

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

CONSOLIDATED ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Principal Office:-
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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 2023**

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

Company Secretary and Chief Operating Officer (COO)

Mr R Phelan

Chief Executive Officer (CEO)

Ms E Gordon

Administrator

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

Patrons

HRH The Former Prince of Wales, Royal Patron
Eugene Sărbu

Senior Managers of FARA Enterprises Limited

Directors

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

Senior Managers of FARA Properties Limited

Directors

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

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Banks

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

Solicitors and legal advisors

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

Auditors

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

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing those financial statements, the Trustees are required to:-

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities Act 2011. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

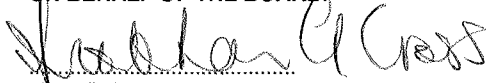
So far as the Trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make them aware of any audit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


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PUBLIC BENEFIT

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

ON BEHALF OF THE BOARD


.....
Ms S G Cross - Trustee

Date: 
.....

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Statement from the Chair

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

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

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

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

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

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

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

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

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Statement from the CEO

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

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

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

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

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

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

Libby Gordon, CEO FARA Foundation

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STRATEGIC REPORT

WHO WE ARE AND OUR OBJECTIVES

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

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

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

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

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

Vision, Mission and Values

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

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

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

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

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

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

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

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

Appointment of Trustees

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

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

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

Public benefit

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

Executive leadership

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

Equal Opportunities Policy

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

Remuneration Policy

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

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ACHIEVEMENTS AND PERFORMANCE

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

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

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

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

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

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

Fundatia FARA Services in Romania

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

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

THERAPY AND REHABILITATION

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

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

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

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

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

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

HOMES FOR LIFE AND OUTREACH

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

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

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

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

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

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

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

TACKLING POVERTY THROUGH EDUCATION

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

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

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

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

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

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

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

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

SOLIDARITY WITH UKRAINIAN REFUGEES

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

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

A FAMILY FOR THOSE WITHOUT: St Nicholas

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

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

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

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

Overarching work and plans for 2024

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

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

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

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

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

IN THE UK: ENGAGEMENT WITH THE FARA WORKFORCE

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

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

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

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

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

FINANCES AND RESERVES

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

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

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

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

FARA UK fundraising

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

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

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

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

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

Plans for the Future

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

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

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

Post Balance Sheet Event

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

Financial review and risks

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

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

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

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

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

FARA FOUNDATION (LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
Incorporating the Strategic Report and Directors' Report
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The investment strategy is regularly discussed at Investment Committee meetings held in advance of the Finance meetings and reviewed and approved by the full board annually.

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

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

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

Reserves Policy

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

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

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

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

General Reserves Policy

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

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

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

General Reserves

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

Designated Funds

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

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

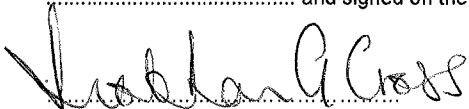
FARA FOUNDATION (LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
Incorporating the Strategic Report and Directors' Report
for the Year Ended 31 December 2023

Investment Policy

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

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

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


Ms S G Cross – Chair of Trustees
Dated: 9 August 2024

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

Opinion

We have audited the financial statements of FARA Foundation (Limited by Guarantee) (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and the parent company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees'/directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 2, the trustees (who are also the directors of the charitable company for the purposes of Company Law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

This description forms part of our auditor's report.

Use of our report

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



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

Date: 10 September 2024

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

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

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

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

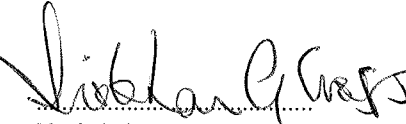
CONSOLIDATED BALANCE SHEET

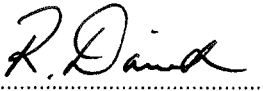
As at 31 December 2023

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

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

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


Ms S G Cross
Chairman


Mr R Davidson
Trustee

FARA FOUNDATION (LIMITED BY GUARANTEE)

GROUP CASH FLOW STATEMENT
For the Year Ended 31 December 2023

	2023	2022
	£	£
Cash flows from operating activities:		
Net cash provided by/(used in) operating activities (Note A)	(410,829)	1,369,719
Cash flows from investing activities:		
Additions of tangible fixed assets	(102,393)	(16,035)
Proceeds of sale of tangible fixed assets	423,449	7,245
Purchase of investments	(1,124,818)	(821,369)
Movement in current asset investments	(506,304)	(504,476)
Sale of investments	-	283,323
Dividends retained within cash portfolio	-	38,408
Interest received	101,662	31,863
Net cash provided by/(used in) investing activities	(1,208,404)	(981,041)
Change in cash and cash equivalents in the reporting period	(1,619,233)	388,678
Cash and cash equivalents at the beginning of the reporting period	4,276,467	3,887,789
Cash and cash equivalents at the end of the reporting period	<u>2,657,234</u>	<u>4,276,467</u>

Note A

Cash flows from operating activities:		
Net income/(expenditure) for the reporting period per the SOFA	649,595	631,750
Net losses/(gains) on revaluation of fixed assets	-	(165,000)
Depreciation	84,057	69,195
Loss/(gain) on sale of fixed asset	22,377	(1,270)
Net losses/(gains) on investments	(183,842)	575,716
Fees charged retained within portfolio	22,544	-
Cash interest received	(101,662)	(166,146)
Investment income reinvested	(185,714)	-
Movement in provisions	(36,124)	246,867
Movement in stock	60,980	
Movement in debtors	(746,994)	82,589
Movement in creditors	3,954	96,018
Net cash provided by/(used in) operating activities	<u>(410,829)</u>	<u>1,369,719</u>

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

1. ACCOUNTING POLICIES

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

Basis of preparation

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

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

Going concern

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

Group financial statements

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

Significant Estimates and Judgements

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

Critical Judgements

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES (Continued...)

Significant Estimates

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

Income

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

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

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

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

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

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

Expenditure

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

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

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

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

Funds

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES (Continued...)

Taxation

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

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

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

Tangible assets

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

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

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

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

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

Cash and cash equivalents

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

Current asset investments

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES (Continued...)

Fixed asset investments

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

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

Foreign currency transactions

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

Pension costs

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

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

Operating leases

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

Provisions for dilapidation

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

Stocks

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

Debtors

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

Creditors

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES (Continued...)

Financial instruments

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

2. LEGAL STATUS OF THE CHARITY

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

3. RETAIL ACTIVITIES IN GENERATING FUNDS

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

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

4. INVESTMENT INCOME

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

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

5. GRANTS PAYABLE

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

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

6. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

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

7. ANALYSIS OF SUPPORT COSTS

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

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

7. SUPPORT COSTS (Continued...)

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

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

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

8. EXPENDITURE

Total resources expended for the year is stated after charging:

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

9. STAFF AND TRUSTEE INFORMATION

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

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

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

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

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

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

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

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

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

10. TANGIBLE FIXED ASSETS

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

10. TANGIBLE FIXED ASSETS (Continued...)

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

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

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

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

11. FIXED ASSET INVESTMENTS

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

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

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

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

11. FIXED ASSET INVESTMENTS (Continued...)

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

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

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

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

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

12. DEBTORS

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

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

13. CURRENT ASSET INVESTMENTS

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

14. CREDITORS

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

15. PENSION COMMITMENTS

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

16. PROVISIONS

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

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

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

17. ANALYSIS OF GROUP CHARITABLE FUNDS

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

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

All assets and liabilities relate solely to unrestricted funds.

18. LEASING AGREEMENTS

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

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

19. TRADING SUBSIDIARIES

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

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

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

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

2023

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

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For the Year Ended 31 December 2023

19. TRADING SUBSIDIARIES (Continued...)

2022	FARA Properties Limited £	FARA Enterprises Limited £	Total 2022 £
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)
Provision 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)
	FARA Properties Limited £	FARA Enterprises Limited £	Total 2022 £
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
Cost of sales	-	(6,083,616)	(6,083,616)
Administration and overheads	(28,378)	(1,884,791)	(1,913,169)
Revaluation of investment property	(165,000)	-	(165,000)
Net incoming resources	(160,678)	2,798,431	2,637,753
Donation to FARA Foundation	(4,322)	(2,798,431)	(2,802,753)
Net movement in shareholders' funds	(165,000)	-	(165,000)

20. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

FARA FOUNDATION (LIMITED BY GUARANTEE)

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For the Year Ended 31 December 2023

21. RELATED PARTY TRANSACTIONS

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

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

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

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

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

22. PRIOR YEAR ADJUSTMENT

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

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

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