

Registered number: 01820492
Charity number: 515755

HUMANKIND CHARITY
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

HUMANKIND CHARITY

(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2022

Trustees

J Black, Chair (resigned 31 March 2022)
J E Bilbie
A Boyt
IR Dewhurst
E Felton, Vice Chair
JR Foyle
CL Gitsham, Chair (appointed as Chair with effect from 1 April 2022)
VJ Holmes (resigned 7 February 2022)
C G Matthews-Maxwell
I McQueen
S Shepherd
IK Brawn (appointed 9 September 2021, resigned 7 October 2021)
S Douglas (appointed 28 September 2021)
M W Treasure, Treasurer (resigned 27 September 2021)

Key Management Personnel

Paul Townsley – Chief Executive Officer
Ted Haughey – Executive Director
Anna Hedley – Executive Director
Evan Chiswell – Executive Director
Roya Vaziri – Executive Director
Karen Tyrell – Executive Director (resigned 19 August 2022)
Manish Nanda – Executive (resigned 30 June 2022)

Company Registered Number

01820492

Charity Registered Number

515755

Registered Social Landlord Registered Number

4713

Registered Office

Inspiration House
Unit 22
Bowburn North Industrial Estate
Bowburn
Durham
DH6 5PF

Company Secretary

C Horner

Chief Executive Officer

P Townsley

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
(CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Independent Auditors

RSM UK Audit LLP
Chartered Accountants
1 St. James Gate
Newcastle upon Tyne
United Kingdom
NE1 4AD

Bankers

Barclays Bank
49-51 Northumberland Street
Newcastle upon Tyne
NE1 7AF

Solicitors

Womble Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

HUMANKIND CHARITY

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Trustees present their annual report together with the audited financial statements of the Group and Charity for the year ended 31 March 2022. The Annual report serves the purposes of both a Trustees' report and a Directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable group and company comply with the current statutory requirements, the requirements of the charitable group and company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Structure, governance and management

Governing document

Humankind Charity (Humankind) is a charity and company limited by guarantee – incorporated on 30 May 1984 and registered as a charity on 5 November 1984.

The company was established under a Memorandum of Association that established the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles, the Trustees are elected at the Annual General Meeting (AGM). Under the Articles, trustees are to be appointed for a three year term and may serve in office for a maximum of nine years (i.e. 3 terms).

The Trustees reviewed Humankind's Memorandum and Articles in the light of changes to Charity and Company law and made amendments in 2022. Key changes were to the length of term in office.

Recruitment, training and appointment of Trustees

The management of the Group and Charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Board protocol.

Humankind's governing body is a voluntary Board of Trustees, each of whom sits independently and do not represent any other agencies. The Trustees who held office during the 2021/22 financial year and at the time of writing this report are set out on page 1.

Members of the Board of Trustees meet quarterly and do not receive any remuneration. Where claimed, expenses are reimbursed. Travel expenses of £1,940 were reimbursed during this financial year.

A subcommittee structure is in operation, which allows for greater scrutiny of our finances (including other corporate functions), governance and innovation.

The sub-committees currently meet quarterly in advance of the Board Meeting and comprise of:

- Resources
- Housing
- Work & Skills
- Quality & Performance

Trustees are recruited using advertisements with potential trustees being invited to complete an application form. Humankind recruits Trustees who are able to offer a wide range of experience for the benefit of the group expertise include business, marketing, education and quality. A panel of Trustees, together with the chief executive, meet with applicants to discuss Humankind's aims and objectives, outline their responsibilities as Trustees and ensure that they there are no conflicts of interest and to answer any questions that applicants may have.

Successful candidates are then invited to join the Board of Trustees as lay members for a period of induction between three and six months. During this time, they are required to visit a number of Humankind's projects, view presentations and discuss key issues with other Board members and employees of the organisation.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Structure, governance and management (continued)

Recruitment, training and appointment of Trustees (continued)

Once the induction process is complete applicants are invited to join the Board as Trustees. Trustee's training is an ongoing process via courses, presentations, events, visits and Away Days.

Trustees undertake mandatory training annually, including Information Governance, Safeguarding and Equality Diversity and Inclusion. Regular skills audits and governance reviews also take place to ensure our trustee board has the requisite skills and attributes required to oversee our charity.

Management structure

The Board of Trustees are responsible for the strategic direction and policies of the organisation and are actively involved in the business planning. The Trustees monitor compliance with the business plan by monitoring key performance indicators set out in the plan. The Trustees also review management accounts on a monthly basis against financial projections which are produced at least twice yearly - to reflect the activities in the business plan.

The Chair of Trustees provides supervision and support for the Chief Executive. Responsibility for the day to day running of the company lies with the Chief Executive along with the Executive Directors -The Executives meet monthly with the Operational Directors who are responsible for the operational delivery units which deliver Humankind services.

Pay policy for key management personnel

Key management personnel pay review is undertaken by the Board of Trustees, who assess and review competencies of those staff members. This review is undertaken on an annual basis and increments applied following approval by the Board of Trustees. Humankind has a pay policy in place which is available for review by the whole workforce. Our approach to pay, and wider terms and conditions are reviewed annually as outlined in this policy.

Related party relationships

More Time (UK) Limited is a wholly owned subsidiary company which was established to carry on trading activities complementing the work of Humankind Charity. Further details are stated in Note 31 to the financial statements.

EDP (formerly Exeter Drug Project) joined together with Humankind in April 2020 in a subsidiary merger. EDP retains many of its own processes, systems and brand but together with Humankind addresses health and social inequalities for those with substance misuse concerns across the South West. We have a shared the vision for people of all ages to be safe, building ambitions for the future and reaching towards their full potential. EDP is a company limited by guarantee and Humankind is the sole company member.

Risk strategy

The risk management strategy and risk registers are in place to review, evaluate and minimise any risks facing the organisation. The strategy covers insurance plans, financial risks, media, health & safety, IT, archiving and reconstruction of records, staff and service user safety, information governance, clinical governance and disaster recovery plans. The strategy is reviewed quarterly by the Quality and Performance Subcommittee of the main Board and is then discussed at the main Board Meeting. Quality systems and audit checks are embedded in our service delivery and we comply with the various audit frameworks including Care Quality Commission (CQC), Ofsted, IIP and Matrix and Governance and Financial Standard of the Regulatory Framework.

The principal risks and uncertainties we face include: reduced viability of contracts and continuing cost pressures; the need for a skilled and committed workforce who we need to ensure feel motivated and part of Humankind; ever-changing and demanding inspection standards and demanding contract targets and outcomes. Management strategies include stringent vetting of bids and any potential liabilities they may bring; consulting with staff and implementing a strong induction program as well as reviewing our vision, mission and values with staff; employing an experienced Quality team to work with Directors and staff to embed, monitor and address contractual performance and quality standards. Our work going forward into 2022/23 will again build on the strong foundations already laid.

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TRUSTEES' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2022**

Structure, governance and management (continued)

Employees with disabilities

The organisation fully complies with the Equality Act 2010. We have achieved Level 2 Disability Confident Employer and display an Equality, Diversity and Inclusion statement of intent on our website. Humankind does not discriminate against employees because of mental or physical disability.

Public benefit

From 1 April 2008, section 4 of the Charities Act 2011 requires all charities to meet the legal requirement that its aims be for the public benefit. The Trustees confirm that they have complied with the duty to have due regard to the Charity Commission's general guidance on public benefit.

The Charity Commission states that there are two principles to be met in order to show that an organisation's aims are for the public benefit; firstly, there must be an identifiable benefit or benefits and secondly that the benefit must be to the public, or a section of the public. The Trustees are satisfied that the aims and objectives of the charity, and the activities reported on above, meet these principles.

Plans for future periods

Humankind has continued to grow and improve the quality of the work we do delivering health and social care services over the course of this year. 2022/23 is the final year in our current five year strategy cycle, and involves us delivering more fully on our vision – this has meant a relentless focus on improving both the quality of our services and our infrastructure whilst expanding our scale and scope to truly become a national organisation.

Having invested in our infrastructure to be fit to deliver services nationally and grown our ability to influence the systems within which we operate, we are now in a position to significantly improve the impact of our work. Within our next strategy, we will hold true to our core values and beliefs whilst working in close partnership and collaboration with others, listening carefully to the people who use our services, our workforce and wider stakeholders; and continually improving our service delivery to provide better outcomes.

Following wide consultation to develop our new strategy and establishment of the key messages and themes from our service users, staff and stakeholders, as the strategy fully takes shape it will help us to build stronger, more collaborative networks, and deliver on our desire to support those with multiple and complex needs who are often left behind by wider society. This will involve the development of new models and networks and ensuring that we best use the platform we have to further influence broader change within our core sectors. Additionally, we will consider our approach to best support our service users and staff during the cost of living crisis. Finally, we will continue to ensure we have the right people, with the right skills, attributes and professional qualifications to deliver our complex health and social care services effectively.

Objectives and activities

Policies and objectives

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'

Summary of Humankind's areas of work

Humankind create services to meet people's complex health and social needs, helping them to build happier and healthier lives. We are a national charity with close to 1,500 staff and around 100 volunteers providing services for over 85,000 people. Our specialist services are across the North East, Yorkshire and Humber, the North West, Staffordshire, London and the South. These include drug and alcohol, clinical, children,

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TRUSTEES' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2022**

Structure, governance and management (continued)

young people and families, health and wellbeing, employment, training and education, criminal justice and offender rehabilitation, gender specific and housing support services.

Our vision is for people of all ages to be safe, building ambitions for the future and reaching towards their full potential. We support local people to create stronger, better-connected communities.

Health and Wellbeing services including drug and alcohol treatment

We see it as vital that the people that use our services, their families and their communities are healthy. Our health services range from lifestyle or behavioural advice through to clinical delivery, and have a national footprint.

We deliver high quality substance misuse services which reduce harm, support behaviour change, promote recovery and offer comprehensive wraparound support for adults and young people.

People who use our services can access brief interventions, harm reduction services and structured treatments for substance misuse issues. The recovery journey also draws upon our charity's expertise in community and family work, residential rehabilitation, and employment support.

We use a range of psychosocial intervention methods and models. They include Motivational Interviewing, Cognitive Behaviour Therapy and Neuro-linguistic Programming, as well as Systemic Families Therapy models, all of which are used across our services.

We also provide mental health services including early intervention activity.

Housing and Independent Living

Our Housing and Independent Living services involve Humankind being a Registered Provider, offering housing and property management/services and also services which support vulnerable people to get the right tenancy for them, and to develop the skills to maintain that tenancy.

Young People and Families

Humankind offers support to vulnerable young people and young adults who have a range of different needs, and also to their carers and their wider family.

Criminal Justice

We deliver services to help those who are actively offending, or who have historically offended, to move towards a more positive lifestyle. This includes working in a number of prison establishments across the country.

Work & Skills

Humankind offers specialist education and employment services. Our provision gives vulnerable people the valuable opportunity to identify and address the barriers to their employment with employers and to create opportunities which lead to healthier, positive and more stable lives.

As a Board of Trustees, we have been hugely impressed with the continuing focus on safe service delivery and quality improvement over the last year – noting our outstanding CQC reports in several areas of the country.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2022

Our Impact

Examples of our impact in 2021/22 include:

Organisation-wide:

- Humankind supported 90,264 people across our services
- Volunteers across our services gave a total of 12,829 hours; an average of 246 hours for each week of the year
- A total of 2257 responses were received from people who access our services, who provided the following feedback:
- 97% felt respected by our staff
- 95% felt staff had the right skills to support them to achieve their goal
- 95% felt that they received the support they needed from us

Work & Skills:

- Humankind supported 1,202 individuals within our Work & Skills services
Our Steps for Success Service during 21/22 achieved:
- 100% of learners passed their main qualification
- 100% of learners reported feeling safe at the Education Centre
- 100% of learners agreed or strongly agreed that they got on well with their teachers
- 92% attendance rate

Independent Living & Housing:

- In 2021/22 our independent living services supported 1773 people.
- 633 people (90%) receiving 'floating support' were successfully supported to obtain accommodation or to keep their existing tenancy when it was under threat.
- 902 people were supported to leave our services in a supported, planned way and successfully achieved 91% of their desired outcomes
- 950 were supported to develop confidence and the ability to have greater choice or control.
- 583 were supported to better manage their mental health.
- 659 were supported to better manage their physical health.
- 246 were supported to better manage their overall debt.
- 111 were supported to participate in training /education.
- 89 were supported to obtain employment.

Drug and Alcohol Recovery:

- 6,353 adults exited our services in a positive, planned way having achieved abstinence or reduced their use - a 45% increase on 2020/21
- On average, 21 people successfully complete treatment from our services drug or alcohol free each day
- Forward Leeds and County Durham Recovery Services have recently been awarded 'Outstanding' ratings by the Care Quality Commission. Humankind now has 3 services rated as 'Outstanding' and 5 services rated as 'Good'
- 6,917 Naloxone kits were given out to people accessing our Drug & Alcohol services - a 158% increase on the previous year
- 4,642 Hepatitis C tests have been carried out with people accessing our Drug & Alcohol Services
- 227 people have successfully completed Hepatitis C treatment
- 9,150 (58%) individuals reported an improvement in psychological health
- 8,084 (52%) reported improved physical health
- 8,976 (57%) said their Quality of Life had improved

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Strategic report

Achievements and performance

Financial review

Our focus this year has been to strengthen and consolidate our financial position. In spite of the pandemic and additional costs this attracted, we further strengthened our group position. We have monitored potential and actual costs closely to ensure that we continued to meet our charitable objectives as well as strengthening our position for the future. We have also been successful in attracting new business to the group which too, has contributed to the positive result in the year.

The majority of our funding is still obtained by tendering for the delivery of our specialist services. Our funders include Local Authorities, CCG's, Skills Funding Agency, the Big Lottery, DWP and charitable grants and donations.

Total group income for the year was £70.9m, representing an increase in income of 9% on 2020/21 with a group surplus of funds excluding advanced gains totaling £1.8m.

Total group funds carried forward of £14.5m comprise group unrestricted funds totaling £14.3m and restricted funds totaling £295k.

Restricted funds relate to unspent elements of funds received for restricted purposes that will be utilised in future years.

In year, Humankind purchased services from More Time (UK) Limited to the value of £367,787, relating to premises cleaning work. This represents 80% of More Time's income for the year. More Time has made a surplus of £35,729 in the year.

We have continued to exercise tight financial controls over cash flow and to retain a high level of liquidity that is adequate for us to service our existing commitments and to invest in our growth areas.

Reserves policy

Following the review of our reserves policy in 2019/20, the target reserves was set at an equivalent to one month of total resources expended.

This level of reserves will provide a buffer to enable the organisation to make provisions for the loss of a major service whilst maintaining effective management and administration of the charity. These reserves also provide working capital to enable development of service provision.

Based on this, target reserves for year ended 31 March 2022 is £5.8m. The actual free reserves balance for year ended 31 March 2022 is £7.4m, which exceeds our target level. We continue to review the requirements for setting an appropriate reserves policy, to ensure we are able to continue to meet our charities aspirations in the future.

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Group and Charity have adequate resources to continue operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Strategic report (continued)

Engagement with employees and employment of those with disabilities

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Charity carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Charity has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Charity's equal opportunities policy, the Charity has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Charity's offices.

Greenhouse gas emissions, energy consumption and energy efficiency action

UK Greenhouse gas emissions and energy use data for the period 1 April 2021 to 30 March 2022.

Energy consumption breakdown (kWh):

Natural Gas for Heating	- 2,330,087 kWh (427 tonnes CO ₂ e)
Electricity	- 952,980 kWh (220 tonnes CO ₂ e)
Transport	- 726,158 kWh (179 tonnes CO ₂ e)
Total	- 4,009,225 kWh (826 tonnes CO ₂ e)

The data and information contained in the document is calculated and reported in line with the methodology set out in the UK Governments Environmental Reporting Guidelines, March 2019.

An operational approach has been used to define the Greenhouse Gas emissions boundary. This approach captures emissions associated with the operation of all buildings within the scope of the regulation, plus transport; company-owned, leased and private vehicles used for business travel.

The carbon and energy consumption associated with the operation of buildings includes the consumption electricity and gas, in those instances where Humankind have direct responsibility for paying for the electricity and gas consumption, through a metering and utility invoices.

In other circumstances, where Humankind is a tenant in a building, for which they have no maintenance or operation control, for example control over the infrastructure or building service, or where they operate managed services, energy consumption has been included in those instances it is considered material to the environmental impact of the Charity i.e. where energy consumption is a significant percentage of the total Estate or where it can be affected by Humankind.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Strategic report (continued)

This approach reflects the complexity of the Humankind Estate and often-complicated arrangements between landlord, tenant and project funder, where the utility invoices are not directly paid by Humankind. For example, Humankind operate as a social landlord, where a property may be rented but a tenant installed. The tenant is ultimately responsible for controlling consumption and the landlord for the building's infrastructure, services and maintenance. Other examples include where the charity manages a commissioned service, where staffed services are provided only, with Humankind having no responsibility for maintenance, nor the ability to improve the building infrastructure, services or energy efficiency, often these examples have the cost of utilities recharged to the funder.

Approximately 11% of electricity data and 36% of gas data is based on estimated data due to the availability of meter readings and data, this is deemed permissible with the guidelines.

Emissions have been calculated using the latest conversion factors provided by the UK Government. There are no material omissions from the mandatory reporting scope.

The reporting period is April 2021 to March 2022, in accordance with the financial reporting period.

Post-pandemic Humankind has adopted a work life balance policy that has resulted in an increase in hybrid working with more staff working from home whilst maintaining service delivery standards. However, post pandemic travel has increased and as such emissions have increased in this area.

Humankind has installed electric car charging points at our head office in Inspiration House, Bowburn and will increasingly prefer leasing or purchasing hybrid vehicles, for example the recent procurement of a Hybrid IT van.

Humankind has continued to invest in energy efficiency during refurbishments.

In accordance with the legislation, an intensity ratio has been calculated. This expresses the business' annual emissions in relation to a quantifiable factor or normaliser. The intensity ratio calculated for Humankind is **11.7 tonnes CO2 per £m revenue and is 71% higher than last year.**

The increase in emissions is due to several factors; an increase in business travel post-covid, improvement in the way energy consumption is assessed and measured, increase in the size of the estate.

Value for money statement

Humankind is committed to delivering Value for Money (VfM) as an integral part of its business strategy. The aims and objectives of VfM will be incorporated within each Service Delivery Units (SDU) Business Plans and will be imbedded across all areas of service delivery.

It is our aim to continually assess opportunities to enhance our services and actively involve our employees, service users and partners to achieve value for money.

We will continually seek value by sourcing the best materials at the best price. We will always look to make our services work more efficiently and effectively.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Strategic report (continued)

To meet our commitment to achieving VfM, Humankind has set itself the following objectives:

- Integrate VfM principles throughout the organisation
- Incorporate VfM within everything we do
- Avoid duplication and simplify processes
- Identify ineffective processes and implement appropriate changes
- Adopt recognized good practices to identify VfM opportunities and procedures
- Seek innovative methods to achieve VfM both in value and savings
- Respond to opportunities that enhance our VfM objectives
- Ensure all staff recognise how their actions impacts on VfM
- Promote VfM across our services, with service users, partners and Boards
- Build strong partnerships with suppliers and contractors
- Seek continuous improvement to achieve efficiency

Value for Money Metrics as at 31 March 2022

		2022	2021
Metric 1	Reinvestment %	14.1%	18.2%
Metric 2A	New supply delivered % (social housing units)	7%	8.4%
Metric 2B	New supply delivered % (non-social housing units)	N/A	N/A
Metric 3	Gearing %	-22.7%	-23%
Metric 4	EBITDA MRI interest cover %	6,309%	17,152%
Metric 5	Headline social housing cost per unit	£8,639	£8,797
Metric 6A	Operating margin % (social housing lettings only)	9%	4.3%
Metric 6B	Operating margin % (overall)	2.6%	4.5%
Metric 7	Return on capital employed	10.21%	19.3%

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Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' report including the Strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. 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 Charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Housing SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity that the financial statements comply with the Companies Act 2006. 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.

Auditor

On 17 November 2021, RSM UK Audit LLP were appointed as auditor to the group and company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Disclosure of information

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that;

- So far as the Trustee is aware, there is no relevant audit information of which the charities auditors are unaware, and
- That Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information

Approved by order of the members of the board of Trustees on 23/9/22 and signed on their behalf by



(Chair of Trustees)

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Opinion

We have audited the financial statements of Humankind Charity (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of financial activities (incorporating the income and expenditure account), consolidated and charity balance sheets, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2022 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report within the Trustees Report and the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report within the Trustees Report and the Trustees' Annual Report has been prepared in accordance with applicable legal requirements..

Matters on which we are required to report by exception

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

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

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

Respective responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

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 statements, 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 audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond

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appropriately to fraud or suspected fraud identified during the audit.

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 group audit engagement team and component auditors:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment 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, the Companies Act 2006, Charities Act 2011, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974, Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards) and the Care Quality Commission Standards. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and income recognition as the areas 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, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and substantive tests of detail to ensure that revenue was appropriately recognized in the year.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

RSM UK AUDIT LLP

Lucy Robson (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
United Kingdom, NE1 4AD
Date 29/09/22

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:					
Donations and legacies	4	31,971	91,848	123,819	77,916
Charitable activities	5	51,882,315	18,816,078	70,698,393	64,970,258
Other trading activities	6	19,182	-	19,182	56,089
Investments	7	470	-	470	863
Other income		10,351	-	10,351	7,854
		<u>51,944,289</u>	<u>18,907,926</u>	<u>70,852,215</u>	<u>65,112,980</u>
Total Expenditure on:					
Raising funds		353,737	-	353,737	251,347
Charitable activities	8	49,835,172	18,882,013	68,717,185	61,875,069
Other expenditure	9	-	-	-	(1,032,828)
		<u>50,188,909</u>	<u>18,882,013</u>	<u>69,070,922</u>	<u>61,093,588</u>
Total expenditure		50,188,909	18,882,013	69,070,922	61,093,588
Net income		1,755,380	25,913	1,781,293	4,019,392
Transfers between funds	25	(35,058)	35,058	-	-
Net movement in funds before Other recognised gains		1,720,322	60,971	1,781,293	4,019,392
Other recognised gains:					
Actuarial gains on defined benefit pension schemes	29	54,000	-	54,000	(60,000)
Net movement in funds		1,774,322	60,971	1,835,293	3,959,392
Reconciliation of funds:					
Total funds brought forward		12,394,242	234,976	12,629,218	8,669,826
Net movement in funds		1,774,322	60,971	1,835,293	3,959,392
Total funds carried forward		14,168,564	295,947	14,464,511	12,629,218

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REGISTERED NUMBER: 01820492

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

	Note	£	2022 £	£	2021 £
Fixed assets					
Intangible assets	16		-		-
Tangible assets	17		9,535,329		8,517,543
Investments	18		1		1
			9,535,330		8,517,544
Current assets					
Stocks	19	121,674		129,143	
Debtors	20	10,461,855		6,713,956	
Cash at bank and in hand		10,981,682		10,669,327	
		21,565,211		17,512,426	
Creditors: amounts falling due within one year	21	(13,684,614)		(10,830,132)	
Net current assets			7,880,597		6,682,294
Total assets less current liabilities			17,415,927		15,199,838
Creditors: amounts falling due after more than one year	22		(2,632,092)		(2,355,702)
Provisions for liabilities	24		(190,324)		(42,918)
Net assets excluding pension liability			14,593,511		12,801,218
Defined benefit pension scheme liability	29		(129,000)		(172,000)
Total net assets			14,464,511		12,629,218
Charity funds					
Restricted funds	25		295,947		234,976
Unrestricted funds					
Unrestricted funds excluding pension asset	25	14,297,564		12,566,242	
Pension reserve	25	(129,000)		(172,000)	
Total unrestricted funds	25		14,168,564		12,394,242
Total funds			14,464,511		12,629,218

The financial statements were approved and authorised for issue by the Trustees on 23/9/22 and signed on their behalf by



(Chair of Trustees)

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REGISTERED NUMBER: 01820492

CHARITY BALANCE SHEET AS AT 31 MARCH 2022

	Note	£	2022 £	£	2021 £
Fixed assets					
Tangible assets	17		9,482,693		8,450,420
Investments	18		1,032,830		1,032,830
			10,515,523		9,483,250
Current assets					
Stocks	19	117,546		128,278	
Debtors	20	9,414,214		6,199,624	
Cash at bank and in hand		8,673,788		8,832,719	
		18,205,548		15,160,621	
Creditors: amounts falling due within one year	21	(12,502,963)		(9,890,197)	
Net current assets			5,702,585		5,270,424
Total assets less current liabilities			16,218,108		14,753,674
Creditors: amounts falling due after more than one year	22		(2,632,092)		(2,355,702)
Net assets excluding pension liability			13,586,016		12,397,972
Defined benefit pension scheme liability	29		(129,000)		(172,000)
Total net assets			13,457,016		12,225,972
Charity funds					
Restricted funds			258,650		234,976
Unrestricted funds					
Unrestricted funds excluding pension liability		13,327,366		12,162,996	
Pension reserve		(129,000)		(172,000)	
Total unrestricted funds			13,198,366		11,990,996
Total funds			13,457,016		12,225,972

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CHARITY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2022

As permitted by s408 of the Companies Act 2006, the charity has not presented its own statement of financial activity and related notes as it prepares group accounts. The charity's surplus for the period was £1,231,044 (2021: £3,366,083) of which £1,207,370 was unrestricted (2021: £3,304,748) and £23,674 (2021: £61,335) was restricted.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 23/9/22 and signed on their behalf by:



(Chair of Trustees)

HUMANKIND CHARITY
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022	2021
		£	£
Cash flows from operating activities			
Net cash used in operating activities	27	2,223,990	7,690,144
Cash flows from investing activities			
Dividends, interests and rents from investments		470	14,188
Purchase of tangible fixed assets		(1,877,851)	(1,889,718)
Proceeds from sale of investment		-	35,000
Net cash used in investing activities		(1,877,381)	(1,840,530)
Cash flows from financing activities			
Repayments of borrowing		(34,254)	(31,247)
Net cash (used in) by financing activities		(34,254)	(31,247)
Change in cash and cash equivalents in the year		312,355	5,818,367
Cash and cash equivalents at the beginning of the year		10,669,327	4,850,960
Cash and cash equivalents at the end of the year		10,981,682	10,669,327

The notes on pages 23 to 54 form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies

1.1 General information

The charity is a company limited by guarantee and is registered and incorporated in England and Wales. The registered office is Inspiration House, Unit 22, Bowburn North Industrial Estate, Bowburn, Durham, DH6 5PF. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

The groups objectives are included in the trustees report.

1.2 Basis of preparation of financial statements

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Accounting Direction for Private Registered Providers of Social Housing 2019, and under the historical cost convention.

Departure from the SORP

The following statements and notes to the accounts have been included in order to comply with the 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) (effective 1 January 2019):

- The Statement of Financial Activities in place of the Statement of Comprehensive Income.
- Income and expenditure notes to include reference to unrestricted and restricted expenditure
- Statement of funds
- Analysis of net assets between funds

Humankind Charity 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.

The Charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

Reduced disclosure

The charity is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The charity has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – presentation of a statements of cash flow and related notes and disclosures;

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

1.3 Basis of consolidation

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

All financial statements are made up to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

1.4 Going concern

The Board of Trustees has reviewed the group's activities, financial position and risk management policies together with the charity's forecasts to March 2023 and beyond including the impact of economic uncertainty on contract income and service delivery.

Our Trustees have concluded that it is reasonable to expect Humankind Charity to have adequate resources to continue in operation for the foreseeable future. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

1.5 Income

Voluntary income is received by way of donations and is included in full in the Statement of Financial Activities when there is evidence of entitlement, receipt is probable and its amount can be measured reliably.

Income from charitable activities includes income recognised as earned where the related services are provided under contract or where entitlement to grant funding is subject to specific performance conditions. Grant income included in funding is subject to specific performance conditions. Grant income included in this category provides funding to support activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. 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.

Income from other trading activities is revenue from contracts for the provision of services and is recognised at the fair value of the consideration received or receivable for the provision of services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Income is deferred where grants have been received for a future period and is released to incoming resources in the period for which it has been received.

Grants received for the purchase of fixed assets are recognised in full when received in the Statement of Financial Activities.

Investment income is recognised on a receivable basis. Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Property rental income represents all rental and service charge receivable when it falls due and amortised capital grant.

All incoming resources are included gross and no expenditure has been netted off from the income.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

1.6 Expenditure

Expenditure is recognised on an actual basis when a liability is incurred. Expenditure is net of recoverable VAT where conditions for recovery are met. All other 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 comprises the support costs from central functions associated with attracting voluntary income.

Charitable group 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 group activities. Governance costs are those incurred in connection with administration of the charitable group and compliance with constitutional and statutory requirements.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include governance, finance, information technology, human resources and quality. These costs have been allocated to expenditure on charitable activities.

Charitable activities and Governance costs are costs incurred on the charitable group's operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.8 Taxation

Humankind Charity and E D P Drug & Alcohol Services are registered charities and as such are exempt from tax on income and gains falling within Chapter 3 Part II Corporation Tax Act 2010 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable object. The Group's trading subsidiary, More Time (UK) Limited is liable to corporation tax on their trading profits.

1.9 Intangible assets and amortisation

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

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, which is 5 years.

Amortisation has been fully provided within the year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

1.10 Tangible fixed assets and depreciation

Social housing properties for letting

Housing properties are stated at cost less accumulated depreciation.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

Freehold housing properties are depreciated by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

Component	
Structure	75 years
Roof	45 years
Kitchen	20 years
Bathroom	30 years
Heating system	30 years
Windows	30 years
Electrical	30 years
Doors	20 years
Boiler	15 years

At each reporting date the Charitable group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The charity has changed its estimation basis on the above UELs from the previous year, further details are included in note 2.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

1.10 Tangible fixed assets and depreciation (continued)

Tangible fixed assets costing £1,000 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 accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- 2% - 50% on cost
Long term leasehold	- in line with lease agreement
property Motor vehicles	- 20% - 33.3% on cost
Fixtures and fittings	- 20% - 50% on cost
Computer equipment	- 20% - 33.3% on cost

Social housing grant

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised over the estimated useful life of the asset structure, under the accruals model.

On disposal of properties which have been wholly or partly by Social Housing Grant, the grant is recycled as required by the Homes and Communities Agency, and will be utilised against future approved projects.

Recycling of capital grants

Where Social Housing Grant is recycled, as described above, the Social Housing Grant is credited to a fund which is shown as a creditor until used to fund the acquisition of new properties.

Impairments

Housing properties are assessed at each year end to assess whether or not there is any evidence that an asset may be impaired. If there is evidence of impairment, an impairment loss is recognised in the Statement of Financial Activities immediately.

Major Repairs

Major repairs are capitalised to the extent that they relate to the replacement or restoration of a separately identified property component or where the expenditure results in the enhancement of the economic benefits of the assets such as an increase in rental income, a reduction in future maintenance costs or a significant extension to its useful economic life. In any other circumstances repairs are charged to the income and expenditure account as incurred.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

1.11 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in subsidiaries are stated at cost less provision for impairment.

1.12 Stocks

Stocks is valued at the lower of cost and net realisable value. Stock comprises I.T. equipment, stationery, refreshments, cartridges and marketing material held for future use.

1.13 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.14 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.15 Liabilities

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity and group anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.16 Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

1.17 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

1.18 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of financial activities on a straight line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

1.19 Pensions

The group operates a defined contribution pension scheme. The group has no liability under the scheme other than payment of those contributions to a separately administered fund. The group also has two members of staff who are members of the West Yorkshire Pension Fund, a Local Government Pension Scheme (LGPS). This is a defined benefit scheme. The group has obtained an LGPS valuation as at 31 March 2022.

1.20 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Group for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.21 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2. Change in accounting estimate

During the year the charity amended its accounting estimate for depreciation of social housing properties for letting. The charity considered that the previous useful life did not reflect that the social housing properties are maintained to a better standard than the decent homes standard and that these standards should have a direct link to the depreciation estimate. The amended estimate updated the useful economic lives of the following identified components and was implemented from 1 April 2021.

Component	UEL per previous estimate	UEL per new estimate
Structure	50 years	75 years
Roof	25 years	45 years
Kitchen	10 years	20 years
Bathroom	10 years	30 years
Heating system	10 years	30 years
Windows	10 years	30 years
Electrical	-	30 years
Doors	10 years	20 years
Boiler	-	15 years
Leasehold	To break clause	Length of lease

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Change in accounting estimate (continued)

The change in estimate means that the depreciation charge on the related assets has reduced from £183,723 charged in the previous year to £128,053 in the current year, a reduction of £55,670.

3. Critical judgements and estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charitable group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 March 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Useful economic lives of tangible assets

Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of the asset. An estimate of the useful life of the assets is detailed in the tangible fixed assets and depreciation accounting policy. The value of depreciation charge during the year was £860,065.

Dilapidations

Provision is made for the legal obligation in property leases to reinstate the premises to the condition they were at the date the lease was signed and an estimate is made of the cost of that reinstatement.

Critical areas of judgement:

Classification of housing property

It is the Group's opinion that while rental income is received from the provision of social housing, the primary purpose is to provide social benefits. The provision of social housing is therefore akin to supplying a service and so property held for this purpose has been accounted for as property, plant and equipment. This treatment is consistent with housing associations that have chosen the alternative option of applying the revised UK GAAP (FRS 102), which contains explicit provisions for this scenario and arrives at a similar conclusion; it is also consistent with guidance contained in the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP).

Definition of operating surplus/(deficit)

It is the Group's opinion that all items included in the particulars of income and expenditure from social housing, note 15b, are representative of activities that would normally be regarded as 'operating'.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

4. Income from donations and legacies

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Donations	31,971	91,848	123,819	77,916
Total 2021	37,516	40,400	77,916	

5. Income from charitable activities

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Substance misuse	39,901,494	14,310,468	54,211,962	49,244,986
Criminal justice	4,320,342	217,093	4,537,435	4,134,946
Work and skills	939,892	2,467,769	3,407,661	2,904,248
Community services	789,909	1,621,166	2,411,075	2,618,470
Independent living services	2,768,479	116,723	2,885,202	3,333,789
Housing	2,634,112	57,688	2,691,800	2,370,456
Premises	194,540	-	194,540	197,390
Commercial property	27,220	25,171	52,391	37,441
Central support services	306,327	-	306,327	128,532
Total 2022	51,882,315	18,816,078	70,698,393	64,970,258
Total 2021	50,228,633	14,741,625	64,970,258	

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NOTES TO THE FINANCIAL STATEMENTS
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5. Income from other charitable activities (continued)

During the year the charitable group have reanalysed their split of income between charitable activities, had they been classified on the same basis as the previous year the income from charitable activities would have been per the table below: -

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Central support services	10,417,911	201,383	10,619,294	9,861,221
Young people and families	789,909	1,622,325	2,412,234	1,286,577
Health	29,984,400	14,101,962	44,086,362	44,967,859
Criminal justice	4,320,342	217,093	4,537,435	-
Housing and independent living	5,429,861	204,807	5,634,668	6,200,812
Education and employment	939,892	2,468,508	3,408,400	2,653,789
Total 2022	51,882,315	18,816,078	70,698,393	64,970,258
Total 2021	50,228,633	14,741,625	64,970,258	

6. Income from other trading activities

Income from non charitable trading activities

	Unrestricted Funds 2021 £	Total funds 2022 £	Total funds 2021 £
More Time (UK) Limited	19,182	19,182	56,089
Total 2021	56,089	56,089	

7. Investment income

	Unrestricted Funds 2021 £	Total funds 2022 £	Total funds 2021 £
Investment income	470	470	863
Total 2021	863	863	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

8. Analysis of expenditure on charitable activities

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Substance misuse	38,879,804	14,353,607	53,233,411	46,876,854
Criminal justice	3,746,775	219,809	3,966,584	3,710,825
Work and skills	860,682	2,473,802	3,334,484	2,866,830
Community services	779,427	1,596,417	2,375,844	2,595,255
Independent living services	2,618,453	128,470	2,746,923	3,098,906
Housing	2,237,473	84,737	2,322,210	2,273,543
Premises	141,221	-	141,221	138,356
Commercial property	53,128	25,171	78,299	50,522
Central support services	518,209	-	518,209	263,978
Total 2022	49,835,172	18,882,013	68,717,185	61,875,069
Total 2021	47,146,142	14,728,927	61,875,069	

During the year the charitable group reanalysed their split of expenditure between charitable activities, had they been classified on the same basis as the previous year the income from charitable activities would have been per the table below: -

Summary by fund type

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Central support services	10,378,864	164,086	10,542,950	9,269,928
Young people and families	779,427	1,596,417	2,375,844	1,178,684
Health	29,160,371	14,189,521	43,349,892	42,814,158
Criminal justice	3,746,775	219,809	3,966,584	-
Housing and independent living	4,909,053	238,378	5,147,431	5,796,633
Education and employment	860,682	2,473,802	3,334,484	2,815,666
Total 2022	49,835,172	18,882,013	68,717,185	61,875,069
Total 2021	47,146,142	14,728,927	61,875,069	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

9. Other expenditure

	Unrestricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Goodwill on consolidation	-	-	(1,032,828)
	-	-	(1,032,828)
Total 2021	(1,032,828)	(1,032,828)	

In the previous year the charity acquired E D P Drug & Alcohol Services which resulted in negative good will of £1,032,828 being generated. This was fully amortised during the previous year.

10. Support cost classification

	Support costs 2022 £	Governance costs 2022 £	2022 £	2021 £	Allocation basis
Finance, legal and IT	2,057,464	-	2,057,464	1,677,837	
HR and Training (L & D)	844,237	-	844,237	1,007,442	Proportion
Business development and communications	1,098,734	-	1,098,734	761,526	of
Governance	-	1,101,159	1,101,159	897,017	expenditure
	4,000,435	1,101,159	5,101,594	4,343,822	

Total support costs total £5,105,332 in 2022. We have allocated this to charitable activities using a simple weighting formula in respect of the total expenditure by charitable activity. This approach provides support cost levels that look reasonable from our perspective by charitable activity.

	Activities directly undertaken 2022 £	Support and governance costs 2022 £	Total Funds 2022 £	Total Funds 2021 £
Substance misuse	49,278,659	3,954,752	53,233,411	46,876,854
Criminal justice	3,671,903	294,681	3,966,584	3,710,825
Work and skills	3,086,763	247,721	3,334,484	2,866,830
Community services	2,199,341	176,503	2,375,844	2,595,255
Independent living services	2,542,852	204,071	2,746,923	3,098,906
Housing	2,149,691	172,519	2,322,210	2,273,543
Premises	130,730	10,491	141,221	138,356
Commercial property	72,482	5,817	78,299	50,522
Central support services	483,170	35,039	518,209	263,978
Total 2022	63,615,591	5,101,594	68,717,185	61,875,069
Total 2021	57,531,247	4,343,822	61,875,069	

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NOTES TO THE FINANCIAL STATEMENTS
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11. Auditors' remuneration

	2022	2021
	£	£
Fees payable to the Charity's auditor and its associates for the audit of the Charity's annual accounts	31,500	39,500
Fees payable to the Charity's auditor and its associates in respect of: All non-audit services not included above	5,750	-

12. Net movement in funds

Net movement in funds is stated after charging:

	2022	2021
	£	£
Depreciation	860,065	702,127
Amortisation	-	(1,032,828)
Operating lease rentals – Land and buildings	1,589,761	889,889
Government Grant	(10,351)	(8,667)

Government grants relates to amounts received for the Coronavirus job retention scheme.

13. Staff costs

	Group	Group	Company	Company
	2022	2021	2022	2021
	£	£	£	£
Wages and salaries	36,890,741	34,627,165	31,684,020	29,339,617
Social security costs	3,071,956	2,948,296	2,631,037	2,517,927
Redundancy payments	432,914	-	418,272	-
Contribution to defined contribution pension schemes	1,483,321	1,422,994	1,250,340	1,177,298
Operating costs of defined benefit pension schemes	11,000	(1,000)	11,000	(1,000)
	41,889,932	38,997,455	35,994,669	33,033,842

The average number of persons employed by the Group and Charity during the year was as follows:

	Group	Group	Company	Company
	2022	2021	2022	2021
	No	No	No	No
Charitable activities	1,315	1,272	1,087	1,044
Governance	-	2	-	2
Support activities	114	100	114	100
Generating funds	45	36	-	-
	1,474	1,410	1,201	1,146

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

13. Staff costs (continued)

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

	Group 2022 No	Group 2021 No
In the band £60,001 - £70,000	9	2
In the band £70,001 - £80,000	3	2
In the band £80,001 - £90,000	2	3
In the band £90,001 - £100,000	8	4
In the band £100,001 - £110,000	2	1
In the band £110,001 - £120,000	-	1
In the band £120,001 - £130,000	1	-

Total employment benefits paid by the Group in the year in respect of the key management personnel were £1,074,343 (2021: £960,728).

14. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 March 2022, expenses totaling £1,940 were reimbursed or paid directly to Trustees (2021 - £985).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

15a. Social housing activities

	2022		2021			
	Turnover £'000	Operating Costs £'000	Operating Surplus/(Deficit) £'000	Turnover £'000	Operating Costs £'000	Operating Surplus/(Deficit) £'000
Social housing activities						
Income and expenditure from lettings	2,691,800	(2,322,210)	369,590	2,370,456	(2,273,543)	96,913
Other social housing activities						
Independent living services	2,885,202	(2,746,923)	138,279	3,333,789	(3,098,906)	234,883
Total	5,577,002	(5,069,133)	507,869	5,704,245	(5,372,449)	331,796

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15b. Particulars of income and expenditure from social housing

	2022	2021
	£	£
Income from social housing letting activities		
Rent receivable	1,133,297	991,600
Service charge income	1,792,433	1,633,014
	<hr/>	<hr/>
Gross rent receivable	2,925,730	2,624,614
Rent losses from voids	(357,158)	(357,970)
	<hr/>	<hr/>
Net rents receivable	2,568,572	2,266,644
Amortised government grants	98,248	96,868
Other income	24,980	6,944
	<hr/>	<hr/>
Total income from social housing letting activities	2,691,800	2,370,456
Expenditure on social housing letting activities		
Management	409,438	398,593
Other costs	1,455,687	1,437,114
Maintenance	295,263	272,334
Depreciation	161,822	165,502
	<hr/>	<hr/>
Total expenditure on social housing letting activities	2,322,210	2,273,543
Operating surplus on social housing letting activities	369,590	96 913
	<hr/>	<hr/>
Accommodation in Management		
Supported housing - No. of units	284	274
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

16. Intangible assets

Group

	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 April 2021 and 31 March 2022	42,000	(1,032,828)	(990,828)
Amortisation			
At 1 April 2021 and 31 March 2022	42,000	(1,032,828)	(990,828)
Net book value			
31 March 2021 and 31 March 2022	-	-	-

17. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Motor Vehicles £	Fixture and fittings £	Computer equipment £	Social housing properties held for letting £	Total £
Cost or valuation							
At 1 April 2021	2,356,175	3,867,717	173,513	2,035,826	125,743	4,675,460	13,234,434
Additions	34,213	260,270	36,540	766,518	171,153	609,157	1,877,851
Disposals	(6,720)	-	-	(96,532)	-	-	(103,252)
At 31 March 2022	2,383,668	4,127,987	210,053	2,705,812	296,896	5,284,617	15,009,033
Depreciation							
At 1 April 2021	398,204	1,789,680	142,017	1,561,456	5,716	819,818	4,716,891
Charge for the year	92,326	322,669	23,238	257,488	17,149	147,195	860,065
On disposals	(6,720)	-	-	(96,532)	-	-	(103,252)
At 31 March 2022	483,810	2,112,349	165,255	1,722,412	22,865	967,013	5,473,704
Net book value							
At 31 March 2022	1,899,858	2,015,638	44,798	983,400	274,031	4,317,604	9,535,329
At 31 March 2021	1,957,971	2,078,037	31,496	474,370	120,027	3,855,642	8,517,543

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

17. Tangible fixed assets (continued)

Charity

	Freehold property £	Long-term leasehold property £	Motor Vehicles £	Fixture and fittings £	Computer equipment £	Social housing properties held for letting £	Total £
Cost or valuation							
At 1 April 2021	2,349,455	3,867,717	147,233	1,809,269	125,743	4,675,460	12,974,877
Additions	34,213	260,270	36,540	738,070	171,153	609,157	1,849,403
At 31 March 2022	2,383,668	4,127,987	183,773	2,547,339	296,896	5,284,617	14,824,280
Depreciation							
At 1 April 2021	391,484	1,789,680	115,737	1,402,022	5,716	819,818	4,524,457
Charge for the year	92,326	322,669	23,238	214,553	17,149	147,195	817,130
At 31 March 2022	483,810	2,112,349	138,975	1,616,575	22,865	967,013	5,341,587
Net book value							
At 31 March 2022	1,899,858	2,015,638	44,798	930,764	274,031	4,317,604	9,482,693
At 31 March 2021	1,957,971	2,078,037	31,496	407,247	120,027	3,855,642	8,450,420

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18. Fixed asset investments

Group	Investments in Subsidiaries £
Cost or valuation	
At 1 April 2021 and 31 March 2022	1
Net book value	
31 March 2021 and 31 March 2022	<u>1</u>
	Investments in Subsidiaries £
Charity	
Cost or valuation	
At 1 April 2021 and 31 March 2022	<u>1,032,830</u>
Net book value	
31 March 2021 and 31 March 2022	<u>1,032,830</u>
Principal subsidiaries	

The following were subsidiary undertakings of the Charity:

	Company Number	Charity Registration Number	Holding
More Time (UK) Limited	07738729	-	100%
The Sector Group Limited (dormant)	07738950	-	100%
E D P Drug & Alcohol Services	02145656	0297370	100%

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit/(Loss) /Surplus/ (Deficit) for the year £	Net assets/ (liabilities) £
More Time (UK) Limited	397,320	(361,591)	35,729	(231,955)
The Sector Group Limited (dormant)	-	-	-	1
E D P Drug & Alcohol Services	10,084,928	(9,514,963)	569,965	2,165,919

The registered office for More Time (UK) Limited and The Sector Group Limited is Inspiration House, Unit 22, Bowburn North Industrial Estate, Bowburn, Durham, DH6 5PF. The registered office for EDP Drug & Alcohol Services is Stratus House, Exeter Business Park, Exeter, Devon, EX1 3QS.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

19. Stocks

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Raw materials and consumables	4,128	865	-	-
Finished goods and goods for resale	117,546	128,278	117,546	128,278
	121,674	129,143	117,546	128,278

20. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts falling due within one year				
Trade debtors	7,809,298	4,189,833	6,605,649	3,628,845
Amounts owed by group undertakings	-	-	293,100	68,712
Other debtors	310,245	238,336	278,097	209,151
Prepayments and accrued income	2,342,312	2,285,787	2,237,368	2,182,508
	10,461,855	6,713,956	9,414,214	6,089,216
Amounts falling due after more than one year				
Amounts owed by group undertakings	-	-	-	110,408
	10,461,855	6,713,956	9,414,214	6,199,624

Included within debtors are bad debt provisions totaling £79,099 (2021: £6,010) in relation to trade debtors in the group and the charity and £107,805 (2021: £107,805) in relation to amounts owed by participating interests in the charity.

21. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	25,637	31,742	25,637	31,742
Trade creditors	2,342,104	3,653,579	1,972,829	3,339,564
Other taxation and social security	953,881	991,457	808,508	869,141
Other creditors	597,176	467,315	558,839	380,888
Accruals and deferred income	9,765,816	5,686,039	9,137,150	5,268,862
	13,684,614	10,830,132	12,502,963	9,890,197

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21. Creditors: Amounts falling due within one year (continued)

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Deferred income at 1 April 2021	3,476,504	5,076,540	3,342,038	5,029,202
Resources deferred during the year	5,158,360	1,498,949	4,391,273	1,364,483
Amounts released from previous periods	(1,671,772)	(3,098,985)	(1,073,387)	(3,051,647)
	6,963,092	3,476,504	6,659,926	3,342,038

Deferred income comprises amounts received by the group for services that are to be provided in future accounting periods.

22. Creditors: Amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	197,871	226,020	197,871	226,020
Other creditors	2,434,221	2,129,682	2,434,221	2,129,682
	2,632,092	2,355,702	2,632,092	2,355,702

Bank loans totaling £221,858 (2021: £257,762) are secured on the assets to which they relate.

Bank loans includes amounts of £93,671 (2021: £119,308) payable by instalments and due in more than 5 years.

23. Borrowings

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	223,508	257,762	223,508	257,762
Other creditors	245,025	221,925	221,925	220,000
	468,533	479,687	445,433	477,762

The charity has two bank loans, the first of which is repayable in monthly instalments with the final instalment due on 31 December 2029 with an interest rate of 4.5% + Base rate per annum.

The second is repayable in monthly instalments with the final instalment due on 31 August 2030 with an interest rate of 3.5% + Base rate per annum.

Other creditors is a social impact bond liability repayable in full with interest on 1 October 2024. The interest rate is 10.5% pa.

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24. Provisions for liabilities

	Dilapidations £
Provisions at 1 April 2021	42,918
Additions	<u>147,406</u>
	<u><u>190,324</u></u>

Charity

No provisions are held in the parent charity. Dilapidation provisions are included within accruals and total £450,957 as at 31 March 2022.

25. Statement of funds

Statement of funds – Group current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
Unrestricted funds						
Designated funds						
Fixed Asset Reserve	67,123	-	(42,935)	28,448	-	52,636
General funds						
Unrestricted funds	12,499,119	51,944,289	(50,134,974)	(63,506)	-	14,244,928
Pension reserve	(172,000)	-	(11,000)	-	54,000	(129,000)
	<u>12,327,119</u>	<u>51,944,289</u>	<u>(50,145,974)</u>	<u>(63,506)</u>	<u>54,000</u>	<u>14,115,928</u>
Total unrestricted funds	<u>12,394,242</u>	<u>51,944,289</u>	<u>(50,188,909)</u>	<u>(35,058)</u>	<u>54,000</u>	<u>14,168,564</u>

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25. Statement of funds (continued)

Statement of funds – Group current year (continued)

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
Restricted funds						
Big lottery	73,856	140,875	(140,920)	-	-	73,811
Independent living	23,458	121,948	(128,470)	-	-	16,936
Drugs and alcohol	59,646	14,141,961	(14,137,673)	-	-	63,934
Health young people and families	78,016	91,554	(92,669)	-	-	76,901
Community services	-	1,389,896	(1,362,828)	-	-	27,068
Criminal Justice	-	217,093	(219,809)	2,716	-	-
Work and skills	-	2,468,509	(2,473,802)	5,293	-	-
Humankind housing	-	57,688	(84,737)	27,049	-	-
Central	-	77,019	(77,019)	-	-	-
Sport England	-	68,135	(68,135)	-	-	-
Teignbridge rough sleeper initiative	-	24,623	(24,623)	-	-	-
Avon and Somerset PCC	-	34,375	(34,375)	-	-	-
Petroc College	-	4,462	(4,462)	-	-	-
Exeter City Council	-	25,861	(25,861)	-	-	-
DWP	-	6,630	(6,630)	-	-	-
Dorset County Council	-	34,100	-	-	-	34,100
Recovery fund	-	3,197	-	-	-	3,197
	234,976	18,907,926	(18,882,013)	35,058	-	295,947
Total of funds	12,629,218	70,852,215	(69,070,922)	-	54,000	14,464,511

HUMANKIND CHARITY

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

25. Statement of funds (continued)

Unrestricted funds represents resources available for general work, it also includes donations following acquisition with E D P Drug & Alcohol Services along with unrestricted project income identified in note 4.

Restricted funds

The balance carried forward represents income on projects to be expended in future periods. The restricted funds are listed below along with a description of the purpose of the fund.

Big Lottery - WY-FI (main contract)

Aims to improve the lives and well being of people with entrenched multiple needs, who are currently the most disengaged and disconnected from services.

Independent living

Helping vulnerable people in the community who may be homeless, at risk of homelessness or at risk of losing their tenancy. Providing services which support vulnerable people to get the right tenancy for them, and to develop the skills to maintain that tenancy.

Drugs and alcohol

Supporting people to enter recovery oriented drug and alcohol service, choose abstinence, achieve recovery, reduce risk taking behavior and improve local communities. Integrated substance misuses service that encourages, supports and empowers individuals to take responsibility and control of their lives.

Health, young people and families

Offering vocational training to young people whom may have left school without any qualifications. Offering support advice to young people with LGBT concerns and interest both personally or within their family.

Community services

Offering support to vulnerable young people and young adults who have a range of different needs, as well as their carers and their wider families.

Criminal justice

Delivering services to help those who are actively offending, or who have historically offended, to move towards a more positive lifestyle. This includes working in a number of prison establishments across the country.

Work and skills

Offering specialist education and employment services to vulnerable people to identify and address the barriers to their employment, to advocate with employers and to create opportunities which lead to healthier, positive and more stable lives.

Humankind housing

A registered provider of housing offering a solution that means we can provide housing for people with issues often considered by private landlords to be high risk. Humankind Housing has stepped in with a solution that bridges the divide.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

25. Statement of funds (continued)

Office of the Police and Crime Commissioner, Devon & Cornwall (OPCC)

This fund represents a grant from OPCC for the delivery of a Prisoner Resettlement Pilot at HMP Exeter, specifically provision of a Resettlement Coordinator and the Departure Lounge Cafe.

Sport England

This fund represents a three year grant by Sport England for their Flourish in Nature project using National Lottery funding. Specifically it is to be used to train up cohorts of volunteer outdoor activity leaders in Devon.

Avon and Somerset PCC

This fund represents a grant from ASPCC to continue our Prisoner resettlement Project at HMP Exeter. This is specifically for provision of a Resettlement Coordinator and the Departure Lounge Cafe.

Teignbridge rough sleeper initiative

This fund represents a grant from Teignbridge District Council and South Hams & West Devon Council to contribute towards an outreach service which will work alongside the existing rough sleeper outreach services covering both districts.

Petroc College

This fund represents a grant awarded by Petroc College as part of their wider project funded by the European Social Fund specifically to be used to continue to develop the scalability and sustainability of EDP's social enterprise Hidden Gems.

Exeter City Council

This fund represents a grant by Exeter City Council for the employment of a specialist navigator for 12 months, under Exeter's award of funding through the Rough Sleeper Rapid Rehousing Pathway programme.

Department of Working Pensions (DWP)

This fund represents a grant by Department of Working Pensions to provide access to work grants for employees new work equipment.

Dorset County Council

This fund represents funding for Criminal Justice worker from Office of the Police and Crime Commissioner, Devon & Cornwall (OPCC).

Recovery Fund

The Recovery Fund is a pot of monies raised by Service Users, volunteers and staff to purchase items that will enhance and support recovery. Funds are received either from donations to the organisation, or are raised directly by the staff, Volunteer team and Service Users in localised or regional fundraising activities.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

25. Statement of funds (continued)

Statement of funds – Charity current year

	Balance at 1 April 2021	Income	Expenditure	Transfers In/out	Gains/ Losses	Balance at 31 March 2022
	£	£	£	£	£	£
Unrestricted funds						
General funds						
Unrestricted funds	12,162,996	41,905,136	(40,705,708)	(35,058)	-	13,327,366
Defined benefit pension scheme	(172,000)	-	(11,000)	-	54,000	(129,000)
Total unrestricted funds	11,990,996	41,905,136	(40,716,708)	(35,058)	54,000	13,198,366
Restricted funds						
Big lottery	73,856	140,875	(140,920)	-	-	73,811
Independent living	23,458	121,948	(128,470)	-	-	16,936
Drugs and alcohol	59,646	14,268,036	(14,263,748)	-	-	63,934
Health, young people and families	78,016	91,554	(92,669)	-	-	76,901
Community services	-	1,389,896	(1,362,828)	-	-	27,068
Criminal Justice	-	217,093	(219,809)	2,716	-	-
Work and skills	-	2,338,799	(2,343,111)	4,312	-	-
Humankind housing	-	34,242	(38,167)	3,925	-	-
Central	-	29,998	(29,998)	-	-	-
	234,976	18,632,441	(18,619,720)	10,953	-	258,650
Total of funds	12,225,972	60,537,577	(59,336,428)	(24,105)	54,000	13,457,016

HUMANKIND CHARITY

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

25. Statement of funds (continued)

Statement of funds – Group prior year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers In/out £	Gains/ Losses £	Balance at 31 March 2021 £
Unrestricted funds						
Designated funds						
Fixed Asset Reserve	80,912	-	(61,194)	47,405	-	67,123
General funds						
Unrestricted funds	8,525,273	50,330,955	(46,301,467)	(55,642)	-	12,499,119
Defined benefit pension scheme	(110,000)	-	(2,000)	-	(60,000)	(172,000)
	<u>8,415,273</u>	<u>50,330,955</u>	<u>(46,303,467)</u>	<u>(55,642)</u>	<u>(60,000)</u>	<u>12,327,119</u>
Total unrestricted funds	<u>8,496,185</u>	<u>50,330,955</u>	<u>(46,364,661)</u>	<u>(8,237)</u>	<u>(60,000)</u>	<u>12,394,242</u>
Restricted funds						
Big lottery	73,856	437,669	(437,669)	-	-	73,856
Independent living	21,290	73,006	(70,838)	-	-	23,458
Drugs and alcohol	478	11,628,550	(11,569,382)	-	-	59,646
Health, young people and families	78,017	82,372	(82,373)	-	-	78,016
Work and skills	-	2,338,799	(2,343,111)	4,312	-	-
Humankind housing	-	34,242	(38,167)	3,925	-	-
Central	-	29,998	(29,998)	-	-	-
OPCC	-	12,500	(12,500)	-	-	-
Sport England	-	48,806	(48,806)	-	-	-
Teignbridge rough sleeper initiative	-	17,227	(17,227)	-	-	-
Avon and Somerset PCC	-	18,750	(18,750)	-	-	-
Petroc College	-	14,999	(14,999)	-	-	-
Exeter City Council	-	14,742	(14,742)	-	-	-
National Lottery Community Fund	-	30,365	(30,365)	-	-	-
	<u>173,641</u>	<u>14,782,025</u>	<u>(14,728,927)</u>	<u>8,237</u>	<u>-</u>	<u>234,976</u>
Total of funds	<u>8,669,826</u>	<u>65,112,980</u>	<u>(61,032,394)</u>	<u>-</u>	<u>(60,000)</u>	<u>12,690,412</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

26. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £
Tangible fixed assets	6,827,172	2,708,157	9,535,329
Fixed asset investments	1	-	1
Current assets	16,401,121	5,164,090	21,565,211
Creditors due within one year	(8,542,535)	(5,142,079)	(13,684,614)
Creditors due in more than one year	(197,871)	(2,434,221)	(2,632,092)
Pension liability	(129,000)	-	(129,000)
Other provision	(190,324)	-	(190,324)
Total	14,168,564	295,947	14,464,511

Analysis of net assets between funds - prior year

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £
Tangible fixed assets	5,874,573	2,642,970	8,517,543
Fixed asset investments	1	-	1
Current assets	12,796,067	4,716,359	17,512,426
Creditors due within one year	(5,835,461)	(4,994,671)	(10,830,132)
Creditors due in more than one year	(226,020)	(2,129,682)	(2,355,702)
Provisions for liabilities and charges	(214,918)	-	(214,918)
Total	12,394,242	234,976	12,629,218

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

27. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2022 £	Group 2021 £
Net income for the year (as per Statement of Financial Activities)	1,781,293	4,019,392
Adjustments for:		
Depreciation charges	860,065	702,127
Goodwill amortisation	-	(1,032,828)
Gains on investments	-	1,032,828
Dividends, interests and rents from investments	(470)	(14,188)
Decrease/(increase) in stocks	7,469	(70,198)
(Increase)/decrease in debtors	(3,747,899)	1,841,979
Increase in creditors	3,165,126	1,209,032
Provision movements	147,406	-
Movement on pension scheme liability	11,000	2,000
Net cash provided by operating activities	2,223,990	7,690,144

28. Analysis of changes in net debt

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	10,669,327	312,355	10,981,682
Borrowings excluding overdrafts	(257,762)	34,254	(223,508)
	10,411,565	346,609	10,758,174

29. Pension commitments

The Group operates a defined benefit pension scheme.

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee administered funds. The total contribution made for the year ended 31 March 2022 was £9,000 (2021 - £10,000), of which employer's contributions totalled £7,000 (2021 - £8,000) and employees' contributions totalled £2,000 (2021 - £2,000). The agreed contribution rates for future years are 18.6% for employers and 5.5% - 10.5% for employees.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

29. Pension commitments (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2022	2021
	%	%
Discount rate	2.70	2.10
Future salary increases	4.05	3.85
Future pension increases	2.80	2.60
CPI inflation	2.80	2.60
	2022	2021
	Years	Years
Mortality rates (in years)		
- for a male aged 65 now	21.8	21.9
- at 65 for a male aged 45 now	22.5	22.6
- for a female aged 65 now	24.6	24.7
- at 65 for a female aged 45 now	25.7	25.8

The Group's share of the assets in the scheme was:

	2022	2021
	£	£
Equities	128,000	111,000
Gilts	12,000	12,000
Corporate bonds	8,000	6,000
Property	6,000	5,000
Cash and other liquid assets	5,000	3,000
Other	2,000	2,000
Total fair value of assets	161,000	139,000

The actual return on scheme assets was £13,000 (2021 - £24,000).

	2022	2021
	£	£
Current service cost	15,000	13,000
Interest income	(3,000)	(2,000)
Interest cost	7,000	5,000
Total amount recognised in the Consolidated statement of financial activities	19,000	16,000

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

29. Pension commitments (continued)

The amounts included in the statement of balance sheet arising from the group's obligations in respect of defined benefit plans are as follows:

	2022 £
Present value of defined benefit obligation	290,000
Fair value of plan assets	161,000
	<hr/>
Deficit in scheme	(129,000)

Movements in the present value of the defined benefit obligation were as follows:

	2022 £	2021 £
Opening defined benefit obligation	304,000	202,000
Contributions by scheme participants	2,000	2,000
Current service cost	15,000	13,000
Interest cost	7,000	5,000
Actuarial (gains)/ losses	(44,000)	82,000
Adjustment to prior year by actuary	6,000	-
Closing defined benefit obligation	290,000	304,000

Movements in the fair value of the Group's share of scheme assets were as follows:

	2022 £	2021 £
Opening fair value of scheme assets	139,000	99,000
Expected return on assets	3,000	2,000
Contributions by scheme participants	2,000	2,000
Contributions by employer	7,000	14,000
Actuarial gains	10,000	22,000
Closing fair value of scheme assets	161,000	139,000

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

30. Operating lease commitments

At 31 March 2022 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	1,694,324	1,016,294	1,531,627	823,492
Later than 1 year and not later than 5 years	3,148,487	2,385,225	2,748,347	1,941,147
Later than 5 years	1,194,054	819,445	1,194,054	746,745
	<u>6,036,865</u>	<u>4,220,964</u>	<u>5,474,028</u>	<u>3,511,384</u>

31. Related party transactions

During the period management charges of £168,554 (2021: £57,160) were charged to E D P Drug & Alcohol Services, an entity under the control of the charity. At the year end there was an amount of £100,222 (2021 £53,070) owed to the charity.

During the period there were sales of £7,710 (2021: £7,854) and purchases of £367,787 (2021: £228,438) to/from More Time (UK) Limited, an entity under the control of the charity. At the year end there was an amount of £192,878 (2021 £179,120) owed to the charity. The amounts due from More Time (UK) Limited is net of a bad debt provision of £107,805 (2021: £107,805). Included in the amounts due from More Time (UK) Limited is a loan of £104,116 (2021: £110,408) on which interest is charged at 2% pa.