

**FARA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**
CONSOLIDATED ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

Tel: 02089 730910
Website: 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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Incorporating the Strategic Report and Directors' Report
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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 Sărbu

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)

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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 8th 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.

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

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 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.

FARA FOUNDATION (LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
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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
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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

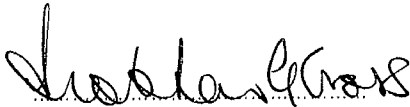
Designated funds are those unrestricted funds that have been allocated at the Trustees' discretion for particular purposes. Under the Partnership agreement, the Trustees and Fundatia FARA agreed that FARA UK should hold three years of grant funding based on the Fundatia FARA 2023 annual net budget as 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 £
INCOME			
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
TOTAL INCOME		<u>12,083,182</u>	<u>9,613,316</u>
EXPENDITURE			
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
TOTAL EXPENDITURE		<u>11,040,713</u>	<u>9,811,958</u>
Net income / (expenditure) for the year before gains and losses		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
NET INCOME / (EXPENDITURE) FOR THE YEAR		<u>631,750</u>	<u>(76,879)</u>
Reconciliation of funds:			
TOTAL FUNDS BROUGHT FORWARD		10,484,541	10,561,419
NET MOVEMENT OF FUNDS FOR THE YEAR		<u>631,750</u>	<u>(76,879)</u>
TOTAL FUNDS CARRIED FORWARD		<u>11,116,291</u>	<u>10,484,540</u>
Represented by:			
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>

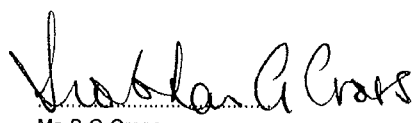
The Statement of Financial Activities includes all gains and losses recognised in the 12 month period. All amounts relate to continuing activities. The notes on pages 21 to 35 form part of these financial statements.

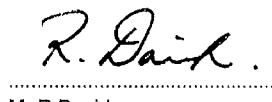
FARA FOUNDATION (LIMITED BY GUARANTEE)
CONSOLIDATED BALANCE SHEET
As at 31 December 2022

	Note	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
FIXED ASSETS					
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
Debtors:- Amounts falling due after one year	12	-	479,198	-	250,000
CURRENT ASSETS					
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>
Less: CURRENT LIABILITIES					
Creditors:- Amounts falling due within one year	14	479,379	273,324	383,360	249,031
NET CURRENT ASSETS		<u>6,393,719</u>	<u>6,035,144</u>	<u>5,179,170</u>	<u>4,968,026</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,841,643</u>	<u>11,409,552</u>	<u>10,963,025</u>	<u>10,576,922</u>
Less: PROVISIONS FOR LIABILITIES	15	725,352	262,933	478,485	57,195
NET ASSETS		<u>11,116,291</u>	<u>11,146,619</u>	<u>10,484,540</u>	<u>10,519,727</u>
FUNDS					
Unrestricted income funds					
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
TOTAL UNRESTRICTED INCOME FUNDS	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

	2022 £	2021 £
Cash flows from operating activities:		
Net cash provided by/(used in) operating activities (Note A)	1,369,722	269,937
Cash flows from investing activities:		
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
Net cash provided by/(used in) investing activities	16,705	(604,376)
Change in cash and cash equivalents in the reporting period	1,386,427	(334,439)
Cash and cash equivalents at the beginning of the reporting period	3,887,789	4,222,228
Cash and cash equivalents at the end of the reporting period	5,274,217	3,887,789
Note A		
Cash flows from operating activities:		
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
Net cash provided by/(used in) investing activities	1,369,722	269,937

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

2022	FARA Foundation £	FARA Enterprises £	Total 2022 £
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)
Net funds generated from retail activities	127,861	2,806,757	2,934,619
2021	FARA Foundation £	FARA Enterprises £	Total 2021 £
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)
Net funds generated from retail activities	341,892	(116,293)	225,599

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 2022 £	Total 2021 £
Income from listed investments (reinvested)	134,283	104,995
Interest from cash held	31,863	6,239
Total investment income	166,146	111,234

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:

	2022 £	2021 £
Child, youth and adult care	1,794,199	1,734,234
	1,794,199	1,734,234

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 £
Grants payable			
Child, youth and social care	1,794,199	288,436	2,082,634
Total Expenditure on Charitable Activities	1,794,199	288,436	2,082,634
2021	Grant funding programme 2021 £	Support costs 2021 £	Total 2021 £
Grants payable			
Child, youth and social care	1,734,234	270,983	2,005,217
Total Expenditure on Charitable Activities	1,734,234	270,983	2,005,217

7. ANALYSIS OF SUPPORT COSTS

2022	Total support costs £	Charity admin and office £	Charity staff and consult- ancy £	Govern- ance £	Finance charges & foreign exchange £	Deprecia- tion £
Grants payable:						
Child, youth & social care	288,436	73,128	164,146	31,002	(1,733)	21,892
Raising Funds:						
Shops' costs	10,925	-	-	10,927	-	-
	299,361	73,128	164,146	41,927	(1,733)	21,892
2021	Total support costs £	Charity admin and office £	Charity staff and consult- ancy £	Govern- ance £	Finance charges & foreign exchange £	Deprecia- tion £
Grants payable:						
Child, youth and social care	270,983	57,907	177,823	15,117	401	19,734
Raising Funds:						
Shops' costs	13,685	-	-	13,685	-	-
	284,668	57,907	177,823	28,802	401	19,734

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:-

	Total 2022	Total 2021
	£	£
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
	<hr/> 1,735,380	<hr/> 1,597,990

No non-cash benefits were received by the auditors during either reporting period.

9. STAFF AND TRUSTEE INFORMATION

2022

	FARA Foundation £	FARA Enterprises Limited £	Total 2022 £
Staff costs			
Salaries	92,650	3,793,452	3,886,102
Social security	8,741	431,964	440,436
Pensions	1,577	100,791	102,368
	<hr/> 102,968	<hr/> 4,325,938	<hr/> 4,428,906

2021

	FARA Foundation £	FARA Enterprises Limited £	Total 2021 £
Staff costs			
Salaries	67,128	3,863,657	3,930,785
Social security	-	330,118	330,118
Pensions	1,270	78,825	80,095
	<hr/> 68,398	<hr/> 4,272,600	<hr/> 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	-
	<hr/> 3	<hr/> 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 £
Cost or valuation						
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
Balance at 31 December 2022	435,000	88,822	1,046,600	56,022	66,466	1,692,910
Depreciation						
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)
Balance at 31 December 2022	-	61,731	910,652	50,506	44,311	1,067,200
Net book values						
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
	435,000

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 £
MARKET VALUE		
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/>

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 £
MARKET VALUE				
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/>

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 £
Amounts falling due within one year:-				
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>
Amounts falling due after one year:-				
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 £
Amounts falling due within one year:-				
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
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2022	725,352	262,933	478,485	57,195
	<hr/>	<hr/>	<hr/>	<hr/>

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 £
Unrestricted funds						
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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	10,484,540	12,083,182	(11,040,713)	(410,719)	-	11,116,291
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2021	At 1 January 2021 £	Incoming resources £	Outgoing resources £	Gains and losses £	Transfers between funds £	At 31 December 2021 £
Unrestricted funds						
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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	10,561,419	9,613,316	(9,881,958)	191,763	-	10,484,540
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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	Total	Unrestricted	Total
	funds	2022	funds	2021
	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)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	11,116,291	11,116,291	10,484,540	10,484,540
	<hr/>	<hr/>	<hr/>	<hr/>
CHARITY	Unrestricted	Total	Unrestricted	Total
	funds	2022	funds	2021
	2022	2022	2021	2021
	£	£	£	£
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)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	11,146,619	11,146,619	10,519,726	10,519,726
	<hr/>	<hr/>	<hr/>	<hr/>

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	-
	<hr/>	<hr/>
	2,988,497	1,419,948
	<hr/>	<hr/>

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:-

2022	FARA Properties Limited £	FARA Enterprises Limited £	Total 2022 £
Subsidiary assets and liabilities			
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)
Net assets	(65,322)	14,511	(50,811)
Capital and reserves			
Called up share capital	2	5,000	5,002
Other reserves	(64,680)	-	(64,680)
Retained earnings	(644)	9,511	8,867
Net assets	(65,322)	14,511	(50,811)
Subsidiary trading results			
Turnover	32,700	10,390,246	10,422,946
Other income	-	376,592	376,592
Total incoming resources	32,700	10,766,838	10,799,538
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)
Net incoming resources	(160,678)	2,798,431	2,637,753
Donation to FARA Foundation	(4,322)	(2,798,431)	(2,802,752)
Net movement in shareholders' funds	(165,000)	-	(165,000)

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 £
Subsidiary assets and liabilities			
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)
Capital and reserves			
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)
	FARA Properties Limited £	FARA Enterprises Limited £	Total 2021 £
Subsidiary trading results			
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.

