



THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)

REGISTERED CHARITY NO. 1117345
COMPANY REGISTERED NO. 5999452

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021



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TRUSTEES' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

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YEAR ENDED 31 MARCH 2021

TRUSTEES AND STAFF

Registered Office: Stellantis
Pinley House, Sunbeam Way
Coventry CV3 1ND

Corporate Patron: Stellantis
Patron: Mrs Sally Carrick (Appointed June 2021)

Presidents: Tim Cox, the Lord Lieutenant of Warwickshire
Rt Reverend Dr Christopher Cocksworth, the Bishop of Coventry
Rt Reverend David Urquhart, the Bishop of Birmingham
John Crabtree OBE, the Lord Lieutenant of the West Midlands

Trustees:	
Mr Phil Ewing	Chairman
Ms. Michelle Vincent	Treasurer
Mr Paul Belfield	
Mr. Amrik Bhabra MBE	
Ms. Lucie Byron	
Mrs Sally Carrick	Retired June 2021
Mr John Taylor	
Mr Christopher West	
Ms Jude Jennison	
Mr Daniel Worthing	
Ms Elizabeth McKenzie	Retired March 2021
Mr Naeem Alvi	
Mr Russell Bailey	
Mr Calum Nisbet	Joined March 2021
Ms Jasmin Koasha	Joined March 2021
Ms Alethea Fuller	Joined June 2021
Ms Cleo Morris	Joined June 2021

Staff:	Tina Costello Helen Kendrick* Shamiela Ahmed Claire Evans* Aaron Greaves Jenny Whateley Lou Beddoe Liz Daw* Lorna Langhorn Sarah Phillips * Paramjit Kaur	Chief Executive Officer Senior Manager Operations Senior Manager Grants Senior Manager Finance Marketing & Communications Manager Grants Officer Grants Officer Grants Officer Team Administrator Executive Officer Finance officer
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**Part-Time*

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PROFESSIONAL ADVISORS

Auditors:	Dafferns LLP One Eastwood, Harry Weston Road Binley Business Park Coventry, West Midlands CV3 2UB		
Investment Managers:	Quilter Cheviot Three Temple Quay Temple Way Bristol BS1 6DZ	CCLA Senator House 85 Queen Victoria Street London EC4V 4ET	Rathbones Temple Point 1 Temple Row Birmingham B2 5LG
Bankers:	CAF Bank 25 Kings Hill Ave Kings Hill West Malling, Kent ME19 4JQ	Santander Bank Bootle Merseyside L30 4GB	Lloyds 10 Gresham Street London EC2V 7AE
Solicitors:	Wright Hassall LLP Olympus Avenue Leamington Spa Warwickshire		

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TRUSTEES' REPORT including DIRECTOR'S REPORT

The Trustees have pleasure in presenting their annual report along with the financial statements of the charity for the year ending 31 March 2021.

The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS102) in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the Charity's Memorandum and Articles of Association, the Charities Act 2011, and Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Ireland as amended for accounting periods commencing on or after 1 January 2019 and the Companies Act 2006.

1. Structure, Governance and Management

1.1 Objects and Activities

The objects of the Community Foundation are defined in its Memorandum and Articles of Association. The Community Foundation manages a diverse portfolio of grant programmes working with a range of donors to provide charitable and philanthropic services across the geographical areas of Birmingham, Black Country, Coventry, Solihull, and Warwickshire. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the current aims and objectives and in planning future strategies and setting grant making policies.

Our activities are determined by our charitable objectives:

- The promotion of any charitable purposes for the benefit of communities within the County of West Midlands and Warwickshire, United Kingdom and the advancement of education, the protection of good health and the relief of poverty and sickness
- Any other exclusively charitable purposes, which are, in the opinion of the trustees, beneficial to the community in benefit.

The Foundation exists to support the local voluntary and community sector across the West Midlands. We work with a range of donors to offer bespoke and philanthropic charitable services. We aim to inspire and encourage local giving, supporting those smaller organisations working at the heart of our local communities.

The Foundation primarily supports not for profit organisations with grants which make an impact at a local level. We endeavour to have a balanced portfolio of grant programmes which enables us to fund a wide cross section of organisations supporting those most in need.

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1.1 Objects and activities (continued)

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission in determining the activities undertaken by the Heart of England Community Foundation and in planning future activities. The benefits of our activities are described in this Annual Report and relate directly to our aims and objectives.

1.2 Board Appointments

Our AGM was held in October 2020, Liz McKenzie indicated she would retire from our board in March 2021.

At each AGM, one third of the trustees must retire, those longest in office retiring first. The Board of Trustees meet on a quarterly basis.

The West Midlands is a vibrant diverse region, and the Foundation recognises that an effective board must be representative of the communities we serve and the geography we cover.

The Foundation has undertaken an open recruitment drive with a clear job description and person specification, this resulted in a high calibre of applications and the appointment of new trustees who are representative of our communities, in terms of diversity, age and gender but also with the skill sets we require. Potential Trustees are interviewed by the Chair, Vice Chair and Chief Executive Officer.

The names of the Trustees who have served throughout the financial year and to the date of this report are shown on page 3. All Trustees have a full induction and are regularly updated on the operational running of the Foundation.

On an annual basis the Trustees complete a skills matrix and self-evaluation which enables the charity to review the skills and experience and identify any potential gaps and an opportunity for individual Trustees to evaluate their own input into the work of the foundation.

1.3 Board Subcommittees

The Foundation has four sub-committees but due to the global pandemic we adapted and changed the way we award decisions to ensure vital funds were received quickly and efficiently to organisations supporting vulnerable communities at a local level.

Finance and Investment Committee, responsible for:

- Budgets and overseeing investment performance.
- Quarterly investment returns and endowment performance.
- Comparison of Investment Managers
- Maximisation of interest rate returns

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1.3 Board Subcommittees (continued)

- Reviewing investment strategy
- Annual meetings with all 3 Investment Managers
- Reviewing asset class investments
- Considering appropriate avenue for unrestricted core income
- Reviewing quarterly management accounts
- Analysing forecast against actual performance
- Monitoring and review finance resources

Management Committee, responsible for:

- Management of governance and operational risks
- Approval of new and revisions to policies and procedures
- Maintaining oversight of the risk register
- Maintaining oversight of the charity's operations
- Oversight and monitoring of operational projects and programmes
- Maintaining oversight of operational decision making on HR changes include-disciplinaries, performance management and recruitment.
- Approval of formal HR changes such as staffing re-structures.
- Approval of pay awards as the charity's remuneration committee.
- Approval of recommendations for new tenders/contracts and grant programmes in line with the delegation of authority policy.

Grant Sub-Committees

Covid-19 had a huge impact on the way the Foundation makes grants, it was imperative that decisions were made quickly providing a vital lifeline of funds for our communities. Pre-covid we operated two independent grant making panels supporting our grant making in Coventry, Warwickshire and Solihull and Birmingham and the Black Country.

Throughout the pandemic we convened a dedicated panel of volunteers including a Trustee of the Foundation alongside two volunteer panel members from our existing Grant Sub-Committee. The decision -making panel met weekly for over 12 months, ratification was undertaken by our Chief Executive Officer and grants were distributed on a weekly basis.

We cannot thank our volunteers enough for their valuable time and commitment to supporting us through the pandemic.

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1.3 Board Subcommittees (continued)

The pandemic has shown us that we can work differently, we can respond with efficiency and agility and some of that learning will be embedded into our future practices. We will significantly reduce the turnaround time on grant applications, we will convene one external decision-making panel who will be responsible for the following:

- **Grants Sub Committee** responsible for decision making on non-donor-directed funds across all of our areas of benefit including:
- Strategic overview of grant making to ensure equitable and fair distribution of funds.
- Profiling annual grant budgets.
- Review of impact of grants awarded.

The Committee will be chaired by a Foundation Trustee, the remaining members are donors and key voluntary and community sector stakeholders and community activists.

1.4 Business Planning

In 2020 we held a number of strategy days with our Board and Senior Management Team to reflect on our previous 3-year strategy. We celebrated our successes and achievements in securing new donors, growing our endowment, understanding our communities better but also reflected on our partial achievements and how we could embed those into our new 3-year strategy.

The Foundation recognises that the geographical area we support is rich in diversity and culture, we have both urban and rural areas, cities and remote villages and we need to understand where our funding gaps are, where our funds will have the most impact, how we identify what our priorities will be.

Equality, diversity, and inclusion is intrinsically embedded throughout our strategy, this is not a stand-alone piece of work but a commitment to being a fair, transparent and inclusive funder.

Our over-arching strategic aims are:

- Deliver accessible, inclusive, and flexible funding.
- Maintain strong relationships with our donors to ensure we retain their investment to improve lives in the region.
- Continually seek to attract new donors to increase our social investment within the West Midlands and Warwickshire
- To be an equitable, diverse, and inclusive funder
- Strengthen our existing finance, governance, and leadership to ensure donor trust and confidence in the charity's sustainability and longevity.

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Alongside our new 3-year strategy and business plan, the Foundation also reflected on our current Vision, Mission and Values which resulted in a strategy day with the whole staff team, the Board, and some key stakeholders. Our new Vision, Values and Mission reflect our ambitions, our commitment to our region and the ethos of how we work.

Vision – Our vision is to create happier healthier lives for the West Midlands and Warwickshire

Mission – Connecting generous donors who care, with community causes that make a difference.

Values

Trust- We are trusted by all those who work with us.

Care- We care passionately about our communities, our donors, and our team.

Fairness- We promote equality and diversity in everything we do.

Ambition- We give our communities the strength to achieve their aspirations.

Fun- We take our work seriously with some fun along the way.

We have an ambitious year ahead and one of our priorities is to improve our customer journey through the implementation of a 'single front door'. This will negate the need for an applicant to choose which fund to apply for as the Foundation will endeavour to 'match' the project to the best fund available. This is an extensive piece of work and we have already held a number of user testing webinars with local community organisations and our grants team, we hope to launch in September 2021.

The Foundation has also commissioned an external evaluator to analyse the impact of our funds, to identify any gaps in our geography and communities of interest, enabling us to set a baseline and priorities for where our funds will have the most impact. The evaluator will also provide us with a template and training so we can undertake internal evaluations on an annual basis.

As part of the UKCF network, quality accreditation is undertaken every 3 years. This year we are preparing for QA5, it is a lengthy process but provides a real helicopter view of our governance, policies, procedures and is an excellent tool to sound check the way we work, we have always achieved a high accreditation status and we hope to achieve this again this year.

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1.5 Risk Management

The principal identified risks to which the Foundation are exposed are integrated into the business plan to ensure they are regularly reviewed. The Foundation also maintains a risk register which is reviewed on a quarterly basis by the Management Committee.

As part of QA5 and in light of the pandemic, we have reviewed and amended our risk register accordingly, the risks are predominantly the same but in particular loss of income and loss of tenants in our commercially rented barns have been rated higher.

1.6 Pay Policy for Senior Staff

The Trustees consider the senior management team to comprise the key personnel of the Charity in charge of directing, running, and operating the Charity on a day-to-day basis. The pay of senior staff is reviewed annually by the Management Committee and is based on performance and average earnings across the sector.

1.7 Fundraising Regulator Statement of Compliance

Heart of England Community Foundation does not contract to a third party to undertake any fundraising on its behalf. The charity does employ a Marketing Manager and Marketing Assistant who initiates campaigns and supports fundraising activities. We have received no fundraising complaints during the year.

The charity only makes fundraising approaches to contacts who have given explicit consent to receive such campaign documentation under GDPR guidelines.

2. Achievements and Financial Performance for 2020-21.

In the Foundation's 26-year history, we have never had to respond to an emergency or disaster, but the unprecedented global pandemic meant we had to act quickly and with significant agility to ensure we could support organisations on the ground helping some of our most vulnerable in society.

We moved to home working and launched our own Corona Virus Resilience Fund, our first ever fundraising campaign. We were supported by our local press in terms of promotion, supported by our wonderful existing donors but also a number of other trusts and foundations who felt we were best placed to deliver the funds to the right organisations in a timely fashion.

We would like to sincerely thank everyone that donated to our campaign, in particular both Edward Cadbury Trust and Barrow Cadbury for their significant donations, the number of smaller trusts within our region, the generosity of the general public and the generosity of not just our donors but their employees.

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2. Achievements and Financial Performance for 2020-21 (Continued)

Due to the success of our campaign the Foundation made the decision not to repurpose our existing funds but to halt all of our normal grant activity to focus on the pandemic. This was a prudent decision and has ensured we have funds to support our communities this year.

Our focus for this year has not been fund development but supporting the West Midlands and Warwickshire through the pandemic. We were the first regional funder to distribute funds and the fantastic feedback we have received confirms we were a lifeline, adapting our processes, simpler application forms and quick turnaround on applications.

UKCF were successful in partnering with the National Emergency Trust, the Department of Media, Culture and Sport and the Co-op which provided us with not only the significant funds but the ability to adapt our programmes to support the emerging needs of the voluntary and community sector. For example, our Doing Things Differently Fund enabled organisations to adapt their services, move into a digital space, adapt their community buildings, offering flexibility and less bureaucracy but still adhering to the donor's reporting requirements.

The Foundation worked with a number of new donors, Hammerson Plc, UBS, Alan Edward Higgs Charity, Longleigh Foundation, all directing their funds through the foundation ensuring immediate impact.

We have also secured a 10-year grant programme from Segro as part of their centenary celebrations, supporting skills and employment for young people in Coventry.

Prior to the pandemic, we were successful with our tender to deliver grant making services for Birmingham City Council. We work in collaboration with Birmingham City Council, a number of local community partners to deliver grants in specific areas of the city with the aim of reducing the adult social care bill. Social prescribing is an innovative way to engage lonely, isolated adults and signpost them to community organisations and opportunities to meet others in a community setting.

We have also been successful in securing a grant making contract with Solihull Metropolitan Borough Council, initially managing a Corona Virus support fund, we have now secured an extension to deliver a Well-Being and Recovery programme for Solihull.

We are excited to be part of the City of Culture 2021 and have launched a number of bespoke programmes to support Black artists and under 5's in Coventry. The pandemic has been catastrophic in terms of planning, but we are confident that the City of Culture will put Coventry on the map.

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2. Achievements and Financial Performance for 2020-21 (continued)

Even through the pandemic, our Building Better Lives programme has progressed, and we are pleased to report that St Basil's young homeless charity has successfully renovated a former care home into a fantastic space for young homeless, already housing 36 young people. The anonymous donor enabled us to give almost £1 million towards the project and we hope this helps to change and shape the lives of vulnerable young people for many years to come.

Black Country Women's Aid build is almost complete, providing emergency accommodation for victims of modern slavery and YMCA is on track to build an additional 26 move on flats, what an achievement through a global pandemic.

We have successfully delivered our Building Better Opportunities Programme, a £5 million co-financed programme by the National Lottery Communities Fund and the European Social Fund. Our external evaluation was presented to key stakeholders across the Black Country and demonstrates the innovative ways and approaches to supporting the long term unemployed back into employment.

Key Performance Measures

We have now launched our 3-year strategy, funding strategy and 1-year operational plan which have clear performance indicators, we will report on our first year in the next financial year.

Human Resources

This year we have recruited a Senior Manager of Programmes to our Senior Management Team, alongside the Senior Manager of Operations and Senior Manager of Finance this really strengthens our SMT and enables the Chief Exec to focus on fund development.

We have also promoted our Marketing Officer to our Marketing and Comms Manager, recognising his progress and commitment to the role, alongside this we have recruited a Marketing Assistant to allow the Marketing Manager to focus more strategically on our marketing initiatives and campaigns.

Incoming Resources

The Foundation's total incoming resources for 2020-21 were £7,420,126 and the overall funds of the foundation increased by £936,151 to £20,304,767.

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2. Achievements and Financial Performance for 2020-21 (continued)

Endowed Donations

We have grown our endowment, using some of our own unrestricted funds from the anonymous donors, we have partnered with a major Coventry based charity Alan Edward Higgs Charity to invest £500,000 for the long-term benefit of Coventry communities.

We have also taken over a small trust, Harry Weston Memorial Fund, to support older people in Coventry.

We have been in discussions with a Birmingham based charity with a view to take over the administration of the charity in the summer of 2021, this comprises not just an endowed fund but a number of residential properties.

Investments

The Foundation's investment policy, updated and reviewed every three years, is for a balanced portfolio which produces reasonable income for grant making whilst growing the value of the assets to protect them against the effects of inflation or other defining factors in the longer term. This is considered a relatively low risk approach.

Our stock market investments are managed by Quilter Cheviot, CCLA and Rathbones. Performance is bench marked against the FTSE APCIMS (Association of Private Client Investment Managers) Index.

Investment performance over the 12-month period ending 31st March 2021 was materially impacted by equity market volatility linked to the COVID-19 pandemic. Prior to the aggressive sell-off we saw in February and March 2020 global capital markets had been broadly positive, recovering the losses made.

Grants

The total grant income for 2020-21 was £5,933,195 which was an increase of £2,450,511 from the previous fiscal year. Our total grant expenditure was £8,067,313 and a full report on the foundation's discretionary grant making will be available on our website.

Restricted Core Income

Restricted core income is predominantly received for the management of statutory grant programmes such as our National Lottery Communities Fund, European Social Fund, Building Better Opportunities. In 2020-21 our restricted core income was £223,602 compared to £273,798 in the previous fiscal year. This income includes £167,709 from our National Lottery Communities Fund European Social Fund, Building Better Opportunities Programme.

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2. Achievements and Financial Performance for 2020-21 (continued)

Unrestricted Core Income

Our unrestricted core income this year is derived from several sources, our investments, general donations, and contribution to our core costs for the delivery of flow through grant programmes such as Wesleyan Assurance, National Emergency Trust, Orbit Housing, Department of Media, Culture and Sport.

The balance of our unrestricted income is, at present, used to meet core expenditure which is not covered by restricted income. Unrestricted income for 2020-21 was £482,752 compared with £419,708 in the previous fiscal year.

We are eternally grateful to 29th May 1961 Charitable Trust for their annual unrestricted donation and all of our donors for their generosity in supporting our core income.

We are immensely proud of our response to the global pandemic; we have an ambitious 3-year strategy but overarching all of this is our commitment to the communities we serve. Later this year we hope to hold a celebration event to thank all of our donors and celebrate the amazing activity that takes place at a local level.

Expenditure

The Foundation made an operating loss on unrestricted general funds of £143,770 which compares with a budgeted loss for the year of £39,712 and an operating surplus in the previous year of £72,844.

Designated Funds

Our designated funds as of 31st March 2021 totalled £1,285,327. These include the current value of £682,426 from the Youell Legacy plus funds of £602,901 for the delivery of grant programmes in 2021-2022, which are not regarded as free reserves by the Trustees.

3. Reserves Policy

A considerable part of the Foundation's income is derived from unrestricted core donations of which there is no certainty and management fees for the delivery of flow through grant programmes which are usually time bound. The Trustees believe it to be necessary to retain sufficient free reserves to maintain the Foundation operationally between the times such schemes end, and new programmes come on board. New funding streams are often subject to competitive tendering and cannot be relied upon with certainty. Free reserves must also be retained to cover statutory obligations to our staff should that prove necessary.

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3. Reserves Policy (Continued)

It is therefore the policy of the Foundation to maintain, always, free reserves of no less than the equivalent of six months core (support and governance) costs. At the 31 March 2021, total reserves were £20,304,767, of which endowed funds were £15,924,832 and restricted funds were £2,486,704. Of the remaining unrestricted funds totalling £1,893,231, £1,285,327 has been designated by Trustees. The actual free reserves at the end of the fiscal year equate to £607,904. However, £277,497 of these free reserves represent non-liquid fixed assets. The balance of £330,407 is 7.5 months of budgeted core costs for 2020-21.

4. Trustees' Responsibilities Statement for Charitable Companies

The Trustees (who are also Directors of the Heart of England Community Foundation for the purposes of company law) are responsible for the 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 fiscal year, which give a true and fair view of the of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities SORP 2019.
- make judgements and 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 the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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4. Trustees' Responsibilities Statement for Charitable Companies (Continued)

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

5. Auditors

A resolution to re-appoint Dafferns LLP as the Charity's auditor will be proposed at the forthcoming Annual General Meeting. The report of the Trustees has been prepared taking advantage of the small companies' exemption in the Companies Act 2006. This report was approved by the Board of Trustees and authorised for issue on 21st October 2021 and is signed on its behalf by:

Phil Ewing
Chair



**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE HEART OF ENGLAND COMMUNITY FOUNDATION
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Opinion

We have audited the financial statements of The Heart of England Community Foundation (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, 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 charitable company's affairs as at 31 March 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 issues.

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

[continued ...]

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE HEART OF ENGLAND COMMUNITY FOUNDATION
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Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. 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 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

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

- adequate accounting records have not been kept, 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

[continued ...]

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
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Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 15 & 16, 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulation. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing 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.

[continued ...]

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)**

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation, (i.e. gives a true and fair view)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[continued ...]

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)**

Use of our report

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

Signed:



Richard Miller FCA MA (Oxon) (Senior Statutory Auditor)
For and on behalf of Dafferns LLP,

Chartered Accountants, Registered Auditors

One Eastwood, Harry Weston Road

Binley Business Park, Coventry, CV3 2UB

Date: 4 November 2021

HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021

		Unrestricted		Restricted Funds			
		General	Designated	Core	Distributable	Endowment	
		Funds	Funds	Costs	Grants	Funds	2021
		£	£	£	£	£	£
Income and Endowments							
Donations and legacies	2	375,259	65,355	223,008	6,098,071	244,140	7,005,833
Rental Income		85,183	0	0	0	0	85,183
Investment Income		0	0	0	0	300,993	300,993
Bank Interest		7,226	0	594	0	0	7,820
Other Income		15,084	5,213	0	0	0	20,297
Total Income and Endowments		482,752	70,568	223,602	6,098,071	545,133	7,420,126
Expenditure							
Raising Funds	3	62,276	0	0	0	0	62,276
Investment Management Costs		0	4,420	0	0	50,546	54,966
Charitable Activities - Grants	4	0	0	0	8,067,313	0	8,067,313
Charitable Activities - Support costs	5	443,377	0	192,713	11,196	0	647,286
Big Lottery Fund, European Social Fund, Building Better Opportunities Partners		0	0	0	353,820	0	353,820
Governance	8	11,040	0	0	0	0	11,040
Total Expenditure		516,693	4,420	192,713	8,432,329	50,546	9,196,701
Net Gain/(loss) on investment assets	11	0	135,498	0	0	2,577,228	2,712,726
Net Income/(expenditure)		(33,941)	201,646	30,889	(2,334,258)	3,071,815	936,151
Transfers between funds	9	(109,829)	253,172	(239,545)	(77,860)	174,062	0
Net Movement in Funds		(143,770)	454,818	(208,656)	(2,412,118)	3,245,877	936,151
Funds at 31 March 2020		751,674	830,509	241,523	4,865,955	12,678,955	19,368,616
Funds at 31 March 2021		607,904	1,285,327	32,867	2,453,837	15,924,832	20,304,767

Note: For Companies Act purposes the deficit for the year (excluding the net movement of Endowment Funds) was £2,309,726 (2020 deficit for the year was : £616,916). There were no discontinued activities during the year. The Statement of Financial Activities includes all gains and losses recognised during the year. Prior year comparatives are shown on page 23, please continue overleaf.

HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted Funds		Restricted Funds			Total 2020 £
		General Funds £	Designated Funds £	Core costs £	Distributable grants £	Endowment Funds £	
Income and Endowments							
Donations and legacies	2	289,652	6,250	272,900	4,238,350	1,341,018	6,148,170
Rental Income		84,376	0	0	0	0	84,376
Investment Income		0	0	0	0	331,004	331,004
Bank Interest		40,638	0	898	0	0	41,536
Other income		5,042	0	0	0	0	5,042
Total Income and Endowments		419,708	6,250	273,798	4,238,350	1,672,022	6,610,128
Expenditure							
Raising Funds	3	50,606	0	0	0	0	50,606
Investment Management Costs		0	4,688	0	0	50,949	55,637
Charitable Activities - Grants	4	0	0	0	3,976,066	0	3,976,066
Charitable Activities - Support costs		465,813	0	240,935	500	0	707,248
Big Lottery Fund, European Social Fund, Building Better Opportunities Partners		0	0	0	1,085,666	0	1,085,666
Governance	8	9,624	0	0	0	0	9,624
Total Expenditure		526,043	4,688	240,935	5,062,232	50,949	5,884,847
Net Gain/(loss) on investment assets	11	0	(83,837)	0	0	(896,233)	(980,070)
Net Income/(expenditure)		(106,335)	(82,275)	32,863	(823,882)	724,840	(254,789)
Transfers between funds		179,179	24,255	(87,809)	247,088	(362,713)	0
Net Movement in Funds		72,844	(58,020)	(54,946)	(576,794)	362,127	(254,789)
Funds at 31 March 2019		678,830	888,529	296,469	5,442,749	12,316,828	19,623,405
Funds at 31 March 2020		751,674	830,509	241,523	4,865,955	12,678,955	19,368,616

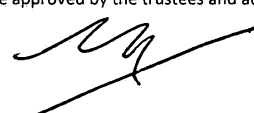
HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee) Company Registration no. 5999452

BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2021

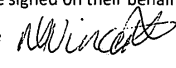
	Notes	31 March 2021		31 March 2020	
		£	£	£	£
Fixed Assets					
Tangible fixed assets	10		5,717		9,964
Investments					
Investment properties	11	1,005,000		1,005,000	
Listed investments	11	14,283,643		11,148,026	
Cash at Investment Managers		<u>348,414</u>		<u>340,736</u>	
			<u>15,637,057</u>		<u>12,493,762</u>
			15,642,774		12,503,726
Current Assets					
Cash at Bank and in hand		5,082,736		6,934,871	
Debtors	12	<u>180,818</u>		<u>139,937</u>	
		5,263,554		7,074,808	
Creditors: amounts falling due within one year	13	<u>601,561</u>		<u>209,918</u>	
Net Current Assets			<u>4,661,993</u>		<u>6,864,890</u>
Net Assets			<u>20,304,767</u>		<u>19,368,616</u>
Funds of the Charity					
Capital Funds					
Endowment Funds	14		15,924,832		12,678,955
Income Funds					
Restricted Funds	15		2,486,704		5,107,478
Unrestricted Funds (Designated)	16	1,285,327		830,509	
Unrestricted Funds (General)		<u>607,904</u>		<u>751,674</u>	
Total unrestricted Funds			<u>1,893,231</u>		<u>1,582,183</u>
Total Funds			<u>20,304,767</u>		<u>19,368,616</u>

These financial statements have been prepared in accordance with the special provisions applicable to small companies subject to the small companies' regime. The financial statements were approved by the trustees and authorised for issue on 21st October 2021 and are signed on their behalf by

Phil Ewing - Chairman



Michelle Vincent- Trustee



HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Cashflow from operating activities	18	(2,009,156)	600
Net cash flow from operating activities		<u>(2,009,156)</u>	<u>600</u>
Cash flow from investing activities			
Payments to acquire investments	11	(2,142,406)	(1,898,851)
Receipts from sales of investments	11	1,719,515	1,254,045
Interest received		7,820	41,536
Dividends received		300,993	331,004
Rents received from investment properties		85,183	84,376
Net cash flow from investing activities		<u>(28,895)</u>	<u>(187,890)</u>
Cash flow from financing activities			
Receipt of permanent endowments		193,594	1,252,370
Net cash flows from financing activities		<u>193,594</u>	<u>1,252,370</u>
Net Increase/(decrease) in cash and cash equivalents		(1,844,457)	1,065,080
Cash and cash equivalents at 1 April 2020		7,275,607	6,210,527
Cash and cash equivalents at 31 March 2021		<u>5,431,150</u>	<u>7,275,607</u>
Cash and cash equivalents consist of:			
Cash at bank and in hand		5,082,736	6,934,871
Short term deposits		348,414	340,736
Cash and cash equivalents at 31 March 2021		<u>5,431,150</u>	<u>7,275,607</u>

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2021

1. Accounting policies

Basis of preparation

Heart of England Community Foundation is a company limited by guarantee in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the charity's operations and principal activities are to act as a conduit for philanthropy, linking private and public funders with small community projects across the county of West Midlands.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with 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) as amended for accounting periods commencing on or after 1 January 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and are rounded to the nearest £1.

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.

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income and after performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Donated facilities are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably, and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example, the amount the charity would be willing to pay in the open market for such facilities. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Reports.

For legacies entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2021

1. Accounting policies (continued)

Incoming Resources (continued)

Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Resources expended and irrecoverable VAT

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Foundation. The grants are accounted for where either the trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant, or any condition attaching to the grant is outside the control of the Foundation.

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

Allocation of overhead and support costs

Overhead and support costs have been allocated between charitable activity and governance costs. Overhead and support costs relating to charitable activities have been apportioned on a basis consistent with the use of resources.

Charitable activities

Costs of charitable activities include grants made and support costs as shown in note 5.

Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Support cost allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resource.

Fundraising Costs

Fund-raising costs are those which are incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of charitable activities.

The analysis of these costs is included in note 3.

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2021

1. Accounting policies (continued)

Endowment funds

These funds include expendable endowments which arose from grants and donations given specifically to be held as capital unless the trustees resolve they may be spent. It is the intention of the trustees that these funds be maintained for the foreseeable future. Grants are funded from the income generated from the capital investments. There can be an initial period of income accumulation in accordance with the donor's wishes.

Restricted funds

These funds are received for specific purposes set by the grant funders or donors. These include funds received to enable grants to be paid to beneficiaries and meet the cost of projects and, in addition, funds received towards the Foundation's operating costs in managing those grants and projects.

Designated funds

These funds are unrestricted funds set aside by the trustees for specific purposes.

Investments

Investments in listed securities and properties are shown on the balance sheet at their open market value. Profits and losses on sales of investments and the movements in market value are taken to the Statement of Financial Activities. Property in course of construction is valued at cost.

Fixed assets and depreciation

No depreciation is provided against the cost of land. Operational assets costing less than £1,000 are written off in full through the Statement of Financial Activities in the year of purchase. Depreciation is provided by the Foundation to write off the cost less the estimated residual value of other operational fixed assets by equal instalments over their useful economic lives as follows:

Office and computer equipment - 4 years

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 loss arising from impairment are recognised in expenditure.

Pension schemes

The charity operates defined contribution pension schemes. Contributions payable in the year are charged in the Statement of Financial Activities.

Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2021

1. Accounting policies (continued)

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price.

Other financial assets, including investments in equity instruments and which are not subsidiaries, associates or joint ventures, are initially measured at fair value which is normally transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit and loss.

Financial liabilities

Basic financial liabilities, including trade and other payables, and bank loans that are classified as debt are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2021

2. Donations and Legacies

Donors contributed to the following restricted funds during the period:

	Core Costs £	Distributable Grants £	Total 2021 £	Total 2020 £
# I Will	0	0	0	20,000
29th May 1961 Charitable Trust	0	16,000	16,000	21,500
Alan Edward Higgs Fund	0	10,000	10,000	0
Birmingham Funds	0	2,250	2,250	0
Birmingham Mail Charity Fund	0	21,327	21,327	29,244
Bullring and Grand Central Fund	0	20,000	20,000	0
BSBT	0	0	0	326,891
Building better lives	0	0	0	581,095
Big Lottery Fund, European Social Fund, Building Better Opportunities	167,709	164,875	332,584	1,304,615
Community Energy Warwickshire	0	5,552	5,552	18,064
Coronavirus Resilience Fund	0	340,332	340,332	117,564
Coventry 2021 Coronavirus Resilience Fund	0	60,000	60,000	0
Coventry Building Society	0	73,647	73,647	75,000
DCS NET fund	0	1,076,711	1,076,711	0
Deutsche Bank	0	13,500	13,500	13,500
Drayton Manor Park Foundation	0	0	0	3,943
Edgbaston Emergency Food & Essential Supplies Fund	0	70,000	70,000	0
Esme Fairbairn Foundation	0	0	0	56,250
GB Partnership	0	11,160	11,160	34,160
Get ready	0	0	0	56,250
Harrison Beale & Owen	0	250	250	5,936
Harry Payne Fund	0	0	0	7,756
Heart of England CF - Various Donors	0	0	0	790
Helping Hearts	0	20,000	20,000	40,000
High Sheriff of Warwickshire	0	600	600	0
Leamington Fund	0	6,374	6,374	1,529
Longleigh Foundation	0	0	0	45,000
Made by Sport	0	239,835	239,835	0
National Emergency Trust	0	2,459,317	2,459,317	47,000
NET BAME	0	81,839	81,839	0
NNS Birmingham City Council	0	400,000	400,000	0
Northfield Emergency Assistance Food and Essential Supplies	0	70,000	70,000	0
Orbit Hardship fund	0	0	0	90,910
PSA Peugeot Citroen	55,299	0	55,299	53,950
Pedimore	0	27,000	27,000	47,250
Positive futures	0	45,000	45,000	90,000
QC Foundation Fund	0	23,383	23,383	0
Road to 2021	0	0	0	56,250
Royal London	0	0	0	10,000
Balance Carried forward	<u>223,008</u>	<u>5,258,952</u>	<u>5,481,960</u>	<u>3,154,447</u>

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2021

2. Donations and Legacies (continued)

	Core Costs	Distributable Grants	Total 2021	Total 2020
	£	£	£	£
balance brought forward	223,008	5,258,952	5,481,960	3,154,447
SEGRO	0	41,501	41,501	0
Tampon tax	0	0	0	167,530
Tipton Education und	0	10,800	10,800	10,800
Transformation and Growth	0	0	0	170,457
Uber	0	0	0	20,000
UKCF Co-op Fund	0	85,303	85,303	0
Wesleyan	0	494,445	494,445	943,000
Women & Girls Fund	0	0	0	45,016
Solihull Winter Wellbeing	0	184,070	184,070	0
Love My Keresley Community	0	23,000	23,000	0
	223,008	6,098,071	6,321,079	4,511,250

Donations in kind

During the financial year PSA Peugeot Citroen (Stellantis) again provided office accommodation and facilities free of charge to the Foundation. The estimated value of these benefits is £55,299, (2020: £53,950) has been reflected in the Statement of Financial Activities as gifts and as support costs within the restricted core cost fund.

3. Fundraising Costs

	Unrestricted	Restricted	Total 2021
	£	£	£
Staff Costs	62,276	0	62,276
	<u>62,276</u>	<u>0</u>	<u>62,276</u>
	Unrestricted	Restricted	Total 2020
	£	£	£
Staff Costs	50,606	0	50,606
	<u>50,606</u>	<u>0</u>	<u>50,606</u>

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2021

4. Grants

	Total 2021 £	Total 2020 £
Grants awarded	<u>8,067,313</u>	<u>3,976,066</u>

For full details of grants awarded during the year please visit our website to download our 'Grants Making & social Investment Report 2020/21' at www.heartofenglandcf.co.uk

Grants awarded were wholly attributable to restricted funds in both the current and preceding year.

5. Support Costs

Items marked * are based on actual expenses, all others are pro-rated based on salary spread.

	Grants £	Administration £	Fundraising £	2021 £
Staff costs (see note 6)*	153,967	296,167	0	450,134
Recruitment*	0	870	0	870
PR and advertising	7,547	14,590	3,019	25,156
Training and conferences	278	537	111	926
Subscriptions*	0	9,715	0	9,715
Travel and Subsistence	522	1,008	209	1,739
staff welfare	406	784	162	1,352
Meetings	154	299	62	515
Printing and stationary	(49)	(95)	(20)	(164)
Postage and telephone	2,275	4,398	910	7,583
Office equipment	4,731	9,146	1,892	15,769
repairs and renewals	65	125	26	216
Legal costs	645	1,247	258	2,150
Professional Fees*	31,042	13,021	0	44,063
Rent and rates *	0	13,400	0	13,400
Fixed asset depreciation	1,274	2,464	509	4,247
Office accommodation and Facilities (see note 2)	16,590	32,074	6,636	55,300
Sundry expense*	0	11,448	0	11,448
Insurance	860	1,663	344	2,867
	<u>220,307</u>	<u>412,861</u>	<u>14,118</u>	<u>647,286</u>

The Support costs are incurred from the following funds

	£
Unrestricted General Fund	443,377
Restricted Core Fund	192,713
Restricted Grant Fund	<u>11,196</u>
	<u>647,286</u>

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2021

6. Staff Numbers and Costs

The average number of persons employed by the Foundation during the period was 16 (2020: 18), the full-time equivalent number of employees was 14.5 (2020: 17) and the aggregate payroll costs were as follows:

	Total 2021 £	Total 2020 £
Salaries	457,594	478,267
Casual staff costs	1,614	4,892
Social security costs	40,363	43,129
Other pension costs	12,839	11,856
	<u>512,410</u>	<u>538,144</u>
Support costs (see note 5)	450,134	487,538
Fundraising costs (see note 3)	62,276	50,606
	<u>512,410</u>	<u>538,144</u>

The number of employees earning over £60,000 per year (including benefits) in the period is as follows

	2021 No.	2020 No.
£70,001 - £80,000	<u>1</u>	<u>1</u>

7. Trustees' and key management personnel remuneration and expenses

The charity considers its key management personnel as Tina Costello.

The total amount of employee benefits (including employers NI) received by key management personnel is £81,777 (2020: £79,074).

The Trustees did not receive any remuneration during the year (2020: £nil). J Koasha claimed £23 for expenses during the year, (2020: P Ewing claimed £2,787 and Gift aided back to the Charity).

7.1 Third party related transactions

The charity paid £4,843 (2020: £11,115) to Adecs Limited, a company related to Amrik Bhabra, a Trustee, for IT services. The Charity paid £3,081 (2020: £5,711) to Wright Hassall LLP a company related to Lucie Byron. The Charity paid £1,440 (2020: £0) to Notepad Studio Ltd a company related to Naeem Alvi.

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8. Governance Costs

	Unrestricted	Restricted	Endowment	Total 2021	Total 2020
	£	£	£	£	£
Statutory audit fees	11,040	0	0	11,040	9,624
	<u>11,040</u>	<u>0</u>	<u>0</u>	<u>11,040</u>	<u>9,624</u>

The auditors remuneration amount to an audit fee of £10,800 (2020: £9,600) and other services of £240 (2020: £24).

9. Transfer between funds

	General	Designated	Core costs	Distributable grants	Endowment funds
	£	£	£	£	£
Endowment Income	92,743	0	0	198,195	(290,938)
Trustee allocation of discretionary grants	(300,000)	300,000	0	0	0
Transfer of discretionary fund for running costs	60,045	(60,045)	0	0	0
Transfer of JTH grant pot to Endowment fund	0	0	0	(465,000)	465,000
Transfer of Jumping through hoops	20,304	0	(20,304)	0	0
Transfer of funds for closure of BBO			(188,945)	188,945	
Transfer of BBO costs from general funds	17,079	0	(17,079)	0	0
Transfer of BBO income	0	13,217	(13,217)	0	0
	<u>(109,829)</u>	<u>253,172</u>	<u>(239,545)</u>	<u>(77,860)</u>	<u>174,062</u>

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10. Tangible Fixed Assets

	Computer Equipment £	Total 2021 £	Total 2020 £
Cost			
1 April 2020	25,893	25,893	25,893
Additions	0	0	0
Disposals	0	0	0
31 March 2021	<u>25,893</u>	<u>25,893</u>	<u>25,893</u>
Depreciation			
1 April 2020	15,929	15,929	11,684
Charge for year	<u>4,247</u>	<u>4,247</u>	<u>4,245</u>
31 March 2021	<u>20,176</u>	<u>20,176</u>	<u>15,929</u>
Net Book value 31 March 2021	<u>5,717</u>	<u>5,717</u>	<u>9,964</u>

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11. Fixed Asset Investments

11.1 Listed Investments

	Managed by Quilter £	Managed by CCLA £	Managed by Rathbones £	Total 2021 £	Total 2020 £
Market value at 1 April 2020	3,340,880	4,170,873	3,636,273	11,148,026	11,483,290
Additions at cost	1,046,781	470,471	625,154	2,142,406	1,898,851
Disposal proceeds	(1,156,255)	0	(563,260)	(1,719,515)	(1,254,045)
Gains/(losses)	887,828	781,639	1,043,259	2,712,726	(980,070)
Market value at 31 March 2021	<u>4,119,234</u>	<u>5,422,983</u>	<u>4,741,426</u>	<u>14,283,643</u>	<u>11,148,026</u>
Historical cost	<u>3,561,463</u>	<u>4,142,476</u>	<u>4,080,431</u>	<u>11,784,370</u>	<u>10,835,847</u>
Investments over 5% of portfolio value					
COIF Charities investment fund	<u>0</u>	<u>3,081,980</u>	<u>0</u>	<u>3,081,980</u>	<u>2,565,195</u>
Listed Investments at fair value comprise					
Equities	2,508,711	4,166,588	3,480,640	10,155,939	7,840,427
Securities	<u>1,610,523</u>	<u>1,256,395</u>	<u>1,260,786</u>	<u>4,127,704</u>	<u>3,307,599</u>
	<u>4,119,234</u>	<u>5,422,983</u>	<u>4,741,426</u>	<u>14,283,643</u>	<u>11,148,026</u>

The fair value of listed investments is determined by reference to the mid-market quoted price from F.T. Interactive Data at the balance sheet date.

11.2 Investment properties

	Small Barn £	Large Barn £	Total 2021 £	Total 2020 £
Valuations				
1 April 2020	155,000	850,000	1,005,000	1,005,000
Gains/(losses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
31 March 2021	<u>155,000</u>	<u>850,000</u>	<u>1,005,000</u>	<u>1,005,000</u>
Historical cost	<u>90,511</u>	<u>908,650</u>	<u>999,161</u>	<u>999,161</u>

Two barn buildings and the land they stand on were donated to the Foundation for development into office buildings for letting when complete. The original value of the underdeveloped land and properties donated was estimated by the Trustees at £85,000.

Both barns were revalued at 31 March 17 on 23 May 2017 by Peter Holt MRICs and David Holt FRICS of D&P Holt, Chartered Surveyors on the basis of fair value. The Trustees have considered the impact of COVID 19 on the valuation of the investment properties, and whilst not every affect can be anticipated, are satisfied that there is no impairment to the value of the properties at the year end date.

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12. Debtors

	Total 2021 £	Total 2020 £
Grants and donations receivable	129,194	86,944
Bank interest receivable	3,999	3,200
Investment income receivable	20,806	20,337
Barn rent receivable	23,765	26,310
Other debtors	528	0
	<u>178,292</u>	<u>136,791</u>
Prepayments	2,526	3,146
	<u>180,818</u>	<u>139,937</u>

13. Creditors

	Total 2021 £	Total 2020 £
Trade Creditors	3,704	10,619
Unpaid Grants	333,166	85,672
Deferred Income	20,463	20,407
Employee tax and social security	13,281	11,689
VAT	12,908	9,023
Staff Pension scheme contribution	2,440	2,367
	<u>385,962</u>	<u>139,777</u>
Accruals	215,599	70,141
	<u>601,561</u>	<u>209,918</u>

Deferred income has arisen as a result of rental income being received in advance.

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14. Endowment Funds

	31 March 2020	Net incoming/ (outgoing) resource	Investment Gains/(losses)	Transfers	31 March 2021
£	£	£	£	£	£
Ambassadors	73,503	(497)	19,274	0	92,280
Annie Bettman Fund	267,719	(1,810)	70,201	0	336,110
AXA	190,693	(1,290)	50,003	0	239,406
Birmingham fund	281,943	(2,325)	76,524	0	356,142
Birmingham Mail Charity Fund	43,936	(357)	10,761	0	54,340
Coventry Lord Mayor	20,467	(138)	5,367	0	25,696
Coventry Nursing trust	326,176	(2,032)	84,104	0	408,248
DBOI Grassroots Fund	122,334	(995)	29,962	0	151,301
Friends Provident	11,201	(76)	2,937	0	14,062
Building Better Lives	2,083,120	(17,104)	585,482	0	2,651,498
George & Vera Bryan Grassroots fund	171,921	(1,398)	42,107	874	213,504
Harry Payne Fund	2,908,514	0	509,443	0	3,417,957
Heart of England Fund	411,081	(2,780)	107,793	0	516,094
High Sheriff of Warwickshire	166,266	(185)	35,878	0	201,959
James Kenning	46,901	0	9,692	0	56,593
Jumping Through Hoops	560,713	(4,522)	145,424	478,694	1,180,309
Kingscliffe Fund	156,206	(1,056)	40,960	0	196,110
Midlands Heart	101,170	(684)	26,529	0	127,015
Mills & Reeve Grassroots Fund	57,186	(465)	14,006	0	70,727
Mike Holland fund	90,644	0	18,731	0	109,375
National Grid	67,042	(453)	17,580	0	84,169
Orbit Heart of England Fund	147,332	(996)	38,633	0	184,969
Property for Kids Grassroots Fund	22,469	(183)	5,503	0	27,789
PSA Peugeot Citroen	331,378	(2,241)	86,894	0	416,031
Rolls Royce	62,244	(421)	16,321	0	78,144
Sandwell Community Fund	305,036	0	47,499	0	352,535
Solihull Community Foundation	229,859	0	63,034	0	292,893
Torrington House	189,677	(783)	49,737	0	238,631
Trustees' New Deal	72,123	0	15,149	5,470	92,742
Warwick Lying -in -trust	37,084	(302)	9,083	0	45,865
Willenhall Community Trust	59,129	0	12,219	0	71,348
Youell Family Fund 1	1,322,347	(6,953)	330,398	0	1,645,792
Youell Family Fund 2	733,220	0	0	0	733,220
Anonymous donor Control Accounts	1,008,321	253,695	0	(20,038)	1,241,978
Investment income/Investment Management costs	0	290,938	0	(290,938)	0
	<u>12,678,955</u>	<u>494,587</u>	<u>2,577,228</u>	<u>174,062</u>	<u>15,924,832</u>

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14. Endowment Funds continued

The investment income is allocated, on an annual basis, to unrestricted core funds £92,743 (2020: £113,745) and Grants for distribution £198,195 (2020: £248,968). Endowment funds include unrealised valuation gains of £2,511,562 (2020: £312,179).

The previous table includes the following funds relating to the Community First Programme

	31 March 2020	Net incoming Resources	Investment Gains/(losses)	Transfers	31 March 2021
	£	£	£	£	£
Coventry Nursing trust	25,647	0	5,300	0	30,947
Harry Payne Fund	2,908,514	0	509,443	0	3,417,957
High Sheriff of Warwickshire	138,907	0	28,704	0	167,611
James Kenning	46,901	0	9,692	0	56,593
Solihull Community Foundation	229,859	0	47,499	0	277,358
Trustees' New Deal	68,919	0	15,149	5,470	89,538
Willenhall Community Trust	59,129	0	12,219	0	71,348
Youell Family Fund 1	294,113	0	60,778	0	354,891
	<u>3,771,989</u>	<u>0</u>	<u>688,784</u>	<u>5,470</u>	<u>4,466,243</u>

15. Restricted Funds

	31 March 2020	Income	Expenditure	Transfers	31 March 2021
	£	£	£	£	£
Core					
Big Lottery Fund, European Social Fund, Building Better Opportunities	221,220	168,303	(137,414)	(219,242)	32,867
Jumping through Hoops	20,303	0	0	(20,303)	0
PSA Peugeot Citroen (in Kind)	0	55,299	(55,299)	0	0
	<u>241,523</u>	<u>223,602</u>	<u>(192,713)</u>	<u>(239,545)</u>	<u>32,867</u>

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15. Restricted Funds Continued

	31 March 2020	Income	Expenditure	Transfers	31 March 2021
	£	£	£	£	£
Distributable grants					
29th May 1961 Charitable Trust	7,429	16,000	(19,250)	0	4,179
Alan Edward Higgs Charity	0	10,000	0	0	10,000
Annie Bettman Fund	8,177	0	(8,000)	3,665	3,842
AXA	1,181	0	0	7,089	8,270
AXA Enterprise	4,693	0	0	(4,693)	0
Band Hatton Button	2,311	0	0	0	2,311
Big Lottery Fund, European Social Fund, Better Opportunities	0	164,875	(353,820)	188,945	0
Birmingham Funds	25,796	2,250	0	405	28,451
Birmingham Mail Charity Fund	21,690	21,327	(11,445)	224	31,796
Birmingham Sports	22,828	0	(6,000)	0	16,828
Building stronger Britain together (BSBT)	(2)	0	0	0	(2)
Building better lives	41,921	0	0	21,286	63,207
Bullring & Grand Central Fund	0	20,000	(20,000)	0	0
Community Energy Warwickshire	16,801	5,552	(5,600)	0	16,753
Communities uncovered	24,173	0	(11,196)	0	12,977
Coronavirus Resilience Fund	169,388	340,332	(399,892)	2,430	112,258
Coventry 2021 Coronavirus Resilience Fund	0	60,000	(60,000)	0	0
Coventry Building Society	77,273	73,647	(75,046)	0	75,874
Coventry Nursing Trust	7,952	0	0	3,230	11,182
Deutsche Bank	14,660	13,500	(10,000)	197	18,357
DCMS NET Fund	0	1,076,711	(1,076,711)	0	0
Drayton Manor Park	16,329	0	0	961	17,290
Edgbaston Emergency Food & Essential Supplies Fund	0	70,000	(40,899)	0	29,101
Esme foundation	30,703	0	(14,380)	0	16,323
GB Partnership	16,045	11,160	(22,651)	(1,500)	3,054
Get Ready Fund	7,296	0	(5,000)	0	2,296
Building better lives	2,434,403	0	(1,884,266)	0	550,137
Harrison Beale & Owen	10,650	250	0	0	10,900
Harry Payne Fund	15,722	0	(84,000)	97,760	29,482
Heart of England co-operative Society	25,168	20,000	(35,700)	0	9,468
Heart of England Fund	11,049	0	2,800	11,215	25,064
High Sheriff's Fund	11,947	600	(10,950)	3,839	5,436
Jumping Through Hoops	470,324	0	(3,294)	(460,386)	6,644
Kingscliffe Fund	5,183	0	(3,000)	1,409	3,592
Sub total carried Forward	<u>3,501,090</u>	<u>1,906,204</u>	<u>(4,158,300)</u>	<u>(123,924)</u>	<u>1,125,070</u>

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15. Restricted Funds Continued

	31 March 2020	Income	Expenditure	Transfers	31 March 2021
	£	£	£	£	£
Distributable grants					
Sub Total Brought Forward	3,501,090	1,906,204	(4,158,300)	(123,924)	1,125,070
Leamington	1,434	6,374	(2,048)	0	5,760
Longleigh	45,000	0	(25,916)	0	19,084
Love my Keresley Community	0	23,000	(4,800)	0	18,200
Made by Sport	0	239,835	0	0	239,835
Mike Holland Trust	3,682	0	(3,000)	2,288	2,970
National Emergency Fund	47,000	2,459,317	(2,506,317)	0	0
NET BAME	0	81,839	(81,839)	0	0
NNS Birmingham City Council	0	400,000	(427,582)	0	(27,582)
Northfields Emergency Assistance Food & Essential Supplies	0	70,000	(32,480)	0	37,520
Orbit Heart of England Fund	81,100	0	(73,076)	1,788	9,812
Positive Futures	14,562	45,000	(43,846)	0	15,716
Pedimore fund	23,665	27,000	(11,500)	0	39,165
PSA Peugeot Citroen	16,185	0	0	4,021	20,206
QC Foundation Fund	0	23,383	(23,383)	0	0
Road to 21	(9,059)	0	14,380	0	5,321
Sandwell Community Fund	11,109	0	0	7,700	18,809
SEGRO	0	41,501	(41,079)	0	422
Solihull Community Foundation	2,007	0	0	4,728	6,735
Solihull Winter Welbeing	0	184,070	(185,830)	0	(1,760)
Tipton Education Fund	39,310	10,800	(200)	0	49,910
Torrington House	14,281	0	0	2,301	16,582
Uber	930	0	0	(930)	0
UKCF Co-op Fund	0	85,303	(85,303)	0	0
Wesleyan fund	418,145	494,445	(699,213)	0	213,377
Women and Girls	4,512	0	(4,497)	0	15
Warwickshire Recycling	3,925	0	0	0	3,925
Youell family fund	45,983	0	(16,500)	24,168	53,651
Young at Heart	581,094	0	0	0	581,094
#I Will	20,000	0	(20,000)	0	0
	<u>4,865,955</u>	<u>6,098,071</u>	<u>(8,432,329)</u>	<u>(77,860)</u>	<u>2,453,837</u>

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16. Designated Funds

	31 March 2020	Income	Expenses	Gains/ (losses)	Transfers	31 March 2021
	£	£	£	£	£	£
Building Better Lives	110,833	0	0	0	0	110,833
BBO Provision	102,034	5,213	0	0	13,216	120,463
Cadbury Fund	6,250	0	0	0	0	6,250
Coventry Building Society	11,000	10,500	0	0	(11,000)	10,500
Crisis fund	0	0	0	0	200,000	200,000
Made by Sport	0	20,855	0	0	0	20,855
Orbit	4,544	0	0	0	(4,544)	0
Pandemic Recovery Fund	0	0	0	0	100,000	100,000
Wesleyan	41,500	34,000	0	0	(41,500)	34,000
UKCF	3,000	0	0	0	(3,000)	0
Youell Family Fund	551,348	0	4,420	135,498	0	682,426
	<u>830,509</u>	<u>70,568</u>	<u>4,420</u>	<u>135,498</u>	<u>253,172</u>	<u>1,285,327</u>

The Youell Family Fund is a Legacy from the late Alfred Youell MBE. Building Better Lives fund is a capital grants programme. The BBO Provision fund represents an amount set aside to cover any clawback from the BBO programme in the future.

The Cadbury fund, Coventry Building Society, Made by Sport, Pandemic Recovery Fund and Wesleyan represent amounts set aside for the running of the grant funds in future years.

17. Analysis of fund balances between the net assets

	General Funds	Designated Funds	Restricted Funds	Endowment funds	Total funds 2021
	£	£	£	£	£
Tangible Fixed Assets	5,717	0	0	0	5,717
Investments	271,780	668,018	0	14,697,259	15,637,057
Bank and Cash Balances	359,423	617,309	2,878,431	1,227,573	5,082,736
Debtors	49,018	0	131,800	0	180,818
Creditors	(78,034)	0	(523,527)	0	(601,561)
	<u>607,904</u>	<u>1,285,327</u>	<u>2,486,704</u>	<u>15,924,832</u>	<u>20,304,767</u>

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18 . Reconciliation of net income to net cash flow from operating activities

	2021	2020
	£	£
Net income for year	936,151	(254,789)
Dividend received	(300,993)	(331,004)
Rents received from investment properties	(85,183)	(84,376)
Interest receivable	(7,820)	(41,536)
Depreciation and impairment of tangible fixed assets	4,247	4,245
(Gains)/Losses on investments	(2,712,726)	980,070
Receipt of endowment	(193,594)	(1,252,370)
(Increase)/decrease in debtors	(40,881)	903,863
Increase /(decrease) in creditors	391,643	76,497
Net cash flow from operating activities	(2,009,156)	600

Analysis of Net Debt

	1/4/2020	Cashflow	31/3/2021
Cash and cash equivalents	<u>7,275,607</u>	<u>(1,844,457)</u>	<u>5,431,150</u>

19. Control Relationships

The Board of Trustees is ultimately responsible for the control of the Charitable Foundation.

20. Taxation

The Foundation is a registered charity and its activities are such that no liability to Corporation tax arises on its results for the year.

21. Members' guarantee

Every member has agreed that, if the charity is dissolved, while he or she remains a member or within twelve months afterwards, to contribute up to £10 towards the cost of dissolution and the liabilities of the charity.

22. Pensions and Post Retirement Benefits

a) Defined contribution pension plans –

The charity contributes to the money purchase pension plan for certain of its employees. The amount recognised as an expense in the period was £12,839 (2020: £11,856). This expenditure is apportioned as £1,933 in restricted funds and £10,906 in unrestricted funds.

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23. Financial instruments

The carrying value of the charity's Financial instruments

	2021 £	2020 £
Financial Assets		
Measured at fair value through net income/expenditure:		
Fixed asset investments (note 11)	14,295,931	11,148,026
Measured at amortised cost:		
Barn rent receivable (note 12)	23,765	26,310

The income, expenditure, net gains and net losses attributable to the charity 's financial instruments are as follows:

	2021 £	2020 £
Net gains and losses		
Financial assets measured at fair value through net income/expenditure	2,712,726	(980,070)

24. Operating Leases – Lessor

Total future minimum lease payments collectable under non-cancellable operating leases:

	2021 £	2020 £
Within one year	86,318	87,700
1-5 years	35,182	106,862
More than 5 years	0	0
Total	<u>121,500</u>	<u>194,562</u>

The Foundation lets the large and small Youell Barns, the small barn lease was renewed during 2019-20 and expires in February 2025