>TOTAL EXPENDITURE</b>		<u>12,757,083</u>	<u>12,211,040</u>
<b>Net income / (expenditure) for the year before gains and losses</b>		(299,401)	465,735
Net gains / (losses) on revaluation of fixed asset investments		-	-
Net gains / (losses) on investments		154,664	183,842
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<u>(144,737)</u>	<u>649,577</u>
<b>Reconciliation of funds:</b>			
TOTAL FUNDS BROUGHT FORWARD		11,765,885	11,116,308
<b>NET MOVEMENT OF FUNDS FOR THE YEAR</b>		(144,737)	649,577
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>11,621,148</u></u>	<u><u>11,765,885</u></u>

The Statement of Financial Activities includes all gains and losses recognised in the 12 month period. All amounts relate to continuing activities. The notes on pages 20 to 32 form part of these financial statements.

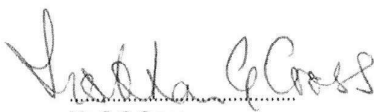
FARA FOUNDATION (LIMITED BY GUARANTEE)

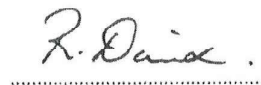
CONSOLIDATED BALANCE SHEET  
As at 31 December 2024

	Notes	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
<b>FIXED ASSETS</b>					
Tangible assets	10	203,670	5,652	198,220	12,463
Investments	11	6,568,117	6,653,117	6,794,046	6,879,049
<b>DEBTORS: Due after one year</b>	12	7,684	7,684	43,824	43,824
<b>CURRENT ASSETS</b>					
Debtors	12	1,101,693	622,055	1,249,810	955,831
Stock		-	-	60,980	-
Cash at bank and in hand		1,377,533	1,295,101	2,657,234	2,423,153
Investments	13	3,665,384	3,665,384	1,934,333	1,934,333
		<u>6,144,610</u>	<u>5,582,540</u>	<u>5,902,357</u>	<u>5,313,317</u>
<b>Less: CURRENT LIABILITIES</b>					
Creditors: Due within one year	14	424,400	66,097	483,334	30,652
<b>NET CURRENT ASSETS</b>		<u>5,720,210</u>	<u>5,516,443</u>	<u>5,419,023</u>	<u>5,282,665</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		12,499,681	12,182,896	12,455,113	12,218,001
<b>Less: PROVISIONS FOR LIABILITIES</b>	16	878,533	491,258	689,228	379,925
<b>NET ASSETS</b>		<u>11,621,148</u>	<u>11,691,638</u>	<u>11,765,885</u>	<u>11,838,076</u>
<b>FUNDS</b>					
<b>Unrestricted Income Funds</b>					
Designated funds		8,991,408	8,991,408	9,889,749	9,889,749
General funds		2,629,740	2,700,230	1,876,136	1,948,327
<b>TOTAL UNRESTRICTED INCOME FUNDS</b>	17	<u>11,621,148</u>	<u>11,691,638</u>	<u>11,765,885</u>	<u>11,838,076</u>

The notes on pages 21 to 33 form part of these financial statements. No charity Statement of Financial Activities is presented as permitted by section 408 of the Companies Act 2006. The charity's deficit for the financial period is £146,437.

Approved by the Board of Trustees on 7 July 2025 and signed on their behalf by:-

  
Ms S G Cross  
Chairman

  
Mr R Davidson  
Trustee

FARA FOUNDATION (LIMITED BY GUARANTEE)

GROUP CASH FLOW STATEMENT  
For the Year Ended 31 December 2024

	2024 £	2023 £
<b>Cash flows from operating activities:</b>		
Net cash provided by/(used in) operating activities (Note A)	<u>(237,567)</u>	<u>(410,829)</u>
<b>Cash flows from investing activities:</b>		
Additions of tangible fixed assets	(101,979)	(102,393)
Proceeds of sale of tangible fixed assets	-	423,449
Purchase of investments	575,187	(1,124,818)
Movement in current asset investments	(1,731,051)	(506,304)
Sale of investments	-	-
Dividends retained within cash portfolio	-	-
Interest received	215,709	101,662
Net cash provided by/(used in) investing activities	<u>(1,042,134)</u>	<u>(1,208,404)</u>
Change in cash and cash equivalents in the reporting period	<u>(1,279,701)</u>	<u>(1,619,233)</u>
Cash and cash equivalents at the beginning of the reporting period	2,657,234	4,276,467
Cash and cash equivalents at the end of the reporting period	<u><u>1,377,533</u></u>	<u><u>2,657,234</u></u>
<b>Note A</b>		
<b>Cash flows from operating activities:</b>		
Net income/(expenditure) for the reporting period per the SOFA	(144,737)	649,595
Net losses/(gains) on revaluation of fixed assets	-	-
Depreciation	58,930	84,057
Loss/(gain) on sale of fixed asset	37,595	22,377
Net losses/(gains) on investments	(154,664)	(183,842)
Fees charged retained within portfolio	26,906	22,544
Cash interest received	(215,709)	(101,662)
Investment income reinvested	(221,499)	(185,714)
Movement in provisions	189,305	(36,124)
Movement in stock	(60,980)	60,980
Movement in debtors	306,219	(746,994)
Movement in creditors	(58,933)	3,954
Net cash provided by/(used in) operating activities	<u><u>(237,567)</u></u>	<u><u>(410,829)</u></u>

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2024

1. ACCOUNTING POLICIES

The following are the main accounting policies adopted by the Charity:-

**Basis of preparation**

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the 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 (FRS102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS102. The charity has prepared the financial statements in compliance with the Charity's governing documents and in accordance with the following accounting policies. All monetary values are calculated under the historic cost convention, as modified by the revaluation of investments.

**Going concern**

The Trustees have not identified any material uncertainties and are not aware of any specific or general event that would place significant doubt on the charity's ability to continue as a going concern. The Trustees' forecasts and ongoing assessment of operations, activities and reserves forms the basis of their assessment of going concern, which covers a period of at least twelve months from the date of approval of these financial statements. Accordingly, the going concern basis of accounting has been adopted in preparing these financial statements.

**Group financial statements**

The financial statements consolidate the results of the charity and its wholly owned subsidiaries, FARA Enterprises Limited, on a line by line basis. A separate Statement of Financial Activities for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

**Significant Estimates and Judgements**

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for directors to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statement and the reporting amounts of revenues and expenses during the year. Actual outcomes could differ from those estimates and assumptions used. The accounting judgements and estimates that could have significant impact on the results of the company are set out below and should be read in conjunction with the information provided in the notes to the financial statements:

**Critical Judgements**

- Management determine whether certain entities are controlled or not. These decisions are based on several factors including, but not limited to; the percentage of share capital owned and the number of directors the company is able to appoint to the board of any subsidiaries or associated entities.
- Management determine whether or not a dilapidations provision is required. Management determine whether the entity has a probable obligation to pay for property repairs at the end of a lease term, and if this can be reliably calculated. The judgement made by management is based on terms in individual lease agreements and historic costs paid on the termination of similar lease agreements.
- Management determine whether leases entered into by the charity either as a lessor or a lessee are an operating lease or financial lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

**Significant Estimates**

- To determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- To determine the expected dilapidations cost to be incurred on the termination of a lease contract management base their estimates off historic dilapidation costs for similar lease agreements, calculating an average cost per square metre and factoring in the rate of inflation since the historic costs were paid.

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2024

1. ACCOUNTING POLICIES (Continued...)

**Income**

All incoming resources are included in the Statement of Financial Activities when the Group is legally entitled to the income, the receipt of such income is probable, and the amount can be measured with sufficient accuracy.

Donations and other voluntary income represents donations and is recognised when the charity is entitled to receive the donation.

Shops income generated by the charity's trading subsidiary is included under Retail Income and accounted for on an accruals basis. Gifts donated for resale in the charity shops are reported as income once the goods are sold and associated Gift Aid income is estimated and accrued based upon the point of sale.

No amounts are included in the financial statements for services donated by volunteers.

No grants have been recognised either in the year under review or the preceding year.

Investment income represents interest from cash held and income from listed investments. Interest receivable is recognised on an accruals basis and dividend and other investment income is recognised upon receipt.

**Expenditure**

Expenditure is recognised on an accruals basis. Costs are allocated to the cost of raising funds and expenditure on charitable activities on the basis of direct allocation together with an allocation of support costs. Support costs are of a more general nature and include those functions that assist the work of the charity but do not directly undertake charitable activities, including charity back office costs, financial costs and governance costs incurred in governing the Charity's assets, primarily associated with constitutional and statutory requirements of operating the Charity. Support costs are analysed more fully with the basis of allocation detailed in note 7.

Costs of raising funds comprise costs incurred in attracting voluntary income together with undertaking trading activities in the subsidiary company to raise funds and costs incurred in managing the charity's investment portfolio to generate a return on investment.

Retail costs do not include any valuation of goods donated for resale, and no stock is recognised on the balance sheet relating to donated goods, as permitted by the SORP FRS 102.

Grants payable are payments made to Fundatia FARA in the furtherance of the charitable objects of the charity. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside of the control of the charity.

**Funds**

Unrestricted (General) Funds represent general reserves of accumulated unrestricted surpluses and deficits after transfers between funds. If such funds have been specifically earmarked for a particular project or use by the Trustees, the funds are denoted as Designated Funds. Restricted funds are set aside and used in accordance with the conditions stipulated by the donor. At the reporting date, the charity held no restricted funds.

**Taxation**

The company is a charity within the meaning of Part 1 of Schedule 6 to the Finance Act 2010. Accordingly the charity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the periods under review. The subsidiaries' corporation tax charges on profit on ordinary activities for the year amounted to £nil (2023: £nil).

Irrecoverable VAT is charged to the Statement of Financial Activities when incurred and is included within the expenditure category to which it relates.

Tax recovered from voluntary income received under Gift Aid is recognised when the related income is considered receivable and is allocated to the income category to which it relates. The subsidiary company, FARA Enterprises Limited, has a Deed of Covenant in place with the parent Charity to covenant their annual profits to the Charity under Gift Aid rules.

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2024

1. ACCOUNTING POLICIES (Continued...)

**Tangible assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation, with the exception of freehold land and buildings which is detailed below. Tangible fixed assets are reviewed annually for indicators of any impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on assets held at cost less depreciation is charged as to allocate the cost of assets less their residual value over their estimated useful lives. Depreciation rates range as follows:-

Leasehold land and buildings	-	Over the term of the lease
Fixtures and fittings	-	33% on reducing balance
Motor vehicles	-	25% on reducing balance
Website	-	Straight line over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed and if appropriate are adjusted if there is an indication of a significant change the last reporting date.

**Stocks**

Donated items of stock for resale or distribution are not included in the financial statements as permitted by the SORP FRS 102. Stock within the balance sheet is that of consumables held for distribution at no consideration or nominal consideration and has been valued at cost as permitted by the SORP FRS 102.

**Cash and cash equivalents**

Cash and short-term deposits included in the Statement of Financial Position comprise cash in hand and short-term deposits with an original maturity of three months or less.

**Current asset investments**

Current asset investments comprises of savings with an original maturity of more than three months but less than one year.

**Fixed asset investments**

Investments are shown at market value where there is readily identifiable market value. Unlisted shares, where there is no readily identifiable market value, are recorded at cost or a nominal amount.

Investments are revalued at the Balance Sheet date so that when investments are sold, gains or losses which arose before the previous year end have already been recognised. Movements in value arising from investment changes or revaluation, together with profits on disposal of investments, have been recognised in the Statement of Financial Activities.

**Foreign currency transactions**

The functional currency of the charity is Sterling which is also the presentational currency. Transactions involving foreign currencies are translated into sterling equivalents using rates of exchange prevailing at the transaction date. Assets and liabilities held in foreign currency at the balance sheet date are valued at the rate prevailing at that date. Differences on exchange are taken to the Statement of Financial Activities.

**Pension costs**

The group makes contributions into a recognised UK defined contribution scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

**Operating leases**

Rentals payable under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight-line basis over the term of the lease. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2024

**1. ACCOUNTING POLICIES (Continued...)**

**Provisions for dilapidation**

Provisions represent the best estimate of the liability at the balance sheet date of probable future costs of restoring rented properties to their required condition at the end ultimate expiry of the lease, calculated by reference to average dilapidations costs per square foot for properties recently vacated by the group. Expectations of discounted liabilities are revised at each period end until the actual liability arises, with any difference accounted for in the period in which the revision is made.

**Debtors**

Debtors receivable within one year or upon demand are recorded at transaction price whether or not a rate of interest is charged on the balance. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Creditors**

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

**Financial instruments**

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

**2. LEGAL STATUS OF THE CHARITY**

The Charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

**3. RETAIL ACTIVITIES IN GENERATING FUNDS**

<b>2024</b>	<b>FARA Foundation £</b>	<b>FARA Enterprises £</b>	<b>Total 2024 £</b>
Retail income (shop sales)	4,431,660	7,561,265	11,992,925
Retail expenditure (shop costs)	(4,566,319)	(5,865,886)	(10,432,205)
Support costs	(5,628)	(9,603)	(15,231)
Net funds generated from retail activities	<u>(140,287)</u>	<u>1,685,776</u>	<u>1,545,489</u>
<b>2023</b>	<b>FARA Foundation £</b>	<b>FARA Enterprises £</b>	<b>Total 2023 £</b>
Retail income (shop sales)	5,219,763	7,144,356	12,364,119
Retail expenditure (shop costs)	(5,126,071)	(4,372,549)	(9,498,620)
Support costs	(5,564)	(7,615)	(13,179)
Net funds generated from retail activities	<u>127,861</u>	<u>2,806,757</u>	<u>2,934,619</u>

Retail income includes donations from supporters and the Gift Aid which has been claimed from the proceeds arising on the sale of the donor's goods through the shops of FARA Enterprises Limited.

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2024

4. INVESTMENT INCOME

	Total 2024 £	Total 2023 £
Income from listed investments (reinvested)	221,499	185,714
Interest from cash held	215,709	101,662
Total investment income	<u>437,208</u>	<u>287,376</u>

5. GRANTS PAYABLE

The charity is a grant-making organisation, as more fully outlined in the Trustees' Report. Grants payable to Fundatia FARA in accordance with the charity's grant-making policy were as follows during the year:

	2024 £	2023 £
Child, youth and adult care	2,086,460	2,382,850
Total grants payable	<u>2,086,460</u>	<u>2,382,850</u>

6. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

2024	Grant funding £	Support costs £	Total £
<b>Grants Payable</b>			
Child, youth and social care	2,086,460	193,471	2,279,931
Total expenditure on charitable activities	<u>2,086,460</u>	<u>193,471</u>	<u>2,279,931</u>
<b>2023</b>			
<b>Grants Payable</b>			
Child, youth and social care	2,382,850	297,507	2,680,357
Total expenditure on charitable activities	<u>2,382,850</u>	<u>297,507</u>	<u>2,680,357</u>

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2024

7. ANALYSIS OF SUPPORT COSTS

2024						
	Charity admin £	Charity staff costs £	Govern- ance £	Finance costs £	Depreci- ation & loss on disposal £	Total £
<b>Grants Payable:</b>						
Child, youth and social care	31,443	152,994	8,298	(2,311)	3,047	193,471
<b>Raising funds:</b>						
Shops' costs	-	-	15,231	-	-	15,231
<b>Total</b>	<u>31,443</u>	<u>152,994</u>	<u>23,529</u>	<u>(2,311)</u>	<u>3,047</u>	<u>208,702</u>
2023						
	Charity admin £	Charity staff costs £	Govern- ance £	Finance costs £	Depreci- ation & loss on disposal £	Total £
<b>Grants Payable:</b>						
Child, youth and social care	39,312	186,999	25,771	8,889	36,536	297,507
<b>Raising funds:</b>						
Shops' costs	-	-	13,179	-	-	13,179
<b>Total</b>	<u>39,312</u>	<u>186,999</u>	<u>38,950</u>	<u>8,889</u>	<u>36,536</u>	<u>310,686</u>

Support costs are charity head office costs which are allocated as follows:

Support costs	Allocation
Charity admin	Allocated on cost within FARA Foundation
Charity staff costs	Allocated on cost within FARA Foundation
Governance	Allocated on cost within FARA Foundation and FARA Enterprises
Finance costs	Allocated on cost within FARA Foundation
Depreciation	Allocated on cost within FARA Foundation

Governance costs include audit and accountancy fees of £21,278 (2023: £24,902) and legal fees of £2,251 (2023: £14,048).

8. EXPENDITURE

Total resources expended for the year is stated after charging:

	Total 2024 £	Total 2023 £
Operating lease rentals (land and buildings)	1,687,159	1,727,919
Depreciation charges for the year	58,931	84,058
Auditor's remuneration	14,574	15,812
Non-audit compliance services	6,704	9,090
	<u>1,767,368</u>	<u>1,836,879</u>

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2024

9. STAFF AND TRUSTEE INFORMATION

2024	FARA Foundation £	FARA Enterprises £	Total 2024 £
<b>Staff costs</b>			
Salaries	123,895	6,151,162	6,275,057
Social security	14,482	531,472	545,954
Pensions	9,426	126,389	135,815
<b>Total</b>	<u>147,803</u>	<u>6,809,023</u>	<u>6,956,826</u>
<b>2023</b>	<b>FARA Foundation £</b>	<b>FARA Enterprises £</b>	<b>Total 2023 £</b>
<b>Staff costs</b>			
Salaries	107,635	5,598,622	5,706,257
Social security	11,798	474,095	485,893
Pensions	2,278	121,328	123,606
<b>Total</b>	<u>121,710</u>	<u>6,194,046</u>	<u>6,315,756</u>

The average number of staff employed under contracts of service during the period for FARA Enterprises Limited was 280 (2023: 279). The number of staff employed for FARA Foundation (Limited by Guarantee) was 2 (2023: 2).

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

	2024	2023
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	2
£90,001 - £100,000	3	-
<b>Total</b>	<u>7</u>	<u>4</u>

During the period expenses totalling £3,163 were reimbursed to three Trustees (2023: £2,065 to two Trustees) in relation to travel costs to Romania and office expenditure. No remuneration was paid to the Trustees in the period.

The key management personnel of the parent charity comprise the Trustees and the Chief Executive Officer. The total employee benefits of the Charity's key management personnel were £94,860 (2023: £94,111). The key management personnel of the group comprise those of the parent charity and the key management personnel of its wholly owned subsidiary, FARA Enterprises Limited.

The key management personnel of FARA Enterprises Limited are the executive and non-executive Directors whose employee benefits total £434,909 (2023: £329,038). The employee benefits of key management personnel for the group were therefore £529,769 (2023: £423,149).

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2024

10. TANGIBLE FIXED ASSETS

GROUP 2024	Freehold land and buildings £	Leasehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Website £	Total £
<b>Cost or valuation</b>						
At 1 January 2024	-	82,540	1,141,263	22,960	66,466	1,313,229
Additions	-	38,104	63,875	-	-	101,979
Disposals	-	(10,311)	(203,719)	-	-	(214,030)
Revaluation	-	-	-	-	-	-
At 31 December 2024	-	110,333	1,001,419	22,960	66,466	1,201,178
<b>Depreciation</b>						
At 1 January 2024	-	66,241	962,407	19,895	66,466	1,115,009
Charge for the year	-	7,764	50,401	766	-	58,931
Eliminated on disposal	-	(6,547)	(169,887)	-	-	(176,434)
At 31 December 2024	-	67,458	842,921	20,661	66,466	997,506
<b>Net book values</b>						
At 31 December 2024	-	42,875	158,498	2,299	-	203,672
At 31 December 2023	-	16,299	178,856	3,065	-	198,220

Short leasehold assets held by the parent charity have a net book value of £5,652 (2023: £12,463). These were acquired at a cost of £27,802, and had brought forward accumulated depreciation of £15,339, and depreciation of £3,047 was charged during the year.

Website assets owned by the parent charity were acquired at a cost of £49,709 and had brought forward accumulated depreciation of £49,709, with depreciation of £nil charged during the year, leaving a carrying value of £nil in the books of the parent charity at the year end.

11. FIXED ASSET INVESTMENTS

GROUP	Unlisted Investments 2024 £	Listed Investments 2024 £	Total 2024 £	Total 2023 £
<b>MARKET VALUE</b>				
As at 1 January 2024	578,196	6,215,851	6,794,047	5,322,217
Purchase of investments at cost	-	-	-	1,124,818
Income reinvested	-	221,499	221,499	185,714
Disposal of investments	(578,196)	(26,704)	(604,900)	(18,884)
Net investment gain/(losses)	-	157,472	157,472	180,182
As at 31 December 2024	-	6,568,118	6,568,118	6,794,047

Listed investments include overseas investments of £2,077,535 (2023: £2,197,520). No shareholdings of over 5% were held by FARA Foundation in any one company whose shares are included in the above portfolio.

The cash reserves of the Charity continue to be considered an integral part of the charity's overall investment portfolio and the Trustees keep the investment policy under regular review to ensure the equity investments will not need to be encashed in the short term.

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2024

11. FIXED ASSET INVESTMENTS (Continued...)

CHARITY	Unlisted Investments 2024 £	Listed Investments 2024 £	Total 2024 £	Total 2023 £
<b>MARKET VALUE</b>				
As at 1 January 2024	663,198	6,215,851	6,879,049	5,370,791
Purchase of investments at cost	-	-	-	1,124,817
Income reinvested	-	221,499	221,499	185,714
Disposal of investments	(578,198)	(26,704)	(604,902)	(18,884)
Reversal of impairment in investments	-	-	-	36,429
Net investment gain/(losses)	-	157,472	157,472	180,182
As at 31 December 2024	<u>85,000</u>	<u>6,568,118</u>	<u>6,653,118</u>	<u>6,879,049</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

The Charity owns 100% of the 5,000 (2023: 5,000) issued ordinary shares of FARA Enterprises Limited, a company incorporated on 16 March 1992 (number 02697467).

The principal activity of this company is the sale of donated goods through a chain of Charity shops for the purpose of making charitable donations to FARA Foundation (Limited by Guarantee). The company's net assets as at 31 December 2024 amount to £14,511 (2023: £14,511).

12. DEBTORS

	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
<b>Amounts falling due within one year:</b>				
Trade debtors	5,803	-	28,536	-
Other debtors and prepayments	1,103,574	629,739	934,137	812,883
Amounts owed by group undertakings	-	-	-	142,948
	<u>1,109,377</u>	<u>629,739</u>	<u>962,673</u>	<u>955,831</u>
<b>Amounts falling due after one year:</b>				
Rental deposits	7,684	7,684	43,824	43,824
	<u>7,684</u>	<u>7,684</u>	<u>43,824</u>	<u>43,824</u>

At the balance sheet date FARA Enterprises Limited was owed £43,255 by the Charity. In 2023 FARA Enterprises Limited owed the Charity £142,948.

13. CURRENT ASSET INVESTMENTS

	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
Deposit accounts	3,665,384	3,665,384	1,934,333	1,934,333
	<u>3,665,384</u>	<u>3,665,384</u>	<u>1,934,333</u>	<u>1,934,333</u>

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2024

14. CREDITORS

	Group 2024	Charity 2024	Group 2023	Charity 2023
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade creditors	122,171	-	181,632	-
Taxation and social security	127,789	-	118,646	-
Other creditors and accruals	174,440	22,842	183,056	30,652
Amounts owed to group undertakings	-	43,255	-	-
	<u>424,400</u>	<u>66,097</u>	<u>483,334</u>	<u>30,652</u>

15. PENSION COMMITMENTS

At the balance sheet date, unpaid pension contributions within FARA Enterprises Limited amounted to £25,832 (2023: £23,747). This amount is included in other creditors.

16. PROVISIONS

	Group 2024	Charity 2024	Group 2023	Charity 2023
	£	£	£	£
As at 1 January 2024	689,228	379,925	725,352	262,933
Arising in the year	189,305	111,333	(36,124)	116,992
As at 31 December 2024	<u>878,533</u>	<u>491,258</u>	<u>689,228</u>	<u>379,925</u>

Provisions are for dilapidations arising where property leases oblige the group to cover the cost of restoring retail and office properties to their original condition when ending its occupation as those leases terminate.

17. ANALYSIS OF GROUP CHARITABLE FUNDS

2024	At 1 January 2024	Incoming resources	Outgoing resources	Gains and losses	Transfers between funds	At 31 December 2024
	£	£	£	£	£	£
<b>Unrestricted funds</b>						
Designated funds	9,889,749	-	-	-	(898,341)	8,991,408
General funds	1,876,136	12,457,682	(12,757,083)	154,664	898,341	2,629,740
	<u>11,765,885</u>	<u>12,457,682</u>	<u>(12,757,083)</u>	<u>154,664</u>	<u>-</u>	<u>11,621,148</u>
<b>2023</b>	<b>At 1 January 2023</b>	<b>Incoming resources</b>	<b>Outgoing resources</b>	<b>Gains and losses</b>	<b>Transfers between funds</b>	<b>At 31 December 2023</b>
	£	£	£	£	£	£
<b>Unrestricted funds</b>						
Designated funds	9,398,711	-	-	-	491,038	9,889,749
General funds	1,717,597	12,676,775	(12,211,040)	183,842	(491,038)	1,876,136
	<u>11,116,308</u>	<u>12,676,775</u>	<u>(12,211,040)</u>	<u>183,842</u>	<u>-</u>	<u>11,765,885</u>

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2024

17. ANALYSIS OF GROUP CHARITABLE FUNDS (Continued...)

Designated funds represent unrestricted funds that have been allocated at the Trustees' discretion for particular purposes. The designated funds include three years of grant funding based on the Fundatia FARA 2024 annual net budget equalling £7,666,007 as well as £1,325,401 to fund the 2 Homes for Life for four years beyond the current three-year funding cycle.

All assets and liabilities relate solely to unrestricted funds.

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
Within one year	1,505,360	1,015,622	1,599,798	1,035,098
Between one and five years	3,588,685	2,465,964	3,378,477	2,951,511
After more than five years	461,792	460,458	758,500	758,500
	<u>5,555,837</u>	<u>3,942,044</u>	<u>5,736,775</u>	<u>4,745,109</u>

19. TRADING SUBSIDIARIES

The Charity owns 100% of the 5,000 (2023: 5,000) issued ordinary shares of FARA Enterprises Limited, a company incorporated on 16 March 1992 (number 02697467).

The principal activity of this company is the sale of donated goods through a chain of Charity shops for the purpose of donating its profits to FARA Foundation.

The Charity also owned 100% of the 2 issued ordinary shares of FARA Properties Limited (number 03542825), a company incorporated on 2 April 1998 and dissolved on 26 November 2024.

The assets, liabilities and trading results of FARA Enterprises Limited and FARA Properties Limited are provided below:

2024	FARA Properties Limited (Dissolved) £	FARA Enterprises Limited £	Total 2024 £
<b>Assets and liabilities</b>			
Tangible fixed assets	-	198,018	198,018
Debtors	-	522,894	522,894
Cash at bank and in hand	-	82,432	82,432
Creditors:			
Amounts falling due within one year	-	(401,558)	(401,558)
Amounts falling due after one year	-	-	-
Provision for liabilities	-	(387,274)	(387,274)
Net assets	<u>-</u>	<u>14,512</u>	<u>14,512</u>
<b>Capital and reserves</b>			
Called up share capital	-	5,000	5,000
Other reserves	-	-	-
Retained earnings	-	9,511	9,511
Net assets	<u>-</u>	<u>14,511</u>	<u>14,511</u>

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2024

19. TRADING SUBSIDIARIES (Continued...)

2024	FARA Properties Limited (Dissolved) £	FARA Enterprises Limited £	Total 2024 £
<b>Trading results</b>			
Turnover	-	10,863,519	10,863,519
Other income	-	112,318	112,318
Total incoming resources	-	10,975,837	10,975,837
Cost of sales	-	(9,286,265)	(9,286,265)
Administration and overheads	(1,700)	(9,769)	(11,469)
Revaluation of investment property	-	-	-
Net incoming resources	(1,700)	1,679,803	1,678,103
Donation to FARA Foundation	-	(1,699,341)	(1,699,341)
Net movement in shareholders' funds	(1,700)	(19,538)	(21,238)
<b>2023</b>			
	FARA Properties Limited £	FARA Enterprises Limited £	Total 2023 £
<b>Assets and liabilities</b>			
Tangible fixed assets	-	185,757	185,757
Debtors	-	497,906	497,906
Cash at bank and in hand	-	234,081	234,081
Creditors:			
Amounts falling due within one year	(1,700)	(593,930)	(595,630)
Amounts falling due after one year	-	-	-
Provision for liabilities	-	(309,303)	(309,303)
Net assets	(1,700)	14,511	12,811
<b>Capital and reserves</b>			
Called up share capital	2	5,000	5,002
Other reserves	-	-	-
Retained earnings	(1,702)	9,511	7,809
Net assets	(1,700)	14,511	12,811
<b>2023</b>			
	FARA Properties Limited £	FARA Enterprises Limited £	Total 2023 £
<b>Trading results</b>			
Turnover	16,650	11,069,126	11,085,776
Other income	-	95,463	95,463
Total incoming resources	16,650	11,164,589	11,181,239
Cost of sales	-	8,421,519	8,421,519
Administration and overheads	(46,972)	(16,821)	(63,793)
Revaluation of investment property	-	-	-
Net incoming resources	(30,322)	19,569,287	19,538,965
Donation to FARA Foundation	-	(2,759,890)	(2,759,890)
Net movement in shareholders' funds	(30,322)	16,809,397	16,779,075

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2024

20. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

At 31 December 2024 and 31 December 2023 there were no contingent liabilities or capital commitments arising for the group.

21. RELATED PARTY TRANSACTIONS

During the year, FARA Enterprises Limited made transfers under Gift Aid of their trading profits amounting to £1,699,341 (2023: £2,759,890). FARA Properties Limited did not make any transfers under Gift Aid in the year ended 31 December 2024 (2023: £nil), and was dissolved on 26 November 2024.

Costs recharged by FARA Enterprises Limited for the use of the charity shops in connection with the Retail Gift Aid Scheme amounted to £3,420,379 (2023: £4,026,764).

At the reporting date, the charity owed amounts to its subsidiary undertakings, the details of which are reported more fully in note 12.

During the year Mrs J Nicholson, the founder and former trustee of FARA Foundation (Limited by Guarantee) received rent totalling £1,600 (2023: £1,210). The rent charged is below market rate.

During the period expenses totalling £7,210 (2023: £1,601) were reimbursed to three (2023: two) key management personnel, who were not serving as Trustees, in relation to travel costs to Romania.

22. DISSOLUTION OF SUBSIDIARY

During the year, FARA Properties Limited was dissolved. In the parent entity this was treated as a disposal of a subsidiary. Net consideration recognised on completion of the disposal was £nil. No cash or cash equivalents were held in the subsidiary at the date of dissolution, and the subsidiaries net liabilities at the date of dissolution was (£1,700). The investment in the subsidiary was £2 therefore resulting in a net loss on disposal of £1,702 recognised in the parent's accounts.

**FARA FOUNDATION**

England & Wales - Charity number 1139349

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# Accounts

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**FARA FOUNDATION  
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

Principal Office:-  
2nd Floor  
Suite 1  
8 Waldegrave Road  
Teddington  
England  
TW11 8GT

Tel: 02089 730910  
Website: [www.FARACHarity.org](http://www.FARACHarity.org)

Registered Charity No: 1139349  
Registered Company No: 07432706

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

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for the Year Ended 31 December 2023**

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**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
**Incorporating the Strategic Report and Directors' Report**  
**for the Year Ended 31 December 2023**

**INCORPORATION**

The charitable company was incorporated on 8 November 2010.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**  
07432706 (England and Wales)

**Registered Charity number**  
1139349

**Registered office**

2nd Floor  
Suite 1  
8 Waldegrave Road  
Teddington  
England  
TW11 8GT

**Key Management Personnel**

**Trustees (Directors)**

Ms S G Cross - Chair  
Mrs J Nicholson (resigned 15.12.23)  
Mrs L J Dawson  
Mr R H C Chalk  
Mr P W Groves  
Ms O P E Rimbart (resigned 04.10.23)  
Mr R Davidson - Treasurer  
Mrs N Nowak  
Mrs E H A Middleton  
Mr R Lynas (appointed 25.03.24)  
Dr Y S H Johnson (appointed 25.03.24)

**Company Secretary and Chief Operating Officer (COO)**

Mr R Phelan

**Chief Executive Officer (CEO)**

Ms E Gordon

**Administrator**

Mr S Addai (resigned 30.06.23)  
Ms J Sugden (appointed 06.11.23)

**Patrons**

HRH The Former Prince of Wales, Royal Patron  
Eugene Sârbu

**Senior Managers of FARA Enterprises Limited**

**Directors**

Mr R Phelan – Chief Operating Officer and Company Secretary  
Mrs L J Dawson  
Mr P W Groves  
Ms E H A Middleton

**Senior Managers of FARA Properties Limited**

**Directors**

Mr R Phelan (Director and Company Secretary)  
Mr R H C Chalk

**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
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**Banks**

Barclays Bank PLC  
Santander UK PLC  
Flagstone Group Ltd  
Shawbrook Bank Limited

**Solicitors and legal advisors**

Just Employment Law - Employment  
Field Seymour Parkes - Property  
Shield Safety – Health & Safety

**Auditors**

Rothmans Audit LLP  
Statutory Auditors  
Chartered Accountants  
Chilworth Point  
1 Chilworth Road  
Southampton  
SO16 7JQ

**STATEMENT OF TRUSTEES RESPONSIBILITIES**

The Trustees (who are also the directors of FARA Foundation (Limited by Guarantee) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing those financial statements, the Trustees are required to:-

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charity SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

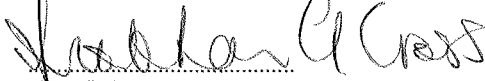
So far as the Trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
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**PUBLIC BENEFIT**

The Board of Trustees has given regard to the legislative and regulatory requirements for disclosing how its charitable objectives have provided benefit to the public. The Trustees confirm that they have complied with their duty under the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. This report outlines how our achievements during 2023 have benefited the public, either directly or indirectly.

**ON BEHALF OF THE BOARD**



Ms S G Cross - Trustee

Date: 

**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
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**Statement from the Chair**

The latest EU statistics show once again that Romania remains by some margin the European country where those under the age of 18 are most at risk of poverty and social exclusion, with 41.5 % of this age group at such risk. This underlines the importance of the work of our partners Fundatia FARA in Romania.

During 2023, the projects we funded helped more than 1,300 direct beneficiaries and also provided vital support to their families and the wider community. Our three Therapy and Rehabilitation programmes worked every week with more than 280 children with disabilities and their families to provide free and vital therapies to help the children overcome the limitations of their disability and facilitate inclusion into mainstream education.

Our Tackling Poverty Through Education programmes worked with 360 disadvantaged or marginalised primary, secondary and high school students by providing educational support, after school activities and a hot meal, as well as providing social and material support to their families, all aimed at preventing school drop-out, fighting poverty and promoting social inclusion.

The highlight of 2023 for me was a visit to the projects we fund in the Suceava region in the north of Romania. It was clear, as it always is, that the work in Romania is done with professionalism and expertise, but also with love and kindness, and is making a real difference to the lives of those we are helping.

A parent of a child attending one of the therapy centres said of her son: "Before, only I could understand him when he spoke, and with great difficulty. My husband did not understand him at all. Now he goes to school, speaks well and the teacher tells me he's having fun. FARA teaches me how to help him and work with him."

2023 was not without challenges, with the cost-of-living crisis and inflation both in the UK and in Romania affecting costs. However, thanks to the dedication of our staff in the UK, the generosity of those who shop in and donate goods to our stores, and those who donate financially or raise funds for us, in 2023 we were able to continue to provide sufficient funding for the work in Romania. Thank you for the difference you've made this year. I would also like to thank my fellow trustees for generously giving their time, expertise and wisdom to for the benefit of FARA.

At the end of 2023, our Founder Jane Nicholson stepped down from the Board of FARA Foundation in the UK. She continues her work with the Romanian programmes. Her tireless commitment to the poor and marginalised in Romania for over 33 years will always be a source of inspiration for all of us in the UK who strive to continue her mission, guided by the values she developed. We are grateful that our links with her will be retained through her work in Romania and the Founder role which she will have in the UK.

**Siobhan Cross, Chair of the Board of Trustees, FARA Foundation**

**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
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**Statement from the CEO**

I am pleased to introduce the FARA Foundation 2023 annual report. This year has again been a full one in which the positive impact of our work has been directly measurable. We sold more than two million items via our charity shops and so continued to raise the valuable funds for the life-changing programmes that are delivered by our partners Fundatia FARA in Romania, supporting more than 1,300 people and their families.

This year was also significant for the charity as we worked with the Trustees and the executive leadership team to develop our first UK strategy. This strategy, grounded in our charitable purpose and values, aims to deliver on three key strategic objectives over the next three years.

- **Programmes:** We will support Fundatia FARA to deliver services of the highest quality to help the most vulnerable children, young people, adults and families in Romania, developing our partnership to ensure it is effective, professional and sustainable and enables them to implement their three-year strategic plan.
- **Public engagement:** We will consolidate and grow the contributions from our retail operation to ensure its continued success and resilience, while also looking to diversify our income base by increasing our public profile and community engagement.
- **People:** We will cultivate a thriving and productive workforce supported by dedicated and professional governance, united under shared values, vision and mission.

I remain inspired by the work delivered through the programmes we support in Romania; from seeing children from disadvantaged backgrounds learning to read, to seeing disabled adults living full and happy lives. I am extremely grateful to our hardworking teams who ran our 40 shops across London this year. To ensure that this vital source of income continues to raise the funds we need, we have invested time and effort into strengthening our retail operations and raising the profile of our shops. One of the key highlights was the launch of our 'We Are FARA Family' films, which showcased the wonderful community of people who work in, donate to and shop in our stores.

It has been a pleasure this year to continue working alongside our hardworking leadership team and Board of Trustees.

Thank you to all those who work so hard to generate the funds that Fundatia FARA uses to deliver the excellent programmes that make real change happen for many of Romania's most vulnerable.

**Libby Gordon, CEO FARA Foundation**

**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
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## **STRATEGIC REPORT**

### **WHO WE ARE AND OUR OBJECTIVES**

The FARA Foundation (FARA UK) is a registered charity in the UK and was founded in 1991. It is the grant-making partner of Fundatia FARA Romania, a non-profit, non-governmental organisation supporting Romania's poorest and most vulnerable children, young people and families. FARA and Fundatia FARA work toward common values, strategies and standards. Fundatia FARA's work is closely monitored and evaluated, with appropriate policies in place and results reported.

The FARA Partnership comprises Fundatia FARA Romania (grantee) and FARA UK (grantor), formalised through a Memorandum of Understanding / Partnership Agreement put in place in January 2022 and updated in 2023. Although independent of each other, these two organisations work to fulfil a shared vision, mission, and set of values and are governed by two separate boards with defined remits and responsibilities. Each board is responsible for implementing its strategic objectives.

FARA UK remits funds to Fundatia FARA every quarter based on the approved annual grant, providing up to 97% of the funds required by Fundatia FARA to deliver the core services in the programmes. Fundatia FARA raises the remaining 3% in Romania, while also raising funds to provide additional services over and above the core services.

The Romanian word 'fara' means without, and many of Romania's children and those with disabilities are still living 'without': without care, nurture, a voice or security. Despite being part of the EU, many continue to face extreme poverty. Fundatia FARA cares for the most vulnerable social groups facing extreme poverty by addressing social inclusion and poverty reduction.

Operating in two regions of Romania, it tutors lives, builds futures, and spreads hope. The work is life-changing for many families living in poverty and for children and adults with disabilities.

### **Vision, Mission and Values**

Our vision is of a world in which everyone can live with freedom and dignity in a loving, protective environment, experiencing fulfilled lives whatever their ability.

Our mission is to transform the lives of the most vulnerable and disadvantaged children, young people, adults and families living in Romania's poorest communities.

Our values underpin all the work and are shared by all those involved in carrying out our mission both in the UK and Romania. FARA strives to build a just society serving the common good, based on Christian values of love, justice, dignity and respect, welcoming people of all faiths and none.

- We act with kindness and compassion
- We respect the human dignity of every person.
- We believe in practical hands-on care.
- We strive to build a just society.
- We responsibly collaborate across all sections of society.
- We strive to be a best-practice organisation.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

FARA UK is governed by a Board of Trustees, who are legally responsible for directing the affairs of the charity. The Trustees have full legal responsibility for the actions of the organisation. The Board of Trustees meets at least three times annually to review and direct strategy, budget and performance.

FARA UK has three main board subcommittees, which aim to ensure that FARA and all its subsidiary entities in the UK are properly governed and that the funds remitted to Fundatia FARA are spent appropriately. They meet in advance of and report on their proceedings to the full board. Each subcommittee has a separate remit.

- *Services Subcommittee* - responsible for HR governance, strategy and oversight of services delivered in Romania. (Chair: Lucinda Dawson)
- *Trading Subcommittee* – responsible for charity retail matters and marketing and communications. (Chair: Hannah Middleton)
- *Finance & Risk Subcommittee* – responsible for all finance and risk matters. (Chair: Robert Davidson)
  - o Within this also sits an Investment Committee that reviews the investment portfolio (Chair: Natalia Nowak)

In addition, there is also a *Remuneration Committee* which meets annually and is responsible for reviewing the annual increases for all staff and overall pay principles, and providing recommendations to the overall board.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
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**for the Year Ended 31 December 2023**

FARA was incorporated as a company limited by guarantee, as defined by the Companies Act 2006, on November 8, 2010, and is governed by its Articles of Association. The Articles of Association were updated in March 2024 to ensure they are appropriate and fit for purpose.

During the year, the charity had two wholly-owned subsidiaries. FARA Enterprise Limited (FEL) operates a retail charity business that donates all of its profits to FARA. This comprises 40 high street stores: 22 general stores, 14 children's stores, two bookstores, a homeware store and a vintage store. In addition, it has an online store selling items suitable for sale online. Three members of the Board of Trustees sit on the board of FARA Enterprises Limited along with the Chief Operating Officer / Company Secretary of FARA.

FARA Properties Limited (FPL) is a property holding company. It disposed of all its property holdings during the course of 2023.

#### **Appointment of Trustees**

The appointment of Trustees is outlined in the Articles of Association and follows the advice of the Charity Commission. The Articles of Association were updated in March 2024 to support and simplify the process around the appointment, retirement and removal of Trustees and to bring it into line with the Charities Act 2011.

In 2023, the charity completed recruiting three additional Trustees to the Board. A specialist recruiter was used to support this process to ensure robustness and transparency. These Trustees will formally join the board in 2024.

Any new Trustees are put through an induction and training programme to ensure they understand their role, how the organisation runs, and its vision, mission, and values. They will spend time with the Chair of Trustees, the Founder, the CEO and meet key executive members to understand how the charity operates. They will be a member of at least one of the subcommittees. They will also be expected to visit the programmes in Romania when the opportunity arises so they understand how the funds raised are utilised.

#### **Public benefit**

The FARA UK Trustees confirm that they meet the Charities Act 2011 public benefit requirement. FARA fulfils this by grant funding to Fundatia FARA for the relief of poverty, the improvement of the lives of people with disabilities, the provision of a home to children without one and its programme to tackle poverty through the education of school-aged children. The programmes and work are further outlined below.

#### **Executive leadership**

Libby Gordon has continued as CEO of the FARA Foundation, and she, along with the executive leadership team, has delegated authority for running the charity and trading arm, working within a board-approved scheme of delegations. The organisation's director roles include a Chief Operating Officer, Trading Director, Marketing and Communications Director, Development and External Engagement Director, and Human Resources Director all working collectively to lead the organisation.

#### **Equal Opportunities Policy**

FARA does not discriminate on the basis of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnicity or national origin, religion or belief, sex or sexual orientation.

#### **Remuneration Policy**

Our approach to remuneration is designed to ensure that we attract and retain staff and maintain affordability. Pay principles and banding were developed and rolled out in 2022 to ensure fairness and consistency, and roles are formally benchmarked every two years. The Remuneration Committee oversees this area on behalf of the board.

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## **ACHIEVEMENTS AND PERFORMANCE**

Romania is home to nearly four million children but, unfortunately, many of them are still struggling with poverty, inadequate education and a lack of medical services. Although the economy is growing, the country still faces various challenges, and many people find it hard to make ends meet.

Despite some progress towards reforms, Romania still has a long way to go in terms of providing support to vulnerable social groups. These groups continue to face extreme poverty, social exclusion and discrimination. Families living in poverty often lack the necessary support, leaving children at risk of dropping out of school or being placed in social service provision. Children with disabilities are unable to access vital life-changing therapies and education, and adults with learning disabilities also remain in institutional care. All this further exacerbates the cycle of poverty.

Romania has the highest number of people at risk of poverty or social exclusion compared to the European Union, 34.4% compared to 21.6%, and the highest rate of children at risk of poverty or social exclusion in the EU, 41.5%, twice as high as the EU average of 24.7% (*Eurostat 2022 & UNICEF 2023*). This amounts to more than 1.5 million children in need.

Over 300,000 children do not complete compulsory education, and nearly 50% do not have basic literacy and numeracy skills at the age of 15 (*UNICEF 2022*). Leaving school early can also lead to unemployment, social exclusion and poverty. Romania has the highest rate of early school leavers within the EU, with this figure sitting at 15.6% compared to an average of 9.6% (*Eurostat 2022*).

It is known that people with disabilities are more likely to experience poverty or social exclusion. In Romania alone, there are over 77,000 children registered with disabilities, but this number is believed to be an underestimate as many individuals remain unseen. Additionally, there are reportedly over 16,000 adults with disabilities living in social care residential centres under the social protection system. (*World Bank 2023*)

Today, FARA is one of the largest and most experienced care providers in Romania. Supporting vulnerable children with or without disabilities, young people, and people with disabilities and their families is at the core of FARA's mission. Their needs, challenges and future drive the organisation's model of impact.

### **Fundatia FARA Services in Romania**

To support the work that Fundatia FARA is carrying out, FARA UK approved a net budget of Lei 15,111,224 ( Stg £2,708,105) in December 2022 to fund core programmes in Romania for 2023. Additionally, it approved the funding of a development bursary programme of Lei 150,000 ( Stg £26,882). These funds were then remitted under the grant funding arrangement and partnership agreement throughout 2023.

Fundatia FARA has delivered support and care in Romania across various programmes outlined in more detail below. In 2023, Fundatia FARA served more than 1,300 unique beneficiaries and demonstrated strong programmatic achievements, exceeding targets, expanding services, and laying the groundwork for continued impact in the years ahead.

## **THERAPY AND REHABILITATION**

We provided free access to a range of therapies for more than 280 children with disabilities from low-income families and/or families affected by poverty at our three centres: Rafael in Bucharest; Emmanuel in Suceava; and St Teresa's in Falticeni, Suceava County. These include speech and psychological treatment, physiotherapy, and creative therapies (such as art therapy, sensory, animal-assisted therapy, hydrotherapy). The work carried out across all of these aims to help the children overcome the limitations of their disability, facilitate inclusion in mainstream education, and improve their functionality at home, school, and in their community.

In 2023, therapy and rehabilitation services were successfully diversified and expanded, providing more than 18,500 in-person therapy sessions and reaching a range of beneficiaries, including children with disabilities, parents, professionals, and volunteers. During the year, we saw the introduction of new approaches such as puppet theatre therapy and therapeutic gardens.

A critical part of this work is supporting parents in the therapeutic process and so via these centres 14,229 counselling and feedback sessions were provided to more than 700 parents. The parents are hugely appreciative of the help they receive.

*"Without St. Teresa's services in our area, hundreds of children with disabilities would have been deprived of chances for recovery and rehabilitation".* Community stakeholders

*"I see in specialists a genuine source of information. I am grateful to them because they help me better understand the suffering of my own child and because they give me realistic hopes".* Parent

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*L is a three-year-old girl with multiple deficiencies who attends the speech therapy programme. Her mother said: "It was a miracle here. There are wonderful people here. She is our only child. She comes here with joy and is very happy. She made progress. Before she didn't speak at all. Now she says sentences, and we manage to communicate, we have eye contact, she answers questions. As a result of this progress, we could enroll her in kindergarten."*

#### **HOMES FOR LIFE AND OUTREACH**

This programme has two components: residential and community outreach. It is implemented in Suceava County in two communities, at St Mary's Home in Vadu Moldovei and at Elisabeth Home in Cacica, and in Popesti-Leordeni, Bucharest.

- Residential: The aim of this is to create a loving and supportive family life for 19 adults with disabilities who have a history of institutionalisation, are permanently deprived of family care and have a disability requiring support over their lifetimes.
- Community: This work aims to reduce barriers and foster social inclusion for 55 adults with disabilities who live with their families in Vadu Moldovei and Cacica, through social interactions, non-formal education, and community awareness.

In 2023, Fundatia FARA obtained care licences for its two residential homes and continued to provide ongoing support for the individuals living in these homes, including specialised healthcare, psychological counselling and emotional support, and creative and leisure activities.

Within the community, support was given to people with disabilities and their families. This support included holding sessions on independent living, occupational therapy and providing food and other items to support daily life.

One of the critical elements of this programme is providing the beneficiaries with ongoing opportunities to express their thoughts and opinions, supporting them in making decisions about their lives and amplifying their voices.

This programme has a significant impact on the lives of people with disabilities. This is often described by those who have seen the impact of the work as "life saving", "a life with dignity", "a life where they can dream again", "a place where they gain a new sense of hope and gratitude".

*"It is so nice here. And we do not want to leave this place, never. It is nice during winter and summer. We have a garden, a solar, a micro-farm. This is our home. We love it!"* Beneficiary, St. Mary's Home

#### **TACKLING POVERTY THROUGH EDUCATION**

This community-based programme is delivered in Baia and Preutești, two communes in Suceava County, and in Popesti-Leordeni, Bucharest. It aims to prevent school drop-out, combat poverty, promote social inclusion and integration, and support growth through education, community involvement, and access to opportunities.

The programme contributes to implementing national and international policies, strategies and legislation regarding poverty reduction, promoting social inclusion, promoting and respecting the rights of children and young people, including those with disabilities, and building sustainable communities. It aims to improve well-being, help vulnerable individuals thrive, facilitate access to education and employment, improve quality of care, strengthen community-based services and amplify beneficiaries' voices in decisions relating to their lives.

During 2023, 100 kindergarten and 200 primary school-age children were supported through the after-school programme in Suceava, which provided more than 45,000 hot meals and 4,460 hours of support for homework and after-school activities. There was a 100% graduation rate for primary school students.

Within the wider community, 2,230 food and support packages were distributed to families, and 220 family members received access to qualification courses and other learning opportunities (including parent-child relationships, parental competencies, and financial education). Lenovo continued to support work within this community, setting up and establishing a STEM educational room and supporting the running of a Tech Camp.

The Popesti-Leordeni programme provided 146 educational kits, 260 informational sessions, and material assistance to vulnerable communities in the area and individuals across Romania. It also supported 12 young people who had exited the care system, 14 people with disabilities through creative activities, and 12 people with disabilities with access to a day center where activities and support were provided.

In 2023, we saw the launch of the Fundatia FARA Educational Bursaries programme, which awarded 28 scholarships (also supported by the Lenovo Foundation who funded 5 of the bursaries) to high-achieving students from disadvantaged backgrounds to support their continued education. Lenovo volunteers actively participated in the selection process and provided mentorship and professional development opportunities to the bursary recipients.

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*"Yes, education comes first. That's the only way we can have a better life. This is what our parents used to tell us: If you have education, you have wealth!" Student*

*"Over time, the TPTE program resulted in multiple transgenerational changes (behavior, aspirations, relationships, lifestyle and development), observed at the individual level and the community level. However, some of the most critical benefits are beyond the core of this programme aimed at alleviating poverty through education, and include actions to reduce social and physical isolation through contributions to building infrastructure like roads that link people in remote areas to the civilization, the wells that allow people access to drinking water, church that allows community members to have a space for praying and manifesting their spirituality. You have no idea how much all this counted for these people. There are so many to be said to express community appreciation of everything FARA does." FARA Teacher*

#### **SOLIDARITY WITH UKRAINIAN REFUGEES**

Following the outbreak of war in Ukraine in February 2022, Fundația FARA created the Solidarity Team for Ukraine to provide essential material support and psychological assistance to the Ukrainian refugees, children and families crossing the border at Vama Siret, Suceava. This work continued in 2023; Fundatia FARA provided residential services for 155 refugees (67 adults, 78 children) and supported 99 refugees (65 adults, 34 children) living in the community in Suceava County. Services included Romanian language lessons, educational activities, recreation, social activities and childcare support.

*"The help I received from you, helped me to be stronger, to overcome the traumas of Ukraine (bombings, sirens, destroyed houses, missing friends and relatives). To have mental stability, a roof over my head, food, peace, and safety is all that a refugee can wish for at this moment. Thanks to your help Fundatia FARA, my family and I have the luck of you being part of our lives. The FARA family has become our family." Refugee from Ukraine*

#### **A FAMILY FOR THOSE WITHOUT: St Nicholas**

Fundatia FARA has provided a loving and supportive family-style home for vulnerable and neglected children since 1997. Our programme helps children without parental care by providing education, life skills development, and a nurturing environment. We aim to help them overcome traumas caused by neglect and abuse, increase their educational performance, and improve their chances for family reunification and community integration. The trauma-informed approach ensures that the children grow up in a safe and nurturing environment.

In 2023, staff supported the reintegration of five children and young people back into their families or independent living while providing 550 hours of homework support, 291 discussions about school attendance and performance, and various counselling, therapy, and independent living skills services to the six remaining residents.

As the programme manager outlines: *"Fundatia FARA means deep commitment to our beneficiaries, empathy and solidarity, all aimed at bringing joy, cultivating responsibility, courage, and a spirit of initiative, and supporting involvement in every aspect of life. Even when a child has gone through a difficult childhood, a team gifted with patience and perseverance works hard to ensure stability, and help every child become a responsible adult."*

One of the children who lived at St Nicholas said: *"I'm happy! I feel fulfilled and grateful! Why? Due to many things. I thank God for all that I have. I'm healthy, I have an almost normal life, even if I don't live with my parents. I live in a family-type house with ten other children who have become part of my life, and this makes me happy. With the help of the people who take care of us, this house has become a beautiful place, a place that I can call home." S, 17 years old*

#### **Overarching work and plans for 2024**

In 2023 Fundatia FARA significantly expanded its communication and fundraising efforts, growing its social media presence, producing a wide range of promotional materials, and securing additional in-kind and financial support from corporate partners such as Lenovo and Carrefour.

On the advocacy front, Fundatia FARA leveraged its participation in projects such as DARE and SafetyNet to organise debates, workshops, and community events focused on the rights of people with disabilities and the prevention of abuse, exploitation, violence and humiliation. They also facilitated the participation of beneficiaries in various decision-making activities and provided opportunities for their voices to be heard.

Looking ahead to 2024, Fundatia FARA has set some ambitious strategic objectives. In therapy and rehabilitation, it aims to expand their mobile team concept to increase rural access, pilot summer camps combining therapies with respite and capacity building, and establish partnerships with local schools.

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The Homes for Life and Outreach programs will continue to consolidate their work in the community and expand partnerships, while the Tackling Poverty Through Education programme will further customise its services to meet the specific needs of children, young people, people with disabilities and their families. The Educational Bursaries programme will grow from 28 to 40 scholarships, with opportunities for current fellows to be re-awarded.

Across all areas, Fundatia FARA will work to strengthen the integration of beneficiary voice and participation, increase visibility and reach through enhanced communication and marketing, diversify partnerships and continue advocating for the rights and inclusion of vulnerable populations.

**IN THE UK: ENGAGEMENT WITH THE FARA WORKFORCE**

The FARA workforce comprises approximately 300 paid staff, 180 who are full-time, volunteers and Trustees. The charity communicates with its staff and volunteers in multiple ways, including a monthly internal newsletter and regular project/team/area meetings. The shops receive regular visits from the Area Managers and ad hoc visits from members of the Executive Leadership team and Trustees. During 2023, all staff were given a charity email address and an intranet site was developed to share key documents and further improve communication.

An annual appraisal process is carried out for all staff. It seeks to understand professional and personal development requirements and how they might use other skills and expertise to support the charity. This information is used to understand career aspirations and further enhance staff development.

Our HR Policies have been updated to ensure they are relevant and fit for purpose, and e-learning has been introduced for all shop staff. We conducted our first-ever staff survey. This showed us that staff satisfaction and engagement levels are high, and staff feel closely aligned with our purpose. We will continue to constantly improve and enhance our staff experience.

In September 2023, a Trading Academy was opened in an underutilised space within our Islington shop. This has been set up to model a shop and is used for basic training when someone first starts with FARA, refresher training and ad hoc training when required.

At the beginning of 2023, the charity introduced an enhanced sick pay offer to all staff, the value of which increases with length of service.

**FINANCES AND RESERVES**

During 2023 FARA received £23,879 (2022: £41,316) from sponsors, donations, charitable trusts and Gift Aid. Investment income was £287,376 (2022: £166,146) while the unrealised gains on fund investments amounted to £183,842 (2022: loss £575,719).

The Investment Committee again recommended the approval of an investment policy designed to produce above inflation returns over the longer term while adhering to the ethical concerns of the charity.

The contribution from trading operations has decreased to £2,759,890 during the year (2022: £2,798,431). The reserves position of the charity has shifted from £ 11.12m in 2022 to £11.77m in 2023.

The accounting policies adopted by the charity are set out in Note 1 to the accounts.

**FARA UK fundraising**

2023 was a strong year for trading following the post-COVID surge in sales that took place in 2022, although the rate of growth was slightly lower in 2023. This enabled FARA Trading Operations, which covers both retail shops and online operations, to generate a surplus of £2,759,890 which it was able to covenant to FARA UK during 2023. This ensured that FARA UK could continue to fully grant fund Fundatia FARA core and development programmes in 2023.

FARA Trading Operations continue to generate almost 90% of FARA UK's annual income, and the remaining 10% comes from a small set of generous regular UK givers and investment returns.

During 2023, income received from listed investments and bank deposit accounts amounted to £287,376 (2022: £166,146), reflecting an improvement in dividend yields and interest rates. At the same time, the unrealised gains made on investments amounted to £183,842 (losses 2022: £575,719).

Income generation outside of the shops is an important topic of conversation as part of the development of the three-year 2024-2026 Strategy. Work was commissioned at the end of the year to understand further how this area could be developed.

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### **Plans for the Future**

During 2023, the charity's first strategy was developed to define what the organisation wants to achieve over the three-year period 2024-2026. This looked to continue the alignment of FARA Foundation and its trading subsidiary to continue supporting Fundatia FARA's work and focusing on three strategic areas.

- **Programmes:** We will support Fundatia FARA to deliver services of the highest quality to help the most vulnerable children, young people, adults and families in Romania, developing our partnership to ensure it is effective, professional and sustainable and enables them to implement their three-year strategic plan.
- **Public engagement:** We will consolidate and grow the contributions from our retail operation to ensure its continued success and resilience, while also looking to diversify our income base by increasing our public profile and community engagement.
- **People:** We will cultivate a thriving and productive workforce supported by dedicated and professional governance, united under shared values, vision and mission.

FARA Foundation, under its Partnership Agreement with Fundatia FARA, is expected to provide Fundatia FARA between £2.5m-£3.0m each year over the three-year strategy period 2024-2026 to fund existing programmes (subject to the continuing need in Romania for those programmes) and new developments. Fundatia FARA itself will continue to make all reasonable efforts to raise additional funds during that period from the public and corporations and through applying for eligible funding within Romania and in Europe.

### **Post Balance Sheet Event**

In the early part of 2024, FARA UK suffered a serious hacking incident, leading to a non-material loss of charity funds. Following its protocols, it reported the matter to Action Fraud, the Charity Commission and, as it involved potential access to personal data, the ICO. As a consequence of this event, FARA UK is taking steps to improve its IT security through improved internal controls and more regular training on data and IT security.

### **Financial review and risks**

The charity maintains and, at each Board meeting, reviews its risk register and updates it where necessary. It identifies possible risks faced by FARA UK, including financial risks, current controls and any further actions required to prevent or mitigate such risks. The key strategic risks include:

- An over-reliance on FARA trading activities to continue to generate sufficient funds (both because of a downturn in trading revenues or because of inflation-busting cost increases) annually to enable FARA UK to fund Fundatia FARA programmes fully
- An over-reliance on key staff and volunteers in FARA UK and Fundatia FARA.
- A lack of appropriate skills on the Board of FARA UK and Fundatia FARA.
- A charity strategy that lacks clarity, direction, and planning and/or is not communicated effectively to all.
- Any programmes funded by FARA UK in Romania not being effective or governance of Fundatia FARA being inadequate.
- Risk associated with inadequate financial and other controls leading to fraud, theft, hacking, and money loss in FARA UK.
- The current investment strategy adopted by FARA UK being inappropriate
- The current reserves policy adopted by FARA UK being inappropriate.
- That the ongoing war between Ukraine and Russia may adversely impact on the operation of programmes in Romania

The risk register is a standing item at all subcommittees and board meetings and is reviewed in depth once a year in March. FARA seeks to diversify the risk associated with High Street retail by developing its online operations while also broadening its fundraising capabilities in the UK over the medium term (three years). Fundatia FARA is also hoping to further develop its own fundraising capabilities, which the FARA Foundation will support where appropriate.

Robust budgetary processes are in place and will continue. These will be subject to review from time to time to ensure that all proper financial controls are in place. All reasonable steps are taken to ensure that FARA UK only invests in UK projects that will support trading activities and fundraising capacity while also ensuring that funds are only granted to effective and much-needed programmes in Romania. Fundatia FARA will apply to the FARA UK development fund for any new proposed projects and will complete an application process providing information on which informed decisions about the need for and efficacy of the proposed development can be taken by the executive and Trustees of FARA UK.

The grant funding agreement and the Partnership Agreement between FARA UK and Fundatia FARA sets out the financial controls and the reporting and monitoring processes which are the basis for the funding and which are designed to ensure funds granted by FARA UK are spent effectively and appropriately by Fundatia FARA.

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The investment strategy is regularly discussed at Investment Committee meetings held in advance of the Finance meetings and reviewed and approved by the full board annually.

The Finance and Risk Subcommittee annually reviews the reserves policy to ensure its appropriateness. Trustees actively consider the major risks that the charity faces at each subcommittee meeting before reporting to the full board and believe that maintaining free reserves at the level discussed below, combined with an annual review of the controls over key financial systems, will provide sufficient resources in the advent of adverse conditions.

The Trustees will continue to invest where appropriate in investment funds with the objective of achieving returns above inflation in the long term and lessening the dependence on existing sources of income while also adhering to FARA UK's ethical requirements.

The investment policy is reviewed annually to ensure sufficient cash reserves remain available so that the investments will not need to be encashed in the short term. The investments themselves are also reviewed annually by the Investment Committee.

### **Reserves Policy**

The position on cash reserves is reviewed ahead of each Finance and Risk Subcommittee meeting before reporting to the full FARA UK board while the reserves policy is examined annually when the financial statements are being finalised.

The crucial measure of the charity's ability to continue its care provision in Romania is its level of liquidity cover. Accordingly, in reviewing and establishing the reserves policy, the Trustees have considered the requirement to set aside funds for the next three years to fund the core programmes established in Romania, a further four years for the long-term support for those who are in long-term care, and the short-term requirements for the next eight months. The funding requirements are based on the approved 2023 budget.

FARA recognises two types of reserves: Restricted Funds and Unrestricted Funds.

- Restricted Funds - these are funds received for specific purposes and subject to donor-specified restrictions. No such funds were held or received during the financial year 2023.
- Unrestricted Funds - these are funds that are not subject to donor-specific restrictions and are available for the general purposes of FARA UK. Unrestricted funds are classified as designated Funds or General Reserves in line with the General Reserves Policy as approved by the Trustees.

### **General Reserves Policy**

General Reserves are the portion of the unrestricted funds remaining once the Trustees have set aside any amounts as designated funds (see below).

The board of FARA agreed to the General Reserves Policy. This policy requires FARA to hold general reserves of approximately eight months of net grant funding for the programmes in Romania at any time within the year. In 2024 this amounts to £1,876,136 of General Reserves. The Trustees judged this level of reserves was appropriate to:

- be resilient to financial shocks and ensure retail operations can continue in the short term if income is significantly restricted for a short period of time; and
- ensure charitable income is spent in a timely manner whilst balancing the need for resilience.

### **General Reserves**

General reserves are not restricted to, set aside, or designated for a particular purpose. On 31st December 2023, General Reserves were £1,876,136, within the target range of eight months of net grant funding required by Fundatia FARA to fund the current programmes for one year

### **Designated Funds**

Designated funds are those unrestricted funds that have been allocated at the Trustees' discretion for particular purposes.

Under the Partnership agreement, the Trustees and Fundatia FARA agreed that FARA UK should hold three years of grant funding based on the Fundatia FARA 2024 annual net budget as a designated fund to assure FARA's commitment to continuity of funding to Fundatia FARA on a rolling three-year basis. On 27<sup>th</sup> November 2023, the general budget of £2,756,700 was approved by the board of FARA UK, allowing the board to allocate three years of that net spend to designated reserves of £8,270,100. The Trustees have also designated funding of £1,619,649 to be set aside to fund the two Homes for Life for four years beyond the current 2024-2026 three-year funding cycle.

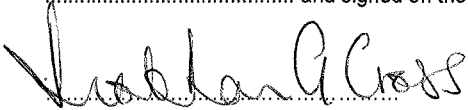
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**Investment Policy**

The charity continues to invest its surplus reserves in a mix of high and low risk investments, bonds and cash deposits and those investments adhere to its ESG commitments. This policy is designed to ensure higher than average growth, with associated high-risk, over a 5-to-10-year time horizon. This is underpinned by the judgement that the charity would be unlikely to need these funds in the short term and that the charity therefore, needed some investments directed to higher growth and with higher risk for the longer-term needs. FARA UK continues to have holdings in low-risk funds set up expressly to meet the requirements of charities. These funds track the UK stock and bond market.

The value of FARA UK listed investments stood at a little over £6.21m as of 31 December 2023 (2022: £4.82m).

The Annual report, incorporating the Strategic report and Director's report has been approved by the Board of Trustees on ..... and signed on their behalf by:-



Ms S G Cross – Chair of Trustees

Dated: 9 August 2024

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARA FOUNDATION (LIMITED BY GUARANTEE)

### Opinion

We have audited the financial statements of FARA Foundation (Limited by Guarantee) (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, 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 group's and of the parent charitable company's affairs as at 31 December 2023 and of the group's 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;
- have been prepared in accordance with the requirements of the Companies Act 2006 and 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent charitable company 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 group and the parent company's ability to continue as a going concern for a period of at least 12 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the Trustees' Report (incorporating the Strategic Report and Directors' Report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (incorporating the Strategic Report and Directors' Report prepared for the purposes of company law) has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (incorporating the Strategic Report and Directors' 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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees'/directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARA FOUNDATION (LIMITED BY GUARANTEE)

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 2, 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 group's and the parent 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 group or the parent 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.

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 identifying and assessing risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures include the following:

- > Enquiring of management concerning the company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- > Discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud.
- > Obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on operations.

The key laws and regulations we considered in this context included the UK Companies Act 2006 and the accounting standard. The engagement team is familiar with these and has resources available to support the review. Other relevant laws and regulations are those concerned with the retail activity of the company, for which the management's assumptions and decisions were reviewed.

Due to the differences in the activities between the various components of the group, these were reviewed individually for each component.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of income and the override of controls by management. To address the risk of fraud in these areas, we:

- > reviewed all material estimates affecting income, including recoverability of debtors and completeness and accuracy of deferred and accrued income;
- > selected a sample of transactions from material income streams and compared expected income to that recorded within the financial statements;
- > performed analytical procedures to identify any unusual or unexpected relationships;
- > tested journal entries during the year and at the year-end to identify unusual transactions;
- > assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; investigated the rationale behind significant or unusual transactions;
- > Reviewed minutes of meetings of those charged with governance and obtained an understanding of Risk Assessments and Policies introduced by management;
- > Compared results of estimates previously made to actual outcomes to consider if there were indications of misstatement due to bias, including but not limited to dilapidations provisioning.

The procedures carried out which relate to detecting errors in the application of the laws and regulations are thought to be capable of detecting, and advising the correction of, any material irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARA FOUNDATION (LIMITED BY GUARANTEE)

Misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. However, audit procedures were designed to account for the management override of controls being considered a high risk.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

### Use of our report

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



Lisa Wilson FCA (Senior Statutory Auditor)  
For and on behalf of Rothmans Audit LLP  
Statutory Auditors  
Chartered Accountants  
Chilworth Point  
1 Chilworth Road  
Southampton  
SO16 7JQ

Date: ...10...September...2024

Rothmans Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Rothmans Audit LLP is a limited liability partnership registered in England and Wales (registered number OC426200)

FARA FOUNDATION (LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
For the Year Ended 31 December 2023

	Notes	2023 (Total) Unrestricted Funds £	2022 (Total) Unrestricted Funds £
<b>INCOME</b>			
Donations and legacies:			
Donations and other voluntary income		23,880	41,316
Income from other trading activities			
Retail income	3	12,364,119	11,873,720
Property management charges		1,400	2,000
Investment income	4	287,376	166,146
<b>TOTAL INCOME</b>		<b>12,676,775</b>	<b>12,083,182</b>
<b>EXPENDITURE</b>			
Costs of raising funds:			
Retail costs	3	9,498,620	8,939,102
Portfolio management		18,884	18,977
Expenditure on charitable activities:			
Provision of Funding for Child, Youth, Adult Care & Educational Services	6	2,693,536	2,082,634
<b>TOTAL EXPENDITURE</b>		<b>12,211,040</b>	<b>11,040,713</b>
<b>Net income / (expenditure) for the year before gains and losses</b>		<b>465,735</b>	<b>1,042,469</b>
Net gains / (losses) on revaluation of fixed asset investments		-	165,000
Net gains / (losses) on investments		183,842	(575,719)
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<b>649,577</b>	<b>931,111</b>
<b>Reconciliation of funds:</b>			
TOTAL FUNDS BROUGHT FORWARD		11,116,308	10,484,558
<b>NET MOVEMENT OF FUNDS FOR THE YEAR</b>		<b>649,577</b>	<b>631,750</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>11,765,885</b>	<b>11,116,308</b>

The Statement of Financial Activities includes all gains and losses recognised in the 12 month period. All amounts relate to continuing activities. The notes on pages 21 to 35 form part of these financial statements.

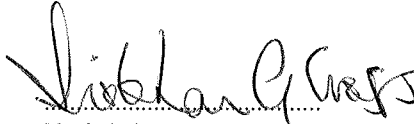
FARA FOUNDATION (LIMITED BY GUARANTEE)

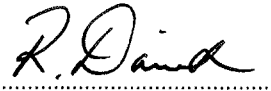
CONSOLIDATED BALANCE SHEET  
As at 31 December 2023

	Notes	Group 2023 £	Charity 2023 £	Group 2022 £	Charity 2022 £
<b>FIXED ASSETS</b>					
Tangible assets	10	198,220	12,463	625,710	24,420
Investments	11	6,794,046	6,879,049	5,322,217	5,370,791
<b>DEBTORS: Due after one year</b>	12	43,824	43,824	-	479,198
<b>CURRENT ASSETS</b>					
Debtors	12	1,249,810	955,831	668,599	288,863
Stock		60,980	-	-	-
Cash at bank and in hand		2,657,234	2,423,153	4,276,467	4,091,576
Investments	13	1,934,333	1,934,333	1,428,029	1,428,029
		<u>5,902,357</u>	<u>5,313,317</u>	<u>6,373,095</u>	<u>5,808,468</u>
<b>Less: CURRENT LIABILITIES</b>					
Creditors: Due within one year	14	483,334	30,652	479,379	273,324
<b>NET CURRENT ASSETS</b>		<u>5,419,023</u>	<u>5,282,665</u>	<u>6,393,716</u>	<u>6,035,144</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		12,455,113	12,218,001	11,841,642	11,409,552
<b>Less: PROVISIONS FOR LIABILITIES</b>	16	689,228	379,925	725,334	262,933
<b>NET ASSETS</b>		<u>11,765,885</u>	<u>11,838,076</u>	<u>11,116,308</u>	<u>11,146,619</u>
<b>FUNDS</b>					
<b>Unrestricted Income Funds</b>					
Designated funds		9,889,749	9,889,749	9,398,728	9,398,711
General funds		1,876,136	1,948,327	1,717,580	1,747,908
<b>TOTAL UNRESTRICTED INCOME FUNDS</b>	17	<u>11,765,885</u>	<u>11,838,076</u>	<u>11,116,308</u>	<u>11,146,619</u>

The notes on pages 21 to 35 form part of these financial statements. No charity Statement of Financial Activities is presented as permitted by section 408 of the Companies Act 2006. The charity's surplus for the financial period is £691,456.

Approved by the Board of Trustees on 8th July and signed on their behalf by:-

  
Ms S G Cross  
Chairman

  
Mr R Davidson  
Trustee

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**GROUP CASH FLOW STATEMENT  
For the Year Ended 31 December 2023**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>		
<b>Net cash provided by/(used in) operating activities (Note A)</b>	<b><u>(410,829)</u></b>	<b><u>1,369,719</u></b>
<b>Cash flows from investing activities:</b>		
Additions of tangible fixed assets	(102,393)	(16,035)
Proceeds of sale of tangible fixed assets	423,449	7,245
Purchase of investments	(1,124,818)	(821,369)
Movement in current asset investments	(506,304)	(504,476)
Sale of investments	-	283,323
Dividends retained within cash portfolio	-	38,408
Interest received	101,662	31,863
<b>Net cash provided by/(used in) investing activities</b>	<b><u>(1,208,404)</u></b>	<b><u>(981,041)</u></b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b><u>(1,619,233)</u></b>	<b><u>388,678</u></b>
Cash and cash equivalents at the beginning of the reporting period	<u>4,276,467</u>	<u>3,887,789</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b><u><u>2,657,234</u></u></b>	<b><u><u>4,276,467</u></u></b>
<b>Note A</b>		
<b>Cash flows from operating activities:</b>		
Net income/(expenditure) for the reporting period per the SOFA	649,595	631,750
Net losses/(gains) on revaluation of fixed assets	-	(165,000)
Depreciation	84,057	69,195
Loss/(gain) on sale of fixed asset	22,377	(1,270)
Net losses/(gains) on investments	(183,842)	575,716
Fees charged retained within portfolio	22,544	-
Cash interest received	(101,662)	(166,146)
Investment income reinvested	(185,714)	-
Movement in provisions	(36,124)	246,867
Movement in stock	60,980	
Movement in debtors	(746,994)	82,589
Movement in creditors	3,954	96,018
<b>Net cash provided by/(used in) operating activities</b>	<b><u><u>(410,829)</u></u></b>	<b><u><u>1,369,719</u></u></b>

## FARA FOUNDATION (LIMITED BY GUARANTEE)

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2023

#### 1. ACCOUNTING POLICIES

The following are the main accounting policies adopted by the Charity:-

##### **Basis of preparation**

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the 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 (FRS102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS102. The charity has prepared the financial statements in compliance with the Charity's governing documents and in accordance with the following accounting policies. All monetary values are calculated under the historic cost convention, as modified by the revaluation of investments.

##### **Going concern**

The Trustees have not identified any material uncertainties and are not aware of any specific or general event that would place significant doubt on the charity's ability to continue as a going concern. The Trustees' forecasts and ongoing assessment of operations, activities and reserves forms the basis of their assessment of going concern, which covers a period of at least twelve months from the date of approval of these financial statements. One of the trading subsidiaries, FARA Properties Limited, financial statements have been prepared on the basis of other than going concern. However, this does not affect the basis that the consolidated accounts are prepared on as the majority of the trading within FARA Properties Limited is inter-group trading and is removed on consolidation, therefore the impact on the external trade is immaterial. Accordingly the going concern basis of accounting has been adopted in preparing these financial statements.

##### **Group financial statements**

The financial statements consolidate the results of the charity and its wholly owned subsidiaries, FARA Enterprises Limited and FARA Properties Limited, on a line by line basis. A separate Statement of Financial Activities for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

##### **Significant Estimates and Judgements**

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for directors to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statement and the reporting amounts of revenues and expenses during the year. Actual outcomes could differ from those estimates and assumptions used. The accounting judgements and estimates that could have significant impact on the results of the company are set out below and should be read in conjunction with the information provided in the notes to the financial statements:

##### **Critical Judgements**

- Management determine whether financial instruments are basic or advanced and when to deal with recognising, derecognising, measuring and disclosing financial instruments. These decisions depend on an assessment made of the accounting standards.
- Management determine whether certain entities are controlled or not. These decisions are based on several factors including, but not limited to; the percentage of share capital owned and the number of directors the company is able to appoint to the board of any subsidiaries or associated entities.
- Income is recognised when the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.
- Management determine whether leases entered into by the charity either as a lessor or a lessee are an operating lease or financial lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Management determine whether a dilapidation cost is likely to be incurred on leaving the rental properties.

## FARA FOUNDATION (LIMITED BY GUARANTEE)

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2023

#### 1. ACCOUNTING POLICIES (Continued...)

##### Significant Estimates

- To determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- To determine the provision for dilapidations management review the actual costs incurred on leaving properties vacated in the last two years to calculate an average cost per square metre.

##### Income

All incoming resources are included in the Statement of Financial Activities when the Group is legally entitled to the income, the receipt of such income is probable and the amount can be measured with sufficient accuracy.

Donations and other voluntary income represents donations and is recognised when the charity is entitled to receive the donation.

Shops income generated by the charity's trading subsidiary is included under Retail Income and accounted for on an accruals basis. Gifts donated for resale in the charity shops are reported as income once the goods are sold and associated Gift Aid income is estimated and accrued based upon the point of sale.

No amounts are included in the financial statements for services donated by volunteers.

No grants have been recognised either in the year under review or the preceding year.

Investment income represents interest from cash held and income from listed investments. Interest receivable is recognised on an accruals basis and dividend and other investment income is recognised upon receipt.

##### Expenditure

Expenditure is recognised on an accruals basis. Costs are allocated to the cost of raising funds and expenditure on charitable activities on the basis of direct allocation together with an allocation of support costs. Support costs are of a more general nature and include those functions that assist the work of the charity but do not directly undertake charitable activities, including charity back office costs, financial costs and governance costs incurred in governing the Charity's assets, primarily associated with constitutional and statutory requirements of operating the Charity. Support costs are analysed more fully with the basis of allocation detailed in note 7.

Costs of raising funds comprise costs incurred in attracting voluntary income together with undertaking trading activities in the subsidiary company to raise funds and costs incurred in managing the charity's investment portfolio to generate a return on investment.

Retail costs do not include any valuation of goods donated for resale, and no stock is recognised on the balance sheet relating to donated goods, as permitted by the SORP FRS 102.

Grants payable are payments made to Fundatia FARA in the furtherance of the charitable objects of the charity. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside of the control of the charity.

##### Funds

Unrestricted (General) Funds represent general reserves of accumulated unrestricted surpluses and deficits after transfers between funds. If such funds have been specifically earmarked for a particular project or use by the Trustees, the funds are denoted as Designated Funds. Restricted funds are set aside and used in accordance with the conditions stipulated by the donor. At the reporting date, the charity held no restricted funds.

## FARA FOUNDATION (LIMITED BY GUARANTEE)

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2023

#### 1. ACCOUNTING POLICIES (Continued...)

##### Taxation

The company is a charity within the meaning of Part 1 of Schedule 6 to the Finance Act 2010. Accordingly the charity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the periods under review. The subsidiaries' corporation tax charges on profit on ordinary activities for the year amounted to £nil (2021: £nil).

Irrecoverable VAT is charged to the Statement of Financial Activities when incurred and is included within the expenditure category to which it relates.

Tax recovered from voluntary income received under Gift Aid is recognised when the related income is considered receivable and is allocated to the income category to which it relates. Both of the subsidiary companies, FARA Enterprises Limited and FARA Properties Limited, have Deeds of Covenant in place with the parent Charity to covenant their annual profits to the Charity under Gift Aid rules.

##### Tangible assets

Tangible fixed assets are stated at historical cost less accumulated depreciation, with the exception of freehold land and buildings which is detailed below. Tangible fixed assets are reviewed annually for indicators of any impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on assets held at cost less depreciation is charged as to allocate the cost of assets less their residual value over their estimated useful lives. Depreciation rates range as follows:-

Leasehold land and buildings	-	Over the term of the lease
Fixtures and fittings	-	33% on reducing balance
Motor vehicles	-	25% on reducing balance
Website	-	Straight line over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed and if appropriate are adjusted if there is an indication of a significant change the last reporting date.

The freehold property was sold during the year ended 31 December 2023. In the prior year the property was recognised under the revaluation model. The property was carried at fair value, determined at regular intervals by external experts and the Trustees, and was derived from the rents and yields from comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value were recognised in the Statement of Financial Activities. The Trustees gave consideration to the residual value (its scrap or residual value at the end of its economic life), as this value determined the depreciation charge to be applied to the property for each year of its remaining useful economic life. The Trustees were of the opinion that the residual value of the property, being the estimated amount the charity would obtain on disposing of the property less costs of disposal, if the property was already of the age and condition expected at the end of its useful economic life, was not significantly different to the fair value reported in the balance sheet. Accordingly, no depreciation was charged on the freehold property in the prior year.

##### Cash and cash equivalents

Cash and short-term deposits included in the Statement of Financial Position comprise cash in hand and short-term deposits with an original maturity of three months or less.

##### Current asset investments

Current asset investments comprises of savings with an original maturity of more than three months but less than one year.

## FARA FOUNDATION (LIMITED BY GUARANTEE)

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2023

#### 1. ACCOUNTING POLICIES (Continued...)

##### **Fixed asset investments**

Investments are shown at market value where there is readily identifiable market value. Unlisted shares, where there is no readily identifiable market value, are recorded at cost or a nominal amount.

Investments are revalued at the Balance Sheet date so that when investments are sold, gains or losses which arose before the previous year end have already been recognised. Movements in value arising from investment changes or revaluation, together with profits on disposal of investments, have been recognised in the Statement of Financial Activities.

##### **Foreign currency transactions**

The functional currency of the charity is Sterling which is also the presentational currency. Transactions involving foreign currencies are translated into sterling equivalents using rates of exchange prevailing at the transaction date. Assets and liabilities held in foreign currency at the balance sheet date are valued at the rate prevailing at that date. Differences on exchange are taken to the Statement of Financial Activities.

##### **Pension costs**

The group makes contributions into a recognised UK defined contribution scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

##### **Operating leases**

Rentals payable under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight-line basis over the term of the lease. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

##### **Provisions for dilapidation**

Provisions represent the best estimate of the liability at the balance sheet date of probable future costs of restoring rented properties to their required condition at the end ultimate expiry of the lease, calculated by reference to average dilapidations costs per square foot for properties recently vacated by the group. Expectations of discounted liabilities are revised at each period end until the actual liability arises, with any difference accounted for in the period in which the revision is made.

##### **Stocks**

Donated items of stock for resale or distribution are not included in the financial statements as permitted by the SORP FRS 102. Stock within the balance sheet is that of consumables held for distribution at no consideration or nominal consideration, and has been valued at cost as permitted by the SORP FRS 102.

##### **Debtors**

Debtors receivable within one year or upon demand are recorded at transaction price whether or not a rate of interest is charged on the balance. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

##### **Creditors**

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

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2023**

**1. ACCOUNTING POLICIES (Continued...)**

**Financial instruments**

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

**2. LEGAL STATUS OF THE CHARITY**

The Charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

**3. RETAIL ACTIVITIES IN GENERATING FUNDS**

<b>2023</b>	<b>FARA Foundation £</b>	<b>FARA Enterprises £</b>	<b>Total 2023 £</b>
Retail income (shop sales)	5,219,763	7,144,356	12,364,119
Retail expenditure (shop costs)	(5,126,071)	(4,372,549)	(9,498,620)
Support costs	(5,564)	(7,615)	(13,179)
Net funds generated from retail activities	88,128	2,764,192	2,852,320
<b>2022</b>	<b>FARA Foundation £</b>	<b>FARA Enterprises £</b>	<b>Total 2022 £</b>
Retail income (shop sales)	4,804,715	7,069,005	11,873,721
Retail expenditure (shop costs)	(4,672,433)	(4,255,744)	(8,928,177)
Support costs	(4,421)	(6,504)	(10,925)
Net funds generated from retail activities	127,861	2,806,757	2,934,619

Retail income includes donations from supporters and the Gift Aid which has been claimed from the proceeds arising on the sale of the donor's goods through the shops of FARA Enterprises Limited.

**4. INVESTMENT INCOME**

	<b>Total 2023 £</b>	<b>Total 2022 £</b>
Income from listed investments (reinvested)	185,714	134,283
Interest from cash held	101,662	31,863
Total investment income	287,376	166,146

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2023

5. GRANTS PAYABLE

The charity is a grant-making organisation, as more fully outlined in the Trustees' Report. Grants payable to Fundatia FARA in accordance with the charity's grant-making policy were as follows during the year:

	2023 £	2022 £
Child, youth and adult care	2,382,850	1,794,199
Total grants payable	<u>2,382,850</u>	<u>1,794,199</u>

6. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

2023	Grant funding programme £	Support costs £	Total £
<b>Grants Payable</b>			
Child, youth and social care	2,382,850	297,507	2,680,357
Total expenditure on charitable activities	<u>2,382,850</u>	<u>297,507</u>	<u>2,680,357</u>
<b>2022</b>	<b>Grant funding programme £</b>	<b>Support costs £</b>	<b>Total £</b>
<b>Grants Payable</b>			
Child, youth and social care	1,794,199	288,436	2,082,634
Total expenditure on charitable activities	<u>1,794,199</u>	<u>288,436</u>	<u>2,082,634</u>

7. ANALYSIS OF SUPPORT COSTS

2023	Charity admin £	Charity staff costs £	Govern- ance £	Finance costs £	Depreci- ation £	Total £
<b>Grants Payable:</b>						
Child, youth and social care	39,312	186,999	25,771	8,889	36,536	297,507
<b>Raising funds:</b>						
Shops' costs	-	-	13,179	-	-	13,179
Total	<u>39,312</u>	<u>186,999</u>	<u>38,950</u>	<u>8,889</u>	<u>36,536</u>	<u>310,686</u>
<b>2022</b>	<b>Charity admin £</b>	<b>Charity staff costs £</b>	<b>Govern- ance £</b>	<b>Finance costs £</b>	<b>Depreci- ation £</b>	<b>Total £</b>
<b>Grants Payable:</b>						
Child, youth and social care	73,128	164,146	31,002	(1,733)	21,892	288,436
<b>Raising funds:</b>						
Shops' costs	-	-	10,925	-	-	10,925
Total	<u>73,128</u>	<u>164,146</u>	<u>41,927</u>	<u>(1,733)</u>	<u>21,892</u>	<u>299,361</u>

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2023**

**7. SUPPORT COSTS (Continued...)**

Support costs are charity head office costs which are allocated as follows:

<b>Support costs</b>	<b>Allocation</b>
Charity admin	Allocated on cost within FARA Foundation
Charity staff costs	Allocated on cost within FARA Foundation
Governance	Allocated on cost within FARA Foundation and FARA Enterprises
Finance costs	Allocated on cost within FARA Foundation
Depreciation	Allocated on cost within FARA Foundation

Governance costs include audit and accountancy fees of £24,902 (2022: £17,950) and legal fees of £14,048 (2022: £23,977).

**8. EXPENDITURE**

Total resources expended for the year is stated after charging:

	<b>Total 2023</b>	<b>Total 2022</b>
	<b>£</b>	<b>£</b>
Operating lease rentals (land and buildings)	1,727,919	1,648,235
Depreciation charges for the year	84,058	19,014
Auditor's remuneration	15,812	10,000
Non-audit compliance services	9,090	7,950
	<u>1,836,879</u>	<u>1,685,199</u>

**9. STAFF AND TRUSTEE INFORMATION**

<b>2023</b>	<b>FARA Foundation</b>	<b>FARA Enterprises</b>	<b>Total 2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Staff costs</b>			
Salaries	107,635	5,598,622	5,706,257
Social security	11,798	474,095	485,893
Pensions	2,278	121,328	123,606
Total	<u>121,710</u>	<u>6,194,046</u>	<u>6,315,756</u>
<b>2022</b>	<b>FARA Foundation</b>	<b>FARA Enterprises</b>	<b>Total 2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Staff costs</b>			
Salaries	92,650	3,793,452	3,886,102
Social security	8,741	431,695	440,436
Pensions	1,577	100,791	102,368
Total	<u>102,968</u>	<u>4,325,938</u>	<u>4,428,906</u>

The average number of staff employed under contracts of service during the period for FARA Enterprises Limited was 279 (2022: 227), The number of staff employed for FARA Foundation (Limited by Guarantee) was 2 (2022: 1).

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2023

**9. STAFF AND TRUSTEE INFORMATION (Continued...)**

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

	<b>2023</b>	<b>2022</b>
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	2	1
<b>Total</b>	<b>4</b>	<b>3</b>

During the period expenses totalling £2,065 were reimbursed to two Trustees (2022: £2,351 to two Trustees) in relation to travel costs to Romania and office expenditure. No remuneration was paid to the Trustees in the period.

The key management personnel of the parent charity comprise the Trustees and the Chief Operating Officer. The total employee benefits of the Charity's key management personnel were £94,111 (2022: £81,021). The key management personnel of the group comprise those of the parent charity and the key management personnel of its wholly owned subsidiary, FARA Enterprises Limited.

The key management personnel of FARA Enterprises Limited are the executive and non-executive Directors whose employee benefits total £329,038 (2022: £338,119). The employee benefits of key management personnel for the group were therefore £423,149 (2022: £419,140).

**10. TANGIBLE FIXED ASSETS**

<b>2023</b>	<b>Freehold land and buildings</b>	<b>Leasehold land and buildings</b>	<b>Fixtures and fittings</b>	<b>Motor vehicles</b>	<b>Website</b>	<b>Total</b>
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 January 2023	435,000	88,822	1,046,600	56,022	66,466	1,692,910
Additions	-	7,729	94,663	-	-	102,393
Disposals	(435,000)	(14,011)	-	(33,062)	-	(482,073)
Revaluation	-	-	-	-	-	-
<b>At 31 December 2023</b>	<b>-</b>	<b>82,540</b>	<b>1,141,263</b>	<b>22,960</b>	<b>66,466</b>	<b>1,313,229</b>
<b>Depreciation</b>						
At 1 January 2023	-	61,731	910,652	50,506	44,311	1,067,200
Charge for the year	-	9,125	51,756	1,022	22,156	84,058
Eliminated on disposal	-	(4,615)	-	(31,633)	-	(36,248)
<b>At 31 December 2023</b>	<b>-</b>	<b>66,241</b>	<b>962,407</b>	<b>19,895</b>	<b>66,466</b>	<b>1,115,010</b>
<b>Net book values</b>						
<b>At 31 December 2023</b>	<b>-</b>	<b>16,300</b>	<b>178,855</b>	<b>3,065</b>	<b>-</b>	<b>198,220</b>
<b>At 31 December 2022</b>	<b>435,000</b>	<b>27,092</b>	<b>135,948</b>	<b>5,516</b>	<b>22,155</b>	<b>625,710</b>

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2023**

**10. TANGIBLE FIXED ASSETS (Continued...)**

An agreement for sale of the freehold land and building was entered into during the year for a sum of £435,000. The property sales was administered by Snellar Commercial, an independent, professionally qualified, RICS accredited chartered surveyor. The sale completed on 30 June 2023.

The £16,300 (2022: £27,092) included within leasehold land and buildings relates entirely to short leasehold property assets and improvements.

Short leasehold assets held by the parent charity have a net book value of £12,464 (2022: £7,850). These were acquired at a cost of £20,073, and had brought forward accumulated depreciation of £12,223, and depreciation of £3,116 was charged during the year.

Website assets owned by the parent charity were acquired at a cost of £49,709 and had brought forward accumulated depreciation of £33,140, with depreciation of £16,570 charged during the year, leaving a carrying value of £nil in the books of the parent charity at the year end.

**11. FIXED ASSET INVESTMENTS**

<b>GROUP</b>	<b>Unlisted Investments 2023 £</b>	<b>Listed Investments 2023 £</b>	<b>Total 2023 £</b>	<b>Total 2022 £</b>
<b>MARKET VALUE</b>				
As at 1 January 2023	500,000	4,822,217	5,322,217	5,264,011
Purchase of investments at cost	78,195	1,046,622	1,124,817	821,369
Dividends reinvested	-	185,714	185,714	95,879
Disposal of investments	-	(18,884)	(18,884)	(283,323)
Net investment gain/(losses)	-	180,182	180,182	(575,720)
As at 31 December 2023	<u>578,195</u>	<u>6,215,851</u>	<u>6,794,046</u>	<u>5,322,217</u>

Listed investments include overseas investments of £2,197,520 (2022: £1,561,790). No shareholdings of over 5% were held by FARA Foundation in any one company whose shares are included in the above portfolio.

The cash reserves of the Charity continue to be considered an integral part of the charity's overall investment portfolio and the Trustees keep the investment policy under regular review to ensure the equity investments will not need to be encashed in the short term.

<b>CHARITY</b>	<b>Unlisted Investments 2023 £</b>	<b>Listed Investments 2023 £</b>	<b>Total 2023 £</b>	<b>Total 2022 £</b>
<b>MARKET VALUE</b>				
As at 1 January 2023	548,574	4,822,217	5,370,791	5,312,585
Purchase of investments at cost	78,195	1,046,622	1,124,817	821,369
Dividends reinvested	-	185,714	185,714	95,879
Reversal of impairment in investments	36,429	-	36,429	-
Disposal of investments	-	(18,884)	(18,884)	(283,323)
Net investment gain/(losses)	-	180,182	180,182	(575,720)
As at 31 December 2023	<u>663,198</u>	<u>6,215,851</u>	<u>6,879,049</u>	<u>5,370,791</u>

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2023**

**11. FIXED ASSET INVESTMENTS (Continued...)**

The company's investments at the balance sheet date in the share capital of companies include the following:

The Charity owns 100% of the 5,000 (2022: 5000) issued ordinary shares of FARA Enterprises Limited, a company incorporated on 16 March 1992 (number 02697467).

The principal activity of this company is the sale of donated goods through a chain of Charity shops for the purpose of making charitable donations to FARA Foundation (Limited by Guarantee). The company's net assets as at 31 December 2023 amount to £14,511 (2022: £14,511).

In addition to the trading subsidiary FARA Enterprises Limited, the Charity owns 100% of the 2 issued ordinary shares of FARA Properties Limited (number 03542825).

The company was incorporated on 2 April 1998. FARA Properties is a property holding company. It disposed of all its property holdings during the course of 2023 and is due to be dissolved. The company's net liabilities as at 31 December 2023 amount to £1,700 (2022: net liabilities £65,322).

**12. DEBTORS**

	<b>Group 2023</b>	<b>Charity 2023</b>	<b>Group 2022</b>	<b>Charity 2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>				
Trade debtors	28,536	-	22,669	-
Other debtors and prepayments	934,137	525,746	645,930	274,849
Amounts owed by group undertakings	-	430,085	-	14,016
	<u>962,673</u>	<u>955,831</u>	<u>668,599</u>	<u>288,865</u>
<b>Amounts falling due after one year:</b>				
Rental deposits	43,824	43,824	-	-
Amounts owed by group undertakings	-	-	-	479,198
	<u>-</u>	<u>-</u>	<u>-</u>	<u>479,198</u>

At the balance sheet date FARA Properties Limited owed the Charity £nil (2022: £479,198).

**13. CURRENT ASSET INVESTMENTS**

	<b>Group 2023</b>	<b>Charity 2023</b>	<b>Group 2022</b>	<b>Charity 2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Deposit accounts	1,934,333	1,934,333	1,428,029	1,428,029
	<u>1,934,333</u>	<u>1,934,333</u>	<u>1,428,029</u>	<u>1,428,029</u>

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2023

14. CREDITORS

	Group 2023 £	Charity 2023 £	Group 2022 £	Charity 2022 £
<b>Amounts falling due within one year:</b>				
Trade creditors	181,632	-	133,969	-
Taxation and social security	118,646	-	148,724	15,985
Other creditors and accruals	183,056	30,652	196,687	6,025
Amounts owed to group undertakings	-	-	-	251,315
	<u>483,334</u>	<u>30,652</u>	<u>479,380</u>	<u>273,325</u>

15. PENSION COMMITMENTS

At the balance sheet date, unpaid pension contributions within FARA Enterprises Limited amounted to £23,747 (2022: £24,984). This amount is included in other creditors.

16. PROVISIONS

	Group 2023 £	Charity 2023 £	Group 2022 £	Charity 2022 £
As at 1 January 2023	725,352	262,933	478,485	57,195
Arising in the year	(36,124)	116,992	246,867	205,738
As at 31 December 2023	<u>689,228</u>	<u>379,925</u>	<u>725,352</u>	<u>262,933</u>

Provisions are for dilapidations arising where property leases oblige the group to cover the cost of restoring retail and office properties to their original condition when ending its occupation as those leases terminate.

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2023

17. ANALYSIS OF GROUP CHARITABLE FUNDS

2023	At 1 January 2023 £	Incoming resources £	Outgoing resources £	Gains and losses £	Transfers between funds £	At 31 December 2022 £
<b>Unrestricted funds</b>						
Designated funds	9,398,711	-	-	-	491,038	9,889,749
General funds	1,717,597	12,676,775	(12,211,040)	183,842	(491,038)	1,876,136
	<u>11,116,309</u>	<u>12,676,775</u>	<u>(12,211,040)</u>	<u>183,842</u>	<u>-</u>	<u>11,765,885</u>
<b>2022</b>	<b>At 1 January 2022 £</b>	<b>Incoming resources £</b>	<b>Outgoing resources £</b>	<b>Gains and losses £</b>	<b>Transfers between funds £</b>	<b>At 31 December 2022 £</b>
<b>Unrestricted funds</b>						
Designated funds	8,785,244	-	-	-	613,467	9,398,711
General funds	1,699,314	12,083,182	(11,040,713)	(410,719)	(613,467)	1,717,597
	<u>10,484,558</u>	<u>12,083,182</u>	<u>(11,040,713)</u>	<u>(410,719)</u>	<u>-</u>	<u>11,116,309</u>

Designated funds represent unrestricted funds that have been allocated at the Trustees' discretion for particular purposes. The designated funds include three years of grant funding based on the Fundatia FARA 2023 annual net budget equalling £8,270,100 as well as £1,619,649 to fund the 2 Homes for Life for four years beyond the current three-year funding cycle.

All assets and liabilities relate solely to unrestricted funds.

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	Group 2023 £	Charity 2023 £	Group 2022 £	Charity 2022 £
Within one year	1,599,798	1,035,098	1,001,815	477,270
Between one and five years	3,378,477	2,951,511	1,793,470	882,655
After more than five years	758,500	758,500	193,212	180,994
	<u>5,736,775</u>	<u>4,745,109</u>	<u>2,988,497</u>	<u>1,540,919</u>

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2023**

**19. TRADING SUBSIDIARIES**

The Charity owns 100% of the 5,000 (2022: 5000) issued ordinary shares of FARA Enterprises Limited, a company incorporated on 16 March 1992 (number 02697467).

The principal activity of this company is the sale of donated goods through a chain of Charity shops for the purpose of donating its profits to FARA Foundation.

The Charity also owns 100% of the 2 issued ordinary shares of FARA Properties Limited (number 03542825), a company incorporated on 2 April 1998. FARA Properties is a property holding company. It disposed of all its property holdings during the course of 2023 and is due to be dissolved.

The assets, liabilities and trading results of FARA Enterprises Limited and FARA Properties Limited are provided below:

<b>2023</b>	<b>FARA Properties Limited £</b>	<b>FARA Enterprises Limited £</b>	<b>Total 2023 £</b>
<b>Assets and liabilities</b>			
Tangible fixed assets	-	185,757	185,757
Debtors	-	497,906	497,906
Cash at bank and in hand	-	234,081	234,081
Creditors:			
Amounts falling due within one year	(1,700)	(593,930)	(595,630)
Amounts falling due after one year	-	-	-
Provision for liabilities	-	(309,303)	(309,303)
Net assets	<u>(1,700)</u>	<u>14,511</u>	<u>12,811</u>
<b>Capital and reserves</b>			
Called up share capital	2	5,000	5,002
Other reserves	-	-	-
Retained earnings	(1,702)	9,511	7,809
Net assets	<u>(1,700)</u>	<u>14,511</u>	<u>12,811</u>
	<b>FARA Properties Limited £</b>	<b>FARA Enterprises Limited £</b>	<b>Total 2023 £</b>
<b>Trading results</b>			
Turnover	16,650	11,069,126	11,085,776
Other income	-	95,463	95,463
Total incoming resources	<u>16,650</u>	<u>11,164,589</u>	<u>11,181,239</u>
Cost of sales	-	8,421,519	8,421,519
Administration and overheads	(46,972)	(16,821)	(63,793)
Revaluation of investment property	-	-	-
Net incoming resources	<u>(30,322)</u>	<u>19,569,287</u>	<u>19,538,965</u>
Donation to FARA Foundation	-	(2,759,890)	(2,759,890)
Net movement in shareholders' funds	<u>(30,322)</u>	<u>16,809,397</u>	<u>16,779,075</u>

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2023

19. TRADING SUBSIDIARIES (Continued...)

2022	FARA Properties Limited £	FARA Enterprises Limited £	Total 2022 £
<b>Assets and liabilities</b>			
Tangible fixed assets	435,000	166,290	601,290
Debtors	4,264	678,134	682,398
Cash at bank and in hand	100,301	84,590	184,891
Creditors:	-	-	-
Amounts falling due within one year	(125,689)	(452,084)	(577,773)
Amounts falling due after one year	(479,198)	-	(479,198)
Provision for liabilities	-	(462,419)	(462,419)
Net assets	<u>(65,322)</u>	<u>14,511</u>	<u>(50,811)</u>
<b>Capital and reserves</b>			
Called up share capital	2	5,000	5,002
Other reserves	(64,680)	-	(64,680)
Retained earnings	(644)	9,511	8,867
Net assets	<u>(65,322)</u>	<u>14,511</u>	<u>(50,811)</u>
	FARA Properties Limited £	FARA Enterprises Limited £	Total 2022 £
<b>Trading results</b>			
Turnover	32,700	10,390,246	10,422,946
Other income	-	376,592	376,592
Total incoming resources	<u>32,700</u>	<u>10,766,838</u>	<u>10,799,538</u>
Cost of sales	-	(6,083,616)	(6,083,616)
Administration and overheads	(28,378)	(1,884,791)	(1,913,169)
Revaluation of investment property	(165,000)	-	(165,000)
Net incoming resources	<u>(160,678)</u>	<u>2,798,431</u>	<u>2,637,753</u>
Donation to FARA Foundation	(4,322)	(2,798,431)	(2,802,753)
Net movement in shareholders' funds	<u>(165,000)</u>	<u>-</u>	<u>(165,000)</u>

20. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

At 31 December 2023 and 31 December 2022 there were no contingent liabilities or capital commitments arising for the group.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2023**

**21. RELATED PARTY TRANSACTIONS**

During the year, FARA Enterprises Limited made transfers under Gift Aid of their trading profits amounting to £2,759,890 (2022: £2,798,431). FARA Properties Limited did not make any transfers under Gift Aid in the year ended 31 December 2023 (2022: £4,322).

Costs recharged by FARA Enterprises Limited for the use of the charity shops in connection with the Retail Gift Aid Scheme amounted to £4,026,764 (2022: £2,092,338).

At the reporting date, the charity was owed amounts from one of its subsidiary undertakings, the details of which are reported more fully in note 12.

During the year Mrs J Nicholson, the founder and a trustee of FARA Foundation (Limited by Guarantee) received rent totalling £1,210 (2022: £1,200). The rent charged is below market rate. Since the year end Mrs J Nicholson has since resigned from her post as Trustee.

During the period expenses totalling £1,601 (2022: £2,351) were reimbursed to two (2022: two) key management personnel, who were not serving as Trustees, in relation to travel costs to Romania.

**22. PRIOR YEAR ADJUSTMENT**

The accounts for the year ended 31 December 2022 have been restated to reclassify deposit balances from cash and cash equivalents to current asset investments and fixed asset investments based on the length of their original maturity.

The reclassification has decreased the cash and cash equivalents by £997,750, and increased current asset investments by £497,750 and fixed asset investments by £500,000.

As this is purely a reclassification between balance sheet headings, the restatement has resulted in no change to brought forward funds for the year ended 31 December 2022 or funds held at the reporting date.

**FARA FOUNDATION**

England & Wales - Charity number 1139349

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# Accounts

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**FARA FOUNDATION  
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

Principal Office:-  
2nd Floor  
Suite 1  
8 Waldegrave Road  
Teddington  
England  
TW11 8GT

Tel: 02089 730910  
Website: [www.FARACHarity.org](http://www.FARACHarity.org)

Registered Charity No: 1139349  
Registered Company No: 07432706

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

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for the Year Ended 31 December 2022**

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**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
**Incorporating the Strategic Report and Directors' Report**  
**for the Year Ended 31 December 2022**

**INCORPORATION**

The charitable company was incorporated on 8 November 2010.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**

07432706 (England and Wales)

**Registered Charity number**

1139349

**Registered office**

2nd Floor  
Suite 1  
8 Waldegrave Road  
Teddington  
England  
TW11 8GT

**Key Management Personnel**

**Trustees (Directors)**

Ms S G Cross - Chair

Mrs J Nicholson

Mrs L J Dawson

Mr R H C Chalk

Mr P W Groves

Ms O P E Rimbart

Mrs P J Gitlin (resigned 23.06.22)

Mr R Davidson

Mrs N Nowak

**Company Secretary and Chief Operating Officer (COO)**

Mr R Phelan

**Chief Executive Officer (CEO)**

Ms E Gordon

**Administrator**

Mr S Addai (resigned 30.06.2023)

**Patrons**

HRH The Former Prince of Wales, Royal Patron

Eugene Sârbu

**Senior Managers of FARA Enterprises Limited**

**Directors**

Mr R Phelan – Managing Director and Company Secretary

Ms S Drake – Operations Director (resigned 31.03.2022)

Ms E L Ashby – Development & Marketing Director

Mrs L J Dawson

Ms F Balasel

Mr P W Groves

Ms E H A Middleton

**Senior Managers of FARA Properties Limited**

**Directors**

Mrs J Nicholson (resigned 31.12.2021)

Mr R Phelan (Director and Company Secretary)

Mrs P J Gitlin (appointed 01.01.2022 & resigned 23.06.2022)

Mr R H C Chalk (appointed 20.09.2022)

**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
**Incorporating the Strategic Report and Directors' Report**  
**for the Year Ended 31 December 2022**

**Banks**

Barclays Bank PLC  
Santander UK PLC  
Flagstone Group Ltd  
Shawbrook Bank Limited

**Solicitors and legal advisors**

Just Employment Law  
Field Seymour Parkes  
Shield Safety

**Auditors**

Rothmans Audit LLP  
Statutory Auditors  
Chartered Accountants  
Chilworth Point  
1 Chilworth Road  
Southampton  
SO16 7JQ

**STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of FARA Foundation (Limited by Guarantee) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing those financial statements, the Trustees are required to:-

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charity SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

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**PUBLIC BENEFIT**

The Board of Trustees has given regard to the legislative and regulatory requirements for disclosing how its charitable objectives have provided benefit to the public. The Trustees confirm that they have complied with their duty under the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. This report outlines how our achievements during 2021–22 have benefited the public, either directly or indirectly.

**ON BEHALF OF THE BOARD:**

  
.....

Ms S G Cross - Trustee

Date: 17 July 2023

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**Statement from the Chair**

In June 2022, I had the privilege of taking up the role of chair of the board after many years of being the vice chair for the FARA Foundation. I have long held this organisation close to my heart, and I am honoured to support its ongoing growth, development and evolution as it continues transforming the lives of the most vulnerable and disadvantaged children, youth and families living in Romania's poorest communities.

Coming out of the COVID-19 pandemic, we opened 2022 cautiously optimistic about our retail arm, FARA Charity Shops and its ability to bounce back in its first full year of trading in three years. And we are very pleased to report that it exceeded income expectations. This strong performance is outlined in detail in the following report and accounts, and this has enabled us to once again significantly support our sister organisation Fundatia FARA. The funding that we have provided over 2022 has directly supported over 1,100 beneficiaries within our core projects.

The year has not been without challenge. In February 2022, the Ukraine war started. Due to the closeness of our local teams to the border at Surat, they mobilised to work alongside other organisations to support over 12,000 refugees who came across that border with food, clothing, shelter and emotional support. They did this all while continuing to deliver all our other core programmes, guided by their unwavering commitment to the vision and core values of FARA.

This has all been made possible thanks to the support of our shop donors and customers, our regular givers, our fundraisers, and our supporters. Our thanks go to those valued Friends of FARA over 2022. Their contributions have helped us to bring about lasting change for many people living in poverty.

Reflecting on the past year, we also recognise that uncertainties are still ahead. The war continues to take place close to the border, and inflation has meant and continues to mean that the cost of delivery of our essential work is still rising. The 2022 official EU figures show that Romania is still the country in Europe where children are most at risk of poverty and social exclusion by some significant margin. However, we are optimistic and are approaching the coming years with a determination to work together to go further in our mission to transform the lives of the most vulnerable and disadvantaged people living in Romania's poorest communities.

On behalf of the Trustees, I would like to express my sincere gratitude to the staff here in the UK who have worked so hard to ensure we have generated the funds to enable Fundatia FARA's dedicated staff in Romania to deliver our programmes with excellence. I also wish to extend my appreciation to my fellow Trustees who help to lead the FARA Foundation and to thank them for their contribution and dedication to the Charity this year.

I encourage you to review this Annual Report and Accounts, which serves as a testament to the dedication and hard work of our entire FARA Foundation family, and I look forward to continuing to work with the team over the coming year.

**Siobhan Cross, Chair of the Board**

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**Statement from the CEO**

I am pleased to introduce this Annual Report, which covers my first full year as CEO of the FARA Foundation. Since taking on this role in September 2021 I have felt an immense sense of pride in being able to build on the legacy of Jane Nicolson MBE and lead an organisation that enables vulnerable and disadvantaged children, youth, adults and families living in Romania's poorest communities to live fulfilled lives.

Over this year I have continued to build my knowledge and understanding of how we raise our money and the impact that this has been able to have.

In August 2022, **FARA Charity Shops reached a significant milestone by celebrating its 30th anniversary**. Throughout the years, FARA Charity Shops has been a consistent source of funding for the various projects and programs of Fundatia FARA, making a positive impact on countless lives. It was a highlight of my year to be part of the celebrations commemorating 30 years of sustainable fashion and transforming lives through two key events. Our Fulham store hosted an evening where we expressed our gratitude to staff (past and present) and customers, while a collaboration with London College of Fashion students resulted in the creation of new outfits inspired by the 1990s, using otherwise dead stock.

The other highlight was my trip in June to visit the programmes and teams in Romania. When Jane Nicholson founded FARA in 1991, FARA provided humanitarian aid, but it did not leave once this immediate need was met. We have stayed, and today, we play a huge part in supporting Fundatia FARA to deliver its valuable work, ensuring individuals can achieve their full potential. To see the programmes is always inspiring. At our children's therapy centres, you see children supported to walk; in our education programmes, you see children learn to read; in our children's and adults' homes, you see people enabled to live their best possible lives and all of this work is delivered as part of the wider communities; the wider FARA family.

Over the last year, I have continued work to bring all parts of this organisation closer together in terms of governance and leadership. I have been privileged to have met and talked with many of our staff about what we achieve with the funds we raise because of their work, and the values with which the organisation works. UK high streets continue to change, and we continue to work to ensure our shops raise as much money as possible while also playing a vital role in the circular economy.

I want to express my thanks to former chair Philippa Gitlin and current chair Siobhan Cross, and the trustee board for their support over this year as the FARA Foundation has begun its transition from being a founder-led charity to a CEO-led charity.

I look forward to working to develop our 2023 to 2026 strategy in the coming year and continuing to work alongside committed and dedicated staff both here in the UK and in Romania to deliver our vision.

**Libby Gordon, CEO FARA Foundation**

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## **WHO WE ARE AND OUR OBJECTIVES**

The FARA Foundation (FARA) is a registered charity in the UK and was founded in 1991. It is the partner NGO of Fundatia FARA Romania a non-profit, non-governmental organisation supporting the poorest and most vulnerable families, children, and young people in Romania. FARA and Fundatia FARA collaborate with each other and work toward common values, strategies, and standards. The work of Fundatia FARA is closely monitored and evaluated, with appropriate policies in place and reported on.

The FARA Partnership is made up of Fundatia FARA Romania (grantee) and the FARA Foundation UK (grantor), formalised through a Memorandum of Understanding / Partnerships Agreement put in place in January 2022. These two organisations, although independent of each other, work to fulfil a shared Vision, Mission, and set of Values and are governed by two separate boards with defined remits and responsibilities. It is the responsibility of each board to follow and implement the shared strategic objectives developed in collaboration with the Executive Directors in the UK and Romania.

FARA UK remits funds to Fundatia FARA every quarter based on the approved annual grant providing up to 98% of the funds required by Fundatia FARA to deliver the core services in the programmes. Fundatia FARA also raises funds in country to provide additional services to the core programmes supported by FARA UK. In addition, FARA UK supports other development programmes and this represented 12% of the FARA UK grant in 2022.

The Romanian word FARA means without and many of Romania's children are still living "without": without care, nurture, a voice, or security. Despite being part of the EU, many vulnerable social groups continue to face extreme poverty. Children are growing up and vulnerable young people living without the most basic needs for their healthy emotional, psychological, and physical development and needs.

Fundatia FARA cares for the most vulnerable social groups facing extreme poverty by addressing social inclusion and poverty reduction. Operating in two regions of Romania, fulfilling lives, building futures, and spreading hope. The work is life-changing for many families living in extreme poverty and for children and adults with disability and youth at risk.

### **Vision, Mission and Values**

The **Vision** is of a world in which everyone can live with freedom and dignity in a loving, protective environment, experiencing fulfilled lives whatever their ability.

The **Mission** is to transform the lives of the most vulnerable and disadvantaged children, youth, adults and families living in Romania's poorest communities.

The **Values** underpin all the work and are shared by all those involved in carrying out our mission both in the UK and Romania. FARA strives to build a just society serving the common good, based on Christian values of love, justice, dignity and respect, welcoming people of all faiths and none.

- We act with kindness and compassion.
- We respect the human dignity of every person.
- We believe in practical hands-on care.
- We strive to build a just society.
- We responsibly collaborate across all sections of society.
- We strive to be a best-practice organisation.

## **STRUCTURE, LEADERSHIP AND POLICIES**

FARA UK is governed by a Board of Trustees, who are legally responsible for directing the affairs of the Charity. The Trustees have full legal responsibility for the actions of the FARA Foundation. The Board of Trustees meets up to four times yearly to review and direct strategy, budget and performance. In late 2021 the FARA UK created three new board subcommittees, which meet in advance of and report on their proceedings to the full board, on which Trustees sit, with each subcommittee having a separate remit.

- Services Subcommittee- responsible for governance, strategy and oversight of services delivered in Romania.
- Trading Subcommittee – responsible for HR and Charity Retail matters.
- Finance & Risk Subcommittee – responsible for all finance and risk matters. (within this also sits an Investment Committee that reviews the investment portfolio)

The purpose of these subcommittees is to ensure that FARA and all its subsidiary entities in the UK are properly governed and that the funds remitted to Fundatia FARA are spent appropriately.

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In 2022 a Remuneration Committee was set up in addition to the above. This will meet once a year ahead of budget setting to review the annual increases for all staff, review senior staff salaries, and provide recommendations to the overall board. FARA was incorporated as a company limited by guarantee, as defined by the Companies Act 2006 on the 8<sup>th</sup> of November 2010 and is governed by its Articles of Association. The charity has the following two wholly owned subsidiaries:

- FARA Enterprise Limited (FEL), which operates the Charity retail business for the purposes of donating all the profits to FARA. This comprises 40 high street stores comprising, 22 general stores, 14 children's stores, 2 bookstores, a homeware store, and a vintage store. In addition, it has an online store selling items suitable for sale online. Three members of the Board of Trustees sit on the board of FARA Enterprises Limited along with the Chief Operating Officer / Company Secretary of FARA.
- FARA Properties Limited (FPL), which is a property holding company. At present, this property is rented out to FARA Enterprises Limited, from which it operates the vintage store.

#### **Appointment of Trustees**

The appointment of Trustees is outlined in the Articles of Association and follows the advice of the charity commission. In 2022 two of the longest-standing Philip Groves and Odile Rimbart, resigned as Trustees and stood for re-election. They were re-elected unopposed. Philippa Gitlin resigned as Chair effective 23 June 2021, with Siobhan Cross appointed the new Chair. As part of the induction and training to ensure they have a good understanding of the role they play, how the organisation runs, its vision mission and values, new Trustees will spend time with the Chair of Trustees, the Founder and the CEO of the Charity. In addition they will meet key members of the executive to understand how the Charity operates on a day to day basis and will be expected to be a member of at least one of the subcommittees. They will also be expected to visit the programmes in Romania so they understand how the funds raised are utilised.

#### **Public benefit**

The FARA Foundation trustees confirm that they meet the Charities Act 2011 public benefit requirement. FARA fulfils this by providing funding to Fundatia FARA for the relief of poverty, the improvement of the lives of people with disabilities, the provision of a home to children without one, and its programme to tackle poverty through the education of school-aged children. The programmes and work are further outlined below.

#### **Executive Leadership**

Libby Gordon has continued in her role as the CEO of the FARA Foundation, and she, along with the executive leadership team, has delegated authority for the running of the charity and trading arm, working within a board-approved scheme of delegations.

During 2022 the Director Roles of FEL / FARA were reshaped as part of the process to bring all parts of this organisation closer together. All leadership roles now have a responsibility for areas of trading as well as being recognised as working towards the overall aims of the charity. Key in this was creating a Marketing and Communications Director role to work across both entities and recognising the shifting environment, a role of Development and External Engagement role was also created.

The role of Managing Director of the FARA Charity shops has been renamed Chief Operating Officer Role (still maintaining the role of Company Secretary), to formally recognise the key role this individual plays in ensuring financial oversight for all parts of the organisation along with HR and Trading activity.

#### **Equal Opportunities Policy**

FARA does not discriminate on the basis of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnicity or national origin, religion or belief, sex or sexual orientation.

#### **Remuneration Policy**

Our approach to remuneration is designed to ensure that we attract and retain staff and affordability. Pay principles and banding were developed and rolled out in 2022 for the organisation to ensure fairness and consistency, and salaries were aligned to the London Living Wage. Roles were also benchmarked to the sector. The Remuneration Committee now holds oversight of this area on behalf of the board.

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**STRATEGIC REPORT** for the Year Ended 31 December 2022

**ACHIEVEMENTS AND PERFORMANCE**

Romania is home to almost 4 million children. Poverty, inadequate education, and a lack of medical services still affect too many of them. As the economy grows in the country, the gap between the rich and poor expands, and more people are struggling to make ends meet.

- 41.5% of children in Romania (the highest percentage across Europe by a significant margin) are at risk of childhood poverty and social exclusion compared with an EU average of 24.4% (*Eurostat 2022*)
- While the early school leaving rate in Romania dropped to an all-time low in 2020 of 15.6%, it is still much higher than the EU average (9.9% in 2020) and below the 9.00% target by 2030. (*UNICEF Romania 2021*)
- Over 300,000 children do not complete compulsory education and nearly 50 % do not have basic literacy and numeracy skills at age 15 (*UNICEF 2022*)
- During the school year 2020/2021 approximately 65,000 students in Romania did not attend school at all. As many as 30% of children with disabilities are out of school. (*UNICEF Romania 2021*)
- The number of children entering residential care decreased (by 2,736 children as at mid-2021 compared to mid-2020). 47,029 children were separated from their families as at mid-2021 with 17,549 children with professional caregivers, 15,976 in care of relatives and other families/persons and 13,504 in residential care institutions (28.71 per cent). However, the forms of protection available to young people leaving institutional care are insufficient. (*UNICEF Romania 2021*)
- 44.2% of those with disabilities in Romania are at risk of poverty and social exclusion (*Eurostat 2022*)

In Romania today, despite steps towards changing the system, many vulnerable social groups continue to face extreme poverty, social exclusion, and discrimination. Families living in poverty lack support leaving children susceptible to school drop-out or being placed into social service provision and the poverty cycle continues; young adults are leaving state institutions without crucial life skills, at risk of social exclusion and homelessness; children with disabilities are unable to access vital life-changing therapies and education, and adults with learning disabilities remain in institutional care.

Today FARA is one of the largest and most experienced care providers in Romania, giving support to vulnerable children, youth and adults, those with learning disabilities, as well as their families and their communities. Since it was founded, FARA has supported over 11,000 beneficiaries and employed over 300 members of staff in Romania.

FARA UK approved a net budget of Lei 10.4m (£1.85m) in December 2021 to fund Fundatia FARA Romania core programmes for 2022. It also approved a net budget of Lei 1.01m (£.20m) to fund four development programmes for 2022. The required funds were remitted under the grant funding arrangement and partnership agreement throughout 2022.

During 2022 income received from listed investments and bank deposit accounts amounted to £166,146 (2021: £111,234) reflecting an improvement in dividend yields. At the same time, the unrealised losses made on investments amounted to £575,718 (gains 2021: 230,245) reflecting the continuing impact of the Ukraine war on share values in the UK and on overseas markets. The stock market is still sluggish in growth and dividend yields due to concerns over the cost of living and rising inflation.

**Fundatia FARA Services in Romania**

Fundatia FARA has developed successful models of care delivering support and care in Romania across a variety of programmes which are outlined in more detail below. **Over 2022 a total of 1,154 individuals were supported directly through our core programmes.**

**Services for Children with Disabilities:**

Over three centres Rafael Centre- Bucharest, Emmanuel Centre- Suceava and St Theresa's- Falticeni, Suceava County children with disabilities from low-income families and/or families affected by poverty are provided free access to a wide range of therapies. These include speech and psychological therapy, physiotherapy, and creative therapies (art therapy, sensory, animal-assisted therapy, hydrotherapy, etc.).

All of this aims to help them overcome the limitations of their disability, facilitate inclusion in mainstream education, and improve their functionality at home, at school and in their community.

Throughout 2022 all three therapy and rehabilitation day centres worked at full capacity: Emanuel (Suceava) – 90 children, Rafael (Popești Leordeni) – 62 children, and St. Teresa (Fălticeni) – 91 children with wait lists for all. As children left and joined over the year a **total of 312 unique children with disabilities**, participated in our child-needs-based core therapeutic programs totalling **21,716 total therapy hours**. Over and above the therapy, a range of recreational and social activities are arranged for the children, each taking part in (on average) six of these in 2022. These included, for example, celebrating Children's Day and Halloween, creative ventures such as painting, mask making, decoration making, and joining trips.

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In addition, information, training and support are provided to family members, which helps to enhance their understanding of their child's disability, their pace of development, and pathways for rehabilitation to support the continuation of the therapeutic process at home. Over 2022 **465 parents engaged in various activities**, including counselling or feedback sessions and capacity-building workshops. **111 parents took part in specific training sessions** with the therapists that focused on enhancing understanding of the psycho-sensory-motor skills, developing the ability to handle crises, supporting social interaction and relationship building so that the therapeutic process continues at home. To continue to deliver the high level of services outlined above, support and information are provided to the professionals working in these centres to ensure their ongoing education.

***Child Services:***

Since 1997 Fundatia FARA has provided a loving and supportive **family-style home** for vulnerable and neglected children. Our program supports children without parental care by providing them with education, life skills development, and a nurturing environment. We aim to help them overcome traumas caused by neglect and abuse, increase their educational performance, and improve their chances for family reunification and community integration. We also offer support to their families to facilitate reintegration and develop stronger ties.

The children are supported to grow up in a safe and nurturing environment with a trauma-informed approach. Our children's home is recognised as a model of caregiving, "a family for those without" and an alternative to state care.

Over 2022 in St Nicholas, Suceava, we **provided a family-style home for 11 children aged 9 – 18**. This has meant that all children could complete the 2021 / 2022 school year and start in the 2022 / 2023 year while also participating in extracurricular and recreational activities. A key part of this programme is supporting relationships with family and friends; over 2022 **437 visits with family or friends were facilitated** and preliminary discussions for family reunifications took place for three children.

***Services for Adults with Learning Disabilities:***

This programme has two components.

**Residential:** The aim of this is to create a loving and supportive family life for adults with disabilities who have a history of institutionalisation, are permanently deprived of family care, and have a disability requiring support over their lifetimes.

**Community:** The aim of this is to work to reduce barriers and foster social inclusion of adults with disabilities who live in their families in Vadu Moldovei and Cacica through social interactions, non-formal education, and community awareness.

During 2022 our two Homes for Life, located in rural areas, Casa Elisabetta- Cacica, Suceava County and St Marys- Suceava County, provided **20 young adults with disabilities with a home in a supportive family environment**. These individuals were provided with over **7,000 hours of ongoing support by the program staff** and were supported to take part in a variety of activities, including gardening, day trips, volunteering and practical learning opportunities.

And **72 adults with disabilities living with their families received psycho-social support to help them gain independence** and live their lives in dignity in an inclusive environment that is friendly and caring towards people with disabilities. This was delivered in various ways, including digital information sessions, group counselling, craft sessions and socialisation activities. A number also participated in activities and advocacy work that was part of the DARE (Development, Skills, Resilience and Equity Project for an independent life of people with disabilities for an independent life of people with disabilities) project partnership.

DARE is a partnership of The Pro ACT Support Association, the Speranța Empowerment Foundation and the International Organization for Democracy and Human Rights Norway with additional funding received through the Active Citizens Fund Romania Program.

***Youth Services:***

Having provided residential service for young adults at risk in two centres, one in Popești Leordeni and one in Satu Mare both these were closed in August 2022. Over the last 13 years, a total of 331 young people have been supported through both these programmes.

A number of the youth were reaching the end of their two years with us, and were expected to find alternatives for starting their independent living. For those who were not at this stage, the team developed customised support for them. This support was broken down into three categories of youth (youth in education (attending university, vocational or college education), youth in employment who took charge of their lives in the community and youth with special needs who need further assistance from NGOs) to ensure a smooth and supported transition to independent living.

The support for at-risk youth and the independent living component of this programme is being incorporated in other programs already run by the Fundația FARA in Suceava and Popești Leordeni moving forward.

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**Tackling Poverty Through Education:**

This Fundatia FARA program is dedicated to assisting children in starting and continuing their education by offering community-based educational and social support programs in six different villages. Our program provides children with various resources, including free daily hot meals, after-school programs, and educational materials, to help them successfully complete their kindergarten and primary education. We have a team of teachers, catering staff, and social workers who work together to provide a comprehensive support system for the children and their families. Work is carried out with the whole family to change attitudes and build futures, which helps prevent school dropouts and encourages growth through education and social interaction.

Over 2022, **200 primary school students and 90 kindergarten children were supported by this work** which provided 4,500 hours of support with homework / after-school activities and 41,070 hot meals served. These children were also provided with the opportunity to take part in leisure and creative activities.

Wrapped around this were the **services and support for families, 354 information sessions** were provided across the year on topics including educational guidance, health and employment and **250 hours of counselling were provided**.

Also, over 2022 support was provided for **30 teenagers and high-school youth** within these communities. These young people participated in **Independent Living Skills (ILS) training** (financial education, professional insertion, vocational counselling) and **creative/educational activities** (education and social innovation; singing and folklore courses; photography contest, essays writing, poetry, and drawing). **20 youths participated in 14 sessions of technology-enhanced educational activities**.

During 2022, this programme benefited from additional support from LENOVO to establish and set up a STEM (Science, Technology, Engineering, and Mathematics) educational room with computers. In this space, a diverse range of activities was carried out, including experiential, hands-on labs, reading clubs, movies/documentaries events, handcrafts workshops, and intensified skills development workshops for parents, professionals from the community and other community members.

**Special projects within the TPTE overall programme:**

In 2022 Fundatia Fara, with its core funding provided by the FARA Foundation, was also able to work on a number of projects with other organisations, extending their impact.

- **Health Connect: funded by CSR Auchan.** Working with 30 people from 15 vulnerable families and 15 young people, five micro farming specialists provided information and shared experiences regarding the planting and growing vegetables using the land around their homes, supporting the practising of responsible, environmentally friendly agriculture while producing healthy food for the family.
- **DARE: Development, Abilities, Resilience and Equity for people with disabilities:** funded by Active Citizens Fund România (Islanda, Liechtenstein and Norway, SEE 2014-2021) as mentioned above. This project addresses the continuing shortage of services for people with disabilities, both in the residential system and those at risk of (re) institutionalisation. The project aims to develop advocacy activities by coordinating resources, capitalising on the experience of non-governmental organisations, professionals, and the life experience of people with disabilities for social inclusion, supporting independent living in the community, and increasing capacity and participation in making decisions that affect their lives. Primary activities focus on advocacy, social inclusion, piloting of new services to support assisted living in the community (STIS), and independent skills development.
- **SafetyNet: Training, Networking and Good Practices for the safety, security and quality of services for children:** Funded by the Embassy of France in Romania and the French Institute in Romania. This is an advocacy project aiming at creating an international network of professionals in the field of protecting and promoting children's rights. 65 beneficiaries of the TPTE program, beneficiaries of St. Nicolae's House, students of the Social Assistance section and teaching staff from USV participated in a seminary "The Voice of Children" focusing on issues faced by children and teens in the residential system, in the community and in the family, organized in partnership with Stefan Cel Mare University in Suceava. And 15 teenagers from the program participated in a meeting on "Social involvement of teenagers to prevent humiliating treatment of socially vulnerable children."
- **Build – Grow – Aspire Program:** Funded by BCause Foundation Bulgaria. This intervention project aims to improve quality and access to services for vulnerable children, youth, people with disabilities, families and impoverished communities. Six meetings have been held with teachers from Baia and Preutesti schools to promote the program and identify teaching staff that can continue activities in their traditional classrooms to support children in improving their school performance. And 20 vulnerable age-school children and teens from residential service and poor families were involved in, volunteering opportunities to develop their resilience in society and responsibility in the future. Eight vulnerable age-school children and teens volunteered in the organisation of a charity event supported by the Bucovina Civic Association.

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***Ukrainian Refugee Project:***

Following the outbreak of war in Ukraine in February 2022, Fundația FARA created the Solidarity Team for Ukraine to provide essential material support and psychological assistance to the Ukrainian refugees, children and families crossing the border at Vama Siret, Suceava.

This humanitarian project started with the provision of basic material support (personal hygiene kits, disinfectants and COVID prevention kits, warm clothing, footwear, food, first aid kits, over the counter medical supplies) and rapidly expanded to help the Ukrainian refugees settled in Rădăuți, Fălticeni, Iași, Jijila, Constanța, Popești Leordeni, Bucharest, and Ploiești.

This work was supported by many donors, including the FARA Foundation and enabled Fundația FARA to be a significant ally of important public and non-governmental entities supporting the Ukrainian refugees.

- 225 refugees were housed in our transit centres
- 2,800 refugees (including 850 children) received in kind humanitarian aid
- Over 2,500 meals were served and cooked, with 1.8 tonnes of food distributed in camps
- 5,104 refugees received assistance at the borders

In total, over 12,000 people were supported by this work.

## **ENGAGEMENT WITH FARA WORKFORCE**

The FARA workforce is made up of paid staff (approximately 300) 180 FTE and volunteers including Trustees. The Charity communicates with paid staff and volunteers in multiple ways including a monthly internal newsletter, regular project/team/area meetings and the shops receive weekly visits from the Area Managers and ad hoc visits from members of the Directorate team and Trustees.

The annual appraisal process seeks to understand staff professional and personal development requirements and also how they might utilise other skills in support of the Charity. This is used to understand career aspirations to further enhance staff development.

Following COVID, customer service training was re-introduced for all permanent staff in 2022 and during that process, staff were encouraged to feedback challenges and issues so that these could be addressed to ensure staff and volunteer wellbeing. From April 2022 the Charity commenced paying the London Living Wage age and from the beginning of 2023 improved its paid sick leave offering.

In terms of shop performance, staff are made aware through their Area Manager how their shop is performing against target in terms of the main KPI's sales, gift aid and donations.

Going forward Charity email addresses are being introduced that will allow communication on an individual and group basis in a secure manner and to enable access to the HR system and the eLearning system.

## **FINANCES AND RESERVES**

During 2022 FARA received £41,316 (2021: £43,763) from sponsors, donations, Charitable Trusts, and Gift Aid. Investment income was £166,146 (2021: £111,234) while the unrealised losses on fund investments amounted to £575,719 (2021: gains £261,763). 2022 was one of the most volatile, and worst for performance for most equities and bonds, in the last 40 years.

Ordinarily fixed income provides a balance to the volatility of equities by moving in the opposite direction. In 2022 both equities and fixed income moved in the same negative direction due to the impact of rising interest rates on bond prices and equity valuations.

Despite this the Board following the recommendation of the Investment Committee are supportive of the current investment policy of producing above inflation returns over the longer term while adhering to the ethical concerns of the Charity.

The donation from the shops has increased to £2,798,431 during the year (2021: £1,218,005).

The reserves position of the Group has improved from £10.48m in 2021 to £11.12m in 2022.

FARA Properties Limited continued to rent out the property in Pimlico, but negotiations are at an advanced stage to sell the property, and that will conclude during 2023. The property consists of a shop space rented out to FARA Enterprises Limited and three flats on long leases. FARA Enterprises Limited will remain as a tenant after the sale date for a possible further 12 months at a reduced rent.

The accounting policies adopted by the Charity are set out in Note 1 to the accounts.

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### **FARA UK Fundraising**

In 2022 much of Charity Retail experienced a bounce back from the two years of interrupted trading in 2020 and 2021 due to the COVID pandemic. FARA Trading operations were no different, with total revenues up by 18% compared with the last full year of trading in 2019. Sales growth continued right through to the end of 2022 and into the first quarter of 2023 perhaps in part due to the cost-of-living concerns with more customers looking for good value in FARA stores. This **enabled FARA Trading Operations which covers both retail shops and Online Operations to generate a surplus of £2.8m which it was able to covenant to FARA UK during 2022.** This ensured that FARA UK was able to continue to fully grant fund Fundatia FARA core and development programmes in 2022 while also growing the reserves of FARA UK. FARA Trading operations continues to generate almost 90% of FARA UK's annual income.

### **Plans for the Future**

FARA UK, under the Partnership Agreement between FARA UK and Fundatia FARA is expected to provide annually between £2.0m - £3.0m to Fundatia FARA to fund existing programmes, subject to the continuing need in Romania for those programmes) as well as funding for new developments. Fundatia FARA itself will continue to make all reasonable efforts to raise additional funds in 2023 and beyond from the public and corporations and through applying for eligible funding within Romania and in Europe.

### **Post Balance Sheet Event**

A contract was entered into in October 2022 to dispose of the property owned by FARA Properties Limited the wholly owned subsidiary of FARA UK for £435,000. Completion of the sale took place on 30 June 2023 and FARA Enterprises Limited will remain as the tenant for another 12 months while it seeks a new home.

### **Financial review and risks**

The Charity maintains and at each Board meeting, reviews its 's risk register and updates it where necessary. It identifies possible risks faced by FARA UK including financial risks, current controls and any further actions required to prevent or mitigate such risks. The key strategic risks include:

- Any over-reliance on FARA Trading activities to continue to generate sufficient funds annually to enable FARA UK to fully fund Fundatia FARA programmes.
- Any over-reliance on key staff and volunteers in FARA UK and Fundatia FARA.
- Any lack of appropriate skills on the Board of FARA UK and Fundatia FARA.
- A Charity strategy which lacks clarity, direction and planning.
- Any investments are made in non-profit-making activities by FARA UK.
- Any work in Romania funded by FARA UK not being effective or governance of Fundatia FARA being inadequate in any way
- Risk associated with any inadequate financial and any other controls leading to fraud, theft, hacking and loss of money in FARA UK.
- The current Investment Strategy adopted by FARA UK maybe inappropriate
- That the current reserves policy adopted by FARA UK maybe inappropriate.
- That the war in Ukraine may expand into Romania or otherwise adversely and impact on the programmes in Romania

The risk register is a standing item at all subcommittees and board meetings and has an in-depth review once a year in March. FARA is seeking to diversify the risk associated with High Street retail by building up its Online Operations while also, over the medium term (3 years), broadening its fundraising capabilities in the UK. Fundatia FARA will also develop its fundraising capabilities supported by FARA UK where appropriate to raise funds from other sources for new and existing programmes.

During 2022 work began on a three year FARA UK strategy which will be finalised during 2023, which will align more closely with FARA UK and its trading subsidiary to continue to support the work of Fundatia FARA and will build resilience into FARA Trading.

Proper budgetary processes are in place and will continue. These will be subject to review from time to time to ensure that all proper financial controls are in place and all reasonable steps are taken to ensure that FARA UK only invests in properly researched projects in the UK that will support trading activities and fundraising capacity in the UK while also ensuring that funds are only granted to effective and much-needed programmes in Romania. Fundatia FARA will apply to the FARA development fund for any new proposed projects and will complete an application process providing information on which informed decisions about the need for and efficacy of the proposed development can be taken by the executive and trustees of FARAUK.

The grant funding agreement and the Partnership Agreement between FARA UK and Fundatia FARA sets out the financial controls and the reporting and monitoring processes which are the basis for the funding and which are designed to ensure funds granted by FARA UK are spent effectively and appropriately by Fundatia FARA.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
**Incorporating the Strategic Report and Directors' Report**  
**for the Year Ended 31 December 2022**

The Investment Committee has increased its numbers to three Trustees and is joined regularly by the Chair of the Finance Committee. The Investment Strategy is regularly discussed at Investment Committee meetings held in advance of the Finance meetings and reviewed and approved by the full board annually. Natalia Nowak who has a background in finance and investments, has been appointed Chair of the Investment Committee.

The reserves policy is reviewed by the Finance and Risk Subcommittee at each quarterly meeting to ensure it is appropriate.

Trustees actively consider the major risks that the Charity faces at each subcommittee meeting before reporting to the full board and believe that maintaining free reserves at the level discussed below, combined with an annual review of the controls over key financial systems, will provide sufficient resources in the advent of adverse conditions.

The Trustees will continue to invest where appropriate in investment funds with the objective of achieving returns above inflation in the long term and lessening the dependence on existing sources of income while also adhering to FARA's ESG requirements.

The Investment Policy is reviewed annually to ensure sufficient cash reserves remain available so that the investments will not need to be encashed in the short term. The investments themselves are also reviewed regularly by the Investment Committee.

### **Reserves Policy**

The position on cash reserves is reviewed at each Finance and Risk Subcommittee meeting before reporting to the full FARA UK board while the reserves policy is examined annually when the financial statements are being finalised. The crucial measure of the Charity's ability to continue its care provision in Romania is its level of liquidity cover. Accordingly, in reviewing and establishing the reserves policy, the Trustees have considered the requirement to both set-aside funds for the next three years to fund the general programmes established in Romania, a further four years for the long-term support for those who are in long-term care together with the short-term requirements for the next 8 months. The funding requirements are based on the approved 2023 budget.

FARA recognises two types of reserves: Restricted Funds and Unrestricted Funds.

- **Restricted Funds** - these are funds received for specific purposes and subject to donor-specified restrictions. No such funds were held or received during the financial year 2022.
- **Unrestricted Funds** - these are funds that are not subject to donor-specific restrictions and are available for the general purposes of FARA UK. Unrestricted funds are classified as designated Funds or General Reserves in line with the General Reserves Policy as approved by the Trustees.

### **General Reserves Policy**

General Reserves are the portion of the unrestricted funds remaining once the Trustees have set aside any amounts as designated funds (see below).

The board of FARA agreed to the General Reserves Policy on March 27 2022. This policy requires FARA to hold general reserves of approximately eight months of net grant funding for the programmes in Romania at any time within the year. In 2023 this amounted to £1,717,580 of General Reserves. The Trustees judged this level of reserves was appropriate to:

- be resilient to financial shocks and ensure retail operations can continue in the short term if income is significantly restricted for a short period of time; and
- ensure charitable income is spent in a timely manner whilst balancing the need for resilience.

### **General Reserves**

General reserves are not restricted to, set aside, or designated for a particular purpose. On 31 December 2022, General Reserves were £1,717,580 within the target range of eight months of net grant funding required by Fundatia FARA to fund the current programmes for one year.

### **Designated Funds**

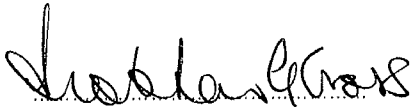
Designated funds are those unrestricted funds that have been allocated at the Trustees' discretion for particular purposes. Under the Partnership agreement, the Trustees and Fundatia FARA agreed that FARA UK should hold three years of grant funding based on the Fundatia FARA 2023 annual net budget as a designated fund to assure FARA's commitment to continuity of funding to Fundatia FARA on a rolling three-year basis. On 5th December 2022, the general budget of £2,708,105 was approved by the board of FARA, allowing the board to allocate three years of that net spend to designated reserves of £8,124,314. The Trustees have also designated funding of £1,274,397 to be set aside to fund the 2 Homes for Life for four years beyond the current three-year funding cycle.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
**Incorporating the Strategic Report and Directors' Report**  
**for the Year Ended 31 December 2022**

**Investment Policy**

The Charity continues to invest its surplus reserves in a mix of high-risk investments, low-risk investments, bonds and cash deposits as long as the funds adhere to its ESG requirements. This policy is designed to ensure high than average growth, with associated high-risk, over a 5-to-10-year time horizon. This was underpinned by the judgement that the charity would be unlikely to need these funds in the short term and that the Charity therefore, needed some investments directed to higher growth and with higher risk for the longer-term needs. FARA continues to have holdings in low-risk funds set up expressly to meet the requirements of Charities. These funds track the UK stock and bond market.

The value of FARA investments stood at a little over £4.82m as of 31 December 2022 (2021: £5.26m).



Ms S G Cross = Chair of Trustees

Dated: 17 July 2023

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARA FOUNDATION (LIMITED BY GUARANTEE)

### Opinion

We have audited the financial statements of FARA Foundation (Limited by Guarantee) (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, 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 group's and of the parent charitable company's affairs as at 31 December 2022 and of the group's 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;
- have been prepared in accordance with the requirements of the Companies Act 2006 and 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent charitable company 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 group and the parent company's ability to continue as a going concern for a period of at least 12 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the Trustees' Report (incorporating the Strategic Report and Directors' Report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (incorporating the Strategic Report and Directors' Report prepared for the purposes of company law) has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (incorporating the Strategic Report and Directors' Report).

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARA FOUNDATION (LIMITED BY GUARANTEE)

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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees'/directors' remuneration specified by law are not made; 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 set out on page 2, 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 group's and the parent 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 group or the parent 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.

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 identifying and assessing risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures include the following:

- > Enquiring of management concerning the company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

Due to the large number of locations and people involved a review and testing of the internal controls was deemed appropriate as this is thought to be an area susceptible to fraud. These controls are designed to prevent fraud by shop staff and the public.

- > Discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud.
- > Obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on operations.

The key laws and regulations we considered in this context included the UK Companies Act 2006 and the accounting standard. The engagement team is familiar with these and has resources available to support the review. Other relevant laws and regulations are those concerned with the retail activity of the company, for which the management's assumptions and decisions were reviewed.

Due to the differences in the activities between the various components of the group, these were reviewed individually for each component.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of income and the override of controls by management. To address the risk of fraud in these areas, we:

- reviewed all material estimates affecting income, including recoverability of debtors and completeness and accuracy of deferred and accrued income;
- selected a sample of transactions from material income streams and compared expected income to that recorded within the financial statements;
- performed analytical procedures to identify any unusual or unexpected relationships;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARA FOUNDATION (LIMITED BY GUARANTEE)**

- tested journal entries during the year and at the year-end to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions;
- Reviewed minutes of meetings of those charged with governance and obtained an understanding of Risk Assessments and Policies introduced by management;
- Compared results of estimates previously made to actual outcomes to consider if there were indications of misstatement due to bias, including but not limited to dilapidations provisioning.

The procedures carried out which relate to detecting errors in the application of the laws and regulations are thought to be capable of detecting, and advising the correction of, any material irregularities.

As explained above the shops are identified as a high risk area for fraud. For this reason both substantive procedures and tests of control were carried out to gain reasonable assurance. However, the audit team understands that there are inherent limitations to the ability to detect all actual or suspected instances of fraud and the further removed non-compliance with laws and regulations is from the events and transactions reported within the financial statements, the greater the risk that we will not become aware of it.

Misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. However, audit procedures were designed to account for the management override of controls being considered a high risk.

A further description of our responsibilities is available on the Financial Reporting Council's website at:  
<http://www.frc.org.uk/auditorsresponsibilities> .

This description forms part of our auditor's report.

**Use of our report**

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



Lisa Wilson FCA (Senior Statutory Auditor)  
For and on behalf of Rothmans Audit LLP  
Statutory Auditors  
Chartered Accountants  
Chilworth Point  
1 Chilworth Road  
Southampton  
SO16 7JQ

Date: 7 August 2023.

Rothmans Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Rothmans Audit LLP is a limited liability partnership registered in England and Wales (registered number OC426200)

**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**For the Year Ended 31 December 2022**

	Note	2022 (Total) Unrestricted Funds £	2021 (Total) Unrestricted Funds £
<b>INCOME</b>			
Donations and legacies:			
Donations and other voluntary income (including Gift Aid)		41,316	43,763
Income from other trading activities:			
Retail income	3	11,873,720	8,094,074
Property management charges		2,000	3,300
Coronavirus job retention scheme		-	755,058
Retail and hospitality grant		-	605,887
Investment income	4	166,146	111,234
<b>TOTAL INCOME</b>		<u>12,083,182</u>	<u>9,613,316</u>
<b>EXPENDITURE</b>			
Costs of raising funds:			
Retail costs	3	8,939,102	7,868,475
Portfolio management		18,977	8,266
Expenditure on charitable activities:			
Provision of Funding for Child, Youth, Adult Care & Educational Services	6	2,082,634	2,005,217
<b>TOTAL EXPENDITURE</b>		<u>11,040,713</u>	<u>9,811,958</u>
<b>Net income / (expenditure) for the year before gains and losses</b>		1,042,469	(268,642)
Net gains / (losses) on revaluation of fixed assets		165,000	(70,000)
Net gains / (losses) on investments		(575,719)	261,763
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<u>631,750</u>	<u>(76,879)</u>
<b>Reconciliation of funds:</b>			
TOTAL FUNDS BROUGHT FORWARD		10,484,541	10,561,419
<b>NET MOVEMENT OF FUNDS FOR THE YEAR</b>		<u>631,750</u>	<u>(76,879)</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>11,116,291</u>	<u>10,484,540</u>
<b>Represented by:</b>			
Designated funds		9,398,711	8,785,244
General funds		1,717,580	1,699,296
		<u>11,116,291</u>	<u>10,484,540</u>

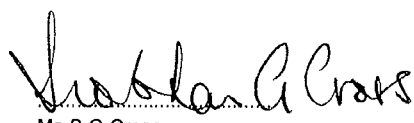
The Statement of Financial Activities includes all gains and losses recognised in the 12 month period. All amounts relate to continuing activities. The notes on pages 21 to 35 form part of these financial statements.


**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
**CONSOLIDATED BALANCE SHEET**  
As at 31 December 2022

	Note	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
<b>FIXED ASSETS</b>					
Tangible assets	10	625,710	24,420	519,845	46,312
Investments	11	4,822,217	4,870,791	5,264,010	5,312,584
<b>Debtors:-</b> Amounts falling due after one year	12	-	479,198	-	250,000
<b>CURRENT ASSETS</b>					
Debtors	12	668,599	288,863	751,188	503,585
Cash at bank and in hand		5,274,217	5,089,326	3,887,790	3,789,920
Investments	13	930,279	930,279	923,552	923,552
		<u>6,873,095</u>	<u>6,308,468</u>	<u>5,562,530</u>	<u>5,217,057</u>
<b>Less: CURRENT LIABILITIES</b>					
Creditors:- Amounts falling due within one year	14	479,379	273,324	383,360	249,031
<b>NET CURRENT ASSETS</b>		<u>6,393,719</u>	<u>6,035,144</u>	<u>5,179,170</u>	<u>4,968,026</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		11,841,643	11,409,552	10,963,025	10,576,922
<b>Less: PROVISIONS FOR LIABILITIES</b>	15	725,352	262,933	478,485	57,195
<b>NET ASSETS</b>		<u>11,116,291</u>	<u>11,146,619</u>	<u>10,484,540</u>	<u>10,519,727</u>
<b>FUNDS</b>					
<b>Unrestricted income funds</b>					
Designated funds		9,398,711	9,398,711	8,785,244	8,785,244
General funds		1,717,580	1,747,908	1,699,296	1,734,483
<b>TOTAL UNRESTRICTED INCOME FUNDS</b>	16	<u>11,116,291</u>	<u>11,146,619</u>	<u>10,484,540</u>	<u>10,519,727</u>

The notes on pages 21 to 35 form part of these financial statements. No charity Statement of Financial Activities is presented as permitted by section 408 of the Companies Act 2006. The charity's surplus for the financial period is £626,893.

Approved by the Board of Trustees on 17 July 2023 and signed on their behalf by:-

  
Ms S G Cross  
Chairman

  
Mr R Davidson  
Trustee

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**GROUP CASH FLOW STATEMENT**  
For the Year Ended 31 December 2022

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>		
<b>Net cash provided by/(used in) operating activities (Note A)</b>	<b>1,369,722</b>	<b>269,937</b>
<b>Cash flows from investing activities:</b>		
Investment income received (net of reinvestment)	63,541	19,680
Additions of tangible fixed assets	(16,035)	(82,074)
Proceeds of sale of tangible fixed assets	7,245	-
Purchase of investments	(321,369)	(2,108,079)
Sale of investments	283,323	1,566,098
<b>Net cash provided by/(used in) investing activities</b>	<b>16,705</b>	<b>(604,376)</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>1,386,427</b>	<b>(334,439)</b>
Cash and cash equivalents at the beginning of the reporting period	3,887,789	4,222,228
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>5,274,217</b>	<b>3,887,789</b>
<b>Note A</b>		
<b>Cash flows from operating activities:</b>		
Net income/(expenditure) for the reporting period per the SOFA	631,750	(76,879)
Net losses/(gains) on revaluation of fixed assets	(165,000)	70,000
Net losses/(gains) on investments	575,719	(261,763)
Income from investments	(166,146)	(111,234)
Depreciation	69,195	84,807
Loss/(gain) on sale of fixed asset	(1,270)	-
Movement in debtors	82,589	67,486
Movement in creditors	96,018	19,035
Movement in provisions	246,867	478,485
<b>Net cash provided by/(used in) investing activities</b>	<b>1,369,722</b>	<b>269,937</b>

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2022**

**1. ACCOUNTING POLICIES**

The following are the main accounting policies adopted by the Charity:-

**Basis of preparation**

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the 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 (FRS102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS102. The charity has prepared the financial statements in compliance with the Charity's governing documents and in accordance with the following accounting policies. All monetary values are calculated under the historic cost convention, as modified by the revaluation of investments.

**Going concern**

The Trustees have not identified any material uncertainties and are not aware of any specific or general event that would place significant doubt on the charity's ability to continue as a going concern. The Trustees' forecasts and ongoing assessment of operations, activities and reserves forms the basis of their assessment of going concern, which covers a period of at least twelve months from the date of approval of these financial statements. One of the trading subsidiaries, FARA Properties Limited, financial statements have been prepared on the basis of other than going concern. However, this does not affect the basis that the consolidated accounts are prepared on as the majority of the trading within FARA Properties Limited is inter-group trading and is removed on consolidation, therefore the impact on the external trade is immaterial. Accordingly the going concern basis of accounting has been adopted in preparing these financial statements.

**Group financial statements**

The financial statements consolidate the results of the charity and its wholly owned subsidiaries, FARA Enterprises Limited and FARA Properties Limited, on a line by line basis. A separate Statement of Financial Activities for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

**Significant Estimates and Judgements**

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for directors to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statement and the reporting amounts of revenues and expenses during the year. Actual outcomes could differ from those estimates and assumptions used. The accounting judgements and estimates that could have significant impact on the results of the company are set out below and should be read in conjunction with the information provided in the notes to the financial statements:

**Critical Judgements**

- Management determine whether financial instruments are basic or advanced and when to deal with recognising, derecognising, measuring and disclosing financial instruments. These decisions depend on an assessment made of the accounting standards.
- Management determine whether certain entities are controlled or not. These decisions are based on several factors including, but not limited to; the percentage of share capital owned and the number of directors the company is able to appoint to the board of any subsidiaries or associated entities.
- Income is recognised when the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.
- Management determine whether leases entered into by the charity either as a lessor or a lessee are an operating lease or financial lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Management determine whether a dilapidation cost is likely to be incurred on leaving the rental properties.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2022**

**1. ACCOUNTING POLICIES (continued)**

**Significant Estimates**

- To determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- To determine the provision for dilapidations management review the actual costs incurred on leaving properties vacated in the last two years to calculate an average cost per square metre.

**Income**

All incoming resources are included in the Statement of Financial Activities when the Group is legally entitled to the income, the receipt of such income is probable and the amount can be measured with sufficient accuracy.

Donations and other voluntary income represents donations and associated Gift Aid receipts and is recognised when the charity is entitled to receive the donation.

Shops income generated by the charity's trading subsidiary is included under Retail Income and accounted for on an accruals basis. Gifts donated for resale in the charity shops are reported as income once the goods are sold and associated Gift Aid income is estimated and accrued based upon the point of sale.

No amounts are included in the financial statements for services donated by volunteers.

In the year ended 31 December 2021, grants from governments and other agencies have been included within 'Income from other trading activities', and were recognised on receipt where there were no obligations to be fulfilled. The group utilised the support of the Retail, Hospitality and Leisure Grant Fund for the charity's retail operations in accordance with guidance provided by The Department of Business, Energy and Industrial Strategy (BEIS). The group also utilised the Coronavirus Job Retention Scheme (CJRS). Employee costs were recognised in full in the financial statements and the CJRS was included within income from trading activities as the employees' costs supported by these grants were engaged in retail activities. No grants have been recognised in the year ended 31 December 2022.

Investment income represents interest from cash held and income from listed investments. Interest receivable is recognised on an accruals basis and dividend and other investment income is recognised upon receipt.

**Expenditure**

Expenditure is recognised on an accruals basis. Costs are allocated to the cost of raising funds and expenditure on charitable activities on the basis of direct allocation together with an allocation of support costs. Support costs are of a more general nature and include those functions that assist the work of the charity but do not directly undertake charitable activities, including charity back office costs, financial costs and governance costs incurred in governing the Charity's assets, primarily associated with constitutional and statutory requirements of operating the Charity. Support costs are analysed more fully with the basis of allocation detailed in note 7.

Costs of raising funds comprise costs incurred in attracting voluntary income together with undertaking trading activities in the subsidiary company to raise funds and costs incurred in managing the charity's investment portfolio to generate a return on investment.

Retail costs do not include any valuation of goods donated for resale, and no stock is recognised on the balance sheet, as permitted by the SORP FRS 102.

Grants payable are payments made to Fundatia FARA in the furtherance of the charitable objects of the charity. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside of the control of the charity.

**Funds**

Unrestricted (General) Funds represent general reserves of accumulated unrestricted surpluses and deficits after transfers between funds. If such funds have been specifically earmarked for a particular project or use by the Trustees, the funds are denoted as Designated Funds. Restricted funds are set aside and used in accordance with the conditions stipulated by the donor. At the reporting date, the charity held no restricted funds.

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

**Taxation**

The company is a charity within the meaning of Part 1 of Schedule 6 to the Finance Act 2010. Accordingly the charity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the periods under review. The subsidiaries' corporation tax charges on profit on ordinary activities for the year amounted to £nil (2021: £nil).

Irrecoverable VAT is charged to the Statement of Financial Activities when incurred and is included within the expenditure category to which it relates.

Tax recovered from voluntary income received under Gift Aid is recognised when the related income is considered receivable and is allocated to the income category to which it relates. Both of the subsidiary companies, FARA Enterprises Limited and FARA Properties Limited, have Deeds of Covenant in place with the parent Charity to covenant their annual profits to the Charity under Gift Aid rules.

**Tangible assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation, with the exception of freehold land and buildings which is detailed below. Tangible fixed assets are reviewed annually for indicators of any impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on assets held at cost less depreciation is charged as to allocate the cost of assets less their residual value over their estimated useful lives. Depreciation rates range as follows:-

Leasehold land and buildings	-	Over the term of the lease
Fixtures and fittings	-	33% on reducing balance
Motor vehicles	-	25% on reducing balance
Website	-	Straight line over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed and if appropriate are adjusted if there is an indication of a significant change the last reporting date.

The freehold property is recognised under the revaluation model. The property is carried at fair value determined at regular intervals by external experts and the Trustees and is derived from the current rents and yields from comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in the Statement of Financial Activities. The Trustees have given consideration to the residual value (its scrap or residual value at the end of its economic life) as this value, having been deducted against the carrying value of the freehold property in the accounts, would determine the depreciation charge to be applied to the property for each year of its remaining useful economic life. The Trustees are of the opinion that the residual value of the property, being the estimated amount the charity would currently obtain on disposing of the property less costs of disposal, if the property were already of the age and condition expected at the end of its useful economic life, is not significantly different to the fair value currently reported in the balance sheet. Accordingly, no depreciation has been charged on the freehold property.

**Investments**

Investments are shown at market value where there is readily identifiable market value. Unlisted shares, where there is no readily identifiable market value, are recorded at cost or a nominal amount.

Investments are revalued at the Balance Sheet date so that when investments are sold, gains or losses which arose before the previous year end have already been recognised. Movements in value arising from investment changes or revaluation, together with profits on disposal of investments, have been recognised in the Statement of Financial Activities.

Current asset investments comprises of savings with an original maturity of more than three months but less than one year.

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

**Foreign currency transactions**

The functional currency of the charity is Sterling which is also the presentational currency. Transactions involving foreign currencies are translated into sterling equivalents using rates of exchange prevailing at the transaction date. Assets and liabilities held in foreign currency at the balance sheet date are valued at the rate prevailing at that date. Differences on exchange are taken to the Statement of Financial Activities.

**Pension costs**

The group makes contributions into a recognised UK defined contribution scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

**Operating leases**

Rentals payable under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight-line basis over the term of the lease. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

**Provisions for dilapidation**

Provisions represent the best estimate of the liability at the balance sheet date of probable future costs of restoring rented properties to their required condition at the end ultimate expiry of the lease, calculated by reference to average dilapidations costs per square foot for properties recently vacated by the group. Expectations of discounted liabilities are revised at each period end until the actual liability arises, with any difference accounted for in the period in which the revision is made.

**Debtors**

Debtors receivable within one year or upon demand are recorded at transaction price whether or not a rate of interest is charged on the balance. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Creditors**

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

**Financial instruments**

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

2. LEGAL STATUS OF THE CHARITY

The Charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2022

**3. RETAIL ACTIVITIES IN GENERATING FUNDS**

<b>2022</b>	<b>FARA Foundation £</b>	<b>FARA Enterprises £</b>	<b>Total 2022 £</b>
Retail income (shops' sales)	4,804,715	7,069,005	11,873,720
Retail expenditure (shops' costs)	(4,672,433)	(4,255,744)	(8,928,177)
Support costs	(4,421)	(6,504)	(10,925)
	<hr/>	<hr/>	<hr/>
Net funds generated from retail activities	127,861	2,806,757	2,934,619
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>2021</b>	<b>FARA Foundation £</b>	<b>FARA Enterprises £</b>	<b>Total 2021 £</b>
Retail income (shops' sales)	2,507,131	5,586,943	8,094,074
Retail expenditure (shops' costs)	(2,161,000)	(5,693,790)	(7,854,790)
Support costs	(4,239)	(9,446)	(13,685)
	<hr/>	<hr/>	<hr/>
Net funds generated from retail activities	341,892	(116,293)	225,599
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Retail income includes donations from supporters and the Gift Aid which has been claimed from the proceeds arising on the sale of the donor's goods through the shops of FARA Enterprises Limited.

**4. INVESTMENT INCOME**

	<b>Total 2022 £</b>	<b>Total 2021 £</b>
Income from listed investments (reinvested)	134,283	104,995
Interest from cash held	31,863	6,239
	<hr/>	<hr/>
Total investment income	166,146	111,234
	<hr/> <hr/>	<hr/> <hr/>

**5. GRANTS PAYABLE**

The charity is a grant-making organisation, as more fully outlined in the Trustees' Report. Grants payable to Fundatia FARA in accordance with the charity's grant-making policy were as follows during the year:

	<b>2022 £</b>	<b>2021 £</b>
Child, youth and adult care	1,794,199	1,734,234
	<hr/>	<hr/>
	1,794,199	1,734,234
	<hr/> <hr/>	<hr/> <hr/>

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2022

6. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

2022	Grant funding programme 2022 £	Support costs 2022 £	Total 2022 £
<b>Grants payable</b>			
Child, youth and social care	1,794,199	288,436	2,082,634
<b>Total Expenditure on Charitable Activities</b>	<b>1,794,199</b>	<b>288,436</b>	<b>2,082,634</b>
<b>2021</b>	<b>Grant funding programme 2021 £</b>	<b>Support costs 2021 £</b>	<b>Total 2021 £</b>
<b>Grants payable</b>			
Child, youth and social care	1,734,234	270,983	2,005,217
<b>Total Expenditure on Charitable Activities</b>	<b>1,734,234</b>	<b>270,983</b>	<b>2,005,217</b>

7. ANALYSIS OF SUPPORT COSTS

2022	Total support costs £	Charity admin and office £	Charity staff and consultancy £	Governance £	Finance charges & foreign exchange £	Depreciation £
<b>Grants payable:</b>						
Child, youth & social care	288,436	73,128	164,146	31,002	(1,733)	21,892
<b>Raising Funds:</b>						
Shops' costs	10,925	-	-	10,927	-	-
	<b>299,361</b>	<b>73,128</b>	<b>164,146</b>	<b>41,927</b>	<b>(1,733)</b>	<b>21,892</b>
<b>2021</b>	<b>Total support costs £</b>	<b>Charity admin and office £</b>	<b>Charity staff and consultancy £</b>	<b>Governance £</b>	<b>Finance charges &amp; foreign exchange £</b>	<b>Depreciation £</b>
<b>Grants payable:</b>						
Child, youth and social care	270,983	57,907	177,823	15,117	401	19,734
<b>Raising Funds:</b>						
Shops' costs	13,685	-	-	13,685	-	-
	<b>284,668</b>	<b>57,907</b>	<b>177,823</b>	<b>28,802</b>	<b>401</b>	<b>19,734</b>

Support costs are charity head office costs which are allocated as follows:

Support costs	Allocation Basis
Charity admin and office	Allocated on cost within FARA Foundation
Charity staff and consultancy	Allocated on cost within FARA Foundation
Governance	Split on cost within FARA Foundation and FARA Enterprises
Finance charges and foreign exchange (gains)/losses	Allocated on cost within FARA Foundation
Depreciation	Allocated on cost within FARA Foundation

Governance costs include audit and accountancy fees of £17,950 (2021: £21,173) and legal fees of £23,977 (2021: £7,629).

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2022**

**8. EXPENDITURE**

Total resources expended for the year is stated after charging:-

	<b>Total 2022</b>	<b>Total 2021</b>
	£	£
Operating lease rentals (land and buildings)	1,648,235	1,497,684
Depreciation charges for the year	69,195	84,808
Auditor's remuneration	10,000	11,277
Non-audit compliance services	7,950	4,221
	1,735,380	1,597,990
	1,735,380	1,597,990

No non-cash benefits were received by the auditors during either reporting period.

**9. STAFF AND TRUSTEE INFORMATION**

**2022**

	<b>FARA Foundation £</b>	<b>FARA Enterprises Limited £</b>	<b>Total 2022 £</b>
<b>Staff costs</b>			
Salaries	92,650	3,793,452	3,886,102
Social security	8,741	431,964	440,436
Pensions	1,577	100,791	102,368
	102,968	4,325,938	4,428,906

**2021**

	<b>FARA Foundation £</b>	<b>FARA Enterprises Limited £</b>	<b>Total 2021 £</b>
<b>Staff costs</b>			
Salaries	67,128	3,863,657	3,930,785
Social security	-	330,118	330,118
Pensions	1,270	78,825	80,095
	68,398	4,272,600	4,340,998

The average number of staff employed during the period for FARA Enterprises Limited was 317 (2021: 305). The number of staff employed for FARA Foundation (Limited by Guarantee) was 1 (2021: 1).

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

	2022	2021
£60,001 - £70,000	1	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
	3	3
<b>Total</b>	3	3

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2022

9. STAFF AND TRUSTEE INFORMATION (continued)

During the period expenses totalling £2,351 were reimbursed to three Trustees (2021: £591 to three trustees) in relation to travel costs to Romania. No remuneration was paid to the Trustees in the period. The key management personnel of the parent charity comprise the Trustees. The total employee benefits of the Charity's key management personnel were £nil (2021: £nil). The key management personnel of the group comprise those of the parent charity and the key management personnel of its wholly owned subsidiary, FARA Enterprises Limited. The key management personnel of FARA Enterprises Limited are the executive and non-executive Directors whose employee benefits total £338,119 (2021: £298,355). The employee benefits of key management personnel for the group were therefore £338,119 (2021: £298,355).

10. TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings £	Leasehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Website £	Total £
<b>Cost or valuation</b>						
Balance at 1 January 2022	270,000	114,615	1,036,293	77,522	66,466	1,564,896
Additions	-	-	16,035	-	-	16,035
Disposals	-	(25,793)	(5,729)	(21,500)	-	(53,022)
Revaluation	165,000	-	-	-	-	165,000
<b>Balance at 31 December 2022</b>	<b>435,000</b>	<b>88,822</b>	<b>1,046,600</b>	<b>56,022</b>	<b>66,466</b>	<b>1,692,910</b>
<b>Depreciation</b>						
Balance at 1 January 2022	-	74,258	880,085	68,553	22,155	1,045,052
Charge for the year	-	11,783	33,418	1,839	22,155	69,195
Eliminated on disposal	-	(24,310)	(2,851)	(19,886)	-	(47,047)
<b>Balance at 31 December 2022</b>	<b>-</b>	<b>61,731</b>	<b>910,652</b>	<b>50,506</b>	<b>44,311</b>	<b>1,067,200</b>
<b>Net book values</b>						
At 31 December 2022	435,000	27,092	135,948	5,516	22,155	625,710
At 31 December 2021	270,000	40,358	156,208	8,968	44,310	519,845

The freehold land and buildings were revalued during the year based upon an arm's length offer for sale made by a prospective purchaser. An agreement for sale was entered into during the year for a sum of £435,000. The property sales was administered by Snellar Commercial, an independent, professionally qualified, RICS accredited chartered surveyor. The sale completed on 30 June 2023 for the price agreed. Fair value of freehold land and buildings at 31 December 2022 is represented by:

	£
Valuation in 2015	(99,680)
Valuation in 2017	40,000
Valuation in 2019	(100,000)
Valuation in 2021	(70,000)
Valuation in 2022	165,000
Cost	499,680
	<b>435,000</b>

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2022

**10. TANGIBLE FIXED ASSETS (continued)**

The £27,092 (2021: £40,358) included within leasehold land and buildings relates entirely to short leasehold property assets and improvements. Fixtures and fittings held by the parent charity have a net book value of £nil (2021: £2,878). These were acquired at a cost of £5,729 and disposed of during the year. Short leasehold assets held by the parent charity have a net book value of £7,850 (2021: £10,295). These were acquired at a cost of £20,073, and had brought forward accumulated depreciation of £9,778, and depreciation of £2,445 charged during the year. Website assets owned by the parent charity were acquired at a cost of £49,709 and had brought forward accumulated depreciation of £16,570, with depreciation of £16,570 charged during the year, leaving a carrying value of £16,570 in the books of the parent charity at the year end.

**11. FIXED ASSET INVESTMENTS**

GROUP	Listed Investments 2022 £	Listed Investments 2021 £
<b>MARKET VALUE</b>		
As at 1 January 2022	5,264,010	4,368,711
Purchase of investments at cost	321,369	2,108,079
Dividends reinvested	95,879	91,640
Disposal of investments	(283,323)	(1,534,665)
Net investment gains/(losses)	(575,718)	230,245
	<hr/>	<hr/>
As at 31 December 2022	4,822,217	5,264,010
	<hr/> <hr/>	<hr/> <hr/>

Listed investments include overseas investments of £1,561,790 (2021: 1,722,070). No shareholdings of over 5% were held by FARA Foundation in any one company whose shares are included in the above portfolio. The cash reserves of the Charity continue to be considered an integral part of the charity's overall investment portfolio and the Trustees keep the investment policy under regular review to ensure the equity investments will not need to be encashed in the short term.

CHARITY	Unlisted Investments 2022 £	Listed Investments 2022 £	Total 2022 £	Total 2021 £
<b>MARKET VALUE</b>				
As at 1 January 2022	48,574	5,264,010	5,312,764	4,417,285
Purchase of investments at cost	-	321,369	321,369	2,108,079
Dividends reinvested	-	95,879	95,879	91,640
Disposal of investments	-	(283,323)	(283,323)	(1,534,665)
Net investment gains/(losses)	-	(575,718)	(575,718)	230,245
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2022	48,574	4,822,217	4,870,791	5,312,584
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The company's investments at the balance sheet date in the share capital of companies include the following:

The Charity owns 100% of the 5,000 (2021: 5,000) issued ordinary shares of FARA Enterprises Limited, a company incorporated on 16 March 1992 (number 02697467). The principal activity of this company is the sale of donated goods through a chain of Charity shops for the purpose of making charitable donations to FARA Foundation (Limited by Guarantee). The company's net assets as at 31 December 2022 amount to £14,511 (2021: £14,511).

In addition to the trading subsidiary FARA Enterprises Limited, the Charity owns 100% of the 2 issued ordinary shares of FARA Properties Limited (number 03542825). The company was incorporated on 2 April 1998. The principal activity of this company is that of property letting. The company's net liabilities as at 31 December 2022 amount to £65,322 (2021: £230,322).

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2022

12. DEBTORS

	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
<b>Amounts falling due within one year:-</b>				
Trade debtors	22,669	-	24,610	-
Other debtors and prepayments	645,930	274,849	726,578	451,402
Amounts owed by group undertakings	-	14,016	-	52,182
	<u>668,599</u>	<u>288,863</u>	<u>751,188</u>	<u>503,584</u>
<b>Amounts falling due after one year:-</b>				
Amounts owed by group undertakings	-	479,198	-	250,000
	<u>668,599</u>	<u>768,061</u>	<u>751,188</u>	<u>753,854</u>

At the balance sheet date FARA Properties Limited owed the Charity £479,198 (2021: £302,182). The initial loan of £479,198 and the accumulated interest has been impaired by the parent charity in its own books to reflect the diminution in value of the investment property held by FARA Properties Limited connected to the loan. Of the balance outstanding, a sum of £479,198 (2021: £250,000) is retained within debtors falling due after one year, and the remaining is within debtors falling due within one year.

13. CURRENT ASSET INVESTMENTS

	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
Deposit accounts	930,279	930,279	923,552	923,552
	<u>930,279</u>	<u>930,279</u>	<u>923,552</u>	<u>923,552</u>

14. CREDITORS

	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
<b>Amounts falling due within one year:-</b>				
Trade creditors	133,969	-	138,768	-
Taxation and social security	148,724	15,985	-	-
Other creditors and accruals	196,687	6,025	228,037	10,350
Amounts owed to group undertakings	-	251,315	-	242,706
Deferred income	-	-	20,580	-
	<u>479,379</u>	<u>273,324</u>	<u>387,385</u>	<u>253,056</u>

At the current reporting date, FARA Enterprises Limited was a creditor to the charity in the sum of £251,315 (2021: £242,706), with this liability reported within creditors falling due within one year, as recorded in note 14.

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2022

15. PROVISIONS

	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
As at 1 January 2022	478,485	57,195	-	-
Arising in the year	246,867	205,738	478,485	57,195
As at 31 December 2022	725,352	262,933	478,485	57,195

Provisions are for dilapidations arising where property leases oblige the group to cover the cost of restoring retail and office properties to their original condition when ending its occupation as those leases terminate.

16. ANALYSIS OF GROUP CHARITABLE FUNDS

2022	At 1 January 2022 £	Incoming resources £	Outgoing resources £	Gains and losses £	Transfers between funds £	At 31 December 2022 £
<b>Unrestricted funds</b>						
Designated funds	8,785,244	-	-	-	613,467	9,398,711
General funds	1,699,296	12,083,182	(11,040,713)	(410,719)	(613,467)	1,717,580
	10,484,540	12,083,182	(11,040,713)	(410,719)	-	11,116,291
<b>2021</b>	<b>At 1 January 2021 £</b>	<b>Incoming resources £</b>	<b>Outgoing resources £</b>	<b>Gains and losses £</b>	<b>Transfers between funds £</b>	<b>At 31 December 2021 £</b>
<b>Unrestricted funds</b>						
Designated funds	5,632,263	-	-	-	3,152,981	8,785,244
General funds	4,929,156	9,613,316	(9,881,958)	191,763	(3,152,981)	1,899,296
	10,561,419	9,613,316	(9,881,958)	191,763	-	10,484,540

Designated funds represent unrestricted funds that have been allocated at the Trustees' discretion for particular purposes. The designated funds include three years of grant funding based on the Fundatia FARA 2023 annual net budget equalling £8,124,314 as well as £1,274,397 to fund the 2 Homes for Life for four years beyond the current three-year funding cycle.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2022

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

GROUP	Unrestricted		Unrestricted	
	funds	Total	funds	Total
	2022	2022	2021	2021
	£	£	£	£
Tangible fixed assets	625,710	625,710	519,845	519,845
Investments	4,822,217	4,822,217	5,264,010	5,264,010
Assets	6,873,095	6,873,095	5,562,530	5,562,530
Liabilities	(1,204,731)	(1,204,731)	(861,845)	(861,845)
<b>Total net assets</b>	<b>11,116,291</b>	<b>11,116,291</b>	<b>10,484,540</b>	<b>10,484,540</b>
<b>CHARITY</b>	<b>Unrestricted</b>	<b>Total</b>	<b>Unrestricted</b>	<b>Total</b>
	<b>funds</b>	<b>2022</b>	<b>funds</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	24,420	24,420	46,312	46,312
Investments	4,870,791	4,870,791	5,312,584	5,312,584
Assets	6,787,666	6,787,666	5,467,057	5,467,057
Liabilities	(536,257)	(536,257)	(306,226)	(306,226)
<b>Total net assets</b>	<b>11,146,619</b>	<b>11,146,619</b>	<b>10,519,726</b>	<b>10,519,726</b>

**18. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	1,001,815	788,250
Between one and five years	1,793,470	631,698
After more than five years	193,212	-
	<b>2,988,497</b>	<b>1,419,948</b>

**19. TRADING SUBSIDIARIES**

The Charity owns 100% of the 5,000 issued ordinary shares of FARA Enterprises Limited, a company incorporated on 16 March 1992. The principal activity of this company is the sale of donated goods through a chain of Charity shops for the purpose of donating its profits to FARA Foundation.

The Charity also owns 100% of the 2 issued ordinary shares of FARA Properties Limited, a company incorporated on 2 April 1998. The principal activity of this company is the rental of property for the purpose of donating its profits to FARA Foundation.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2022

**19. TRADING SUBSIDIARIES (continued)**

The assets, liabilities and trading results of FARA Enterprises Limited and FARA Properties Limited are provided below:-

<b>2022</b>	<b>FARA Properties Limited £</b>	<b>FARA Enterprises Limited £</b>	<b>Total 2022 £</b>
<b>Subsidiary assets and liabilities</b>			
Tangible fixed assets	435,000	166,290	601,290
Debtors	4,264	678,134	682,398
Cash at bank and in hand	100,301	84,590	184,891
Creditors:-			
Amounts falling due within one year	(125,689)	(452,084)	(577,773)
Amounts falling due after one year	(479,198)	-	(479,198)
Provisions for liabilities	-	(462,419)	(462,419)
<b>Net assets</b>	<b>(65,322)</b>	<b>14,511</b>	<b>(50,811)</b>
<b>Capital and reserves</b>			
Called up share capital	2	5,000	5,002
Other reserves	(64,680)	-	(64,680)
Retained earnings	(644)	9,511	8,867
<b>Net assets</b>	<b>(65,322)</b>	<b>14,511</b>	<b>(50,811)</b>
<b>Subsidiary trading results</b>			
Turnover	32,700	10,390,246	10,422,946
Other income	-	376,592	376,592
<b>Total incoming resources</b>	<b>32,700</b>	<b>10,766,838</b>	<b>10,799,538</b>
Costs of sales	-	(6,083,616)	(6,083,616)
Administration and overheads	(28,378)	(1,884,791)	(1,913,168)
Unrealised revaluation of investment property	(165,000)	-	(165,000)
<b>Net incoming resources</b>	<b>(160,678)</b>	<b>2,798,431</b>	<b>2,637,753</b>
Donation to FARA Foundation	(4,322)	(2,798,431)	(2,802,752)
<b>Net movement in shareholders' funds</b>	<b>(165,000)</b>	<b>-</b>	<b>(165,000)</b>

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2022

19. TRADING SUBSIDIARIES (continued)

2021	FARA Properties Limited £	FARA Enterprises Limited £	Total 2021 £
<b>Subsidiary assets and liabilities</b>			
Tangible fixed assets	270,000	203,533	473,533
Debtors	-	558,298	558,298
Cash at bank and in hand	66,452	31,418	97,870
Creditors:-			
Amounts falling due within one year	(87,576)	(357,448)	(445,024)
Amounts falling due after one year	(479,198)	-	(479,198)
Provisions for liabilities	-	(421,290)	(421,290)
Net assets	(230,322)	14,511	(215,811)
<b>Capital and reserves</b>			
Called up share capital	2	5,000	5,002
Other reserves	(229,680)	-	(229,680)
Retained earnings	(644)	9,511	8,867
Net assets	(230,322)	14,511	(215,811)
<b>Subsidiary trading results</b>			
Turnover	32,500	7,297,569	7,330,069
Other income	1,500	1,754,326	1,755,826
Total incoming resources	34,000	9,051,895	9,085,895
Costs of sales	-	(6,040,188)	(6,040,188)
Administration and overheads	(26,917)	(1,793,702)	(1,820,619)
Unrealised revaluation of investment property	(70,000)	-	(70,000)
Net incoming resources	(62,917)	1,218,005	1,155,088
Donation to FARA Foundation	(7,083)	(1,218,005)	(1,225,088)
Net movement in shareholders' funds	(70,000)	-	(70,000)

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2022**

**20. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

At 31 December 2022 and 31 December 2021 there were no contingent liabilities or capital commitments arising for the group.

**21. RELATED PARTY TRANSACTIONS**

During the year, FARA Enterprises Limited and FARA Properties Limited made transfers under Gift Aid of their trading profits amounting to £2,798,431 (2021: £1,218,005) and £4,322 (2021: £7,083) respectively. Costs recharged by FARA Enterprises Limited for the use of the charity shops in connection with the Retail Gift Aid Scheme amounted to £3,902,810 (2021: £2,092,338).

At the reporting date, the charity was owed amounts from its subsidiary undertakings, the details of which are reported more fully in note 12.

During the year Mrs J Nicholson, the founder and a trustee of FARA Foundation (Limited by Guarantee) received rent totalling £1,200 (2021: £4,800). The rent charged is below market rate.

During the period expenses totalling £2,069 (2021: nil) were reimbursed to two key management personnel, who were not serving as Trustees, in relation to travel costs to Romania.

**22. POST BALANCE SHEET EVENTS**

A contract was entered into in October 2022 to dispose of the property owned by FARA Properties Ltd the wholly owned subsidiary of FARA Foundation for £435,000. Completion of the sale took place on 30 June 2023 and FARA Enterprises Limited will remain as the tenant for up to a further 12 months at a reduced rent. There is no intention to acquire further properties within FARA Properties Limited and the accounts of the subsidiary have been prepared on a basis of other than going concern.



**FARA FOUNDATION**

England & Wales - Charity number 1139349

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# Accounts

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**FARA FOUNDATION  
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

Principal Office:-  
Riverside Centre  
63 High Street  
Teddington  
England  
TW11 8HA

Tel: 01328 821444  
Fax: 01328 821555  
Website: [www.FARACHarity.org](http://www.FARACHarity.org)

Registered Charity No: 1139349  
Registered Company No: 07432706

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**CONTENTS OF THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 2021**

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**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**TRUSTEES' ANNUAL REPORT**  
**Incorporating the Strategic Report, Directors' Report**  
**And Chairman's Report**  
**for the Year Ended 31 December 2021**

**INCORPORATION**

The charitable company was incorporated on 8 November 2010.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**

07432706 (England and Wales)

**Registered Charity number**

1139349

**Registered office**

Riverside Centre  
63 High Street  
Teddington  
TW11 8HA

**Key Management Personnel**

**Trustees (Directors)**

Ms S G Cross - Chair  
Mrs J Nicholson  
Mrs L J Dawson  
Ms M J Hill (resigned 8.3.21)  
Mr R H C Chalk  
Mr P W Groves  
Ms O P E Rimbart  
Ms E H A Middleton (appointed 8.3.21)  
Mrs P J Gitlin (resigned 23.06.22)  
Mr R Davidson (appointed 9.12.21)  
Mrs N Nowak (appointed 9.12.21)

**Company Secretary**

Mr R Phelan

**CEO**

Ms L Gordon

**Administrator**

Mrs A Reid

**Patrons**

H R H King Charles III  
Eugene Sârbu

**Senior Managers of FARA Enterprises Limited**

**Directors**

Mr R Phelan – Managing Director and Company Secretary  
Ms S Drake – Operations Director (resigned 31.03.2022)  
Ms E L Ashby – Development & Marketing Director  
Mrs L J Dawson  
Ms F Balasel  
Mr P W Groves  
Ms E H A Middleton

**Senior Managers of FARA Properties Limited**

**Directors**

Mrs J Nicholson (resigned 31.12.2021)  
Mr R Phelan (Director and Company Secretary)  
Mrs P J Gitlin (appointed 01.01.2022 & resigned 23.06.22)

**Banks**

Barclays Bank PLC, Kingston 9 Branch, Leicester LE87 2BB  
Santander UK PLC, Bridle Road, Bootle, Merseyside, L30 4GB

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**TRUSTEES' ANNUAL REPORT**  
**Incorporating the Strategic Report, Directors' Report**  
**And Chairman's Report**  
**for the Year Ended 31 December 2021**

**Auditors**

Rothmans Audit LLP  
Statutory Auditors  
Chartered Accountants  
Chilworth Point  
1 Chilworth Road  
Southampton  
SO16 7JQ

**STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of FARA Foundation (Limited by Guarantee) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing those financial statements, the Trustees are required to:-

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charity SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

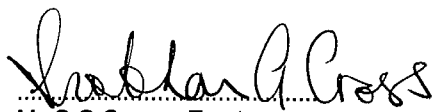
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

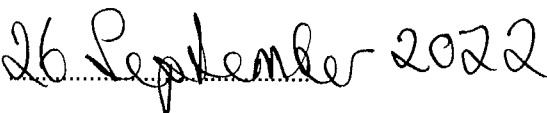
So far as the Trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

**PUBLIC BENEFIT**

The Board of Trustees has given regard to the legislative and regulatory requirements for disclosing how its charitable objectives have provided benefit to the public. The Trustees confirm that they have complied with their duty under the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. This report outlines how our achievements during 2020-21 have benefited the public, either directly or indirectly

**ON BEHALF OF THE BOARD:**

  
.....  
Ms S G Cross - Trustee

Date:   
.....

## FARA FOUNDATION (LIMITED BY GUARANTEE)

### TRUSTEES' ANNUAL REPORT Incorporating the Strategic Report, Directors' Report and CHAIRMAN'S REPORT for the Year Ended 31 December 2021

## WHO WE ARE

The **FARA Foundation (FARA)** is a registered charity in the UK and was founded in 1991. It is the partner NGO of Fundatia FARA Romania a non-profit, non-governmental organisation supporting the poorest and most vulnerable families, children, and young people in Romania. FARA and Fundatia FARA collaborate with each other and work to common values, strategies, and standards. The work of Fundatia FARA is closely monitored and evaluated, with appropriate policies in place and reported on.

The FARA Partnership comprises Fundatia FARA Romania and the FARA Foundation UK. A new form of Partnership Agreement was agreed upon in late 2021 and put in place in January 2022. These two organisations work to fulfil a shared Vision, Mission, and set of Values and are governed by two separate boards with defined remits and responsibilities. It is the responsibility of these two boards to follow and implement the shared vision, mission, values, and strategic objectives developed in collaboration with the Executive Directors in UK and Romania.

The Romanian word FARA means without and many of Romania's children are still living "without": without care, nurture, a voice, or security. Despite being part of the EU many vulnerable social groups continue to face extreme poverty. Children are growing up and vulnerable young people living without the most basic needs for their healthy emotional, psychological, and physical development and needs.

Fundatia FARA cares for the most vulnerable social groups who are facing extreme poverty by addressing social inclusion and poverty reduction. Operating in three regions of Romania, fulfilling lives, building futures, and spreading hope. The work is life-changing for many families living in extreme poverty and for children and adults with disability and youth at risk.

The **Vision** is of a world in which everyone can live with freedom and dignity in a loving, protective environment, experiencing fulfilled lives whatever their ability.

The **Mission** is to transform the lives of the most vulnerable and disadvantaged children, youth and families living in Romania's poorest communities.

### Values

The **Values** underpin all the work and are shared by all those involved in carrying out our mission both in the UK and Romania. FARA strives to build a just society serving the common good, based on Christian values of love, justice, dignity and respect, welcoming people of all faiths and none.

- We act with kindness and compassion.
- We respect the human dignity of every person.
- We believe in practical hands-on care.
- We strive to build a just society.
- We responsibly collaborate across all sections of society.
- We strive to be a best-practice organisation.

## STRUCTURE, LEADERSHIP AND POLICIES

FARA UK is governed by a Board of Trustees, who are legally responsible for directing the affairs of the Charity. The Trustees have full legal responsibility for the actions of the FARA Foundation. The Board of Trustees meets up to four times each year to review and direct strategy, budget and performance. In 2021 the FARA UK created three new board subcommittees, on which Trustees sit reporting to the FARA Board which meets up to 4 times a year, with each subcommittee having a separate remit.

- Services Subcommittee - responsible for HR matters for FARA and for oversight of services delivered in Romania.
- Trading Subcommittee – responsible for FEL and Charity Retail matters.
- Finance & Risk Subcommittee – responsible for all finance and risk matters.

The purpose of these subcommittees is to ensure that FARA and all its subsidiary entities in the UK are properly governed and the funds remitted to Fundatia FARA are spent appropriately. These committees report back on their proceedings to the full Board.

FARA was incorporated as a company limited by guarantee, as defined by the Companies Act 2006 on the 8<sup>th</sup> of November 2010 and is governed by its Articles of Association. The charity has the following two wholly owned subsidiaries:

## FARA FOUNDATION (LIMITED BY GUARANTEE)

### TRUSTEES' ANNUAL REPORT Incorporating the Strategic Report, Directors' Report and CHAIRMAN'S REPORT for the Year Ended 31 December 2021

- **FARA Enterprises Limited** (FEL) which operates the Charity retail business for the purposes of donating all the profits to FARA. This comprises 40 high street stores made up of 22 general stores, 14 children's stores, 2 bookstores, a homeware store, and a vintage store. In addition, it has an Online store selling items suitable for sale online. Three members of the Board of Trustees sit on the board of FARA Enterprises Ltd.
- **FARA Properties Limited** (FPL) which is a property holding company. At present this property is rented out to FEL from which it operates the vintage store.

#### Appointment of Trustees

The appointment of Trustees is outlined in the Articles of Association and follows the advice of the charity commission. In 2021 two of the longest-standing Trustees Siobhan Cross and Lucinda Dawson resigned as Trustees and stood for re-election. They were re-elected unopposed, and Siobhan was appointed vice Chair. Jane Nicholson resigned as Chair effective 31 December 2021 and, most recently, Siobhan was appointed to be the new Chair from 23 June 2022.

Two new Trustees Robert Davidson and Natalia Nowak with the appropriate financial and governance skills were appointed to the board in late 2021. An induction programme was arranged to give the individuals the information and tools they needed to fulfil their legal obligations as well as to play an effective role on the Board, including face-face meetings with UK staff, visits to shops and provision of reading material.

#### Public Benefit

The FARA Foundation trustees confirm that they meet the Charities Act 2011 public benefit requirement. FARA fulfils this through providing funding to Fundatia FARA for the relief of poverty, the improvement of the lives of people with disabilities and the provision of a home to children without one. The programmes and work are further outlined below.

#### Executive Leadership

In 2021, following the decision of the founder Jane Nicolson to step away from an operational role within the charity a review was carried out by an external consultant looking at both governance and leadership. As a result of this the above-mentioned sub-committees were set up and the charity's first CEO, Libby Gordon was appointed, taking up the role in September 2021. Working together with the FARA Charity Shops Managing Director they have delegated the authority for the running of the charity and trading arm, working within a board-approved scheme of delegations. The Managing Director of FEL which oversees the Charity retail business also filled the role of Company Secretary of the FARA.

#### Equal Opportunities Policy

FARA does not discriminate on the basis of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnicity or national origin, religion or belief, sex or sexual orientation.

#### Remuneration Policy

Our approach to remuneration is designed to ensure that we attract and retain staff and affordability. Pay banding has been developed for the organisation to ensure consistency and roles have been benchmarked to the sector.

## ACHIEVEMENTS AND PERFORMANCE

The OEDC Economic Survey of Romania 2022 and Eurostat 2021 reported that:

- The at-risk-of-poverty rate was 23.40% in December 2020
- Children at risk of poverty or social exclusion was 36.30% in December 2020
- 41.5% of children are living in a household at risk of poverty or social exclusion. The EU average was 24.2%.
- Romania still lags behind most OEDC countries and has limited or problematic access to higher education, healthcare, housing, transport infrastructure and a clean environment.

The drive to close the institutions has been a focus across Europe and Romania but the issues that put children into the care system have not been addressed and so many children and young people are still suffering. Today there are approximately 12,000 children living in residential services.

In Romania today, despite steps towards changing the system, many vulnerable social groups continue to face extreme poverty, social exclusion, and discrimination. Families living in poverty lack support leaving children susceptible to school drop-out or being placed into social service provision and the poverty cycle continues; young adults are leaving state institutions without crucial life skills, at risk of social exclusion and homelessness; children with disabilities are unable to access vital life-changing therapies and education, and adults with learning disabilities remain in institutional care.

## FARA FOUNDATION (LIMITED BY GUARANTEE)

### TRUSTEES' ANNUAL REPORT Incorporating the Strategic Report, Directors' Report and CHAIRMAN'S REPORT for the Year Ended 31 December 2021

"60,000 children are separated from their families, mostly as a consequence of poverty, violence or abandonment." UNICEF Romania 2020

"Approximately 5000 children leave institutional care each year, being vulnerable and risking poverty and/or social exclusion." UNICEF and Romanian Ministry of Youth and Sports 2015-2020

Today FARA is one of the largest and most experienced care providers in Romania, giving support to vulnerable children and adults, youth at risk, those with learning disabilities, as well as their families and their communities.

Over the last 30 years, FARA has supported over 10,000 beneficiaries and employed over 300 members of staff in Romania.

#### **Fundatia FARA Services in Romania**

Fundatia FARA has developed successful models of care delivering support and care in Romania. From the first family home opened in Suceava to the latest therapy centre opened in Bucharest in 2018 Fundatia FARA funds and provides services for Children with disabilities, Vulnerable Children, Adults with learning disabilities, Families in poverty and Youth at risk.

#### **Services for Children with Disabilities:**

In Romania, there are approximately 81,000 children with disabilities registered in the state records. Many are unable to access mainstream education. Fundatia FARA offers a lifeline to families who would otherwise be isolated and unable to access support for their children and themselves.

Three therapy centres provide, free of charge, therapy, and special needs education to children with complex needs from marginalised and deprived families. The three centres (Rafael Centre- Bucharest capacity of 70 children, Emmanuel Centre- Suceava capacity of 90 children, St Theresa's- Falticeni, Suceava County, with a capacity of 80 children) provide physio, speech, and sensory therapies for children with a range of disabilities. Following the pandemic, all centres have the capacity to offer the services to beneficiaries through an online environment which has positive implications for child recover.

The Emmanuel Centre celebrated its 10<sup>th</sup> anniversary in 2021 and overall, the centres cared for over 270 children in 2021  
Overall impact:

- 630 children and their families have accessed therapy services in Fundatia FARA's centres in the last decade.
- 67% of the children enrolled in mainstream kindergartens and schools following attending Fundatia FARA's therapy centres.

#### **Child Services:**

Fundatia FARA provides a loving and supportive family life for vulnerable and neglected children over the age of 3. The children are supported to grow up in a safe and nurturing environment with a trauma-informed approach. Our children's home is recognised as a model of caregiving "a family for those without" and is recognised as an alternative to state care.

We have a family-style home for children and adjoining accommodation in the form of a Student Hostel for young people in the care of Fundatia FARA who are in further education. In 2021 St Nicholas, Suceava provided a home and stable family to 14 children aged 7-18 years.

Overall Impact:

- 73 children have been helped by the Fundatia FARA Family Homes to grow and embark on new lives.
- 10% of Fundatia FARA's young Family Home residents have gone on to complete a University Education.

#### **Services for Adults with Learning Disabilities:**

Support and care for adults with learning disabilities to live a fulfilled life in a home run as a family.

Residential care for adults with learning disabilities who had a childhood living in state institutions, offers a loving, supportive life giving the adults a chance to flourish and to develop their social, spiritual, emotional, and physical well-being. During 2021 our two Homes for Life Casa Elisabetta- Cacica, Suceava County and St Marys- Suceava County provided 20 young adults with disabilities with a home in a supportive family environment.

Overall impact:

- 36 adults with learning disabilities have been given a Home for Life with Fundatia FARA.
- 30% of beneficiaries have gone on to live independent lives after receiving support and care in a Fundatia FARA Home for Life.

## FARA FOUNDATION (LIMITED BY GUARANTEE)

### TRUSTEES' ANNUAL REPORT Incorporating the Strategic Report, Directors' Report and CHAIRMAN'S REPORT for the Year Ended 31 December 2021

#### **Youth Services:**

Residential service for young adults at risk of homelessness or from state care offering counselling, training for employment and independent life skills for up to two years and non-residential support, counselling and training for employment and life skills offered to other young adults.

In 2021, 117 young adults (including 42 residents and 75 young people from the community) benefitted from Fundatia FARA's services and the development of outreach programmes to give wider access to training, employment, housing, and personal support.

#### Overall Impact:

- 331 young people have benefited from the program's services and acquired the ability to be autonomous in terms of independent living skills
- 100 young people completed school courses (gymnasium, vocational, evening, high school, college)

#### **Tackling Poverty Through Education:**

Community based education and social support programme across 6 villages providing 340 children with free daily hot food, after school programmes and resources to support them in completing their kindergarten and primary education and support to their families.

The Fundatia FARA programme helps children start and stay in school. We employ teachers, catering staff and social workers to provide a holistic package of support. We work with the whole family to change attitudes and build futures.

In 2021 a total of 970 families received food packages and 425 families received packages of clothing, 35 families received construction materials for the renovation of houses and 2 families were supported to gain access to water. 1240 direct or indirect beneficiaries were supported through this work

#### Overall Impact:

- 81 students have graduated from high school or vocational schools

#### **Fundatia FARA organisation transformation**

Since December 2020, Fundatia FARA embarked on an organizational transformational journey toward sustainability. This process has enabled Fundatia FARA to build on its strengths and 30 years of experience to continue delivering quality and diversified activities and services for vulnerable children and youth, people with disabilities and their families and communities. Over the past year, through a collective effort that brought together programs teams, management teams and Board members, Fundatia FARA has developed resilience and continues the work started by Jane Nicholson. A solid and sustainable transformation happens with people and through people. A strong and healthy approach to leadership, where everyone is part of a bigger mechanism and plays a pivotal role in the well-being of our beneficiaries is a key ingredient for successful organizational development and a positive impact on the lives of those we serve.

This transformation programme continues to work through the recommendations identified to improve organisational functioning, programme performance and service delivery, and overall sustainability.

## FINANCES AND RESERVES

During 2021 FARA received £43,763 (2020 £56,572) from sponsors, donations, Charitable Trusts, and Gift Aid. Investment income was £111,234 (2020: £197,634) while the unrealised gains on fund investments amounted to £261,763 (2020: losses £815,080).

The donation from FEL (the shops) has increased to £1,218,005 during the year (2020: £308,296). The reserves position of the Charity has deteriorated from £10.56m in 2020 to £10.48m in 2021.

FARA Properties Ltd continues to rent out the property in Pimlico. The property consists of a shop space rented out to FARA Enterprises Ltd and three flats on long leases.

The accounting policies adopted by the Charity are set out in Note 1 to the accounts.

#### **Funding**

FARA under the Partnership Agreement between FARA and Fundatia FARA is expected to provide £2.0m funds to Fundatia FARA existing programmes for the next three years 2022-2024 inclusive (subject to compliance with the terms of the Partnership Agreement and continuing need in Romania for those programmes) as well as funding for new developments of up to £1.0m. Fundatia FARA itself will be expected to make all reasonable efforts to contribute more funds in 2022 and beyond and will continue to apply for eligible funding within Romania and in Europe.

## FARA FOUNDATION (LIMITED BY GUARANTEE)

### TRUSTEES' ANNUAL REPORT Incorporating the Strategic Report, Directors' Report and CHAIRMAN'S REPORT for the Year Ended 31 December 2021

The Trustees will continue to offer their skills and experience to ensure the programmes are appropriately managed.

#### FARA UK Fundraising

From January to April 12, 2021, the main fundraising arm of FARA (FEL) was impacted significantly with the FARA Charity shops being shut for 15 weeks. Despite this and thanks in no small part to payments received from the UK Furlough scheme of £755,058 and the UK retail & hospitality grant scheme of £605,887, FARA's Charity Shops generated a surplus which it was able to covenant to FARA during the year. This ensured that FARA UK was able to continue to grant fund Fundatia FARA programmes in 2021 with little impact on FARA reserves.

During 2021 income received from listed investments and bank deposit accounts amounted to £111,234 (2020: £197,634) reflecting the medium-term impact of the pandemic on dividend yields. At the same time, the unrealised gains made on investments amounted to £261,763 (losses 2020: £815,080) reflecting the bounce back in share values on the UK and oversea markets. This bounce back was anticipated given that many of the stocks and shares were undervalued during the height of the pandemic in 2020 and it is expected subject to unseen events that dividend yields will follow suit in 2022.

Following a revaluation in 2021 the value of the property owned by FARA Properties Ltd the wholly owned subsidiary of FARA amounted to £270,000 (2020: £340,000). This property is rented to FARA Enterprises Ltd. from which FARA Charity shops operate the Retromania store.

FARA UK approved a net budget of Lei 9.78m in December 2020 to fund Fundatia FARA Romania programmes for 2021 and these funds were remitted under the grant funding arrangement throughout 2021 ( £1.734m). Not all the funds remitted were utilised leaving a surplus of Lei 1.46m. This arose due to reduced activities related to the COVID-19 pandemic. It is anticipated that these funds will be fully utilised in 2022.

#### FINANCIAL REVIEW AND RISKS

A risk register has been developed which outlines all the potential risks faced by FARA including the financial risks. Key among those risks are:

- Over-reliance on FARA Charity shops to continue to generate sufficient funds annually to fund Fundatia FARA programmes.
- Over-reliance on key staff in FARA and Fundatia FARA.
- Investment in non-profit-making activities or ineffective programmes.
- Lack of proper controls leading to fraud, theft, hacking and loss of money.
- Inappropriate Investment Strategy.
- Inappropriate Reserves policy.
- Ineffective and weak Fundatia FARA Board

The risk register is reviewed and updated regularly and is a standing item at all subcommittees and board meetings.

FARA is seeking to diversify the risk associated with High Street retail by building up its Online Operations while also over the medium term investing in a CRM system to help it broaden its fundraising capabilities in the UK. Fundatia FARA will seek to access funds within the country and from the EU to fund new programmes and some existing programmes.

In 2022 with the purpose of bringing FARA and FEL closer together the structure and current ways of working will be reviewed. This will include the addition of more resources in the form of new personnel where required.

Proper budgetary processes will continue and will be subject to review from time to time to ensure that all reasonable steps are taken to ensure that FARA only invests in properly researched projects both in the UK and Romania. Fundatia FARA will apply to the FARA development fund for any new proposed projects and similar to any new applicants will have to undergo rigorous checks to obtain that funding.

The grant funding letters and Partnership Agreement between FARA and Fundatia FARA sets out the financial controls to ensure funds provided by FARA are spent effectively and appropriately.

The **Investment Committee** has increased its numbers and will elect a Chair with the Committee meeting more regularly and ahead of the Finance & Risk Sub-Committee meeting. This action is designed to ensure that the Investment Strategy is regularly discussed and reviewed.

The reserves policy is reviewed by the **Finance & Risk Subcommittee** at each quarterly meeting to ensure it is appropriate.

Trustees actively consider the major risks that the Charity faces at each subcommittee meeting before reporting to the full board and believe that maintaining free reserves at the level discussed below, combined with an annual review of the controls over key financial systems, will provide sufficient resources in the advent of adverse conditions.

## FARA FOUNDATION (LIMITED BY GUARANTEE)

### TRUSTEES' ANNUAL REPORT Incorporating the Strategic Report, Directors' Report and CHAIRMAN'S REPORT for the Year Ended 31 December 2021

The Trustees will continue to invest where appropriate in investment funds with the objective of achieving returns above inflation in the long term and lessening the dependence on existing sources of income while also adhering to FARA's ESG requirements. The Investment Policy is reviewed annually to ensure sufficient cash reserves remain available so that the investments will not need to be encashed in the short term. The investments themselves are also reviewed regularly by the Trustees.

#### Reserves Policy

The position on cash reserves is reviewed at each Finance & Risk Subcommittee meeting before reporting to the full FARA UK board while the reserves policy is examined annually when the financial statements are being finalised. The crucial measure of the Charity's ability to continue its care provision in Romania is its level of liquidity cover. Accordingly, in reviewing and establishing the reserves policy, the Trustees have considered the requirement to both set-aside funds for the next three years to fund the general programmes established in Romania, and a further 7 years for the long-term support for those who are in long-term care, the need to establish a fund for future developments, together with the short-term requirements for the next 12 months for readily realisable assets should the UK economy not behave as forecast. It is acknowledged that the income from the Charity shops, which provide significant sums annually, carries risks and can be affected by a sudden downturn in economic conditions as seen with the Coronavirus pandemic in 2020 and 2021.

FARA recognises two types of reserves: Restricted Funds and Unrestricted Funds.

- **Restricted Funds** - these are funds received for specific purposes and subject to donor-specified restrictions. No such funds were held or received during the financial year 2021.
- **Unrestricted Funds** - these are funds that are not subject to donor-specific restrictions and are available for the general purposes of FARA UK. Unrestricted funds are classified as designated Funds or General Reserves in line with the General Reserves Policy as approved by the Trustees.

#### General Reserves Policy

General Reserves are the portion of the unrestricted funds remaining once the Trustees have set aside any amounts as designated funds (see below).

The board of FARA agreed to the General Reserves Policy on September 1, 2022. This policy requires FARA to hold general reserves of approximately 12 months of net grant funding for the programmes in Romania at any time within the year. In 2021 this amounted to approximately £1.69m of General Reserves. The Trustees judged this level of reserves was appropriate to:

- be resilient to financial shocks and ensure retail operations can continue in the short term if income is significantly restricted for a short period of time; and
- ensure charitable income is spent in a timely manner whilst balancing the need for resilience.

#### General Reserves

General reserves are not restricted to, set aside, or designated for a particular purpose. On 31 December 2021, General Reserves were £1,699,296, within the target range of 12 months of net grant funding required by Fundatia FARA to fund the current programmes for one year.

#### Designated Funds

Designated funds are those unrestricted funds that have been allocated at the Trustees' discretion for particular purposes. With the transition to FARA UK becoming a grant funding entity to Fundatia FARA, the Trustees and Fundatia FARA agreed that FARA should hold 3 years of grant funding based on the Fundatia FARA 2022 annual budget as a designated fund to provide assurance over FARA's commitment to continuity of funding to Fundatia FARA on a rolling three-year basis. On 9<sup>th</sup> December 2021, the general budget of £1,850,703 was approved by the board of FARA allowing the board to allocate 3 years of that net spend to designated reserves of £5,570,109. The Trustees have also designated funding of £2,215,135 to be set aside to fund the Homes for Life for 7 years beyond the current 3-year funding cycle.

A development fund £1.0m which is available for capital projects to establish new, or enhance existing, services in Romania has also been set up.

#### Investment Policy

In 2021, the Investment Committee organised a questionnaire for all Trustees to establish the ethical basis for our active investments, including ESG criteria. It then selected, after a careful interview, two fund managers, Rathbones, and Investec, to manage two tranches of funds for investment - within these criteria - across a diversified range of shares and funds aimed at achieving high growth, with associated high-risk, over a 5-to-10-year time horizon. This was underpinned by the judgement made that the charity would be unlikely to need these funds in the short term and that we, therefore, needed some investments directed to higher growth and with higher risk for the longer-term needs of the charity. FARA continues to have holdings in funds set up specifically to meet the requirements of Charities. These funds track the UK stock and bond market and are in a lower-risk category.

The value of FARA investments and the freehold property it owns through its subsidiary (FPL) stood at a little over £5.53m as of 31 December 2021 (2020: £4.71m).

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

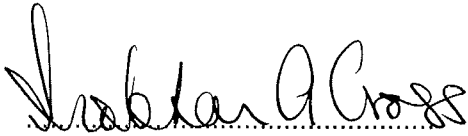
**TRUSTEES' ANNUAL REPORT  
Incorporating the Strategic Report, Directors' Report and  
CHAIRMAN'S REPORT  
for the Year Ended 31 December 2021**

**CHAIRMAN'S CONCLUSION**

FARA Foundation is led by a Board of Trustees who are professional people either retired or working, bringing a range of skills and experience to the charity. The Trustees were unable to make regular visits to Romania during 2021 to oversee FARA's programmes although the founder trustee was able to visit. Otherwise, the programmes were monitored through regular communications with the Operations team in Romania. I wish to extend my deep gratitude to all the Trustees for their contribution and dedication to the Charity during this very turbulent year.

In addition, on behalf of the Trustees, I would like to express my sincere gratitude to all of Fundatia FARA's dedicated staff in Romania for their hard work and commitment to maintaining FARA's values to alleviate poverty and suffering in Romania during such difficult times and for the innovation and dedication they showed during the pandemic in ensuring everything possible was done to continue to provide their services to the beneficiaries. I would also like to thank the many supporters of the Charity in the UK including the regular donors, the fundraisers, and the many other donors both directly to the Charity and to the Shops.

Finally, I want to thank all the staff for their hard work and commitment to building a business that provides vital support to the programmes in Romania and continues to operate during another very challenging year. Thanks to their endeavours FARA will continue to provide financial support to the programmes in Romania for many years into the future.



Ms S G Cross – Chair of Trustees

Dated: 26 September 2022

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARA FOUNDATION (LIMITED BY GUARANTEE)

### Opinion

We have audited the financial statements of FARA Foundation (Limited by Guarantee) (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, 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 group's and of the parent charitable company's affairs as at 31 December 2021 and of the group's 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;
- have been prepared in accordance with the requirements of the Companies Act 2006 and 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group and the parent company's ability to continue as a going concern for a period of at least 12 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the Trustees' Report (incorporating the Directors' Report and Chairman's Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (incorporating the Directors' Report and Chairman's Report) has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (incorporating the Directors' Report and Chairman's Report).

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARA FOUNDATION (LIMITED BY GUARANTEE)

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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees'/directors' remuneration specified by law are not made; 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 set out on page 2, 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 group's and the parent 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 group or the parent 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.

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.

Enquiring of management concerning the company's policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

Due to the large number of locations and people involved a review and testing of the internal controls was deemed appropriate as this is thought to be an area susceptible to fraud. These controls are designed to prevent fraud by shop staff and the public.

Discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud.

Obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on operations.

The key laws and regulations we considered in this context included the UK Companies Act 2006 and the accounting standard. The engagement team is familiar with these and has resources available to support the review. Other relevant laws and regulations are those concerned with the retail activity of the company, for which the management's assumptions and decisions were reviewed.

Due to the differences in the activities between the various components of the group, these were reviewed individually for each component.

In order to address the risk of fraud through management override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected variances.
- Tested journal entries to identify unusual transactions.
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.
- Investigated the rationale behind significant or unusual transactions.
- Reviewed if any Serious Incident Reports had been submitted to the Charity Commission and performed an assessment of any Whistleblowing matters

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARA FOUNDATION (LIMITED BY GUARANTEE)

The procedures carried out which relate to detecting errors in the application of the laws and regulations are thought to be capable of detecting, and advising the correction of, any irregularities.

As explained above the shops are identified as a high risk area for fraud. For this reason both substantive procedures and tests of control were carried out to gain reasonable assurance. However, the audit team understands that there are inherent limitations to the ability to detect all actual or suspected instances of fraud and the further removed non-compliance with laws and regulations is from the events and transactions reported within the financial statements, the greater the risk that we will not become aware of it.

Misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. However, audit procedures were designed to account for the management override of controls being considered a high risk.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> .

This description forms part of our auditor's report.

### Use of our report

This report is made solely to the 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 company's members those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Lisa Wilson FCA (Senior Statutory Auditor)  
For and on behalf of Rothmans Audit LLP  
Statutory Auditors  
Chartered Accountants  
Chilworth Point  
1 Chilworth Road  
Southampton  
SO16 7JQ

Date: .....29...September...2022

Rothmans Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Rothmans Audit LLP is a limited liability partnership registered in England and Wales (registered number OC426200)

FARA FOUNDATION (LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
For the Year Ended 31 December 2021

	Note	2021 (Total) Unrestricted Funds £	2020 Total funds £
<b>INCOME</b>			
Donations and legacies:			
Donations and other voluntary income (including Gift Aid)		43,763	56,572
Income from other trading activities:			
Retail income	3	8,094,074	5,302,785
Property management charges		3,300	2,898
Coronavirus job retention scheme		755,058	1,265,020
Retail and hospitality grant		605,887	770,000
Investment income:	4	111,234	197,634
<b>TOTAL INCOME</b>		<u>9,613,316</u>	<u>7,594,909</u>
<b>EXPENDITURE</b>			
Costs of raising funds:			
Retail costs	3	7,868,127	6,833,487
Portfolio management		8,266	-
Expenditure on charitable activities:			
Provision of Funding for Child, Youth, Adult Care & Educational Services	6	2,005,565	677,753
<b>TOTAL EXPENDITURE</b>		<u>9,881,958</u>	<u>7,511,240</u>
<b>Net income / (expenditure) for the year</b>		(268,642)	83,669
Net gains / (losses) on revaluation of fixed assets		(70,000)	-
Net gains / (losses) on investments		261,763	(815,080)
<b>NET MOVEMENT OF FUNDS FOR THE YEAR</b>		<u>(76,879)</u>	<u>(731,411)</u>
<b>Reconciliation of funds:</b>			
TOTAL FUNDS BROUGHT FORWARD		10,561,419	11,292,830
<b>NET MOVEMENT OF FUNDS FOR THE YEAR</b>		<u>(76,879)</u>	<u>(731,411)</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>10,484,540</u>	<u>10,561,419</u>
<b>Represented by:</b>			
Designated funds		8,785,244	5,632,263
General funds		1,699,296	4,929,156
		<u>10,484,540</u>	<u>10,561,419</u>

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

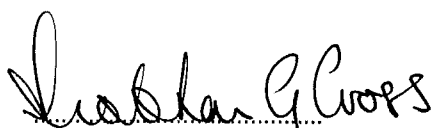
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
For the Year Ended 31 December 2021**

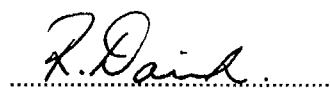
The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derives from continuing activities. Total income of the parent Charity is £4,084,142 (2020: £2,894,545). Total resources expended by the parent Charity amounted to £4,402,783 (2020: £2,810,877). An amount of £261,763 (2020: £815,080 loss) was recognised in respect of gains on fixed asset investments. The Charity's statement of financial activities is not disclosed as a separate statement, as permitted by Section 408 of the Companies Act 2006.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
**CONSOLIDATED BALANCE SHEET**  
**As at 31 December 2021**

	Note	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
<b>FIXED ASSETS</b>					
Tangible assets	10	519,845	46,312	592,578	14,527
Investments	11	5,264,010	5,312,584	4,368,711	4,417,285
<b>Debtors:-</b> Amounts falling due after one year					
	12	-	250,000	18,000	300,000
<b>CURRENT ASSETS</b>					
Debtors	12	751,188	503,585	800,674	761,089
Cash at bank and in hand		3,887,790	3,789,920	4,222,229	4,173,448
Investments	13	923,552	923,552	923,552	923,552
		<u>5,562,530</u>	<u>5,217,057</u>	<u>5,946,455</u>	<u>5,858,089</u>
<b>Less: CURRENT LIABILITIES</b>					
Creditors:-					
Amounts falling due within one year	14	383,360	249,031	364,325	13,296
		<u>5,179,170</u>	<u>4,968,026</u>	<u>5,582,130</u>	<u>5,844,793</u>
<b>NET CURRENT ASSETS</b>					
		<u>5,179,170</u>	<u>4,968,026</u>	<u>5,582,130</u>	<u>5,844,793</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		10,963,025	10,576,922	10,561,419	10,576,605
<b>Less: PROVISIONS FOR LIABILITIES</b>					
	15	478,485	57,195	-	-
		<u>10,484,540</u>	<u>10,519,727</u>	<u>10,561,419</u>	<u>10,576,605</u>
<b>NET ASSETS</b>					
		<u>10,484,540</u>	<u>10,519,727</u>	<u>10,561,419</u>	<u>10,576,605</u>
<b>FUNDS</b>					
<b>Unrestricted income funds</b>					
Designated funds		8,785,244	8,785,244	5,632,263	5,340,837
General funds		1,699,296	1,734,483	4,929,156	5,235,768
		<u>10,484,540</u>	<u>10,519,727</u>	<u>10,561,419</u>	<u>10,576,605</u>
<b>TOTAL UNRESTRICTED INCOME FUNDS</b>					
	16	10,484,540	10,519,727	10,561,419	10,576,605

Approved by the Board of Trustees on 02/01/2022 and signed on their behalf by:-

  
 Ms S G Cross  
 Chairman

  
 Mr R Davidson  
 Trustee

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**GROUP CASH FLOW STATEMENT  
For the Year Ended 31 December 2021**

	<b>2021</b>	<b>2020</b>
	£	£
<b>Net incoming / (outgoing) resources</b>	(268,642)	83,668
Adjustments to exclude investment income and non-cash items (see Note A below)	538,579	(323,796)
	<hr/>	<hr/>
<b>Net cash inflow / (outflow) from operating activities</b>	269,937	(240,128)
	<hr/>	<hr/>
<b>Return on investment and servicing of finance</b>		
Investment income (not reinvested)	19,680	20,901
	<hr/>	<hr/>
<b>Capital expenditure and financial investment:</b>		
Purchase of tangible fixed assets	(82,074)	(25,279)
Proceeds of sale of tangible fixed assets	-	600
Purchase of investments	(2,108,079)	(700,000)
Sale of investments	1,566,098	1,883,856
	<hr/>	<hr/>
<b>Net cash inflow / (outflow) from investing activities</b>	(604,376)	1,180,078
	<hr/>	<hr/>
<b>Increase / (Decrease) in cash</b> (see Note B below)	(334,439)	939,950
	<hr/> <hr/>	<hr/> <hr/>
<b>Note A</b>		
<b>Adjustments to exclude investment income and non-cash items:-</b>		
Investment income	(111,234)	(197,634)
Depreciation	84,807	63,057
(Increase) / decrease in debtors	67,486	(193,377)
Increase / (decrease) in creditors	19,035	4,758
Increase / (decrease) in provisions	478,485	-
Profit on sale of tangible fixed assets	-	(600)
	<hr/>	<hr/>
<b>Total adjustments</b>	538,579	(323,796)
	<hr/> <hr/>	<hr/> <hr/>
<b>Note B</b>		
<b>Increase in cash at bank and in hand</b>		
Cash at 1 January 2021	4,222,229	3,282,279
Increase / (Decrease) in cash (above)	(334,439)	939,950
	<hr/>	<hr/>
Cash at 31 December 2021	3,887,790	4,222,229
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2021**

1. **ACCOUNTING POLICIES**

The following are the main accounting policies adopted by the Charity:-

**Basis of preparation**

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the 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 (FRS102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS102. The charity has prepared the financial statements in compliance with the Charity's governing documents and in accordance with the following accounting policies. All monetary values are calculated under the historic cost convention, as modified by the revaluation of investments.

**Going concern**

The Trustees have not identified any material uncertainties and are not aware of any specific or general event that would place significant doubt on the charity's ability to continue as a going concern. The Trustees' forecasts and ongoing assessment of operations, activities and reserves forms the basis of their assessment of going concern, which covers a period of at least twelve months from the date of approval of these financial statements.

**Group financial statements**

The financial statements consolidate the results of the charity and its wholly owned subsidiaries, FARA Enterprises Limited and FARA Properties Limited, on a line by line basis. A separate Statement of Financial Activities for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

**Significant Estimates and Judgements**

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for directors to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statement and the reporting amounts of revenues and expenses during the year. Actual outcomes could differ from those estimates and assumptions used. The accounting judgements and estimates that could have significant impact on the results of the company are set out below and should be read in conjunction with the information provided in the notes to the financial statements:

**Critical Judgements**

- Management determine whether financial instruments are basic or advanced and when to deal with recognising, derecognising, measuring and disclosing financial instruments. These decisions depend on an assessment made of the accounting standards.
- Management determine whether certain entities are controlled or not. These decisions are based on several factors including, but not limited to; the percentage of share capital owned and the number of directors the company is able to appoint to the board of any subsidiaries or associated entities.
- Management determine whether the fair value of equity investments can be measured reliably. Unless the shares are publically traded, or have been valued for other purposes, the directors do not believe they can be reliably measured.
- Income is recognised when the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.
- Management determine whether leases entered into by the charity either as a lessor or a lessee are an operating lease or financial lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Management determine whether a dilapidation cost is likely to be incurred on leaving the rental properties.

**Significant Estimates**

- To determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2021**

**1. ACCOUNTING POLICIES (continued)**

Significant Estimates (continued)

- Where there are indications of impairment to trade debtors, management perform an impairment test. The amount of the loss is determined by looking at the carrying value of the trade debtor and comparing it with the present value of the estimated cash flows discounted at the effective interest rate.
- To determine whether there are indicators of impairment of the charity's investment assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- The investment property is valued by either the director or external valuers and as such there will inevitably be a degree of estimation involved as the value can only ultimately be confirmed on sale.
- As week 52 of the financial year ended on the 25/12/2021 management have determined that sales after this point to the year-end be included in the next financial year, and have been deferred on that basis.
- To determine the provision for dilapidations management review the actual costs incurred on leaving properties vacated in the last two years to calculate an average cost per square metre.

**Income and expenditure**

All incoming resources are included in the Statement of Financial Activities when the Group is legally entitled to the income, the receipt of such income is probable and the amount can be measured with sufficient accuracy.

Donations and other voluntary income represents donations and associated Gift Aid receipts and is recognised when the charity is entitled to receive the donation.

Shops income generated by the charity's trading subsidiary is included under Retail Income and accounted for on an accruals basis. Gifts donated for resale in the charity shops are reported as income once the goods are sold and associated Gift Aid income is estimated and accrued based upon the point of sale.

No amounts are included in the financial statements for services donated by volunteers.

Grants from governments and other agencies have been included within 'Income from other trading activities', and are recognised on receipt where there are no obligations to be fulfilled. The group utilised the support of the Retail, Hospitality and Leisure Grant Fund for the charity's retail operations in accordance with guidance provided by The Department of Business, Energy and Industrial Strategy (BEIS). The group also utilised the Coronavirus Job Retention Scheme (CJRS). Employee costs have been recognised in full in the financial statements and the CJRS has been included within income from trading activities as the employees' costs supported by these grants are engaged in retail activities.

Investment income represents interest from cash held and income from listed investments. Interest receivable and dividend and other investment income is recognised on an accruals basis.

Expenditure is recognised on an accruals basis. Costs are allocated to the cost of raising funds and expenditure on charitable activities on the basis of direct allocation together with an allocation of support costs. Support costs are of a more general nature and include those functions that assist the work of the charity but do not directly undertake charitable activities, including charity back office costs, financial costs and governance costs incurred in governing the Charity's assets, primarily associated with constitutional and statutory requirements of operating the Charity. Support costs are analysed more fully in note 7.

Costs of raising funds comprise costs incurred in attracting voluntary income together with undertaking trading activities in the subsidiary company to raise funds and costs incurred in managing the charity's investment portfolio to generate a return on investment. Retail costs do not include any valuation of donated goods sold, as permitted by the SORP FRS 102.

As of 1 January 2021 grants payable are payments made to Fundatia FARA in the furtherance of the charitable objects of the charity. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside of the control of the charity.

Up to 31 December 2020 funds advanced to Romania and expenses incurred in connection with directly supporting the Romanian charitable programmes were included within the Statement of Financial Activities as costs of charitable activities.

## FARA FOUNDATION (LIMITED BY GUARANTEE)

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

#### 1. ACCOUNTING POLICIES (continued)

##### Funds

Unrestricted (General) Funds represent general reserves of accumulated unrestricted surpluses and deficits. If such funds have been specifically earmarked for a particular project or use by the Trustees, the funds are denoted as Designated Funds. Restricted funds are set aside and used in accordance with the conditions stipulated by the donor. At the reporting date, the charity held no restricted funds.

##### Taxation

The company is a charity within the meaning of Part 1 of Schedule 6 to the Finance Act 2010. Accordingly the charity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the periods. The subsidiaries' corporation tax charges on profit on ordinary activities for the year amounted to £nil (2020: £nil).

Irrecoverable VAT is charged to the Statement of Financial Activities when incurred and is included within the expenditure category to which it relates.

Tax recovered from voluntary income received under Gift Aid is recognised when the related income is considered receivable and is allocated to the income category to which it relates. Both of the subsidiary companies, FARA Enterprises Limited and FARA Properties Limited, have agreements in place with the parent Charity to covenant their profits to the Charity under Gift Aid.

##### Tangible assets

Tangible fixed assets are stated at historical cost less accumulated depreciation, with the exception of freehold land and buildings which is detailed below. Tangible fixed assets are reviewed annually for indicators of any impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on assets held at cost less depreciation is charged as to allocate the cost of assets less their residual value over their estimated useful lives. Depreciation rates range as follows:-

Leasehold land and buildings	-	Over the term of the lease
Fixtures and fittings	-	33% on reducing balance
Motor vehicles	-	25% on reducing balance
Office equipment	-	33% on reducing balance
Website	-	straight line over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed and if appropriate are adjusted if there is an indication of a significant change the last reporting date.

The freehold property is recognised under the revaluation model. The property is carried at fair value determined at regular intervals by external experts and the Trustees and is derived from the current rents and yields from comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in the Statement of Financial Activities. The Trustees have given consideration to the residual value (its scrap or residual value at the end of its economic life) as this value, having been deducted against the carrying value of the freehold property in the accounts, would determine the depreciation charge to be applied to the property for each year of its remaining useful economic life. The Trustees are of the opinion that the residual value of the property, being the estimated amount the charity would currently obtain on disposing of the property less costs of disposal, if the property were already of the age and condition expected at the end of its useful economic life, is not significantly different to the fair value currently reported in the balance sheet. Accordingly, no depreciation has been charged on the freehold property.

##### Investments

Investments are shown at market value where there is readily identifiable market value. Unlisted shares, where there is no readily identifiable market value, are recorded at cost or a nominal amount.

## FARA FOUNDATION (LIMITED BY GUARANTEE)

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2021

#### 1. ACCOUNTING POLICIES (continued)

##### Investments (continued)

Investments are revalued at the Balance Sheet date so that when investments are sold, gains or losses which arose before the previous year end have already been recognised. Movements in value arising from investment changes or revaluation, together with profits on disposal of investments, have been recognised in the Statement of Financial Activities.

Current asset investments comprises of savings with an original maturity of more than three months but less than one year.

##### Foreign currency transactions

The functional currency of the charity is Sterling. Transactions involving foreign currencies are translated into sterling equivalents using rates of exchange prevailing at the transaction date. Assets and liabilities held in foreign currency at the balance sheet date are valued at the rate prevailing at that date. Differences on exchange are taken to the Statement of Financial Activities.

##### Pension costs

Contributions paid by the group to defined contribution pension schemes for eligible employees are charged to the Statement of Financial Activities in the year they are payable to the scheme.

##### Operating leases

Rentals payable under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight-line basis over the term of the lease. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

##### Provisions for dilapidation

Provisions represent the best estimate of the liability at the balance sheet date of probable future costs of restoring rented properties to their required condition at the end ultimate expiry of the lease. Expectations are revised at each period end until the actual liability arises, with any difference accounted for in the period in which the revision is made.

##### Debtors

Debtors receivable within one year or upon demand are recorded at transaction price whether or not a rate of interest is charged on the balance. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

##### Creditors

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

##### Financial instruments

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

#### 2. LEGAL STATUS OF THE CHARITY

The Charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2021

**3. RETAIL ACTIVITIES IN GENERATING FUNDS**

<b>2021</b>	<b>FARA Foundation £</b>	<b>FARA Enterprises £</b>	<b>Total 2021 £</b>
Retail income (shops' sales)	2,201,254	5,892,820	8,094,074
Retail expenditure (shops' costs)	(1,855,123)	(5,999,667)	(7,854,790)
Support costs	<u>(3,627)</u>	<u>(9,710)</u>	<u>(13,337)</u>
Net funds generated from retail activities	<u>342,504</u>	<u>(116,557)</u>	<u>225,947</u>
<b>2020</b>	<b>FARA Foundation £</b>	<b>FARA Enterprises £</b>	<b>Total 2020 £</b>
Retail income (shops' sales)	1,914,798	3,387,987	5,302,785
Retail expenditure (shops' costs)	<u>(1,705,152)</u>	<u>(5,128,335)</u>	<u>(6,833,487)</u>
Net funds generated from retail activities	<u>209,646</u>	<u>(1,740,348)</u>	<u>(1,530,702)</u>

Retail income includes donations from supporters and the Gift Aid which has been claimed from the proceeds arising on the sale of the donor's goods through the shops of FARA Enterprises Limited.

**4. INVESTMENT INCOME**

	<b>Total 2021 £</b>	<b>Total 2020 £</b>
Income from listed investments (reinvested)	104,995	164,881
Interest from cash held	6,239	32,753
Total investment income	<u>111,234</u>	<u>197,634</u>

**5. GRANTS PAYABLE**

At the beginning of the year under review, the charity moved to a grant-making organisation, a change in the way FARA delivers its charitable benefits, as more fully outlined in the Trustees' Report. Grants payable to Fundatia FARA in accordance with the charity's grant-making policy were as follows during the year:

	<b>2021 £</b>	<b>2020 £</b>
Child, youth and adult care	1,734,234	-
	<u>1,734,234</u>	<u>-</u>

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2021

6. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct programme running costs 2021 £	Grant funding programme 2021 £	Support costs 2021 £	Total 2021 £	Total 2020 £
<b>Expenses incurred in Romania</b>					
Head office operations & fundraising	-	-	-	-	167,550
Therapy and rehabilitation	-	-	-	-	190,095
Family for those without	-	-	-	-	62,124
Adults with learning disabilities	-	-	-	-	86,083
Youth Services	-	-	-	-	101,438
Tackling Poverty Through Education	-	-	-	-	70,463
<b>Grants payable</b>					
Child, youth and social care	-	1,734,234	271,331	2,005,565	-
<b>Total Expenditure on Charitable Activities</b>		<b>1,734,234</b>	<b>271,331</b>	<b>2,005,565</b>	<b>677,753</b>

7. ANALYSIS OF SUPPORT COSTS

<u>2021</u>	Total support costs £	Charity admin and office £	Charity staff and consult- ancy £	Finance charges & govern- ance £	Miscell- aneous £
<b>Grants payable</b>					
Child, youth and social care	271,331	57,907	177,823	15,867	19,734
<b>Raising Funds: Shops' costs</b>	13,337	-	-	13,337	-
	<b>284,668</b>	<b>57,907</b>	<b>177,823</b>	<b>29,204</b>	<b>19,734</b>
<u>2020</u>					
<b>Expenses incurred in Romania</b>					
Head office operations & fundraising	35,626	5,554	13,285	16,072	715
Therapy and rehabilitation	40,398	6,303	15,075	18,209	811
Family for those without	13,096	2,022	4,937	5,871	266
Adults with learning disabilities	18,435	2,841	6,986	8,241	367
Youth Services	21,569	3,363	8,043	9,730	433
Tackling Poverty Through Education	14,989	2,385	5,414	6,890	300
	<b>144,113</b>	<b>22,468</b>	<b>53,740</b>	<b>65,013</b>	<b>2,892</b>

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2021**

**8. EXPENDITURE**

Total resources expended for the year is stated after charging:-

	<b>Total 2021</b>	<b>Total 2020</b>
	<b>£</b>	<b>£</b>
Operating lease rentals (land and buildings)	1,497,684	1,385,012
Depreciation charges for the year	84,808	63,057
Auditor's remuneration	11,277	7,003
Non-audit compliance services	4,221	3,496
	<hr/>	<hr/>
	1,597,990	1,458,569
	<hr/>	<hr/>

No non-cash benefits were received by the auditors during either reporting period.

**9. STAFF AND TRUSTEE INFORMATION**

**2021**

	<b>FARA Foundation £</b>	<b>FARA Enterprises Limited £</b>	<b>Total 2021 £</b>
<b>Staff costs</b>			
Salaries	67,128	3,863,657	3,930,785
Social security	-	330,118	330,118
Pensions	1,270	78,825	80,095
	<hr/>	<hr/>	<hr/>
Total	68,398	4,272,600	4,340,998
	<hr/>	<hr/>	<hr/>

**2020**

	<b>FARA Foundation £</b>	<b>FARA Enterprises Limited £</b>	<b>Total 2020 £</b>
<b>Staff costs</b>			
Salaries	52,532	4,126,148	4,178,680
Social security	-	302,047	302,047
Pensions	1,208	19,838	21,046
	<hr/>	<hr/>	<hr/>
Total	53,740	4,448,033	4,501,773
	<hr/>	<hr/>	<hr/>

The average number of staff employed during the period on a full time equivalent basis for FARA Enterprises Limited was 305 (2020: 297), and of these employees 1 (2020: 1) received emoluments in excess of £60,000. The number of staff employed for FARA Foundation (Limited by Guarantee) was 1 (2020: 1).

During the period expenses totalling £343 were reimbursed to one Trustee (2020: £1,330 to three trustees) in relation to travel costs to Romania. No remuneration was paid to the Trustees in the period. The key management personnel of the parent charity comprise the Trustees. The total employee benefits of the key management personnel were £nil (2020: £nil). The key management personnel of the group comprise those of the parent charity and the key management personnel of its wholly owned subsidiary, FARA Enterprises Limited. The key management personnel of FARA Enterprises Limited are the executive and non-executive Directors whose employee benefits total £298,355 (2020: £276,742). The employee benefits of key management personnel for the group were therefore £298,355 (2020: £276,742).

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2021

10. TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings £	Leasehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Website £	Total £
<b>Cost or valuation</b>						
Balance at 1 January 2021	340,000	128,697	1,022,492	77,522	-	1,568,711
Additions	-	1,807	13,801	-	66,466	82,074
Disposals	-	(15,889)	-	-	-	(15,889)
Revaluation	(70,000)	-	-	-	-	(70,000)
Balance at 31 December 2021	270,000	114,615	1,036,293	77,522	66,466	1,564,896
<b>Depreciation</b>						
Balance at 1 January 2021	-	74,964	835,605	65,564	-	976,133
Charge for the year	-	15,182	44,480	2,990	22,156	84,808
Eliminated on disposal	-	(15,990)	-	-	-	(15,990)
Balance at 31 December 2021	-	74,257	880,085	68,554	22,156	1,045,052
<b>Net book values</b>						
At 31 December 2021	270,000	40,358	156,208	8,968	44,310	519,845
At 31 December 2020	340,000	53,733	186,887	11,958	-	592,578

The £40,358 (2020: £53,733) included within leasehold land and buildings relates entirely to short leasehold properties.

Fixtures and fittings held by the parent charity have a net book value of £2,878 (2020: £1,788). These were acquired at a cost of £5,729 and depreciation of £719 has been charged during the year. Short leasehold assets held by the parent charity have a net book value of £10,295 (2020: £12,739). These were acquired at a cost of £20,073 and depreciation of £2,444 has been charged during the year. Website assets owned by the parent charity were acquired at a cost of £49,709 during the year, against which depreciation of £16,570 was charged, leaving a carrying value of £33,140 in the books of the parent charity at the year end.

11. FIXED ASSET INVESTMENTS

GROUP	Listed Investments £	Total 2021 £	2020 £
<b>MARKET VALUE</b>			
As at 1 January 2021	4,368,711	4,368,711	6,202,765
Purchase of investments at cost	2,108,079	2,108,079	700,000
Dividends reinvested	91,640	91,640	164,882
Disposal of investments	(1,534,665)	(1,534,665)	(1,883,856)
Net investment gains/(losses)	230,245	230,245	(815,080)
As at 31 December 2021	5,264,010	5,264,010	4,368,711

Listed investments include overseas investments of £1,722,070 (2020: £579,043). No shareholdings of over 5% were held by FARA Foundation in any one company.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2021**

**11. FIXED ASSET INVESTMENTS (continued)**

The cash reserves of the Charity continue to be considered an integral part of the charity's overall investment portfolio and the Trustees keep the investment policy under regular review to ensure the equity investments will not need to be encashed in the short term.

**CHARITY**

Held by the  
Charity  
£

**Cost**

As at 1 January 2021

£48,574

As at 31 December 2021

£48,574

The company's investments at the balance sheet date in the share capital of companies include the following:

The Charity owns 100% of the 5,000 (2020: 5,000) issued ordinary shares of FARA Enterprises Limited, a company incorporated on 16 March 1992 (number 02697467). The principal activity of this company is the sale of donated goods through a chain of Charity shops for the purpose of making charitable donations to FARA Foundation (Limited by Guarantee). The company's net assets as at 31 December 2021 amount to £14,511 (2020: £14,511).

In addition to the trading subsidiary FARA Enterprises Limited, the Charity owns 100% of the 2 issued ordinary shares of FARA Properties Limited (number 03542825). The company was incorporated on 2 April 1998. The principal activity of this company is that of property letting. The company's net liabilities as at 31 December 2020 amount to £230,322 (2020: £160,322).

**12. DEBTORS**

	<b>Group 2021 £</b>	<b>Charity 2021 £</b>	<b>Group 2020 £</b>	<b>Charity 2020 £</b>
<b>Amounts falling due within one year:-</b>				
Trade debtors	24,610	-	13,194	-
Other debtors and prepayments	726,578	503,585	787,480	761,089
	751,188	503,585	800,674	761,089
	751,188	503,585	800,674	761,089
<b>Amounts falling due after one year:-</b>				
Other debtors	-	250,000	18,000	300,000
	-	250,000	18,000	300,000
	-	753,855	18,000	1,061,089

At the previous year end date, FARA Enterprises Limited owed the Charity £332,979, the balance being included within debtors falling due within one year. At the current reporting date, FARA Enterprises Limited was a creditor to the charity in the sum of £242,706, with this liability reported within creditors falling due within one year, as recorded in note 14.

At the balance sheet date FARA Properties Limited owed the Charity £302,182 (2020: £320,133). The initial loan of £479,198 is repayable after more than one year and interest is charged at a rate of 5%. This loan has been impaired by the parent charity in its own books to reflect the diminution in value of the investment property held by FARA Properties Limited connected to the loan. Of the balance outstanding, a sum of £250,000 (2020: £300,000) is retained within debtors falling due after one year.

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2021

13. CURRENT ASSET INVESTMENTS

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Deposit accounts	923,552	923,552	923,552	923,552
	<u>923,552</u>	<u>923,552</u>	<u>923,552</u>	<u>923,552</u>

14. CREDITORS

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
<b>Amounts falling due within one year:-</b>				
Trade creditors	138,768	-	166,350	-
Taxation and social security	-	-	6,338	-
Other creditors and accruals	224,012	249,031	191,637	13,296
Deferred income	20,580	-	-	-
	<u>383,360</u>	<u>249,031</u>	<u>364,325</u>	<u>13,296</u>

15. PROVISIONS

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
<b>As at 1 January 2021</b>				
Arising in the year	-	-	-	-
Utilised in the year	478,485	57,195	-	-
	<u>478,485</u>	<u>57,195</u>	<u>-</u>	<u>-</u>

Provisions are for dilapidations arising where property leases oblige the group to cover the cost of restoring retail and office properties to their original condition when ending its occupation as those leases terminate.

16. ANALYSIS OF GROUP CHARITABLE FUNDS

	At 1 January 2021 £	Incoming resources £	Outgoing resources £	Gains and losses £	Transfers between funds £	At 31 December 2021 £
<b>Unrestricted funds</b>						
Designated funds	5,632,263	-	-	-	3,152,981	8,785,244
General funds	<u>4,929,156</u>	<u>9,613,316</u>	<u>(9,881,958)</u>	<u>191,763</u>	<u>(3,152,981)</u>	<u>1,699,296</u>
	<u>10,561,419</u>	<u>9,613,316</u>	<u>(9,881,958)</u>	<u>191,763</u>	<u>-</u>	<u>10,484,540</u>

All of the charity funds are for the long-term commitment to children and young adults who are likely to remain within the charity's care for the duration of their lifetime.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2021**

**17. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Within one year	788,250	935,293
Between one and five years	631,698	1,243,545
After more than five years	-	14,467
	1,419,948	2,193,305

**18. TRADING SUBSIDIARIES**

The Charity owns 100% of the 5,000 issued ordinary shares of FARA Enterprises Limited, a company incorporated on 16 March 1992. The principal activity of this company is the sale of donated goods through a chain of Charity shops for the purpose of donating its profits to FARA Foundation.

The Charity also owns 100% of the 2 issued ordinary shares of FARA Properties Limited, a company incorporated on 2 April 1998. The principal activity of this company is the rental of property for the purpose of donating its profits to FARA Foundation.

The assets, liabilities and trading results of FARA Enterprises Limited and FARA Properties Limited are provided below:-

	<b>FARA Properties Limited</b>	<b>FARA Enterprises Limited</b>	<b>Total 2021</b>	<b>Total 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Subsidiary assets and liabilities</b>				
Tangible fixed assets	270,000	203,533	473,533	578,051
Stock	-	-	-	-
Debtors	-	558,298	558,298	412,442
Cash at bank and in hand	66,452	31,418	97,870	48,781
Creditors:-				
Amounts falling due within one year	(87,576)	(357,448)	(445,024)	(705,887)
Amounts falling due after one year	(479,198)	-	(479,198)	(479,198)
Provisions for liabilities	-	(421,290)	(421,290)	-
	(230,322)	14,511	(215,811)	(145,811)
<b>Capital and reserves</b>				
Called up share capital	2	5,000	5,002	5,002
Other reserves	(229,680)	-	(229,680)	(159,680)
Retained earnings	(644)	9,511	8,867	8,867
	(230,322)	14,511	(215,811)	(145,811)
<b>Net assets</b>	(230,322)	14,511	(215,811)	(145,811)

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2021

**18. TRADING SUBSIDIARY (continued)**

<b>Subsidiary trading results</b>	<b>FARA Properties Limited £</b>	<b>FARA Enterprises Limited £</b>	<b>Total 2021 £</b>	<b>Total 2020 £</b>
Turnover	32,500	7,297,568	7,330,068	4,779,688
Other income	1,500	1,774,339	1,775,839	2,436,681
<hr/>				
Total incoming resources	34,000	9,071,907	9,105,907	7,216,369
Costs of sales	-	(5,618,897)	(5,618,897)	(5,260,055)
Administration and overheads	(26,917)	(2,235,005)	(2,261,922)	(1,647,749)
Unrealised revaluation of investment property	(70,000)	-	(70,000)	-
<hr/>				
Net incoming resources	(62,917)	1,218,005	1,155,088	308,565
Donation to FARA Foundation	(7,083)	(1,218,005)	(1,225,088)	(308,565)
<hr/>				
Net movement in shareholders' funds	(70,000)	-	(70,000)	-

**19. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

At 31 December 2021 and 31 December 2020 there were no contingent liabilities or capital commitments arising for the group.

**20. RELATED PARTY TRANSACTIONS**

During the year, FARA Enterprises Limited and FARA Properties Limited made transfers under Gift Aid of their trading profits amounting to £1,218,005 (2020: £308,296) and £7,083 (2020: £269) respectively. Costs recharged by FARA Enterprises Limited for the use of the charity shops in connection with the Retail Gift Aid Scheme amounted to £1,786,461 (2020: £1,705,152)

At the reporting date, the charity was owed amounts from its subsidiary undertakings, the details of which are reported more fully in note 12.

All transactions that occurred during the year between the charity and its subsidiary undertakings were at arm's length.

During the year Mrs J Nicholson, the Chairman of Trustees of FARA Foundation (Limited by Guarantee) received rent totalling £4,800 (2020: £4,800). The rent charged is below market rate.

During the year Ms M J Hill, a trustee who resigned in the year, received £nil (2020: £4,988) in relation to training which the board of trustees considered would benefit the charity.

**FARA FOUNDATION**

England & Wales - Charity number 1139349

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# Accounts

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**FARA FOUNDATION**  
**(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED ANNUAL REPORT & FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

Principal Office:-  
51 High Street  
Walsingham  
Norfolk  
NR22 6BZ

Tel: 01328 821444  
Fax: 01328 821555  
Website: [www.FARACHarity.org](http://www.FARACHarity.org)

Registered Charity No: 1139349  
Registered Company No: 07432706

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

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for the Year Ended 31 December 2020**

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**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
for the Year Ended 31 December 2020**

**INCORPORATION**

The charitable company was incorporated on 8 November 2010.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**

07432706 (England and Wales)

**Registered Charity number**

1139349

**Registered office**

51 High Street  
Walsingham  
Norfolk  
NR22 6BZ

**Key Management Personnel**

**Trustees**

Mrs J Nicholson - Chairman  
Mrs L J Dawson  
Ms S G Cross  
Ms M J Hill (resigned 8.3.21)  
Mr R H C Chalk  
Mr P W Groves  
Ms O P E Rimbart  
Ms E H A Middleton (appointed 8/3/21)  
Mrs P J Gitlin

**Company Secretary**

Mr R Phelan

**Senior Managers of FARA Enterprises Limited**

**Directors**

Mr R Phelan – Managing Director  
Ms S Drake – Operations Director  
Ms E L Ashby – Development & Marketing Director  
Mrs S M Buxton (resigned 15.10.20)  
Mrs L J Dawson  
Ms F Balasel (appointed 1.1.20)  
Mr P W Groves (appointed 16.11.20)  
Ms E H A Middleton

**Senior Managers of FARA Properties Limited**

**Directors**

Mrs J Nicholson  
Mr R Phelan

**Auditors**

Rothmans Audit LLP  
Statutory Auditors  
Chartered Accountants  
Chilworth Point  
1 Chilworth Road  
Southampton  
Hampshire  
SO16 7JQ

**Patrons**

H R H The Prince of Wales  
Eugene Sârbu

**Administrator**

Mrs E Johnson

**Bank**

Barclays Bank Plc

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
for the Year Ended 31 December 2020**

**STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of FARA Foundation (Limited by Guarantee) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing those financial statements, the Trustees are required to:-

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charity SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

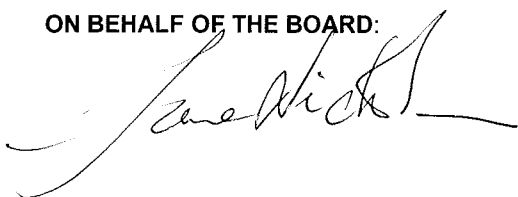
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

**AUDITORS**

The auditors, Rothmans Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
Mrs J Nicholson - Trustee

Date: 28TH June 2021

**CHAIRMAN'S REPORT  
ON BEHALF OF THE BOARD OF TRUSTEES  
For the Year Ended 31 December 2020**

The FARA Foundation is a registered charity in the UK founded in 1991, it is the partner NGO of Fundatia FARA a non-profit, non-governmental organisation supporting the poorest and most vulnerable families, children, and young people in Romania. Details of the Charity's Trustees and principle officers can be found on page 1 of this report.

**Objectives and Achievements**

*FARA Foundation's Mission*

Our Mission is to transform the lives of the most vulnerable and disadvantaged living in Romania's poorest communities.

*FARA Foundation's Vision*

Our Vision is of a world in which everyone can live with freedom and dignity in a loving, protective environment, experiencing fulfilled lives whatever their ability.

*Values*

Our Values underpin all our work and are shared by all those involved in carrying out our mission both in the UK and Romania.

FARA Foundation strives to build a just society serving the common good, based on Christian values of love, justice, dignity and respect, welcoming people of all faiths and none.

- We act with kindness and compassion.
- We respect the human dignity of every person.
- We believe in practical hands-on care.
- We strive to build a just society.
- We responsibly collaborate across all sections of society.
- We strive to be a best practice organisation.

FARA Foundation was founded in 1991 and has a partner agreement with Fundatia FARA, a non-profit, non-governmental organisation founded in Romania in 1993.

FARA Foundation and Fundatia FARA collaborate with each other and work to common values, strategy and standards. The work is closely monitored and evaluated, with compliance with all safeguarding regulations regularly reported to FARA Foundation.

The Romanian word FARA means without and many of Romania's children are still living "without": without care, nurture, a voice, or security. The country despite being part of the EU remains very poor with 40% of people living in extreme poverty; children are growing up without the most basic needs for their healthy emotional, psychological, and physical development.

FARA Foundation cares for the most vulnerable social groups, facing extreme poverty, addressing social inclusion and poverty reduction. Operating in three regions of Romania, fulfilling lives, rebuilding futures, and spreading hope. Our work is life changing for many families living in abject poverty, for children and adults with disability and youth at risk.

**The Context in Which FARA Works.**

"Romania is home to almost 4 million children...half are at risk of childhood poverty and social exclusion and nearly 1 in 4 suffer from severe material deprivation." Eurostat 2017

The drive to close the State institutions has been the focus across Europe and Romania but the issues that put children into the care system have not been addressed and so many children and young people are still suffering. Today there are approximately 7000 children living in 163 institutions. The Romanian Government has been instructed by the EU to close these institutions and they intend to complete this task by 2026.

In Romania today, despite steps towards changing the system, many vulnerable social groups continue to face extreme poverty, social exclusion, and discrimination. Families living in poverty lack support leaving children susceptible to school drop-out or being placed into social service provision and the poverty cycle continues; young adults are leaving state institutions without crucial life skills, at risk of social exclusion and homelessness; children with disabilities are unable to access vital life changing therapies and education, and adults with learning disabilities remain in institutional care.

"60,000 children are separated from their families, mostly as a consequence of poverty, violence or abandonment." UNICEF Romania 2020.

"Approximately 5000 children leave institutional care each year, being vulnerable and risking poverty and/or social exclusion." UNICEF and Romanian Ministry of Youth and Sports 2015-2020.

**CHAIRMAN'S REPORT  
ON BEHALF OF THE BOARD OF TRUSTEES  
For the Year Ended 31 December 2020**

Today Fundatia FARA is one of the largest and most experienced care providers in Romania, giving support to vulnerable children and adults, youth at risk, those with learning disabilities, as well as families and their communities.

Over the last 30 years Fundatia FARA has supported over 10,000 beneficiaries and employed over 300 members of staff in Romania.

**The existing Fundatia FARA Services in Romania**

Fundatia FARA has developed successful models of care delivering support and care in Romania. Poverty leaves children susceptible to school dropout and being placed in care; it leaves young adults from state institutions without crucial life skills, at risk of social exclusion and homelessness; it leaves children with disabilities unable to access vital life-changing therapies and education, and adults with learning disabilities without important holistic care. From the first family home opened in Suceava to the latest therapy centre opened in Bucharest in 2018 FARA funds and provides services for Children with disabilities, Vulnerable Children, Adults with learning disabilities, Families in poverty and Youth at risk.

**Services for Children with Disabilities:**

In Romania there are approximately 72,000 children with disabilities registered in the state records. Many are unable to access mainstream education. FARA Foundation offers a lifeline to families who would otherwise be isolated and unable to access support for their children and themselves.

Three therapy centres provide, free of charge, therapy, and special needs education to children with complex needs from marginalised and deprived families. The centres care for over 240 children a week across the 3 centres, providing physio, speech, and sensory therapies for children with a range of disabilities.

Raphael Centre- Bucharest- Direct, 70 children, indirect an additional 70 families.

Emanuel Centre- Suceava- Direct 90 children, indirect an additional 90 families.

St Theresa's- Falticeni, Suceava County, Direct 80 children, indirect an additional 80 families.

Impact:

- 830 children and their families have accessed therapy services in FARA's centres in the last decade.
- 67% of the children enrol in mainstream kindergartens and schools following attending FARA's therapy centres.

**Child Services:**

Fundatia FARA provides a loving and supportive family life for vulnerable and neglected children over the age of 3. The children are supported to grow up in a safe and nurturing environment with a trauma informed approach. Our children's homes are recognised as models of care giving "a family for those without" and are recognised as an alternative to state care.

A family style home for children and accommodation in the form of a Student Hostel for young people in the care of FARA Foundation who are in further education.

St Nicholas, Suceava- a home registered for 12 children aged 7-18 years.

Nazareth House- student hostel for up to 4 young people in further education.

Impact-

- 71 children have been helped by FARA Family Homes to grow and embark on new lives.
- 10% of FARA's young Family Home residents have gone on to complete a University Education.

**Services for Adults with Learning Disabilities:**

Support and care for adults with learning disabilities to live a fulfilled life in a home run as a family.

Residential care for adults with learning disabilities who had a childhood living in state institutions, offering a loving, supportive life giving the adults a chance to flourish and to develop their social, spiritual, emotional, and physical wellbeing.

Casa Elisabetta- Cacica, Suceava County- registered for 8 residents.

St Marys- Suceava County- registered for 10 residents.

Impact-

- 36 adults with learning disabilities have been given a Home for Life with FARA.
- 30% of beneficiaries have gone on to live independent lives after receiving support and care in a FARA Home for Life.

**CHAIRMAN'S REPORT  
ON BEHALF OF THE BOARD OF TRUSTEES  
For the Year Ended 31 December 2020**

**Youth Services:**

Residential service for young adults at risk of homelessness or from state care offering counselling, training for employment and independent life skills for up to two years.  
135 young people.

Impact-

- In 2020, 135 young adults benefitted from the services of Fundatia FARA's two residential centres.
- Development of outreach programmes to give wider access to training, employment, housing, and personal support.

**Tackling Poverty Through Education:**

Community based education and social support programme providing children with free daily hot food and resources to support them in completing their kindergarten and primary education.

The Fundatia FARA programme helps children start and stay in school. We employ teachers, catering staff and social workers to provide a holistic package of support. We work with the whole family to change attitudes and build futures.

6 villages, Direct beneficiaries 300 children of primary school age, indirect an additional 300 families.

Impact-

- 46,000 hot meals delivered a year to the children attending school.
- 1450 material support packages delivered during the pandemic in 2020.

**Covid 19 Pandemic Response 2020**

In March 2020, the Covid Pandemic hit, and impacted both the way services could be delivered by Fundatia FARA in Romania and how funds could be raised in the UK. All international travel was stopped and movement across both Romania and the UK was restricted and the charity's shops were closed.

Both the UK and Romanian organisations followed their Governments guidelines and put in place a response to the pandemic that could protect beneficiaries and staff whilst maintaining a necessary level of care.

The UK board were informed of the impact on services in Romania and the response made to continue delivering support and care to the beneficiaries.

We worked closely with our teams in Romania to monitor and respond to the development of the Covid-19 pandemic. Our main concern was for the protection of the children, young people, and families we work with as well as our staff and their families.

The government guidelines in Romania were strictly adhered to, isolating where necessary to protect vulnerable groups of people, working remotely where possible. Our residential services have restricted access and strict hygiene protocols in place, mitigating risks to health as far as we are able.

Fundatia FARA continued giving services by developing and implementing new ways of supporting the families of children who normally access our daycentres and delivery of support to the children on our TPTE programme was continued by delivering support packages of food and hygiene products to families and helping families access services and education support for their children in the form of tablets and educational support packs.

Our commitment to supporting our direct beneficiaries and their families remains strong. The global crisis will put more strain on so many of those in our care who struggle to survive and thrive. It is vital that as an organisation we continue to build ways to protect families and communities at this time of need.

**Children with disabilities/ Therapy Centers** - The day centers were closed between March and September. Online therapy and educational tools were developed by the team and published through a private group social media platform. The therapy team developed a system of providing meetings with beneficiary's parents online and working with the children when possible, through zoom calls and other online video call services. Packs of educational equipment were sent to beneficiaries to support the ongoing development and hygiene and material support packages were provided to families who needed them.

In September, the centers reopened with strict regulations in place to keep staff and beneficiaries safe, including a reduced number of beneficiaries accessing the centers each day. The way services are provided has been adapted to include the online support provision to maintain the level of service delivery and reach.

**Family Homes and Homes for Life**- The residential services for children and adults with learning disabilities were faced with a strict lock down and staff worked on a 14-day rotation with isolation periods after finishing their shift and before returning to work. The priority was maintaining a level of care and activity to keep the beneficiaries lives as unimpacted as possible. The children in the family home received online Education each day and the staff supported them with this. When children could return to school all precautions were taken to maintain a level of safety and all government guidelines were adhered to.

**CHAIRMAN'S REPORT  
ON BEHALF OF THE BOARD OF TRUSTEES  
For the Year Ended 31 December 2020**

**TPTE** - This program is delivered through the schools. When the schools were closed the children and their families were isolated without access to support, basic hygiene supplies, food, or medical care. The team developed a system of delivering material support and food to the families from local foodbanks and supermarkets. This was a lifeline to some of the families. The lack of electricity and computers was a hindrance to online learning for the children. Some were provided with tablets to use following a campaign to raise funds for and donations of tablets but the children without the means to charge the tablets were supported with their education by the delivery of education packs.

**Youth services** - The residential service was impacted by the restrictions with the young people remaining at home. Key workers worked a longer shift pattern with isolation periods between shifts.

The programme working with young people preparing to leave care was stopped due to the imposed restrictions.

**Romania Head Office** - Staff worked from home during the period of lockdown. The IT infrastructure was developed to allow for easy communication and sharing of information across the team.

### **2020 Developments**

**Due to the impact of the pandemic all planned expansion developments to programmes were delayed and put on hold. The focus in 2020 was on sustaining a level of service delivery that could support our beneficiaries.**

**The UK foundation** commissioned an independent review of the programmes and organisation in Romania. The main objective of the review was to assess the Foundation's ability to address in the most effective and efficient manner the needs of the most disadvantaged children, youth, and their families, in alignment with its mission, vision, values and strategic objectives outlined in the 2020-2023 Strategy.

### **Governance**

FARA Foundation was incorporated as a company limited by guarantee, as defined by the Companies Act 2006 on the 8<sup>th</sup> of November 2010 and is governed by its Articles of Association. The charity has the following two wholly owned subsidiaries:

- FARA Enterprise Limited which operates the retail business for the purposes of donating all the profits to FARA Foundation.
- FARA Properties Limited which is a property holding company.

The FARA Foundation Partnership comprises of Fundatia FARA Romania and the FARA Foundation UK. These two organisations work to fulfil a shared Vision, Mission and set of Values and are governed by two boards with defined remits and responsibilities. The UK board of Trustees is represented on the Romanian Council of Administration by two members.

The Managing Director of FARA Enterprises Limited which oversees the retail business also filled the role of Company Secretary and Finance Director of the FARA Foundation. Three members of the Board of Trustees also sit on the board of FARA Enterprises Limited as Directors.

### **Appointment of Trustees**

The appointment of Trustees is outlined in the Articles of Association and follows the advice of the charity commission. During the year two of the longest standing Trustees Richard Chalk and Mary Jo Hill resigned as Trustees and stood for re-election. They were re-elected unopposed. One new Trustee Philippa Gitlin with the appropriate skills in accordance with the Articles of Association was appointed to the board in early 2020.

### **Financial review and risks**

2020 was an unprecedented year for the Foundation as it was for so many Charities. The bulk of its annual funds are generated by the fund raising activities of its 40 odd shops based in London and those funds were reduced from £1.86m in 2019 to £.31m in 2020. However by utilising its reserves in the amount of £0.82m the Foundation continued to fully fund activities in Romania. There may well be a similar impact on the shops fund raising activities in 2021 because of the government mandated closure of non-essential shops for the first three months of 2021.

It is apparent that High Street retail is facing an uncertain future with many shoppers having converted to Online shopping and many may not return to the High Street. This has fast forwarded the development of an Online Shop that will help to reduce the dependence on the High Street in the years ahead. Some High Street shops have been closed where leases have ended, and the contribution is low and each shop will be reviewed regularly by the FARA Enterprises Limited board and closed if prudent to do so.

During 2020 FARA Enterprises Limited received £1.26m under the Job Retention scheme and £.77m in Retail grants while also taking advantage of a rates holiday in the amount of £57k. This helped to ensure the survival of the shops business in 2020. Similar funding will be available in 2021 under the Job Retention Scheme and through the retail grant scheme.

**CHAIRMAN'S REPORT  
ON BEHALF OF THE BOARD OF TRUSTEES  
For the Year Ended 31 December 2020**

**Reserves Policy**

The position on cash reserves is reviewed at each Trustees meeting and the reserves policy is examined annually when the financial statements are being finalised. The crucial measure of the Charity's ability to continue its care provision in Romania is its level of liquidity cover. Accordingly, in reviewing and establishing the reserves policy, the Trustees have considered both the requirement to set aside funds for the long-term future support required in Romania, together with the short-term requirements for readily realisable assets should the economy not behave as forecast. It is acknowledged that the income from its Charity shops, which provides significant sums annually, carries risks and can be affected by a sudden downturn in economic conditions as seen with the Coronavirus pandemic which has had a significant negative impact on the Charity Shops and retail in general.

The Trustees have therefore considered it prudent to retain, as a minimum, cash reserves more than one year's projected charitable expenditure. This cash is considered as an integral part of the charity's overall investment portfolio. For the year to 31 December 2021 the net annual expenditure on the FARA Programmes in Romania is projected to be approximately £1.88m.

The Trustees recognise the long-term commitment of the Charity to an increasing number of children and adults in its care. FARA's responsibilities extend to two homes for adults with learning disabilities. These are permanent homes for these adults who will require a substantial amount of care for the rest of their lives, the running costs of which can be measured in excess of £35 million over the expected lifetime of the residents which is an average of 75 years although given the varied medical conditions many of them suffer their lifespan may be expected to be shorter.

The Trustees are able to earmark unrestricted funds for particular future charitable purposes in accordance with the Charity's objectives. Considering the above, the Trustees took the decision that funds totalling £5.63m being the total value of the freehold property held in its wholly owned subsidiary and fund investments should be specifically set aside and designated for the longer-term commitment to children and adults who are likely to remain within the Charity's care for the duration of their lifetime. The Trustees would normally expect to be able to add to this designated fund in excess of £.5 million annually in order to meet the target of £35 million for their long-term care. However due to the impact of the Coronavirus pandemic on its fundraising activities in the UK and the losses on its investments in 2020 it has not been able to add to its reserves in 2020.

The Trustees are very much aware of the fact that we can only address the enormous poverty by fighting it at grass root level. Empowerment of rural communities, education and the development of sustainable livelihood is essential to address the extreme poverty levels in rural northern Romania. This requires a long-term financial commitment and FARA will use its reserves to develop programmes in this area.

The Trustees will continue to keep the reserves policy under regular review as the impact of the current economic conditions on the Charity becomes clear.

**Investment Policy**

During 2020, FARA Foundation's entire investment in the CAF Equitrack fund and the Charity Value & Income fund and £300k in the M&G Charifund was disposed of. The proceeds were invested in Charibonds taking the holding to just over £3m as at the end of the year. This was done in order to diversify the risk associated with investing in equity funds at a time of turbulence in the stock market. This has led to free cash reserves of £4.17m or approximately two years expected annual expenditure. Cash continues to be considered as an integral part of the Charity's overall investment portfolio and the Trustees keep the investment policy under regular review to ensure the equity investments will not need to be encashed in the short term.

In 2021 the emphasis will be on generating higher returns by investing for the longer term (5 -10 years) in higher yielding equities in the belief that the shops will return to profitability and funds will not be required in the short term. To that end bond holdings have been reduced and investments made in discretionary funds managed by external experts up to £2.1m.

The Charity will consider disposing of its investment in Property through its wholly owned subsidiary FARA Properties Limited during 2021.

**Funding**

During 2021 FARA Foundation will continue to provide financial support to the programmes that operate in Romania. Due to the ongoing impact of the Coronavirus pandemic and the closure of the FARA Shops for three months from January to March 2021 it is again likely that they will be unable to continue to provide most of the necessary funding through its annual donation. FARA UK may once again have to utilise its reserves in 2021 to fund the activities in Romania while supporting the shops. FARA Romania will continue to apply to UK and European Trust Funds. FARA Romania will be expected to contribute more funds in 2021 and beyond as FARA UK continues the policy of empowering those running the programmes to raise funds locally. FARA Romania will also continue to apply for eligible funding in Europe and within Romania.

The Trustees will continue to offer their skills and experience to ensure the programmes are appropriately managed.

FARA FOUNDATION (LIMITED BY GUARANTEE)

CHAIRMAN'S REPORT  
ON BEHALF OF THE BOARD OF TRUSTEES  
For the Year Ended 31 December 2020

**Financial Report**

During 2020 FARA Foundation received £42,579 (2019 £30,832) from donations, Charitable Trusts and Gift Aid. It received £13,993 (2019: £13,118) from child sponsorship and related gift aid. Investment income was £229,899 (2019: £212,580) while the unrealised losses on fund investments amounted to (£815,078) (2019: gains £556,484).

The donation from the shops has fallen to £308,296 (2019: 1,856,666) during the year. The donation from FARA Properties Limited. has fallen to £269 (2019: £2,116)

The reserves position of the Charity has deteriorated from £11.31m in 2019 to £10.58m in 2020.

FARA Properties Limited continues to rent out the property in Pimlico. The property consists of a shop space rented out to FARA Enterprises Limited and three flats on long leases.

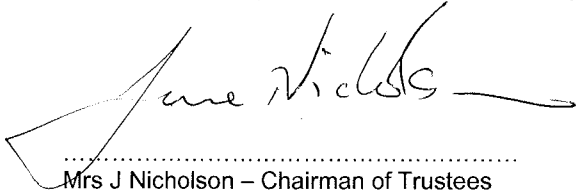
The accounting policies adopted by the Charity are set out in Note 1 to the accounts.

**Conclusion**

FARA Foundation is led by a Board of Trustees, professional people either retired or working, bringing a range of skills and experience to the charity. The Trustees were unable to make regular visits to Romania during 2020 to oversee Fundatia FARA's programmes but monitored the programmes from afar through regular communications with the Operations team in Romania. I wish to extend my deep gratitude to all the Trustees for their contribution and dedication to the Charity during this very turbulent year.

In addition, on behalf of the Trustees, I would like to express my sincere gratitude to all FARA's dedicated staff in Romania for their hard work and commitment in maintaining FARA's values to alleviate poverty and suffering in Romania. I would also like to thank the many supporters of the Charity in the UK including the Child Sponsors, the fundraisers and the many donors both directly to the Charity and to the Shops.

Finally, I want to thank the staff of the retail operations for their hard work and commitment to building a business that provides vital support to the programmes in Romania. Thanks to their endeavours FARA Foundation will continue to provide financial support to the programmes in Romania for many years into the future.



.....  
Mrs J Nicholson – Chairman of Trustees

Dated. 28<sup>th</sup> June 2021

## Opinion

We have audited the financial statements of FARA Foundation (Limited by Guarantee) (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, 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 group's and of the parent company's affairs as at 31 December 2020 and of the group's 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;
- have been prepared in accordance with the requirements of the Companies Act 2006 and 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' (who are also the directors of the charitable company for the purposes of company law) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the Chairman's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Chairman's Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's Report.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARA FOUNDATION (LIMITED BY GUARANTEE)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 2, the trustees 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

The objectives of our audit, in respect of fraud or error are; to identify and assess the risks of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

Enquiring of management concerning the company's policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

Due to the large number of locations and people involved a review and testing of the internal controls was deemed appropriate as this is thought to be an area susceptible to fraud. These controls are designed to prevent fraud by shop staff and the public.

Discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud.

Obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on operations.

The key laws and regulations we considered in this context included the UK Companies Act 2006 and the accounting standard. The engagement team is familiar with these and has resources available to support the review. Other relevant laws and regulations are those concerned with the retail activity of the company, for which the management's assumptions and decisions were reviewed.

Due to the differences in the activities between the various components of the group, these were reviewed individually for each component.

In order to address the risk of fraud through management override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected variances.
- Tested journal entries to identify unusual transactions.
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.
- Investigated the rationale behind significant or unusual transactions.

The procedures carried out which relate to detecting errors in the application of the laws and regulations are thought to be capable of detecting, and advising the correction of, any irregularities.

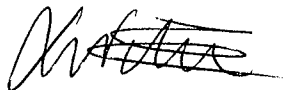
As explained above the shops are identified as a high risk area for fraud. For this reason both substantive procedures and tests of control were carried out to gain reasonable assurance. However, the audit team understands that there are inherent limitations to the ability to detect all actual or suspected instances of fraud.

Misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. However, audit procedures were designed to account for the management override of controls being considered a high risk.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARA FOUNDATION (LIMITED BY GUARANTEE)**

**Use of our report**

This report is made solely to the 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 company's members those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Lisa Wilson FCA (Senior Statutory Auditor)  
For and on behalf of Rothmans Audit LLP  
Statutory Auditors  
Chartered Accountants  
Chilworth Point  
1 Chilworth Road  
Southampton  
SO16 7JQ

Date: 12 July 2021

Rothmans Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

FARA FOUNDATION (LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
For the Year Ended 31 December 2020

	Note	Unrestricted Funds £	2020 Total funds £	2019 Total funds £
<b>INCOME</b>				
Donations and legacies:				
Donations and other voluntary income (including Gift Aid)		42,579	42,579	30,832
Income from charitable activities:				
Sponsorships		13,993	13,993	13,118
Income from other trading activities:				
Shops' income	3	5,302,785	5,302,785	10,103,749
Property management charges		2,898	2,898	1,750
Coronavirus job retention scheme		1,265,020	1,265,020	-
Retail and hospitality grant		770,000	770,000	-
Investment income:	4			
Interest from cash held		32,753	32,753	15,761
Income from listed investments (reinvested)		164,881	164,881	155,112
<b>TOTAL INCOME</b>		<b>7,594,909</b>	<b>7,594,909</b>	<b>10,320,322</b>
<b>EXPENDITURE</b>				
Expenditure on charitable activities:				
Provision of Funding for Child, Youth, Adult Care & Educational Services	5	534,940	534,940	1,065,470
Support and governance costs	5	142,813	142,813	90,434
Costs of raising funds:				
Shops' costs	3	6,833,487	6,833,487	7,568,646
<b>TOTAL EXPENDITURE</b>		<b>7,511,240</b>	<b>7,511,240</b>	<b>8,724,550</b>
Net gains / (losses) on investments		(815,080)	(815,080)	556,484
<b>Net income / (expenditure)</b>		<b>(731,411)</b>	<b>(731,411)</b>	<b>2,152,256</b>
Gains / (losses) on revaluation of fixed assets		-	-	(100,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(731,411)</b>	<b>(731,411)</b>	<b>2,052,256</b>
<b>Reconciliation of funds:</b>				
<b>TOTAL FUNDS BROUGHT FORWARD</b>		<b>11,292,830</b>	<b>11,292,830</b>	<b>9,240,574</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b><u>10,561,419</u></b>	<b><u>10,561,419</u></b>	<b><u>11,292,830</u></b>
<b>Represented by:</b>				
Designated funds (long term care)		5,632,263	5,632,263	5,442,766
General funds		4,929,156	4,929,156	5,850,064
		<b><u>10,561,419</u></b>	<b><u>10,561,419</u></b>	<b><u>11,292,830</u></b>

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

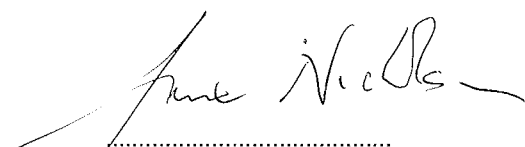
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**For the Year Ended 31 December 2020**

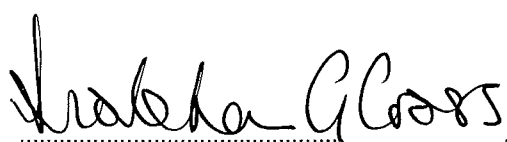
The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derives from continuing activities. Total income of the parent Charity is £2,509,834 (2019: £5,464,583), of which £2,344,953 (2019: £5,309,471) arose from generated funds, charitable activities, other charitable activities. Total resources expended by the parent Charity amounted to £2,371,166 (2019: £3,828,810), of which £1,705,152 (2019: £2,685,913) were shop costs generated into order to raise funds and £666,014 (2019: £1,142,897) was spent on the Charity's activities and governance. An amount of £815,080 (2019: £556,484 gain) was recognised in respect of unrealised loss on fixed asset investments. The Charity's statement of financial activities is not disclosed as a separate statement, as permitted by Section 408 of the Companies Act 2006.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**  
**CONSOLIDATED BALANCE SHEET**  
**As at 31 December 2020**

	Note	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
<b>FIXED ASSETS</b>					
Tangible assets	9	592,578	14,527	630,356	16,910
Investments	10	4,368,711	4,417,285	6,202,765	6,251,339
<b>Debtors:-</b> Amounts falling due after one year					
	11	18,000	632,978	24,296	652,917
<b>CURRENT ASSETS</b>					
Stocks		-	-	-	-
Debtors	11	800,674	428,111	601,001	337,413
Cash at bank and in hand		4,222,229	4,173,448	3,282,279	3,145,063
Investments	12	923,552	923,552	911,700	911,700
		5,946,455	5,525,111	4,794,980	4,394,176
<b>CURRENT LIABILITIES</b>					
Creditors:- Amounts falling due within one year					
	13	364,325	13,296	359,567	7,325
<b>NET CURRENT ASSETS</b>					
		5,582,130	5,511,815	4,435,413	4,386,851
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		10,561,419	10,576,605	11,292,830	11,308,017
<b>NET ASSETS</b>					
		10,561,419	10,576,605	11,292,830	11,308,017
<b>FUNDS</b>					
<b>Unrestricted income funds</b>					
Designated funds (long term care)		5,632,263	5,340,837	5,442,766	7,163,039
General funds		4,929,156	5,235,768	5,850,064	4,144,978
		10,561,419	10,576,605	11,292,830	11,308,017
<b>TOTAL UNRESTRICTED INCOME FUNDS</b>	14	10,561,419	10,576,605	11,292,830	11,308,017

Approved by the Board of Trustees on 28<sup>th</sup> June 2021 and signed on their behalf by:-

  
 .....  
 Mrs J Nicholson  
 Chairman

  
 .....  
 Ms S G Cross  
 Trustee

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**GROUP CASH FLOW STATEMENT**  
For the Year Ended 31 December 2020

	<b>2020</b>	<b>2019</b>
	£	£
<b>Net incoming / (outgoing) resources</b>	83,668	1,595,772
Adjustments to exclude investment income and non-cash items (see Note A below)	(323,796)	47,175
	<hr/>	<hr/>
<b>Net cash inflow / (outflow) from operating activities</b>	(240,128)	1,642,947
	<hr/>	<hr/>
<b>Return on investment and servicing of finance</b>		
Investment income (not reinvested)	20,901	15,761
	<hr/>	<hr/>
<b>Capital expenditure and financial investment:</b>		
Purchase of intangible fixed assets	-	-
Purchase of tangible fixed assets	(25,279)	(76,464)
Proceeds of sale of tangible fixed assets	600	-
Purchase of investments	(700,000)	(2,000,000)
Sale of investments	1,883,856	-
	<hr/>	<hr/>
<b>Net cash inflow / (outflow) from investing activities</b>	1,180,078	(2,060,703)
	<hr/>	<hr/>
<b>Increase / (Decrease) in cash (see Note B below)</b>	939,950	(417,756)
	<hr/> <hr/>	<hr/> <hr/>
<b>Note A</b>		
<b>Adjustments to exclude investment income and non-cash items:-</b>		
Investment income	(197,634)	(170,873)
Depreciation	63,057	96,407
(Increase) / decrease in debtors	(193,377)	89,075
(Increase) / decrease in stocks	-	-
Increase / (decrease) in creditors	4,758	50,115
Profit on sale of tangible fixed assets	(600)	-
Provision	-	(17,549)
	<hr/>	<hr/>
<b>Total adjustments</b>	(323,796)	47,175
	<hr/> <hr/>	<hr/> <hr/>
<b>Note B</b>		
<b>Increase in cash at bank and in hand</b>		
Cash at 1 January 2020	3,282,279	3,700,035
Increase / (Decrease) in cash (above)	939,950	(417,756)
	<hr/>	<hr/>
Cash at 31 December 2020	4,222,229	3,282,279
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2020

1. **ACCOUNTING POLICIES**

The following are the main accounting policies adopted by the Charity:-

**Basis of preparation**

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the 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 (FRS102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and the Charities Act 2011 and UK Generally Accepted Accounting Practice.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the relevant version of the 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 (FRS102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The accounts also comply with the Charity's governing documents.

**Group financial statements**

The financial statements consolidate the results of the charity and its wholly owned subsidiaries, FARA Enterprises Limited and FARA Properties Limited, on a line by line basis. A separate statement of Financial Activities for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

**Significant Estimates and Judgements**

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for directors to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statement and the reporting amounts of revenues and expenses during the year. Actual outcomes could differ from those estimates and assumptions used. The accounting judgements and estimates that could have significant impact on the results of the company are set out below and should be read in conjunction with the information provided in the notes to the financial statements:

**Critical Judgements**

- Management determine whether financial instruments are basic or advanced and when to deal with recognising, derecognising, measuring and disclosing financial instruments. These decisions depend on an assessment made of the accounting standards.
- Management determine whether certain entities are controlled or not. These decisions are based on several factors including, but not limited to; the percentage of share capital owned and the number of directors the company is able to appoint to the board of any subsidiaries or associated entities.
- Management determine whether the fair value of equity investments can be measured reliably. Unless the shares are publically traded, or have been valued for other purposes, the directors do not believe they can be reliably measured.
- Income is recognised when the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.
- Management determine whether leases entered into by the company either as a lessor or a lessee are an operating lease or financial lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

1. **ACCOUNTING POLICIES (continued)**

Significant Estimates

- To determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Where there are indications of impairment to trade debtors, management perform an impairment test. The amount of the loss is determined by looking at the carrying value of the trade debtor and comparing it with the present value of the estimated cash flows discounted at the effective interest rate.
- To determine whether there are indicators of impairment of the company's investment assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- The investment property is valued by either the director or external valuers and as such there will inevitably be a degree of estimation involved as the value can only ultimately be confirmed on sale.

**Income and expenditure**

All incoming resources are included in the Statement of Financial Activities when the Group is legally entitled to the income and the amount can be measured with sufficient accuracy.

For income generated from events, the entitlement is considered to be the date of the event.

Where income is received in advance, recognition is deferred and included in creditors and where entitlement arises before income is received, the income is accrued. Grants from governments and other agencies have been included within 'Income from other trading activities', and are recognised on receipt where there are no obligations to be fulfilled.

Expenditure is recognised on an accruals basis. Costs of generating funds comprise costs incurred in attracting voluntary income together with undertaking trading activities in the subsidiary company to raise funds. Funds advanced to Romania and expenses incurred in connection with directly supporting the Romanian charitable programmes are included within the Statement of Financial Activities as costs of charitable activities.

Governance costs include those incurred in governing the Charity's assets and are primarily associated with constitutional and statutory requirements of operating the Charity.

Support costs are of a more general nature. These costs also include all management and administrative costs of the Charity's affairs. No amounts are included in the financial statements for any services that are donated by volunteers and it is difficult to quantify the costs and therefore this may not present an accurate financial analysis for those reviewing the accounts.

**Allocation and apportionment of costs**

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Charities programmes and activities. Support costs are allocated in proportion to the charitable expenditure.

**Fund accounting**

Unrestricted funds represent general reserves of accumulated unrestricted surpluses and deficits. If such funds have been specifically earmarked for a particular project or use by the Trustees, the funds are denoted as designated funds. Restricted funds are set aside and used in accordance with the conditions stipulated by the donor.

**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. The subsidiary's corporation tax charge on the profit on ordinary activities for the year amounted to £nil (2018: £nil). This amount has been included in the consolidated accounts within Fundraising Trading costs.

Irrecoverable VAT is charged to the Statement of Financial Activities when incurred and is included within the expenditure category to which it relates.

Tax recovered from voluntary income received under Gift Aid is recognised when the related income is considered receivable and is allocated to the income category to which it relates. Both of the subsidiary companies, FARA Enterprises Limited and FARA Properties Limited, have agreements in place with the parent Charity to covenant their profits to the Charity under Gift Aid.

## FARA FOUNDATION (LIMITED BY GUARANTEE)

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2020

#### 1. ACCOUNTING POLICIES (continued)

##### **Tangible fixed assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:-

Leasehold land and buildings	-	Over the term of the lease
Fixtures and fittings	-	20% on reducing balance
Motor vehicles	-	25% on reducing balance
Office equipment	-	33% on reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed and if appropriate are adjusted if there is an indication of a significant change the last reporting date.

The freehold property is recognised under the revaluation model. The property is carried at fair value determined annually by external valuers and the Directors and is derived from the current rents and yields from comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in the profit and loss. The Trustees have given consideration to the residual value (its scrap or residual value at the end of its economic life) as this value, having been deducted against the carrying value of the freehold property in the accounts, would determine the depreciation charge to be applied to the property for each year of its remaining useful economic life. The trustees are of the opinion that the residual value of the property, being the estimated amount the charity would currently obtain on disposing of the property less costs of disposal, if the property were already of the age and condition expected at the end of its useful economic life, is not significantly different to the fair value currently reported in the balance sheet. Accordingly, no depreciation has been charged on the freehold property.

##### **Investments**

Investments (including listed and unlisted shares) are shown at bid value where there is readily identifiable market value. Unlisted shares, where there is no readily identifiable market value, are recorded at cost or a nominal amount.

Investments are revalued at the Balance Sheet date so that when investments are sold, gains or losses which arose before the previous year end have already been recognised. Movements in value arising from investment changes or revaluation, together with profits on disposal of investments, have been recognised in the general fund.

Current asset investments comprises of savings with an original maturity of more than three months but less than one year.

##### **Stock**

Any stock which has been enhanced for sale is valued at the lower of cost and net realisable value. Goods donated to the charity shops for sale are valued at a nil cost as it is considered impractical to measure the fair value of goods donated for resale. The donated goods are recognised when they are sold.

##### **Foreign currency transactions**

Transactions involving foreign currencies are translated into sterling equivalents using rates of exchange in effect at the time of those transactions.

##### **Operating leases**

Rentals payable and receivable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the term of the lease. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2020

**1. ACCOUNTING POLICIES (continued)**

**Debtors**

Debtors receivable within one year or upon demand are recorded at transaction price whether or not a rate of interest is charged on the balance. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Creditors**

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

**Financial Instruments**

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

**2. LEGAL STATUS OF THE CHARITY**

The Charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

**3. RETAIL ACTIVITIES IN GENERATING FUNDS**

	FARA Foundation	FARA Enterprises Limited	Total 2020	Total 2019
	£	£	£	£
Retail income (shops' sales)	1,914,798	3,387,987	5,302,785	10,103,749
Retail expenditure (shops' costs)	<u>(1,705,152)</u>	<u>(5,128,335)</u>	<u>(6,833,487)</u>	<u>(7,568,646)</u>
Net funds generated from retail activities	209,646	(1,740,348)	(1,530,702)	2,535,103

Retail income includes donations from supporters and the Gift Aid, which has been claimed from the proceeds arising on the sale of the donor's goods through the shops of FARA Enterprises Limited.

**4. INVESTMENT INCOME**

	Total 2020 £	Total 2019 £
Income from listed investments (reinvested)	164,881	155,112
Interest from cash held	32,753	15,761
Total investment income	<u>197,634</u>	<u>170,873</u>

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

5. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Provision of Funding for Child, Youth, Adult Care & Educational Services £	Total 2020 £	Total 2019 £
<b>Expenses incurred in Romania</b>			
Travel costs	1,300	1,300	10,214
Programmes running costs			
Head office operations and fundraising	131,924	131,924	174,210
Therapy and rehabilitation	149,697	149,697	289,148
Family for those without Adults with learning disabilities	49,028	49,028	159,630
Youth Services	67,648	67,648	142,402
Tackling Poverty Through Education	79,869	79,869	176,807
	55,474	55,474	113,059
	534,940	534,940	1,065,470
<b>UK costs</b>			
Bank charges and interest	435	435	525
Miscellaneous costs	2,892	2,892	2,876
<b>Support costs</b>	74,908	74,908	60,725
<b>Governance costs</b>	64,578	64,578	26,308
	142,813	142,813	90,434
<b>Total costs</b>	677,753	677,753	1,155,904

6. ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

	Support costs £	Governance costs £	Total £	Basis of apportionment across charitable activities £
Administration, postage and telephone	1,552	-	1,552	Allocated on cost
Office overheads	19,616	-	19,616	Allocated on cost
Staff costs	53,740	-	53,740	Allocated on cost
Audit fees	-	10,500	10,500	Governance
Accountancy and taxation services	-	5,476	5,476	Governance
Legal and professional fees	-	48,602	48,602	Governance
<b>Total costs</b>	74,908	64,578	139,486	

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2020**

**7. RESOURCES EXPENDED**

Total resources expended for the year is stated after charging:-

	<b>Total 2020</b>	<b>Total 2019</b>
	£	£
Operating lease rentals (land and buildings)	1,385,012	1,499,587
Depreciation charges for the year	63,057	93,962
Auditor's remuneration	10,500	10,500
	<hr/>	<hr/>
	1,458,569	1,604,049
	<hr/>	<hr/>

**8. STAFF AND TRUSTEE INFORMATION**

	<b>FARA Foundation £</b>	<b>FARA Enterprises Limited £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
<b>Staff costs</b>				
Salaries	53,740	4,145,986	4,199,726	4,089,855
Social security	-	302,047	302,047	316,508
	<hr/>	<hr/>	<hr/>	<hr/>
Total	53,740	4,448,033	4,501,773	4,406,363
	<hr/>	<hr/>	<hr/>	<hr/>

The average number of staff employed during the period on a full time equivalent basis for FARA Enterprises Limited was 297 (2019: 284), and of these employees 1 (2019: 1) received emoluments in excess of £60,000. The number of staff employed for FARA Foundation (Limited by Guarantee) was 1 (2019: 1).

During the period expenses totalling £1,330 (2019: £10,214) were reimbursed to the Trustees in relation to travel costs to Romania. No remuneration was paid to the Trustees in the period.

The key management personnel of the parent charity comprise the Trustees. The total employee benefits of the key management personnel were £nil (2019: £nil). The key management personnel of the group comprise those of the parent charity and the key management personnel of its wholly owned subsidiary, FARA Enterprises Limited. The key management personnel of FARA Enterprises Limited are the executive and non-executive Directors whose employee benefits total £276,742 (2019: £235,104). The employee benefits of key management personnel for the group were therefore £276,742 (2019: £235,104).

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2020

9. MOVEMENT OF TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings £	Leasehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
Balance at 1 January 2020	340,000	117,577	1,010,636	95,687	1,563,900
Additions	-	13,423	11,856	-	25,279
Disposals	-	(2,303)	-	(18,165)	(20,468)
Revaluation	-	-	-	-	-
Balance at 31 December 2020	340,000	128,697	1,022,492	77,522	1,568,711
<b>Depreciation</b>					
Balance at 1 January 2020	-	63,049	790,752	79,743	933,544
Charge for the year	-	14,218	44,853	3,986	63,057
Eliminated on disposal	-	(2,303)	-	(18,165)	(20,468)
Balance at 31 December 2020	-	74,964	835,605	65,564	976,133
<b>Net book values</b>					
At 31 December 2020	340,000	53,733	186,887	11,958	592,578
At 31 December 2019	340,000	54,528	219,884	15,944	630,356

The £53,733 (2019: £54,528) included within leasehold land and buildings relates entirely to short leasehold properties.

Fixtures and fittings held by the charity have a net book value of £1,788 (2019: £1,726). These were acquired at a cost of £3,920 and depreciation of £447 has been charged during the year.

Short leasehold assets were brought forward by the charity in the year, this amounted at a cost of £20,073 and depreciation of £2,445 has been charged during the year.

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2020

**10. FIXED ASSET INVESTMENTS**

<b>GROUP</b>	<b>Listed Investments £</b>	<b>Total 2020 £</b>	<b>2019 £</b>
<b>MARKET VALUE</b>			
As at 1 January 2020	6,202,765	6,202,765	3,491,170
Purchase of investments at cost	700,000	700,000	2,000,000
Dividends reinvested	164,882	164,882	201,321
Disposal of investments	(1,883,856)	(1,883,856)	-
Net investment gains/(losses) unrealised	(815,080)	(815,080)	510,274
	<hr/>	<hr/>	<hr/>
As at 31 December 2020	4,368,711	4,368,711	6,202,765
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Listed investments include overseas investments of £579,043 (2019: £271,770).

No shareholdings of over 5% were held by the Foundation in any one company.

The cash reserves of the Charity continue to be considered an integral part of the charity's overall investment portfolio and the Trustees keep the investment policy under regular review to ensure the equity investments will not need to be encashed in the short term.

**CHARITY**

	Held by the Charity £
<b>Cost</b>	
As at 1 January 2020	48,574
As at 31 December 2020	£ <u>48,574</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

The Charity owns 100% of the 5,000 (2019: 5,000) issued ordinary shares of FARA Enterprises Limited, a company incorporated on 16 March 1992. The principal activity of this company is the sale of donated goods through a chain of Charity shops for the purpose of making charitable donations to FARA Foundation (Limited by Guarantee). The company's net assets as at 31 December 2020 amount to £14,511 (2019: £14,511).

In addition to the trading subsidiary FARA Enterprises Limited, the Charity owns 100% of the 2 issued ordinary shares of FARA Properties Limited. The company was incorporated on 2 April 1998. The principal activity of this company is that of property letting. The company's net liabilities as at 31 December 2020 amount to £160,322 (2019: £160,322).

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2020

11. DEBTORS

	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
<b>Amounts falling due within one year:-</b>				
Trade debtors	13,194	-	32,437	-
Other debtors and prepayments	787,480	428,111	568,564	337,413
	<hr/>	<hr/>	<hr/>	<hr/>
	800,674	428,111	601,001	337,413
	<hr/>	<hr/>	<hr/>	<hr/>
	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
<b>Amounts falling due after one year:-</b>				
Other debtors	18,000	632,978	24,296	652,917
	<hr/>	<hr/>	<hr/>	<hr/>
	18,000	632,978	24,296	652,917
	<hr/>	<hr/>	<hr/>	<hr/>

At the balance sheet date the trading subsidiary, FARA Enterprises Limited, owed the Charity £332,978. This loan is repayable after more than one year and interest is charged at a rate of 3% above the bank base rate. Interest accrued by the Charity for the year under review amounted to £6,069, all of which remained unpaid at the year end.

At the balance sheet date the trading subsidiary, FARA Properties Limited, owed the Charity £499,331. The initial loan of £479,198 is repayable after more than one year and interest is charged at a rate of 5%. The interest accrued by the Charity for the year under review amounted to £26,945.

12. CURRENT ASSET INVESTMENTS

	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
Deposit account	923,552	923,552	911,700	911,700
	<hr/>	<hr/>	<hr/>	<hr/>
	923,552	923,552	911,700	911,700
	<hr/>	<hr/>	<hr/>	<hr/>

13. CREDITORS

	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
<b>Amounts falling due within one year:-</b>				
Trade creditors	166,350	-	67,187	-
Taxation and social security	6,338	-	-	-
Other creditors and accruals	191,637	13,296	292,380	7,325
	<hr/>	<hr/>	<hr/>	<hr/>
	364,325	13,296	359,567	7,325
	<hr/>	<hr/>	<hr/>	<hr/>

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2020

14. ANALYSIS OF GROUP CHARITABLE FUNDS

	At 1 January 2020 £	Incoming resources £	Outgoing resources £	Gains and losses £	Transfers between funds £	At 31 December 2020 £
<b>Unrestricted funds</b>						
Designated funds	7,454,465	164,881	-	(815,080)	(1,172,003)	5,632,263
General funds	<u>3,838,365</u>	<u>7,430,028</u>	<u>(7,511,240)</u>	<u>-</u>	<u>1,172,003</u>	<u>4,929,156</u>
	11,292,830	7,594,909	(7,511,240)	(855,080)	-	10,561,419

The designated fund has been set aside for the longer term commitment to children and young adults who are likely to remain within the charity's care for the duration of their lifetime.

15. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Designated funds £	General funds £	Total £
Tangible fixed assets	340,000	252,578	592,578
Investments	4,368,711	-	4,368,711
Current assets	923,552	5,040,903	5,964,455
Current liabilities	-	(364,325)	(364,325)
<b>Total net assets as at 31 December 2020</b>	<u>5,632,263</u>	<u>4,929,156</u>	<u>10,561,419</u>

Analysis of Charity net assets between funds	Designated funds £	General funds £	Total £
Tangible fixed assets	-	14,527	14,527
Investments	4,417,285	-	4,417,285
Current assets	923,552	5,234,537	6,158,089
Current liabilities	-	(13,296)	(13,296)
<b>Total net assets as at 31 December 2020</b>	<u>5,340,837</u>	<u>5,235,768</u>	<u>10,576,605</u>

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2020

**16. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020 £	2019 £
Within one year	935,293	1,154,799
Between one and five years	1,243,545	1,065,365
After more than five years	14,467	-
	<hr/>	<hr/>
	2,193,305	2,220,164
	<hr/> <hr/>	<hr/> <hr/>

**17. TRADING SUBSIDIARY**

The Charity owns 100% of the 5,000 issued ordinary shares of FARA Enterprises Limited, a company incorporated on 16 March 1992. The principal activity of this company is the sale of donated goods through a chain of Charity shops for the purpose of donating its profits to FARA Foundation.

The Charity also owns 100% of the 2 issued ordinary shares of FARA Properties Limited, a company incorporated on 2 April 1998. The principal activity of this company is the rental of property for the purpose of donating its profits to FARA Foundation.

The assets, liabilities and trading results of FARA Enterprises Limited and FARA Properties Limited are provided below:-

	FARA Properties Limited £	FARA Enterprises Limited £	Total 2020 £	Total 2019 £
<b>Subsidiary assets and liabilities</b>				
Tangible fixed assets	340,000	238,051	578,051	613,446
Stock	-	-	-	-
Debtors	1,279	411,163	412,442	424,499
Cash at bank and in hand	3,227	45,554	48,781	153,331
Creditors:-				
Amounts falling due within one year	(25,630)	(680,257)	(705,887)	(857,889)
Amounts falling due after one year	(479,198)	-	(479,198)	(479,198)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	(160,322)	14,511	(145,811)	(145,811)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>				
Called up share capital	2	5,000	5,002	5,002
Profit and loss account	(160,324)	9,511	(150,813)	(150,813)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	(160,322)	14,511	(145,811)	(145,811)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**FARA FOUNDATION (LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2020

**17. TRADING SUBSIDIARY (continued)**

<b>Subsidiary trading results</b>	<b>FARA Properties Limited £</b>	<b>FARA Enterprises Limited £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Turnover	-	5,093,139	5,093,139	9,328,738
Other income	31,056	2,037,127	2,068,183	34,265
<b>Total incoming resources</b>	<b>31,056</b>	<b>7,130,266</b>	<b>7,161,322</b>	<b>9,363,003</b>
Shop operating costs	-	(5,260,055)	(5,260,055)	(6,795,545)
Administration and overheads	(30,787)	(1,561,916)	(1,592,703)	(820,330)
Revaluation of investment property	-	-	-	-
<b>Net incoming resources</b>	<b>269</b>	<b>308,295</b>	<b>308,564</b>	<b>1,747,128</b>
Donation to FARA Foundation	(269)	(308,295)	(308,564)	(1,747,128)
<b>Net movement in shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**18. CONTINGENT LIABILITIES**

At 31 December 2020 and 31 December 2019 there were no contingent liabilities arising for the group.

**19. RELATED PARTY TRANSACTIONS**

The Charity has taken advantage of the exemption conferred by Financial Reporting Standard 102 section 33, related party disclosures, from disclosing transactions with its wholly owned subsidiaries.

During the year Mrs J Nicholson, the Chairman of Trustees of FARA Foundation (Limited by Guarantee) received rent totalling £4,800 (2019: £4,800). The rent charged is below market rate.

During the year Ms M J Hill, a former trustee of FARA Foundation (Limited by guarantee), received £4,988 (2019: £4,988 in relation to her master degree in which the board of trustees consider will benefit the charity.