



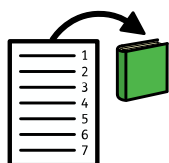
Supporting people with a learning disability



Social Impact Report 2022-23

Appendix B: Summary of Financial Information

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Financial Information



financial

Key financial information	2022-23	2021/22	2020/21
	£'000	£'000	£'000
Total incoming resources	81,390	78,537	79,193
Total resources expended	84,522	77,579	77,403
Net gains / (losses) on investments	255	196	(565) ¹
Net (expenditure) / income for the year	(2,877)	1,154	1,289
Net actuarial gains / (losses) on DB pension schemes	708	631	(865)
Tangible and intangible fixed assets	2,370	2,433	2,577
Investment properties and investments	11,181	10,859	9,344
Current assets (excluding cash)	11,761	13,496	11,416
Cash balance	3,393	5,756	7,744
Total assets	28,705	32,544	31,081
Current liabilities	11,993	7,911	6,808
Long term liabilities	4,895	9,888	10,618
Pension scheme liability	187	945	1,639
Total liabilities	17,075	18,744	19,066
Net assets	11,630	13,800	12,015
Net cash (outflow) / inflow from operating activities	(1,170)	296	4,437
Net cash outflow from returns on investment and servicing finance	(579)	(565)	(552)
Net cash (outflow) / inflow from capital expenditure and investment properties	(414)	(1,594)	82
Net cash from issue / (repayment) of bonds	0	0	5,000
Other cash outflow	(200)	(125)	(2,314) ²
(Decrease) / increase in cash in the year	(2,363)	(1,988)	6,653

¹ (501) including fixed assets

²Please note typographical error in 2020-21 report – this was written as (2,341) instead of (2,314)

Key financial ratios	2022-23	2021-22	2020-21
Net asset cover	235%	237%	226%
Interest cover (EBITDA)	(275%)	334%	551%

Please refer to the Thera Trust annual report for the full accounts. Numbers may not add due to rounding.

Financial Year in Review



review

This overview is based on extracts from the Thera Trust Annual Report and Accounts. Please refer to www.thera.co.uk/investors to read the full report.



highlights

Summary

- For the first time in three years, Thera's money in 2022-23 wasn't dominated by the effects of Covid-19, with only minimal Covid-19 income and expenditure being received and spent. There was some recovery in activity and overall turnover has increased. Group turnover increased year on year from £78.5 million (m) to £81.4m, despite a large reduction in Covid-19 related income from the previous year. Underlying operating income increased from £75.8m. to £81.0m.
- There has been a balance sheet gain in Thera's closed final salary pension scheme liabilities as a result of changes in the Retail Price Index (RPI) and the effect of changes in the market conditions on the pension scheme assets.

- Operating expenditure increased ahead of operating income. Operational activity continued to be challenging throughout the year, largely due to difficulties with the retention and recruitment of core staff, in particular in some specific geographic areas, which resulted in high usage of agency staff. The Group has recorded an operating loss of £3.1m., a decrease from the previous year's surplus of £1.0m.
- Thera's total reserves reduced in the year from £13.8m to £11.6m.
- Cash decreased from £5.8m to £3.4m. reflecting the operational performance during the year.
- The value of investment properties has grown from £10.8m and stands at £11.2m.



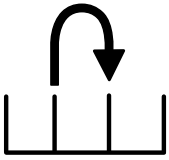
covenants

Financial Covenants

Thera had an obligation to perform positively against two key financial covenants. As shown in the table above, Thera met one of the two covenants, but did not meet the interest cover (EBITDA) covenant for the reasons outlined above. Further details can be found on the [investors page of our website](#).

After the year end, bondholders approved the removal of penalty interest on the 2020 bond in respect of 2022-23 and future years.

However, as a result of not meeting the EBITDA covenant, penalty interest will be paid to the 2018 bond investors.



next

Next year

The next year (2023-24) continues to be operationally difficult, with some gradual improvements in some areas including retention and recruitment. Whilst revenues in the longer term are expected to continue to grow, challenging labour market and social care sector conditions will increase costs, along with uncertainty to price inflation in 2023-24. This may limit some specific areas of Thera's activities and growth in the short term.

Please refer to [Thera Trust's Annual Report](#) for more on Thera Group's governance, strategy and performance in 2022-23.

Marketplace: Position and Risks



sector

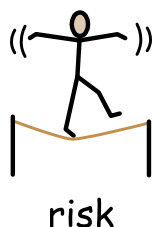
Sector Overview

- The general funding environment is highly challenging and there are systemic risks common to all care and support providers. However, many of the people Thera supports have a substantial and critical assessed need and consequently are at much lower risk of having their support reduced. Thera has mitigated reductions in individual commissioned support via organic and acquisition-based growth.
- It is difficult to estimate what level of price inflation local authority and NHS commissioners will determine in the future. Thera maintains a flexible, efficient and cost-effective organisational structure to mitigate these risks and to diversify sources of income.
- The labour market presented significant challenges throughout the year under review, particularly in relation to

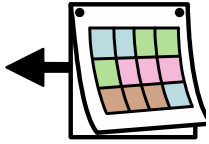
staff retention and recruitment, and Thera had to resort to further use of agency workers. This continues into 2023-24 but is expected to ease as the year progresses.

- There were no major legislative changes this year.
- Thera has been able to maintain and expand its market position in part due to its unique approach of both employing paid directors with a learning disability and refusing to compromise on its values and the quality of its support. This provided Thera with a competitive advantage over its sector peers in winning and maintaining contracts, leading to consistently strong ratings from the Care Quality Commission (CQC) and Care Inspectorate (CI) and to continued organic growth.

Risk Factors



Thera Trust's trustees follow an active risk management strategy to closely monitor risks, including the sector challenges outlined above. This is set out in the **Thera Trust annual trustee report**, and detail about current key risks can be found there at page 80.



history

Investor History

Thera has acquired a high profile in the social investment sector, having successfully raised multiple funding rounds from social investors.

2015

- £1m stock exchange-listed bond launched through Investing for Good under a £6m programme, offering a 3.5% financial return to investors. This was repaid in 2018, representing one of the first successful exits in social investment.
- Agreement with Cheyne Capital Social Impact Property Fund to make available up to £15m of property to enable more people with a learning disability to have a home of their own.
- Additional £2m of bond finance raised, arranged through Triodos Bank. This was intended for the acquisition and adaptation of properties to provide homes for people with a learning disability and for general charitable purposes.

2018

- Third bond raised at target £5m, via Triodos Bank, the first via crowdfunding, paying 5.5% interest on a 6-year term. Funds were to be used to purchase up to an additional 15 homes for 25 people and provide further working capital. Some of the proceeds were assigned to settle the first bond and a number of these bonds have since been traded on the secondary market at a premium.
- Arrangement to provide a further £12.5m of repayable capital through Cheyne Capital.

2020

- Fourth charity bond closed, again via crowdfunding on Triodos Bank's platform. Target of £5m oversubscribed and supported by both institutional and individual investors. £2m of the proceeds were used to repay the second bond.

2023

- Fifth charity bond launched in October 2023, with a 7.25% coupon, again via crowdfunding on Triodos Bank's platform. The bond closed on 19 January 2024. Thera raised £4.1m, which comprised a mix of roll over investment from the 2018 bond and new cash from other investors. Thera is immensely grateful for the continued support from institutional and retail investors in very difficult circumstances.

For any query on the content of the report, please contact Meike Beckford:

meike.beckford@thera.co.uk

Thera Trust registered charity number - 1090163

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