

Teen Challenge UK

Annual Report and Accounts

For the year to 31 March 2024

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Reference and Administrative Details

Charity Name:	Teen Challenge UK
Registered Numbers:	Charity Number: 298900 OSCR Number: SC039475
Principal Office:	Willoughby House Station Road Upper Broughton Leicestershire LE14 3BH
Website address:	www.teenchallenge.org.uk
Trustees:	P A Hills G McKim J Wellavise TM McCurry (Chairman) S Reilly D Williams
Chief Executive:	Phil Hills
Registered Auditors:	Ashmole & Co Chartered Certified Accountants & Registered Auditors First Floor 1 St John's Court Upper Fforest Way Enterprise Park Swansea SA6 8QQ
Bankers:	Barclays Bank Plc 16 Vaughan Street Llanelli SA15 3UE
Solicitors	Dutton Gregory 48/50 Parkstone Road Poole BH15 2PG

Report of the trustees For the Year to 31 March 2024

The trustees present their report with the financial statements of the charity for the year ended 31 March 2024. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) '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 (FRS102) (effective 1st January 2019).

Structure, Governance and Management

Governing document

Teen Challenge UK is an unincorporated trust constituted under a trust deed dated 1st March 1988, which was varied on 26th August 2003, and is a registered charity number 298900.

Recruitment and appointment of the Council of Management

The charity is governed by a Board of Directors as the charity's trustees who are responsible to give direction and oversight to all aspects of its activities.

New directors are appointed by the Board of Directors and continue to serve until they wish to retire or are disqualified from continuing as a director in accordance with the Trust Deed. The Trust Deed provides for a minimum of three to a maximum of seven directors.

Induction and training of Trustees

New Trustees and Directors undergo an induction day to brief them on their legal obligations under charity law, the content of the Trust Deed and the committee and decision-making process. They will meet key employees and other directors. Directors are encouraged to attend external training events where these will be of benefit to their role.

Organisational structure

Decisions affecting aspects of the work that have a national impact are made by the Board of Directors. Rev. PA Hills, has been seconded from Sherwood Church, Nottingham to the role of Chief Executive, responsible for overseeing the Charity's work on a day to day basis, and took the necessary action to implement Board decisions. Rev. Hills also holds the position of Vice President, Teen Challenge Global. The Board of Directors, ordinarily, meet four times in each calendar year.

Remuneration of the key management personnel is approved by the trustees and is reviewed annually and normally increased in accordance with average earnings. The trustees benchmark the key management personnel pay against pay levels in other charities of a similar size and activity to ensure that the remuneration set is fair and appropriate.

The following trustees hold property in the name of the charity:

P A Hills
TM McCurry

Objectives and Activities

The charity trustees believe they have complied with their duty in Section 17(5) of the Charities Act 2011 to have due regard to Public Benefit guidance by the Charity Commission and has taken account of it in planning future activities.

The Objectives are contained in the trust deed and are as follows:

1. The advancement of the Christian Religion particularly among young people.
2. The relief of suffering among young people relating to mental or physical health or social or economic circumstances or drug or alcohol or chemical dependency.
3. The relief of poverty or homelessness among any persons who are the beneficiaries of the objects in 1 and 2 above.
4. The provision of occupational rehabilitation to any persons who are the beneficiaries of the objects in 1 and 2 above.
5. The provision of counselling services for the giving of individual or group counselling and practical advice.
6. The provision of residential centres for the rehabilitation of persons suffering from drug or alcohol or chemical dependency or abuse.
7. The provision of residential hostels.
8. By the establishment of courses and centres for the training of evangelists, street workers and support staff in the ministry of the Charity.
9. By the provision of vocational training and for those undergoing occupational rehabilitation.
10. By the payment of training grants or fees to any Company wholly owned by the charity for the purpose of fulfilling the objects related to vocational training and occupational rehabilitation.
11. By the offering of advice and training to the beneficiaries of the Charity's objects in connection with employment including a system for the writing of CV's and the provision of job search facilities.

How our activities deliver public benefit

In the year under review, the activities of Teen Challenge UK continue to focus on a specific, identifiable section of the public. The primary beneficiaries are those individuals who are experiencing life-controlling issues caused by substance misuse disorder or who are in danger of engaging with such activities. Other beneficiaries include families of addicted individuals, communities in which the charity works and the general public who reap the benefit of our work through there being fewer addicts on the streets than there might otherwise have been; the savings to Local and National Governments from a consequential lessening of drug related crime and savings arising from a lesser demand on health services amongst other societal benefits.

The local services of Teen Challenge UK are open to all people experiencing life controlling issues regardless of colour, gender, age or religion. The cost of residential help is high and applicants, who are able, are encouraged to make a contribution to the cost of their support. However, no-one is ever refused admission on financial grounds.

It is generally recognised that one of the major problems in the UK affecting young people is drug misuse. The consequences of this for society are many; antisocial behaviour, street crime, drug related health problems, increased policing costs, drug related crime, increased prison populations, escalating insurance claims and premiums, social costs in traumas suffered by those who are burgled, assaulted or otherwise subjected to the consequential effects of criminal behaviour.

Teen Challenge UK works with people of all ages in its prevention and intervention activities and in its residential rehabilitation facilities. In the year under review, the average length of addiction residents entering a residential rehabilitation programme was approximately ten years and heroin is the most commonly used drug.

The scope of activities that Teen Challenge UK is able to engage in to fulfil its objectives is obviously limited by its available resources. However, it is clear that there is enormous public benefit in the charity carrying out its activities to achieve its stated objectives.

Achievements and Performance

Ensuring our work achieves our aims

Our aims, objectives and activities are reviewed at our regular meetings of the Board of Directors. These reviews cover significant aspects of the charity's work including outreach centres and projects, residential centres, personnel, finance, achievements and outcomes. The reviews also help us ensure our aims, objectives and activities remain focused on our stated purposes.

The Board of Directors continue to rely upon the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Directors consider how planned activities will contribute to the aims and objectives contained in the Trust Deed.

The objectives of the charity are achieved through outreach work, residential rehabilitation centres, The Teen Challenge Leadership Academy and in other appropriate ways.

Outreach work

In terms of outreach work, Teen Challenge UK has a network of volunteers who make themselves available to people, of all ages, who may need help, advice or guidance at locations in Scotland, England, Wales and Northern Ireland each week. During the period outreach teams operated throughout the United Kingdom. These centres are governed by Steering Committees consisting of responsible local people. The Committees are governed by The Teen Challenge UK Trust Deed and there is accountability for their activities to the National Board of Directors through the Chief Executive/Executive Chair.

In addition to these volunteers, The Board has set up a full-time team of outreach workers to work systematically through the most deprived towns and cities of the UK where we do not currently have volunteer teams. This team rents accommodation and lives in an area for approximately six months working among those with life controlling problems. The Team Leader is appointed by the Board and is accountable to the Chief Executive/Executive Chair. Last year this team has completed its assignments in Doncaster and has commenced its work in Salford, Manchester, England. The Board are pleased with the progress of this initiative.

Outreach work in London is carried out by Teen Challenge London which is an affiliated work.

Residential Rehabilitation

There are currently six TCUK residential rehabilitation centres operating in England, Wales and Scotland. They offer accommodation to men and women who apply to the charity for help to overcome their addiction problems. There are currently a total possible occupancy of around 140 beds between our services.

During the year to 31st March 2024 each residential centre operated at an acceptable level of bed occupancy. Turnover of residents remained at a generally acceptable low level. Turnover of staff was also noted as very low. Taken together this contributed to stable and positive environments in the residential centres.

The residential rehabilitation centres offer a structured daily programme that is designed to help each resident deal with the issues that contributed to their addictions and to learn how to focus on their present challenges and future goals. This is achieved through a combination of group activities, one-to-one sessions with a Key Worker as well as practical vocational training to equip an individual with the necessary life skills for employment.

The Leadership Academy

The organisation's training objective is fulfilled primarily, through the one or two-year residential training course offered by the Leadership Academy. The course is designed to train the participants in the basic requirements of leadership and particularly applied to working in a situation where outreach is the main emphasis.

Performance Measures

Teen Challenge UK residential rehabilitation programs are successful in helping individuals suffering from substance misuse disorder in many significant and, indeed, life changing ways. We measure this by assessing key performance indicators (KPIs) that our residential centres collect, analyse, and report.

We believe that key performance indicators can help Teen Challenge UK promote care to students.

To do this the Trustees consider some of the following measures in order to develop an approach to measuring performance of TCUK's delivery of care to students. The relevant measures vary from time to time depending on a number of factors.

Structural Measures: Structural quality measures refer to the features of TCUK that determine its capacity to provide care, such as the existence of an electronic records system or the ratio of support staff/care providers to students.

Process Measures: Process measures are used to assess how well care is provided to a student at TCUK residential centre, in line with recommendations for clinical practice. These recommendations are based on research evidence or consensus (i.e., the views of experts when the research evidence is lacking or inconclusive) regarding the probability that providing services will achieve the desired outcomes. Generally, process measures are expressed as rates, with the denominator defining a population that is of interest because of its demographic and clinical condition, and the numerator defining the subgroup receiving specific services.

Process measures are particularly important in the development of performance measures because they can be used to identify specific areas of care that may need improvement. For example, if clients are not entering a residential course after an initial service, additional outreach efforts could be mounted to increase clients in residential programs. Moreover, the data to calculate process measures often can be obtained as part of an administrative data system that includes information on clients' dates and types of treatment services.

Outcome Measures: These measures generally are used to evaluate the state of a student's health resulting from the health care services provided and interventions received whilst on a TCUK residential program. In general, outcomes are considered both in terms of student functioning and in terms of categories of symptom severity related to the student's clinical problem. For substance misuse disorders, health outcomes can be expanded to include four areas: sustained reductions in substance use, improvements in personal health, sustained improvements in functioning (e.g., employment/ family life and relationship reconciliation), and sustained reductions in threats to public health and safety.

Attributing improved student outcomes to TCUK's specific actions can sometimes be difficult because outcome measures of quality reflect the cumulative impact of multiple factors such as the timeliness of services and the appropriateness of the type or number of services for a person's substance misuse or dependence problem. Outcomes also are influenced by factors that depend on the students themselves and are outside the health care system, such as the choices the students make (e.g., to remain in treatment for the full course of recommended services); their living situation, income, and employment; or whether the students have other medical conditions.

Access Measures: Access measures assess the extent to which a person who needs care and services is able to receive them.

Student Experience: These measures are aggregated from students' reports about their observations of and participation in residential centres.

Teen Challenge UK – Annual Report for the Year to 31 March 2024

Key performance indicator data will differ between residential and outreach centres. Generally, however, they may include some of the following:

- Referral numbers from outreach projects;
- Occupancy rates at residential centres;
- Number of withdrawals from a TCUK program;
- Length of time between the referral date and the service provider's first appointment with the student;
- Successful completion of program; Graduation;
- Percentage of students returned to work/further study after program completion;
- Cost of providing care.

KPI data is collected, analysed, and evaluated on an ongoing basis to ensure TCUK identifies trends and the effect of service. Parameter changes on outcomes are identified in a timely manner. Reports are communicated normally quarterly to Trustees, at Board meetings, to Centre Manager's and to other key personnel via impact reports.

KPI's will continue to serve as a quality assurance tool for Teen Challenge UK. The information they provide helps us promote care that is accessible, service-driven, cost-effective, evidence-based, and results-focused.

During the year under review, the Trustees are satisfied with the reported results in each of the performance indicators which they identify as key.

For the year to 2024 Teen Challenge UK has seen a total of 57 students graduate, 43 students graduated from its residential programmes and 14 students graduated from its Leadership Academy.

City Outreach Team

After completing a season in Doncaster the TCUK Outreach team moved into Salford, Manchester, England for around six months reaching out to those trapped in addiction with the gospel message of hope. They continue to walk through the streets, knock on doors, link with local foodbanks, community chaplain and local churches running drop-in facilities and setting up the Outreach van outside homeless hostels and several housing estates in order to reach out to people needing help.

Students attending the leadership academy have been able to gain experience with the team once a week whilst in Doncaster and now gain experience in outreach work in Wellingborough working with our team of volunteers there.

The team regularly visits people individually on the streets or outside where they live for a chat, prayer, refreshments and share the Word of God which we also print out and on many occasions is being stuck up on their walls. It is so important to work alongside churches, encouraging, supporting, and helping each other as the body of Christ so we thank you for all you do.

Financial Review

Results for the year

In financial terms, the deficit for the year amounted to £274,209 (2023: £3,474 surplus). The unrestricted fund balances carried forward at the year-end were £4,012,346 (2023: £4,184,530). Restricted funds carried forward at the year-end amounted to £454,726 (2023: £556,751).

Like many other charities in the UK, TCUK continues to experience financial challenges which appear to be exacerbated by the continuing global economic downturn and consequential austerity measures. We continue to work with the challenges and pursue strategy of maintaining contact with donors and increasing our engagement with potential sponsors.

Reserves policy

The trustees have considered the charity's requirements for reserves in light of the main risks to which it is exposed. The charity maintains sufficient reserves and quickly saleable assets to enable the residential centres to cover their overheads for at least six months (approx. £1.60m) to ensure that existing residents do not suffer any disruption during the resulting wind down period should funding cease. At the year end the free reserves amounted to £724,272 (2023: £882,062) and the trustees continue to pursue strategies to increase the level of free reserves, as outlined in "Plans for Future Periods".

Principal funding sources

The Teen Challenge UK Trust Deed differentiates between Local Works and National Works. The former are governed by Steering Committees and local trustees and are responsible for the raising of their own finances. The primary sources are local donations, gifts from local churches and local Grant Making Trusts.

National works refer primarily to residential facilities and the provision of funding is the responsibility of the National Board of Directors. There are four primary sources of funding - Housing Benefit, contributions made by residents from State Benefits, one-off donations received from the general public and churches and monthly donations received by Standing Orders from the general public. Applications are also made to Grant Making Trusts to help with the financing of major new projects e.g. purchase of new facilities, equipment etc.

Investment powers

The Trustees seek to take independent advice on the most appropriate form of investment of the charity's funds.

Risk management

The trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity and are satisfied that systems are in place to mitigate our exposure to the major risks. Financial reports are prepared each month for the trustees which compare actual results against targets set for the current month and year to date. Analysis of non-financial hazards arising from the undertaking of the work of Teen Challenge UK is done at a local level in line with Teen Challenge UK's health and safety policy. Such assessment, and the control measures resulting from it, is monitored through annual external health and safety consultant audit and internal inspection and supervision arrangements.

Plans for Future Periods

2024 has once again been a challenging year but as always it has been a great encouragement to see lives transformed from the despair of addiction into the freedom and fullness of life that we believe God intended people to enjoy.

The year under review has obviously been a very challenging and difficult year for many people, particularly in having to deal with the consequences of global economic unrest and Teen Challenge has not been immune from this.

We are extremely grateful for the sacrificial service of all our staff who have served continuously in the face of all these challenges.

We appreciate our outreach volunteer workers who have continued to seek out the broken, offering practical help as well as bringing hope for a better future.

We believe that in Matthew's gospel our attention is explicitly drawn to the prophecy of Isaiah announcing the coming of Jesus and we are reminded "In His name, the nations will put their hope". This should act as a reminder to all of us who believe that this truth is utterly central to our lives. Our hope and dependence must be in Christ, not just in times of unrest, uncertainty, or crisis but in the day-to-day detail of our lives.

We are grateful for all who partner with us, whether in prayer or financially, in seeking to reach out to those in despair who are losing hope and we are thrilled at the progress and commitment of our staff and volunteers alike. To see the full circle of those reached, set free and disciplined now serving full time to reach others is a reminder to the success of our residential rehabilitation programme which we offer to all. Added to that are all those who are rebuilding meaningful lives and families with which we are greatly encouraged to be involved.

The Trustees continue to seek to balance our geographic presence in the United Kingdom and, at the same time, afford TCUK the opportunity to meet identifiable needs and fill gaps in the provision of care. We are delighted to have the continued support of the Local Authorities with the provision of financial support to our residents.

Furthermore, we are initiating our applications to open specific age-appropriate residential centres for those under the age of eighteen, (separately for males and females), throughout the United Kingdom, as it has already been evidenced that this is a much needed and vital initiative/strategy that is currently lacking. These age-appropriate facilities will be registered with Ofsted.

As always, there are many towns and cities in our nation that need our help and we continue to look for workers and partnerships so that we can offer hope to others. We are grateful to all who continue to partner with us both financially and in prayer and realise what a vital role you play in this ministry.

Statement as to disclosure of information to auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charity'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 of trustees' responsibilities

The trustees 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).

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to:

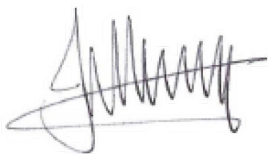
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution proposing that Ashmole & Co be reappointed as auditors of the charity will be put to the Annual General Meeting.

On behalf of the board



T M McCurry
Trustee

Date: 28th January 2025

Independent Auditor's Report To the trustees of Teen Challenge UK For the Year to 31 March 2024

Opinion

We have audited the financial statements of Teen Challenge UK for the year ended 31 March 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 charity's affairs as at 31 March 2024 and of the charity'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; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors 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.

Independent Auditor's Report To the trustees of Teen Challenge UK For the Year to 31 March 2024 (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements ; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under S144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 a Report of the Independent Auditors 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statement, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

**Independent Auditor's Report
To the trustees of Teen Challenge UK
For the Year to 31 March 2024 (continued)**

**The extent to which the audit was considered capable of detecting irregularities, including fraud
(continued)**

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- Obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the charity operates in and how the charity is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessments of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, and the Charities Act 2011. We performed audit procedures to detect non-compliance which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 and 154 of the Charities Act 2011 Section 44(1) (C) of the Charity and Trustee Investment (Scotland) Act 2005 Act. Our audit work has been undertaken so that we might state to the charities trustees 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 charity and the charities trustees as a body, for our audit work, for this report, or for the opinions we have formed.

S Keith

Ashmole & Co
Statutory Auditors
Chartered Certified Accountants
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
First Floor, 1 St John's Court, Upper Fforest Way, Enterprise Park, Swansea SA6 8QQ

Date: 29/01/2025

Statement of Financial Activities For the Year Ended 31 March 2024

	Notes	Unrestricted funds £	Restricted funds £	Total 2024 £	Total 2023 £
Income from:					
Donations and legacies	3	1,045,551	3,392	1,048,943	1,301,953
Charitable activities	4	1,800,394	-	1,800,394	1,624,987
Investments	5	107,074	-	107,074	102,642
Other		42,785	-	42,785	28,329
Total Income		<u>2,995,804</u>	<u>3,392</u>	<u>2,999,196</u>	<u>3,057,911</u>
Expenditure on:					
Raising Funds	6	71,683	-	71,683	47,111
Charitable activities	7	3,096,305	105,417	3,201,722	3,007,326
Total Expenditure		<u>3,167,988</u>	<u>105,417</u>	<u>3,273,405</u>	<u>3,054,437</u>
Net (expenditure)/income before transfers		(172,184)	(102,025)	(274,209)	3,474
Transfer between funds	17	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (expenditure)/income before revaluations		(172,184)	(102,025)	(274,209)	3,474
Net gain on investments	13	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		(172,184)	(102,025)	(274,209)	3,474
Reconciliation of Funds					
Total funds brought forward		<u>4,184,530</u>	<u>556,751</u>	<u>4,741,281</u>	<u>4,737,807</u>
Total funds carried forward		<u>4,012,346</u>	<u>454,726</u>	<u>4,467,072</u>	<u>4,741,281</u>

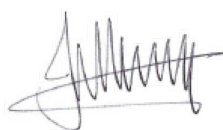
There are no recognised gains or losses in either the current or previous year other than those included in the Statement of Financial Activities. All activities relate to continuing operations.

The notes on pages 16 to 27 form part of these financial statements.

Balance Sheet at 31 March 2024

	Notes	2024	2023
		£	£
Fixed assets			
Tangible assets	12	3,174,359	3,188,753
Investments	13	525,000	525,000
Total fixed assets		<u>3,699,359</u>	<u>3,713,753</u>
Current assets			
Debtors	14	137,346	70,266
Cash at bank and in hand		789,269	1,106,394
		<u>926,615</u>	<u>1,176,660</u>
Creditors: Amounts falling due within one year	15	(158,902)	(149,132)
Net current assets		<u>767,713</u>	<u>1,027,528</u>
Total assets less current liabilities		<u>4,467,072</u>	<u>4,741,281</u>
Net assets		<u>4,467,072</u>	<u>4,741,281</u>
Represented by:			
Unrestricted funds	16	4,012,346	4,184,530
Restricted funds	17	454,726	556,751
		<u>4,467,072</u>	<u>4,741,281</u>

These financial statements were approved and authorised for issue by the Board and signed on their behalf by:



T M McCurry
Trustee

Date: 28th January 2025

Statement of Cash Flows for the Year Ended 31 March 2024

	2024	2023
	£	£
Cash flows from operating activities		
Net (expenditure)/income for the financial year	(274,209)	3,474
Adjustments for:		
Depreciation of tangible assets	78,859	76,408
Interest paid	3,600	3,600
Loss/(profit) on disposal of tangible assets	553	(4,715)
Interest received	(7,662)	(1,660)
Cash received from rent on investment properties	-	(1,550)
(Increase)/decrease in trade and other debtors	(67,080)	37,551
Increase in trade and other creditors	9,770	8,787
	<hr/>	<hr/>
Cash (to)/from operations	(256,169)	121,895
	<hr/>	<hr/>
Cash flows from investing activities		
Proceeds from sale of tangible assets	1,120	7,412
Purchase of tangible assets	(66,138)	(38,532)
Interest received	7,662	1,660
Cash received from rent on investment properties	-	1,550
	<hr/>	<hr/>
Net cash from investing activities	(57,356)	(27,910)
	<hr/>	<hr/>
Cash flows from financing activities		
Decrease in bank loan and other loans	-	(4,123)
Interest paid	(3,600)	(3,600)
	<hr/>	<hr/>
Net cash used in financing activities	(3,600)	(7,723)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(317,125)	86,262
Cash and cash equivalents at start of year	1,106,394	1,020,132
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	789,269	1,106,394
	<hr/> <hr/>	<hr/> <hr/>

“Cash and cash equivalents” consist entirely of “Cash at bank and in hand”.

Notes to the Accounts for the year ended 31 March 2024

1. Company information

Teen Challenge UK is an unincorporated trust constituted under a trust deed and is a registered charity number 298900. The principal office is Willoughby House, Station Road, Upper Broughton, Leicestershire LE14 3BH.

1.1 Basis of preparation of financial statements

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 (FRS102) (effective 1st January 2019) – (Charities SORP (FRS102)).

Teen Challenge UK meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The trustees continue to pursue a strategy of maintaining contact with donors and increasing their engagement with potential sponsors and hence these accounts have been prepared on a Going Concern basis.

The financial statements are prepared in sterling (£), and rounded to the nearest pound.

1.2 Income

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included.

Gifts donated for resale are included as incoming resources within activities for generating funds when they are sold.

Income from investments is included in the year in which it is receivable.

Notes to the Accounts for the year ended 31 March 2024

1.3 Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes including the charity's shop.

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.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management.

Governance costs are the costs associated with the governance arrangements of the Charity as opposed to the direct management functions inherent in generating funds or charitable activity. Included within this category are costs associated with the strategic as opposed to day-to-day management of the Charity's activities.

1.4 Fund accounting

The charity maintains various types of funds as follows:

General unrestricted funds represent income which can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds represent income to be used in accordance with specific restrictions imposed by donors or which has been raised by the charity for particular purposes.

1.5 Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over fifty years
Fixtures, fittings and equipment	-	15% straight line
Motor vehicles	-	20-25% straight line

The Trustees have considered the depreciation policy of land and buildings. Land is not depreciated as its useful economic life is infinite therefore no depreciation is considered necessary. Buildings have been depreciated in accordance with the accounting policy note above.

Assets under the value of £1,000 are not capitalised.

1.6 Investments

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.

Notes to the Accounts for the year ended 31 March 2024

1.7 Pension costs

The pension costs charged in the financial statements represent the contribution payable by the charity during the year.

1.8 Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over the effective term of the hire purchase agreement. Future instalments payable are apportioned between the finance element, which is charged to the Statement of Financial Activities, and the capital element which reduces the outstanding obligation for future instalments.

1.11 Operating lease agreements

Rentals applicable to operating lease agreements where substantially all the benefits and risks of ownership remain with the lessor are charged against profit on a straight-line basis over the period of the lease.

1.12 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents and trade and other creditors.

1.14 Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of financial activities.

1.15 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand. For the purpose of the cash flow statement, cash and cash equivalents are net of bank overdrafts which are payable on demand.

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Notes to the Accounts for the year ended 31 March 2024

2 Net income/(expenditure)

	2024	2023
	£	£
The net income/(expenditure) for year is stated after charging:		
Audit Fee	9,000	8,580
Depreciation and other amounts written off tangible fixed assets:		
Owned Assets	78,859	76,408
Profit/(loss) on Disposal of Fixed Assets	(553)	4,715
Staff Pension Costs	60,207	66,466

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2024	Total 2023
	£	£	£	£
Residential rehabilitation	742,094	3,392	745,486	1,015,779
Outreach centres	150,631	-	150,631	110,011
National training school	735	-	735	1,065
CORRA Foundation	152,091	-	152,091	175,098
	<u>1,045,551</u>	<u>3,392</u>	<u>1,048,943</u>	<u>1,301,953</u>

Included in "Residential Rehabilitation" income are legacies of £94,844 (2023: £329,254).

4 Income from charitable activities

	Unrestricted Total 2024	Unrestricted Total 2023
	£	£
Residential rehabilitation	1,783,141	1,612,257
National training school	17,253	12,730
	<u>1,800,394</u>	<u>1,624,987</u>

Included in "Residential Rehabilitation" income are Housing Benefit receipts of £1,191,565 (2023: £1,057,248).

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Notes to the Accounts for the year ended 31 March 2024

5 Income from investments

	Unrestricted Total 2024 £	Unrestricted Total 2023 £
Income from UK investment properties	-	1,550
Bank interest receivable	7,662	1,660
Rental income	99,412	99,432
	<u>107,074</u>	<u>102,642</u>

6 Raising funds

	Unrestricted Total 2024 £	Unrestricted Total 2023 £
Costs of generating voluntary income	56,626	41,405
Investment property management costs	15,057	5,706
	<u>71,683</u>	<u>47,111</u>

7 Cost of charitable activities – by fund type

	Unrestricted funds £	Restricted funds £	Total 2024 £	Total 2023 £
Residential rehabilitation	2,899,444	105,417	3,004,861	2,747,792
National training school	63,604	-	63,604	64,248
Outreach centres	133,257	-	133,257	195,286
	<u>3,096,305</u>	<u>105,417</u>	<u>3,201,722</u>	<u>3,007,326</u>

Notes to the Accounts for the year ended 31 March 2024

8 Cost of charitable activities – by activity

	Activities undertaken directly £	Support costs £	2024 Total £	2023 Total £
Residential rehabilitation	2,242,097	762,764	3,004,861	2,747,792
National training school	56,153	7,451	63,604	64,248
Outreach centres	133,257	-	133,257	195,286
	<u>2,431,507</u>	<u>770,215</u>	<u>3,201,722</u>	<u>3,007,326</u>

9 Analysis of support costs

	Residential Rehabilitation £	Training School £	Total 2024 £	Total 2023 £
Staff costs	270,649	-	270,649	280,167
Other costs	492,115	7,451	499,566	432,709
	<u>762,764</u>	<u>7,451</u>	<u>770,215</u>	<u>712,876</u>

Support costs have been allocated on the basis of support staff living in centres.

10 Trustees emoluments

	2024 £	2023 £
Remuneration and benefits	20,048	20,000
Pension contributions	414	1,101
	<u>20,462</u>	<u>21,101</u>

Mrs Lynn Hills is the wife of Phil Hills, a trustee of the charity. During the year she received remuneration of £20,048 (2023: £20,000). Pension contributions made on Mrs Lynn Hills' behalf totalled £414 (2023: £1,101). The appointment and remuneration of Mrs Lynn Hills was agreed by the trustees and the level of remuneration is considered to be at market levels.

Notes to the Accounts for the year ended 31 March 2024

11 Staff numbers and cost

	2024	2023
The average number of staff employed during the year was 64 (2023: 62).		
The average number of full time equivalent staff employed by the charity during the year, analysed by category, including support staff was as follows:	Number	Number
Residential care	52	50
Management & Administration	5	5
	<u>57</u>	<u>55</u>
	£	£
Wages and salaries	1,290,797	1,240,748
Social security costs	100,867	99,856
Pension costs	60,648	66,466
Benefits in kind	4,180	5,575
Redundancy	17,000	-
	<u>1,473,492</u>	<u>1,412,645</u>

No employee received emoluments of more than £60,000 (2023: £nil).

Trustees received reimbursement of expenses during the year of £nil (2023: £nil). The total number of trustees who were paid expenses was nil (2023: nil).

The total employment benefits, including employer pension contributions, of the key management personnel of the charity were £46,215 (2023: £42,796). The key management personnel do not include the Chief Executive who is not an employee of the charity (see note 20).

Notes to the Accounts for the year ended 31 March 2024

12 Tangible fixed assets

	Land and buildings freehold £	Fixtures fittings and equipment £	Motor vehicles £	Total £
Cost/Valuation				
At 1 April 2023	3,845,037	386,126	128,254	4,359,417
Additions	-	30,930	35,208	66,138
Disposals	-	-	(13,235)	(13,235)
At 31 March 2024	<u>3,845,037</u>	<u>417,056</u>	<u>150,227</u>	<u>4,412,320</u>
Depreciation				
At 1 April 2023	706,112	342,861	121,691	1,170,664
Charge for the year	55,248	12,713	10,898	78,859
On disposals	-	-	(11,562)	(11,562)
At 31 March 2024	<u>761,360</u>	<u>355,574</u>	<u>121,027</u>	<u>1,237,961</u>
Net book values				
At 31 March 2024	<u>3,083,677</u>	<u>61,842</u>	<u>29,200</u>	<u>3,174,359</u>
At 31 March 2023	<u>3,138,925</u>	<u>43,265</u>	<u>6,563</u>	<u>3,188,753</u>

The trustees consider that the market value of the land and buildings at 31st March 2024 is approximately £4,311,605 (2023: £4,311,605). No professional valuation was carried out.

13 Fixed Asset Investment Properties

	2024 £	2023 £
Valuation		
At 1 April 2023	525,000	525,000
Transfers	-	-
Revaluations	-	-
At 31 March 2024	<u>525,000</u>	<u>525,000</u>
Historic cost at 31 March 2024	<u>318,513</u>	<u>318,513</u>

All fixed asset investments are held within the United Kingdom. Investment properties have been valued at market value by the trustees of the charity. No valuation has been carried out by an independent expert.

Notes to the Accounts for the year ended 31 March 2024

14 Debtors

	2024	2023
	£	£
Other debtors	128,111	62,543
Prepayments and accrued income	9,235	7,723
	<u>137,346</u>	<u>70,266</u>

Included in Other Debtors is an amount of £36,144 (2023: £24,156) which relates to Housing Benefit.

15 Creditors: Amounts falling due within one year

	2024	2023
	£	£
Trade creditors	42,097	30,179
Other taxes and social security	21,399	20,941
Other creditors	74,863	77,781
Accruals and deferred income	20,543	20,231
	<u>158,902</u>	<u>149,132</u>

16 Unrestricted funds

	General Fund 2024 £	General Fund 2023 £
Balance at 1 st April 2023	4,184,530	4,286,749
Income	2,995,804	2,756,015
Expenditure	(3,167,988)	(2,858,234)
Investment gains/(losses)	-	-
	<u>4,012,346</u>	<u>4,184,530</u>
Balance at 31 st March 2024	<u>4,012,346</u>	<u>4,184,530</u>

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Notes to the Accounts for the year ended 31 March 2024

17 Restricted funds

	Balance at 1 April 2023 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2024 £
Lighthouse project Swaziland	9,354	3,392	(3,200)	-	9,546
National Assembly for Wales	99,680	-	-	-	99,680
Swansea Evangelism	8,000	-	-	-	8,000
Moneyash Farm	337,500	-	-	-	337,500
Wales Legacy	102,217	-	(102,217)	-	-
	<u>556,751</u>	<u>3,392</u>	<u>(105,417)</u>	<u>-</u>	<u>454,726</u>

The Lighthouse Project Swaziland - Grants to Teen Challenge Swaziland to build homes for orphaned children at Hawane Farm. This fund represents an appeal to provide ongoing support for these children.

The National Assembly for Wales – A grant towards the costs of the new unit that has been built at the vocational centre in Ammanford.

Swansea Evangelism - The Swansea work of Teen Challenge was closed down in the previous financial year and funds have been set aside for future evangelism in the area.

Moneyash Farm - A gift received to fund the purchase of land adjacent to Willoughby House.

Wales Legacy – Legacy income received towards the Teen Challenge UK ministry in Wales.

18 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds 2024 £	Total funds 2023 £
Tangible fixed assets	2,763,074	411,285	3,174,359	3,188,753
Investment assets	525,000	-	525,000	525,000
Current assets	883,174	43,441	926,615	1,176,660
Current liabilities	(158,902)	-	(158,902)	(149,132)
	<u>4,012,346</u>	<u>454,726</u>	<u>4,467,072</u>	<u>4,741,281</u>

Notes to the Accounts for the year ended 31 March 2024

19 Taxation

As a charity, Teen Challenge UK is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

20 Related Party Transactions

Phil Hills is a trustee of TCUK and a Minister and trustee of Sherwood Church. Sherwood Church is part of the Elim Pentecostal Church (registered charity number 251549).

During the year payments totalling £58,728 (2023: £58,728) were made to Sherwood Church. These payments were a recharge for the contractual agreement which sub contracts Phil Hills to the role of Chief Executive of TCUK and Vice President of Teen Challenge Global.

TCUK Scotland Ltd is a private limited company (company registration number SC707832) and is a related party as Mike McCurry and Phil Hills are trustees of TCUK and directors of TCUK Scotland Ltd and Mike McCurry owns 100% of the shares in TCUK Scotland Ltd. During the year the company made grants to TCUK totalling £152,091 (2023: £175,098). These grants were under the CORRA Funding. Further, during the year payments totalling £20,000 were made to TCUK which were a recharge for the contractual agreement which sub contracts Mr TM McCurry to the role of Executive Chair of TCUK. There were for the period December 2023 to March 2024. There were no amounts outstanding at the year-end (2023: £nil).

Moss Park Baptist Church in Glasgow is a related party as Mike McCurry is a trustee of TCUK and he is also a senior pastor at the church. During the year payments totalling £35,000 (2023: £nil) were made to TCUK which were a recharge for the contractual agreement which sub contracts Mr TM McCurry to the role of Executive Chair of TCUK. These were for the period May 2023 to November 2023. There were no amounts outstanding at the year-end (2023: £nil).

Freedom Challenge Trust is a charity registered in Scotland (registered charity number SCO33414) and is a related party as Gordon Cruden is a trustee of Freedom Challenge Trust and an employee of TCUK. During the year TCUK paid rent of £64,250 (2023: £64,250) to the charity. At the year end the amount due by TCUK to the charity was £46,896 (2023: £53,276).

During the year the charity purchased no vehicles from Phil Hills for £nil (2023: £5,090 for two vehicles). This transaction was considered to be at arm's length.

21 Controlling parties

In the opinion of the Council of Management there is no single ultimate controlling party of the charity.

Notes to the Accounts for the year ended 31 March 2024

22 Statement of Financial Activities (including income and expenditure account) for the year ended 31 March 2023

	Unrestricted funds £	Restricted funds £	Total 2023 £
Income from:			
Donations and legacies	1,000,057	301,896	1,301,953
Charitable activities	1,624,987	-	1,624,987
Investments	102,642	-	102,642
Other	28,329	-	28,329
Total Income	<u>2,756,015</u>	<u>301,896</u>	<u>3,057,911</u>
Expenditure on:			
Raising Funds	47,111	-	47,111
Charitable activities	2,811,123	196,203	3,007,326
Total Expenditure	<u>2,858,234</u>	<u>196,203</u>	<u>3,054,437</u>
Net (expenditure) before transfers	(102,219)	105,693	3,474
Transfer between funds	-	-	-
Net (expenditure) before revaluations	<u>(102,219)</u>	<u>105,693</u>	<u>3,474</u>
Net gain/(losses) on revaluation of investments	-	-	-
Net movement in funds	<u>(102,219)</u>	<u>105,693</u>	<u>3,474</u>
Reconciliation of Funds			
Total funds brought forward	<u>4,286,749</u>	<u>451,058</u>	<u>4,737,807</u>
Total funds carried forward	<u><u>4,184,530</u></u>	<u><u>556,751</u></u>	<u><u>4,741,281</u></u>