

HUMANKIND CHARITY
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

HUMANKIND CHARITY

(A company limited by guarantee)

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HUMANKIND CHARITY

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2023

Trustees

J E Bilbie (Resigned 14 September 2023)
A Boyt
IR Dewhirst (Resigned 9 March 2023)
E Feltin, Vice Chair
JR Foyle (Resigned 16 September 2023)
CL Gitsham, Chair
C G Matthews-Maxwell
I McQueen
S Shepherd
S Douglas
B Seth (Appointed 4 January 2023)
J Walder (Appointed 4 January 2023)

Company Registered Number

01820492

Charity Registered Number

515755

Registered Office

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

Company Secretary

C Horner

Chief Executive Officer

P Townsley

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

HUMANKIND CHARITY
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
(CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

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 2023

The Trustees present their annual report together with the audited financial statements of the Charity for the year 1 April 2022 to 31 March 2023. 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 company comply with the current statutory requirements, the requirements of the charitable 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 in relation to the length of term in office.

Humankind is working in line with the charity governance code.

Recruitment, training and appointment of Trustees

The management of the 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 does not represent any other agencies. The Trustees who held office during the 2022/23 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 £155 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 including business, finance, 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 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,

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Structure, governance and management (continued)

Recruitment, training and appointment of Trustees (continued)

view presentations and discuss key issues with other Board members and employees of the organisation.

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 group and charity.

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.

The Board of Trustees are responsible for the strategic direction and policies of the organisation and are actively involved in strategy development and business planning. The Trustees monitor compliance with the business plan through oversight of our key performance indicators as set out in the plan. The Trustees also review management accounts on a quarterly 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 regularly 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 are 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 17 to the financial statements.

EDP (formerly Exeter Drug Project) joined together with Humankind in April 2020 in a subsidiary merger with the intent of merging fully at a later date. 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. The two charities have a shared vision for people of all ages to be safe, building ambitions for the future and reaching towards their full potential. Following the financial year ended March 23 and as of the 1st July 23 EDP has fully merged into its parent charity Humankind. This has moved the "Reach" and "Together" EDP services into Humankind as the South West operational region. The majority of staff continue to deliver their roles in a very similar manner, with some EDP staff in central corporate functions moving into equivalent teams in Humankind.

During the year, Humankind Support Services a wholly owned subsidiary company was established in order to generate VAT savings within the group. This will allow the group to reinvest savings into the charity to better meet the people we serve.

Risk Management

The risk management strategy and risk registers are in place to review, evaluate and minimise any risks facing the organisation. The organisational risk register covers Finance, Operational, Governance and Environmental risks and is reviewed quarterly by the full board. Each Board Sub-committee, organisational region and department also has a risk register. 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, Investors in People, Matrix and Governance and Financial Standard of the Regulatory Framework.

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TRUSTEES' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2023**

Structure, governance and management (continued)

Risk Management (continued)

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 to 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 2023/24 will again build on the strong foundations already laid.

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 required all charities to meet the legal requirement that their 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 to improve the quality of our work delivering health and social care services over the course of this year. 2022/23 has been the final year of our five-year strategy cycle and has seen a sustained focus on the optimising of infrastructure and reach as part of becoming a truly national charity. We are particularly proud that all our Care Quality Commission (CQC) inspected services have been rated as 'good' or 'outstanding'.

2022/23 has also seen a large amount of consultation within Humankind to engage staff, as well as with external stakeholders, to inform and shape our new five-year strategy: Being Human which we were delighted to launch at the end of March. Being Human sets out the next chapter for Humankind, is focused on outcomes rather than processes, and is centered on three central goals of 'People', 'Places' and 'Partnerships'. The strategy will be delivered from 2023/24 through an ambitious selection of collaborative workplans.

We have also reviewed and updated the way that we work with – and listen to – the people we support. Having launched our 'Working Together' strategy we are now developing a 'Life Council' made up of a wide selection of people we support at different stages in their journeys. The Life Council exists to bring the perspectives and insights of people with lived experiences of all kinds to discuss and scrutinize Humankind work and priorities, and will feed directly into our board.

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)'.

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TRUSTEES' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2023**

Structure, governance and management (continued)

Objectives and activities (continued)

Summary of Humankind's areas of work

Humankind designs and delivers services to meet people's complex health and social needs, helping them to build happier and healthier lives. We are a national charity with over 1,500 staff and 246 volunteers, providing services for over 106,500 people. Our specialist services work across the North East, Yorkshire and Humber, the North West, Staffordshire, London and the South. Whilst our main specialism is drug and alcohol support we also specialise in clinical, children, young people and families, health and wellbeing, employment, training and education, criminal justice and offender rehabilitation, gender specific, housing 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

As part of that vision, and the commitment to supporting communities as well as individual people, we deliver a range of public health and wellbeing services. We are proud to have built up a recognised specialism in drug and alcohol treatment and recovery over many years. However, we understand the importance of intervening early and offering support across their lives so also deliver a range of associated health and wellbeing services including lifestyle and behavioral advice.

Our drug and alcohol treatment and recovery services 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. 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.

This year we have increased our focus on partnerships with lived experience led organisations and offer all our clients routes into peer support and mutual aid.

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. In the North East we have worked extensively with partners under our Reconnected to Health brand to prepare for the formal launch of a Reconnect Hub in Durham to support men being released from the nearby prison.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Structure, governance and management (continued)

Objectives and activities (continued)

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, to work with employers and to create opportunities which lead to healthier, positive and more stable lives.

Our Impact

Examples of our impact in 2022/23 include:

Organisation-wide:

- Humankind supported 106,558 people across our services
- Volunteers across our services gave a total of 36,126 hours; an average of 694 hours for each week of the year. The volunteer hours have not been included within the financial statements as a donation as this cannot be reliably measured for accounting purposes.
- A total of 3,891 responses were received from people who access our services, who provided the following feedback:
- People surveyed gave our services an average satisfaction score of 4.84 out of 5
- 99% of people said that they would recommend us to a friend

Work & Skills:

Our Steps for Success Service during 2022/23 achieved:

- 71 learners aged 16-18, and up to 24 (if they have an EHCP) have been enrolled on Humankind's Steps for Success Study Programme
- 36 adult learners have completed a programme to help them better manage their wellbeing
- 16 learners have completed a programme called Money Matters to help them better manage their money and make savings

Independent Living & Housing:

- In 2022/23 our independent living services supported 1,583 people
- 426 people (96%) receiving 'floating support' were successfully supported to obtain accommodation or to keep their existing tenancy when it was under threat
- 878 people were supported to leave our services in a supported, planned way and successfully achieved 92% of their desired outcomes
- 892 were supported to develop confidence and the ability to have greater choice or control
- 710 were supported to maximise their income including navigation of the Benefits system
- 549 were supported to better manage their mental health
- 536 were supported to better manage their physical health
- 233 were supported to better manage their overall debt
- 112 were supported to participate in training/education
- 82 were supported to obtain employment

Drug and Alcohol Recovery:

- 7,103 adults exited our services in a positive, planned way having achieved abstinence or reduced their use – a 12% increase on 2021/22
- On average, 19 people successfully complete treatment from our services drug or alcohol free each day
- 4,474 Naloxone kits were given out to people accessing our Drug & Alcohol services
- 7,499 Hepatitis C tests have been carried out with people accessing our Drug & Alcohol Services

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Strategic report

Achievements and performance

Financial review

Our focus this year has been to further strengthen and consolidate our financial 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 which has also 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 £81m, representing an increase in income of 13% on 2021/22 with a group surplus of funds totaling £1.3m.

Total group funds carried forward of £15.7m comprise group unrestricted funds totaling £15.5m and restricted funds totaling £261k.

Restricted funds relate to unspent elements of funds received for restricted purposes.

In the year, Humankind purchased services from More Time (UK) Limited to the value of £430k, relating to premises cleaning work. This represents 86% of More Time's income for the year. More Time has made a surplus of £103k in the year.

During the year management charges and other recharges of £194k were charged to EDP Drug and Alcohol Services. EDP Drug and Alcohol Services made a surplus of £475k.

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, we believe that the target level set continues to be sufficient for the needs of our organisation. Our reserves policy is set at an equivalent to one month of total resources expended.

Such a level of reserves would 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 the above, target reserves would have needed to have been £6.6m. The actual free reserves balance of £8.5m exceeds our target. We continue to review the requirements for setting an appropriate reserves policy, to ensure we are able to continue to meet our group aspirations in the future.

Investment policy

Humankind strives to produce the best financial return with a minimal level of risk and will not invest funding in financial instruments that may result in a loss of capital.

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TRUSTEES' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2023**

Strategic report (continued)

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.

Engagement with employees and employment of the disabled

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.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Strategic report (continued) Greenhouse gas emissions, energy consumption and energy efficiency action

UK Greenhouse gas emissions and energy use data for the period 1 April 2022 to 30 March 2023.

Energy consumption breakdown:

Natural Gas for Heating	- 2,157,024 kWh / 394 tonnes CO ₂ e (2022 : 2,330,087 kWh / 427 tonnes CO ₂ e)
Electricity	- 1,487,706 kWh (314 tonnes CO ₂ e) (2022: 952,980 kWh / 220 tonnes CO ₂ e)
Transport	- 1,148,204 kWh (284 tonnes CO ₂ e) (2022: 726,158 kWh / 179 tonnes CO ₂ e)
Total	- 4,792,934 kWh (991 tonnes CO ₂ e) (2022: 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, 2019.

An operational control approach has been used to define the Greenhouse Gas emissions boundary. This approach captures emissions associated with the operation of all office buildings, plus company-owned vehicles and business travel in private vehicles. This report covers UK operations only, as required by SECR for Non-Quoted Large Companies.

The carbon and energy consumption associated with the operation of buildings includes the consumption of electricity and gas, in those instances where Humankind have direct responsibility 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.

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 operates 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 17% of electricity data and 0.01% of gas data (2022: 11% and 36%) 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 2022 to March 2023, in accordance with the financial reporting period.

During 2022-23 Humankind has continued to replace less energy efficient lighting with LED lighting in office refurbishments and as part of ongoing maintenance wherever practically possible. Humankind continues to support hybrid working in many posts which reduced energy consumption in Humankind premises though reduced heating, lighting, and reduced use of electrical equipment. All staff have access to software for holding online meetings and this is encouraged to reduce business travel.

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 12.3 tonnes CO₂ per £m revenue is 5% higher than last year, due to a 14% increase in revenue/charity activity.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Strategic report (continued)

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.

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

- Integrate VfM principles throughout the organization
- Incorporate VfM within everything we do
- Avoid duplication and simplify processes
- Identify ineffective processes and implement appropriate changes
- Adopt recognised 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 2023

		2023	2022
Metric 1	Reinvestment %	9.4%	14.1%
Metric 2A	New supply delivered % (social housing units)	2.8%	6.7%
Metric 2B	New supply delivered % (non-social housing units)	N/A%	N/A%
Metric 3	Gearing %	0%	-22.7%
Metric 4	EBITDA MRI interest cover %	7,494%	6,309%
Metric 5	Headline social housing cost per unit	£9,563	£8,639
Metric 6A	Operating margin % (social housing lettings only)	18.4%	9%
Metric 6B	Operating margin % (overall)	1.8%	2.6%
Metric 7	Return on capital employed	7.16%	10.21%

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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. 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 group 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 Charities 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 group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

No third party indemnity insurance was in place during the year.

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 group's auditors are aware of that information

Approved by order of the members of the board of Trustees on 28/09/23

and signed on their behalf by

Caroline Gitsham

C L Gitsham
(Chair of Trustees)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUMANKIND CHARITY

Opinion

We have audited the financial statements of Humankind Charity (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of financial activities (incorporating 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 charitable company's affairs as at 31 March 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUMANKIND CHARITY (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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 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,

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUMANKIND CHARITY (CONTINUED)

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 charitable company operate in and how the group and parent charitable 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, 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 the financial statements disclosures, inspecting correspondence with local tax authorities and evaluating advice received from 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 recognised 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 <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Lucy Robson

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: 28/09/23

HUMANKIND CHARITY

(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2023

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:					
Donations and legacies	3	42,688	22,419	65,107	123,819
Charitable activities	4	47,180,854	33,011,082	80,191,936	70,698,393
Other trading activities	5	147,406	-	147,406	19,182
Investments	6	124,188	-	124,188	470
Other income		-	-	-	10,351
		<u>47,495,136</u>	<u>33,033,501</u>	<u>80,528,637</u>	<u>70,852,215</u>
Total Expenditure on:					
Raising funds	7	471,894	-	471,894	353,737
Charitable activities	8	45,724,512	33,154,458	78,878,970	68,717,185
Total expenditure		<u>46,196,406</u>	<u>33,154,458</u>	<u>79,350,864</u>	<u>69,070,922</u>
Net income		1,298,730	(120,957)	1,177,773	1,781,293
Transfers between funds	24	(86,120)	86,120	-	-
Net movement in funds before Other recognised gains/(losses)		1,212,610	(34,837)	1,177,773	1,781,293
Other recognised gains/(losses):					
Fair value losses on investments	17	(12,592)	-	(12,592)	-
Actuarial gains on defined benefit pension schemes	28	117,000	-	117,000	54,000
Net movement in funds		<u>1,317,018</u>	<u>(34,837)</u>	<u>1,282,181</u>	<u>1,835,293</u>
Reconciliation of funds:					
Total funds brought forward		14,168,564	295,947	14,464,511	12,629,218
Net movement in funds		1,317,018	(34,837)	1,282,181	1,835,293
Total funds carried forward		<u>15,485,582</u>	<u>261,110</u>	<u>15,746,692</u>	<u>14,464,511</u>

HUMANKIND CHARITY
(A company limited by guarantee)

REGISTERED NUMBER: 01820492

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023

	Note	£	2023 £	£	2022 £
Fixed assets					
Intangible assets	15		-		-
Tangible assets	16		10,339,084		9,535,329
Investments	17		1,987,408		1
			<u>12,326,492</u>		<u>9,535,330</u>
Current assets					
Stocks	18	111,139		121,674	
Debtors	19	14,550,036		10,461,855	
Cash at bank and in hand		10,741,463		10,981,682	
			<u>25,402,638</u>	<u>21,565,211</u>	
Creditors: amounts falling due within one year	20	(18,462,524)		(13,684,614)	
Net current assets			<u>6,940,114</u>		<u>7,880,597</u>
Total assets less current liabilities			<u>19,266,606</u>		<u>17,415,927</u>
Creditors: amounts falling due after more than one year	21		(2,708,277)		(2,632,092)
Provisions for liabilities	23		(788,637)		(190,324)
Net assets excluding pension liability			<u>15,769,692</u>		<u>14,593,511</u>
Defined benefit pension scheme liability	28		(23,000)		(129,000)
Total net assets			<u>15,746,692</u>		<u>14,464,511</u>
Group funds					
Restricted funds	24		261,110		295,947
Unrestricted funds					
Unrestricted funds excluding pension asset	24	15,508,582		14,297,564	
Pension reserve	24	(23,000)		(129,000)	
Total unrestricted funds	24		<u>15,485,582</u>		<u>14,168,564</u>
Total funds			<u>15,746,692</u>		<u>14,464,511</u>

HUMANKIND CHARITY
(A company limited by guarantee)

REGISTERED NUMBER: 01820492

CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2023

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 authorized for issue by the Trustees on 28/09/23 and signed on their behalf by

Caroline Gitsham

C L Gitsham
(Chair of Trustees)

HUMANKIND CHARITY
(A company limited by guarantee)

REGISTERED NUMBER: 01820492

COMPANY BALANCE SHEET AS AT 31 MARCH 2023

	Note	£	2023 £	£	2022 £
Fixed assets					
Tangible assets	16		10,294,579		9,482,693
Investments	17		3,020,239		1,032,830
			<u>13,314,818</u>		<u>10,515,523</u>
Current assets					
Stocks	18	106,082		117,546	
Debtors	19	14,435,841		9,414,214	
Cash at bank and in hand		6,979,662		8,673,788	
			<u>21,521,585</u>	<u>18,205,548</u>	
Creditors: amounts falling due within one year	20	(17,394,701)		(12,502,963)	
Net current assets			<u>4,126,884</u>		<u>5,702,585</u>
Total assets less current liabilities			<u>17,441,702</u>		<u>16,218,108</u>
Creditors: amounts falling due after more than one year	21		(2,708,277)		(2,632,092)
Provisions for liabilities	23		(551,015)		-
Net assets excluding pension liability			<u>14,182,410</u>		<u>13,586,016</u>
Defined benefit pension scheme liability	28		(23,000)		(129,000)
Total net assets			<u>14,159,410</u>		<u>13,457,016</u>
Charity funds					
Restricted funds			255,943		258,650
Unrestricted funds					
Unrestricted funds excluding pension liability		13,926,467		13,327,366	
Pension reserve		(23,000)		(129,000)	
Total unrestricted funds			<u>13,903,467</u>		<u>13,198,366</u>
Total funds			<u>14,159,410</u>		<u>13,457,016</u>

HUMANKIND CHARITY
(A company limited by guarantee)

REGISTERED NUMBER: 01820492

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023

As permitted by s408 of the Companies Act 2006, the company has not presented its own statement of financial activity and related notes as it prepares group accounts. The company's surplus for the period was £702,394 (2022: £1,231,044) of which £ 791,221 (2022: £1,207,330) was unrestricted and £88,827 deficit (2022: £23,674 surplus) 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 28/09/23 and signed on their behalf by:

Caroline Gitsham

C L Gitsham
(Chair of Trustees)

HUMANKIND CHARITY

(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash used in operating activities	26	3,760,945	2,223,990
Cash flows from investing activities			
Investment income		124,188	470
Purchase of tangible fixed assets		(1,942,461)	(1,877,851)
Proceeds on disposal of tangible assets		40,617	-
Purchase of listed investments		(2,149,028)	-
Proceeds from sale of investments		149,028	-
Net cash used in investing activities		<u>(3,777,656)</u>	<u>(1,877,381)</u>
Cash flows from financing activities			
Repayments of borrowing		(223,508)	(34,254)
Net cash used in financing activities		<u>(223,508)</u>	<u>(34,254)</u>
Changes in cash and cash equivalents in the year		(240,219)	312,355
Cash and cash equivalents at the beginning of the year		10,981,682	10,669,327
Cash and cash equivalents at the end of the year		<u>10,741,463</u>	<u>10,981,682</u>

The notes on pages 22 to 58 form part of these financial statements

HUMANKIND CHARITY

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies

1.1 General information

Humankind Charity (the “company”) 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 Consolidated Statement of Financial Activities in place of the Consolidated 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 company 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.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

Reduced disclosure

The company 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 charitable 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 company 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;

HUMANKIND CHARITY

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 company 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 2023. 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.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.4 Going concern

At time of approving the financial statements, the Trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group continues to meet all its objectives under current contracts and there have been no indicators of any claw backs.

The financial statements have been prepared on a going concern basis as the Trustees believe that there are no other material uncertainties.

1.5 Income

Voluntary income is received by way of donations and is included in full in the Statement of Financial Activities when received.

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 group, are recognised when the group becomes unconditionally entitled to the grant.

Income from other trading activities is revenue from contracts for the provision of professional 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 charity 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.

HUMANKIND CHARITY

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.5 Income (continued)

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

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 group 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 group 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 group 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 Investment income

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 is liable to corporation tax on their trading profits.

HUMANKIND CHARITY

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

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.

1.10 Tangible fixed assets and depreciation

Social housing properties for letting

Housing properties are properties for the provision of social housing and are principally properties available for rent and shared ownership. Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

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

Freehold land is not depreciated

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.

HUMANKIND CHARITY

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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

Tangible fixed assets 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.

HUMANKIND CHARITY

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.11 Fixed asset investments

Listed 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. Transaction costs are expensed as incurred.

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 cleaning materials, I.T. equipment, stationery, refreshments, cartridges and marketing material held for future use.

1.13 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.

1.14 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.

HUMANKIND CHARITY

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.15 Financial instruments

The group 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 group 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.

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 group 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.

1.16 Operating leases

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

1.17 Pensions

The group operates a number of defined contribution pension schemes. The group has no liability under the scheme other than payment of those contributions to a separately administered fund. Costs are charged to the income and expenditure account as incurred. 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 2023. See note 28 for further details.

1.18 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

HUMANKIND CHARITY

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.19 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.

1.20 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.

HUMANKIND CHARITY

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. 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 28, 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 2022 has been used by the actuary in valuing the pensions liability at 31 March 2023. 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. In the current year the actuary has made assumptions in respect of CPI inflation and salary increases.

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 £955,387 (2022 - £860,065).

Dilapidations

The dilapidation provision is assessed on a lease-by-lease basis and, in light of previous experience of actual dilapidation costs, the calculation has been revised during the year to 31 March 2023. Dilapidation costs are now provided for at £15 per square foot unless otherwise specified in the lease. The provision accrues over the term of the lease, taking due account of any upcoming break clauses.

Residual value of social housing properties

It is considered that the estimate of residual value of social housing properties has a significant impact on the carrying amount of social housing assets. The Group consider the residual value of social housing property structure to be cost.

Critical areas of judgment:

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 14b, 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 2023

3. Income from donations and legacies

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Donations	42,688	22,419	65,107	123,819
Total 2022	31,971	91,848	123,819	

4. Income from charitable activities

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Substance misuse	34,040,470	28,325,774	62,366,244	54,211,962
Criminal justice	4,535,665	446,483	4,982,148	4,537,435
Work and skills	1,410,912	2,757,343	4,168,255	3,407,661
Community services	1,416,894	1,096,738	2,513,632	2,411,075
Independent living services	2,521,988	277,522	2,799,510	2,885,202
Housing	2,970,229	23,960	2,994,189	2,691,800
Premises	194,951	-	194,951	194,540
Commercial property	27,350	25,462	52,812	52,391
Central support services	62,395	57,800	120,195	306,327
Total 2023	47,180,854	33,011,082	80,191,936	70,698,393
Total 2022	51,882,315	18,816,078	70,698,393	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5. Income from other trading activities

Income from non charitable trading activities

	Unrestricted Funds 2023 £	Total funds 2023 £	Total funds 2022 £
More Time (UK) Limited	147,406	147,406	19,182
	<hr/>	<hr/>	
Total 2022	<u>19,182</u>	<u>19,182</u>	

6. Investment income

	Unrestricted Funds 2023 £	Total funds 2023 £	Total funds 2022 £
Bank interest receivable	107,438	107,438	470
Income from listed investments	16,750	16,750	-
	<hr/>	<hr/>	
	124,188	124,188	470
	<hr/>	<hr/>	
Total 2022	<u>470</u>	<u>470</u>	

7. Expenditure on raising funds

	Unrestricted Funds 2023 £	Total funds 2023 £	Total funds 2022 £
More Time (UK) Limited:			
Staff costs	430,437	430,437	328,079
Audit fees	6,350	6,350	5,750
Other costs	35,107	35,107	19,908
	<hr/>	<hr/>	
	471,894	471,894	353,737
	<hr/>	<hr/>	
Total 2022	<u>353,737</u>	<u>353,737</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

8. Analysis of expenditure on charitable activities

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Substance misuse	32,749,683	28,379,917	61,129,600	53,233,411
Criminal justice	3,801,695	438,995	4,240,690	3,966,584
Work and skills	1,227,338	2,843,863	4,071,201	3,334,484
Community services	1,324,290	1,099,935	2,424,225	2,375,844
Independent living services	2,052,785	300,048	2,352,833	2,746,923
Housing	2,421,462	8,438	2,429,900	2,322,210
Premises	142,041	-	142,041	141,221
Commercial property	60,694	25,462	86,156	78,299
Central support services	1,944,524	57,800	2,002,324	518,209
Total 2023	45,724,512	33,154,458	78,878,970	68,717,185
Total 2022	49,835,172	18,882,013	68,717,185	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

9. Support cost classification

	Support costs 2023 £	Governance costs 2023 £	Total 2023 £	Total 2022 £
Finance, legal and IT	2,768,467	-	2,768,467	2,057,464
HR and Training (L & D)	995,816	-	995,816	844,237
Business development and communications	1,538,515	-	1,538,515	1,098,734
Governance	-	1,520,347	1,520,347	1,101,159
	<u>5,302,798</u>	<u>1,520,347</u>	<u>6,823,145</u>	<u>5,101,594</u>

	Activities directly undertaken 2023 £	Support and governance costs 2023 £	Total Funds 2023 £	Total Funds 2022 £
Substance misuse	55,841,802	5,287,798	61,129,600	53,233,411
Criminal justice	3,873,864	366,826	4,240,690	3,966,584
Work and skills	3,719,036	352,165	4,071,201	3,334,484
Community services	2,214,526	209,699	2,424,225	2,375,844
Independent living services	2,149,310	203,523	2,352,833	2,746,923
Housing	2,219,710	210,190	2,429,900	2,322,210
Premises	129,754	12,287	142,041	141,221
Commercial property	78,703	7,453	86,156	78,299
Central support services	1,829,120	173,204	2,002,324	518,209
Total 2023	<u>72,055,825</u>	<u>6,823,145</u>	<u>78,878,970</u>	<u>68,717,185</u>
Total 2022	<u>63,615,591</u>	<u>5,101,594</u>	<u>68,717,185</u>	

Support and governance costs have been allocated to expenditure on charitable activities, in proportion to the value of activities directly undertaken.

10. Auditors' remuneration

	2023 £	2022 £
Fees payable to the group's auditor for the audit of the group and subsidiary's annual accounts	41,650	31,500
Fees payable to the group's auditor in respect of: All non-audit services not included above	6,350	5,750

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

11. Net movement in funds

Net movement in funds is stated after charging:

	2023	2022
	£	£
Depreciation	955,387	860,065
Impairment	176,652	-
Profit on disposal of fixed assets	(33,950)	-
Operating lease rentals – Land and buildings	2,051,901	1,589,761
Government Grant	-	(10,351)
	<u>-</u>	<u>(10,351)</u>

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

12. Staff costs

	Company	Company	Group	Group
	2023	2022	2023	2022
	£	£	£	£
Wages and salaries	37,264,220	31,684,020	43,032,161	36,890,741
Social security costs	3,277,050	2,631,037	3,758,195	3,071,956
Redundancy payments	117,767	418,272	117,767	432,914
Contribution to defined contribution pension schemes	1,383,266	1,250,340	1,609,278	1,483,321
Operating costs of defined benefit pension schemes	17,000	11,000	17,000	11,000
	<u>42,059,303</u>	<u>35,994,669</u>	<u>48,534,401</u>	<u>41,889,932</u>

The average number of persons employed during the year was as follows:

	Company	Company	Group	Group
	2023	2022	2023	2022
	No	No	No	No
Charitable activities	1,188	1,087	1,405	1,315
Support activities	139	114	139	114
Generating funds	-	-	54	45
	<u>1,327</u>	1,201	<u>1,598</u>	1,474

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12. Staff costs (continued)

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

	2023	2022
	No	No
In the band £60,001 - £70,000	9	9
In the band £70,001 - £80,000	5	3
In the band £80,001 - £90,000	2	2
In the band £90,001 - £100,000	3	8
In the band £100,001 - £110,000	4	2
In the band £120,001 - £130,000	-	1
In the band £130,001 - £140,000	1	-

Total employment benefits paid by the Group in the year in respect of the key management personnel were £986,929 (2022: £1,074,343).

13. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

During the year ended 31 March 2023, expenses totaling £155 were reimbursed or paid directly to Trustees (2022 - £1,940).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

14a. Social housing and social housing activities

	2023 Turnover £'000	2023 Operating Costs £'000	Operating Surplus/(Deficit) £'000	2022 Turnover £'000	2022 Operating Costs £'000	Operating Surplus/(Deficit) £'000
Social housing activities						
Income and expenditure from lettings	2,994,189	(2,429,900)	564,289	2,691,800	(2,322,210)	369,590
Other social housing activities						
Independent living services	2,799,510	(2,352,833)	446,677	2,885,202	(2,746,923)	138,279
Total	5,793,699	(4,782,733)	1,010,966	5,577,002	(5,069,133)	507,869

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14b. Particulars of income and expenditure from social housing

	2023	2022
	£	£
Income from social housing letting activities		
Rent receivable	1,182,081	1,133,297
Service charge income	2,095,284	1,792,433
	<hr/>	<hr/>
Gross rent receivable	3,277,365	2,925,730
Rent losses from voids	(472,307)	(357,158)
	<hr/>	<hr/>
Net rents receivable	2,805,058	2,568,572
Amortised government grants	114,225	98,248
Other income	74,906	24,980
	<hr/>	<hr/>
Total income from social housing letting activities	2,994,189	2,691,800
Expenditure on social housing letting activities		
Management	446,663	409,438
Other costs	1,660,334	1,455,687
Maintenance	291,919	295,263
Depreciation	30,984	161,822
	<hr/>	<hr/>
Total expenditure on social housing letting activities	2,429,900	2,322,210
Operating surplus on social housing letting activities	<u>564,289</u>	<u>369,590</u>
Accommodation in Management		
Supported housing - No. of units	<u>286</u>	<u>284</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

15. Intangible assets

Group

	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 April 2022 and 31 March 2023	42,000	(1,032,828)	(990,828)
Amortisation			
At 1 April 2022 and 31 March 2023	42,000	(1,032,828)	(990,828)
Net book value			
31 March 2022 and 31 March 2023	-	-	-

The company had no intangible assets at 31 March 2023 or 31 March 2022.

16. 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 2022	2,383,668	4,127,987	210,053	2,705,812	296,896	5,284,617	15,009,033
Additions	-	47,104	-	993,765	392,434	509,158	1,942,461
Disposals	-	(317,712)	(61,696)	(1,357,971)	-	-	(1,737,379)
At 31 March 2023	2,383,668	3,857,379	148,357	2,341,606	689,330	5,793,775	15,214,115
Depreciation and impairment							
At 1 April 2022	483,810	2,112,349	165,255	1,722,412	22,865	967,013	5,473,704
Charge for the year	76,117	388,786	17,969	431,659	43,492	(2,636)	955,387
On disposals	-	(317,712)	(55,029)	(1,357,971)	-	-	(1,730,712)
Impairment	-	176,652	-	-	-	-	176,652
At 31 March 2023	559,927	2,360,075	128,195	796,100	66,357	964,377	4,875,031
Net book value							
At 31 March 2023	1,823,741	1,497,304	20,162	1,545,506	622,973	4,829,398	10,339,084
At 31 March 2022	1,899,858	2,015,638	44,798	983,400	274,031	4,317,604	9,535,329

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16. Tangible fixed assets (continued)

Company

	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 2022	2,383,668	4,127,987	183,773	2,547,339	296,896	5,284,617	14,824,280
Additions	-	47,104	-	963,679	392,434	509,158	1,912,375
Disposals	-	(317,712)	(61,696)	(1,357,971)	-	-	(1,737,379)
At 31 March 2023	2,383,668	3,857,379	122,077	2,153,047	689,330	5,793,775	14,999,276
Depreciation and impairment							
At 1 April 2022	483,810	2,112,349	138,975	1,616,575	22,865	967,013	5,341,587
Charge for the year	76,117	388,786	17,969	393,442	43,492	(2,636)	917,170
On disposals	-	(317,712)	(55,029)	(1,357,971)	-	-	(1,730,712)
Impairment	-	176,652	-	-	-	-	176,652
At 31 March 2023	559,927	2,360,075	101,915	652,046	66,357	964,377	4,704,697
Net book value							
At 31 March 2023	1,823,741	1,497,304	20,162	1,501,001	622,973	4,829,398	10,294,579
At 31 March 2022	1,899,858	2,015,638	44,798	930,764	274,031	4,317,604	9,482,693

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Fixed asset investments

	Group 2023	Group 2022	Company 2023	Company 2022
Unlisted investment	-	1	1,032,831	1,032,830
Listed investments				
Investments	1,987,408	-	1,987,408	-
	<u>1,987,408</u>	<u>1</u>	<u>3,020,239</u>	<u>1,032,830</u>

Group	Listed investments £
Cost or valuation	
At 1 April 2022	-
Additions	2,149,028
Disposals	(149,028)
Change in market value	(12,592)
Net book value	
31 March 2023	<u>1,987,408</u>

Company	Investments in subsidiaries £	Listed investments £	Total £
Cost or valuation			
At 1 April 2022	1,032,830	-	1,032,830
Additions	1	2,149,028	2,149,029
Disposals	-	(149,028)	(149,028)
Change in market value	-	(12,592)	(12,592)
Net book value			
31 March 2023	<u>1,032,831</u>	<u>1,987,408</u>	<u>3,020,239</u>

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17. Fixed asset investments (continued) Principal subsidiaries

The following were subsidiary undertakings of Humankind 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%
Humankind Support Services Limited (dormant)	14174303		100%

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit/(Loss) /Surplus/ (Deficit) for the year £	Net assets £
More Time (UK) Limited	576,955	474,013	102,942	(129,013)
The Sector Group Limited (dormant)	-	-	-	1
E D P Drug & Alcohol Services	9,864,908	9,389,508	475,400	2,641,319
Humankind Support Services Limited (dormant)	-	-	-	1

The registered office for More Time (UK) Limited, The Sector Group Limited and Humankind Support Services 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.

Humankind Support Services Limited was incorporated on 15 June 2022 and has not yet commenced trading.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

18. Stocks

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Materials and consumables	111,139	121,674	106,082	117,546

19. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Amounts falling due within one year				
Trade debtors	11,516,368	7,809,298	11,246,290	6,605,649
Amounts owed by group undertakings	-	-	296,952	293,100
Other debtors	345,896	310,245	272,056	278,097
Prepayments and accrued income	2,687,772	2,342,312	2,620,543	2,237,368
	14,550,036	10,461,855	14,435,841	9,414,214

Included within debtors are bad debt provisions totaling £48,330 (2022: £79,099) in relation to trade debtors in the group and the company and £107,805 (2022: £107,805) in relation to amounts owed by group undertakings in the company.

20. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	-	25,637	-	25,637
Trade creditors	1,279,316	2,342,104	1,174,757	1,972,829
Other taxation and social security	1,181,809	953,881	1,004,761	808,508
Other creditors	866,465	597,176	790,951	558,839
Accruals and deferred income	15,134,934	9,765,816	14,424,232	9,137,150
	18,462,524	13,684,614	17,394,701	12,502,963

Within other creditors, in the group and company, are unspent capital grants received of £147,524 (2022 - £128,481).

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Deferred income at 1 April 2022	6,963,092	3,476,504	6,659,926	3,342,038
Resources deferred during the year	7,284,562	5,158,360	6,828,467	4,391,273
Amounts released from previous periods	(3,520,591)	(1,671,772)	(3,217,425)	(1,073,387)
	<u>10,727,063</u>	<u>6,963,092</u>	<u>10,270,968</u>	<u>6,659,924</u>

Deferred income comprises amounts received for use in future accounting periods.

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	-	197,871	-	197,871
Other loans	268,125	245,025	268,125	245,025
Other creditors	2,440,152	2,189,196	2,440,152	2,189,196
	<u>2,708,277</u>	<u>2,632,092</u>	<u>2,708,277</u>	<u>2,632,092</u>

Bank loans totaling £nil (2022: £221,858) are secured on the assets to which they relate.

Bank loans include amounts of £nil (2022: £93,671) payable by instalments and due in more than 5 years.

Other creditors, in the group and the company, include unspent capital grants of £2,440,152. Capital grants of £442,157 were received in the year and £147,251 of grants were released.

22. Borrowings

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	-	223,508	-	223,508
Other loans	268,125	245,025	268,125	221,925
	<u>268,125</u>	<u>468,533</u>	<u>268,125</u>	<u>445,433</u>

The company had two bank loans, which were fully repaid in the year.

Other loans 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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23. Provisions for liabilities
Group

	Dilapidations £
Provisions at 1 April 2022	190,324
Additions	<u>598,313</u>
	<u><u>788,637</u></u>

The dilapidations provisions is based on the future expected repair costs required to restore the leased buildings to their fair condition at the end of their respective lease terms.

Company

	Dilapidations £
Provisions at 1 April 2022	-
Additions	<u>551,015</u>
	<u><u>551,015</u></u>

24. Statement of funds

Statement of funds - current year - Group

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2023 £
Unrestricted funds - Group						
Designated funds						
Fixed Asset Reserve	52,636	-	(38,217)	30,086	-	44,505
General funds						
Unrestricted funds	14,244,928	47,495,136	(46,147,189)	(116,206)	(12,592)	15,464,077
Pension reserve	(129,000)	-	(11,000)		117,000	(23,000)
	<u>14,115,928</u>	<u>47,495,136</u>	<u>(46,158,189)</u>	<u>(116,206)</u>	<u>104,408</u>	<u>15,441,077</u>
Total unrestricted funds	<u><u>14,168,564</u></u>	<u><u>47,495,136</u></u>	<u><u>(46,196,406)</u></u>	<u><u>(86,120)</u></u>	<u><u>104,408</u></u>	<u><u>15,485,582</u></u>

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24. Statement of funds (continued)

Statement of funds - current year – Group (continued)

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2023 £
Restricted funds						
Big lottery	73,811	19,143	(19,146)	-	-	73,808
Independent living	16,936	292,103	(300,048)	-	-	8,991
Drugs and alcohol	63,934	27,299,451	(27,316,243)	-	-	47,142
Health young people and families	76,901	237,533	(249,893)	-	-	64,541
Community services	27,068	842,279	(830,896)	-	-	38,451
Criminal Justice	-	446,483	(438,995)	-	-	7,488
Work and skills	-	2,757,743	(2,843,863)	86,120	-	-
Humankind housing	-	49,422	(33,900)	-	-	15,522
Central	-	83,261	(83,261)	-	-	-
Exeter City Council	-	51,254	(51,254)	-	-	-
Sport England	-	4,553	(4,553)	-	-	-
Teignbridge rough sleeper initiative	-	19,604	(19,604)	-	-	-
DWP	-	3,213	(3,213)	-	-	-
Dorset County Council	34,100	544,694	(578,794)	-	-	-
Devon County Council	-	368,438	(368,438)	-	-	-
Torbay and South Devon HNS	-	9,582	(9,582)	-	-	-
Recovery fund	3,197	4,745	(2,775)	-	-	5,167
	295,947	33,033,501	(33,154,458)	86,120	-	261,110
Total of funds	14,464,511	80,528,637	(79,350,864)	-	104,408	15,746,692

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

24. Statement of funds (continued)

Unrestricted funds represent resources available for general work.

Restricted Funds:

Big Lottery - WIFI (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 vocational training to 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. Overspend has been transferred from unrestricted funds.

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.

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.

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.

Department for Work and Pensions

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

24. Statement of funds (continued)

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.

Dorset County Council

Several projects including:

Safeguarding Families Together (SFT) – Funding received from Dorset Council Children’s Services to embed the SFT approach. The funding is provided to source three adult workers trained in or with extensive experience of supporting parents with substance misuse problems.

RSDATG – Government funds for local areas to help implement evidence-based drug and alcohol treatment and wrap around support for people sleeping rough or at risk of sleeping rough, including those with co-occurring mental health needs.

SSMTR – Funding allocated by the Office for Health Improvement and Disparities for the improvements of interventions and access to drug treatment for individuals. This is linked to the recommendations made in Professor Dame Carol Black’s independent review of drugs.

OPCC - Funds for a Criminal Justice worker from Office of the Police and Crime Commissioner, Devon & Cornwall.

Devon County Council

Several projects including:

RSDATG – Government funds for local areas to help implement evidence-based drug and alcohol treatment and wrap around support for people sleeping rough or at risk of sleeping rough, including those with co-occurring mental health needs.

SSMTR – Funding allocated by the Office for Health Improvement and Disparities for the improvements of interventions and access to drug treatment for individuals. This is linked to the recommendations made in Professor Dame Carol Black’s independent review of drugs.

Funding from North Devon Council to provide a full-time Drug & Alcohol specialist attached to the Enhanced Rough Sleeper Service.

Torbay & South Devon HNS Foundation Trust

Funding received from the Torbay Alliance that was implemented to develop and deliver support services for drug and alcohol treatment, domestic abuse and the homeless hostel in Torbay. Using an Alliance model, the focus will be on creating systemic change: changes to culture, funding structures, commissioning and policy which support a new way of working. Together there will be a contractual environment where suppliers share responsibility for achieving outcomes and are mutually supportive, making decisions based on the best outcome for the service user.

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 2023

24. Statement of funds (continued)

Statement of funds - current year - Charity

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2023 £
Unrestricted funds - Charity						
General funds						
Unrestricted funds	13,327,366	38,697,546	(37,999,733)	(86,120)	(12,592)	13,926,467
Defined benefit pension scheme	(129,000)	-	(11,000)	-	117,000	(23,000)
Total unrestricted funds	13,198,366	38,697,546	(38,010,733)	(86,120)	104,408	13,903,467
Restricted funds						
Big lottery	73,811	19,143	(19,146)	-	-	73,808
Independent living	16,936	292,103	(300,048)	-	-	8,991
Drugs and alcohol	63,934	27,299,450	(27,316,242)	-	-	47,142
Health young people and families	76,901	237,533	(249,893)	-	-	64,541
Community services	27,068	842,279	(830,896)	-	-	38,451
Criminal Justice	-	446,483	(438,995)	-	-	7,488
Work and skills	-	2,757,743	(2,843,863)	86,120	-	-
Humankind housing	-	49,422	(33,900)	-	-	15,522
Central	-	83,261	(83,261)	-	-	-
	258,650	32,027,417	(32,116,244)	86,120	-	255,943
Total of funds	13,457,016	70,724,963	(70,126,977)	-	104,408	14,159,410

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Statement of funds - prior year - Group

	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
Defined benefit pension scheme	(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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

24. Statement of funds (continued)

Statement of funds - prior year - Group

	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
	<u>234,976</u>	<u>18,907,926</u>	<u>(18,882,013)</u>	<u>35,058</u>	<u>-</u>	<u>295,947</u>
Total of funds	<u>12,629,218</u>	<u>70,852,215</u>	<u>(69,070,922)</u>	<u>-</u>	<u>54,000</u>	<u>14,464,511</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

24. Statement of funds (continued)

Statement of funds - prior year - Charity

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
Unrestricted funds - Charity						
General funds						
Unrestricted funds	12,162,996	41,905,136	(40,705,708)	(35,038)	-	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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

25. Analysis of net assets between funds - Group

Analysis of net assets between funds - current year

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £
Tangible fixed assets	7,579,441	2,759,643	10,339,084
Fixed asset investments	1,987,408	-	1,987,408
Current assets	17,979,750	7,422,888	25,402,638
Creditors due within one year	(11,249,380)	(7,213,144)	(18,462,524)
Creditors due in more than one year	-	(2,708,277)	(2,708,277)
Pension liability	(23,000)	-	(23,000)
Provisions for liabilities and charges	(788,637)	-	(788,637)
Total	15,485,582	261,110	15,746,692

Analysis of net assets between funds - prior 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)
Provisions for liabilities and charges	(190,324)	-	(190,324)
Total	14,168,564	295,947	14,464,511

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

	Group 2023 £	Group 2022 £
Net income for the year (as per Statement of Financial Activities)	1,282,181	1,781,293
Adjustments for:		
Depreciation charges	955,387	860,065
Impairment of tangible assets	176,652	-
Change in market value of investments	12,592	-
Profit on sale of tangible assets	(33,950)	-
Investment income	(124,188)	(470)
Decrease in stocks	10,535	7,469
Increase in debtors	(4,088,181)	(3,747,899)
Increase in creditors	5,077,604	3,165,126
Increase in provisions	598,313	147,406
Movement on pension scheme liability	(106,000)	11,000
Net cash provided by operating activities	3,760,945	2,223,990

27. Analysis of changes in net debt

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	10,981,682	(240,219)	10,741,463
Borrowings excluding overdrafts	(223,508)	223,508	-
	10,758,174	(16,711)	10,741,463

28. Pension commitments

The group operates a number of pension schemes.

Humankind Limited, More Time (UK) and EDP Drug and Alcohol Services operate defined contribution schemes, the pension charge represents the amounts payable by the group to the fund in the accounting period. The assets of the schemes are held separately from the group in independently administered funds. Costs charged to income and expenditure for the year were £1,338,541. Amounts due to the scheme at the year-end were £243,554 (2022 - £183,798).

Both EDP Drug and Alcohol Services and Humankind contribute to the NHS Pension scheme. Although the scheme provides defined benefits to members, it is an unfunded multi-employer scheme, with no ongoing liability for the group beyond the level of employer contributions specified by the scheme. Accordingly, it is accounted for as a defined contribution scheme. Costs charged to income and expenditure for the year were £270,737. Amounts due to the scheme at the year-end were £331,794 (2022 - £168,853).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

28. Pension commitments (continued)

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 2023. 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 2023 were £8,000 (2022 - £9,000), of which employer's contributions totalled £6,000 (2022 - £7,000) and employees' contributions totalled £2,000 (2022 - £2,000). The agreed contribution rates for future years are 18.6% for employers and 5.5% - 10.5% for employees.

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

	2023	2022
	%	%
Discount rate	4.50	2.70
Future salary increases	3.85	4.05
Future pension increases	2.60	2.80
CPI inflation	2.60	2.80

	2023	2022
	Years	Years
Mortality rates (in years)		
- for a male aged 65 now	21.6	21.8
- at 65 for a male aged 45 now	22.9	22.5
- for a female aged 65 now	24.6	24.6
- at 65 for a female aged 45 now	25.7	25.7

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

	2023	2022
	£	£
Equities	136,000	128,000
Gilts	12,000	12,000
Corporate bonds	8,000	8,000
Property	6,000	6,000
Cash and other liquid assets	4,000	5,000
Other	4,000	2,000
Total fair value of assets	170,000	161,000

The actual return on scheme assets was £1,000 (2022 - £13,000).

	2023	2022
	£	£
Current service cost	13,000	15,000
Interest income	(4,000)	(3,000)
Interest cost	8,000	7,000
Total amount recognised in the income statement	17,000	19,000

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

28. Pension commitments (continued)

Amounts recognised in comprehensive income

	2023	2022
	£	£
Asset gains/(losses) arising during the period	(3,000)	10,000
Actuarial gains/(losses)	120,000	44,000
Total amount recognised in the Consolidated statement of financial activities	117,000	54,000

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

	2023
	£
Present value of defined benefit obligation	(193,000)
Fair value of plan assets	170,000
	<hr/>
Deficit in scheme	(23,000)

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

	2023	2022
	£	£
Opening defined benefit obligation	290,000	304,000
Contributions by scheme participants	2,000	2,000
Current service cost	13,000	15,000
Interest cost	8,000	7,000
Actuarial (gains)/ losses	(120,000)	(44,000)
Adjustment to prior year by actuary	-	6,000
Closing defined benefit obligation	193,000	290,000

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

	2023	2022
	£	£
Opening fair value of scheme assets	161,000	139,000
Expected return on assets	4,000	3,000
Contributions by scheme participants	2,000	2,000
Contributions by employer	6,000	7,000
Actuarial gains	(3,000)	10,000
Closing fair value of scheme assets	170,000	161,000

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

29. Operating lease commitments

At 31 March 2023 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Not later than 1 year	1,658,645	1,694,324	1,535,827	1,531,627
Later than 1 year and not later than 5 years	2,922,439	3,148,487	2,635,653	2,748,347
Later than 5 years	886,267	1,194,054	886,267	1,194,054
	<u>5,467,351</u>	<u>6,036,865</u>	<u>5,057,747</u>	<u>5,474,028</u>

30. Related party transactions

During the period management charges and other recharges of £194,373 (2022: £168,554) were charged to E D P Drug & Alcohol Services, an entity under the control of Humankind Charity. At the year end there was an amount of £229,310 (2022: £100,222) due to Humankind Charity.

During the period there were sales of £12,149 (2022: £7,710) and purchases of £429,549 (2022: £367,787) to/from More Time (UK) Limited, an entity under the control of Humankind Charity. At the year end there was an amount of £175,582 (2022 £192,878) due to Humankind Charity. The amounts due from More Time (UK) Limited is net of a bad debt provision of £107,805 (2022: £107,805). Included in the amounts due from More Time (UK) Limited is a loan of £90,485 (2022: £104,116) on which interest is charged at 2% pa.

31. Events after the reporting date

On 1 July 2023 the E D P Drug & Alcohol Services, a subsidiary, transferred all of its activities, assets and liabilities to the Humankind Charity. From that date, the subsidiary has ceased operations.