

**FARA FOUNDATION**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**CONSOLIDATED ANNUAL REPORT & FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 Rimbert  
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 Sărbu

**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.

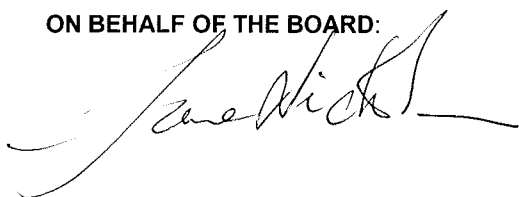
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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.

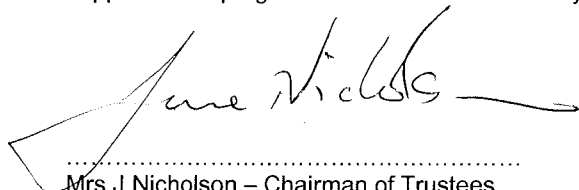
The accounting policies adopted by the Charity are set out in Note 1 to the accounts.

**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.

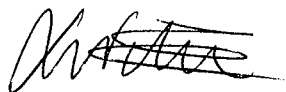
As explained above the shops are identified as a high risk area for fraud. For this reason both substantive procedures and tests of control were carried out to gain reasonable assurance. However, the audit team understands that there are inherent limitations to the ability to detect all actual or suspected 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**

	<b>Note</b>	<b>Unrestricted Funds £</b>	<b>2020 Total funds £</b>	<b>2019 Total funds £</b>
<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**

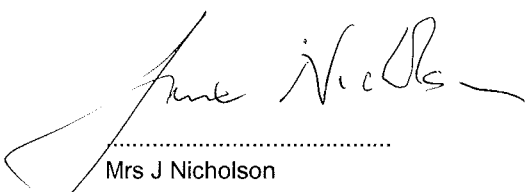
**For the Year Ended 31 December 2020**

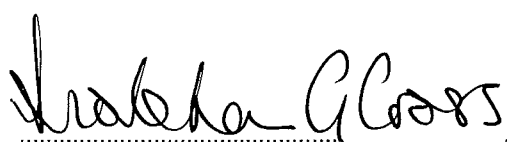
The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derives from continuing activities. Total income of the parent Charity is £2,509,834 (2019: £5,464,583), of which £2,344,953 (2019: £5,309,471) arose from generated funds, charitable 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	
<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
<b>Net cash inflow / (outflow) from operating activities</b>	(240,128)	1,642,947
<b>Return on investment and servicing of finance</b>		
Investment income (not reinvested)	20,901	15,761
<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	-
<b>Net cash inflow / (outflow) from investing activities</b>	1,180,078	(2,060,703)
<b>Increase / (Decrease) in cash (see Note B below)</b>	939,950	(417,756)
<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)
<b>Total adjustments</b>	(323,796)	47,175
<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)
<b>Cash at 31 December 2020</b>	4,222,229	3,282,279

**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.

**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.

**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**

	<b>FARA Foundation</b>	<b>FARA Enterprises Limited</b>	<b>Total 2020</b>	<b>Total 2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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**

	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Income from listed investments (reinvested)	164,881	155,112
Interest from cash held	<u>32,753</u>	<u>15,761</u>
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**

	<b>Provision of Funding for Child, Youth, Adult Care &amp; Educational Services £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
<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	49,028	49,028	159,630
Adults with learning disabilities	67,648	67,648	142,402
Youth Services	79,869	79,869	176,807
Tackling Poverty Through Education	55,474	55,474	113,059
	<hr/>	<hr/>	<hr/>
	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>	<hr/>	<hr/>	<hr/>
	64,578	64,578	26,308
	<hr/>	<hr/>	<hr/>
	142,813	142,813	90,434
	<hr/>	<hr/>	<hr/>
<b>Total costs</b>	<hr/>	<hr/>	<hr/>
	677,753	677,753	1,155,904
	<hr/>	<hr/>	<hr/>

**6. ANALYSIS OF GOVERNANCE AND SUPPORT COSTS**

	<b>Support costs £</b>	<b>Governance costs £</b>	<b>Total £</b>	<b>Basis of apportionment across charitable activities £</b>
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
	<hr/>	<hr/>	<hr/>	
<b>Total costs</b>	74,908	64,578	139,486	
	<hr/>	<hr/>	<hr/>	

**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>
	<b>£</b>	<b>£</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/>
<b>Total</b>	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).

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2020

**9. MOVEMENT OF TANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Freehold land and buildings £</b>	<b>Leasehold land and buildings £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<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	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>340,000</b>	<b>128,697</b>	<b>1,022,492</b>	<b>77,522</b>	<b>1,568,711</b>
<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)
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>74,964</b>	<b>835,605</b>	<b>65,564</b>	<b>976,133</b>
<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**

GROUP	Listed Investments £	Total 2020 £	2019 £
<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/>

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**

	<b>Group 2020 £</b>	<b>Charity 2020 £</b>	<b>Group 2019 £</b>	<b>Charity 2019 £</b>
<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/>
	<b>Group 2020 £</b>	<b>Charity 2020 £</b>	<b>Group 2019 £</b>	<b>Charity 2019 £</b>
<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**

	<b>Group 2020 £</b>	<b>Charity 2020 £</b>	<b>Group 2019 £</b>	<b>Charity 2019 £</b>
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**

	<b>Group 2020 £</b>	<b>Charity 2020 £</b>	<b>Group 2019 £</b>	<b>Charity 2019 £</b>
<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/>

**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	3,838,365	7,430,028	(7,511,240)	-	1,172,003	4,929,156
	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>	<b>5,632,263</b>	<b>4,929,156</b>	<b>10,561,419</b>

<b>Analysis of Charity net assets between funds</b>	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>	<b>5,340,837</b>	<b>5,235,768</b>	<b>10,576,605</b>

**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:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
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/>

**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:-

	<b>FARA Properties Limited</b>	<b>FARA Enterprises Limited</b>	<b>Total 2020</b>	<b>Total 2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<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/>
<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/>

**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
	<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources	31,056	7,130,266	7,161,322	9,363,003
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	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
Net incoming resources	269	308,295	308,564	1,747,128
Donation to FARA Foundation	<hr/>	<hr/>	<hr/>	<hr/>
	(269)	(308,295)	(308,564)	(1,747,128)
	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in shareholders' funds	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-

**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.