



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 2020

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TRUSTEES' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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TRUSTEES AND STAFF

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

Corporate Patron: PSA Group

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	
Sir Dominic Cadbury	Retired on 2 nd October 2019
Mrs Sally Carrick	
Mr Philip Pemble	Retired on 2 nd October 2019
Mr John Taylor	
Mr Christopher West	
Ms Jude Jennison	
Mr Daniel Worthing	
Ms Elizabeth McKenzie	
Mr Naeem Alvi	Appointed on 14 th July 2019
Mr Russell Bailey	Appointed on 2 nd October 2019

Staff:	Tina Costello	Chief Executive Officer
	Helen Kendrick	Senior Manager Operations
	Shamiela Ahmed	Senior Manager Operations
	Claire Evans*	Senior Manager Finance
	Joanne Farr*	Finance Officer
	Natasha Bvute	Finance Officer
	Aaron Greaves	Comms Exec Officer
	Scott Harrison	Senior Grants officer
	Jenny Whateley	Grants Officer
	Lou Beddoe	Grants Officer
	Liz Daw*	Grants Officer
	Lorna Langhorn	Grants Assistant
	Sarah Phillips **	Executive Officer
	Richard Phillips	Development Manager
	Ben Slater	Partnership Manager
	Satish Sandhu	Partnership Officer
	Robert Brydon	Database Officer
	Hasmita Parmar	Partnership Officer

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Staff continued

Paramjit Kaur	Finance officer
Julie Mullineaux	Admin officer

**Part-Time*

*** Appointed Company Secretary 11 November 2019*

PROFESSIONAL ADVISORS

Auditors:

Daffern's 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

Black Rock
PO box 545
Darlington DL1 9TQ

Bankers:

CAF Bank
25 Kings Hill Ave
Kings Hill
West Malling, Kent
ME19 4JQ

Santander Bank
Bootle
Merseyside
L30 4GB

Solicitors:

Lodders LLP
10 Elm Court, Arden St
Stratford-upon-Avon, Warwickshire
CV37 0AA

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TRUSTEES' REPORT

The Trustees have pleasure in presenting their annual report along with the financial statements of the charity for the year ending 31 March 2020.

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 2019 in which Sir Dominic Cadbury and Phillip Pemble retired from the Board. Russell Bailey joined our board, in particular for his expertise in construction and to support us to deliver our Building Better Lives Programme.

The Trustees remain committed to recruiting further Trustees which represent the diversity of the region we support.

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.

As the Foundation continues to grow steadily, the Trustees approved the recruitment of a Business Development Manager whose primary role is to develop new relationships within the West Midlands with the aim of securing social investment to support the increasing needs of our communities.

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.

Annually the Trustees complete a skills matrix which enables the charity to review the skills and experience and identify any potential gaps to the existing board. This provides a baseline of who we would like to recruit, in terms of skills, diversity and representation from across the geographical area we serve. Potential Trustees are interviewed by the Chair and Chief Executive Officer

1.3 Board Subcommittees

The Foundation has four sub-committees.

Finance and Investment Committee, responsible for:

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

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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

1.3 Board Subcommittees (continued)

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 decisions 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

- **Coventry, Warwickshire, and Solihull Grants Committee** responsible for decision making on non-donor directed funds across Coventry, Warwickshire, and Solihull, including:
 - Strategic overview of grant making to ensure equitable and fair distribution of funds
 - Profiling annual grant budgets
 - Review of impact of grants awarded
- **Birmingham and Black Country Grants Committee** responsible for decision making on non-donor-directed funds across Birmingham and the Black Country, including:
 - Strategic overview of grant making to ensure equitable and fair distribution of funds
 - Profiling annual grant budgets
 - Review of impact of grants awarded

Both Grant Committees are chaired by a Foundation Trustee, the remaining members are donors and key voluntary and community sector stakeholders and community activists.

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1.4 Business Planning

Our current 3-year operational and business plan to December 2020 will be reviewed by the Board at our annual Strategy Day in 2020-21. We will implement new key themes which underpin our strategic direction and relevant to the monumental impact of Covid-19 on all sectors.

This year we continued with our key themes:

- Better understand the needs of our communities
- Work with donors to secure resources to meet local needs
- Award funding to projects best placed to address those needs
- Be an effective and robust organisation

We are continuing to work with Coventry University who are commissioned to produce a qualitative and quantitative report on the socioeconomics of Coventry, Warwickshire, and Solihull. Focus groups have been held followed by a community consultation but we expect further work will now place in light of the pandemic.

This research, along with the report published report by Wolverhampton University will help us underpin our future priorities and encourage both new and existing donors to support some of the most pressing needs in our region.

Our annual Trustee strategy day focused on our current funding portfolio, identifying gaps in our grant making in terms of geographical and communities of interest. Our aim was to launch in 2020-21 but we have now shifted our focus this year to support the community and voluntary sector through the recovery and renewal period following the pandemic.

In 2020-21 the Board aim to refresh our current vision, values, and mission in alignment with our new 3-year strategy for 2021-2024.

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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.

The main identified risks are loss of key donors and reduction of funds available for making grants. In light of the pandemic our risk register is currently under review and risk ratings will be amended accordingly.

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 Officer 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 2019-20.

The Foundation has continued to steadily grow, we have secured new funding streams from regional Corporates and from other Trusts and Foundations.

We have built new relationships with GB Partnerships, Uber, and Longleigh Foundation, delivering their social investment in specific parts of the region.

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2. Achievement's and Financial Performance for 2019-20 (continued)

Coventry will hold the title of City of Culture 2021 and working with the City of Culture Trust we launched two programmes to enable individual artists and cultural organisations to get ready for 2021, piloting their ideas and developing their practice in readiness.

Both City of Culture funds were over-subscribed which impacted on the number of organisations we could support. We applied and were successful in receiving a grant from Esmee Fairbairn, making a huge difference to the number of organisations we could support.

Last year we reported on a significant donation from anonymous donors whose vision was to provide significant funds to enable three charities to provide housing for people in vulnerable housing situations.

This year we launched our Building Better Lives Programme, delivering a programme to the exact wishes of the anonymous donors. A major step change for the foundation offering grants of almost £1 million each to three charities who all provide housing needs for vulnerable adults. This programme will support young homeless in Coventry, homeless people ready to transition into work across Birmingham and a Black Country based charity supporting women rescued from modern slavery.

The anonymous donors were so impressed with the professional management of their money and our ability to turn their vision into a reality, they donated a further unrestricted donation of over £1.5 million pounds. This is the largest single donation in the Foundation's history, and we plan to use this incredible donation to develop annual grant making programmes responding to current societal needs and launch our own endowment match challenge to maximise our funds. Due to the pandemic we will put this on hold until 2021-22.

We have also had some successes with the takeover of both dormant trusts held by Local Authorities, and an active trust who have merged their investments with the Harry Payne Fund.

At the end of this financial year we adapted quickly to the global pandemic and launched our Corona Virus Resilience fund, raising over £360,000 to date, which will be used to respond to the needs of the voluntary and community sector post pandemic.

All of our current grant programmes have been halted whilst we focus on supporting organisations through the crisis, ensuring funds are available for the immediate future.

As part of the UKCF network we have worked with the National Emergency Trust (NET) distributing significant funds to community organisations supporting the most vulnerable in our communities. The pandemic has had a huge devastating impact, so it has been heart-warming to see the wonderful community support taking place, from food banks to befriending services NET funds have been a lifeline for those in need.

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2. Achievements and Financial Performance for 2019-20 (continued)

Community foundations are unique, and we have demonstrated as a network our ability to respond effectively to an emerging crisis. We have provided immediate funds when they were most needed, and the credibility and profile of our network have been elevated.

UKCF, our affiliated body has continued to be successful in securing some significant national programmes working with major donors such as the Home Office, Department for Culture Media and Transformation and Growth. These are funds distributed throughout the UK and the Foundation was successful in delivering all of the national programmes secured.

We are now in our final year of delivering our Building Better Opportunities programme, a £5 million co-financed programme by The National Lottery Communities Fund and the European Social Fund. The programme supports the long term unemployed across the Black Country and it has been successful in supporting 2465 people with 23% moving into work or employment and training.

Key Performance Measures

The foundation's strategy 2017-2020 focuses on 4 key themes:

- Understanding our communities better
- Work with donors to find the resources to meet local needs
- Maintain robust governance to achieve effectiveness
- Invest in organisations best placed to tackle local needs

Each key theme is underpinned by clear objectives with timescales detailed in our operational plan 2017-2020. A quarterly review of performance against the operational and strategic plan is undertaken, analysing progression and implementing additional actions as required.

The foundation's board strategy day for 2020 was deferred due to Covid-19 but this will take place in the autumn and a detailed evaluation of our achievements will take place alongside the development of a new 2020-2023 strategy.

Human Resources

This year we recruited an Executive Officer (EO), a pivotal position, in particular for the Chief Executive and Senior Management Team. The EO has a number of responsibilities including full secretariat for Trustee meetings, management of the foundation's property and supporting the Chief Exec with diary management.

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2. Achievements and Financial Performance for 2018-19 (continued)

In terms of fund development, the foundation covers a large region so this year we recruited a Business Development Manager to focus on developing and implementing our funding strategy to secure new partnerships and social investment.

Incoming Resources

The Foundation's total incoming resources for 2019-20 were £6,610,128 and the overall funds of the foundation decreased by £254,789 to £19,368,616.

Endowed Donations

During the financial year a further £1.58 million was received from the anonymous donors in relation to the Building Better Lives programme of which £1 million will be used for our Endowment match Challenge in 2021-22.

During the year we also received £256k from the Bewley Trust funds, this was placed with the Harry Payne endowment fund and Sandwell Council also gave us £234k to set up the Sandwell community endowment fund.

At the end of the fiscal year our endowed funds stood at £12,678,955

Our endowment funds are mainly invested in the stock market, but we also own two commercially let properties, formerly gifted by the late Alfred Youell MBE, the Foundation's Patron until his death in 2012. The large and small barns are currently valued at £1,005,000.

Investments

The Foundation's investment policy, updated and reviewed in every fiscal year, 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 2020 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, however this prior positivity was not enough to offset the impact of the COVID-19 crisis and as such all three portfolios managed by CCLA, Rathbones and Quilters were down over the 12 month period. As per our Investment Policy Statement (IPS) our preferred benchmark is the MSCI PIMFA (formerly WMA) Balanced Index, by way of comparison this index returned -8.16% over the 12 month period, CCLA returned -2.85%, Rathbones returned -12.22% and

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2. Achievements and Financial Performance for 2019-20 (continued)

Quilters returned -8.67%. In line with our IPS we will continue to monitor investment performance over coming quarters.

Grants

The total grant income for 2019-20 was £3,152,684 which was an increase of £788,378 from the previous fiscal year. Our total grant expenditure was £3,976,066 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 2019-20 our restricted core income was £272,900 compared to £521,028 in the previous fiscal year. This income includes £218,950 from our National Lottery Communities Fund European Social Fund, Building Better Opportunities Programme.

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, Building Better Lives and Coventry Building Society. The balance of our unrestricted income is, at present, used to meet core expenditure which is not covered by restricted income. Unrestricted income for 2019-20 was £419,708 compared with £295,333 in the previous fiscal year.

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

It is with immense pride that this year we reached our 25th anniversary, holding a wonderful celebration at our Corporate Patron PSA Groupe headquarters in Coventry. They have provided us with office space for 25 years and to them we are truly grateful for enabling us to minimise our operating costs. Without our donors the Foundation wouldn't exist so we thank Wesleyan Assurance and Coventry Building Society for entrusting us with their Foundations and all of the wonderful donors who choose to work with us.

Expenditure

The Foundation made an operating surplus on unrestricted general funds of £72,844 which compares with a budgeted loss for the year of £3,600 and an operating surplus in the previous year of £55,222.

Designated Funds

Our designated funds as of 31st March 2020 totalled £830,509. These include the current value of £551,348 from the Youell Legacy plus funds of £177,127 for the delivery of grant programmes in 2020-2021, which are not regarded as free reserves by the Trustees.

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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.

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 2020, total reserves were £19,368,616, of which endowed funds were £12,678,955 and restricted funds were £5,107,478. Of the remaining unrestricted funds totalling £1,582,183, £830,509 has been designated by Trustees. The actual free reserves at the end of the fiscal year equate to £751,674. However, £281,743 of these free reserves represent non-liquid fixed assets. The balance of £469,931 is 12 months of budgeted core costs for 2020-21.

4. Trustee's 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 Trustee's 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 2015.
- 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

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4. Trustee's Responsibilities Statement for Charitable Companies (continued)

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.

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 Daffern's 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 14th October 2020 and is signed on its behalf by:



Philip 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 2020 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 2020, 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

[continued ...]

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
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Other information

The trustees are responsible for the 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 14 & 15, 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.

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.

[continued ...]

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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.

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.

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:..........
Geoffrey Cox BA FCA (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.....*14 October 2020*.....

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

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

Note: For Companies Act purposes the loss for the year (excluding the net movement of Endowment Funds) was £616,916 (2019 profit for the year was : £783,399). 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 21, 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 2019 £
	General Funds £	Designated Funds £	Core costs £	Distributable grants £	
Income and Endowments					
2	193,554	64,611	521,028	3,413,538	1,963,155
Donations and legacies					6,155,886
Rental Income	76,787	0	0	0	76,787
Investment Income	0	0	0	0	278,935
Bank Interest	24,992	0	261	0	25,253
Total Income and Endowments	295,333	64,611	521,289	3,413,538	2,242,090
Expenditure					
3	44,324	0	0	0	44,324
Raising Funds					47,736
Investment Management Costs	0	4,519	0	0	43,217
Charitable Activities - Grants	0	0	0	2,040,338	2,040,338
Charitable Activities - Support costs	415,488	34,046	250,781	1,108	701,423
Big Lottery Fund, European Social Fund, Building Better Opportunities Partners Governance	0	0	0	1,049,232	1,049,232
8	9,516	0	0	0	9,516
Total Expenditure	469,328	38,565	250,781	3,090,678	43,217
11	0	27,130	0	0	480,403
Net Gain/(loss) on investment assets					507,533
Net Income/(expenditure)	(173,995)	53,176	270,508	322,860	2,679,276
Transfers between funds	229,217	(47,941)	(160,983)	290,557	(310,850)
Net Movement in Funds	55,222	5,235	109,525	613,417	2,368,426
Funds at 31 March 2018	623,608	883,294	186,944	4,829,332	9,948,402
Funds at 31 March 2019	678,830	888,529	296,469	5,442,749	12,316,828

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

BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2020

Notes	£	31 March 2020	£	31 March 2019	£
Fixed Assets					
Tangible fixed assets	10		9,964		14,209
Investments					
Investment properties	11	1,005,000		1,005,000	
Listed investments	11	11,148,026		11,483,290	
Cash at Investment Managers		340,736		457,103	
			<u>12,493,762</u>		<u>12,945,393</u>
			12,503,726		12,959,602
Current Assets					
Cash at Bank and in hand		6,934,871		5,753,424	
Debtors	12	139,937		1,043,800	
		<u>7,074,808</u>		6,797,224	
Creditors: amounts falling due within one year	13	209,918		133,421	
Net Current Assets			<u>6,864,890</u>		<u>6,663,803</u>
Net Assets			<u>19,368,616</u>		<u>19,623,405</u>
Funds of the Charity					
Capital Funds					
Endowment Funds	14		12,678,955		12,316,828
Income Funds					
Restricted Funds	15		5,107,478		5,739,218
Unrestricted Funds (Designated)	16	830,509		888,529	
Unrestricted Funds (General)		751,674		678,830	
Total unrestricted Funds			<u>1,582,183</u>		<u>1,567,359</u>
Total Funds			<u>19,368,616</u>		<u>19,623,405</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 14th October 2020 and are signed on their behalf by

Phil Ewing - Chairman



Michelle Vincent - Treasurer



HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020		2019
		£		£
Cashflow from operating activities	18	600		(503,746)
Net cash flow from operating activities		<u>600</u>		<u>(503,746)</u>
Cash flow from investing activities				
Payments to acquire tangible fixed assets	10	0		(15,229)
Payments to acquire investments	11	(1,898,851)		(3,726,161)
Receipts from sales of investments	11	1,254,045		2,143,297
Receipt from sale of property		0		49,000
Interest received		41,536		25,253
Dividends received		331,004		278,935
Rents received from investment properties		84,376		76,787
Net cash flow from investing activities		<u>(187,890)</u>		<u>(1,168,118)</u>
Cash flow from financing activities				
Receipt of permanent endowments		1,252,370		1,919,940
Net cash flows from financing activities		<u>1,252,370</u>		<u>1,919,940</u>
Net increase/(decrease) in cash and cash equivalents		1,065,080		248,076
Cash and cash equivalents at 1 April 2019		6,210,527		5,962,451
Cash and cash equivalents at 31 March 2020		<u>7,275,607</u>		<u>6,210,527</u>
Cash and cash equivalents consist of:				
Cash at bank and in hand		6,934,871		5,753,424
Short term deposits		340,736		457,103
Cash and cash equivalents at 31 March 2020		<u>7,275,607</u>		<u>6,210,527</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 2020

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 as it applies from 1 January 2015.

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 2020

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 2020

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 2020

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 2020

2. Donations and Legacies

Donors contributed to the following restricted funds during the period:

	Core Costs £	Distributable Grants £	Total 2020 £	Total 2019 £
# I Will	0	20,000	20,000	0
29th May 1961 Charitable Trust	0	21,500	21,500	17,000
Birmingham Funds	0	0	0	1,050
Birmingham Mail Charity Fund	0	29,244	29,244	1,138
BSBT	0	326,891	326,891	89,326
Building better lives	0	581,095	581,095	666,667
Big Lottery Fund, European Social Fund, Building Better Opportunities	218,950	1,085,665	1,304,615	1,517,882
Comic Relief	0	0	0	671
Community Energy Warwickshire	0	18,064	18,064	9,000
Corona virus resilliance fund	0	117,564	117,564	0
Coventry Building Society	0	75,000	75,000	73,729
Deutsche Bank	0	13,500	13,500	8,500
Drayton Manor Park Foundation	0	3,943	3,943	2,918
Esme Fairbairn Foundation	0	56,250	56,250	0
GB Partnership	0	34,160	34,160	0
Get ready	0	56,250	56,250	10,754
Harrison Beale & Owen	0	5,936	5,936	4,181
Harry Payne Fund	0	7,756	7,756	0
Heart of England CF - Various Donors	0	790	790	3,704
Helping Hearts	0	40,000	40,000	39,880
High Sheriff of Warwickshire	0	0	0	769
John Saville Fund	0	0	0	10,500
Leamington Fund	0	1,529	1,529	0
Longleigh Foundation	0	45,000	45,000	0
Mike Holland fund	0	0	0	12,500
National Emergency Trust	0	47,000	47,000	0
Orbit Group	0	0	0	9,800
Orbit Hardship fund	0	90,910	90,910	10,555
PSA Peugeot Citroen	53,950	0	53,950	52,378
Pedimore	0	47,250	47,250	7,500
Positive futures	0	90,000	90,000	0
Road to 21	0	56,250	56,250	105,496
Royal London	0	10,000	10,000	15,000
Sandwell Community fund	0	0	0	10,000
Tampon Tax	0	167,530	167,530	162,076
Tipton Education Fund	0	10,800	10,800	45,225
Transformation and growth	0	170,457	170,457	29,500
Uber	0	20,000	20,000	0
Wesleyan	0	943,000	943,000	943,000
Womens and girls fund	0	45,016	45,016	50,000
Youth Social Action	0	0	0	23,867
	<u>272,900</u>	<u>4,238,350</u>	<u>4,511,250</u>	<u>3,934,566</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 2020

2. Donations and Legacies (continued)

Donations in kind

During the financial year PSA Peugeot Citroen again provided office accommodation and facilities free of charge to the Foundation. The estimated value of these benefits is £53,950, (2019: £52,378) 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 2020
	£	£	£
Consultancy	0	0	0
Staff Costs	50,606	0	50,606
Other costs	0	0	0
	50,606	0	50,606
	Unrestricted	Restricted	Total 2019
	£	£	£
Consultancy	0	0	0
Staff Costs	44,324	0	44,324
Other costs	0	0	0
	44,324	0	44,324

4. Grants

	Total 2020	Total 2019
	£	£
Grants awarded	3,976,066	2,040,338

For full details of grants awarded during the year please visit our website to download our 'Grants Making & social Investment Report 2019/20' at www.heartofenglandcf.co.uk

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

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2020

5. Support Costs

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

	Grants	Administration	Fundraising	Total 2020	Total 2019	
	£	£	£	£	£	
Staff costs (see note 6)	*	169,517	318,021	0	487,538	474,274
Recruitment	*	0	17,316	4,200	21,516	8,830
Advertising and website development		10,796	19,905	3,036	33,737	22,791
Training and conferences		595	1,096	167	1,858	6,326
Subscriptions	*	0	11,555	0	11,555	12,852
Travel expenses		3,661	6,749	1,029	11,439	13,058
Staff welfare		524	966	147	1,637	84
Meetings		404	744	114	1,262	1,510
Printing and stationery		1,347	2,484	379	4,210	9,544
Postage and telephone		2,718	5,011	764	8,493	6,939
Office equipment		7,004	12,913	1,970	21,887	19,164
Repairs and renewals		124	229	35	388	0
Legal costs		2,229	4,109	627	6,965	1,700
Professional Fees	*	0	13,563	0	13,563	19,555
Rent and Rates	*	0	19,353	0	19,353	12,893
Fixed asset depreciation		1,358	2,505	382	4,245	2,797
Office accommodation and Facilities (see note 2)		17,264	31,831	4,856	53,951	52,378
Sundry expense	*	275	1,883	0	2,158	1,187
Insurance		478	881	134	1,493	1,481
Craven Lane Hall expenses	*	0	0	0	0	34,181
Barn expenses	*	0	0	0	0	(121)
		<u>218,294</u>	<u>471,114</u>	<u>17,840</u>	<u>707,248</u>	<u>701,423</u>

The Support costs are incurred from the following funds

	£
Unrestricted General Funds	465,813
Restricted Core Funds	240,935
Restricted Grant Funds	500
	<u>707,248</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 2020

6. Staff Numbers and Costs

The average number of persons employed by the Foundation during the period was 18 (2019: 17), the full -time equivalent number of employees was 17 (2019: 16) and the aggregate payroll costs were as follows:

	Total 2020 £	Total 2019 £
Salaries	478,267	447,521
Casual staff costs	4,892	17,466
Social security costs	43,129	39,343
Other pension costs	11,856	14,268
	<u>538,144</u>	<u>518,598</u>
Support costs (see note 5)	487,538	474,274
Fundraising costs (see note 3)	50,606	44,324
	<u>538,144</u>	<u>518,598</u>

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

	2020 No.	2019 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 £79,074 (2019:£74,312).

The Trustees did not receive any remuneration during the year (2019: £nil). One trustee claimed expenses during the year of £2,787, (2019: £26).

7.1 Third party related transactions

The charity paid £11,115 (2019: £21,033) to Adecs Limited, a company related to Amrik Bhabra, a Trustee, for IT services.

The charity paid £5,711 (2019: £2,591) to Wright Hassall, a company related to Lucie Byron, for Legal services.

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2020

8. Governance Costs

	Unrestricted	Restricted	Endowment	Total 2020	Total 2019
	£	£	£	£	£
Statutory audit fees	9,624	0	0	9,624	9,516
	<u>9,624</u>	<u>0</u>	<u>0</u>	<u>9,624</u>	<u>9,516</u>

The auditors remuneration amount to an audit fee of £9,600 (2019: £9,000) and other services of £24 (2019: £516).

9. Transfer between funds

	General	Designated	Core costs	Distributable grants	Endowment funds
	£	£	£	£	£
Endowment Income	113,745	0	0	248,968	(362,713)
Trustee allocation of discretionary grants	4,566	(4,566)	0	0	0
Transfer of small balances on grant pots to unrestricted	1,880	0	0	(1,880)	0
Transfer of Jumping through hoops	28,429	0	(28,429)	0	0
Transfer of BBO costs from general funds	30,559	0	(30,559)	0	0
Transfer of BBO income	0	28,821	(28,821)	0	0
	<u>179,179</u>	<u>24,255</u>	<u>(87,809)</u>	<u>247,088</u>	<u>(362,713)</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 2020

10. Tangible Fixed Assets

	Computer Equipment £	Total 2020 £	Total 2019 £
Cost			
1 April 2019	25,893	25,893	89,414
Additions	0	0	15,229
Disposals	0	0	(78,750)
31 March 2020	<u>25,893</u>	<u>25,893</u>	<u>25,893</u>
Depreciation			
1 April 2019	11,684	11,684	8,887
charge for year	4,245	4,245	2,797
31 March 2020	<u>15,929</u>	<u>15,929</u>	<u>11,684</u>
Net Book value 31 March 2020	<u>9,964</u>	<u>9,964</u>	<u>14,209</u>

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11. Fixed Asset Investments

11.1 Listed Investments

	Managed by Quilter £	Managed by CCLA £	Managed by Rathbones £	Total 2020 £	Total 2019 £
Market value at 1 April 2019	3,478,737	3,813,381	4,191,172	11,483,290	9,392,893
Additions at cost	1,248,523	517,571	132,757	1,898,851	3,726,161
Disposal proceeds	(1,082,767)	0	(171,278)	(1,254,045)	(2,143,297)
Gains/(losses)	(303,613)	(160,079)	(516,378)	(980,070)	507,533
Market value at 31 March 2020	<u>3,340,880</u>	<u>4,170,873</u>	<u>3,636,273</u>	<u>11,148,026</u>	<u>11,483,290</u>
Historical cost	<u>3,523,007</u>	<u>3,564,241</u>	<u>3,748,599</u>	<u>10,835,847</u>	<u>10,416,053</u>
Investments over 5% of portfolio value					
COIF Charities investment fund	<u>0</u>	<u>2,565,195</u>	<u>0</u>	<u>2,565,195</u>	<u>2,759,426</u>
Listed Investments at fair value comprise					
Equities	1,983,626	3,437,743	2,419,058	7,840,427	8,547,918
Securities	<u>1,357,254</u>	<u>733,130</u>	<u>1,217,215</u>	<u>3,307,599</u>	<u>2,935,372</u>
	<u>3,340,880</u>	<u>4,170,873</u>	<u>3,636,273</u>	<u>11,148,026</u>	<u>11,483,290</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 2020 £	Total 2019 £
Valuations				
1 April 2019	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 2020	<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 2020 £	Total 2019 £
Grants and donations receivable	86,944	993,000
Bank interest receivable	3,200	2,181
Investment income receivable	20,337	22,702
Barn rent receivable	26,310	22,872
Other debtors	0	300
	<u>136,791</u>	<u>1,041,055</u>
Prepayments	3,146	2,745
	<u>139,937</u>	<u>1,043,800</u>

13. Creditors

	Total 2020 £	Total 2019 £
Trade Creditors	10,619	4,423
Unpaid Grants	85,672	59,438
Deferred Income	20,407	17,687
Employee tax and social security	11,689	10,046
VAT	9,023	12,440
Staff Pension scheme contribution	2,367	1,781
	<u>139,777</u>	<u>105,815</u>
Accruals	70,141	27,606
	<u>209,918</u>	<u>133,421</u>

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

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14. Endowment Funds

	31 March 2019	Net incoming Resources	Investment Gains/(losses)	Transfers	31 March 2020
	£	£	£	£	£
Ambassadors	90,188	(490)	(6,303)	(9,892)	73,503
Annie Bettman Fund	162,676	(812)	7,318	98,537	267,719
AXA	210,918	(1,326)	(19,016)	117	190,693
Birmingham fund	353,582	(2,533)	(32,073)	(37,033)	281,943
Birmingham Mail Charity Fund	49,221	(363)	(4,823)	(99)	43,936
Clarendon Court sports	7,045	(22)	278	(7,301)	0
Coventry Lord Mayor	22,638	(142)	(2,042)	13	20,467
Coventry Nursing trust	358,889	(2,090)	(30,807)	184	326,176
DBOI Grassroots Fund	136,990	(1,008)	(13,374)	(274)	122,334
Deeley 3 Peaks	12,031	(38)	475	(12,468)	0
Forest of Arden Golf Club Captain's Fund	19,523	(62)	771	(20,232)	0
Friends	18,922	(12)	1,412	(20,322)	0
Friends Provident	12,391	(79)	(1,118)	7	11,201
Building Better Lives	2,368,970	(17,441)	(268,409)	0	2,083,120
George & Vera Bryan Grassroots fund	192,515	(1,416)	(18,793)	(385)	171,921
Harry Payne Fund	2,759,426	255,650	(106,562)	0	2,908,514
Heart of England Fund	416,081	(2,736)	(42,518)	40,254	411,081
High Sheriff of Warwickshire	153,830	21,840	(9,421)	17	166,266
James Kenning	48,434	0	(1,533)	0	46,901
Jumping Through Hoops	641,849	(4,734)	(82,342)	5,940	560,713
Kingscliffe Fund	172,774	(1,086)	(15,578)	96	156,206
Midlands Heart	111,900	(704)	(10,088)	62	101,170
Mills & Roove Grassroots Fund	64,051	(472)	(6,264)	(129)	57,186
Mike Holland fund	93,607	0	(2,963)	0	90,644
National Grid	74,153	(466)	(6,685)	40	67,042
Orbit Heart of England Fund	162,958	(1,025)	(14,691)	90	147,332
Property for Kids Grassroots Fund	25,193	(187)	(2,486)	(51)	22,469
PSA Peugeot Citroen	366,525	(2,304)	(33,045)	202	331,378
Rolls Royce	68,845	(432)	(6,207)	38	62,244
Sandwell Community Fund	90,192	59,150	(19,652)	175,346	305,036
Solihull Community Foundation	237,375	0	(7,516)	0	229,859
Torrington House	211,362	(819)	(18,909)	(1,957)	189,677
Trustees' New Deal	41,492	0	(5,321)	35,952	72,123
Warwick Lying -in -trust	41,442	(300)	(3,977)	(81)	37,084
Willenhall Community Trust	61,062	0	(1,933)	0	59,129
Youell Family Fund 1	1,443,920	(7,161)	(112,038)	(2,374)	1,322,347
Youell Family Fund 2	733,220	0	0	0	733,220
Endowment Control Accounts	280,638	1,003,689	0	(276,006)	1,008,321
Investment income/Investment Managemtn costs	0	331,004	0	(331,004)	0
	<u>12,316,828</u>	<u>1,621,073</u>	<u>(896,233)</u>	<u>(362,713)</u>	<u>12,678,955</u>

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14. Endowment Funds continued

The investment income is allocated, on an annual basis, to unrestricted core funds £113,745 (2019: £90,293) and Grants for distribution £248,968 (2019: £220,557). Endowment funds include unrealised valuation gains of £312,179 (2019:£1,067,237).

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

	31 March 2019	Net incoming Resources	Investment Gains/(losses)	Transfers	31 March 2020
	£	£	£	£	£
Ambassadors	15,481	0	1,287	(16,768)	0
Coventry Nursing trust	26,486	0	(839)	0	25,647
Friends	15,227	0	1,266	(16,493)	0
Harry Payne Fund	2,759,426	255,650	(106,562)	0	2,908,514
High Sheriff of Warwickshire	123,569	22,031	(6,693)	0	138,907
James Kenning	48,434	0	(1,533)	0	46,901
Solihull Community Foundation	237,375	0	(7,516)	0	229,859
Trustees' New Deal	38,288	0	(5,321)	35,952	68,919
Willenhall Community Trust	61,062	0	(1,933)	0	59,129
Youell Family Fund 1	303,732	0	(9,619)	0	294,113
	<u>3,629,080</u>	<u>277,681</u>	<u>(137,463)</u>	<u>2,691</u>	<u>3,771,989</u>

15. Restricted Funds

	31 March 2019	Income	Expenditure	Transfers	31 March 2020
	£	£	£	£	£
Core					
Big Lottery Fund, European Social Fund, Building Better Opportunities	245,607	219,848	(186,985)	(57,250)	221,220
Jumping through Hoops	50,862	0	0	(30,559)	20,303
PSA Peugeot Citroen (in Kind)	0	53,950	(53,950)	0	0
	<u>296,469</u>	<u>273,798</u>	<u>(240,935)</u>	<u>(87,809)</u>	<u>241,523</u>

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15. Restricted Funds Continued

	31 March 2019	Income	Expenditure	Transfers	31 March 2020
	£	£	£	£	£
Distributable grants					
29th May 1961 Charitable Trust	1,979	21,500	16,050	0	7,429
Annie Bettman Fund	2,518	0	0	5,659	8,177
AXA	583	0	0	598	1,181
AXA Enterprise	3,405	0	1,500	2,788	4,693
Band Hatton Button	7,311	0	0	(5,000)	2,311
Big Lottery Fund, European Social Fund, Better Opportunities	0	1,085,666	1,085,666	0	0
Birmingham Funds	31,019	0	45,716	40,493	25,796
Birmingham Mail Charity Fund	12,025	29,244	9,852	(9,727)	21,690
Birmingham Sports	31,753	0	8,925	0	22,828
Building stronger Britain together (BSBT)	0	326,891	326,893	0	(2)
Building better lives	15,035	0	3,000	29,886	41,921
Chamber of Commerce	670	0	0	(670)	0
Community Energy Warwickshire	6,932	18,064	8,195	0	16,801
Communities uncovered	24,173	0	0	0	24,173
Comic relief	3,903	0	0	(3,903)	0
Corona Virus Resilience Fund	0	117,564	14,285	66,109	169,388
Coventry Building Society	69,773	75,000	67,500	0	77,273
Coventry Community Games	62	0	0	(62)	0
Coventry Lord Mayor	338	0	0	(338)	0
Coventry Nursing Trust	4,020	0	0	3,932	7,952
Deutsche Bank	1,086	13,500	0	74	14,660
Drayton Manor Park	12,282	3,943	0	104	16,329
Esme foundation	0	56,250	25,547	0	30,703
GB Partnership	0	34,160	17,115	(1,000)	16,045
Get Ready Fund	459	56,250	23,000	(26,413)	7,296
Building better lives	3,409,403	0	975,000	0	2,434,403
Harrison Beale & Owen	16,486	5,936	11,772	0	10,650
Harry Payne Fund	2,740	7,756	77,875	83,101	15,722
Heart of England co-operative Society	9,239	40,000	23,911	(160)	25,168
Heart of England Fund	43,924	790	40,630	6,965	11,049
High Sheriff's Fund	8,428	0	0	3,519	11,947
John Saville Fund	250	0	250	0	0
Jumping Through Hoops	533,519	0	63,195	0	470,324
Kingscliffe Fund	3,393	0	0	1,790	5,183
Sub total carried Forward	<u>4,256,708</u>	<u>1,892,514</u>	<u>2,845,877</u>	<u>197,745</u>	<u>3,501,090</u>

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15. Restricted Funds Continued

	31 March 2019	Income	Expenditure	Transfers	31 March 2020
Distributable grants	£	£	£	£	£
Sub Total Brought Forward	4,256,708	1,892,514	2,845,877	197,745	3,501,090
Leamington	0	1,529	95	0	1,434
Longleigh	0	45,000	0	0	45,000
Midland Heart	1,119	0	982	(137)	0
Mike Holland Trust	1,486	0	0	2,196	3,682
National Emergency Fund	0	47,000	0	0	47,000
National Grid	1,138	0	1,138	0	0
Orbit Heart of England Fund	76,854	90,910	86,167	(497)	81,100
Positive Futures	20	90,000	75,458	0	14,562
Pedimore fund	7,500	47,250	24,335	(6,750)	23,665
PSA Peugeot Citroen	10,556	0	0	5,629	16,185
Rachel Stewart	970	0	0	(970)	0
Road to 21	(14,950)	56,250	76,772	26,413	(9,059)
Rolls Royce	1,027	0	1,185	158	0
Royal London	0	10,000	10,000	0	0
Sandwell Community Fund	10,000	0	5,000	6,109	11,109
Solihull Community Foundation	3,633	0	3,633	2,007	2,007
Tampon tax	0	167,530	167,530	0	0
Tipton Education Fund	58,470	10,800	29,960	0	39,310
Torrington House	11,910	0	850	3,221	14,281
Transformation and Growth	0	170,457	170,457	0	0
Uber	0	20,000	19,070	0	930
Wesleyan fund	968,998	943,000	1,483,853	(10,000)	418,145
Women and Girls	16	45,016	40,520	0	4,512
Warwickshire Recycling	3,925	0	0	0	3,925
Youell family fund	43,369	0	19,350	21,964	45,983
Young at Heart	0	581,094	0	0	581,094
#I Will	0	20,000	0	0	20,000
	<u>5,442,749</u>	<u>4,238,350</u>	<u>5,062,232</u>	<u>247,088</u>	<u>4,865,955</u>

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16. Designated Funds

	31 March 2019	Income	Expenses	Gains/ (losses)	Transfers	31 March 2020
	£	£	£	£	£	£
Property Fund	59,685	0	0	0	(59,685)	0
Property Development Fund	6,449	0	0	0	(6,449)	0
Building Better Lives	110,833	0	0	0	0	110,833
BBO Provision	7,078	0	0	0	94,956	102,034
Cadbury Fund	0	6,250	0	0	0	6,250
Coventry Building Society	6,771	0	0	0	4,229	11,000
Nationwide	15,000	0	0	0	(15,000)	0
Orbit	0	0	0	0	4,544	4,544
Tipton Education Fund	1,340	0	0	0	(1,340)	0
Wesleyan	41,500	0	0	0	0	41,500
UKCF	0	0	0	0	3,000	3,000
Youell Family Fund	639,873	0	4,688	(83,837)	0	551,348
	<u>888,529</u>	<u>6,250</u>	<u>4,688</u>	<u>(83,837)</u>	<u>24,255</u>	<u>830,509</u>

The Property development fund represented amounts set aside towards the costs of refurbishing the community venue but this site was sold at the end of the previous year. 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, Orbit, Wesleyan, Nationwide and UKCF 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 2020
	£	£	£	£	£
Tangible Fixed Assets	9,964	0	0	0	9,964
Investments	271,780	551,348	0	11,670,634	12,493,762
Bank and Cash Balances	503,444	284,374	5,159,069	987,984	6,934,871
Debtors	30,400	0	89,200	20,337	139,937
Creditors	(63,914)	(5,213)	(140,791)	0	(209,918)
	<u>751,674</u>	<u>830,509</u>	<u>5,107,478</u>	<u>12,678,955</u>	<u>19,368,616</u>

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

	2020	2019
	£	£
Net income for year	(254,789)	3,151,825
Dividend received	(331,004)	(278,935)
Rents received from investment properties	(84,376)	(76,787)
Interest receivable	(41,536)	(25,253)
Loss on disposal of property	0	29,749
Depreciation and impairment of tangible fixed assets	4,245	2,797
(Gains)/Losses on investments	980,070	(507,533)
Receipt of endowment	(1,252,370)	(1,919,940)
(Increase)/decrease in debtors	903,863	(911,145)
Increase /(decrease) in creditors	76,497	31,476
 Net cash flow from operating activities	 <u>600</u>	 <u>(503,746)</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 £11,856 (2019: £14,268). This expenditure is apportioned as £2,873 in restricted funds and £8,983 in unrestricted funds.

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23. Financial instruments

The carrying value of the charity's Financial instruments

	2020	2019
	£	£
Financial Assets		
Measured at fair value through net income/expenditure:		
Fixed asset investments (note 11)	11,148,026	11,483,290
Measured at amortised cost:		
Barn rent receivable (note 12)	26,310	22,872

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

	2020	2019
	£	£
Net gains and losses		
Financial assets measured at fair value through net income/expenditure	(980,070)	507,533

24. Operating Leases – Lessor

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

	2020	2019
	£	£
Within one year	87,700	80,061
1-5 years	106,862	138,744
More than 5 years	0	0
Total	<u>194,562</u>	<u>218,805</u>

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