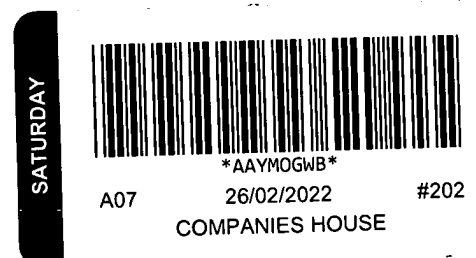


The Connolly Foundation (UK) Limited

TRUSTEES REPORT AND FINANCIAL STATEMENTS

For the year ended
31 May 2021



The Connolly Foundation

Report of the Trustees for the year ended 31 May 2021

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1. Objectives and activities

Purposes

The Charity's Memorandum of Association sets out objectives as

1. The relief of poverty anywhere in the United Kingdom and Overseas, in particular within the County of Bedfordshire, by the provision of accommodation;
2. The advancement of education by the provision of grants, training and apprenticeships to persons 14 years and upwards who are in need of such provision by reason of their economic and social circumstances;
3. The advancement of education by the provision of equipment and facilities to enable better learning;
4. The advancement of health and relief of suffering, particularly from diseases affecting older people;
5. The advancement of community development by the provision of facilities.

Activities

The main activity of the charity is to achieve its objectives through existing charitable or educational establishments by providing grants to applicants who meet the selection criteria. These grants are in two areas – the support of young people in further or higher education, and the support of older people in the community.

Aims

The charity has two main aims:

- to relieve poverty and deprivation generally and in particular by providing facilities and assistance for those who are disadvantaged, and who are wholly or partly unable to do this for themselves.
- providing education and training facilities, especially funding vocational and academic training facilities for young people.

The charity provides grants and donations to schools, school students, hospice care and welfare care and receives funding from its subsidiaries.

Thanks to the Foundation many young people across Bedfordshire with talent and drive are being helped in schools, colleges and universities to achieve this. Students can apply for both Excellence and Discretionary Awards.

Some donations are given directly to the students, some via the schools, colleges and university and some in partnership with other charitable trusts. The charity also supports local charities caring for frail elderly people in Bedfordshire.

The charity provides grants for community facilities in Bedfordshire.

Strategies

Trading subsidiaries

The charity was formed when Michael Connolly donated his shares in his building company, Connolly Holdings plc, to the Foundation. While we have made significant steps towards our ambition of becoming a grant-giving charity funding and supporting activities which will improve the lives of many in Bedfordshire, Connolly Holdings plc and its subsidiaries continue to trade. The Foundation, together with Connolly Holdings plc and other subsidiary companies owned by Connolly Holdings plc, are collectively referred to as "The Group".

The charity invests funds generated by the business activities of The Group and uses the income from the investments to provide grants. Ultimately the Trustees anticipate that income from invested funds will be sufficient to support a substantial expansion of the grant making programme.

Measurements and criteria

The charity measures the number of students being supported in further and higher education. It asks all successful applicants to keep the charity updated as to how they are using the funds we give and the progress they are making as a result. The charity asks for beneficiaries to provide measures of outcomes. We are working towards ways of reporting this in our annual report.

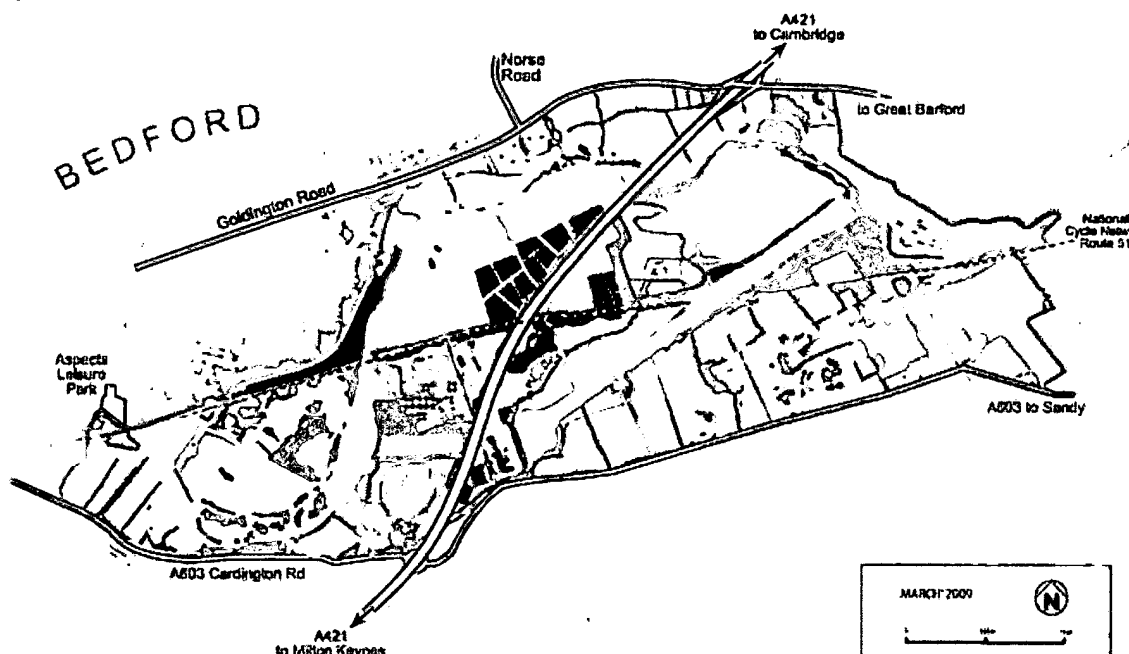
Grant making criteria

The Foundation grants focus on benefitting people in Bedfordshire. Grants are normally only considered on receipt of a formal application via an appropriate institution. The Trustees' aim is to keep the application process as simple and streamlined as possible. Step by step guidelines are provided on how to make a grant application along with the details of the criteria and the information required.

Investment for charitable purposes

The Bedford River Valley Park is an ambitious multi-million pound regeneration project to transform the eastern approach to the town. Our principal partners are Bedford Borough Council and the Forest of Marston Vale Trust.

It will provide an exceptional asset for the recreation, education and enjoyment of the people of Bedfordshire. **See below.**



The Connolly Foundation has been involved since 2006 when the planning consent was obtained. Despite some difficulties, we hope the project will begin soon, following a reorganisation at Bedford Borough Council. The plans are to transform a mineral excavation site into a 2000-acre country park with a 2,300 metre sports lake, an education campus, hotel and leisure complex, science and technology park and a retirement village.

At its heart will be 600 acres of floodplain forest, which will become one of England's largest complexes of woodland, marsh, pools and channels, managed by the Forest of Marston Vale Trust.

This rare and valuable habitat will bring far-reaching opportunities for wildlife, flood alleviation and the production of renewable energy. It will support the charity's objectives by providing:

- a new site for higher and/or further education
- employment and training opportunities for young people
- a community facility to be enjoyed by all.

Public Benefit

The Trustees have complied with section 2(1)(b) of the Charities Act 2011, having due regard for the Charity Commission's guidance on public benefit when reviewing the Foundation's aims and objectives, when setting the grant-making policy and in making awards.

2. Strategic report

2.1 Achievements and performance

Grants awarded can be analysed as follows:

	2021	2020
	£	£
Education	1,813,934	749,220
Community (net repayments)	(35,500)	86,500
Older people	160,000	194,025
	<u>1,976,434</u>	<u>1,019,025</u>

Education

Student Award scheme

The Foundation runs an award scheme available to students attending its eleven partner secondary schools in the county.

It is an award for academic excellence open to students from these schools who are going on to university. The award is available to those studying a range of academic subjects mainly drawn from the core subjects looked for by the Russell Group of universities. The Academic Excellence Award provides a sum of up to £1,000 per student depending on the grades achieved. Successful students are invited to re-apply after successfully completing each academic year at university.

In addition, each of the Foundation's partner schools are invited to put forward up to six students for the Foundation's Discretionary Award. This is available to students who do not meet the Foundation's academic criteria but whom the school believe merit an award.

The number of students receiving grants during the year was 464 (2019: 364). The Trustees have increased the number of schools with whom we work from nine to eleven. The Foundation paid grants totalling £278,250 (2019 £249,750) to students. The Trustees were pleased to be able to increase take-up of awards during this difficult time.

Student teachers

The Foundation started its programme to help Bedfordshire schools to attract high quality teaching graduates by offering incentive grants to new teachers joining schools across the county to help with housing costs.

In the year to 31 May 2021 we paid £34,000 in grants to 34 teachers (2020: £25,000). The trustees are pleased that the scheme has grown and will seek to expand it further in future years.

Oxford Thinking

In partnership with Wadham College, Oxford University, we have set up a new programme to help give talented children from disadvantaged backgrounds the confidence to apply for university courses. Six schools are currently signed up to the scheme as hubs, with all secondary schools in Bedfordshire nominating up to five year 10 students per school. More than 50 students are currently taking part in the programme. Our funding supports the employment of experienced teachers to mentor the students and arrange attendance at events organised by Wadham College.

Weatherfield / Oakbank schools

The Foundation committed £100,000 to two Special Educational Needs schools in Bedfordshire to work jointly to develop specialist therapeutic learning programmes.

Climbing wall at Oakbank School



Support for schools and pupils during the pandemic

Teachers at Mark Rutherford School were able to help conduct remote learning during the COVID-19 pandemic due to a £10,000 donation by The Connolly Foundation which was used to purchase laptops for staff.

The Connolly Foundation donated £155,000 to Central Bedfordshire Council to pay for support from Educational Psychologists for school children experiencing mental health issues during the pandemic.

The Connolly Foundation and Harpur Trust have pooled resources to pay University of Bedfordshire trainee teachers to work for one day a week in 33 schools across Bedfordshire. The aim is to support disadvantaged schools on an individual or small group work basis.

About 120 new laptops have been provided to selected schools in challenging circumstances in Bedfordshire. These laptops have been distributed to students who did not have access to I.T. at home and have proved to be vital during lockdown.

The Foundation is funding recently graduated students considering teaching as a career who are being employed by Redborne School in Ampthill for two terms to work in eight schools in Bedfordshire. They work with teachers to support students on an individual or small group basis particularly focusing on disadvantaged students and catch-up work.

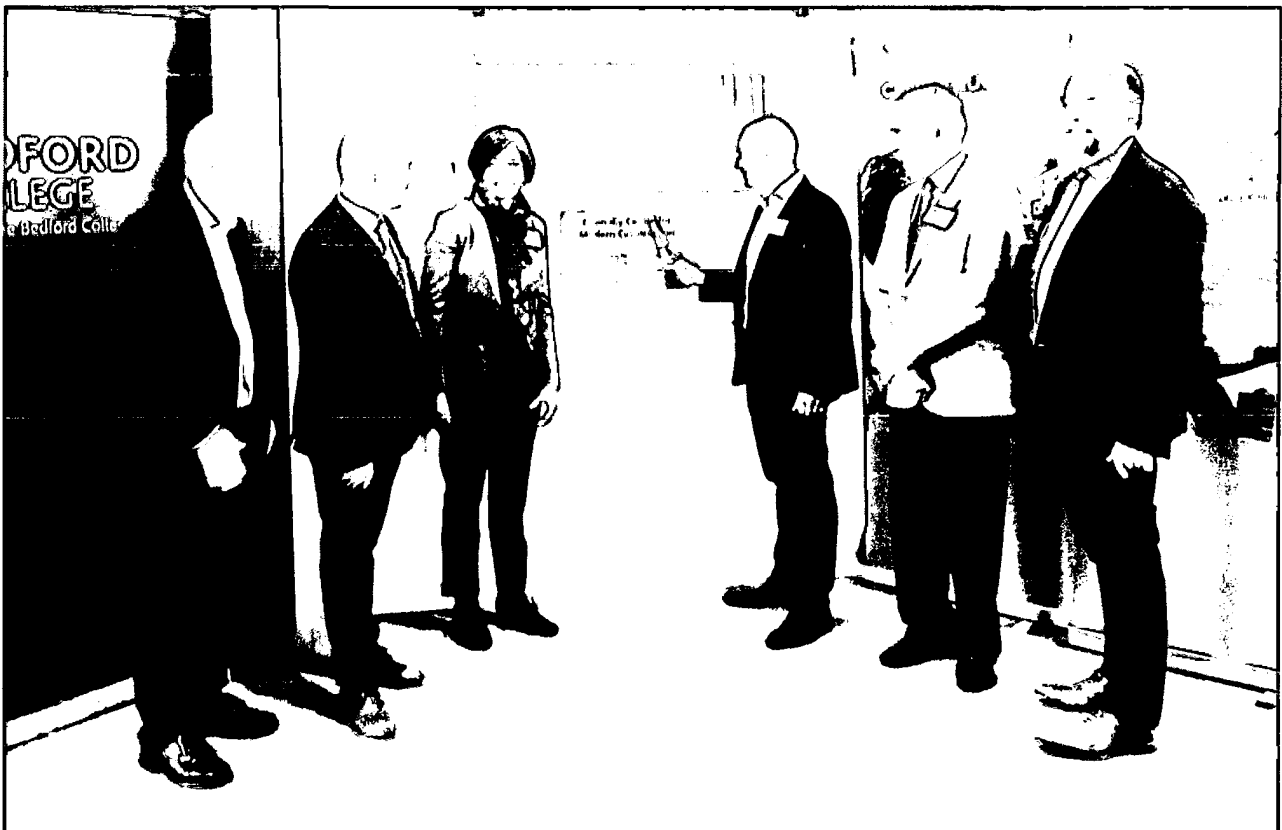
Bedford College

Bedford College is the largest provider of further education in the South East Midlands region and one of the largest employers in Bedfordshire. Over 15,000 students studied at the College in 2019/20, travelling from across the region.

The Foundation donated £750,000 to Bedford College to equip the Centre of Modern Construction (CMC). The CMC contains highly specialised equipment which can be used by up to 100 students training for jobs or upgrading their existing skills to match up to emerging 'modern methods of construction.'

"The Connolly Foundation are champions of opportunity for young people. We are grateful for their continuing support."

Ian Pryce CBE, Principal and CEO of The Bedford College



The Connolly Centre of Modern Construction (CMC) was opened by Mark Farmer, the Government's champion of Modern Methods of Construction, in October 2021.

Social Care skills

Working Options in Education has been awarded a grant of £55,000 over three years to inspire 14–19-year-olds in Bedfordshire to consider career opportunities in the growing social care sector.

“Working Options in Education has been delivering a free employability and life skills programme in schools and colleges and online for 10 years. We are excited to be adding social care professionals to our network of industry volunteers thanks to the Connolly Foundation.”

Rachel Roxburgh, Strategic Lead at Working Options in Education.

Youthscape

Youthscape supports young people facing big issues that have a negative effect on their lives – affecting their education, their emotional wellbeing and their motivation for making the best of their future. Their work concentrates on where the biggest difference can be made to these outcomes – mental health, social and educational disengagement. The Connolly Foundation has donated £56,509 towards the running of Youthscape in Luton.

Elderly

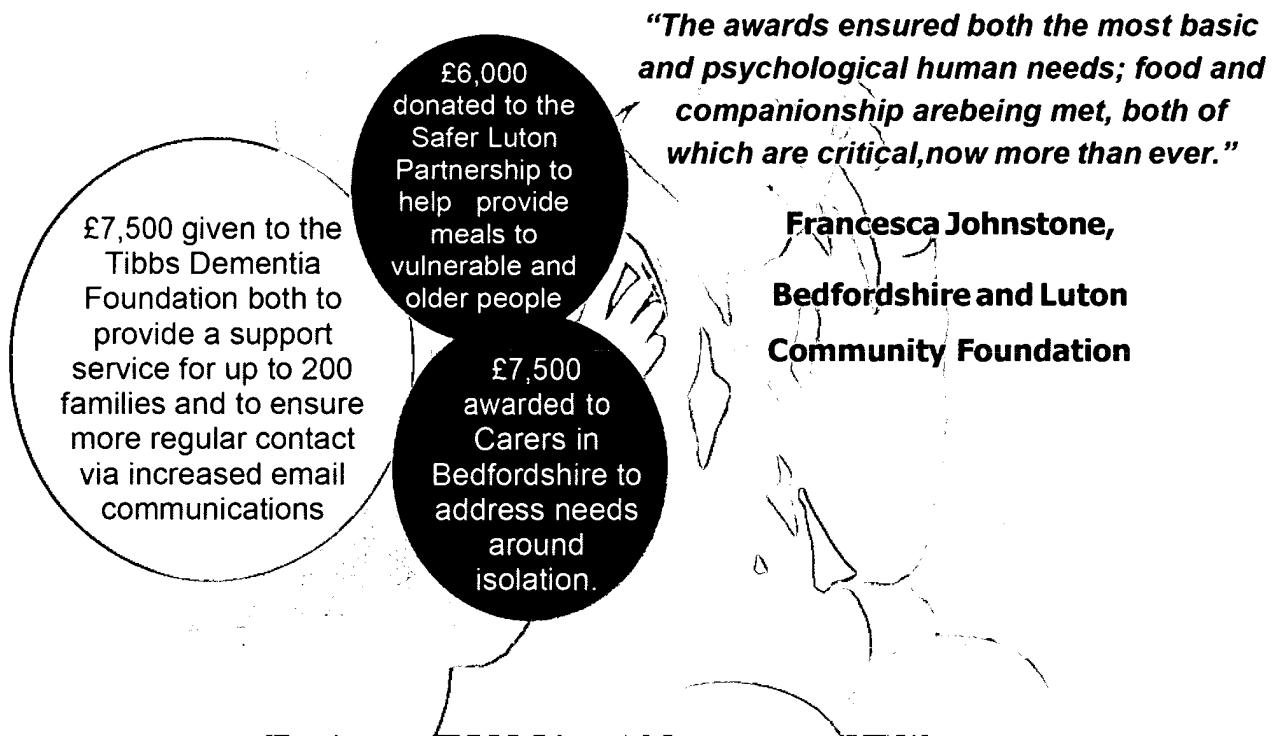
Keech Hospice

Keech Hospice provides Hospice care for people in Bedfordshire. During the pandemic the Foundation donated £150,000 to keep running and continue to provide its expert care during this past challenging year. The hospice cares for people with life-limiting conditions across Bedfordshire, as well as supporting their families.

Community

Covid -19 and the pandemic & support across the community

The Connolly Foundation has been proud to play its part in the fight against the challenges of Covid-19 during the past year. We worked in partnership with a number of organisations as part of the Bedfordshire Coronavirus Emergency Fund managed by the Bedfordshire & Luton Community Foundation. The Connolly Foundation has donated £25,000 to the Bedfordshire Coronavirus Emergency Fund including:



Smaller grants

In addition to the above the Foundation donated smaller grants towards projects benefitting the people of Bedfordshire.

Progress against plans for future periods

Our plans for future periods stated in the 31 May 2020 accounts are presented below, together with progress achieved against those plans.

Planned activity	Achievements to date
Improve monitoring of the effectiveness of the grants distributed	The Foundation has engaged with organisations receiving grants to consider suitable Key Performance Indicators (KPIs) so that impact can be reported in future years.
Make progress in working with local educational establishments to support young people wishing to obtain qualifications in care	Programme agreed with working Options in Bedford
Continue to support Bedfordshire charities that have been affected by the Coronavirus by awarding hardship grants through the Bedfordshire Coronavirus Emergency Fund	A further £25,000 was donated towards the Bedfordshire Coronavirus Emergency Fund. In addition the foundation donated over £200,000 towards projects to help school pupils overcome mental health issues, and £70,000 to schools for laptops for pupils who would otherwise have found it difficult to keep up with their education during the lockdown.
Continue to grow the number of schools with which it works.	The number of schools has grown from 9 to 11.

2.2 Financial Review

Statement of Financial Activity	2021	2020
	£	£
Profits made by trading subsidiaries	6,906,250	4,184,992
Covenanted transfers from subsidiaries to the charity	6,745,247	6,805,000
Investment income	960,851	884,683
Grants awarded	1,946,734	1,019,745
Other costs	54,901	173,753

During the year the trading subsidiaries made gains on sales of properties within developments at Rushden, Woburn Sands, Amptill and Northern Ireland, and on sales of land for development at Little Paxton. Profits of the trading companies are covenanted to the charity.

Balance Sheet	2021	2020
Net working capital	£29,405,112	£ 30,739,449
Working capital ratio	8.46	6.48
Fixed assets : borrowings	15.18	10.60

2.3 Investments

The Trustees have the power to invest in any way they wish, subject to obtaining expert advice.

Income is invested in line with the charity's reserves policy. Therefore, income is held in cash on deposit and in managed investment funds after review of performance of funds and assessment of the wider economy. At the year end the charity held discretionary funds with Quilter Cheviot Ltd, Charles Stanley Investment Management Ltd and Smith and Williamson Investment Management LLP.

Over the longer term the Trustees look to achieve a total return of 7 per cent on the value at the start of the year, and to spend 4.5 per cent. This allows a margin to maintain the real terms value of the portfolio.

	2021		2020	
	£	% of starting value	£	% of starting value
Total return	10,668,812	24.64%	(118,133)	(0.45)%
Total spend	2,001,635	4.62%	1,193,498	4.51%

The amount invested at the end of the year was £54,801,970 (2020 - £43,299,881).

2.4 Key risks and uncertainties

The Trustees have considered the major risks to which the charity and its subsidiaries are exposed and have established systems and procedures to mitigate these risks. Trustees review risks at their quarterly meetings.

The main risks affecting the charity and its subsidiaries are as follows.

Risk	Mitigation
Lack of Trustees with the right skills	Trustees regularly review the skills matrix of the Board and compare with the skills anticipated as needed given the strategic direction of the Foundation
Trustees fail to keep charitable business separate from trading business	Governance programme followed to improve charity governance
Failure of financial investments	Funds are invested in a diverse portfolio and managed by professional Investment Managers. Performance of the investment managers is reviewed regularly. By using more than one fund manager we diversify the risk of rogue dealers.
Fraud	Financial controls and processes, due diligence on requests for funding.
Business	Financial monitoring, planning programme within the expected capacity
Failure of key projects to have an impact	Continued contact with funded organisations, performance reporting
Loss of key personnel	Plan recovery in advance

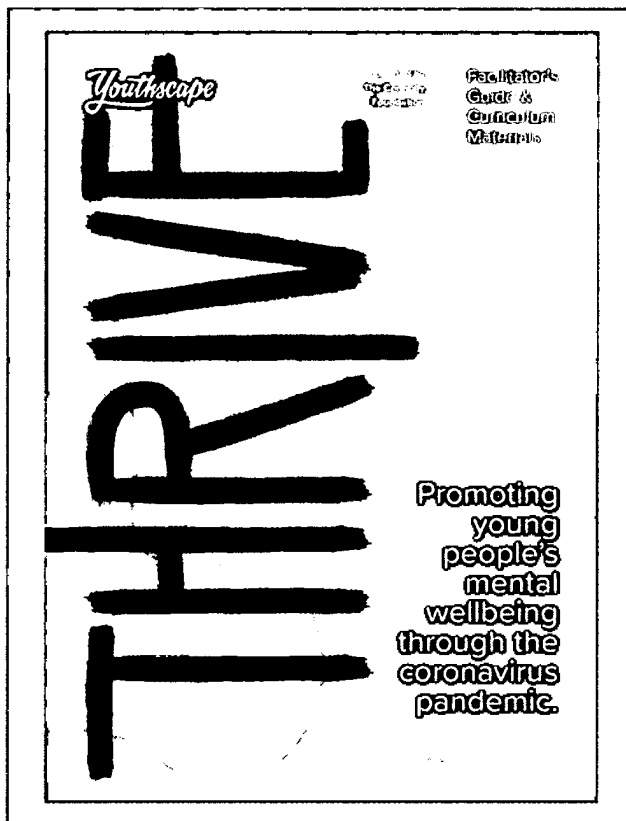
Covid 19 pandemic

The Covid 19 pandemic has affected all organisations. For the Foundation the main impacts have been to the needs of our beneficiaries. The Trustees have taken the following actions.

The foundation donated £72,500 to Bedfordshire schools to fund the acquisition of laptops to allow pupils to stay in contact with schools during the lockdown. The Trustees recognised the need to support young people dealing with childhood trauma and anxiety within an educational setting.

This included:

- Support and guidance for schools and teachers
- Direct support for young people with anxiety issues
- More rapid diagnosis of concerns and where appropriate referral to appropriate agencies
- Online crisis support.



THRIVE - A major new project to support young people's mental wellbeing during the coronavirus pandemic is being supported by the Connolly Foundation.

2.5 Plans for future periods

In the next financial year, the charity plans to:

- Agree a future group structure
- Launch a new website to highlight the activities of the Foundation better and offer digital applications for grants
- Implement measures to improve cyber security
- Establish processes and systems to ensure the smooth and efficient payment of grants
- Add a further school onto our schools awards scheme.

2.6 Reserves

The Trustees have chosen to retain funds generated within the group as follows.

Restricted Funds

Restricted funds are funds received where the donor specifies what the money is for – e.g. many of the Foundation's donations may well be restricted funds in the hands of recipient charities. The Foundation has no restricted funds.

Designated funds

Designated funds are funds which the Trustees have set aside for specific purposes. It is not necessary to set up Designated Funds, but it indicates where Trustees have set funds aside which could otherwise be used to further the charitable causes.

The total funds held by the Group as at 31st May 2021 were £ 88,752,729, all are unrestricted.

Included within the funds balance are £1,088,806 of fixed assets, designated funds of £481,683 which represent anticipated payments in the coming year, and the value of stock held within the subsidiaries, excluding resale properties of £20,812,944.

Free reserves that are readily available to spend are £66,369,296 (2020: £46,593,310).

2.7 Fundraising

The charity does not seek to raise funds from third parties either by way of grants or donations. All income is derived either from the profits of its trading subsidiaries or from returns on market investments.

2.8 Pension Liabilities

The group's pension assets and liabilities are explained in Note 20 to the accounts. The plan's assets are valued slightly higher than the present value of its expected future liabilities, and this is not expected to have a significant impact on the activities of the group.

2.9 Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in 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

3. Structure, Governance and Management

Governing Document and Constitution

The Connolly Foundation (UK) Limited is a charitable company limited by guarantee. It was incorporated on 16 December 2004 and registered as a charity on 19 April 2005. The company was established under a Memorandum of Association that sets out the objects and powers of the company and is governed by the rules set out in its Articles of Association.

In the event of the company being wound up the members are required to contribute an amount not exceeding £50.

The charity changed its name from The Kathleen and Michael Connolly Foundation (UK) Limited to the Connolly Foundation (UK) Limited on 30 July 2020.

On 30 July the Trustees amended the 2004 Memorandum and Articles of Association in light of later legislation and guidance and expansion of the Balance Sheet assets from £15m to £60m, enabling the charity to be more ambitious in its aims following the strengthening of the Board of Trustees.

Recruitment of Trustees

The Articles of Association provide for a minimum of three and a maximum of nine Trustees. One third of the Trustees must retire by rotation at each Annual General Meeting.

The Trustees regularly review the range of skills available to them. Should they deem that additional skills and experience are required through new Trustees it is expected that new Trustees will be found from amongst the contacts of existing Trustees. Potential new Trustees will be interviewed and the Trustees then decide whether new appointments are appropriate.

Remuneration

Trustees are not remunerated for their work as Trustees of the charity. Remuneration of the Directors of the trading subsidiaries is approved annually by the Trustees. The Charity Commission has given its consent for one Director of the subsidiary companies to be a Trustee of the charity.

Any payments made to undertakings related to Trustees for services provided by Trustees in their professional capacities are approved by the Board of Trustees. The Trustees concerned are not permitted to vote on these matters.

Organisational structure

The Board of Trustees manages the charity. The Trustees meet at least four times a year with additional meetings arranged if needed.

The activities and ownership of each subsidiary undertaking is set out in note 12 to the accounts. Each subsidiary is run by a Board of Directors. The Directors of each company report to the Board of Trustees for the administration of the company.

Decision making

The Board of Trustees meet to make decisions on the key strategic issues affecting the charity. Papers are circulated at least a week in advance of each meeting to allow Trustees time to consider the proposals in advance of the meeting. Minutes documenting key decisions are circulated to Trustees after the meeting to check for accuracy and are approved at the following meeting as a true record.

Induction and training of new Trustees

New Trustees are provided with an information pack including recent accounts, a copy of the Memorandum and Articles of Association and minutes of previous meetings, together with a copy of the Charity Commission's guide, "The Essential Trustee". The Trustees come to the Trust with a great deal of experience and knowledge and are expected to keep this up to date. Where appropriate the charity will support this through circulation of relevant literature and opportunities to attend seminars and training events.

Trustees' Responsibilities statement

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

Company law requires the Trustees to prepare financial statements for each financial year. Under Company Law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the Group and of the incoming resources and application of resources, including income and expenditure, of the charitable group for that period. In preparing these financial statements the Trustees are required to:

- select suitable policies and apply them consistently
- observe the methods and principles in the Charities SORP
- 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
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

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

Disclosure of information to auditors

Each of the persons who were Trustees at the time when this Trustees' Report is approved has confirmed that:

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

Auditors

A resolution to reappoint PEM, Chartered Accountants, as auditor will be put to the members at the annual general meeting.

This report was approved by the Trustees on 24 February 2022 and signed on their behalf by:



M A Callanan
Trustee

4. Administrative details

Registered name

Connolly Foundation (UK) Limited
Registered as a charity in England and Wales, number 1109135

Company number

05315014

Registered office

Manor Farm Court, Lower Sundon, Luton, Bedfordshire LU3 3UZ

Trustees

S S Ashoka
M A Callanan
V S Connolly
N K Croft
A S Rowe
S. White (appointed 25.11.2020)
D. Wilkins (appointed 25.11.2020)

Secretary

K A Watts (deceased 12.7.2021)
D J Oldham (appointed 10.8.2021)

Bankers

Barclays Bank plc, Ashton House, 477 Silbury Boulevard, Milton Keynes, MK9
2LD
Nedbank, Millennium Bridge House, 2 Lambeth Hill, London, EC2A 4AR

Auditors

PEM, Salisbury House, Station Road, Cambridge, CB1 2LA

Investment managers

Quilter Cheviot One Kingsway, London, WC2B 6AN Charles
Stanley, 55 Bishopsgate, London, EC2N 3AS
Smith & Williamson, 3rd Floor, 9 Colmore Row, Birmingham, B3 2BJ

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CONNOLLY FOUNDATION (UK) LIMITED

OPINION

We have audited the financial statements of The Connolly Foundation (UK) Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 May 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 May 2021 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CONNOLLY FOUNDATION (UK)
LIMITED (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

OPINION 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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, 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.

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CONNOLLY FOUNDATION (UK)
LIMITED (CONTINUED)

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement, 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 the 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 the parent charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' 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 Auditors' 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 irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with trustees and other management, and from our knowledge of charity and company law and experience;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities Act 2011, and data protection, anti-bribery and employment legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence;
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit; and
- we reviewed the minutes of Trustees' meetings to identify any references to non-compliances with laws and regulations.

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CONNOLLY FOUNDATION (UK)
LIMITED (CONTINUED)

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we;

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- evaluated the assumptions and judgements used by management within significant accounting estimates and assessed whether these indicated evidence of management bias; and
- performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with relevant regulators such as the Charity Commission.

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

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

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CONNOLLY FOUNDATION (UK)
LIMITED (CONTINUED)

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jayne Rowe (Senior Statutory Auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants

Statutory Auditors

Salisbury House

Station Road

Cambridge

CB1 2LA

Date: 25 February 2022

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MAY 2021**

	Note	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
INCOME FROM:				
Donations and legacies	4	-	-	240
Other trading activities	5	14,056,998	14,056,998	16,299,912
Investments	6	960,851	960,851	884,683
Other income	7	-	-	11,765
TOTAL INCOME		15,017,849	15,017,849	17,196,600
EXPENDITURE ON:				
Raising funds:	8,9			
Commercial trading		7,527,105	7,527,105	11,955,071
Investment management		246,713	246,713	187,564
Charitable activities	10	2,251,104	2,251,104	1,353,347
TOTAL EXPENDITURE		10,024,922	10,024,922	13,495,982
NET INCOME BEFORE NET GAINS/(LOSSES) ON INVESTMENTS		4,992,927	4,992,927	3,700,618
Net gains/(losses) on investments		10,539,093	10,539,093	(928,554)
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		15,532,020	15,532,020	2,772,064
OTHER RECOGNISED GAINS/(LOSSES):				
Actuarial losses on defined benefit pension schemes	24	(19,000)	(19,000)	(21,000)
NET MOVEMENT IN FUNDS		15,513,020	15,513,020	2,751,064
RECONCILIATION OF FUNDS:				
Total funds brought forward		73,239,709	73,239,709	70,488,645
Net movement in funds		15,513,020	15,513,020	2,751,064
TOTAL FUNDS CARRIED FORWARD		88,752,729	88,752,729	73,239,709

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 31 to 54 form part of these financial statements.

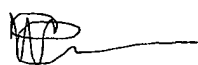
THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 05315014

CONSOLIDATED BALANCE SHEET
AS AT 31 MAY 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible assets	13	1,088,806	1,057,264
Investments	15	55,407,816	43,888,786
Investment property	14	5,750,995	654,210
		<u>62,247,617</u>	<u>45,600,260</u>
CURRENT ASSETS			
Stocks	16	20,812,944	29,624,469
Debtors	17	847,227	1,135,494
Cash at bank and in hand		11,686,748	5,570,833
		<u>33,346,919</u>	<u>36,330,796</u>
Creditors: amounts falling due within one year	18	(3,941,807)	(5,591,347)
NET CURRENT ASSETS		<u>29,405,112</u>	<u>30,739,449</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>91,652,729</u>	<u>76,339,709</u>
Creditors: amounts falling due after more than one year	19	(2,900,000)	(3,100,000)
TOTAL NET ASSETS		<u><u>88,752,729</u></u>	<u><u>73,239,709</u></u>
CHARITY FUNDS			
Unrestricted funds	20	88,752,729	73,239,709
TOTAL FUNDS		<u><u>88,752,729</u></u>	<u><u>73,239,709</u></u>

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 and signed on their behalf by:



M A Callanan
Trustee

Date: 24 February 2022

The notes on pages 31 to 54 form part of these financial statements.

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 05315014

COMPANY BALANCE SHEET
AS AT 31 MAY 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Investments	15	94,322,606	82,803,576
		<u>94,322,606</u>	<u>82,803,576</u>
CURRENT ASSETS			
Debtors	17	-	143,910
Cash at bank and in hand		1,435,252	2,995,117
		<u>1,435,252</u>	<u>3,139,027</u>
Creditors: amounts falling due within one year	18	(4,586,812)	(10,426,234)
NET CURRENT LIABILITIES		<u>(3,151,560)</u>	<u>(7,287,207)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>91,171,046</u>	<u>75,516,369</u>
Creditors: amounts falling due after more than one year	19	(2,900,000)	(3,100,000)
TOTAL NET ASSETS		<u><u>88,271,046</u></u>	<u><u>72,416,369</u></u>
CHARITY FUNDS			
Unrestricted funds	20	88,271,046	72,416,369
TOTAL FUNDS		<u><u>88,271,046</u></u>	<u><u>72,416,369</u></u>

The Company's net movement in funds for the year was £15,854,677 (2020 - £5,299,065).

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 and signed on their behalf by:



M A Callanan
Trustee

Date: 24 February 2022

The notes on pages 31 to 54 form part of these financial statements.

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2021

	Note	2021 £	2020 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities	21	12,683,616	10,596,197
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends, interests and rents from investments		960,851	884,683
Proceeds from the sale of tangible fixed assets		47,300	26,250
Purchase of tangible fixed assets		(37,893)	-
Net (purchase)/proceeds from sale of fixed asset investments		(2,241,174)	(20,895,362)
Net (purchase)/proceeds from sale of investment property		(5,096,785)	(261,210)
NET CASH USED IN INVESTING ACTIVITIES		(6,367,701)	(20,245,639)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowing		(200,000)	-
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES		(200,000)	-
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		6,115,915	(9,649,442)
Cash and cash equivalents at the beginning of the year		5,570,833	15,220,275
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	22	11,686,748	5,570,833

The notes on pages 31 to 54 form part of these financial statements

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

1. GENERAL INFORMATION

The Connolly Foundation (UK) Limited is a charitable company limited by guarantee and incorporated in England and Wales. Its registered office is Manor Farm Court, Lower Sundon, Luton, Bedfordshire, LU3 3UZ.

The Group's functional and presentational currency is GBP.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Connolly Foundation (UK) Limited 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 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.

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 surplus for the year dealt with in the accounts of the charity alone was £15,854,677 (2020 - £5,299,065).

2.2 INCOME

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Trading income is recognised to the extent that it is probable that the economic benefits will flow to the group and can be measured reliably. Trading income from house sales is recognised when the sale is legally complete. Trading income in respect of work performed for local housing associations is recognised as work is carried out by reference to the stage of completion of the contract at the balance sheet date when it is reasonably certain that a profit is foreseen. Trading income from the sale of land represents amounts receivable, net of selling expenses, when the sale is legally complete.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.3 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and non-charitable trading.

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

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

2.4 TAXATION

The Company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are discounted.

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

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.

Freehold land and buildings are not depreciated as the Trustees are of the opinion that the difference between the carrying value and residual value are immaterial. Such properties are subject to an annual impairment review, with any write down being recognised in the Statement of Financial Activities.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Plant and machinery	- rates varying between 25% and 33.3% per annum
Fixtures and fittings	- 20% per annum

2.6 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment.

Investment property is carried at fair value determined annually based on professional advice received and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Financial Activities.

Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated Statement of Financial Activities.

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

2.7 STOCKS

Stocks and work in progress are valued at the lower of cost and net sales proceeds after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the consolidated statement of financial activities.

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.8 DEBTORS

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

2.9 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.

2.10 LIABILITIES AND PROVISIONS

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

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

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 in the Consolidated Statement of Financial Activities as a finance cost.

2.11 FINANCIAL INSTRUMENTS

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.12 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Group operates two defined contribution plans for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

DEFINED BENEFIT PENSION PLAN

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.13 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.

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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.

Critical accounting estimates and assumptions:

The 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.

Stock and work in progress - management makes judgements and estimates as to the stage of completion of each building contract, which in turn has an affect on the valuation of work in progress at the balance sheet date.

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	-	-	240
TOTAL 2021	-	-	240
TOTAL 2020	240	240	

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

5. INCOME FROM COMMERCIAL TRADING ACTIVITIES

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Connolly Homes PLC	13,921,095	13,921,095	16,233,920
DB(NI) Realisations Limited	869	869	433
Connolly Estates Limited	116,326	116,326	39,059
Connolly Holdings PLC	18,708	18,708	26,500
TOTAL 2021	<u>14,056,998</u>	<u>14,056,998</u>	<u>16,299,912</u>
TOTAL 2020	<u>16,299,912</u>	<u>16,299,912</u>	

6. INVESTMENT INCOME

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Listed investments	946,909	946,909	810,421
Bank and other interest	13,942	13,942	74,262
TOTAL 2021	<u>960,851</u>	<u>960,851</u>	<u>884,683</u>
TOTAL 2020	<u>884,683</u>	<u>884,683</u>	

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

7. OTHER INCOMING RESOURCES

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Job retention scheme	-	-	11,765
TOTAL 2021	-	-	11,765
TOTAL 2020	11,765	11,765	

Other incoming resources represent amounts receivable under the Coronavirus Job Retention Scheme (CJRS) to cover salaries of furloughed staff.

8. EXPENDITURE ON RAISING FUNDS

COMMERCIAL TRADING ACTIVITIES

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Direct costs	6,619,122	6,619,122	11,114,580
Administration costs - other	279,392	279,392	196,080
Interest and charges	2,260	2,260	754
Administration costs - staff costs	488,108	488,108	494,535
Administration costs - NI	55,601	55,601	55,561
Administration costs - pension costs	76,289	76,289	87,033
Administration costs - depreciation	6,333	6,333	6,528
TOTAL 2021	7,527,105	7,527,105	11,955,071
TOTAL 2020	11,955,071	11,955,071	

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

9. INVESTMENT MANAGEMENT COSTS

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Investment management fees	246,713	246,713	187,564
TOTAL 2021	<u>246,713</u>	<u>246,713</u>	<u>187,564</u>
TOTAL 2020	<u>187,564</u>	<u>187,564</u>	

10. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Education	1,909,475	1,909,475	784,745
Social	32,259	32,259	235,000
Grant making costs	119,011	119,011	131,736
Support costs	190,359	190,359	201,866
TOTAL 2021	<u>2,251,104</u>	<u>2,251,104</u>	<u>1,353,347</u>
TOTAL 2020	<u>1,353,347</u>	<u>1,353,347</u>	

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

10. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

During the year, the following material grants were made to institutions.

	2021 £	2020 £
Academic grants	263,070	213,250
Arkwright trust engineering programme	6,900	12,500
Bedford College - Methods of Modern Construction	750,000	51,970
Educational Psychologists	155,000	-
Harpur Trust - school catch-up programmes	25,000	-
School facilities grants	56,690	32,500
Trainee teachers initiative	35,000	25,000
Wadham College - Oxford thinking project	70,000	70,000
Youthscape	56,509	200,000
Graduate teachers scheme	306,315	-
Laptops for schools	72,500	-
Redborne School - apprenticeships	17,000	19,000
Oakbank / Weatherfield schools	-	100,000
Level trust school uniforms service	-	25,000
Total education and young people	1,813,984	749,220
Keech Hospice	150,000	105,000
Sue Ryder Hospice, Moggerhanger	-	50,000
Alzheimers research	10,000	10,000
Bedford Day Hospice	-	8,025
Grand Union Housing cooking project	-	10,000
Total elderly	160,000	183,025
Bedford and Luton Coronavirus Fund (part repaid)	(35,500)	50,000
Harrold Cricket Club	250	-
Poynter Charitable Trust - rowing for state school pupils	7,000	10,500
Bedfordshire Red Cross	1,000	-
St Johns Fayre	-	1,000
Country Days	-	1,000
Bedfordshire Scouts	-	25,000
Total community	(27,250)	87,500
	1,946,734	1,019,745

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

11. AUDITORS' REMUNERATION

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	32,400	31,450
Fees payable to the Company's auditor in respect of: Taxation compliance services	<u>3,600</u>	<u>3,500</u>

THE CONNOLLY FOUNDATION (UK) LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

12. STAFF COSTS, TRUSTEE REMUNERATION AND THE COST OF KEY MANAGEMENT PERSONNEL

	Group 2021 £	Group 2020 £
Wages and salaries	607,939	634,587
Social security costs	55,601	55,561
Contribution to defined contribution pension schemes	76,289	87,033
	739,829	777,181

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

	Group 2021 No.	Group 2020 No.
Directors (who are trustees)	1	1
Administration	1	1
Commercial trading activities	8	9
	10	11

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

	Group 2021 No.	Group 2020 No.
In the band £70,001 - £80,000	1	-
In the band £80,001 - £90,000	-	2
In the band £140,001 - £150,000	1	1

The Trustees receive no remuneration in their capacity as Trustees. M A Callanan is remunerated in his capacity as director of the trading subsidiaries, as permitted in the Articles of Association. One other Trustee (2020 - one Trustee) received fees in respect of professional services, as disclosed in note 26. They are not reimbursed for any expenses incurred on behalf of the charity.

One Trustee received reimbursement of expenses amounting to £2,565 in the current year, (2020 - two Trustees - £1,512).

The key management personnel of the charity comprise the Trustees of the charity. Total remuneration attributable to key management personnel is £189,000 (2020 - £188,066).

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13. TANGIBLE FIXED ASSETS

GROUP AND COMPANY

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
COST				
At 1 June 2020	1,553,510	312,752	-	1,866,262
Additions	-	-	37,893	37,893
Disposals	-	(217,463)	-	(217,463)
At 31 May 2021	<u>1,553,510</u>	<u>95,289</u>	<u>37,893</u>	<u>1,686,692</u>
DEPRECIATION				
At 1 June 2020	496,810	312,188	-	808,998
Charge for the year	-	542	5,791	6,333
On disposals	-	(217,445)	-	(217,445)
At 31 May 2021	<u>496,810</u>	<u>95,285</u>	<u>5,791</u>	<u>597,886</u>
NET BOOK VALUE				
At 31 May 2021	<u>1,056,700</u>	<u>4</u>	<u>32,102</u>	<u>1,088,806</u>
At 31 May 2020	<u>1,056,700</u>	<u>564</u>	<u>-</u>	<u>1,057,264</u>

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14. INVESTMENT PROPERTY

GROUP

	Freehold investment property £
VALUATION	
At 1 June 2020	654,210
Additions	5,096,785
At 31 May 2021	<u>5,750,995</u>

The 2021 valuations were made by the Trustees, on an open market value for existing use basis, based on professional advice received.

15. FIXED ASSET INVESTMENTS

	Listed investments £	Other investments £	Total £
GROUP			
COST OR VALUATION			
At 1 June 2020	43,299,881	588,905	43,888,786
Additions	14,759,637	16,941	14,776,578
Disposals	(7,631,972)	-	(7,631,972)
Revaluations	8,032,409	-	8,032,409
Movement in cash at investors	(3,657,985)	-	(3,657,985)
At 31 May 2021	<u>54,801,970</u>	<u>605,846</u>	<u>55,407,816</u>

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15. FIXED ASSET INVESTMENTS (CONTINUED)

COMPANY	Investments in subsidiary companies £	Listed investments £	Other investments £	Total £
COST OR VALUATION				
At 1 June 2020	38,914,790	43,299,881	588,905	82,803,576
Additions	-	14,759,637	16,941	14,776,578
Disposals	-	(7,631,972)	-	(7,631,972)
Revaluations	-	8,032,409	-	8,032,409
Movement in cash at investors	-	(3,657,985)	-	(3,657,985)
At 31 May 2021	<u>38,914,790</u>	<u>54,801,970</u>	<u>605,846</u>	<u>94,322,606</u>

PRINCIPAL SUBSIDIARIES

The following were subsidiary undertakings of the Company:

Names	Company number	Holding
Connolly Holdings Plc	00766646	100%
Connolly Homes Plc	00761425	100%
Connolly Estates Limited	03743402	100%
DB(NI) Realisations Limited	010800(NI)	100%
Connolly Plant Hire Limited	00800572	100%
Flitchway Settlement Limited	06737603	100%

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit/(loss) for the year £	Net assets/ (liabilities) £
Connolly Holdings Plc	63,708	(7,751)	55,957	4,361,434
Connolly Homes Plc	14,647,623	(8,030,384)	6,617,239	40,908,155
Connolly Estates Limited	116,326	(47,787)	68,539	(4,450)
DB(NI) Realisations Limited	869	144,791	145,660	1,187,575
Connolly Plant Hire Limited	-	-	-	70
Flitchway Settlement Limited	-	-	-	56

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16. STOCKS

	Group 2021 £	Group 2020 £
Land held for development	17,419,313	15,906,108
Land in course of development	1,260,606	4,401,075
Work in progress	2,133,025	4,433,178
Resale properties	-	4,884,108
	<u>20,812,944</u>	<u>29,624,469</u>

17. DEBTORS

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
DUE AFTER MORE THAN ONE YEAR				
Other debtors	585,486	774,513	-	-
	<u>585,486</u>	<u>774,513</u>	<u>-</u>	<u>-</u>
DUE WITHIN ONE YEAR				
Trade debtors	58,281	38,800	-	-
Other debtors	159,062	272,977	-	143,910
Prepayments and accrued income	44,398	49,204	-	-
	<u>847,227</u>	<u>1,135,494</u>	<u>-</u>	<u>143,910</u>

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18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Other loans	1,200,000	1,200,000	1,200,000	1,200,000
Trade creditors	105,940	278,176	-	-
Amounts owed to group undertakings	-	-	2,950,645	8,790,449
Other taxation and social security	5,725	159,772	-	-
Other creditors	107,532	22,122	71,387	-
Accruals and deferred income	2,522,610	3,931,277	364,780	435,785
	<u>3,941,807</u>	<u>5,591,347</u>	<u>4,586,812</u>	<u>10,426,234</u>

Included within other loans are unsecured loan notes of £1,200,000. Interest is payable and shall accrue on the principal amount of the outstanding loan notes at LIBOR plus a margin of 2.75%.

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Other loans	2,900,000	3,100,000	2,900,000	3,100,000

Included within other loans are unsecured loan notes of £2,900,000. Interest is payable and shall accrue on the principal amount of the outstanding loan notes at LIBOR plus a margin of 2.75%.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 June 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2021 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Anticipated grant funding	848,774	-	-	(449,938)	-	398,836
GENERAL FUNDS						
General funds	71,567,595	948,323	(2,377,986)	7,195,185	10,539,093	87,872,210
Subsidiaries	823,340	14,069,526	(7,646,936)	(6,745,247)	(19,000)	481,683
	<u>72,390,935</u>	<u>15,017,849</u>	<u>(10,024,922)</u>	<u>449,938</u>	<u>10,520,093</u>	<u>88,353,893</u>
TOTAL	<u>73,239,709</u>	<u>15,017,849</u>	<u>(10,024,922)</u>	<u>-</u>	<u>10,520,093</u>	<u>88,752,729</u>

Designated funds represent anticipated grant funding payments in the coming year.

Transfers represent gift aid distributions from the charity's subsidiaries to the charity and a designation of unrestricted funds.

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20. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 June 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2020 £
UNRESTRICTED FUNDS						
Anticipated grant funding	-	-	-	848,774	-	848,774
GENERAL FUNDS						
General funds	67,117,304	825,837	(1,403,218)	5,956,226	(928,554)	71,567,595
Subsidiaries	3,371,341	16,370,763	(12,092,764)	(6,805,000)	(21,000)	823,340
	<u>70,488,645</u>	<u>17,196,600</u>	<u>(13,495,982)</u>	<u>(848,774)</u>	<u>(949,554)</u>	<u>72,390,935</u>
TOTAL	<u>70,488,645</u>	<u>17,196,600</u>	<u>(13,495,982)</u>	<u>-</u>	<u>(949,554)</u>	<u>73,239,709</u>

The transfer represents gift aid distributions from the charity's subsidiaries to the charity.

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21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2021 £	Group 2020 £
Net income for the year (as per Statement of Financial Activities)	15,532,020	2,772,064
ADJUSTMENTS FOR:		
Depreciation charges	6,333	6,528
Gains/(losses) on investments	(9,277,856)	3,486,824
Dividends, interests and rents from investments	(960,851)	(884,683)
Profit on the sale of fixed assets	(47,282)	(25,475)
Decrease in stocks	8,811,525	4,862,167
Decrease in debtors	301,849	481,943
Decrease in creditors	(1,663,122)	(82,171)
Decrease in pension liability	(19,000)	(21,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,683,616	10,596,197

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2021 £	Group 2020 £
Cash in hand	11,686,748	5,570,833
TOTAL CASH AND CASH EQUIVALENTS	11,686,748	5,570,833

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23. ANALYSIS OF CHANGES IN NET DEBT

	At 1 June 2020	Cash flows	Other non- cash changes	At 31 May 2021
	£	£	£	£
Cash at bank and in hand	5,570,833	6,115,915	-	11,686,748
Debt due within 1 year	(1,200,000)	200,000	(200,000)	(1,200,000)
Debt due after 1 year	(3,100,000)	-	200,000	(2,900,000)
	<u>1,270,833</u>	<u>6,315,915</u>	<u>-</u>	<u>7,586,748</u>

24. PENSION COMMITMENTS

The Group operates a defined benefit pension scheme.

The Connolly Group Pension Fund ("the Fund") provides benefits for some of the employees of the company and some employees of fellow group companies.

The Fund became 'paid up' in 2003, since when members have earned no further benefits. The assets of the Fund are administered by trustees and are independent of the group's finances. Contributions by the Company are paid into the Fund in accordance with the recommendations of an independent actuarial advisor.

The funding plan is for the Fund to hold assets equal to the value of the benefits earned by employees, based on a set of assumptions used for funding the Fund. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against this funding plan, then the participating employers and trustees agree on deficit contributions to meet this deficit over a period. As part of the actuarial valuation with an effective date of 1 October 2017, the company has agreed to pay contributions of £35,400 per annum up to 30 September 2018 and £17,700 per annum between 1 October 2018 and 30 April 2023, plus the cost of life assurance and any levies. The estimated amount of total employer contributions expected to be paid to the Fund during the year to 31 May 2022 is £17,700 plus the cost of life assurance and any levies (2021 actual - £34,000).

The results of the formal actuarial valuation as at 1 October 2017 were updated to the accounting date by an independent qualified actuary in accordance with FRS102. As required by FRS102, the value of the defined benefit liabilities has been measured using the projected unit method and both the assets and the liabilities include the value of those pensions in payment which are secured with insured annuities.

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24. PENSION COMMITMENTS (CONTINUED)

The results, based on assumptions used for FRS102, are as follows:

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

	At 31 May 2021 %	At 31 May 2020 %
Price inflation (RPI)	3.3	2.7
Price inflation (CPI)	2.5	1.9
Discount rate	2	1.5
Pension increase in payment		
- RPI, subject to a maximum of 5% pa	3.2	2.7
- CPI, subject to a maximum of 5% pa	2.5	2.0
- Fixed 3%	3	3
Pension increases in deferment	2.5	1.9
	<u>23.3</u>	<u>23.2</u>
	<u>25</u>	<u>24.9</u>
	At 31 May 2021 Years	At 31 May 2020 Years
Mortality rates		
- For a male aged 65 now	23.3	23.2
- At 65 for a male aged 45 now	25	24.9

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

	At 31 May 2021 £	At 31 May 2020 £
Equity instruments	640,000	525,000
Debt instruments	712,000	710,000
Property	270,000	272,000
All other assets	702,000	774,000
TOTAL FAIR VALUE OF ASSETS	<u>2,324,000</u>	<u>2,281,000</u>

The actual return on scheme assets was £91,000 (2020 - £112,000).

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24. PENSION COMMITMENTS (CONTINUED)

The amounts recognised in the Consolidated Statement of Financial Activities are as follows:

	2021 £	2020 £
Running costs	15,000	15,000
Interest expense/(income)	-	(2,000)
TOTAL AMOUNT RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES	15,000	13,000

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

	2021 £	2020 £
Opening defined benefit obligation	2,150,000	1,959,000
Interest on obligation	32,000	46,000
Actuarial gains/losses	(2,000)	210,000
Benefits paid	(67,000)	(65,000)
CLOSING DEFINED BENEFIT OBLIGATION	2,113,000	2,150,000

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

	2021 £	2020 £
Opening fair value of scheme assets	2,281,000	2,215,000
Running costs	(15,000)	(15,000)
Interest on plan assets	34,000	54,000
Actuarial return less interest on plan assets	57,000	58,000
Contributions by the employer	34,000	34,000
Benefits paid	(67,000)	(65,000)
CLOSING FAIR VALUE OF SCHEME ASSETS	2,324,000	2,281,000

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24. PENSION COMMITMENTS (CONTINUED)

	2021 £	2020 £
Fair value of plan assets	2,324,000	2,281,000
Present value of plan liabilities	(2,113,000)	(2,150,000)
Amount not recognised due to asset limit	(211,000)	(131,000)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The plan does not invest directly in property occupied by the Group or in financial securities issued by the Group.

25. RELATED PARTY TRANSACTIONS

At the year end, an amount of £3,022,032 was due to (2020 - £8,790,449 due to) Connolly Homes PLC, a company with directors in common.

During the year, £7,000 was granted to the Poynter Charitable Trust. A Rowe is a Trustee of this charity.

During the year the group incurred professional fees of £72,000 (2020 - £72,000) from Gunnercooke LLP, a business related to S S Ashoka, Trustee.