

Company registration number: 10671707

Charity registration number: 1172246

ARC Healthcare Southwest

(A company limited by guarantee)

Annual Report and Financial Statements

for the period from 1 December 2021 to 31 May 2023

ARC Healthcare Southwest

Contents

Reference and Administrative Details	1
Trustees' Report	2 to 8
Independent Examiner's Report	9
Statement of Financial Activities	10 to 11
Balance Sheet	12 to 13
Statement of Cash Flows	14
Notes to the Financial Statements	15 to 29

ARC Healthcare Southwest

Reference and Administrative Details

Trustees

A M Rouncefield

J M Storer

S Visram

M Gorman resigned 7 January 2023

J Herrod resigned 2 September 2023

Senior Management /

Leadership Team

J Sabien, Outsourced Consultant

Charity Registration Number

1172246

Company Registration Number

10671707

The charity is incorporated in England

Registered Office

Waterside Court Falmouth Road

Penryn

Cornwall

TR10 8AW

Accountants

GW & Co. Limited

Chartered Certified Accountants and Business Advisers

Waterside Court

Falmouth Road

Penryn

TR10 8AW

ARC Healthcare Southwest

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 May 2023.

INTRODUCTION - A PERIOD OF SADNESS

The period to May 2023 was a sad time for the Charity. With increasing losses and a lack of commitment from the NHS to use our services, the Trustees had to take the difficult decision in December 2022 to close the charity before it ran out of money. In January 2023, all staff, including the founder and Chief Executive, Joseph Sabien were made redundant. Assets were sold, including the Dutch Barge known as the ARC (Andere Boerge), debts were collected, and liabilities paid.

The original intention was to liquidate the charity and use any surplus funds for other charitable purposes. However, it became evident later in 2023 that there was a significant demand in Cornwall for the mental health services offered by the Charity, and a decision was taken to investigate re-starting it, using the same charitable entity. To avoid confusion, having announced the closure of Sea Sanctuary, it was decided to change the name of the charity to ARC Healthcare Southwest ("ARC HSW") and this occurred on 5th October 2023.

Funding for two years from the National Lottery was confirmed in December 2023, and a decision was made to re-commence activities on a smaller scale in early 2024, fronted again by Joseph Sabien.

THE CHARITY MOVING FORWARD

Between July 2019 and January 2023, ARC HSW worked in partnership with the Devon & Cornwall police to provide a unique county-wide service. The service had a specific police call-sign (G999) and operated out-of-hours, typically between 1800-0600, responding to emergency calls where mental ill health (people presenting in acute mental health distress) had been identified. G999 provided crisis negotiation (e.g. people in the process of attempting suicide) and thereafter, once removed to safety, assessment and treatment was provided.

During the 3.5 years of operation, data capture highlighted the need for an additional service in the county – a service that would specialise in the treatment of trauma-related illness and mental health disorders. Four main features for people in crisis became apparent:

- They felt disconnected to other people and the community in which they lived.
- They lacked social interaction and were not engaged in meaningful activities.
They wanted to better understand their mental health, to better understand and improve their emotional threshold and be taught useful techniques for the purpose of self-soothing/emotional regulation.
- They wanted specific treatment for their trauma (e.g. EMDR) once stable and out of crisis.

As a direct consequence of this service analysis, ARC HSW has decided to concentrate its efforts on supporting this particularly vulnerable and often marginalised cohort. This will be achieved by way of the development of a trauma service which will concentrate on providing the following services:

- assessment of need – a root cause assessment
- meaningful activities (e.g. creative writing, exercises classes, art facilitation and outdoor 'process' groups)
- EMDR and trauma related modalities (where appropriate)

ARC Healthcare Southwest

Trustees' Report

It should be noted that people in receipt of support from ARC HSW *will not* present in crisis as this remains the remit of NHS primary care services. As such, ARC HSW will not provide a crisis service and will carefully triage and monitor all referrals, whether self-referrals or referrals from other agencies and organisations.

Indeed, ARC HSW will provide so-called 'light touch' services which will encourage people to socially interact, develop meaningful relationships, engage, or re-engage with nature, learn coping strategies in relation to their mental health and experience improved emotional wellbeing and threshold. These services will commence in April 2024.

OBJECTIVES AND ACTIVITIES (AN OVERVIEW)

The Charitable Objects set out in the governing documents, i.e. the memorandum and articles, are *"to assist in the treatment and care of persons suffering from mental or physical illness of any description or in need of rehabilitation as a result of such illness, by the provision of facilities for work and recreation; and to advance the education of the public in the subject of mental well-being."*

These objects were relevant to the Charity operating as Sea Sanctuary and continue to be relevant to the new services being provided.

We have referred to the guidance from the Charity Commission on public benefit when reviewing and planning our activities and our trustees consider how our planned activities and our direction contribute to the aims and objectives they have set.

POLICY ON RESERVES

With the new activities, a formal reserves policy is not currently appropriate, but the charity will regularly monitor and assess forecasted budget and expenditure to ensure that cash inflows and expenditure over the coming 12 months are sufficient to cover known expenditure together with a contingency for unforeseen expenditure.

REMUNERATION

Prior to closure, financial and non-financial benefits of all employment packages were set by the CEO and the Directors based on mid-point market values. Salaries were subject to an annual review. The structure moving forward is still being considered.

PUBLIC BENEFIT

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

ARC Healthcare Southwest

Trustees' Report

OUR ACTIVITIES PRIOR TO CLOSURE

The main activities during the 18-month period to 31st May 2023 were:

- Dutch Barge (Known as the ARC) – OFSTED Registered Children's Home (to February 2022)
- Dutch Barge (Known as the ARC) – Trauma and Therapy Centre (July 2022 to January 2023)
- Sailing Activities (April 2022 to October 2022)
- One to One Therapy
- G999
- EAP

These are considered in a bit more detail below.

Dutch Barge (The ARC) – OFSTED Registered Children's Home

During the year to November 2021, the charity continued to run an OFSTED registered children's home on our Dutch Barge, known as the ARC. Because of the well-publicised difficulties recruiting suitably qualified care staff in Cornwall, the Trustees took the difficult decision in October 2021 to cease this activity, and the home was closed in February 2022. The home provided a major source of income for the charity and its closure was a contributing factor for the charity's financial difficulties.

Dutch Barge (The ARC) – Trauma and Therapy Centre

Following the decision to stop using the ARC as a children's home, the decision was made to re-purposed the boat as a Trauma and Therapy Centre, and it was formally launched as such in July 2022 with the assistance of a number of grants to fund the repairs and enhancements required to the boat and the quayside it is moored on.

Although well received for its services, the financial model for its usage relied on the NHS utilising it. Despite numerous visits from them and promises to commit to a significant usage, the delays and lack of commitment from them was the final trigger for the decision to close the Charity. The ARC was then sold late in 2023 at a loss of £308,358.

Sailing Activities.

During the year to November 2021, our sailing activities mainly revolved round Sail Into Life ("SiL"), our award-winning residential sailing and person-centred therapeutic programme, using our yacht, Winter. Achieving outstanding results, our SiL programme has featured on local, national, and global TV, featured in several magazines/publications and is the recipient of several awards.

In early 2022, we were kindly offered the use of a traditional tall ship (Irene), for an initial 5-year period, free of charge. Our yacht Winter was therefore sold, and in April 2022 we took delivery of Irene and launched a much more comprehensive sailing programme. Irene of Bridgewater was over 100 years old and was a 120-foot-long twin masted gaffer. From this we continued to deliver Sail into Life, but also added various half day, day, and week sails, some with therapists on board, and some just using the boat for a sailing experience, executive retreats, or holiday. At all times, we were emphasising the benefits of Blue Health and all those who have sailed with us agreed that the Sail Into Life programme improved confidence and self-esteem and instilled the hope and self-belief that they could tackle and change the psychological or emotional issues that have been holding them back.

With the closure of the charity, this activity ceased at the end of the season in October 2022, and Irene was handed back to the owners.

ARC Healthcare Southwest

Trustees' Report

One to One Therapy

Previously carried out primarily in our office, our One-to-One therapy sessions began to take place on the ARC or our newly developed wooden cabins (pods) on the quayside. Our team of experienced and qualified therapists use evidence-based, fully accredited talking therapies and counselling techniques to build resilience, gain empowerment and overcome mental obstacles.

G999. Our Golf-999 project was the first of its kind in the country and ran in partnership with Devon & Cornwall Police. Police officers and Sea Sanctuary's mental health clinicians responded to people in acute crisis (i.e. attempted suicide/deliberate and significant-self injury). On average, the G999 team responded to two incidents each night and case managed until such time as a successful outcome had been achieved. With a shift in the Directive from the Home Office relating to "right care, right person" (RCRP), the role of the Police across the UK has changed. As a result, the Police are no longer the 'go-to' emergency service for people presenting with mental ill health and those in acute mental health crisis. As such, working alongside the Devon & Cornwall Police is now unlikely for the foreseeable future until such time as a joint service (Police/NHS) is undertaken. This will allow scrutiny of the new RCRP approach.

We are still considering whether a similar project will re-commence under the new activities working alongside the British Transport Police. This private Police force does not follow the new HO Directive due to the unique environmental challenges and risk profile.

EAP

We saw a growth in our Employee Assistance Programme (EAP) business, supporting the mental health/wellbeing of several hundred employees and we supported both statutory and non-statutory organisations, including the Devon & Cornwall police.

GRANTS AND OTHER INCOME

Income from the Sailing and Therapy activities of the charity were always insufficient to cover costs, and therefore grant income was important to meet our costs. During the 18-month period to 31st May 2023 the following grants were received and included in the income for the year.

FUNDER	RESTRICTIONS	AMOUNT
		£
National Lottery	Trauma and Therapy	280,000
NHS Winter Pressures	Running costs	35,000
Tudor Trust	ARC and quayside refurbishment	40,000
Edward Gosling	Purchase of rib	40,000
Clothworkers	Purchase of rib	25,000
Wolfson	ARC and quayside refurbishment	50,000
Other grants	Various	39,881
TOTAL		509,881

Since the end of the financial period, the National Lottery community Fund confirmed that it would continue to fund certain running costs of the new activities for 2 years, with a total of £207,979. The first payment of £51,995 was received in January 2024.

ARC Healthcare Southwest

Trustees' Report

STRUCTURE, GOVERNANCE AND MANAGEMENT

Nature of governing document

Arc Healthcare Southwest is a mental health service based in Falmouth, South West England and it was registered as a charity (1117038) in October 2005. Due to a substantial investment from HM Treasury in 2017 it was necessary to fully incorporate the Charity, a new charity number (1172246) was issued at the time.

The Charity is governed by memorandum and articles of association dated 15 March 2017.

The Charity was run on a day-to-day basis by the CEO and founder Joseph Sabien, assisted by his senior management team. Trustees met formally on at least a quarterly basis, but further regular meetings took place between some of the Trustees and the CEO and senior management team to discuss issues as they arose.

Following its closure, the run-down of the Charity was undertaken by the Trustees, assisted by Joseph Sabien. The structure of the Charity in its new guise is still evolving but continues to be over-seen by the Trustees and Joseph Sabien on a consultancy basis.

Recruitment and appointment of trustees

New Trustees are appointed by the existing Trustees based on the needs of the Charity.

Trustees are appointed based on their experience and the skills they have to offer. Where gaps are identified in the board, skill set trustees will be sought to meet those specific needs. Trustees were formally inducted by the CEO and current board.

DESCRIPTION OF RISKS AND UNCERTAINTIES FACED BY THE CHARITY

The risks and uncertainties faced by the charity in 2024 all relate to the setting up of the new activities as outlined above. These are being co-ordinated by the original experienced founder Joseph Sabien.

PRINCIPAL FUNDING SOURCES

For the next two years, the main funding source is the National Lottery Community Fund, as outlined on the Trustees Report.

SEA SANCTUARY SERVICES LIMITED

Following on from the decision to close the charity taken in December 2022, discussions were held with Lloyds Bank, the only creditor of the charity's subsidiary Sea Sanctuary Services Limited. Following unsuccessful negotiations with Lloyds, the directors of SSSL decided to place the company into liquidation on 15th February 2024.

FINANCIAL REVIEW

Total income for the 18 month period to 31st May 2023 was £925,861, of which grant income was over 50%. With the loss of the income from the children's care home activities, the income from other activities was insufficient to cover the high fixed costs of running the charity. Payroll costs in themselves were £764,121 in the period, including redundancy pay of £88,964.

ARC Healthcare Southwest

Trustees' Report

The following table shows how the loss for the period of £713,169 arose.

	£'000
Income from activities and donations	420
Grant funding	<u>506</u>
Total income	926
Total staff costs	(764)
Loss on sale of ARC	(308)
Loss on sale of other fixed assets	(91)
Other cost of sales	(164)
Other overheads	(312)
	(713)

The cash drain from the operating losses, together with the uncertainty over future income levels was the reason the Trustees took the decision to cease all activities and make staff redundant before the charity became insolvent.

Statement of trustees' responsibilities

The trustees (who are also the directors of ARC Healthcare Southwest for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 period. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including its income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 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 that can disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ARC Healthcare Southwest

Trustees' Report

The annual report was approved by the trustees of the charity on ^{24/04/2024} and signed on its behalf by:

J Martin Storer

.....
J M Storer
Trustee

ARC Healthcare Southwest

Independent Examiner's Report to the trustees of ARC Healthcare Southwest ('the Company')

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31 May 2023.

Responsibilities and basis of report

As the charity's trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ACCA, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of ARC Healthcare Southwest as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Deborah Warburton

.....
Deborah Warburton
FCCA

24/04/2024
Date:.....

ARC Healthcare Southwest

Statement of Financial Activities for the Period from 1 December 2021 to 31 May 2023 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Continuing operations 2023 £	Discontinued operations 2023 £	Total 2023 £
Income and Endowments from:						
Donations and legacies	3	-	21,294	21,294	556,133	577,427
Charitable activities	4	-	-	-	332,402	332,402
Investment income	5	-	-	-	16,174	16,174
Total income		-	21,294	21,294	904,709	926,003
Expenditure on:						
Raising funds	6	-	-	-	(21,971)	(21,971)
Charitable activities	7	-	-	-	(1,617,200)	(1,617,200)
Total expenditure		-	-	-	(1,639,171)	(1,639,171)
Net income/(expenditure)		-	21,294	21,294	(734,462)	(713,168)
Net movement in funds		-	21,294	21,294	(734,462)	(713,168)
Transfer of funds		-	-	(734,462)	734,462	-
		-	21,294	(713,168)	-	(713,168)
Reconciliation of funds						
Total funds brought forward		814,422	21,834	836,256	-	836,256
Total funds carried forward	19	814,422	43,128	123,088	-	123,088

The notes on pages 15 to 29 form an integral part of these financial statements.

ARC Healthcare Southwest

Statement of Financial Activities for the Period from 1 December 2021 to 31 May 2023 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

		Unrestricted funds £	Restricted funds £	Continuing operations 2021 £	Discontinued operations 2021 £	Total 2021 £
	Note					
Income and Endowments from:						
Donations and legacies	3	106,309	64,939	171,248	-	171,248
Charitable activities	4	851,987	-	851,987	-	851,987
Investment income	5	24,048	-	24,048	-	24,048
Total income		982,344	64,939	1,047,283	-	1,047,283
Expenditure on:						
Raising funds	6	(16,775)	-	(16,775)	-	(16,775)
Charitable activities	7	(1,145,176)	(65,025)	(1,210,201)	-	(1,210,201)
Total expenditure		(1,161,951)	(65,025)	(1,226,976)	-	(1,226,976)
Net expenditure		(179,607)	(86)	(179,693)	-	(179,693)
Net movement in funds		(179,607)	(86)	(179,693)	-	(179,693)
Reconciliation of funds						
Total funds brought forward		994,029	21,920	1,015,949	-	1,015,949
Total funds carried forward	19	814,422	21,834	836,256	-	836,256

The funds breakdown for 2021 is shown in note 19.

ARC Healthcare Southwest

(Registration number: 10671707)
Balance Sheet as at 31 May 2023

	Note	2023 £	2021 £
Fixed assets			
Tangible assets	12	30,000	226,845
Investments	13	-	1
		<u>30,000</u>	<u>226,846</u>
Current assets			
Debtors	14	17,237	875,114
Cash at bank and in hand	15	149,797	84,870
		<u>167,034</u>	<u>959,984</u>
Creditors: Amounts falling due within one year	16	<u>(73,946)</u>	<u>(341,894)</u>
Net current assets		<u>93,088</u>	<u>618,090</u>
Total assets less current liabilities		<u>123,088</u>	<u>844,936</u>
Creditors: Amounts falling due after more than one year	17	<u>-</u>	<u>(8,680)</u>
Net assets		<u>123,088</u>	<u>836,256</u>
Funds of the charity:			
Restricted income funds			
Restricted funds	19	43,128	21,834
Unrestricted income funds			
Unrestricted funds		<u>79,960</u>	<u>814,422</u>
Total funds	19	<u>123,088</u>	<u>836,256</u>

For the financial period ending 31 May 2023 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the charity to obtain an audit of its accounts for the period in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes on pages 15 to 29 form an integral part of these financial statements.

ARC Healthcare Southwest

**(Registration number: 10671707)
Balance Sheet as at 31 May 2023**

The financial statements on pages 10 to 29 were approved by the trustees, and authorised for issue on 24/04/2024 and signed on their behalf by:

J Martin Storer
.....

J M Storer
Trustee

The notes on pages 15 to 29 form an integral part of these financial statements.

ARC Healthcare Southwest

Statement of Cash Flows for the Period from 1 December 2021 to 31 May 2023

	Note	2023 £	2021 £
Cash flows from operating activities			
Net cash expenditure		(713,168)	(179,693)
Adjustments to cash flows from non-cash items			
Depreciation		38,299	23,234
Loss on disposal of assets		389,935	-
Investment income		(16,174)	(24,048)
		<u>(301,108)</u>	<u>(180,507)</u>
Working capital adjustments			
Decrease/(increase) in debtors	14	857,877	(19,227)
(Decrease)/increase in creditors	16	(263,708)	94,526
Net cash flows from operating activities		<u>293,061</u>	<u>(105,208)</u>
Cash flows from investing activities			
Interest received		16,174	24,048
Acquisitions of tangible assets		(771,371)	(14,985)
Proceeds from sale of tangible assets		539,983	14,453
Net cash flows from investing activities		<u>(215,214)</u>	<u>23,516</u>
Cash flows from financing activities			
Repayment of other borrowings		-	(39,112)
Payments to finance lease creditors		(12,920)	(12,920)
Net cash flows from financing activities		<u>(12,920)</u>	<u>(52,032)</u>
Net increase/(decrease) in cash and cash equivalents		64,927	(133,724)
Cash and cash equivalents at 1 December		<u>84,870</u>	<u>218,594</u>
Cash and cash equivalents at 31 May		<u>149,797</u>	<u>84,870</u>

The notes on pages 15 to 29 form an integral part of these financial statements.

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

1 Charity status

The charity is limited by guarantee, incorporated in England, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £10 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Waterside Court Falmouth Road

Penryn

Cornwall

TR10 8AW

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

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

Basis of preparation

ARC Healthcare Southwest meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The Trustees have assessed the Statement of Financial Position and likely future cash flows at the date of approving these financial statements. The Trustees have a reasonable expectation that the Charity have adequate resources to continue in operational existence and to meet its financial obligations as they fall due for at least 12 months from the date of these financial statements. Accordingly, the Trustees are of the opinion that the going concern basis is appropriate.

Income and endowments

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

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released when entitlement occurs.

Other income

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent.

Raising funds

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

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

All expenditure is inclusive of irrecoverable VAT.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees meetings and reimbursed expenses.

Government grants

Government grants of a revenue nature are credited to the Statement of Financial Activities as the related expenditure is incurred.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 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.

Tangible fixed assets

Individual fixed assets costing £500.00 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed assets less their residual value over their estimated useful lives, on both the straight line basis and reducing balance basis.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
ARC development	Over 15 years straight line
Boats and vessels	Over 15 years straight line
Motor vehicles	25% reducing balance
Office equipment	20% reducing balance
Boat equipment	15% reducing balance

Impairment of fixed assets

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

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

Business combinations

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the charity. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

Fixed asset investments

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the period, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the period and are credited or charged to the Statement of Financial Activities based on the market value at the period end.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

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

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Derivative financial instruments

The charity uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The charity does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in statement of financial activities immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of financial activities depends on the nature of the hedge relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

3 Income from donations and legacies

	Unrestricted funds General £	Restricted funds £	Total funds £
Donations and legacies;			
Donations from individuals	37,546	30,000	67,546
Grant income			
Grants from other organisations	-	509,881	509,881
Total for period ended 31 May 2023	37,546	539,881	577,427
Total for period ended 30 November 2021	106,309	64,939	171,248

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

4 Income from charitable activities

	Unrestricted funds Other £	Total 2023 £	Total 2021 £
Care services and other activities	332,402	332,402	851,987

5 Investment income

	Unrestricted funds General £	Total funds £
Other investment income	16,174	16,174
Total for period ended 31 May 2023	16,174	16,174
Total for period ended 30 November 2021	24,048	24,048

6 Expenditure on raising funds

Other costs of generating donations and legacies

	Unrestricted funds General £	Total funds £
Fundraising costs	21,971	21,971
Total for period ended 31 May 2023	21,971	21,971
Total for period ended 30 November 2021	16,775	16,775

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

7 Expenditure on charitable activities

		Unrestricted funds General £	Restricted funds £	Total funds £
	Note			
Other direct costs		193,830	2,160	195,990
Staff costs	10	413,916	351,128	765,044
Allocated support costs	8	482,167	165,299	647,466
Governance costs	8	8,700	-	8,700
Total for period ended 31 May 2023		1,098,613	518,587	1,617,200
Total for period ended 30 November 2021		1,145,176	65,025	1,210,201

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

8 Analysis of governance and support costs

Support costs allocated to charitable activities

	Other support costs £	Total 2023 £
Staff training	2,646	2,646
Other staff costs	7,541	7,541
Rent	20,760	20,760
Light, heat and power	5,071	5,071
Insurance	26,447	26,447
IT software and consumables	18,765	18,765
Legal and professional fees	9,280	9,280
Other office expenses	3,152	3,152
Telephone and internet	9,794	9,794
Equipment hire	3,857	3,857
Repairs and maintenance	1,720	1,720
Subscriptions and donations	27,040	27,040
Advertising and marketing	50,162	50,162
Accountancy and bookkeeping	14,393	14,393
Printing, postage and stationery	7,917	7,917
Motor and travel expenses	25,675	25,675
Interest payable	6,378	6,378
Loss on disposal of tangible assets	397,788	397,788
Sundry expenses	5,628	5,628
Bad debts	2,173	2,173
Entertaining	1,279	1,279
	647,466	647,466

Governance costs

	Unrestricted funds General £	Total 2023 £	Total 2021 £
Audit fees	-	-	8,400
Audit of the financial statements			
Independent examiner fees			
Examination of the financial statements	3,540	3,540	-
	3,540	3,540	8,400

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

9 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

10 Staff costs

The aggregate payroll costs were as follows:

	2023 £	2021 £
Staff costs during the period were:		
Wages and salaries	695,403	627,207
Social security costs	58,669	52,642
Pension costs	10,972	12,575
	<u>765,044</u>	<u>692,424</u>

During January 2023 the Charity ceased to trade and as a result the following redundancy and notice period payments were made to employees;

Redundancy pay	£40,074
Notice Pay	£92,084

The number of employees whose emoluments fell within the following bands was:

	2023 No	2021 No
£60,001 - £70,000	-	1
£140,001 - £150,000	<u>1</u>	<u>-</u>

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

11 Taxation

The charity is a registered charity and is therefore exempt from taxation.

12 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Other tangible fixed asset £	Total £
Cost					
At 1 December 2021	100,024	159,632	26,149	-	285,805
Additions	4,099	5,790	-	761,482	771,371
Disposals	(104,123)	(165,422)	(26,149)	(731,482)	(1,027,176)
At 31 May 2023	-	-	-	30,000	30,000
Depreciation					
At 1 December 2021	20,003	26,983	11,974	-	58,960
Charge for the year	6,982	6,045	2,600	22,672	38,299
Eliminated on disposals	(26,985)	(33,028)	(14,574)	(22,672)	(97,259)
At 31 May 2023	-	-	-	-	-
Net book value					
At 31 May 2023	-	-	-	30,000	30,000
At 30 November 2021	80,021	132,649	14,175	-	226,845

13 Fixed asset investments

	2023 £	2021 £
Shares in group undertakings and participating interests	-	1

The subsidiary Sea Sanctuary Services Limited was entered in to liquidation on 8 March 2024 and is in the process of being wound up.

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

14 Debtors

	2023 £	2021 £
Trade debtors	13,590	14,104
Due from group undertakings	-	801,755
Prepayments	-	56,154
Other debtors	3,647	3,101
	<u>17,237</u>	<u>875,114</u>

15 Cash and cash equivalents

	2023 £	2021 £
Cash on hand	-	1,468
Cash at bank	149,797	83,402
	<u>149,797</u>	<u>84,870</u>

16 Creditors: amounts falling due within one year

	2023 £	2021 £
Trade creditors	9,510	17,379
Hire purchase and finance leases	-	4,240
Due to group undertakings	30,123	189,594
Other taxation and social security	19,202	20,594
Other creditors	-	101,294
Accruals	15,111	8,793
	<u>73,946</u>	<u>341,894</u>

17 Creditors: amounts falling due after one year

	2023 £	2021 £
Hire purchase and finance leases	-	8,680

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

18 Obligations under leases and hire purchase contracts

The total value of future minimum lease payments was as follows:

	2023 £	2021 £
Within one year	-	189,594

19 Funds

	Balance at 1 December 2021 £	Incoming resources £	Resources expended £	Balance at 31 May 2023 £
Unrestricted funds				
<i>General</i>				
Unrestricted Funds	814,422	386,122	(1,120,585)	79,959
Restricted funds				
Invictus G999	21,834	-	(21,834)	-
Just Giving 999	-	294	(294)	-
Arnold Clark G999	-	1,500	(1,500)	-
Norman Family Trust	-	7,500	(7,500)	-
NHS Winter Pressures	-	35,000	(35,000)	-
National Lottery	-	280,000	(280,000)	-
Duke of Cornwall Benevolent Fund	-	5,000	(5,000)	-
Greenhook Fishing	-	45,288	(2,160)	43,128
Tudor Trust	-	40,000	(40,000)	-
Albert Hunt	-	4,000	(4,000)	-
Edward Gosling	-	40,000	(40,000)	-
Clothworkers	-	25,000	(25,000)	-
Wolfson	-	50,000	(50,000)	-
Cornwall Council	-	5,999	(5,999)	-
Penryn Town Council	-	300	(300)	-
Total restricted funds	21,834	539,881	(518,587)	43,128
Total funds	836,256	926,003	(1,639,172)	123,087

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

	Balance at 1 December 2020 £	Incoming resources £	Resources expended £	Balance at 30 November 2021 £
Unrestricted funds				
<i>General</i>				
Unrestricted Funds	994,029	982,344	(1,161,951)	814,422
Restricted				
Invictus G999	21,920	64,939	(65,025)	21,834
Total funds	1,015,949	1,047,283	(1,226,976)	836,256

20 Analysis of net assets between funds

	Total funds at 31 May 2023 £
Tangible fixed assets	30,000
Current assets	167,034
Current liabilities	(73,946)
Total net assets	123,088
	Total funds at 30 November 2021 £
Tangible fixed assets	226,845
Fixed asset investments	1
Current assets	959,984
Current liabilities	(341,894)
Creditors over 1 year	(8,680)
Total net assets	836,256

21 Related party transactions

When Sea Sanctuary closed its doors in January 2023, the Trustees were under the impression that the Charity would cease a donation of £23,656 was made to ARC Healthcare CIC on 5 May 2023. ARC Healthcare CIC was set up by Joseph Sabien after Sea Sanctuary closed to keep supporting people who were in desperate need of mental health support.

ARC Healthcare Southwest

Notes to the Financial Statements for the Period from 1 December 2021 to 31 May 2023

The payment was split as follows.

	£
Website development costs	8,460
Legal fees	1,359
IT equipment costs and one year's support	5,337
Marketing expenditure	1,600
Containers refurbishment	2,700
Salary costs	4,200
TOTAL DONATION	23,656

All of the donation money has been spent by ARC Healthcare CIC and the computer assets currently held will be transferred across to the charity.

ARC Healthcare Southwest

Statement of Financial Activities by fund for the Period from 1 December 2021 to 31 May 2023

Unrestricted Funds

	Total Unrestricted Funds 2023 £	Total Unrestricted Funds 2021 £
Income and Endowments from:		
Donations and legacies	37,546	106,309
Charitable activities	332,402	851,987
Investment income	16,174	24,048
Total income	<u>386,122</u>	<u>982,344</u>
Expenditure on:		
Raising funds	(21,971)	(16,775)
Charitable activities	(1,098,613)	(1,145,176)
Total expenditure	<u>(1,120,584)</u>	<u>(1,161,951)</u>
Net expenditure	<u>(734,462)</u>	<u>(179,607)</u>
Net movement in funds	(734,462)	(179,607)
Reconciliation of funds		
Total funds brought forward	<u>814,422</u>	<u>994,029</u>
Total funds carried forward	<u>79,960</u>	<u>814,422</u>

ARC Healthcare Southwest

Statement of Financial Activities by fund for the Period from 1 December 2021 to 31 May 2023

Restricted Funds

	Total Restricted Funds 2023 £	Total Restricted Funds 2021 £
Income and Endowments from:		
Donations and legacies	539,881	64,939
Total income	539,881	64,939
Expenditure on:		
Charitable activities	(518,587)	(65,025)
Total expenditure	(518,587)	(65,025)
Net income/(expenditure)	21,294	(86)
Net movement in funds	21,294	(86)
Reconciliation of funds		
Total funds brought forward	21,834	21,920
Total funds carried forward	43,128	21,834