

**THERA EAST**

**Registered No: 06795987**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH, 2021**



**THERA EAST**  
**(A company limited by guarantee)**

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**INTRODUCTION**

**These papers tell readers what the company has been doing  
between April 2020 and March 2021.**

**The directors have written about what has gone well and what  
needs development.**

**You can see how the company has managed its money.**

**The accounts have been checked by our Auditor – Sayer Vincent LLP.**

**Some of these papers must be written in legal language. We have  
introduced each section with an Easy Read text box.**

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**COMPANY INFORMATION**

**DIRECTORS**

Sally Carpenter

Dries De Coster

Louise Duffield

Jennifer Garrigan

Brenda McLoughlin

Paul Patarou

Graham Skidmore

Neil Yeomans (Chairperson)

**SECRETARY**

Tarnya Thompson

**COMPANY NUMBER**

06795987

**REGISTERED OFFICE**

134 Edmund Street  
Birmingham  
B3 2ES

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**COMPANY INFORMATION**

**AUDITOR**

Sayer Vincent LLP  
Statutory Auditor  
Invicta House  
108-114 Golden Lane  
London  
EC1Y 0TL

**BANKERS**

Barclays Bank PLC  
43 High Street  
Sutton  
Surrey  
SM1 1DR

**SOLICITORS**

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham  
B3 2ES

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**DIRECTORS' AND STRATEGIC REPORT**  
**for the year ended 31 March, 2021**

**This section explains that directors are responsible for putting together accounts which must show a true and fair view. This is the law.**

The directors are pleased to present their report and financial statements for the year ended 31 March, 2021.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors 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 company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

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- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in operation.

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

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

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**PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was to support people with a learning disability in the East of England.

**DIRECTORS**

The directors who served during the year, or subsequent to the year-end, were:

Sally Carpenter

Dries De Coster (appointed 4 September, 2020)

Jennifer Garrigan

Brenda McLoughlin

Paul Patarou (appointed 23 August, 2021)

Graham Skidmore

Ian Thurgood (resigned 21 August, 2020)

Neil Yeomans

Louise Duffield (appointed 17 September 2020)

The directors have no financial interest in the company, it being limited by guarantee.



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**DIRECTORS' AND STRATEGIC REPORT**  
**for the year ended 31 March, 2021**

**Directors and Strategic Report<sup>1</sup>**



chairman

**Chairperson's Report**

"I am delighted to present the 2020-21 annual report and accounts for Thera East. This report and accounts help to describe what we are good at, why we choose to do it in the way that we do and how we can build and improve on the excellent levels of support that we already provide. They also set out and explain our financial performance.

When I wrote my report last year, I do not think that any of us could have imagined what the last twelve months held in store for us and, in particular, those of us working in adult social care. The area which Thera East covers, in particular Essex, was one of those hit hardest by the pandemic. The response of our staff has been nothing short of fantastic with everyone being prepared to "go the extra mile" and sometimes literally as people travelled considerable distances to provide cover for colleagues who were ill or had been forced to self-isolate. It was gratifying to receive compliments from one of our commissioners, Essex County Council, on the effectiveness of our response to the pandemic.

As we emerge from the depths of the pandemic, I know that all of the people who we support and our staff are looking forward to a return to some degree of normality, though it will be important to reflect on what we have learned

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<sup>1</sup> Thera East seeks to make its annual report and accounts accessible to all of its readers, including those with a learning disability, whilst meeting all statutory requirements. This approach requires us to "tell the story" comprehensively for the year. Key information required as part of the strategic report (context to the financial statements, analysis of our performance and insight into our objectives, strategies and risks) is woven throughout and a single integrated report is therefore being provided.

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during the various lockdowns that we have had to endure. In particular, the new hobbies and interests that those whom we support have acquired and how we can make best use of video streaming technology, which I know many have enjoyed experimenting with and using, including virtual coffee mornings and keep fit sessions.

As well as saying "thank you" to all of our staff for their effort and commitment throughout the year, I would also like, in particular, to pay tribute to their resilience and resourcefulness. In addition to supporting people who have been in lockdown, they have also had their own challenges to face, either suffering from Covid-19 themselves, having loved ones suffering and/or having to self-isolate. I have also been impressed by the numerous different ways in which they have found ways of adapting to providing support whilst being in lockdown yet still ensuring that everything we do is person-centred.

It is also important to recognise the critical contribution of Thera Trust, our parent company. As well as providing our central support functions, they are a source of invaluable advice and guidance and act as guardians of the organisation's Vision and philosophy.

In the circumstances it is probably not surprising that we have struggled to expand our company membership and Sarah Hollis has decided to step down. I would like to thank her for her contribution.

On a positive note, during the year, both Dries De Coster and Louise Duffield were appointed to the board as Non-Executive Directors for an initial period of four years. I look forward to working with them over the coming years and

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know that they have much to add in terms of ensuring our continued success.

Finally, I would like to express my sincere condolences to all those who have suffered loss during the pandemic.

I am proud to be the Chairperson of Thera East and to be working with such a dedicated and motivated team who put the interests of those we support first".

**Neil Yeomans**  
**Chairperson**

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**What is Important for Thera East<sup>2</sup>**

Thera East is part of the Thera charitable group of companies. Thera has always said that the people it supports must be involved in how the organisation does its job. Thera's Vision clearly sets out Thera's philosophy of control and involvement by people with a learning disability:

- ✓ Thera will show that people with a learning disability can be leaders in society;
- ✓ Thera will be controlled by people with a learning disability;
- ✓ People supported by Thera can say how their Thera company is directed and managed;
- ✓ People with a learning disability will design the support they want from Thera;
- ✓ Thera will respect the rights and wishes of people at work, at home and in the community;
- ✓ People with a learning disability will check the quality of support from their Thera company;
- ✓ Thera Group will be led by a charity.

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<sup>2</sup> Thera Trust' is our parent company. Its charitable objects are "the relief of persons with learning disabilities, their families and carers by the provision of support services including services in the support of residential, respite and other suitable forms of care, education and work opportunities and to promote public awareness of the needs of such persons and to give support to their families" and "the promotion of the effective use of charitable resources for the benefit of the public by the provision of services to organisations involved in the relief of persons with learning disabilities, their families and carers."

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support

**Thera East Supports People with a Learning Disability**

"As of 31 March, 2021, Thera East was providing support to 229 people with a learning disability (236 as at 31 March, 2020). Most of the work is intensive 24-hour support for people with complex support needs in their own homes. Sadly, in the last year, some of the older people we support passed away which accounts for the decline in numbers.

This has been a challenging and unprecedented year for all of us, but we continued to provide excellent person-centred support despite the Covid-19 restrictions. Our support teams worked diligently and creatively to ensure that people supported were safe and happy..

We were pleased to help two gentlemen move in to their own homes from assessment and treatment centres. Essex County Council have congratulated Thera East on the success of their support during a challenging time. They have also commended Thera East on their resilience and pragmatic approach to the difficulties faced during the pandemic.

Thera East also worked with Suffolk County Council and Forward Housing to find housing solutions for young people who were moving from their family home to their own homes for the first time. We have now successfully commenced support for three young people.

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Unfortunately, due to Covid-19 restrictions, we could not hold our annual celebration event in advance of the annual general meeting (AGM). The AGM was therefore held via a Microsoft Office Teams call and was attended by the Board and our Company Members.

We are about to embark on year two of Thera East's three-year strategy that is based on three strands: Connecting People, Improving Lives, Building Futures. We will continue to deliver the strategy through our robust annual plans. In 2021-22, we will be focusing on driving-up quality as a shared goal for every employee in Thera East. We will continue to promote choice, healthy living and access to recreational, employment and enterprise opportunities.

There will always be a challenge around workforce resilience in the health and social care sector. We have continued to address retention in the last year and it will remain a priority in the coming year.

We have recruited two Operational Managers who bring with them a wealth of knowledge and experience. The Operational Managers are a committed high-performing team and I look forward to another year of working with them to deliver the very best support".

**Brenda McLoughlin**  
**Managing Director**

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story

**Stories!**

As ever, the real test of how we are performing is the extent to which the people we work with are satisfied with what we do. We are proud therefore to share some of their stories.

- 'Jason' and 'Sam' have been supported move in to their own bungalows. Both gentlemen have spent most of their adult lives in assessment and treatment centres, so it is a great accomplishment to move into their own home and to start to take an active part in their local community.
- 'Mark' has been supported to purchase an Ipad tablet and an Echo cloud-based voice service that has helped him to stay in touch with his family via Zoom calls throughout lockdown and to enjoy watching videos and listening to music.
- 'Carl' did not have control of his own finances as he did not have the right documents to open a bank account. We supported 'Carl' to get hold of his birth certificate, a passport, and a driving licence. He now has a bank account and can manage his own money for the first time.
- 'Tom' and 'David' have moved into a newly-adapted bungalow with the help of Forward Housing. Both gentlemen were previously living in a house with stairs. They had mobility issues and their house was no longer suitable. They are very pleased with their new bungalow.

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- 'Stephen' has been supported to get funding for a new walking aid that will enable him to walk in the community with his support staff for the first time.
- 'Andrew' has been walking 12,000 steps a day around his local area - an incredible achievement for him. He is looking forward to walking on more exciting routes as the restrictions ease.
- Thera East started supporting two young people referred to us through the Young People's Transition Service. 'Freya' and 'Josh' met over an introductory meal which they were supported to cook together. They have now settled into their new home. 'Josh's' Social Worker and family have said what a difference they see in 'Josh' since moving. His physical and verbal tics have reduced and he is expressing himself well as his staff team have been encouraging him to discuss his concerns. 'Freya' is learning to be independent and is showing great initiative in completing household chores well.
- 'James' started attending Hawk Farm before the most recent lockdown, where he learned new skills and greatly enjoyed his experience. He made a Christmas wreath for his door. He is looking forward to going back to the farm as restrictions ease. 'James's' family are delighted with the progress he has made. He has grown in independence since being supported by Thera East.



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- 'Peter' has a passion for tractors and combine harvesters and other farm machinery as he grew up on a farm. For his birthday, his support team arranged for 'Peter' to visit a tractor plant. He was given free gifts and was able to sit on all of the tractors. He thoroughly enjoyed the day as it has been many years since 'Peter' has had access to farm machinery.
- 'Damian' loves listening to the Irish singer Daniel O'Donnell. He was supported to write a letter to him last summer. Daniel O'Donnell wrote back to 'Damian' and sent a signed photograph which is now framed and has pride of place on 'Damian's' windowsill.
- 'Oliver' has been practicing his independent communication and social skills. He has shown progress by making a phone call to pay an invoice and he exchanged polite conversation. This is a great achievement for 'Oliver'.
- Members of the Ahead Club in Bury St Edmunds were delighted when staff delivered free activity boxes to people unable to come to the club due to lockdown.
- 'Paul' enjoyed his weekly activity with the Music Workshop where he has made a group of friends. 'Paul' has an interest in music and always wanted to learn to play the guitar. One of his support workers shares this interest and has been teaching him to play.

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**People with a Learning Disability Help Manage Thera East**

People who are supported by Thera East have a lot of influence on how the company is directed and managed as well as leading the design and delivery of their own support. People have an opportunity to become 'company members' of Thera East and can vote on a range of important issues that affect the organisation.

Graham Skidmore is the Service Quality Director for Thera East; Graham is a key member of the Thera East Board and takes the lead on quality.

"The year of 2020-2021 has been a challenging year working from home. It has meant that we have had to adapt to new ways of working due to Covid-19.

Bridie continued to support me as my Executive Assistant, and we have worked well together over the last year, adapting to new ways of working and learning new skills which we plan to continue to use.

We have a nice team on our Board who work well together and we have welcomed three new non-executive Directors this year. Our board meetings have been on Teams and they have been very good.

We have been doing virtual visits via Teams calls to people we support. These have been a great way to meet with people supported but the challenges we faced have been being able to see as many people as we

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would like to. People supported mostly relied on using a staff's laptop to do the calls. We have noticed towards the end of the calendar year that more people supported are purchasing their own devices. I used these calls to check in on people supported, as The Quality Company were unable to do their checks this year and we were unable to visit in person. I also shared information about Thera and any other information that will help people supported to live their best lives.

I also started doing Virtual Coffee mornings, which have been nice to see people supported and socialise with them. These calls have been an opportunity to help people we support "Be Heard". We are hoping these pick up more when more people have their own devices.

I have been helping The Quality Company as part of their pilot project over the last year. I like the new questions and thought they were much better than the old ones they used.

Doing virtual meetings has meant that I am able to meet up more with the other Service Quality Directors and Executive Assistants across Thera. We have worked well together to develop our knowledge and skills through extra training that we would not have been able to do as much before due to travel time.

We have been unable to do our celebration day in person, but have celebrated staff and people supported by sharing online their good work and

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rewards have been sent out to them. We hope to be able to get together in person in 2021.

We continued to use Iplanit. It helped people plan what they want to do and helped their staff teams and circles of support know about their goals and achievements. I encouraged staff to print off the Iplanit person centred plans and create visual plans as well. The outcomes from Iplanit have been down from the previous year due to people not being able to achieve some goals from the Covid-19 restrictions in place.

Over the last year, our focus on employment opportunities for people has reduced due to restrictions and lockdowns in place. We will look to pick this back up as Covid-19 restrictions continue to ease. We plan to work more closely with the people we support looking for voluntary or paid work on a 1:1 basis, while also working with Unity Works Social Enterprises on their employment projects.

We still continued to look at new ways of supporting people into employment. We attended the Thera Group-wide employment groups with Andrew Bright and we would like to learn particularly from what Aspire are doing and from Unity Works Social Enterprises.

We have active company membership in Thera East. Our Annual General Meeting was held in December, 2020. This was our first one held online and it went really well. I continued to encourage people to become a company member of Thera East, talking to people about the benefits of membership

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and sending information to people outlining what membership is about. We attended management team meetings to tell them about membership.

I have fridge magnets and letters sent out to people we support so that they know who I am and how they can contact me if they need anything. During the year, I visited as many people online as possible and attended lots of different groups so that I could hear from them and share important information.

We were still able to open the beach hut in Harwich for a few months of the year while government guidelines allowed us to do this. This was a great success with people supported and the general public hiring the hut which helped pay towards the licence fees and running costs. We hope to be able to do this again for 2021.

We have been working with Thera East Anglia on a new project called "Dolphin Fit". The sessions are held online via Zoom; they have been positive for people we support. The fitness sessions get people moving and more active they are sociable, fun and we have also celebrated birthdays, had song requests and invited special guests along. This initially started as an 8-week programme which has now been extended with no current end date due to high demand.

Although the year has been challenging, I have gained new skills which I plan to continue to use.

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The last year has opened new opportunities and ways of working but I am looking forward to seeing people in person soon and hope that we can hold a celebration day this year all together again".

**Graham Skidmore**  
**Service Quality Director**

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staff

**Thera East Employs Good Staff**

During the year, Thera East employed 579 people (2019-20 - 587), the majority of whom are support workers and many are supported to work flexibly around their own lifestyles.

Our staff are our most important asset and we take considerable pride in their achievements, their dedication and the level of commitment they make every day in delivering high quality support to people. We have continued to invest in staff by offering first class support, training and development throughout Thera, ensuring that staff are capable and motivated to meet the needs of the people we support.

As befits an organisation with Thera's Vision, we are committed to ensuring that all job applicants and employees are treated fairly and valued regardless of sex, disability, race, age, marital status, sexual orientation, religion, colour, ethnic or national origin. We value diversity and social inclusion across all our activities and our recruitment process ensures that all applicants have equal opportunity. It is our policy to:

- ✓ give full and fair consideration of applications of employment made by disabled persons, having regard to their particular aptitudes and abilities;
- ✓ continue the employment of and arrange training for employees who have become disabled persons while employed as well as the training, career development and promotion of disabled persons

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We have achieved the status of a Disability Confident Employer, which recognises that our systems and processes are adapted to encourage recruitment of staff with a disability and supporting them at work.

Thera's Vision states "Thera will respect the rights and wishes of people at work, at home and in the community". This demonstrates an approach not only to people supported by the organisation, but also to members of staff and volunteers.

Staff are able to engage formally with the organisation as company members alongside people supported and family members and by electing representatives to the company's Employee Consultative Council, a sub-committee of the Board, providing a direct line of communication between directors and the workforce.

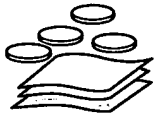
Thera East has a well-established Employee Consultative Council, which considers a range of matters relating to its staff. This includes sharing important information about Thera and finding out what staff think about important decisions that may affect them.

The Employee Consultative Councils are the formal mechanism for ensuring that Thera delivers on its philosophy of involvement in relation to its staff as well as meeting its obligations under Information and Consultation Regulations, 2004, for example in relation to changes to pay, terms and conditions. During the year, Thera East held four Employee Consultative Council meetings.



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money

**Thera East's Money**

Thera's accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with Thera East's Articles of Association and applicable law.

Turnover in 2020-21 was £14.4m (2019-20 £13.1m).

The surplus for the year was £505k (2019-20 £496k). The Directors determined that the surplus made during the year would be contributed to Thera Trust as a donation under gift-aid.



risk

**Managing Thera East's Risk**

Key risks which are inherent in the nature of our work include the abuse or neglect of vulnerable people, a failure to comply with CQC Fundamental Standards or other regulatory requirements or a failure to realise Thera's Vision.

The social care market in which Thera East operates continues to experience significant funding challenges as commissioners attempt to reconcile increasing demand within a tighter funding environment. Although limitations are expected to continue, this has so far had limited impact on Thera East's activities. Thera East supports people with a learning disability in the main who have a substantial and critical assessed need. Accordingly, these individuals are at a much lower risk of having

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their support reduced because of funding challenges, with local authorities and commissioners prioritising this area of spending to date.

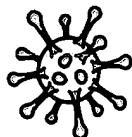
Like all care and support service providers, Thera East is exposed to a range of external factors that may put pressure on continuing the provision of care and support to a person with a learning disability. However, the specialist area of the market in which Thera East works benefits from much lower levels of this pressure, as it is in both the commissioning body and the individual's long term interests to maintain continuity of support, particularly of the high quality that Thera East provides.

The directors have assessed and monitored the major risks to which Thera East may be exposed through a risk management strategy. Other than those sector risks outlined above, there have been no material strategic changes within the organisation that are perceived to expose the organisation to additional material risk.

In addition, Thera East's Health and Safety Committee provides the formal mechanism for Thera jointly with staff safety representatives to fulfil their obligations under health and safety legislation and in line with the Group's Health and Safety Policy.

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COVID-19

*Covid-19*

The accounts to which this report relates are for the year ending 31st March, 2021. There have been substantial periods of time during which the activities of Thera East have been disrupted or curtailed. During the year, Thera has maintained and constantly reviewed policy and guidelines in line with legal and regulatory requirements. Sufficient supplies of personal protective equipment were secured and maintained throughout the year. Governance, management and administrative activity was facilitated and maintained with access to online meeting facilities.

Throughout the year, a number of Thera East's areas of work have needed to reduce in volume or to be suspended entirely. These include support to people in the community and support to people in venues where people congregate. Instead, activities have often been focused either on providing greater volumes of support to more people at home, with, in many cases, staff being re-deployed to undertake this work rather than being furloughed; or alternative means of virtual support. Where activity levels have changed, income levels were sustained ensuring medium term stability once restrictions eased. There has been no material impact since the balance sheet date on financial performance or working capital as a direct result of Covid-19. Additional costs, for example on personal protective equipment, have been funded either in this way or with additional specifically targeted income.

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Many of these factors have continued after the balance sheet date into the first half of the 2021-22 financial year.

The directors continue to ensure that they act in line with policy and guidance issued by Thera Trust, the parent company of Thera East, to review the specific risks relating to Thera East's work arising from Covid-19 and to respond accordingly as necessary.

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**This section explains that the directors have told the Auditor everything they should and that they have worked within the law.**

The Board continues to monitor the external regulatory, funding and employment law environment closely. Directors are satisfied that systems are in place to minimise the incidence and impact of risks to the extent to which these are in the control of Thera East.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

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**This section asks Company Members to agree that the Auditor Sayer Vincent LLP, be chosen again as the company's Auditor.**

**RE-APPOINTMENT OF AUDITOR**

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the re-appointment of Sayer Vincent LLP as auditor of the Company.

This Directors' and Strategic Report was approved by the board on 14 December 2021 and signed on its behalf.



**Tarnya Thompson**  
**Secretary**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**THERA EAST**

**This page explains that the Auditor is reporting that the accounts give a true and fair view of the company and that they are put together as the law says they should be put together.**

**OPINION**

We have audited the financial statements of Thera East (the 'company') for the year ended 31 March 2021 which comprise the statement of income and retained earnings, balance sheet, statement of cash flows and the 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 company's affairs as at 31 March 2021 and of its profit for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

**THERA EAST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THERA EAST**

**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 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 directors' 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 Thera East'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.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
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Our responsibilities and the responsibilities of the directors 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 directors' annual report, including the strategic report, other than the financial statements and our auditor's report thereon. The directors 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.

**THERA EAST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THERA EAST**

**This section explains that the Auditor must tell us if they are unhappy  
with how the directors managed the company.**

**The Audit report says that there is nothing bad the Auditor wishes to  
report to Company Members.**

**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 directors' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The directors' annual report, including the strategic report, has been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY  
EXCEPTION**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' annual report and the strategic report.

**THERA EAST**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THERA EAST**

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

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

**RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the statement of directors' responsibilities set out in the directors' annual report, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THERA EAST**

**Director's responsibilities are explained on page 4.**  
**This page explains that it is the Auditor's responsibility to audit (check)**  
**the accounts as the law says they should.**

liquidate the company or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL  
STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of

**THERA EAST**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THERA EAST**

<b>This page explains how the Auditor checks the accounts.</b>
--

irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

**CAPABILITY OF THE AUDIT IN DETECTING IRREGULARITIES**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the company operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a

**THERA EAST**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THERA EAST**

fundamental effect on the operations of the company from our professional and sector experience.

- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THERA EAST**

irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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 company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Jonathan Orchard (Senior statutory auditor)**

**17 December 2021**

**for and on behalf of Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL**

**THERA EAST**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THERA EAST**

**You will see that this report and accounts also includes accessible information so that the directors of Thera East are ensuring that all Company Members, including those with a learning disability, are able to fulfil their duties in law including to receive the accounts and to appoint the directors and Auditor.**

**The law does not say we must provide this information, but Sayer Vincent LLP say it is in line with the statutory report and accounts.**



## **THERA EAST**

**(A company limited by guarantee)**

### **SUMMARY OF MONEY**

**For the year ended 31 March, 2021**

**What we have earned and what we have spent: £**

Money we got in	14,363,041
What we spent on our staff	(10,194,990)
Other money we spent	<u>(3,663,280)</u>
What is left over for this company	504,771
Contribution made to Thera Trust	<u>(504,771)</u>
What is left over from the year	<u><u>-</u></u>

**What Thera East has at 31 March, 2021: £**

How much cash we had in the bank	4,267
What we are owed by others	2,020,410
What we owe to other Thera companies	(1,217,120)
What we owe to others	<u>(807,557)</u>
Final amount the company had at 31 March, 2021	<u><u>-</u></u>

**THERA EAST**  
**(A company limited by guarantee)**  
**INCOME AND EXPENDITURE ACCOUNT**  
**for the year ended 31 March 2021**

	Note	2021 Total £	Restated 2020 Total £
Turnover	3	13,540,374	13,148,802
Direct costs		(10,991,793)	(10,757,648)
<b>Gross surplus</b>		<b>2,548,581</b>	<b>2,391,154</b>
Administrative expenses		(2,229,749)	(1,915,074)
<b>Operating result</b>	4	<b>318,832</b>	<b>476,080</b>
Exceptional Covid-19 Income		800,944	14,615
Exceptional Covid-19 expenditure		(636,728)	(19,127)
<b>Operating result after Covid-19 items</b>		<b>483,048</b>	<b>471,568</b>
Interest receivable on intra-group borrowing		21,723	24,159
<b>Result from ordinary activities before taxation</b>		<b>504,771</b>	<b>495,727</b>
Taxation on result on ordinary activities	7	-	-
<b>Total comprehensive income</b>		<b>504,771</b>	<b>495,727</b>
<b>Retained earnings</b>			
Retained earnings at the beginning of the year		-	-
Total comprehensive income for the financial year		504,771	495,727
Gift aid distribution to parent charity		(504,771)	(495,727)
<b>Retained earnings at the end of the year</b>		<b>-</b>	<b>-</b>

The above Income and Expenditure Account is the equivalent of the Statement of Income and Retained Earnings.

All of the above activities relate to continuing operations.

**THERA EAST**  
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**BALANCE SHEET**  
**as at 31 March 2021**

COMPANY REGISTRATION NUMBER 06795987

	Note	£	2021 £	£	2020 £
<b>Current assets:</b>					
Debtors	8	2,020,410		2,709,595	
Cash at bank and in hand		4,267		7,270	
		<u>2,024,677</u>		<u>2,716,865</u>	
<b>Current liabilities:</b>					
Creditors falling due within one year	10	(1,312,328)		(1,114,890)	
<b>Net current assets</b>			<u>712,349</u>		<u>1,601,975</u>
<b>Total assets less current liabilities</b>			<u>712,349</u>		<u>1,601,975</u>
<b>Long term liabilities:</b>					
Creditors falling due after more than one year	11		(712,349)		(1,601,975)
<b>Net assets</b>			<u>-</u>		<u>-</u>
<b>Reserves</b>					
Retained earnings			-		-
<b>Total reserves</b>			<u>-</u>		<u>-</u>

The financial statements were approved and authorised for issue by the board and signed on its behalf on 14 December 2021



**Neil Yeomans**  
Director



**Jennifer Garrigan**  
Director

**THERA EAST**  
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**STATEMENT OF CASH FLOWS**  
**for the year ended 31 March 2021**

	Note	2021 Total £	2020 Total £
<b>Cash flows used in operating activities</b>	14	<b>(17,489)</b>	<b>(36,763)</b>
<b>Cash flows from financing activities:</b>			
Interest received		<b>21,723</b>	<b>24,159</b>
<b>Net cash provided by financing activities</b>		<b>21,723</b>	<b>24,159</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>4,234</b>	<b>(12,604)</b>
Cash and cash equivalents at the beginning of year		<b>(13,927)</b>	<b>(1,323)</b>
<b>Cash and cash equivalents at the end of year</b>	9	<b>(9,693)</b>	<b>(13,927)</b>

# **THERA EAST**

**(A company limited by guarantee)**

## **NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 March 2021**

### **1 Accounting policies**

#### **a) Statutory information**

THERA East is a company limited by guarantee and is incorporated in the United Kingdom (England and Wales). The registered office address is 134 Edmund Street, Birmingham, B3 2ES. The operating address is The West House, Alpha Court, Swingbridge Road, Grantham, NG31 7XT. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

#### **b) Basis of preparation**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in Sterling (£) which is the functional currency of the company. The financial statements are for the year ended 31 March 2021 (2020: year ended 31 March 2020).

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

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

#### **c) Going concern**

The directors consider that the company has the ability to continue operating as a going concern and there are no known material uncertainties to this. Further information is given in the directors' annual report.

#### **d) Turnover**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable.

Revenue from a contract to provide support services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably
- It is probable that the company will receive the consideration due under the contract
- The stage of completion of the contract at the end of the reporting period can be measured reliably
- The costs incurred and the costs to complete the contract can be measured reliably

#### **e) Government & local authority assistance**

Government assistance in the form of Coronavirus Job Retention Scheme and Job Support Schemes is recognised as income when an eligible claim has been submitted.

Other government and local authority grants are recognised at fair value when the company has entitlement after any performance conditions have been met, the receipt is probable and the amount can be measured reliably.

#### **f) Taxation**

Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

# **THERA EAST**

**(A company limited by guarantee)**

## **NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 March 2021**

### **1 Accounting policies (continued)**

#### **g) Pensions**

Thera East participates in The Pensions Trust Ethical Fund which is a defined contribution scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Thera East also participates in the NHS Pension Scheme which is a defined benefit scheme. Contributions to the scheme are charged against net income in the period in which they are payable. The pension charge is based on a full actuarial valuation as disclosed in the relevant note to the financial statements. Contributions for the NHS scheme are set by the Government Actuary.

#### **h) Debtors and creditors receivable/payable within one year**

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

#### **i) Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible into known amounts of cash with insignificant risk of change in value.

#### **j) Financial instruments**

The company enters into only basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans from related parties. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

#### **k) Parent charity and financial support**

An Intra-Group Agreement exists between Thera Trust and twenty eight of its subsidiaries. This Intra-Group Agreement incorporates a Funding Agreement which allows Thera Group companies to benefit from the movement of funds around the Group. Each subsidiary, other than The Camden Society, Equal Futures and Thera Limited, has acceded to this Intra-Group Agreement with Board approval. In addition to this, Thera Trust and its subsidiaries have all individually agreed not to demand the repayment of any inter-company borrowings within twelve months of the date on which the balance sheet is signed. Any amounts due to or from Group companies that have been shown as due within one year relate to balances arising from operational activities and gift aid. A market rate of interest has been charged on balances between group companies.

#### **l) Restatement of prior year Income & Expenditure**

Due to the ongoing Covid-19 pandemic the associated costs and income from this event have been split out from inclusion in expenses in the prior year, this has had the effect of increasing direct costs by £859 and decreasing administrative expenses by £5,371. Covid income of £14,615 and expenses of £19,127 are now shown on the face of the SOFA, overall the result reported remains the same. There has been no other impact on the financial statements.

### **2 Judgements in applying accounting policies and key sources of estimation uncertainty**

The directors of the company make estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the charitable company's accounting policies. Estimates and judgements 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.

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 addressed below:

Management have considered whether Covid-19 has impacted on any areas of estimation in reporting these accounts. Other than the general background uncertainty created by Covid-19's economic impact, management do not believe that it impacts on any specific aspects of the numbers reported in these accounts.

**THERA EAST**  
**(A company limited by guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**THERA EAST**  
**(A company limited by guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)**

In preparing these financial statements, the directors have delegated to management the authority to make the following judgements:

**Group financial support**

The directors of all of the subsidiaries within the Thera Group that have acceded to the Intra-Group Agreement as referred to above, have received assurance from the board of Thera Trust that adequate financing is in place to meet the group's financing needs and this has enabled the directors to confirm that management can prepare the accounts on a going concern basis.

**Recoverability of trade debtors**

Trade and other receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the income and expenditure account.

**Provisions**

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgment. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

**3 Turnover**

The whole of the turnover is attributable to income from contracts with Local Authorities, other organisations and individuals to provide support to people with a learning disability.

All turnover arose within the United Kingdom.

Income from central government and local authorities in relation to Covid-19 exceptional income amounted to £800,944 (2020 - £14,615).



**THERA EAST**  
**(A company limited by guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**4 Operating result**

	2021	2020
	£	£
The result for the year is stated after charging:		
Auditor's remuneration - audit	10,100	9,900
- other services	2,020	1,980

Auditors' remuneration for the group is disclosed in full in the parent charitable company and is recharged to the subsidiary as part of the overall recharge of the group's management and administration costs.

**5 Employees**

Staff costs (including directors' remuneration) during the year were as follows:

	2021	2020
	£	£
Wages and salaries	9,304,241	9,122,857
Social security costs	700,825	654,966
Pension costs:		
Defined benefit	5,896	5,768
Defined contribution	184,028	170,202
	<b>10,194,990</b>	<b>9,953,793</b>

The pension contributions shown above differ slightly from those disclosed within the detailed pension note below as the figures above take into account recharges within the Thera Group whereas the detailed note below are the amounts relating directly to the employees of Thera East in each scheme.

The average monthly number of employees (including directors) on a head count basis during the year was as follows:

	2021	2020
	Number	Number
Direct and relief support work	551	551
Management and administration	10	10
	<b>561</b>	<b>561</b>

**THERA EAST**  
**(A company limited by guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**6 Directors' remuneration**

	2021 £	2020 £
Directors' remuneration	84,990	84,238
Company contributions to pension schemes	2,560	2,528
	<u>87,550</u>	<u>86,766</u>

During the year retirement benefits were accruing to 2 directors (2020: 2) in respect of defined contribution pension schemes.

The total of employee benefits (including employer's pension contributions and employer's national insurance) received by key management personnel is £96,854, (2020: £96,009). The company considers its key management personnel comprises the Managing Director and the Service Quality Director.

**7 Taxation**

	2021 £	2020 £
UK corporation tax at 19% (2020: 19%)	-	-

All of the profits are paid to the parent charity as a Gift Aid distribution and a corresponding tax credit is recorded at the point of distribution. Therefore, the corporation tax charge for the year is nil (2020: nil).

**Factors affecting the tax charge for the year**

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

Result from ordinary activities before tax	504,771	495,727
Result from ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	95,906	94,188
Effects of:		
Tax credit from gift aid distribution	(95,906)	(94,188)
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

**8 Debtors**

	2021 £	2020 £
Trade debtors	651,927	1,166,772
Other debtors	95,541	86,905
Prepayments and accrued income	1,272,942	1,455,918
	<u>2,020,410</u>	<u>2,709,595</u>

**THERA EAST**  
**(A company limited by guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

# THERA EAST

(A company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

### 9 Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	4,267	7,270
Overdraft	(13,960)	(21,197)
	<u>(9,693)</u>	<u>(13,927)</u>

### 10 Creditors: amounts falling due within one year

	2021 £	2020 £
Amounts due to group undertakings	504,771	495,727
Bank overdraft	13,960	21,197
Trade creditors	48,135	51,031
Taxation and social security	197,375	175,657
Other creditors	192,219	97,754
Accruals and deferred income	355,868	273,524
	<u>1,312,328</u>	<u>1,114,890</u>

THERA East is part of the group overdraft facility with Barclays (£1.5m) which is secured by a Group bank account-offset cross guarantee, a cross guarantee and debenture creating fixed and floating charges over the assets of several Group companies, and a floating charge over the assets of THERA (Scotland).

### 11 Creditors: amounts falling due after one year

	2021 £	2020 £
Amounts due to group undertakings	712,349	1,601,975
	<u>712,349</u>	<u>1,601,975</u>

The repayment period for the amounts owed to group undertakings is disclosed in the accounting policy called Parent charity and financial support.

# **THERA EAST**

**(A company limited by guarantee)**

## **NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 March 2021**

### **12 Pension commitments**

#### **Pensions Trust Ethical Fund**

Tera East participates in The Pensions Trust Ethical Fund, which is a defined contribution scheme for the benefit of its employees. Contributions payable during the period amount to £184,028 (2020: £170,202). The amount outstanding in respect of this Scheme at the year-end was £757 (2020: £1,265).

#### **NHS Pension Scheme**

For some employees, who have previously worked in the NHS, Tera East also participates in the NHS Pension Scheme, which is a defined benefit scheme. Contributions to this scheme, which are charged against net income, are set by the Government Actuary, as set out below. The pension charge for the year in respect of this Scheme was £24,039 (2020: £24,256). The amount outstanding at the year end was £nil (2020: £nil).

Past and present employees are covered by the provisions of the two NHS Pensions Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at: [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions).

Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the Financial Reporting Manual (FReM) requires that 'the period between formal valuations shall be four years, with approximate assessments in intervening years'. An outline of these follows:

#### **a) Accounting Valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as at 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account its recent demographic experience), and to recommend the contribution rates payable by employees and employers.

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**12 Pension commitments (continued)**

**NHS Pension Scheme (continued)**

**b) Full Actuarial (funding) Valuation**

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

**13 Related party transactions**

In line with the exemption conferred by section 33.11(b) of FRS 102, Thera East has chosen not to disclose related party transactions between group companies on the grounds that 100% of the voting rights are held by Thera Trust and that Thera East is included in Thera Trust's consolidated financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

### 14 Reconciliation of net income to net cash flow used in operating activities

	2021 £	2020 £
<b>Net income for the reporting period (as per the income and expenditure account)</b>	<b>504,771</b>	495,727
Gift aid distribution to parent charity	(504,771)	(495,727)
Interest receivable	(21,723)	(24,159)
Decrease / (increase) in debtors	689,185	(361,001)
(Decrease) / increase in creditors	(684,951)	348,397
<b>Net cash used in operating activities</b>	<b>(17,489)</b>	(36,763)

### Changes in net debt

	At 1 April 2020 £	Cash flows £	Other changes £	At 31 March 2021 £
Cash at bank and in hand	7,270	(3,003)	-	4,267
Overdraft facility repayable on demand	(21,197)	7,237	-	(13,960)
<b>Total cash and cash equivalents</b>	<b>(13,927)</b>	4,234	-	<b>(9,693)</b>

### 15 Contingent liability

On 19th March, 2021, the Supreme Court ruled on a case involving another employer in relation national minimum wage regulations and sleep-ins. Thera has previously recorded an unquantifiable contingent liability dependent upon the outcome of that case. The Supreme Court ruling means that Thera's current contractual and policy framework continues to comply with all relevant regulations and no contingent liability is now expected.

### 16 Ultimate parent undertaking and controlling party

Thera East's ultimate parent company is Thera Trust, a charitable company limited by guarantee (company number 3593418) and registered in England and Wales (charity number 1090163). Thera Trust is ultimately controlled by the board of trustees.

Copies of the consolidated Thera Trust financial statements are available from the Charity Commission. The company distributes available profits to its parent undertaking.