

CO-OPERATIVE COMMUNITY INVESTMENT FOUNDATION

England & Wales · Charity number 1093028

Details

Other names	CO-OP FOUNDATION, COMMUNITY DIVIDEND, THE CO-OPERATIVE FOUNDATION
Status	Registered
Legal form	Charitable company
Company number	04117665
Registered	2002-07-18
Register	View on the Charity Commission register

Contact

Address	9th Floor 1 Angel Square Manchester M60 0AG
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Website	www.coopfoundation.org.uk

Activities

Objects: TO SUPPORT, THROUGH DONATIONS FROM CO-OPERATIVE ORGANISATIONS, MEMBERS, CUSTOMERS, PROJECTS THAT CONTRIBUTE TO THE RELIEF OF POVERTY, THE ADVANCEMENT OF EDUCATION OF OTHER SUCH CHARITABLE PURPOSES WHICH WILL BENEFIT BENEFIT THE COMMUNITIES IN WHICH BUSINESSES OF CO-OPERATIVE GROUP (CWS) LIMITED OPERATE THROUGHOUT THE AREA OF BENEFIT ESPECIALLY WHERE THE PROJECTS ARE SELF-HELP AND TO SUPPORT PROJECTS OR INITIATIVES THAT PROMOTE CHARITABLE PURPOSES WITHIN COMMUNITIES AND SELF-HELP ORGANISATIONS WHETHER WITHIN THE UK AND THE ISLE OF MAN. IN FURTHERANCE OF THE ABOVE OBJECTS BUT NOT OTHERWISE BY: (1) THE MAKING OF GRANTS TO ORGANISATIONS OF A VOLUNTARY, SELF-HELP OR NOT FOR PROFIT NATURE WORKING IN THE COMMUNITY AND INVOLVED IN PROJECTS PROVIDING LONG TERM BENEFITS TO THEIR COMMUNITIES BY WAY OF PHYSICAL BENEFITS AVAILABLE TO THE PUBLIC OR TRAINING OR EDUCATION. (2) THE PROVISION OF ASSISTANCE TO SUCH ORGANISATIONS BY WAY OF ADVICE, TECHNICAL ASSISTANCE, SEMINARS, TRAINING COURSES AND OTHER SIMILAR EVENTS AIMED AT PROMOTING THE PRINCIPLES OF DEVELOPMENT THROUGH COMMUNITY SELF-RELIANCE AND CO-OPERATION. (3) THE PROVISION OF A CENTRAL FOCUS AND INFORMATION POINT FOR DEMONSTRATING THE BENEFIT OF COMMUNITY SELF RELIANCE AND CO-OPERATION. (4) UNDERTAKING, COMMISSIONING AND FUNDING RESEARCH, ENQUIRIES OR REPORTS IN COLLABORATION WITH THE CO-OPERATIVE MOVEMENT OR OTHERWISE.

Activities: To support, through donations from co-operative organisations, members, customers and employees, projects that contribute to relief of poverty, advancement of education or other such charitable purposes and which will benefit communities in which the businesses of Co-operative Group Ltd operate.

Classification

- **How:** Makes Grants To Organisations, Sponsors Or Undertakes Research, Acts As An Umbrella Or Resource Body
- **What:** General Charitable Purposes, Education/training, The Prevention Or Relief Of Poverty, Economic/community Development/employment
- **Who:** Other Charities Or Voluntary Bodies, Other Defined Groups, The General Public/mankind

Geography

- **Area of benefit:** UK AND THE ISLE OF MAN
- Northern Ireland
- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£2,774,617	£3,662,953	£23,404,430	17
2023-12-31	£5,681,201	£8,824,481	£22,424,518	17
2022-12-31	£3,779,343	£5,310,821	£23,030,585	15
2021-12-31	£4,536,087	£3,121,245	£28,915,497	9
2020-12-31	£3,394,160	£3,933,844	£24,486,331	8

Trustees

Name	Role	Appointed
David Luckin		2026-02-26
Ewansiha George Edenene Imafidon		2021-10-01
Hope Wellington		2021-10-01
Jaiden Martin Vincent Corfield		2025-05-13
Jane Waters		2023-02-01
Mahalia Flasz		2022-10-21
Ruth Marvel		2025-02-21
Sharon Ann Jones		2018-10-18
Zoe Selby		2024-02-26

Accounts



Trustees' report and financial statements

For the year ended 31 December 2024

Co-operative Community Investment Foundation (a company
limited by guarantee)

Company registered number 4117665 / Charity registered number
1093028 (England & Wales), SC048102 (Scotland)



Foundation

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Foreword by Ruth Marvel OBE, Chair of Trustees

Having joined Co-op Foundation as the Chair of the Board of Trustees in January 2025, it gives me great pride to look back on everything that we achieved in 2024. I am particularly grateful to the Foundation's outgoing Chair, Jamie Ward-Smith, for their leadership over the last eight years, during which time the Foundation has gone from strength to strength. And to my fellow Trustees, the Foundation team, the Co-op and of course the young people who have been central to our grant-making, as advisors, decision-makers, mentors and advocate. Thank you, we could not achieve any of this without you.

In 2024 we have further grown our commitment to putting young people at the centre of how we work and make decisions and have stood by our funded partners through challenging times like the riots that took place over the summer.

We continued to deliver our ambitious Building Communities of the Future Together strategy, supporting our funded partners to build inclusive, sustainable communities that prioritise youth leadership and create fair opportunities for all.

Some of my highlights include funding our first ever Young Gamechangers – a group of 33 incredible youth-led organisations and young people aged 10-25 – that are transforming their communities. Grants of up to £20k were awarded and projects range from a community mushroom farm to tackling gender-based violence.

We also launched the final round of our Carbon Innovation Fund, our largest partnership with Co-op to tackle greenhouse gas emissions in the food and farming industry. The final round of funding is supporting organisations that are working to find ways of growing the food we need without damaging important UK peatlands.

How we learn and share knowledge from our grantmaking activity is as important to us as the delivery of our programmes. In 2024 we adopted the Diversity, Equity and Inclusion data standard – a shared framework for funders to capture data on funding for groups who experience structural inequity.

I'm also incredibly proud that we were able to offer additional financial support to our funded partners that were directly impacted by the riots that took place last summer. We know that this was a deeply distressing and challenging time for many of our partners and it was important to everyone here at the Foundation that we do all within our power to stand by them and help them through this time.

Our Future Communities Collective also grew in 2024 as we recruited new young members aged 17-25 from across the UK. We've been working closely with the collective to develop new funding programmes and our campaigns – their experience, and unique perspectives have been hugely valuable in shaping our work.

Looking ahead to 2025, I'm excited to see us launch the second round of our Future Communities Fund focusing on supporting young people with experience of the justice system, and for us to start our important campaigning work that will focus on influencing change at a systemic level to support the work of our partners in their communities.



Ruth Marvel OBE
Chair of the Board of Trustees

Trustees' report

The Trustees, who act as Directors for the purposes of company law, present their annual report and the audited financial statements for the year ended 31 December 2024.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Reference and administrative details

Co-operative Community Investment Foundation is a company limited by guarantee, registered with Companies House (number 4117665). Its registered office is 1 Angel Square, Manchester M60 0AG. It is registered as a charity in England and Wales (number 1093028) and Scotland (number SC048102).

Its day-to-day working name is the Co-op Foundation. In this report, it is referred to simply as 'the Foundation'.

The following people served as Trustees of the Foundation during the year and up to the date of this report:

Jamie Ward-Smith (Chair) (resignation date 28/11/24)

Sharon Jones (Vice Chair)

Sheila Jane Malley (resignation date 28/11/24)

Hope Levy-Shepherd

George Imafidon

Mahalia Flasz

Peter Batt (resignation date 20/12/2024)

Jane Waters (Treasurer)

Zoe Selby

Key personnel

Chief Executive – Nick Crofts

Bankers

Barclays Bank PLC, 1 Churchill Place, London, E14 5HP

Legal advisers

Brabners LLP, Horton House, Exchange Flags, Liverpool L2 3YL

Auditor

Sayer Vincent LLP, 110 Golden Ln, London EC1Y 0TG

1. Objectives

The Co-op Foundation's formal objects are described in its governing document. These are to support, through donations from co-operative organisations, members, customers and employees, projects that contribute to relief of poverty, advancement of education or other such charitable purposes and which will benefit communities in which the businesses of Co-operative Group Limited operate.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set

Our strategy – Building Communities of the future together

2024 saw the second full year of work to deliver our five-year Foundation strategy, Building Communities of the future together.

The strategy has three building blocks –

We worked with a highly diverse group of 100 young people, to create a clear, detailed and compelling vision of communities in ten years' time that are fair and built on co-operative values. This is their Future Communities Vision.

We pioneer a distinctly co-operative way of funding. We provide flexible and unrestricted funds to people and organisations working to build the fairer, more co-operative communities of the imagined by the young visionaries. We'll fund diverse young people and organisations, and learn from and celebrate the progress being made in building fairer, more co-operative communities.

We co-operate with others from across the co-operative movement, social change, and philanthropic sectors to bring our vision of future communities to life through our funding and campaigning. We'll advocate for our co-operative way of funding and encourage other funders to join in.

Underneath these three building blocks, there were six strategic priorities that our young visionaries told us were central to their Future Communities Vision.

We will help to create –

- Safe communities
- Diverse, equitable and inclusive communities
- Sustainable communities
- Communities that prioritise youth activism, shared power and transparent governance
- Prosperous communities with access to opportunity
- Healthy communities

During the year, we undertook a review of the Future Communities Vision, illuminated by our 18 months of work to bring it to fruition with our funding, campaigning, strategic relationships and influencing.

We determined that the Vision was too broad for a five-year timeframe and the resources that we could commit to it. As a result, we have elected to focus on the first four strategic priorities.

Activities and achievements

Flexible funding

2024 was the fourth year of our membership of the 'Open & Trusting' grant making community, a group of pioneering funders committed to flexible grantmaking. Co-ordinated by the Institute for Voluntary Action Research (IVAR), our commitments demonstrate our determination to be the best funder we can be. This is helping us to shape lives in our co-operative image, and influence other funders, too.

As a result, we made the following eight commitments:

Commitment	How we will deliver this	How we've brought this to life
1. We will not waste their time	We will explain our funding priorities clearly; we will be open and transparent about all our requirements and exclusions. We ensure our strategic priorities are shared prior to application. We only launch funding that links closely to our strategic priorities. We provide guidance for open funding programmes in clear, jargon-free, English. When launching a fund, we run webinars and provide FAQs. We are available for questions and clarifications for all funding enquiries throughout the application process. Whenever possible, we have an eligibility checker for organisations to check their eligibility prior to making a full application. We use a two-stage application process so that ineligible applicants don't waste time applying. When applicants move to the second stage, we liaise with them directly about any queries so that these can be addressed. When working with strategic partners on solicited applications, we keep open communication with our trustees to ensure that proposals are only progressed when they are likely to succeed.	We have run launch webinars for funds, including our Carbon Innovation Fund round 3, to share detailed information about eligibility and timelines. We used an eligibility checker for our Future Communities Fund round 1 in 2023 and are once again using this tool for the next round of this funding, which has been developed with young people in 2024 for launch in 2025. Although volumes were modest, we have a 100% success rate in 2024 for decisions about strategic funding made by our Board of Trustees.

2. We will only ask relevant questions	We will only collect information that we must have to make funding decisions; we will test our application forms rigorously to make sure our questions are clear and do not overlap. We act on feedback and insight from current and former partners to ensure that our application processes are regularly reviewed, straightforward and proportionate. Where possible, we work in a participatory way to co-develop the application questions. We do this by working with a group of young decision makers and other subject matter experts. We are flexible in our approach to applications, enabling organisations to submit information in a way that is accessible to them and allows them to submit information in their own format. We prioritise DEI principles in all interactions with partners, ensuring that any initiatives we undertake are inclusive, accessible and clearly communicated.	We continue to learn about participatory approaches to funding and have redoubled our efforts to work with and shift power to young people in particular. We recruited additional young people to our Future Communities Collective of young people, (who made funding decisions on our Future Communities Fund, round 1 in 2024). In addition, our Young Gamechangers Fund youth steering group both co-designed funding approaches and made recommendations on 33 youth led grants. We take a co-production approach to learning with partners, to ensure this is meaningful for all participants. We are rolling out the DEI data standard, a shared framework to categorise organisations either led by, or targeting and supporting groups experiencing structural inequity – this will support our work to fund equitably.
3. We will accept our share of risk	We will be realistic about how much assurance applicants can reasonably give us; we will clearly explain how we assess risk when we make our funding decisions. We work with our trustees to agree an approach to risk that ensures we fund a range of organisations. This includes funding innovative and high-risk projects through our Carbon Innovation Fund and funding smaller organisations with an income less than £250,000 through our Future Communities Fund.	We have an integrated and close working relationship with our Audit, Risk and Finance committee to ensure that risk is a constant dialogue between the team and Board of Trustees. When working with a collective of young people, our team retains responsibility for undertaking due diligence and explaining the risks associated with funding organisations and ensuring any risks align with Co-op Foundation's risk appetite.

	We have constant dialogue between the foundation team and trustees to ensure that our activities align with our risk appetite. – As a relational funder that builds strong relationships with partners, we manage and mitigate risk by creating a culture of openness, transparency and support. – We accept that even when things don't go to plan, this represents a learning opportunity rather than 'failure'. We are committed to learning and have learning contracts in place to support this. We share learnings both internally and externally.– We ensure that any due diligence is proportionate and we only ask for information that is required. We work with partners to support them if any challenges or risks are identified. – In our investments, we continue to support our partners with interest-free loans to community organisations, accepting a meaningful share of risk alongside our partners.	We continue to support partners through our loans portfolio and hope to pilot a new loans offer in 2025. We are committed to learning from all of our partners, and have learning contracts in place to do this for our funds.
4. We will act with urgency	We will seek to work at a pace that meets the needs of applicants. When announcing a fund, we publish our timelines and stick to them wherever possible (recognising that sometimes things happen that affect our timelines, particularly when delivering participatory approaches to decision making). We are transparent about any changes to timelines and communicate these clearly. We have strong relationships and regular contact with our partners and are responsive to the changing external context in which they	We were transparent with applicants to our Carbon Innovation Fund round 3 about expected timelines for funding decisions. We seek feedback from our applicants about their experience of working with us, including launch webinars, application materials and our approach to supporting grant holders. We continue to take a flexible approach to working with all partners - for loan partners this means the option to pause repayments where possible.

	operate. We are flexible and, where applicable, adjust grant payments or loan repayment dates to reflect the changing needs of our partners.	
5. We will be transparent about our decisions	We will give feedback; we will analyse and publish success rates and reasons for rejection; we will share our data. We involve people from the communities we work with in decisions about how to use our funds. We aim to complete our journey towards becoming a participatory grantmaker by the end of our current strategic cycle and are making strong progress towards this. We started this work through the 100 young people who co-created our Future Communities vision that guides our strategy. We have increased the number of young people involved in decision-making as well as expanding the range of work they're involved in. Where possible, we are open about the chances of success when we launch a fund. Funds are as targeted as possible to reduce the likelihood of high volumes of applications. We publish reasons for rejection and give more detailed feedback wherever possible. We create and share blogs about which organisations have received funding. We list all our partners on our website and in our annual report. We share all of our funding data via 360 Giving and will continue to do so. We have launched the DEI Data Standard for our partners, to better understand the organisations that we fund. We also take part, whenever	Our approach to funding is published on our website, as part of our strategy, Building Communities of the Future Together. We continue to work closely with our Future Communities Collective of young people and have significantly increased the number of young people we're working with in 2024 – as well as expanding the breadth of work young people are involved with. We offered detailed feedback to unsuccessful applicants to our Carbon Innovation Fund round 3. We continue to share data via 360 giving.

	possible, in the Funders for Racial Equality (FREA) Racial Justice Audit.	
6. We will enable partners to respond flexibly to changing priorities and needs	We will give unrestricted funding; if we can't (or are working with other funders who have restrictions in place), we will make our funding as flexible as possible. Through our close relationships with partners, we remain open and responsive to changing needs. We provide unrestricted, multi-year funding. This makes it possible for organisations to flexibly allocate funds to where they are needed most. When developing new funding programmes, we look for ways to make funding unrestricted and longer-term. When working in partnership with other funders and delivery partners, we set out our expectations clearly at the beginning of the partnership (for example working with young people and using participatory approaches to decision making) and are not afraid to move away if we feel our approaches cannot align. We act as advocates in the voluntary sector for multi-year, unrestricted funding and seek to influence other funders and stakeholders to fund in flexible and responsive ways. We share our learnings of funding in this way by, for example, participating in webinars, podcasts, publishing blogs and commissioning research reports.	In 2023, we funded organisations on an unrestricted basis for up to five years through our Future Communities Fund round one. In 2024 we took the learning from this and are in the process of developing round two with our collective of young people. We work flexibly with our partners to support them via a relational approach. We continue to support this approach to funding via our partnerships with #iwill Fund and Co-op on our Young Gamechangers Fund - alongside delivery partners Global Fund for Children and Restless Development. In addition, this approach is taken through our partnership with UnLtd and Phoenix Group on our Funding Futures Programme, which supported the first tranche of young people in 2024.

7. We will be clear about our relationship from the start	We will be realistic about time commitments; we will ensure that our contact is positive and purposeful. As a relational funder, we invest considerable time in building strong partnerships. At the beginning of a partnership, we discuss with a partner how we would like to work together. We continue to adapt this throughout the partnership. For example, for our strategic grants, we tailor the frequency of catch-up meetings based on the changing needs of the funded organisation. We are conscious of potential power dynamics between funder and partner. For instance, we review the language used in our communications and at all stages of the partnership. We base our level of involvement and support in the organisation's activities on their invitation, such as taking part in steering or advisory boards. We trust our partners to know how best to deliver positive change in their area of expertise. We view funding relationships as flexible, symbiotic relationships whereby both funder and partner learn, adapt and create impact together. We adhere to DEI principles at all times and champion the importance of this to our partners, for example through signposting to trustee diversity resources	We continue to work closely and supportively with partners across our funding portfolio. We have developed a Funding Plus offer for partners, in consultation with partners, stakeholders and our team. We expect this to be piloted in 2025. Funding via our Future Communities Fund round one supported organisations working with diverse groups of young people, delivering opportunities to be involved in governance and leadership – this will continue with the second round of funding, which will be launched in 2025. As part of our learning approach, we co-design a theory of change with young people and relevant stakeholders. This ensures that the foundation of a learning approach is embedded from the outset of the fund's development. We have done this with our upcoming Future Communities Fund round two, which has a Theory of Development in place prior to launch. This will allow us to identify an appropriate learning partner in time to brief partners on our approach prior to them signing up for a grant.
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8. We will commit to light touch reporting	We will ensure that our formal reporting requirements are well understood, proportionate and meaningful. We are committed to proportionate reporting. Where practical, we involve our partners and young decision makers right from the start, to co-design the theory of change, learning goals, set learning questions and develop reporting processes. We always seek to make reporting light touch and accessible, co-designing the approach, or reusing other reports or agreeing shared approaches with other funders.– We ground our learning and evaluation in DEI, making it more equity-focused, culturally responsive and participatory. We share learnings internally and externally. For example, in agreement with partners, we share stories and learnings, to leverage their work, such as on social media, through our blogs, website or impact report	Our approach to progress reporting and learning from our Future Communities Fund round 1, which supports organisations working with diverse young people and supporting them into positions of power and leadership, has been participatory from the start. We have expanded the number of young people from our Future Communities Collective who are supporting the development of the second round of this fund. One of their key activities has been to contribute to the development of a Theory of Change for this fund. Our intention is to also involve the collective in the appointment of a learning partner, to be in place by the time we award funding. The approaches we take to progress reporting and learning are co-designed with partners. We continue to share learning from our funding externally - in 2024, we launched a report on unrestricted funding that we commissioned via our learning partner, IVAR.
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Grantmaking activity

Future Communities Fund

The first round of the Future Communities Fund, our pioneering £1.5m strategic fund under our [‘Building communities of the future together’](#) strategy, continued into its second year of grant awards in 2024. We’re pioneering a distinctly co-operative way of funding, and that’s why this fund is:

- **Participatory** – grant-giving will be led by our [Future Communities Collective](#). This is a group of diverse young people who have provided input into decisions on our funding and strategy.
- **Unrestricted** – we’re funding organisations, not projects.
- **Long-term** – we’re providing funding for up to five years.

- **Trusting** – we'll work with our partners to understand how our funding can increase their impact.
- **Accessible** – we introduced a two-stage application process for this fund and pledged to be honest and open with applicants as we trial new ways of working. This aligns to our [IVAR commitments](#).
- **Supportive** – we're here to help community groups to be the best they can be in whatever way we can. That's why we're funding them flexibly and amplifying the amazing work that they do.
- **Facilitating co-operating** – we'll help to facilitate connections between groups so our partners can achieve more, learn together and co-operate for a fairer world.

The Future Communities Fund round 1 was launched in November 2022 and will run for five years. It brought together two strategic priorities from our youth-designed [Future Communities Vision](#) – 'youth activism and shared power' and 'diversity, equity and inclusion'.

The fund aimed to support people that have experience of being marginalised in society due to their race, gender identity, sexual orientation, disability, socioeconomic status or any other attribute that impacts their inclusion. We were able to support 13 organisations and our partnerships with the funded organisations will continue up to 2027.

2024 was spent researching and building the second round of the fund, which will launch in 2025. It will have an additional strategic priority of 'safety' at its core, specifically supporting organisations that work with young people that have had experience of the criminal justice system.

Young Gamechangers Fund

2024 saw the launch of perhaps the most exciting and innovative fund under our new strategy, the Young Gamechangers Fund.

Designed to fund the next generation of activists, campaigners, disrupters, leaders, social entrepreneurs and co-operators, Gamechangers will be the largest fund launched in the UK to fund individual young people and youth-led groups.

The Foundation has committed £1.5m over three years, and in 2023 we secured commitments of a further £1.5m of funding from the Co-op and £1.38m from the #iwill Fund. Along with our team's costs, this will make it a £4.5m, three-year fund. For financial reporting purposes, £2.4m of this expenditure was shown in 2023.

Recognising that we don't have the skills or capacity within the team to directly manage funding relationships with individual young people, we appointed Global Fund for Children and Restless Development, working together in partnership, as the delivery partners for the new fund.

The initial stages of the development of the fund were informed by an in-house scoping study the Foundation team conducted that reviewed 20 funding programmes investing in individuals, offered by 16 UK funders. The findings indicated involving experts and people with lived experience at various stages of the fund design, embedding Diversity Equity and Inclusion principles in communications and data collection, simplifying the applications process and diversifying outreach strategies. Approaches to mitigate risks included offering training to the grant recipients, flexibility and trust and involving delivery partners depending on the funding team's existing experience and skills. Tailored support, in addition to

the funding from the outset based on needs assessment, was also considered important. A light monitoring of progress and evaluation of both processes and impact for continuous improvement and sector influence was also recommended.

Taking into consideration the scoping study's finding the YGF is designed by and for young people. A diverse Youth Steering Group was established to meaningfully shift power and decision-making to those with the lived experience of the issues we seek to impact. For example, the YSG make decisions about which applications to recommend for approval to the Foundation Board.

The Young Gamechangers Fund opened to the first round of applications in late 2023 and the first funds were awarded in spring 2024. Thirty-three one-year grants, each up to £20,000, were awarded to eight individuals and 25 youth-led organisations across the UK to create positive social change in their communities. The recipients, who span in age from 10 to 25 years old, are also benefitting from a comprehensive support package that includes training and advice.

In September 2024, our Youth Steering Group designed the second funding round, focusing on projects that build community cohesion and bring people together, as well as designing and testing new and innovative approaches to established challenges. They identified several underrepresented demographics from the first funding round and decided to prioritise applications from young people with specific experiences. These included experiences in the criminal or youth justice system, barriers to accessing education, living in rural or isolated communities, residing in coastal towns and communities, seeking asylum or having refugee status, and facing social and financial barriers to opportunities.

This prioritisation aimed to ensure a more inclusive and diverse range of applicants for grant round 2. The application window for grant round 2 opened in November 2024 and closed in December, during which time we received a total of 215 applications. We hope to award grants from March 2025 onwards.

Support for Refugees

At the Co-op Foundation, we actively challenge racism and discrimination and advocate for diversity, equity and inclusion in all parts of society.

The riots of 2024 made it clearer than ever why our support for refugees and people seeking asylum is so crucial.

In addition to the ongoing funding for Refugee Action for their asylum crisis service and broader work, following the riots, we swiftly awarded them an additional unrestricted grant of £50,000. The funding aimed, in the short-term, to help Refugee Action to provide urgent crisis support. This was vital to respond to safety and wellbeing fears of people in the asylum system and those working with them. The funding also hopes to address more systemic issues through ongoing racial justice campaigning to shift the narrative, policy and practice on migration.

Carbon Innovation Fund

Co-op Foundation launched the third round of the Carbon Innovation Fund in February 2024.

First launched in 2021, the Carbon Innovation Fund is a multi-year partnership between the Co-op and the Co-op Foundation. It's funded through Co-op donations raised from the sale of compostable carrier bags in the UK and topped up with the Co-op Foundation's own funds, to an estimated total of more than £3.5m.

The purpose of the Carbon Innovation Fund is to fund organisations who are making exciting, alternative and different developments to create a more sustainable food and farming sector that is kinder to the environment, supportive of local communities and more resilient in the face of the climate emergency.

In February 2024, we launched our third round of the Carbon Innovation Fund, which focused on funding sustainable ways to create a thriving food and farming sector, without the need to damage important peat soils across the UK. Peatland is often drained to grow crops and to allow livestock to graze. It is also often broken up to put the peat into compost as a growth aid. This is a major issue in terms of landscape degradation and biodiversity loss. Because of this, we want to focus our funding on ways to protect peatland while still providing the food we need to eat. This also compliments the Co-op's multi-million peatland restoration partnership with RSPB.

Applications for the fund closed on 15th March and after a light-touch 2-stage process (in line with our IVAR commitments) and subsequent decision panel with industry experts, we awarded grants of up to £150,000 to seven new partners from July 2024. We have been delighted to fund work which spreads from South-West Wales up to the Outer Hebrides of Scotland for projects that vary in scope, but with one common mission in mind: to protect our UK peatlands while producing the food we need to eat.

As has been the case for each round of the Carbon Innovation Fund, our new partners are welcome to spend their grants on core or capital costs related to their project, and within whatever timeframe suits them best. We commit to having a bespoke relationship with each partner which acknowledges their needs first, meaning that we are flexible with project changes and consider their workloads before requesting progress check-ins.

We have committed to ensuring funded partners can learn and network with one another to gain knowledge, work together and advance their own projects. Our first learning event for round three partners will be held in May 2025, which will allow our partners time to get their projects up and running before sharing learning.

Co-op Live

2024 saw the commencement of our new partnership with Co-op Live, a new arena and music venue in East Manchester. The Foundation has been unveiled as the official charity partner of the venue and will receive £1m annually from the venue operators, currently secured for 2024 and 2025. As well as funding, we receive event tickets which we share with our funded partners.

We have used the venue for a variety of events, including a residential weekend for our Young Gamechangers.

Campaigning

In 2024, our campaign efforts were mainly centered around conducting thorough research to identify the areas where our work could have the greatest impact and generate long-lasting change.

Following conversations with key stakeholders and taking into consideration our plans for future funding programmes, we decided to prioritise our 'safety' strategic priority. After hosting conversations and focus groups with key stakeholders, we decided we would create safer communities by looking for ways to improve the youth criminal justice system so that young people can be more successfully rehabilitated. Not only does this focus honour the views shared by young people who fed into our youth-led Vision and campaign strategy – both of which identified the need to support people who have made mistakes to effectively learn from them - but it also supports work already being carried out across the wider Co-op business through the Safer Colleagues, Safer Communities campaign.

Once we had decided we would focus on reforming the youth criminal justice system, we then needed to identify which parts of the system we want to influence to bring about positive change. To do this, we carried out another stage of research. This involved speaking to young people with lived experience of the youth justice system and organisations who are already actively campaigning in this space to understand what challenges they have faced and are currently facing; analysing relevant reports, books and articles to better understand the challenges the system is facing as a whole; and examining recent House of Commons and House of Lords debates to understand the key priorities and concerns of MPs and decision-makers in relation to the criminal justice system.

All this research helped us to determine that our campaign work would help reduce the damaging impact of the criminal justice system on young people. We will do this by partnering with and amplifying the efforts of two organisations that are already calling for greater restrictions over the use of remand in child cases and calling for greater use of non-custodial sentences for young people.

With support from Professor Neal Hazel and notable organisations already working in the criminal justice space, we spent the last quarter of 2024 researching and identifying organisations already campaigning on these issues who could help us achieve our objectives. As a result, at the end of 2024 we approached 7 organisations to discuss a potential partnership, 5 of which agreed to a conversation in January 2025 to explore what this might look like. We hope to share the results of these conversations and the organisations we will be looking to partner with in Spring 2025.

To ensure any campaign work aligns with the wider Co-op, as well as ensuring young people's voices remain at the heart of all our decision-making processes at the Foundation, we established two key working groups; a campaign alignment group which includes Co-op colleagues from the Public Affairs, Social Mobility and Community and Shared Value team and a campaign working group which includes members of our Future Communities Collective. Both groups met on a monthly basis throughout 2024 and will continue to do so throughout 2025 to help guide our campaign work.

Systemic change

In 2024, we strengthened our existing funding partnerships with key organisations working to bring about systemic change: Action for Trustee Racial Diversity (ATRD), Getting on Board, Young Trustees Movement (YTM) and IVAR. We also remained a member of the Funders for Race Equality Alliance (FREA).

These dynamic organisations served as power voices for change in the voluntary sector. They played a crucial role in strengthening civil society, championing open and trusting grantmaking, promoting racial justice and diversifying charity boards.

Young Trustees Movement, for example, ran a wide variety of successful initiatives, such as their Champion Training, which helped attendees improve their knowledge and understanding of barriers to youth participation on boards. On top of that, YTM influenced change through their Model Boardroom. This innovative programme helped remove the mystery that may surround what being on a Board is like and empowered young people with the skills and confidence they need for trusteeship.

#iwill Fund

The #iwill Fund is made possible thanks to £66 million joint investment from The National Lottery Community Fund and the Department for Culture, Media and Sport (DCMS) to support young people to access high quality social action. The #iwill Fund brings together a group of organisations who all contribute funding to embed meaningful social action into the lives of young people. Social action involves activities such as campaigning, fundraising and volunteering, all of which enable young people to make a positive difference in their communities as well as develop their own skills and knowledge. The #iwill Fund supports the aims of the #iwill movement - to make involvement in social action a part of life for young people, by recognising the benefit for both young people and their communities. By bringing together funders from across different sectors and by making sure that young people have a say in where the funding goes - the #iwill Fund is taking a collaborative approach.

The Co-op Foundation's original 2017-20 partnership (Version 1) focused on social action, tackling youth loneliness through a £2 million grant fund. This was subsequently extended, through a £3 million grant fund (Version 2), agreed in 2019, which aimed to move the focus towards social action drawing on young people's lived experience, through peer support and youth-led advocacy.

The projects funded via Version 2 of the programme were grouped into three thematic strands:

- School Transitions, aimed at supporting young peoples' wellbeing in the transition from primary school to secondary school
- Community Spaces, aimed at helping young people to improve the design and use of community spaces
- Bereavement Support, aimed at providing young people safe spaces and support to share their experience of bereavement

In 2022/23, our grant-making focused on using a programme underspend of £1.3m to extend our #iwill Fund offer to existing (Version 2) and former (Version 1) #iwill Fund partners. We also offered an additional year of funding to five devolved nations partners who had previously been funded through our Co-op Foundation Bereavement Fund. In total, we made 37 awards to the value of £1.2 million.

IFF Research were re-commissioned to complete the evaluation for the extended Version 2 projects and the [final evaluation report](#) was published in Summer 2024. Partners originally funded through Version 1

of the programme participated in an action learning set and Action Learning Associates were commissioned to deliver this work. This work was completed in October 2024 and learning from this evaluation approach was shared in the form of a [blog](#), published In July 2024.

Both iterations of the funding programme are now closed.

Financial review

The Foundation's total income in 2024 was £2,774,617. This was a decrease from 2023 of 2,906,584. The main reason for this is a reduction in the level of external match funding, as multi-year income was recognised in the 2023 accounts.

Expenditure was £3,662,953. This also represented a significant reduction of £5,161,528 from 2023, as multi-year grant expenditure was similarly recognised in 2023.

Net income for the year, before investment gains, was (£888,336). The Foundation also made investment gains of £1,868,248.

The Foundation also holds a small social investment portfolio. £577,587 of assets were held in mission-related investments at year-end (2023: £833,375).

Reserves

The Foundation's target reserves level are set as a ratio of annual support costs.

The reserves policy sets out:

- A central reserves target equivalent to six months' support costs of circa £510,000
- A range of tolerance up to three months either side of this central target (i.e. at any given time, reserves would be maintained at a level between 3 and 9 months' support costs) to allow for expected fluctuations in the phasing of income and expenditure.

Reserves at 2024 year-end were £648,966.

Endowments, restricted fund balances and designated funds are excluded from the definition of reserves. The total value of all assets held by the Foundation at year-end was £23,404,430. This provides a strong financial position from which to deliver our existing plans for 2025 and beyond, as we continue to implement the Foundation's strategy.

The Trustees believe that the Foundation is well placed to manage its business risks successfully. The Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Foundation financial statements.

Risks

The Foundation maintains an Audit, Risk and Finance sub-committee of the Board. This Committee reviews the Foundation's risk framework and recommends various improvements, which were approved by the Board. An updated framework was then adopted in November 2024.

The main risks identified by the Foundation and mitigating actions taken in 2024 are summarised below.

Main risks	Controls
The impact of cost-of-living crisis on partners and the wider community leads to fewer outcomes delivered by Co-op Foundation's funding	Agreed approach with Board of Trustees and funding partners to support partners with greater flexibility and additional funding
Co-op does not deliver on its stated commitment to donate agreed funding to the Foundation	Ongoing dialogue with senior Co-op figures in respect of Co-op funding
Loss of key personnel from Foundation team	Continued focus on improved culture and wellbeing. Board Wellbeing champions engaging with team
Foundation funds used for activities outside of charitable objects	Policy on grants to non-charities approved following review of legal advice
Foundation fails to meet data protection requirements under GDPR	Drafted risk and remediation plan in consultation with Group Risk
Failure to access significant new income streams in line with strategic ambitions	High-level engagement with senior Group stakeholders, support from Group fundraisers to develop opportunities
Loans and investments to community organisations are unable to be repaid, making this programme unsustainable	Loans are interest-free and blended with grants where necessary to reduce risk. Business plans are reviewed in depth by advisory partner. Further support grants being made available to loan partners to support them to survive through this difficult period and ultimately thrive

Post-balance sheet events

There were no post-balance sheet events.

Investments

The Trustees have set the following objectives for the Foundation's long, medium and short-term investments.

Fund	Objectives	Benchmarks
Main endowment	To maximise total return over the long-term (5 to 10-year horizon) and generate a steady income stream, while investing in accordance with the UN Principles for Responsible Investment	Consumer Price Index +3% per annum (of which 2% realised as income)
Environmental endowment	To maintain the real value of capital over the long term and generate a steady	CPI + 2% per annum

	income stream, while investing in accordance with the UN Principles for Responsible Investment, and where practical giving additional weight to investments with a positive environmental impact.	
Income funds for medium-term investment	To maintain the real value of funds over the medium term, while investing in accordance with the UN Principles for Responsible Investment.	CPI + 1% per annum
Income funds for short-term needs and contingencies	To maintain the nominal value of the funds and ensure sufficient liquidity to meet all spending requirements, while investing in accordance with the UN Principles for Responsible Investment.	CPI

In 2024, the Foundation's investment portfolio was held by Royal London and is allocated as follows:

- Sustainable World Trust
- Sustainable World Trust
- Sustainable Managed Growth
- Sustainable Managed Income

Despite the significant market uncertainties, our investments performed well in 2024, showing gains of slightly more than £1.8m over the year.

Fundraising

The Foundation does not undertake widespread fundraising from the general public and does not use professional fundraisers or commercial participators. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the Foundation's Board.

The income of the Foundation is not bound by any regulatory scheme, and the Foundation does not consider it necessary to comply with any voluntary code of practice relating to fundraising. We have received no complaints in relation to any fundraising activities. As we do not approach individuals for the purpose of raising funds, we do not have specific requirements related to fundraising activities, nor do we consider it necessary to design specific procedures to monitor such activities.

Plans for future periods

The impact of the multiple crises facing society has shown that the need for co-operation is greater than ever before. The Foundation's principle focus will be on the implementation its five year strategy.

In addition, specific plans for 2025 include:

- Growing our partnership with Co-op Live, a new arena in Manchester which will fund the Foundation with £1m per year
- Working to more effectively centre the voices of young people and those with lived experience within all of our decision making
- Delivering the second round of our Future Communities Fund
- Delivering the third round of the Young Gamechangers Fund
- Scoping and building our new Green Skills Fund, funded by a proportion of the sale of compostable carrier bags in Co-op Food stores
- Implementing the DEI Data Standard
- Embedding our organisational Theory of Change into our work

The Co-op Foundation is proud to be a contributor to the Co-op's wider commitment to racial equality and inclusion. The issues of racial justice are systemic, deeply entrenched, and knotty. The Co-op Foundation believes that being 'not racist' is not enough; we strive to be anti-racist. This means that means that we'll work to eliminate individual, institutional, and systemic racial inequalities that currently exist.

In recent years, we have made meaningful improvements to the diversity of both our team and our Trustee Board's. The remains, however, more work to do: currently, our leadership team is all white.

Structure, governance and management

The Foundation is governed by its Memorandum and Articles of Association ('Articles').

Trustees are appointed by Co-operative Group Limited ('Co-op'). The Co-op is currently the Foundation's sole Member. With the Co-op Board's approval, Trustees may co-opt a new Trustee to fill a vacancy at any time. Co-opted Trustees may then be elected at the next AGM.

Currently, two Trustees are senior Co-op colleagues. Two are elected members of the Co-op National Members' Council. Six are recruited through open advertisement.

New Trustees are inducted by the Foundation CEO and the Secretary. This covers their legal and regulatory duties and the Foundation's governance, finances and strategy. The Board maintains a skills matrix based on each Trustee's self-assessment of their experience and expertise. This is updated every year and informs priorities for succession planning and further training and development.

Trustees are not paid and do not receive any benefits. They are reimbursed for expenses incurred on Foundation business.

Trustees are responsible for decisions on policy, strategy and allocation of resources. This includes approving the annual operating budget and major grant awards. Day-to-day running of the Foundation is delegated to the Foundation CEO. The Foundation CEO and Foundation team work within the policy, strategic and financial frameworks set by Trustees.

The Foundation team is employed by the Co-op, but reports to the Board of Trustees. The Foundation CEO's pay is set by the Trustees, who consult with the Co-op to establish suitable salary benchmarks. The Co-op provides various support services to the Foundation. The Foundation reimburses the Co-op for salary costs of the Foundation team, whose time is spent only on Foundation work. The Co-op does not charge the Foundation for the cost of Co-op colleagues who support the Foundation as part of wider roles in the Co-op. This includes the Foundation Secretary. Nor does the Co-op charge for office space and other facilities that it provides for the Foundation's use. The Trustees have considered the recognition of a gift in kind but feel the amount is immaterial.

Compliance with the Charity Governance Code

The Board agrees that the principles in the Charity Governance Code ('the Code') represent best practice. It aims to apply these where appropriate and practical. The following is a summary of the Foundation's compliance with the Code.

1. Organisational Purpose

The Board reviews the Foundation's purpose as part of their annual strategy day. The Board has adopted a Values Framework which is used to ensure that all decision making and planning aligns to the Foundation's mission and values.

2. Leadership

When considering new appointments during the year, the Board paid particular attention to how it could improve its diversity and reinforce key areas of expertise.

3. Integrity

The Board has adopted a Code of Conduct. This outlines the standards and behaviours expected from the Board. The Foundation also has a Conflicts of Interest Policy.

The Trustees acknowledge their accountability to a range of stakeholders. They ensure that appropriate stakeholder engagement is factored into all the Foundation's activities.

4. Decision Making, Risk and Control

The Board has 'matters reserved' and a financial delegated authorities framework. These act as effective delegation and control. 2024 was the fourth year of the Audit, Risk and Finance Committee, which is responsible for overseeing the risk management framework and assessing the effectiveness of internal controls. The Committee Chair provides an update to the Board on items discussed at each meeting.

5. Board Effectiveness

The Board holds at least four meetings each year. The Secretary maintains a forward planner, which is presented at each Board meeting. This ensures that Trustees have enough time to explore key issues and reach well-considered decisions.

6. Equality, Diversity and Inclusion

The Foundation is committed to promoting equality and preventing discrimination and to reviewing the diversity of the Board. It aims to create an inclusive environment, where everyone can contribute their best work and develop to their full potential. The Foundation treats its Board, colleagues and partners as individuals, allowing them to be themselves regardless of age, gender, disability, race, religion or sexual orientation. It also values different social and educational backgrounds, life experiences, career paths and diversity of thought.

7. Openness and Accountability

The Board of Trustees identifies key stakeholders at its annual strategy day. It ensures that regular and effective communication with these stakeholders forms part of its plans.

Statement of responsibilities of the trustees

The trustees (who are also directors of Co-operative Community Investment Foundation for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. 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
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 charity 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.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- 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

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

The trustees' annual report has been approved by the trustees on 12 August 2025 and signed on their behalf by

Ruth Marvel
Chair of Trustees

Opinion

We have audited the financial statements of Co-operative Community Investment Foundation (the 'charitable company') for the year ended 31 December 2024 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 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
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

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 Co-operative Community Investment Foundation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not

express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require 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 trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit, risk and finance committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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.

Judith Miller (Senior statutory auditor)

Date: 15 September 2025

for and on behalf of Sayer Vincent LLP, Statutory Auditor
110 Golden Lane, LONDON, EC1Y 0TG

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

Statement of Financial Activities (incorporating the income and expenditure account)

for the year ended 31 December 2024

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2024 Total Funds £	2023 Total Funds £
<u>Income and endowment from:</u>						
Donations and grants	3	1,278,981	1,161,069	-	2,440,050	5,368,177
Investments	3	41,809	292,758	-	334,567	313,024
Total income		1,320,790	1,453,827	-	2,774,617	5,681,201
<u>Expenditure on:</u>						
Charitable activities	4	(2,099,453)	(1,563,500)	-	(3,662,953)	(8,824,481)
Total expenditure		(2,099,453)	(1,563,500)	-	(3,662,953)	(8,824,481)
Net income (before net gains/(losses) on investments)		(778,663)	(109,673)	-	(888,336)	(3,143,280)
Net gain/(loss) on investments	8	9,057	57,583	1,801,608	1,868,248	2,537,213
Transfers between funds		1,020,003	(20,003)	(1,000,000)	-	-
Net movement in funds		250,397	(72,093)	801,608	979,912	(606,067)
<u>Reconciliation of funds:</u>						
Total funds brought forward	11	1,460,857	500,645	20,463,016	22,424,518	23,030,585
Total funds carried forward		1,711,254	428,552	21,264,624	23,404,430	22,424,518

All income and movement in funds arise from continuing operations. There are no gains or losses other than those recognised in this statement of financial activities.

Movement in funds are disclosed in Note 11.

The notes to the accounts form an integral part of the financial statements.

Balance Sheet

as at 31 December 2024

	Notes	2024 £	2023 £
<u>Fixed assets:</u>			
Investments	8	<u>22,699,427</u>	<u>21,831,179</u>
Total Fixed assets		<u>22,699,427</u>	<u>21,831,179</u>
Debtors: amounts receivable after more than one year	9	344,500	938,331
<u>Current assets:</u>			
Debtors: amounts receivable within one year	9	706,896	980,952
Cash at bank and in hand		<u>3,475,789</u>	<u>3,693,661</u>
Total Current assets		<u>4,182,685</u>	<u>4,674,613</u>
<u>Current Liabilities:</u>			
Creditors: amounts falling due within one year	10	(3,027,313)	(2,507,318)
Net current assets		<u>1,155,372</u>	<u>2,167,295</u>
Total assets less current liabilities		<u>24,199,299</u>	<u>24,936,805</u>
Creditors: amounts falling due in more than one year	10	(794,869)	(2,512,287)
Total net assets		<u>23,404,430</u>	<u>22,424,518</u>
<u>The funds of the charity:</u>			
<u>Endowment</u>			
Environmental	11	4,721,886	4,503,430
Main endowment	11	16,542,738	15,959,586
Restricted income funds	11	428,552	500,643
<u>Unrestricted funds</u>			
General fund	11	648,966	406,861
Designated	11	<u>1,062,288</u>	<u>1,053,998</u>
Total charity funds		<u>23,404,430</u>	<u>22,424,518</u>

The notes to the accounts form an integral part of the financial statements.

These financial statements were approved by the Trustees on 12 August 2025 and were signed on their behalf by:

Ruth Marvel
Chair of Trustees
Company registered number: 4117665

Statement of cashflows

for the year ended 31 December 2024

Reconciliation of net movement in funds to net cash flow provided by / (utilised in) operating activities:

	2024 £	2023 £
Net movement in funds	979,912	(606,067)
(Gains)/Losses on investments	(1,868,248)	(2,537,213)
Deduct investment income shown in investing activities	(334,567)	(313,024)
(Increase)/Decrease in debtors	867,887	(210,140)
(Decrease)/Increase in creditors	(1,197,423)	3,694,924
Net cash (used in)/provided operating activities	(1,552,439)	28,480
Cashflows from investing activities:		
Investment income	334,567	313,024
Investment drawdowns	1,000,000	-
Cash provided by investing activities	1,334,567	313,024
(Decrease)/Increase in cash and cash equivalents in the year	(217,872)	341,504
Cash and cash equivalents at the beginning of the year	3,693,661	3,352,157
Total cash and cash equivalents at the end of the year	3,475,789	3,693,661

Notes (forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements except as noted below. The principal accounting policies adopted, judgement and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

Co-operative Community Investment Foundation is a registered charity and a company limited by guarantee incorporated in England. The registered office is 1 Angel Square, Manchester, M60 0AG.

These accounts have been prepared in accordance with UK Generally Accepted Accounting Practice, comprising Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102') and the Charities SORP second edition (FRS 102) issued by the Charities Commission in October 2019, together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. The Charity has adapted the Companies Act formats to reflect the SORP and the special nature of the Charity's activities. The Charity is a public benefit entity.

Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2024, the Trustees are required to consider whether the Foundation has sufficient resources to continue in operational existence for the foreseeable future. The Foundation generated net income in the year ended 31 December 2024 of £868,247 (2023: net income of £2,537,213) and at the balance sheet date holds net assets of £23,404,430 (2023: £22,424,518).

The Trustees have concluded that it is appropriate to adopt the going concern basis, following an assessment of the financial forecasts and financial assets available to the Foundation. Management has funds to satisfy the future liabilities that they are aware of now and assets remain in place and available to meet future liabilities until at least the end of July 2025.

Therefore, after conducting the financial projections exercise set out above and making all appropriate inquiries, the Trustees have a reasonable expectation that the Foundation has access to adequate resources to enable it to continue in operational existence for the foreseeable future.

Income

All income is recognised once the Charity has entitlement to it, it is probable that the income will be received and the monetary value of the income can be measured with sufficient reliability. Committed grant income not yet received is recognised as an asset on the balance sheet. If grant income is receivable in less than one year it is classified as short term and if receivable in more than one year as long term.

Grant expenditure

Grants made by the charity are recognised when there is a constructive obligation to pay. Grant expenditure is recognised when grants are approved by the Trustees, notified and accepted by the organisations concerned, payment is probable, it can be measured reliably, and all conditions have been met. Grant expenditure not yet paid is recognised as a liability on the balance sheet. If grants are payable in less than one year they are classified as short term and if payable in more than one year, then they are classified as long term.

Other expenditure

Expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation committing the Charity to the expenditure, payment is probable, and it can be measured reliably. Costs have been directly attributed to a particular heading in the Statement of Financial Activities on a headcount basis or on a time basis consistent with the use of the resource.

This includes the cost of monitoring and evaluating projects to ensure the money is being used to maximum effect and ensuring that grant making is supported, processed and governed responsibly. This also includes costs of staff who support the grant making process, cost of meetings and other expenditures incurred in this process.

Taxation

The Co-operative Community Investment Foundation 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. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Nature of funds

Unrestricted income relates to funds available for use at the discretion of the Trustees in furtherance of the general objects of the charity. The charity has a number of restricted income and endowment funds received for specific purposes, which are documented and used accordingly. A restricted income and endowment fund arises from monies received that are communicated to the Charity for specific uses outlined in grant agreements and grant letters.

Notes (continued)

Financial assets

Basic financial assets represents investments, accrued income, trade debtors including amounts due by related parties, sundry debtors and cash and bank balances that are initially recognised at transaction price. Investments are subsequently measured at fair value with all adjustments going through the Statement of Financial Activities. At 31 December 2024, the Foundation had only financial assets classified as basic financial instruments. Debtors receivable in less than one year are recorded at transaction price. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The Foundation does not acquire put options, derivatives or other complex financial instruments.

Interest receivable

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

Financial liabilities

Basic financial liabilities represents creditors, including amounts owed to related parties and accruals, are initially recognised at transaction price. At 31 December 2024, the Foundation had financial liabilities classified as basic financial liabilities. Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Accrued income

Accrued income is recognised by the charity and accounted for when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Apportionment of expenses

Support costs have been allocated across the programmes of the charity. In 2024 there were 7 programmes (2023: 8 programmes). Expenses which directly relate to a particular programme have been charged to the relevant programme on a 100% basis, while costs relating to the overall management and governance of the charity (e.g. payroll costs) have been apportioned based on estimated time allocation.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Loans and other repayable finance for charitable purposes

Loans to charities are recognised and measured at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments, adjusted for any impairment and net of any bad debt provision. Loans to charities are non-interest bearing and no bad debt provision has been made in the current financial year.

Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

When assessed as material; then on receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes (continued)

2. Detailed comparatives for the statement of financial activities

for the year ended 31 December 2023

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Income and endowment from:				
Donations, grants and legacies	2,833,845	2,534,332	-	5,368,177
Investments	23,258	289,766	-	313,024
Total income	2,857,103	2,824,098	-	5,681,201
Expenditure on:				
Charitable activities	(4,016,350)	(4,808,131)	-	(8,824,481)
Total expenditure	(4,016,350)	(4,808,131)	-	(8,824,481)
Net (expenditure)/ income before net gains/(losses) on investments	(1,159,247)	(1,984,033)	-	(3,143,280)
Net gains/(losses) on investments	22,181	115,818	2,399,214	2,537,213
Transfer between funds	(78,539)	78,539	-	-
Net movement in funds	(1,215,605)	(1,789,676)	2,399,214	(606,067)
Reconciliation of funds:				
Total funds brought forward	2,676,462	2,290,321	18,063,802	23,030,585
Total funds carried forward	1,460,857	500,645	20,463,016	22,424,518

3. Income

The Foundation has recognised the following income in 2024 and 2023:

	Unrestricted Funds 2024 £	Restricted Funds 2024 £	Total Funds 2024 £	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £
Donations and grants						
Carbon Innovation Fund	-	224,069	224,069	-	654,332	654,332
Salvation Army	516,333	-	516,333	600,199	-	600,199
National Lottery Community Fund #iwill grant	-	-	-	-	1,380,000	1,380,000
Local Community Fund	354,279	837,000	1,191,279	1,955,708	500,000	2,455,708
Coop Live	400,000	100,000	500,000	-	-	-
Other donations	8,369	-	8,369	277,938	-	277,938
Total voluntary income	1,278,981	1,161,069	2,440,050	2,833,845	2,534,332	5,368,177
Investment Income	41,809	292,758	334,567	23,258	289,766	313,024
Total	1,320,790	1,453,827	2,774,617	2,857,103	2,824,098	5,681,201

Notes (continued)

4. Expenditure

2024	Charitable Activities £	Governance Cost £	Support Cost £	Total Cost £
Youth Programmes	(1,209,980)	8,411	(606,440)	(1,808,009)
Carbon Innovation Fund	(979,454)	6,809	(490,951)	(1,463,596)
Federation Phase 2 (Digital capacity building)	-	-	-	-
Systemic Change (New Strategic Initiatives)	(15,000)	104	(7,495)	(22,391)
Future Communities	(45,032)	314	(22,606)	(67,325)
New campaigning activity	(69,108)	481	(34,647)	(103,274)
Fundraising costs	-	-	-	-
Agile Fund	(130,000)	903	(65,116)	(194,213)
Social Loans	(2,812)	19	(1,351)	(4,145)
Total	(2,451,386)	17,040	(1,228,607)	(3,662,953)
Support cost	(1,228,607)	-	1,228,607	-
Governance cost	17,040	(17,040)	-	-
Total	(3,662,953)	-	-	(3,662,953)

All grants expenditure (in both the current and prior years) were to institutions rather than individuals. Grants expended and included in the table below > £100,000 in 2024 related to: Algae Products International Ltd (£150,000), Criw Compostio (£122,957), Rhyze Mushrooms Ltd (£148,200), Tagasa Uibhist (£149,999), The Lancashire Wildlife Trust (£148,181), The Wildlife Trust BCN (£150,000), UnLtd (£1,000,000). The prior year items >£100,000 related to 21 Together (£150,000), Farm Carbon Zero NI CIC (£102,800), For the love of the sea Ltd (£192,885), Kent Wildlife Trust (£104,998), North Wests Migrants Forum (£150,000), Nurturing Foundations (£150,000), Pontus Research Ltd (£200,000), Reestablish (£140,000), RJ Working CIO (£107,000), Roar Pursuits CIC (£150,000), Scottish Association for Marine Sciences (£203,765), The Gina Project CIC (£132,842), Vandenberg UK Ltd (£186,383), WWF-UK (£105,000), Young Scot (£104,715), Global Fund for Children UK Trust (£4,380,001).

Number of grants awarded:	2024	2023
<£10,000	2	57
£10,001 - £25,000	1	0
£25,001 to £50,000	1	3
£50,001 to £100,000	3	7
>£100,000	7	16
Total	14	83

2023	Charitable Activities £	Governance Cost £	Support Cost £	Total Cost £
Youth programmes	(4,547,086)	(9,555)	(649,360)	(5,206,001)
Carbon Innovation fund	(1,236,656)	(2,600)	(176,708)	(1,415,964)
Federation Phase 2 (Digital capacity building)	(29,120)	(62)	(4,184)	(33,365)
Systemic Change (New Strategic Initiatives)	(402,155)	(846)	(57,471)	(460,472)
Future Communities	(1,385,226)	(2,913)	(197,957)	(1,586,096)
New campaigning activity	(105,016)	(220)	(14,973)	(120,210)
Fundraising Costs	(2,038)	(5)	(330)	(2,373)
Total	(7,707,297)	(16,200)	(1,100,984)	(8,824,481)
Support cost	(1,100,984)	-	1,100,984	-
Governance cost	(16,200)	16,200	-	-
Total	(8,824,481)	-	-	(8,824,481)

4. Expenditure (*continued*)

Support costs, governance costs and costs of raising funds have been allocated across the programmes using the percentages in the table below. The split in costs is based on estimated colleague time spent on each programme. Support costs primarily relate to people related costs incurred by Co-op Group employees who worked for the Foundation during the year and occasionally third party advice sought by the charity. The Trustees do not receive any remuneration or benefit from the charity for their service.

Allocation of Costs	2024	2023
Systemic Change (New Strategic Initiatives)	0.6%	5.2%
Youth	49.4%	59.0%
Agile Fund	5.3%	0.0%
Carbon Innovation Fund	40.0%	16.1%
Future Communities Fund	1.8%	18.0%
New Campaigning Activity	2.8%	1.4%
Federation Phase 2 (Digital capacity building)	0.0%	0.4%
Fundraising Costs	0.0%	0.0%
Social Loans	0.1%	0.0%
Total	100.0%	100.0%

Notes (continued)

5. Net income / (expenditure) for the year

Net income / (expenditure) for the year is stated after charging auditor remuneration of £14,200 excluding VAT (2023: £13,500).

6. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:	2024	2023
	£	£
Salaries and wages	789,085	746,899
Social security costs	85,546	80,091
Employer's contribution to defined contribution pension schemes	102,512	98,243
Total	977,143	925,233

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2024	2023
£80,000 - £89,999		1
£90,000 - £99,999	1	

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £127,434 (2023: £121,038).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2023: £nil). No charity trustee received payment for professional or other services supplied to the charity (2023: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £230 (2023: £1,565) incurred by 1 members (2023: 7) relating to attendance at meetings of the trustees.

7. Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 17 (2023: 17).

8. Investments

	2024	2023
	£	£
Fair value at the start of the year	21,831,179	19,293,966
Additions at cost	-	-
Disposal proceeds	(1,000,000)	-
Net gain/(loss) on change in fair value	1,868,248	2,537,213
Fair value at the end of the year	22,699,427	21,831,179

All investments are held in Unit Trust investments by Royal London.

Notes (continued)

9. Debtors

	2024	2023
	£	£
Amounts falling due within one year:		
Amounts due from related parties	-	-
Loans and other repayable finance for charitable purposes	233,086	355,044
Amount due from Co-operative and Community Finance	-	-
Grant income due within less than one year	460,000	460,000
Donation income	13,810	165,908
	<u>706,896</u>	<u>980,952</u>

All amounts due from related parties are repayable on demand and no interest is payable.

	2024	2023
	£	£
Amounts falling due after more than one year:		
Loans and other repayable finance for charitable purposes	344,500	478,331
Grant Income	-	460,000
	<u>344,500</u>	<u>938,331</u>

These loans are repayable between 5 and 20 years.

Loans and other repayable finance for charitable purposes (as above)

	2024	2023
	£	£
Amounts falling due within one year	233,086	355,044
Amounts falling due after more than one year	344,500	478,331
Total	<u>577,586</u>	<u>833,375</u>

9. Debtors (continued)

Repayable loans made were as follows:

	2024			2023
	Initial loan	Repayments	Net balance	Net balance
	£	£	£	£
Anti tribalism	50,000	(43,750)	6,250	18,750
Ballymacash Sports Academy	50,000	-	50,000	50,000
Beechbrae	50,000	(30,208)	19,792	31,250
Bramley elderly action (OWLS)	50,000	(46,875)	3,125	15,625
Centre 4 Limited	50,000	(50,000)	-	10,417
Church Aston	10,000	(10,000)	-	2,200
Circus Eruption	30,000	(16,000)	14,000	20,000
Coedwig community Woodland	22,000	(15,583)	6,417	11,917
Constitution Hill	30,000	(30,000)	-	5,000
Creative Health	10,000	(10,000)	-	4,687
Eastside Community Felix Road	50,000	(48,958)	1,042	13,542
Element society	7,500	(7,500)	-	1,719
FROG	50,000	(35,917)	14,083	27,083
Future Wolverton	50,000	(17,700)	32,300	36,200
Granby Four Streets	50,000	(50,000)	-	23,958
Heeley development	100,000	(55,833)	44,167	1,042
Highbury Roundhouse assoc	55,000	(52,862)	2,138	14,963
Hulme Community Garden Centre	50,000	-	50,000	50,000
Iona Village Hall	30,000	(24,600)	5,400	13,800
Jubilee Community	50,000	-	50,000	50,000
Jubilee Pool Penzance	50,000	(50,000)	-	12,500
Newnham on Severn	30,000	-	30,000	30,000
Norton Sports Charity	50,000	(34,375)	15,625	28,125
Oban Communities Trust	30,000	(8,000)	22,000	24,500
October Books Limited	20,000	(12,333)	7,667	10,000
Projeckts Mcr Ltd	50,000	(17,433)	32,567	35,900
Rotherham Rise	50,000	(39,583)	10,417	22,917
RUSS	50,000	(50,000)	-	50,000
Seagulls Re-Use Limited	50,000	(12,891)	37,109	40,625
Sudbury Gasworks Restoration Trust	50,000	-	50,000	50,000
The Star Tree Studio CIC	26,500	(18,219)	8,281	14,906
The Walled Garden	50,000	(50,000)	-	12,500
Todmorden Learning Centre	50,000	(35,833)	14,167	24,167
Urban biodiversity	50,000	(48,958)	1,042	13,542
White Rock	50,000	-	50,000	50,000
WTOW - Welcome to Our Woods	50,000	(50,000)	-	11,542
Total	1,551,000	(973,413)	577,587	833,375

The Foundation trustees have assessed the recoverability of all outstanding loan balances and are satisfied that all balances are fully recoverable. As such there is no bad debt provision in place as at 31 December 2024 (2023: nil).

10. Creditors

Amounts falling due within one year

	2024	2023
	£	£
Grants payable	2,768,288	2,455,860
Accruals	17,040	16,200
Amounts due to related parties	241,985	35,258
	3,027,313	2,507,318

Amounts falling due after more than 1 year

	2024	2023
	£	£
Grants payable (within 1-5 years)	794,869	2,512,287
	794,869	2,512,287

Notes (continued)

11. Movement in funds

2024	Fund balances b/f £	Income £	Expenditure £	Transfers £	Gains and losses £	Fund balances c/f £
<u>Restricted funds:</u>						
Environmental	523,580	292,758	(3,500)	-	6,150	818,988
Community Fund	(1,666,000)	837,000	-	-	-	(829,000)
Britannia	528,326	-	(464,000)	-	23,016	87,342
Big Lottery Fund #iwill grant	85,517	-	(16,546)	(20,003)	-	48,968
Welsh carrier bag levy	635,263	-	-	(551,222)	-	84,041
Carbon Innovation Fund	393,959	224,069	(979,454)	551,222	28,417	218,213
EMAC	-	100,000	(100,000)	-	-	-
Total Restricted funds	500,645	1,453,827	(1,563,500)	(20,003)	57,583	428,552
<u>Unrestricted funds:</u>						
General funds	406,859	1,309,688	(2,096,641)	1,020,003	9,057	648,966
Designated funds	1,053,998	11,102	(2,812)	-	-	1,062,288
Total Unrestricted funds	1,460,857	1,320,790	(2,099,453)	1,020,003	9,057	1,711,254
<u>Endowment fund:</u>						
Environmental	4,503,430	-	-	-	218,456	4,721,886
Main endowment	15,959,586	-	-	(1,000,000)	1,583,152	16,542,738
Total endowment funds	20,463,016	-	-	(1,000,000)	1,801,608	21,264,624
Totals funds	22,424,518	2,774,617	(3,662,953)	-	1,868,248	23,404,430

2023	Fund balances b/f £	Income £	Expenditure £	Transfers £	Gains and losses £	Fund balances c/f £
<u>Restricted funds:</u>						
Environmental	386,400	289,767	(5,413)	(159,542)	12,368	523,580
Community Fund	-	500,000	(2,166,000)	-	-	(1,666,000)
Britannia	482,033	-	-	-	46,293	528,326
Big Lottery Fund #iwill grant	46,420	1,380,000	(1,420,909)	80,006	-	85,517
Luminate	25,802	-	(29,120)	3,318	-	-
Welsh carrier bag levy	690,101	-	-	(111,995)	57,157	635,263
DCMS	4,785	-	-	(4,785)	-	-
Carbon Innovation Fund	654,779	654,332	(1,186,689)	271,537	-	393,959
Total Restricted funds	2,290,320	2,824,099	(4,808,131)	78,539	115,818	500,645
<u>Unrestricted funds:</u>						
General funds	1,622,464	2,857,103	(4,016,350)	(78,539)	22,181	406,859
Designated funds	1,053,998	-	-	-	-	1,053,998
Total Unrestricted funds	2,676,462	2,857,103	(4,016,350)	(78,539)	22,181	1,460,857
<u>Endowment fund:</u>						
Environmental	4,048,610	-	-	-	454,820	4,503,430
Main endowment	14,015,192	-	-	-	1,944,394	15,959,586
Total endowment funds	18,063,802	-	-	-	2,399,214	20,463,016
Totals funds	23,030,584	5,681,202	(8,824,481)	-	2,537,214	22,424,518

11. Movement in funds *(continued)*

Restricted funds:

Environmental – this is the income received from our restricted Environment Fund endowment following the merger of United Co-operatives Ltd and Co-operative Group Ltd in 2007 (see below for further details)

Community - the Community Fund is the remaining balance of funds that were donated through the Co-op's membership scheme prior to 2014. These funds are now being used for the Foundation's Community Spaces programme, which awards grants that are consistent with the original purposes of the Community Fund to support voluntary, self-help or not-for-profit groups to address community issues, provide long-term benefits to the community, support co-operative values and principles, and ideally be innovative in their approach. This deficit will be reduced to nil via future income,

Britannia - the Britannia Fund was transferred following the closure of the Building Charitable Foundation and is restricted for use on financial education or numeracy projects.

Big Lottery Fund #iwill grant - this is to be used to deliver a youth-focused grants programme using social action to tackle loneliness among disadvantaged young people.

Luminate - is to be used to support a programme based at Federation Manchester to contribute to a more inclusive digital economy for Manchester and the North West of England.

Welsh carrier bag levy – this fund was donated to support projects with an environmental benefit in Wales.

Carbon innovation - this is a fund that aims to fund organisations delivering innovative project activities that lead to carbon reduction.

EMAC - these are funds donated by Coop Live to fund projects around the east Manchester area.

Designated funds:

We have set aside funds from unrestricted sources for social investment in the form of repayable finance. These designated funds are committed to future social investment loans for charitable purposes. The next round of social investment funding is expected to take place at the end of 2025 or early 2026.

Endowment funds:

The Environment Fund was a scheme set up following the merger of United Co-operatives Ltd and Co-operative Group Limited in 2007. In 2007, £2,000,000 was granted to the Co-operative Foundation by United Co-operatives, to be "ring fenced" with the annual return being used to fund environmental projects within the United Region.

The investment is shown as Endowment funds and income from the investment is shown as Restricted. In 2016 the Trustees received legal advice suggesting that this fund is permanent endowment.

The Main Endowment fund of £16,542,738 (2023: £15,959,586) is an expendable endowment held to generate investment income to be distributed in line with the objects of the charity.

Transfers:

Big Lottery Fund #iwill grant is a set amount towards Young Gamechangers costs. In 2023 accrued grants under this programme where incorrectly accrued against unrestricted, the transfer of £20,003 (2023: nil) from unrestricted is a correction of the accruals ensuring the grants paid out were allocated correctly.

Main Endowment funds is an expendable endowment and can be used for unrestricted purposes, the board of Trustees approved a withdrawal of £1,000,000 in 2023 but this was not withdrawn until 2024. The transfer is to move the withdrawn income from the endowment into unrestricted.

The investment balance of £551,222 from the Welsh Carrier Bag Levy at the beginning of 2024 has been transferred to the Carbon Innovation Fund. Both the Welsh Carrier Bag Levy and the Carbon Innovation Fund fall under environmental funding, supporting various Welsh projects to ensure alignment within the fund. In 2024, a review revealed that only £393,981 had been previously transferred from the Welsh Carrier Bag Levy, while total grant and support costs had exceeded £997,257, resulting in a shortfall of £603,276. Consequently, senior leadership decided to transfer the investment of £551,222 from the Welsh Carrier Bag Levy to the Carbon Innovation Fund, with plans to withdraw the investment in 2025.

Notes (continued)**12. Analysis of net assets between funds**

	Endowment £	Unrestricted £	Restricted £	Total £
2024				
Investments	21,264,624	260,257	1,174,546	22,699,427
Debtors	-	375,537	675,859	1,051,396
Cash	-	2,850,733	625,056	3,475,789
Liabilities	-	(1,775,273)	(2,046,909)	(3,822,182)
Net assets at 31 Dec 2024	21,264,624	1,711,254	428,552	23,404,430
2023				
Investments	20,463,016	251,199	1,116,964	21,831,179
Debtors	-	674,071	1,245,212	1,919,283
Cash	-	2,517,488	1,176,173	3,693,661
Liabilities	-	(1,981,902)	(3,037,703)	(5,019,605)
Net assets at 31 Dec 2023	20,463,016	1,460,856	500,646	22,424,518

13. Financial instruments

	Note	2024 £	2023 £
Financial assets at fair value through the statement of financial activities			
Investments	8	22,699,427	21,831,179
		22,699,427	21,831,179

14. Related party transactions

The Co-op Foundation paid Co-operative Group Limited £981,297 (2023: £929,055) for Foundation staff salaries and other costs directly attributable to Foundation activities. The Trustees consider that the support provided by Co-operative Group Limited represents the best value for money for the charitable company, and that it would not be financially beneficial to employ staff directly.

In regard to gifts in kind, the Co-op Foundation relies heavily on Co-operative Group Limited to provide necessary administrative support for additional staff resources, space and related services. This support includes Co-operative Group costs that are not directly attributable to Foundation activities and are not easily monitored. The Trustees' view that value is not easily quantified. This amount was not included as donations as in the Trustees' view, it is not material in either the current or preceding financial period.

Co-operative Group Limited donated £8,077 in fees which were waived by its Group Chair, Allan Leighton (2023: £250,000).

At the year-end £241,985 (2023: £35,258) was due to the Co-operative Group Limited.

During the financial year, the Trustees of the board have not received either remuneration or benefits, however one (2023: seven) Trustees were reimbursed for both their travel and hotel expenses totalling £230 (2023: £1,565).

15. Legal status of the charity

The charity is a company limited by guarantee and has no share capital.



Foundation

Accounts



Trustees' report and financial statements

For the year ended 31 December 2023

Co-operative Community Investment Foundation (a company
limited by guarantee)

Company registered number 4117665 / Charity registered number
1093028 (England & Wales), SC048102 (Scotland)



Foundation

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Foreword by Jamie Ward-Smith, Chair of Trustees

As my time as the Chair of the Board of Trustees comes to an end, it gives me great joy to take this opportunity to look back on the Foundation's journey since I joined the board back in 2016 and celebrate everything that we have achieved.

I feel enormously proud to have been a part of our transformation into a progressive grant making and campaigning foundation, bringing our co-operative values and the rich history of the Co-op into the heart of all we do. Back in 1844 the Rochdale Pioneers designed the Rochdale principles, a set of principles of co-operation, that influenced how co-ops around the world operate. Taking inspiration from them, we at the Co-op Foundation hope to encourage more of our fellow funders to adopt similar principles, making it the norm to work closely with communities, listen to their needs, and focus on shifting the power to those who have the most at stake, especially young people.

Since 2018 we have awarded 687 grants to 414 organisations, an overall investment of over £19 million. We have also generated over £13 million in match funding from #iwill, Co-op and others. This has been instrumental in us having greater impact and providing the desperately needed support for individuals and communities in these difficult times. And we've supported organisations right across the UK, spanning from the Outer Hebrides in Scotland and Londonderry in Northern Ireland to Penzance in Cornwall and Bangor in Wales.

Some of my personal highlights have been the amazing Lonely Not Alone campaign and its pioneering youth-led approach; being the first to offer interest free social loans, truly delivering on co-operative values of self-help and self-responsibility; our start up grants for charity digital code, helping all charities, regardless of size, budget, or cause, to embrace digital; and the investment we've made in diversifying charity boards through our support to Action for Trustee Racial Diversity and Young Trustee Movement.

Our commitment to putting young people at the heart of the Foundation continues to shape all that we do. In 2022 we collaborated with a diverse group of 96 young people, aged 11 to 25 across the UK to develop our Future Communities Vision – a vision of fair communities in 10 years' time built on co-operative values.

This vision inspired our five-year strategy - *Building communities of the future together*, with a commitment to deliver funding that is long-term and unrestricted and includes those with lived experience in designing the fund and awarding the funding. The Future Communities Fund was our first fully unrestricted grant programme with the funding allocated by our Future Communities Collective – a group of seven young people from diverse backgrounds – alongside two of our own young trustees. We awarded 13 five-year grants with a combined investment of £1.4m.

Looking to the future, I am excited to see the impact our recently announced young gamechangers will make in transforming their communities; and look forward to the launch of our second round of the Future Communities Fund in 2025.

Finally, I'd like to say a huge thank you to Co-op and Co-op member-owners who contribute to us being able to support our brilliant partners. From the carrier bag levy funding to the £1m annual donation we will receive from Co-op Live as a result of Co-op being the naming rights partner – they really are helping us to create social value in communities across the UK.

It is with mixed emotions that I step down from my role as Chair after eight years; a sense of sadness that our incredible journey draws to an end, but also an immense sense of pride in what we have built together. It has been an absolute joy to see our vision come to life and to see how many lives we have helped to change for the better.

I have been blessed to have worked with such an amazing team, from my brilliant fellow Trustees, our incredibly passionate staff team, our awesome young volunteers and of course the many partners that we have worked with to build co-operative communities for the future. Thanks to all of them for making this such a happy experience for me that I will forever treasure. But I'm sure that this is not the end of my journey with the Foundation and I look forward to following the many more achievements that are bound to come in the years ahead!



Jamie Ward Smith

Chair of the Board of Trustees

Trustees' report

The Trustees, who act as Directors for the purposes of company law, present their annual report and the audited financial statements for the year ended 31 December 2023.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Reference and administrative details

Co-operative Community Investment Foundation is a company limited by guarantee, registered with Companies House (number 4117665). Its registered office is 1 Angel Square, Manchester M60 0AG. It is registered as a charity in England and Wales (number 1093028) and Scotland (number SC048102).

Its day-to-day working name is the Co-op Foundation. In this report, it is referred to simply as 'the Foundation'.

The following people served as Trustees of the Foundation during the year and up to the date of this report:

Jamie Ward-Smith (Chair)
Sharon Jones (Vice Chair)
Sheila Jane Malley
Hope Levy-Shepherd
George Imafidon
Mahalia Flasz
Peter Batt
Latefa Mansarit (resigned 13 July 2023)
Jane Waters (Treasurer) (appointed 1 February 2023)
Zoe Selby (appointed 26 February 2024)

Key personnel

Chief Executive – Nick Crofts

Bankers

Barclays Bank PLC, 1 Churchill Place, London, E14 5HP

Legal advisers

Brabners LLP, Horton House, Exchange Flags, Liverpool L2 3YL

Auditor

Sayer Vincent LLP, 110 Golden Ln, London EC1Y 0TG

Objectives

The Co-op Foundation's formal objects are described in its governing document. These are to support, through donations from co-operative organisations, members, customers and employees, projects that contribute to relief of poverty, advancement of education or other such charitable purposes and which will benefit communities in which the businesses of Co-operative Group Limited operate.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Our strategy - Building Communities of the future together

2023 saw the second year of work to deliver our five-year Foundation strategy, Building Communities of the future together.

The strategy has three building blocks –

We worked with a highly diverse group of 100 young people, to create a clear, detailed and compelling vision of communities in ten years' time that are fair and built on co-operative values. This is their Future Communities Vision.

We pioneer a distinctly co-operative way of funding. We provide flexible and unrestricted funds to people and organisations working to build the fairer, more co-operative communities of the imagined by the young visionaries. We'll fund diverse young people and organisations, and learn from and celebrate the progress being made in building fairer, more co-operative communities.

We co-operate with others from across the co-operative movement, social change, and philanthropic sectors to bring our vision of future communities to life through our funding and campaigning. We'll advocate for our co-operative way of funding and encourage other funders to join in.

Underneath these three building blocks, there are six strategic priorities that our young visionaries told us were central to their Future Communities Vision.

We will help to create –

Prosperous communities with access to opportunity

Safe communities

Diverse, equitable and inclusive communities

Healthy communities

Sustainable communities

Communities that prioritise youth activism, shared power and transparent governance

All our grantmaking, relationships, campaigning and influencing is designed to help bring the Future Communities Vision to fruition.

Activities and achievements

Flexible funding

2023 was the third year of our membership of the 'Open & Trusting' grant making community, a group of pioneering funders committed to flexible grantmaking. Co-ordinated by the Institute for Voluntary Action Research (IVAR), our commitments demonstrate our determination to be the best funder we can be. This is helping us to shape lives in our co-operative image, and influence other funders, too.

"The Co-op Foundation is a funder with a co-operative difference. We care deeply about how our funding can empower people and we trust our partners to do what matters most. By building relationships, by being honest and open, by learning and by accepting appropriate risk, we will support our partners to make an even greater impact tackling inequality and strengthening communities."

Jamie Ward-Smith, Chair of the Co-op Foundation

As a result, we made the following eight commitments:

Commitment	How we will deliver this	How we've brought this to life
1. We will not waste their time	For open funds, we will ensure that clear, plain English guidance is published and will be available for questions and clarifications. We will ensure our strategic priorities and Foundation Strategy are shared with organisations throughout our application process. We will use a two-stage application process, so that ineligible applicants do not waste time applying. We will only launch funding that links closely to our strategic priorities, using an eligibility checker whenever possible, for organisations to check eligibility prior to making a full application. When working with strategic partners on solicited applications, we will keep open communication with our	We have run launch webinars for our Future Communities Fund and Carbon Innovation Fund, to share detailed information about eligibility and timelines. We used an eligibility checker for our Future Communities Fund, to reduce the number of application submissions - although volumes were still higher than we would have liked. We have built this learning into the design of our next round of Future Communities Fund. We have a 100% success rate in 2023 for decisions about strategic funding made by our Board of Trustees.

	Trustees to ensure that proposals are only progressed when they are likely to succeed.	
2. We will only ask relevant questions	We will always keep our questions to the minimum needed to make a decision. We will act on feedback from current and former partners to ensure that our application processes are straightforward and proportionate. Where appropriate, we will work in a participatory way, with a collective made up of young people from our Future Communities Collective and other subject matter experts. We will be flexible in our approach to applications enabling organisations to submit information in a way which is accessible to them or that allows them to submit information in their own format.	We continue to learn about participatory approaches to funding. We worked closely with our Future Communities Collective of young people, who made funding decisions on our Future Communities Fund, round 1, which supported 13 partners with £1.38m for up to 5 years of unrestricted funding. Our Young Gamechangers Fund works with a steering group made up of young people, who have co-designed the fund from its branding to application materials and funding decisions. Our application form for Future Communities Fund round 1 sought feedback from applicants about its use and we are using this insight to develop the second round of funding.
3. We will accept our share of risk	We will work with our Trustees to agree an approach to risk ensuring that we fund a range of organisations, including smaller grassroots groups which may inherently carry more risk. We accept that even when things don't go to plan, this represents a learning opportunity rather than 'failure'. In our investments we will continue to support our partners with interest-free loans to community organisations, accepting a meaningful share of risk alongside our partners.	We have an integrated and close working relationship with our Audit, Risk and Finance committee to ensure that risk is a constant dialogue between the team and Board of Trustees. When working with a collective of young people, our team takes responsibility for undertaking due diligence and explaining the risks associated with funding organisations and ensuring any risks align with Co-op Foundation's risk appetite. We continue to support partners through our loans portfolio and are currently reviewing a future loans offer to ensure this remains part of our offer. We are committed to learning from all of our partners, and have learning contracts in place to do this for our funds.

4. We will act with urgency	We will seek to work at a pace that works for applicants. We will publish our timelines when announcing a fund and stick to them wherever possible (recognising that sometimes things happen that affect our timelines). We build strong relationships with our funded partners, so that we can respond with urgency to any issues they may face. Our recent funding of Refugee Action in response to the Afghanistan crisis since 2021 is a good example of the responsive approach we want to foster. Following Covid we paused repayments from our Loans partners and we will continue to support partners during the cost-of-living crisis.	We were transparent with applicants to our Future Communities Fund about our anticipated timeline for delivery and how working with young people from our Future Communities Collective might change this. We sought feedback on our launch webinar and about the ease of the application process. We supported some eligible partners with modest cost of living increases during 2023. We continue to take a flexible approach to working with all partners - for loan partners this means the option to pause repayments where possible.
5. We will be transparent about our decisions	We worked in conjunction with 100 young people to help shape a Future Communities Vision that would guide our new strategy. We will involve people from the communities we work with in decisions about how to use our funds and we aim to complete our journey towards becoming a participatory grant maker by the end of our current strategic cycle. We are piloting this through our Future Communities Collective, made up of diverse young people, who will make decisions on our first strategic fund, the Future Communities Fund. We will publish our approach to funding and will be open about chances of success when we launch a fund. Funds will be as targeted as possible to reduce likelihood of high volumes. We will publish reasons for rejection and give more detailed feedback wherever possible. We share all of our funding data via 360 giving and will continue to do so.	Our approach to funding is published on our website, as part of our strategy, Building Communities of the Future Together. We continue to work closely with our Future Communities Collective of young people and are doubling the number of young people we're working with in 2024 and expanding the range of work young people will be involved with. We offered detailed feedback to unsuccessful applicants to stage two of the Future Communities Fund and to our Carbon Innovation Fund. We continue to share data via 360 giving. We have more work to do in publishing our success rates and reject reasons for recently launched funds.

6. We will enable them to respond flexibly to changing priorities and needs	We will work with partners, supporting them to respond flexibly as required in funded projects. We want to invest in organisations that can bring our Future Communities vision to life. We will seek to keep funding as flexible as possible and offer unrestricted long-term funding where we can. When co-operating with other funders and stakeholders, we will be clear about how we fund, and seek to influence others to also fund in flexible and responsive ways. We will set our expectations clearly at the beginning of partnership funds and not be afraid to move away if we feel our approaches cannot align.	We have funded organisations on an unrestricted basis for up to five years through our Future Communities Fund round one. We work flexibly with our partners to support them via a relational approach. We entered into two new funding partnerships in 2023 - with #iwill Fund and Co-op on our Young Gamechangers Fund - alongside delivery partners Global Fund for Children and Restless Development and with UnLtd and Phoenix Group on our Funding Futures Programme which will commence in 2024.
7. We will be clear about our relationship from the start	We will continue to be a relational funder and will invest time in building strong partnerships. We will trust our partners to know how best to deliver positive change in their area of expertise. We will make it clear to partners at the start of a funding relationship what they can expect of us, and what we will expect of them. During the lifespan of our Future Communities Strategy we develop ways to provide partners with additional support. We are committed to developing a funder plus model which provides partners access to an enhanced range of support.	We continue to work closely and supportively with partners across our funding portfolio. We are in the process of developing our Funder Plus offer to partners, in consultation with partners, stakeholders and our team. We expect this to be launched in 2024.

8. We will commit to light touch reporting	Our reporting will always be proportionate, and we will be clear with partners exactly what we hope to learn from each fund and what information we will need from them. We will always seek to make reporting light touch and accessible, reusing other reports or agreeing shared approaches with other funders. Where practical, we will involve our partners right from the start to co-design learning goals, set learning questions and develop reporting processes. We will ground our learning and evaluation in Diversity, Equity and Inclusion (DEI), making it more equity-focussed, culturally responsive and participatory.	Our approach to progress reporting and learning from our Future Communities Fund round 1, which supports organisations working with diverse young people and supporting them into positions of power and leadership, has been participatory from the start. Young people from our Future Communities Collective supported the appointment of a learning partner and the progress reporting and learning approach has been co-designed with all 13 partners. We are sharing learning from the fund externally - in 2024, we are launching a report on unrestricted funding that we commissioned via our learning partner, IVAR. We have involved partners and young people in developing a Theory of Change for our Young Gamechangers Fund, so it is participatory from the outset.
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Grantmaking activity

Future Communities Fund

Our £1.5m Future Communities Fund is the first strategic fund we launched under our [‘Building communities of the future together’](#) strategy. We’re pioneering a distinctly co-operative way of funding, and that’s why this fund is:

Participatory – grant-giving will be led by our [Future Communities Collective](#). This is a group of diverse young people who have provided input into decisions on our funding and strategy.

Unrestricted – we’re funding organisations, not projects.

Long-term – we’re providing funding for up to five years.

Trusting – we’ll work with our partners to understand how our funding can increase their impact.

Accessible – we introduced a two-stage application process for this fund and pledged to be honest and open with applicants as we trial new ways of working. This aligns to our [IVAR commitments](#).

Supportive – we’re here to help community groups to be the best they can be in whatever way we can. That’s why we’re funding them flexibly and amplifying the amazing work that they do.

Facilitating co-operating – we'll help to facilitate connections between groups so our partners can achieve more, learn together and co-operate for a fairer world.

Our Future Communities Fund was launched in November 2022. It brought together two strategic priorities from our youth-designed [Future Communities Vision](#) – 'youth activism and shared power' and 'diversity, equity and inclusion'.

Our working definition of 'diverse' is people who have experience of being marginalised in society due to their race, gender identity, sexual orientation, disability, socioeconomic status or any other attribute that impacts their inclusion. We were able to support 13 organisations through the fund, and made the first round of payments to partners in the summer of 2023 and our partnerships with the funded organisations will continue up to 2027.

Young Gamechangers Fund

2023 saw the development of perhaps the most exciting and innovative new fund under our new strategy, the Young Gamechangers Fund.

Designed to fund the next generation of activists, campaigners, disrupters, leaders, social entrepreneurs and co-operators, Gamechangers will be the largest fund launched in the UK to fund individual young people and youth-led groups.

The Foundation has committed £1.5m over three years, and in 2023 we secured commitments of a further £1.5m of funding from the Co-op and £1.38m from the #iwill Fund. Along with our team's costs, this will make it a £4.5m, three-year fund.

Recognising that we don't have the skills or capacity within the team to directly manage funding relationships with individual young people, we spent part of 2023 searching for and evaluating proposals from potential delivery partners.

After a comprehensive exercise, we appointed Global Fund for Children and Restless Development, working together in partnership, as the delivery partners for the new fund.

The initial stages of the development of the fund were informed by an in-house scoping study the Foundation team conducted that reviewed 20 funding programmes investing in individuals, offered by 16 UK funders. The findings indicated involving experts and people with lived experience at various stages of the fund design, embedding Diversity Equity and Inclusion principles in communications and data collection, simplifying the applications process and diversifying outreach strategies. Approaches to mitigate risks included offering training to the grant recipients, flexibility and trust and involving delivery partners depending on the funding team's existing experience and skills. Tailored support, in addition to the funding from the outset based on needs assessment, was also considered important. A light monitoring of progress and evaluation of both processes and impact for continuous improvement and sector influence was also recommended.

Taking into consideration the scoping study's finding the YGF is designed by and for young people. A diverse Youth Steering Group was established to meaningfully shift power and decision-making to those with the lived experience of the issues we seek to impact.

The Young Gamechangers opened to the first round of applications in late 2023 and the first funds will be awarded by our delivery partners in spring 2024.

Support for Refugees

In 2023, we supported three organisations working to improve the lives of refugees and people seeking asylum in the UK.

Refugee Action

2023 saw the third year of our funding partnership with Refugee Action. Since 2021, we have funded Refugee Action with £500,000. In line with our IVAR principles, the funding we awarded Refugee Action was unrestricted so that it could be used where it was needed most.

In 2023, we supported Refugee Action with their vision that every refugee can thrive as part of a welcoming, anti-racist society.

Our funding enabled Refugee Action to strengthen the refugee sector and communities by collaborating with and supporting organisations across the UK. The funding also provided direct support to some of the most vulnerable refugees in the UK through defending rights, access to suitable housing and financial support, and supporting well-being.

Beyond this, the funding also helped challenge the root causes of issues through advocacy and public mobilisation. It helped remove barriers to power for people with lived experience, by ensuring that people with lived experience of the asylum system have equal access to the power that exists in Refugee Action and the wider sector.

Compass Collective

In 2023, we awarded a continuation grant of £30,440 to youth-led, lived-experience-led Compass Collective. This followed a grant of £20,717 that we awarded in 2022 that had been transformational in allowing the charity to expand their programmes and increase their provision.

The 2023 funding helped Compass Collective to assist unaccompanied minor refugees and young people seeking asylum to build resilience and integrate into the UK. Compass Collective worked with these young people at a critical, transitional moment in their lives when they most needed support. The majority of them were at their initial stage of immigration. We funded the development of an innovative youth board as well as dynamic English language classes.

The Children's Society

In 2023, we awarded The Children's Society continuation funding of £40,000 towards their Helping Every Asylum Seeker and Refugee To Settle (HEARTS) programme. We have awarded The Children's Society £120,000 for the HEARTS programme since 2021.

In 2023, we funded the HEARTS programme to support young refugees and migrants in Birmingham. The funding supported both group work and individual one-to-one work for more complex cases.

Carbon Innovation Fund

Co-op Foundation launched the second round of the Carbon Innovation Fund in January 2023. First launched in 2021, the Carbon Innovation Fund is a multi-year partnership between the Co-op and the Co-op Foundation. It's funded through Co-op donations raised from the sale of compostable carrier bags in the UK and topped up with the Co-op Foundation's own funds, to an estimated total of more than £3.5m.

The purpose of the Carbon Innovation Fund is to fund organisations who are making exciting, alternative and different developments to create a more sustainable food and farming sector that is kinder to the environment, supportive of local communities and more resilient in the face of the climate emergency.

Round two applicants could apply for up to £200,000 for their projects that will help to reduce UK farmers' reliance on synthetic fertiliser and soy-containing feed. Funding partnership work was of key importance to us and therefore we offered an elevated grant size to allow for these partnerships to thrive. With regards to the theme, we know that the spiralling price of fertiliser is becoming inaccessible for UK farmers, and paired with the associated environmental damage, we know that finding strength through a diversity of alternatives is essential. Additionally, reducing imports of soy-containing feed will reduce deforestation, protect biodiversity and livelihoods overseas. Finding alternatives in this space strengthens our food systems and security in the UK.

We were delighted with the level of interest in the fund, having received almost 60 applications in total. We managed the burden on potential partners by adopting a light-touch two-stage application process, in line with our IVAR commitments. In June 2023, we held a decision panel comprised of relevant specialists with differing views and expertise to mutually agree on who the Foundation will fund and why. We awarded over £1m to a total of 7 partners, located across the UK. We also awarded an additional £5,000 grant to our partners for support and capacity building costs for their organisation (i.e. not linked to their project-related work). This is to show our belief and support of the organisation as a whole, and partners have so far reported spending this on essential training courses and marketing materials.

We have committed to ensuring funded partners can learn and network with one another to gain knowledge, work together and advance their own projects. We held our first in-person gathering in November 2023 and feedback from partners was excellent. We hope to run another event in November 2024. We have commissioned a learning partner to ensure that projects are appropriately evaluated, and common learnings are pulled together in reports that can be shared with the sector.

In February 2024, we launched our third round of the Carbon Innovation Fund, which focused on funding sustainable ways to create a thriving food and farming sector, without the need to damage important peat soils across the UK. Peatland is often drained to grow crops and to allow livestock to graze. It is also often broken up to put the peat into compost as a growth aid. This is a major issue in terms of landscape degradation and biodiversity loss. Because of this, we want to focus our funding on ways to protect peatland while still providing the food we need to eat. This also compliments the Co-op's multi-million peatland restoration partnership with RSPB. Applications for the fund closed on 15th March and we hope to award grants from July 2024 onwards.

Gen (Z)ero: Creating a pathway to a greener, fairer future research

Linked to the Carbon Innovation Fund, Co-op's climate justice campaign and the Co-op Foundation's strategic priority on sustainability, the Co-op Foundation and the Co-op commissioned research to explore young people's views about the impact of the journey to Net Zero on their lives and how they would like to be involved in the process. Over 1,000 diverse young people ages 16-24, participated in the research through online community discussions and a survey. Many young people lacked awareness of the concepts of Net Zero and just transition. Those who were better informed tended to be from more affluent socioeconomic backgrounds. Young people felt climate change was a pressing societal issue for which the government and businesses primarily bear responsibility for emissions reduction, but they also acknowledged personal accountability. They emphasized fairness in climate actions, wary of exacerbating inequalities and they called for their greater involvement in decision-making and public awareness of the Net Zero agenda.

Young people, MPs, Co-op's CEO Shirine Khoury-Haq and a lead researcher discussed the findings of the research [Gen \(Z\)ero: Creating a pathway to a greener, fairer future](#), during panel sessions at the Conservative and Labour conferences in October 2023, promoting a more inclusive and representative discourse on climate change in the UK.

Lonely Not Alone - Creating a lasting legacy

2023 was our last year of Lonely Not Alone at the Co-op Foundation. We focused on celebrating young people and shared everything we learned over the last five years to help strengthen the sector as a whole. This was our way of thanking the amazing young people who helped create the campaign over the years and make sure that the youth sector that supports them is stronger than ever.

A small group of young co-designers from across the life span of the campaign came together to reflect on their involvement in Lonely Not Alone over the years and create content that would encourage people to spread the word one last time. We shared the social media content they created during Loneliness Awareness Week which helped drive over 12,500 visits to the website and helped us reach over 7.5 million people across our social media channels.

A few months later, we hosted a webinar to share everything we learned over the last five years and create a lasting legacy for the campaign. Over 70 people signed up for the webinar and their feedback was very positive. 100% of those who fed back after attending the webinar said they were either satisfied or very satisfied with the webinar as a whole. Adding to that, 75% of attendees said they agree or strongly agree that our learning webinar has inspired them to work with young people more closely through campaigning or other project work. To ensure this learning reached a wider audience, we also wrote two separate pieces for the [Tackling Loneliness Hub](#) and [Charity Comms](#).

The end of the year was spent encouraging people to leave a message of support or a story on the digital universe before we removed the function on the website that allowed them to do so. This final push helped us ensure we had well over 320 stories and over 80 messages of support before the site became a static resource. We also created a video that captured key moments throughout the history of the campaign to highlight its evolution and encourage people to keep the conversation going in our absence. This video remains on our social media channels as a lasting call to action.

We had always planned to fund the digital universe until the end of 2024 but thanks to support from Digital Wonderlab, we have been able to secure funding for the website until the end of 2026. This will

help ensure that the hundreds of stories and messages of support remind young people for years to come that they might be lonely, but they're not alone.

Systemic change

For transformative change in the voluntary sector and wider society to be possible, ambitious, systemic change is required. In 2023, our Systemic Change funding supported organisations that are playing a crucial role in strengthening civil society, championing open and trusting grantmaking and diversifying charity boards.

We awarded a grant of £52,000 for 2023-2025 to [Getting on Board](#) to expand their open, free learning programme for trustees, and to promote trustee campaigns to engage under-represented communities, including young people, in trusteeship. In line with our strategic priority of creating diverse, equitable and inclusive communities, we also awarded a further grant of £25,000 for Action for Trustee Racial Diversity's work.

This grant was awarded to improve awareness in the charity sector of the benefits of Board diversity and the barriers and challenges to achieving this; increase capacity of charities to recruit and retain Black and Asian trustees; to encourage aspiring and first time Black and Asian trustees to become and remain as trustees and Chairs and to increase the sustainability of ATRD's activities.

We also strengthened our existing funding partnerships with Young Trustees Movement and IVAR.

#iwill Fund

The #iwill Fund is made possible thanks to £66 million joint investment from The National Lottery Community Fund and the Department for Culture, Media and Sport (DCMS) to support young people to access high quality social action. The #iwill Fund brings together a group of organisations who all contribute funding to embed meaningful social action into the lives of young people. Social action involves activities such as campaigning, fundraising and volunteering, all of which enable young people to make a positive difference in their communities as well as develop their own skills and knowledge. The #iwill Fund supports the aims of the #iwill movement - to make involvement in social action a part of life for young people, by recognising the benefit for both young people and their communities.

The Co-op Foundation's original 2017-20 partnership (Version 1) focused on social action, tackling youth loneliness through a £2 million grants fund. This was subsequently extended, through a £3 million grants fund (Version 2), agreed in 2019, which aimed to move the focus towards social action drawing on young people's lived experience, through peer support and youth-led advocacy.

The projects funded via Version 2 of the programme are grouped into three thematic strands:

School Transitions, aimed at supporting young peoples' wellbeing in the transition from primary school to secondary school

Community Spaces, aimed at helping young people to improve the design and use of community spaces

Bereavement Support, aimed at providing young people safe spaces and support to share their experience of bereavement

In a report created by IFF Research, initial findings from learning from Version 2 projects can be found here: [Co-op-Foundation-iwill-Year-2-evaluation-report.pdf \(coopfoundation.org.uk\)](https://coopfoundation.org.uk/Co-op-Foundation-iwill-Year-2-evaluation-report.pdf)

In 2022/23, our grant-making focused on using a programme underspend of £1.3m to extend our #iwill Fund offer to existing (Version 2) and former (Version 1) #iwill Fund partners. We also offered an additional year of funding to five devolved nations partners who had previously been funded through our Co-op Foundation Bereavement Fund. In total, we made 37 awards to the value of £1.2 million.

IFF Research have been re-commissioned to complete the evaluation for the extended Version 2 projects and the final evaluation report will be published in Summer 2024. Partners originally funded through Version 1 of the programme participated in an action learning set and Action Learning Associates were commissioned to deliver this work. This work was completed in October 2023 and it is anticipated that we will share our learning from this evaluation approach in the form of a blog, launched to coincide with the Power of Youth Day 2024.

Federation programme - increasing equality through tech

Digital technology can help make the world fairer but can also threaten privacy and contribute to inequity.

2023 saw the successful completion of the multi-year, multi-stakeholder, Greater-Manchester-based Federation programme, which addressed these inequities.

Through a \$940,000 grant from Luminate in 2018, the Federation programme initially explored the impact of technology on society. In 2021, Luminate awarded a further grant of \$675,000, grounded in previous learning, to challenge the ways in which technology and data can reinforce existing inequalities. It also encouraged co-operation to build trust and deliver digitally enabled products and services that are inclusive, respect people's rights and safeguard their privacy. It was developed in consultation with over 30 key stakeholders, including ethical enterprises from the Federation community, social enterprise experts and local government officials.

The programme achieved outstanding results in three key areas:

Capacity building: supporting social enterprises, organisations and communities to grow the impact of their work through developing and strengthening skills, processes or resources, enabling them to grow or become more sustainable.

Community building – strengthening communities to drive meaningful change in the digital technology space.

Collective action – collaborating with Greater Manchester leaders and the digital technology community to understand how technology can be designed or used in a more ethical way to tackle inequality, put society first, tackle the erosion of rights and trust, and increase the impact of the Responsible Tech Collective that formed in the initial phase of the Federation programme.

Impact & learning

Organisational Theory of Change and Evaluation Framework

In July 2023, we published our organisational [Theory of Change](#), which we developed with the support of NCVO and by involving the Co-op Foundation team, trustees, Co-op colleagues, funded partners, and young people. The Theory of Change helped us articulate what we want to achieve in the next five years of implementing our strategy, and we are currently using it as a basis for designing the aim and outcomes of our future funding programmes.

In order to track progress while we implement our strategy in 2023, we continued to work with NCVO to design our evaluation framework. Following a process prioritising ten outcomes from our ToC that we want to focus on measuring change and setting indicators of success, we then designed four tools: an annual survey and focus group interview guide for our funded partners and an annual survey and focus group interview guide for young people.

The design of the tools has been based on other standardised relevant research and evaluation methods used by other funders and youth sector organisations in the UK and the US. In April 2024, we will be testing the tools with a small number of organisations and young people, and we will be refining and finalising these in May 2024. It is envisaged that the data collection will take place annually, between October and December, to capture the impact across the Foundation funding programmes and activities in the last 12 months. The Foundation team will be trained to use the tools, and the first data collection will occur in October-December 2024. An annual Learning and Impact report will be produced in January 2024.

The design and implementation of our evaluation framework align with our IVAR commitments to open and trusting grant-making, including the commitments to “not waste time,” “ask relevant questions,” “be open,” and “be proportionate.”

Implementing the evaluation framework at the Co-op Foundation and the ownership of the Foundation team of the whole process has many benefits, including:

Understanding better the impact of our work as an organisation

Gaining organisational learning and continuous improvement in our grant-giving processes

Increasing our accountability and transparency as we communicate our impact to internal and external stakeholders.

Data Analytics

In June 2023, we appointed Samuel Kwatiah as our Data analyst, responsible for building a Data analytics function for the Foundation that will include collecting and reporting on the [DEI Data Standard](#), collating and reporting our funding data to 360 Giving, and creating reporting and dashboards that summarise data within and across our funding portfolios.

As part of building our data analytics function, we have been conducting interviews with data analysts from other funders and have identified examples of best practices and challenges which can be summarised as follow:

An important aspect of a data analyst's role is helping decision-makers in a funder understand how data can help them make better decisions.

Data analysts need to have good communication skills and to produce outputs, e.g. reports, infographics, and dashboards that are engaging for the internal and external stakeholders.

It takes time to get buy-in from the funding team on the value of data in grantmaking. That can involve training, setting up a working group and creating reports, e.g. Data Digests that present relevant insights in an accessible way on the focus areas of different funding programmes.

Many funders conduct surveys to get feedback from their funded partners on their funding relationship, their experience of receiving the grant, and any associated support. The survey findings are used to compare with other funders and improve the funding practices.

One of the key activities of the data analyst at the Co-op Foundation to date has been implementing the DEI Data Standard. This involved joining the funders' DEI Data Standard group and reviewing and refining the Foundation DEI Data Standard collection method based on other funders' feedback and reflections from the Foundation team. The revised tool will be tested by funded partners and implemented across our live and future programmes at the application stage in 2024.

Learning from Participatory Grantmaking

The Co-op Foundation contracted with HUDL Youth Development agency to form the Future Communities Collective (FCC), comprising ten diverse young people across the UK. The objective was to share power with young people to allocate unrestricted funding through the Future Communities Fund. Whilst this was not the first time the Foundation had engaged a group of young people on an advisory basis, it was our first time of delivering a participatory approach to grant-making.

HUDL and the Foundation created a structured framework, providing training, facilitation and further support to prepare the young people for collaborative decision-making. Evaluation data revealed young people gained new knowledge and skills in grantmaking and built confidence in debating and speaking confidently in front of others. They found the experience enjoyable and an opportunity for personal and professional development. They highlighted the value of in-person meetings, appreciated the inclusion of youth voices in decision-making, and valued the relationships formed within the collective.

The Collective also expressed their desire to continue working together and participate in future opportunities, indicating that they found their experience positive and fulfilling. We also learned how to improve our process and support. Members of the collective suggested receiving documentation in a timely manner to participate in discussions fully. Young people wanted more information related to the terminology used within the funding sector, requested to receive the due diligence data to make better-informed decisions, more clarity regarding the spending requirements of the fund, and to incorporate more in-person meetings, especially at the beginning of the process to foster closer collaboration. They also suggested streamlining the application ranking process, optimising the application questions and assessment criteria and ensuring more effective communication during conversations.

This feedback proved invaluable for refining our approach to engaging young people in participatory grantmaking, notably for the Young Gamechangers Fund.

Other challenges and lessons learned

Future Communities Fund

We launched the first round of our Future Communities Fund at the end of 2021. It was designed to provide long term funding to organisations working to provide leadership opportunities to young people from highly diverse communities. We adopted a light-touch two-stage application process, with the first stage essentially requiring a short expression of interest.

In retrospect, we did not set out the fund criteria explicitly enough, and as a consequence, many organisations that were at best marginally eligible for funding made a stage one application. Hundreds of organisations expressed an interest.

This led to the huge capacity challenge of reviewing all of these expressions of interest and determining which organisations to invite to make full applications in round two.

We significantly underestimated the appetite for unrestricted, multi-year funding, and managing the situation we found ourselves in was a significant challenge for the whole Foundation team.

We have taken on board these learnings in the development of Future Communities Fund round two and are being much more deliberate in carefully researching the focus area of the fund and establishing its criteria.

Financial review

The Foundation's total income in 2023 was £5,368,177. This was an increase on 2022 of £1,901,858. The main reason for this is increased income from match funding partnerships.

Expenditure increased to £8,824,481 (2022: £5,301,821). The main driver of this was in-year recognition of multi-year funding agreements

Net expenditure for the year, before investment gains, was £3,143,280 (2022: £1,531,478 net expenditure). The Foundation also made investment gains of £2,537,213 (2022: investment losses of £4,065,254).

The Foundation also holds a small social investment portfolio. £833,375 of assets were held in mission-related investments at year-end (2022: £1,091,420).

Reserves

The Foundation's target reserves level are set as a ratio of annual support costs.

The reserves policy sets out:

A central reserves target equivalent to six months' support costs (c.£270k based on a budgeted support cost of £540k)

A range of tolerance up to three months either side of this central target (i.e. at any given time, reserves would be maintained at a level between 3 and 9 months' support costs) to allow for expected fluctuations in the phasing of income and expenditure.

Reserves at 2023 year-end were within this range, at £406,863 (2022: £1,622,467)

Endowments, restricted fund balances and designated funds are excluded from the definition of reserves. The total value of all assets held by the Foundation at year-end was £22,424,518 (2022: £23,030,585). This provides a strong financial position from which to deliver our existing plans for 2024 and beyond, as we continue to implement the Foundation's strategy.

The Trustees believe that the Foundation is well placed to manage its business risks successfully. The Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Foundation financial statements.

Risks

The Foundation maintains an Audit, Risk and Finance sub-committee of the Board. This Committee reviews the Foundation's risk framework and recommends various improvements, which were approved by the Board. An updated framework was then adopted in November 2023.

The main risks identified by the Foundation and mitigating actions taken in 2023 are summarised below.

Main risks	Controls
The impact of Covid-19 on partners and the wider community leads to fewer outcomes delivered by The Co-op Foundation's funding	Agreed approach with Board of Trustees and funding partners to support partners through Covid-19 with greater flexibility
Co-op does not deliver on its stated commitment to donate agreed funding to the Foundation	Ongoing dialogue with senior Co-op figures in respect of Co-op funding
Loss of key personnel from Foundation team	Continued focus on improved culture and wellbeing. Board Wellbeing champions engaging with team

Foundation funds used for activities outside of charitable objects	Policy on grants to non-charities approved following review of legal advice
Foundation fails to meet data protection requirements under GDPR	Drafted risk and remediation plan in consultation with Group Risk
Failure to access significant new income streams in line with strategic ambitions	High-level engagement with senior Group stakeholders, support from Group fundraisers to develop opportunities
Security breach on website	Site is hosted through our developer Wilson Cooke. They follow ISO27001 procedures, approved by Co-op

Post-balance sheet events

There were no post-balance sheet events.

Investments

The Trustees have set the following objectives for the Foundation's long, medium and short-term investments.

Fund	Objectives	Benchmarks
Main endowment	To maximise total return over the long-term (5 to 10-year horizon) and generate a steady income stream, while investing in accordance with the UN Principles for Responsible Investment	Consumer Price Index +3% per annum (of which 2% realised as income)
Environmental endowment	To maintain the real value of capital over the long term and generate a steady income stream, while investing in accordance with the UN Principles for Responsible Investment, and where practical giving additional weight to investments with a positive environmental impact.	CPI + 2% per annum

Income funds for medium-term investment	To maintain the real value of funds over the medium term, while investing in accordance with the UN Principles for Responsible Investment.	CPI + 1% per annum
Income funds for short-term needs and contingencies	To maintain the nominal value of the funds and ensure sufficient liquidity to meet all spending requirements, while investing in accordance with the UN Principles for Responsible Investment.	CPI

The Foundation's investment portfolio is held by Royal London and is allocated as follows:

Sustainable World Trust
Sustainable World Trust
Sustainable Managed Growth
Sustainable Managed Income

Despite the significant market uncertainties, our investments performed well in 2023, showing gains of slightly more than £2.5m over the year. This represented an increase of 13.1%, favourable to the benchmark.

Fundraising

The Foundation does not undertake widespread fundraising from the general public and does not use professional fundraisers or commercial participators. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the Foundation's Board.

The income of the Foundation is not bound by any regulatory scheme, and the Foundation does not consider it necessary to comply with any voluntary code of practice relating to fundraising. We have received no complaints in relation to any fundraising activities. As we do not approach individuals for the purpose of raising funds, we do not have specific requirements related to fundraising activities, nor do we consider it necessary to design specific procedures to monitor such activities.

Plans for future periods

The impact of the multiple crises facing society has shown that the need for co-operation is greater than ever before. The Foundation principle focus will be on the implementation its new five year strategy.

In addition, specific plans for 2024 include:

Growing our partnership with Co-op Live, a new arena in Manchester which will fund the Foundation with £1m per year

Working to more effectively centre the voices of young people and those with lived experience within all of our decision making

Scoping and building the second round of our Future Communities Fund

Delivering the Young Gamechangers Fund

Delivering the third round of the Carbon Innovation Fund, funded by a proportion of the sale of compostable carrier bags in Co-op Food stores, and exploring the possibility of further partnerships with Co-op Food

Implementing the DEI Data Standard

Embedding our organisational Theory of Change into our work

The Co-op Foundation is proud to be a contributor to the Co-op's wider commitment to racial equality and inclusion. The issues of racial justice are systemic, deeply entrenched, and knotty. The Co-op Foundation believes that being 'not racist' is not enough; we strive to be anti-racist. This means that means that we'll work to eliminate individual, institutional, and systemic racial inequalities that currently exist.

In recent years, we have made meaningful improvements to the diversity of both our team and our Trustee Board's. The remains, however, more work to do: currently, our leadership team is all white.

Structure, governance and management

The Foundation is governed by its Memorandum and Articles of Association ('Articles').

Trustees are appointed by Co-operative Group Limited ('Co-op'). The Co-op is currently the Foundation's sole Member. With the Co-op Board's approval, Trustees may co-opt a new Trustee to fill a vacancy at any time. Co-opted Trustees may then be elected at the next AGM.

Currently, two Trustees are senior Co-op colleagues. Two are elected members of the Co-op National Members' Council. Six are recruited through open advertisement.

New Trustees are inducted by the Foundation CEO and the Secretary. This covers their legal and regulatory duties and the Foundation's governance, finances and strategy. The Board maintains a skills matrix based on each Trustee's self-assessment of their experience and expertise. This is updated every year and informs priorities for succession planning and further training and development.

Trustees are not paid and do not receive any benefits. They are reimbursed for expenses incurred on Foundation business.

Trustees are responsible for decisions on policy, strategy and allocation of resources. This includes approving the annual operating budget and major grant awards. Day-to-day running of the Foundation is delegated to the Foundation CEO. The Foundation CEO and Foundation team work within the policy, strategic and financial frameworks set by Trustees.

The Foundation team is employed by the Co-op, but reports to the Board of Trustees. The Foundation CEO's pay is set by the Trustees, who consult with the Co-op to establish suitable salary benchmarks. The Co-op provides various support services to the Foundation. The Foundation reimburses the Co-op for salary costs of the Foundation team, whose time is spent only on Foundation work. The Co-op does not charge the Foundation for the cost of Co-op colleagues who support the Foundation as part of wider roles in the Co-op. This includes the Foundation Secretary. Nor does the Co-op charge for office space and other facilities that it provides for the Foundation's use. The Trustees have considered the recognition of a gift in kind but feel the amount is immaterial.

Compliance with the Charity Governance Code

The Board agrees that the principles in the Charity Governance Code ('the Code') represent best practice. It aims to apply these where appropriate and practical. The following is a summary of the Foundation's compliance with the Code.

Organisational Purpose

The Board reviews the Foundation's purpose as part of their annual strategy day. The Board has adopted a Values Framework which is used to ensure that all decision making and planning aligns to the Foundation's mission and values.

Leadership

When considering new appointments during the year, the Board paid particular attention to how it could improve its diversity and reinforce key areas of expertise.

Integrity

The Board has adopted a Code of Conduct. This outlines the standards and behaviours expected from the Board. The Foundation also has a Conflicts of Interest Policy.

The Trustees acknowledge their accountability to a range of stakeholders. They ensure that appropriate stakeholder engagement is factored into all the Foundation's activities.

Decision Making, Risk and Control

The Board has 'matters reserved' and a financial delegated authorities framework. These act as effective delegation and control. 2023 was the fourth year of the Audit, Risk and Finance Committee, which is responsible for overseeing the risk management framework and assessing the effectiveness of internal controls. The Committee Chair provides an update to the Board on items discussed at each meeting.

Board Effectiveness

The Board holds at least four meetings each year. The Secretary maintains a forward planner, which is presented at each Board meeting. This ensures that Trustees have enough time to explore key issues and reach well-considered decisions.

Equality, Diversity and Inclusion

The Foundation is committed to promoting equality and preventing discrimination and to reviewing the diversity of the Board. It aims to create an inclusive environment, where everyone can contribute their best work and develop to their full potential. The Foundation treats its Board, colleagues and partners as individuals, allowing them to be themselves regardless of age, gender, disability, race, religion or sexual orientation. It also values different social and educational backgrounds, life experiences, career paths and diversity of thought.

Openness and Accountability

The Board of Trustees identifies key stakeholders at its annual strategy day. It ensures that regular and effective communication with these stakeholders forms part of its plans.

Statement of responsibilities of the trustees

The trustees (who are also directors of Co-operative Community Investment Foundation for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. 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

Make judgements and estimates that are reasonable and prudent

State whether applicable UK Accounting Standards and statements of recommended practice 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 charity 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.

In so far as the trustees are aware:

There is no relevant audit information of which the charitable company's auditor is unaware

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

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

The trustees' annual report has been approved by the trustees on 30 July 2024 and signed on their behalf by

Jamie Ward-Smith
Chair of Trustees

Independent auditor's report to the trustees of Co-operative Community Investment Foundation (a company limited by guarantee)

Opinion

We have audited the financial statements of Co-operative Community Investment Foundation (the 'charitable company') for the year ended 31 December 2023 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 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
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

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 Co-operative

Community Investment Foundation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require 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 trustees' remuneration specified by law are not made; or

- We have not received all the information and explanations we require for our audit; or
- The directors 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

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

- We enquired of management and the audit, risk and finance committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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.

Judith Miller (Senior statutory auditor)

Date 14 August 2024

for and on behalf of Sayer Vincent LLP, Statutory Auditor
110 Golden Lane, LONDON, EC1Y 0TG

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities (incorporating the income and expenditure account)

for the year ended 31 December 2023

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2023 Total Funds £	2022 Total Funds £
<u>Income and endowment from:</u>						
Donations and grants	3	2,833,845	2,534,332	-	5,368,177	3,616,792
Investments	3	23,258	289,766	-	313,024	162,551
Total income		2,857,103	2,824,098	-	5,681,201	3,779,343
<u>Expenditure on:</u>						
Charitable activities	4	(4,016,350)	(4,808,131)	-	(8,824,481)	(5,310,821)
Total expenditure		(4,016,350)	(4,808,131)	-	(8,824,481)	(5,310,821)
Net (expenditure) (before net gains/(losses) on investments)		(1,159,247)	(1,984,033)	-	(3,143,280)	(1,531,478)
Net gain/(loss) on investments	8	22,181	115,818	2,399,214	2,537,213	(4,065,254)
Transfers between funds		(78,540)	78,540	-	-	-
Net movement in funds		(1,215,606)	(1,789,675)	2,399,214	(606,067)	(5,596,732)
<u>Reconciliation of funds:</u>						
Total funds brought forward	11	2,676,465	2,290,318	18,063,802	23,030,585	28,627,317
Total funds carried forward		1,460,859	500,643	20,463,016	22,424,518	23,030,585

All income and movement in funds arise from continuing operations. There are no gains or losses other than those recognised in this statement of financial activities.

Movement in funds are disclosed in Note 11.

The notes to the accounts form an integral part of the financial statements.

Balance Sheet

as at 31 December 2023

	Notes	2023 £	2022 £
<u>Fixed assets:</u>			
Investments	8	<u>21,831,179</u>	<u>19,293,966</u>
Total Fixed assets		<u>21,831,179</u>	<u>19,293,966</u>
Debtors: amounts receivable after more than one year	9	938,331	754,182
<u>Current assets:</u>			
Debtors: amounts receivable within one year	9	980,952	954,961
Cash at bank and in hand		<u>3,693,661</u>	<u>3,352,157</u>
Total Current assets		<u>4,674,613</u>	<u>4,307,118</u>
<u>Current Liabilities:</u>			
Creditors: amounts falling due within one year	10	(2,507,318)	(1,180,300)
Net current assets		<u>2,167,295</u>	<u>3,126,818</u>
Total assets less current liabilities		24,936,805	23,174,966
Creditors: amounts falling due in more than one year	10	(2,512,287)	(144,381)
Total net assets		<u>22,424,518</u>	<u>23,030,585</u>
<u>The funds of the charity:</u>			
<u>Endowment</u>			
Environmental	11	4,503,430	4,048,610
Main endowment	11	15,959,586	14,015,192
Restricted income funds	11	500,643	2,290,318
<u>Unrestricted funds</u>			
General fund	11	406,861	1,622,467
Designated	11	<u>1,053,998</u>	<u>1,053,998</u>
Total charity funds		<u>22,424,518</u>	<u>23,030,585</u>

The notes to the accounts form an integral part of the financial statements.

These financial statements were approved by the Trustees on 30 July 2024 and were signed on their behalf by:

Jamie Ward-Smith
Chair of Trustees
Company registered number: 4117665

Statement of cashflows

for the year ended 31 December 2023

Reconciliation of net movement in funds to net cash flow provided by / (utilised in) operating activities:

	2023 £	2022 £
Net movement in funds	(606,067)	(5,596,732)
(Gains)/Losses on investments	(2,537,213)	4,065,254
Deduct investment income shown in investing activities	(313,024)	(162,551)
(Increase)/Decrease in accrued income	(921,912)	285,997
Decrease in trade and other receivables	711,772	158,832
Increase in creditors	3,694,924	536,316
Net cash from operating activities	28,480	(712,884)
 Cashflows from investing activities:		
Investment income	313,024	162,551
Cash provided by investing activities	313,024	162,551
 Increase/(decrease) in cash and cash equivalents in the year	341,504	(550,333)
 Cash and cash equivalents at the beginning of the year	3,352,157	3,902,490
 Total cash and cash equivalents at the end of the year	3,693,661	3,352,157

Notes (forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements except as noted below. The principal accounting policies adopted, judgement and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

Co-operative Community Investment Foundation is a registered charity and a company limited by guarantee incorporated in England. The registered office is 1 Angel Square, Manchester, M60 0AG.

These accounts have been prepared in accordance with UK Generally Accepted Accounting Practice, comprising Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)' and the Charities SORP second edition (FRS 102) issued by the Charities Commission in October 2019, together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. The Charity has adapted the Companies Act formats to reflect the SORP and the special nature of the Charity's activities. The Charity is a public benefit entity.

Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2023, the Trustees are required to consider whether the Foundation has sufficient resources to continue in operational existence for the foreseeable future. The Foundation generated net income in the year ended 31 December 2023 of £2,537,213 (2022: net expenditure of £4,065,254) and at the balance sheet date holds net assets of £22,424,518 (2022: £23,030,585).

The Trustees have concluded that it is appropriate to adopt the going concern basis, following an assessment of the financial forecasts and financial assets available to the Foundation. Management has funds to satisfy the future liabilities that they are aware of now and assets remain in place and available to meet future liabilities until at least the end of July 2025.

Therefore, after conducting the financial projections exercise set out above and making all appropriate inquiries, the Trustees have a reasonable expectation that the Foundation has access to adequate resources to enable it to continue in operational existence for the foreseeable future.

Income

All income is recognised once the Charity has entitlement to it, it is probable that the income will be received and the monetary value of the income can be measured with sufficient reliability. Committed grant income not yet received is recognised as an asset on the balance sheet. If grant income is receivable in less than one year it is classified as short term and if receivable in more than one year as long term.

Grant expenditure

Grants made by the charity are recognised when there is a constructive obligation to pay. Grant expenditure is recognised when grants are approved by the Trustees, notified and accepted by the organisations concerned, payment is probable, it can be measured reliably, and all conditions have been met. Grant expenditure not yet paid is recognised as a liability on the balance sheet. If grants are payable in less than one year they are classified as short term and if payable in more than one year, then they are classified as long term.

Other expenditure

Expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation committing the Charity to the expenditure, payment is probable, and it can be measured reliably. Costs have been directly attributed to a particular heading in the Statement of Financial Activities on a headcount basis or on a time basis consistent with the use of the resource.

This includes the cost of monitoring and evaluating projects to ensure the money is being used to maximum effect and ensuring that grant making is supported, processed and governed responsibly. This also includes costs of staff who support the grant making process, cost of meetings and other expenditures incurred in this process.

Taxation

The Co-operative Community Investment Foundation 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. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Nature of funds

Unrestricted income relates to funds available for use at the discretion of the Trustees in furtherance of the general objects of the charity. The charity has a number of restricted income and endowment funds received for specific purposes, which are documented and used accordingly. A restricted income and endowment fund arises from monies received that are communicated to the Charity for specific uses outlined in grant agreements and grant letters.

Notes (continued)

Financial assets

Basic financial assets represents investments, accrued income, trade debtors including amounts due by related parties, sundry debtors and cash and bank balances that are initially recognised at transaction price. Investments are subsequently measured at fair value with all adjustments going through the Statement of Financial Activities. At 31 December 2023, the Foundation had only financial assets classified as basic financial instruments. Debtors receivable in less than one year are recorded at transaction price. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The Foundation does not acquire put options, derivatives or other complex financial instruments.

Interest receivable

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

Financial liabilities

Basic financial liabilities represents creditors, including amounts owed to related parties and accruals, are initially recognised at transaction price. At 31 December 2023, the Foundation had financial liabilities classified as basic financial liabilities. Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Accrued income

Accrued income is received by the charity and accounted for when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Apportionment of expenses

Support costs have been allocated across the programmes of the charity. In 2023 there were 8 programmes (2022: 7 programmes). Expenses which directly relate to a particular programme have been charged to the relevant programme on a 100% basis, while costs relating to the overall management and governance of the charity (e.g. payroll costs) have been apportioned based on estimated time allocation.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Loans and other repayable finance for charitable purposes

Loans to charities are recognised and measured at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments, adjusted for any impairment and net of any bad debt provision. Loans to charities are non-interest bearing and no bad debt provision has been made in 2023.

Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

When assessed as material; then on receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes (continued)

2. Detailed comparatives for the statement of financial activities

for the year ended 31 December 2022

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Income and endowment from:				
Donations, grants and legacies	2,620,296	996,496	-	3,616,792
Investments	3,035	159,516	-	162,551
Total income	2,623,331	1,156,012	-	3,779,343
Expenditure on:				
Charitable activities	(2,164,303)	(3,146,518)	-	(5,310,821)
Total expenditure	(2,164,303)	(3,146,518)	-	(5,310,821)
Net income / (expenditure) before net gains / (losses) on investments)	459,028	(1,990,506)	-	(1,531,478)
Net (losses)/gain on investments	(47,874)	(211,353)	(3,806,027)	(4,065,254)
Transfer between funds	513,069	(513,069)	-	-
Net movement in funds	924,223	(2,714,928)	(3,806,027)	(5,596,732)
Reconciliation of funds:				
Total funds brought forward	1,752,242	5,005,246	21,869,829	28,627,317
Total funds carried forward	2,676,465	2,290,318	18,063,802	23,030,585

3. Income

The Foundation has recognised the following income in 2023 and 2022:

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £
Donations and grants						
Carbon Innovation Fund	-	654,332	654,332	-	752,953	752,953
Salvation Army	600,199	-	600,199	408,518	-	408,518
National Lottery Community Fund #iwill grant	-	1,380,000	1,380,000	-	215,000	215,000
Luminate grant	-	-	-	-	28,543	28,543
Local Community Fund	1,955,708	500,000	2,455,708	1,915,568	-	1,915,568
Other donations	277,938	-	277,938	296,210	-	296,210
Total voluntary income	2,833,845	2,534,332	5,368,177	2,620,296	996,496	3,616,792
Investment Income	23,258	289,766	313,024	3,035	159,516	162,551
Total	2,857,103	2,824,098	5,681,201	2,623,331	1,156,012	3,779,343

Notes (continued)

4. Expenditure

	Charitable Activities £	Governance Cost £	Support Cost £	Total Cost £
2023				
Youth programmes	(4,547,086)	(9,555)	(649,360)	(5,206,001)
Carbon Innovation fund	(1,236,656)	(2,600)	(176,708)	(1,415,964)
Federation Phase 2 (Digital capacity building)	(29,120)	(62)	(4,184)	(33,365)
Systemic Change (New Strategic Initiatives)	(402,155)	(846)	(57,471)	(460,472)
Future Communities	(1,385,226)	(2,913)	(197,957)	(1,586,096)
New campaigning activity	(105,016)	(220)	(14,973)	(120,210)
Fundraising Costs	(2,038)	(5)	(330)	(2,373)
Total	(7,707,297)	(16,200)	(1,100,984)	(8,824,481)
Support cost	(1,100,984)	-	1,100,984	-
Governance cost	(16,200)	16,200	-	-
Total	(8,824,481)	-	-	(8,824,481)

All grants expenditure (in both the current and prior years) were to institutions rather than individuals. Grants paid and included in the table below > £100,000 in 2023 related to: 21 Together (£150,000), Farm Carbon Zero NI CIC (£102,800), For the love of the sea Ltd (£192,885), Kent Wildlife Trust (£104,998), North Wests Migrants Forum (£150,000), Nurturing Foundations (£150,000), Pontus Research Ltd (£200,000), Reestablish (£140,000), RJ Working CIO (£107,000), Roar Pursuits CIC (£150,000), Scottish Association for Marine Sciences (£203,765), The Gina Project CIC (£132,842), Vandenbergh UK Ltd (£186,383), WWF-UK (£105,000), Young Scot (£104,715), Global Fund for Children UK Trust (£4,380,001). The prior year items >£100,000 related to Refugee Action (£250,000), Co-operative College (£143,160).

Number of grants awarded:	2023	2022
<£10,000	57	14
£10,001 - £25,000	0	2
£25,001 to £50,000	3	17
£50,001 to £100,000	7	7
>£100,000	16	1
Total	83	41

	Charitable Charitable Activities £	Governance Governance Cost £	Support Support Cost £	Total Total Cost £
2022				
Youth programmes	(1,819,046)	(6,435)	(453,377)	(2,278,858)
Equal voices	(280,718)	(990)	(69,750)	(351,458)
Carbon Innovation fund	(1,405,295)	(4,980)	(350,866)	(1,761,141)
Federation Phase 2 (Digital capacity building)	(303,480)	(1,065)	(75,035)	(379,580)
Evaluation Contracts	(32,314)	(120)	(8,455)	(40,889)
Systemic Change (New Strategic Initiatives)	(398,144)	(1,410)	(99,341)	(498,895)
Total	(4,238,997)	(15,000)	(1,056,824)	(5,310,821)
Support cost	(1,056,824)	-	1,056,824	-
Governance cost	(15,000)	15,000	-	-
Total	(5,310,821)	-	-	(5,310,821)

4. Expenditure (*continued*)

Support costs, governance costs and costs of raising funds have been allocated across the programmes using the percentages in the table below. The split in costs is based on estimated colleague time spent on each programme. Support costs primarily relate to people related costs incurred by Co-op Group employees who worked for the Foundation during the year and occasionally third party advice sought by the charity. The Trustees do not receive any remuneration or benefit from the charity for their service.

Allocation of Costs	2023	2022
Equal Voices	0.0%	6.6%
Systemic Change (New Strategic Initiatives)	5.2%	9.4%
Youth	59.0%	42.9%
Evaluation Contracts	0.0%	0.8%
Carbon Innovation Fund	16.1%	33.2%
Future Communities Fund	18.0%	0.0%
New Campaigning Activity	1.4%	0.0%
Federation Phase 2 (Digital capacity building)	0.4%	7.1%
Fundraising Costs	0.0%	0.0%
Total	100.0%	100.0%

Notes (continued)

5. Net income / (expenditure) for the year

Net income / (expenditure) for the year is stated after charging auditor remuneration of £13,500 excluding VAT (2022: £12,250).

6. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2023	2022
	£	£
Salaries and wages	746,899	594,771
Redundancy	-	9,758
Social security costs	80,091	67,365
Employer's contribution to defined contribution pension schemes	98,243	78,349
Total	925,233	750,243

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2023	2022
£80,000 - £89,999	1	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £121,038 (2022: £124,410).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £1,565 (2022: £311) incurred by 7 members (2022: 2) relating to attendance at meetings of the trustees.

7. Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 17 (2022: 15).

8. Investments

	2023	2022
	£	£
Fair value at the start of the year	19,293,966	23,359,220
Additions at cost	-	-
Disposal proceeds	-	-
Net gain/(loss) on change in fair value	2,537,213	(4,065,254)
Fair value at the end of the year	21,831,179	19,293,966

All investments are held in Unit Trust investments by Royal London.

Notes (continued)

9. Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Amounts due from related parties	-	453,727
Loans and other repayable finance for charitable purposes	355,044	337,238
Amount due from Co-operative and Community Finance	-	19,804
Grant income due within less than one year	460,000	-
Donation income	165,908	144,192
	<u>980,952</u>	<u>954,961</u>

All amounts due from related parties are repayable on demand and no interest is payable.

	2023	2022
	£	£
Amounts falling due after more than one year:		
Loans and other repayable finance for charitable purposes	478,331	754,182
Grant Income	460,000	-
	<u>938,331</u>	<u>754,182</u>

These loans are repayable between 5 and 20 years.

Loans and other repayable finance for charitable purposes (as above)

	2023	2022
	£	£
Amounts falling due within one year	355,044	337,238
Amounts falling due after more than one year	478,331	754,182
Total	<u>833,375</u>	<u>1,091,420</u>

9. Debtors (continued)

Repayable loans made were as follows:

	2023			2022
	Initial loan	Repayments	Net balance	Net balance
	£	£	£	£
11th Folkstone Scouts	15,000	(15,000)	-	5,184
Anti tribalism	50,000	(31,250)	18,750	30,208
Ballymacash Sports Academy	50,000	-	50,000	50,000
Beechbrae	50,000	(18,750)	31,250	42,708
Bramley elderly action (OWLS)	50,000	(34,375)	15,625	27,083
Centre 4 Limited	50,000	(39,583)	10,417	21,875
Church Aston	10,000	(7,800)	2,200	4,400
Circus Eruption	30,000	(10,000)	20,000	25,500
Coedwig community Woodland	22,000	(10,083)	11,917	16,500
Constitution Hill	30,000	(25,000)	5,000	14,375
Creative Health	10,000	(5,313)	4,687	6,979
Eastside Community Felix Road	50,000	(36,458)	13,542	25,000
Element society	7,500	(5,781)	1,719	3,438
Friends of Stretford Public Hall	50,000	(50,000)	-	12,500
FROG	50,000	(22,917)	27,083	39,000
Future Wolverton	50,000	(13,800)	36,200	38,021
Granby Four Streets	50,000	(26,042)	23,958	35,417
Heeley development	50,000	(48,958)	1,042	12,500
Highbury Roundhouse assoc	55,000	(40,037)	14,963	26,720
Hulme Community Garden Centre	50,000	-	50,000	50,000
Iona Village Hall	30,000	(16,200)	13,800	20,800
Jubilee Community	50,000	-	50,000	50,000
Jubilee Pool Penzanze	50,000	(37,500)	12,500	25,000
Newnham on Severn	30,000	-	30,000	30,000
Norton Sports Charity	50,000	(21,875)	28,125	39,583
Oban Communities Trust	30,000	(5,500)	24,500	30,000
October Books Limited	20,000	(10,000)	10,000	13,333
Projeckts Mcr Ltd	50,000	(14,100)	35,900	40,900
Rotherham Rise	50,000	(27,083)	22,917	34,375
RUSS	50,000	-	50,000	50,000
Seagulls Re-Use Limited	50,000	(9,375)	40,625	43,750
Sudbury Gasworks Restoration Trust	50,000	-	50,000	50,000
The Star Tree Studio CIC	26,500	(11,594)	14,906	20,979
The Walled Garden	50,000	(37,500)	12,500	23,958
Todmorden Learning Centre	50,000	(25,833)	24,167	33,333
Urban biodiversity	50,000	(36,458)	13,542	25,000
White Rock	50,000	-	50,000	50,000
WTOW - Welcome to Our Woods	50,000	(38,458)	11,542	23,000
Total	1,566,000	(732,625)	833,375	1,091,420

The Foundation trustees have assessed the recoverability of all outstanding loan balances and are satisfied that all balances are fully recoverable. As such there is no bad debt provision in place as at 31 December 2023 (2022: nil).

10. Creditors

Amounts falling due within one year

	2023	2022
	£	£
Grants payable	2,455,860	1,165,300
Accruals	16,200	15,000
Amounts due to related parties	35,258	-
	2,507,318	1,180,300

Amounts falling due after more than 1 year

	2023	2022
	£	£
Grants payable (within 1-5 years)	2,512,287	144,381
	2,512,287	144,381

Notes (continued)

11. Movement in funds

2023	Fund balances b/f £	Income £	Expenditure £	Transfers £	Gains and losses £	Fund balances c/f £
<u>Restricted funds:</u>						
Environmental	386,398	289,767	(5,413)	(159,540)	12,369	523,580
Community Fund	-	500,000	(2,166,000)	-	-	(1,666,000)
Britannia	482,033	-	-	-	46,293	528,326
Big Lottery Fund #iwill grant	46,421	1,380,000	(1,420,909)	80,006	-	85,518
Luminate	25,802	-	(29,120)	3,318	-	-
Welsh carrier bag levy	690,101	-	-	(111,995)	57,157	635,263
DCMS	4,785	-	-	(4,785)	-	-
Carbon Innovation Fund	654,777	654,332	(1,186,689)	271,536	-	393,956
Total Restricted funds	2,290,317	2,824,098	(4,808,131)	78,540	115,819	500,643
<u>Unrestricted funds:</u>						
General funds	1,622,467	2,857,103	(4,016,350)	(78,540)	22,181	406,861
Designated funds	1,053,998	-	-	-	-	1,053,998
Total Unrestricted funds	2,676,465	2,857,103	(4,016,350)	(78,540)	22,181	1,460,859
<u>Endowment fund:</u>						
Environmental	4,048,610	-	-	-	454,820	4,503,430
Main endowment	14,015,192	-	-	-	1,944,394	15,959,586
Total endowment funds	18,063,802	-	-	-	2,399,214	20,463,016
Totals funds	23,030,584	5,681,201	(8,824,481)	-	2,537,214	22,424,518

2022	Fund balances b/f £	Income £	Expenditure £	Transfers £	Gains and losses £	Fund balances c/f £
<u>Restricted funds:</u>						
Environmental	500,085	159,516	(54,131)	(196,500)	(22,572)	386,398
Community Fund	52,614	-	(10,000)	(42,614)	-	-
Britannia	566,511	-	-	-	(84,478)	482,033
Big Lottery Fund #iwill grant	497,282	215,000	(665,861)	-	-	46,421
Luminate	316,458	28,543	(319,199)	-	-	25,802
Funeralcare	-	-	-	-	-	-
Welsh carrier bag levy	1,076,390	-	-	(281,986)	(104,303)	690,101
Co-operate	1,412,487	-	(692,033)	(720,454)	-	-
DCMS	4,785	-	-	-	-	4,785
Carbon Innovation Fund	578,634	752,953	(1,405,295)	728,485	-	654,777
Total Restricted funds	5,005,246	1,156,012	(3,146,518)	(513,069)	(211,353)	2,290,317
<u>Unrestricted funds:</u>						
General funds	711,986	2,623,331	(2,164,303)	499,327	(47,874)	1,622,467
Designated funds	1,040,256	-	-	13,742	-	1,053,998
Total Unrestricted funds	1,752,242	2,623,331	(2,164,303)	513,069	(47,874)	2,676,465
<u>Endowment fund:</u>						
Environmental	4,899,158	-	-	-	(850,548)	4,048,610
Main endowment	16,970,671	-	-	-	(2,955,479)	14,015,192
Total endowment funds	21,869,829	-	-	-	(3,806,027)	18,063,802
Totals funds	28,627,317	3,779,343	(5,310,821)	-	(4,065,254)	23,030,585

11. Movement in funds (*continued*)

Restricted funds:

Environmental – this is the income received from our restricted Environment Fund endowment following the merger of United Co-operatives Ltd and Co-operative Group Ltd in 2007 (see below for further details)

Community - the Community Fund is the remaining balance of funds that were donated through the Co-op's membership scheme prior to 2014. These funds are now being used for the Foundation's Community Spaces programme, which awards grants that are consistent with the original purposes of the Community Fund to support voluntary, self-help or not-for-profit groups to address community issues, provide long-term benefits to the community, support co-operative values and principles, and ideally be innovative in their approach.

Britannia - the Britannia Fund was transferred following the closure of the Building Charitable Foundation and is restricted for use on financial education or numeracy projects.

Big Lottery Fund #iwill grant - this is to be used to deliver a youth-focused grants programme using social action to tackle loneliness among disadvantaged young people.

Luminate - is to be used to support a programme based at Federation Manchester to contribute to a more inclusive digital economy for Manchester and the North West of England.

Welsh carrier bag levy – this fund was donated to support projects with an environmental benefit in Wales.

Co-operate - these are the funds that we receive from the Co-operative Group Ltd in furtherance of our charitable purposes.

DCMS Building Connections – used to deliver a grant programme addressing youth loneliness.

DCMS Lonely Not Alone – for a campaign to reduce the stigma of youth loneliness.

Carbon innovation - this is a fund that aims to fund organisations delivering innovative project activities that lead to carbon reduction.

Designated funds:

These are multiple funds that we have chosen to set aside for particular projects or grants, from both restricted and unrestricted sources. Designated funds have been committed as future grant payments or repayable finance for charitable purposes.

Endowment funds:

The Environment Fund was a scheme set up following the merger of United Co-operatives Ltd and Co-operative Group Limited in 2007. In 2007, £2,000,000 was granted to the Co-operative Foundation by United Co-operatives, to be "ring fenced" with the annual return being used to fund environmental projects within the United Region.

The investment is shown as Endowment funds and income from the investment is shown as Restricted. In 2016 the Trustees received legal advice suggesting that this fund is permanent endowment.

The Main Endowment fund of £15,959,586 (2022: £14,015,192) is an expendable endowment held to generate investment income to be distributed in line with the objects of the charity.

Transfers:

Environmental (United), Welsh Carrier bag levy (Wales) & Carbon Innovation fund are all thematic environmental programmes by nature. Transfers between these funds are permitted based on the geographics of where the Carbon Innovation fund awarded grantees are located. In 2023 £159,542 was transferred from Environmental and £111,995 from Welsh Carrier Bag Levy to Carbon Innovation Fund based on where geographically the grants were awarded to allow grants to be allocated from one fund rather than across all three.

Big Lottery Fund #iwill grant is a 50/50 match funding programme with 50% awarded from unrestricted. In 2022 accrued grants under this programme where incorrectly accrued fully against restricted, the transfer of £80,006 from unrestricted is a correction of the accruals ensuring the grants paid out were allocated correctly.

Luminate programme concluded in 2022. The final learning & impact costs came in in 2023 higher than the residual funds available to the programme so £3,317 was transferred from unrestricted funds to clear the programme balance to nil.

DCMS remaining funds of £4,785 were moved to unrestricted in 2023 to offset against some of the costs the continuation of Lonely not Alone as the programme had been moved to unrestricted.

Notes (continued)

12. Analysis of net assets between funds

	Endowment £	Unrestricted £	Restricted £	Total £
2023				
Investments	20,463,016	251,199	1,116,964	21,831,179
Debtors	-	674,071	1,245,212	1,919,283
Cash	-	2,517,488	1,176,173	3,693,661
Liabilities	-	(1,981,902)	(3,037,703)	(5,019,605)
Net assets at 31 Dec 2023	20,463,016	1,460,856	500,646	22,424,518
2022				
Investments	18,063,802	229,019	1,001,145	19,293,966
Debtors	-	52,209	1,656,934	1,709,143
Cash	-	2,919,801	432,356	3,352,157
Liabilities	-	(524,565)	(800,116)	(1,324,681)
Net assets at 31 Dec 2022	18,063,802	2,676,464	2,290,319	23,030,585

13. Financial instruments

	Note	2023 £	2022 £
Financial assets at fair value through the statement of financial activities			
Investments	8	21,831,179	19,293,966
		21,831,179	19,293,966

14. Related party transactions

The Co-op Foundation paid Co-operative Group Limited £929,055 (2022: £755,831) for Foundation staff salaries and other costs directly attributable to Foundation activities. The Trustees consider that the support provided by Co-operative Group Limited represents the best value for money for the charitable company, and that it would not be financially beneficial to employ staff directly.

In regard to gifts in kind, the Co-op Foundation relies heavily on Co-operative Group Limited to provide necessary administrative support for additional staff resources, space and related services. This support includes Co-operative Group costs that are not directly attributable to Foundation activities and are not easily monitored. The Trustees' view that value is not easily quantified. This amount was not included as donations as in the Trustees' view, it is not material in either the current or preceding financial period.

Co-operative Group Limited donated £250,000 in fees which were waived by its Group Chair, Allan Leighton (2022: £250,000).

At the year-end £35,258 (2022: £453,727 due from Co-operative Group Limited) was due to the Co-operative Group Limited.

During the financial year, the Trustees of the board have not received either remuneration or benefits, however seven (2022: one) Trustees were reimbursed for both their travel and hotel expenses totalling £1,565 (2022: £311).

15. Legal status of the charity

The charity is a company limited by guarantee and has no share capital.

Co-op Foundation is a working name of Co-operative Community Investment Foundation, a charity registered in England and Wales (1093028) and Scotland (SC048102).

Registered office: 1 Angel Square, Manchester M60 0AG



Foundation

Accounts



Trustees' report and financial statements

For the year ended 31 December 2022

Co-operative Community Investment Foundation (a company limited by guarantee)

Company registered number 4117665 / Charity registered number 1093028 (England & Wales), SC048102 (Scotland)



Foundation

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Foreword by Jamie Ward-Smith, Chair of Trustees

Can you imagine what your community will look like in 10 years' time? Can you envisage the structures that will be needed to help those who are most vulnerable, or the issues that we'll tackle to make society fairer? After the turbulence of the past three years, I'm not sure I could. Thankfully for the Co-op Foundation in 2022, there was a group of young people perfectly suited to this task. And what they helped us create was truly remarkable.

'Building communities of the future together' is our new radical five-year strategy, released in October 2022. It was created with co-operation baked into its heart and central to this is our new youth-led Future Communities Vision. This vision was developed with young people who were passionate about building fairer, more co-operative communities and their insight is now the bedrock of our future direction. As we move forwards in our grantmaking, we thank them for their input and commit to working towards the changes they want to see in community wellbeing, safety, equity and more.

Our new strategy launch was one of many highlights of 2022 as we reimagined our role as a funder with a co-operative difference. We also continued with our grantmaking and campaigning throughout the year as we learned from the continuing impacts of covid on our partners and young people.

In June, this saw us deliver the first grants from our Carbon Innovation Fund. This partnership is our largest ever with the Co-op and our first £1.4m of grant awards is now helping to tackle carbon emissions across the food and farming sectors. Other funding delivered in 2022 includes a second £250k grant for our partners at Refugee Action; support for Action for Trustee Racial Diversity and the Young Trustees Movement to continue work on building diversity in civil society; and £1.3m of follow-on funding for #iwill partners putting young people in the lead through social action projects. Thank you to each and every partner for your impact, and your learning.

Young people were also involved once again with our campaigning in 2022 as we launched the fourth year of our Lonely Not Alone campaign. Again, young people were front and centre of our campaign. They were on billboards, on social media and on our website, bravely telling the world that even though they may be lonely, they're not alone. 95% of young people who saw Lonely Not Alone have taken an action to help others – testimony of the campaign's lasting impact.

Needless to say, we're proud to be Co-op's charity and we're passionate about co-operating for a fairer world. We're also proud also to be a little different. We want to work closely with communities, to listen and learn and we want to unlock the power of communities by focusing first on those who have most at stake.

We look forward to bringing this dedication to our work and learning in 2023. Thank you to everyone who supported us in 2022 especially to the Co-op's leaders, Members, staff and broader Co-op supporters, plus a big shout out to Co-op's Chair, Allan Leighton, for his continued passionate support. Thank you also to our brilliant and talented Foundation team and to my esteemed fellow Trustees without whom we would not have achieved what we did in 2022.

2023 will be a year of real growth, and we hope everyone who reads this report will join us. Co-operate with us, and let's build communities of the future together.

Trustees' report

The Trustees, who act as Directors for the purposes of company law, present their annual report and the audited financial statements for the year ended 31 December 2022.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Reference and administrative details

Co-operative Community Investment Foundation is a company limited by guarantee, registered with Companies House (number 4117665). Its registered office is 1 Angel Square, Manchester M60 0AG. It is registered as a charity in England and Wales (number 1093028) and Scotland (number SC048102).

Its day-to-day working name is the Co-op Foundation. In this report, it is referred to simply as 'the Foundation'.

The following people served as Trustees of the Foundation during the year:

Jamie Ward-Smith (Chair)
Sharon Jones (Vice Chair)
Michael Fletcher (resigned 22 September 2022)
Lois McClure (resigned 22 September 2022)
Sheila Jane Malley
Hope Levy-Shepherd
George Imafidon
Surojit Majumder (Treasurer) (resigned 19 July 2022)
Peter Batt (appointed 21 October 2022)
Mahalia Flasz (appointed 21 October 2022)
Latefa Mansarit (appointed 21 October 2022)
Jane Waters (Treasurer) (appointed 1 February 2023)

Key personnel

Chief Executive – Nick Crofts

Bankers

Barclays Bank PLC, 1 Churchill Place, London, E14 5HP

Legal advisers

Brabners LLP, Horton House, Exchange Flags, Liverpool L2 3YL

Auditor

Sayer Vincent LLP, Invicta House, 108-114 Golden Ln, London EC1Y 0TL

Objectives

The Co-op Foundation's formal objects are described in its governing document. These are to support, through donations from co-operative organisations, members, customers and employees, projects that contribute to relief of poverty, advancement of education or other such charitable purposes and which will benefit communities in which the businesses of Co-operative Group Limited operate.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set

Building Communities of the Future – Together

2022 saw the launch of a new five-year Foundation strategy, 'Building Communities of the Future – Together'. The new strategy is designed to further bring to life the co-operative ethos of the Foundation as a funder and to enable the organisation to maximise its impact.

A collaborative co-design process was entered into with sectoral consultants Impact Works Associates, drawing together Foundation Trustees and team members, along with key stakeholders at the Co-op and our funded partners. The new strategy was launched in October 2022.

This has been a tremendously exciting piece of work, reflective of the Foundation's ambition to maximise its impact on people's lives and their communities, and determination to 'punch above its weight' by influencing the wider funding sector.

Building Communities of the Future – Together has a number of components:

Over the course of our 2022-27 strategy we will:

Work

with 100 young people to create a clear, compelling and detailed vision of future communities in 10 years' time that are fair and built on co-operative values. We undertook this work in May/June 2022 as part of the development of this strategy.

Pioneer

a distinctly co-operative way of funding. We'll provide flexible and unrestricted funds to people working to build the fairer, more co-operative communities of the future imagined by young people. We'll fund diverse young people and organisations, and learn from and celebrate the progress being made in building future, fair communities.

Co-operate

with others from across the co-operative movement, social change and philanthropy sectors to bring our vision of future communities to life through funding and campaigning. We'll advocate for our co-operative way of funding, and we'll encourage other funders to join in.

Future Communities Vision

We worked with a highly diverse group of 100 young visionaries, who were tasked with imagining future communities in ten years' time, that were fair and built on the co-operative values of **self-help, self-responsibility, democracy, equality, equity, and solidarity, honesty, openness, social responsibility and caring for others.**

The young visionaries' answers were inspiring and compelling:

This is our vision of what we believe communities should be like in 10 years' time. Young people like us are ready to help build them, and to inherit them.

In 10 years' time our communities are fair. They are stronger because people come together to co-operate.

In 10 years' time, we all have opportunities to learn and thrive, incomes that are secure, and affordable homes, whatever our background.

We feel safe and respected wherever we go.

And even if we've made mistakes, we feel welcomed.

In 10 years' time, our communities are equitable. We celebrate our diversity and we educate each other so we can all feel included, appreciated and involved.

We prioritise our health and wellbeing. Everyone has the opportunity to get involved in physical activity, and we work together to strengthen our mental wellbeing.

In 10 years' time, we've made real strides to tackle the impact of climate change. And we're finding ways to live more sustainably, too.

With every passing day, our young voices have grown stronger. Power is shared more equally, and people act on what we say.

Ten years from now, we live in communities based on fairness, unity and co-operation.

There are six strategic priorities that sit underneath the Future Communities Vision:

We will help to create:	Prosperous communities with access to opportunity	Safe communities	Diverse, equitable and inclusive communities	Healthy communities	Sustainable communities	Communities that prioritise youth activism, shared power and transparent governance
By supporting organisations and individuals that...	Enable people to have meaningful opportunities to learn and work. Provide access to affordable and adequate places to live, and affordable and healthy food. Ensure people are paid fairly for the work they do and can afford to live decent and sustainable lives.	Enable us all to feel safe and respected. Rehabilitate people when they make mistakes, and welcome them back into communities. Work in youth centres or community centres to keep people away from crime, support them to share	Celebrate, raise awareness of, and advocate for diversity and inclusion in all sectors of society. Provide accessible and welcoming spaces in the community that cater for different needs and for people with different backgrounds.	Support people to have good mental health through access to services and education. Enable us all to work together to protect and strengthen wellbeing. Support people to have good physical health and enable everyone	Know about sustainable solutions, raise awareness of them, and put them into practice for a just transition. Come together to preserve and nurture local green spaces for the benefit of communities.	Educate young people from diverse backgrounds in leadership and politics, and enable them to be involved in decision-making. Enable young people to self-organise, find resources and get into positions of power to co-create solutions

		their challenges, and enable them to collaborate.	Enable people to have fair opportunities for education and work, regardless of their background.	to have the time and opportunity to exercise.		to issues that matter to them.
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A Co-operative way of funding and working

Our new strategy has been profoundly influenced by our commitment, made in 2021, to become a flexible funder. We were proud to join with a group of pioneering funders committed to 'open and trusting' grantmaking. Co-ordinated by the Institute for Voluntary Action Research (IVAR), our commitments demonstrated our determination to be the best funder we could be. This is helping us to shape lives in our co-operative image, and influence other funders, too.

"The Co-op Foundation is a funder with a co-operative difference. We care deeply about how our funding can empower people and we trust our partners to do what matters most. By building relationships, by being honest and open, by learning and by accepting appropriate risk, we will support our partners to make an even greater impact tackling inequality and strengthening communities."

Jamie Ward-Smith, Chair of the Co-op Foundation

As a result, we made the following eight commitments:

1. Don't waste time

For open funds, we will ensure that clear, plain English guidance is published and we will be available for questions and clarifications. We will use a two-stage application system so ineligible applicants do not spend undue wasted time applying. When working with strategic partners on solicited applications, we will keep open communication with our Trustees to ensure proposals are only progressed when they are likely to succeed.

2. Ask relevant questions

We will always keep our questions to the minimum needed to make a decision. We will act on feedback from current and former partners to ensure our application processes are straightforward and proportionate.

3. Accept risk

We will work with our Trustees to agree an approach to risk that ensures we fund a range of organisations, including smaller grassroots groups that may inherently carry more risk. We accept that, even when things don't go to plan, this represents a learning opportunity rather than 'failure'. In our

investments, we will seek to make further equity investments and interest-free loans to community organisations, accepting a meaningful share of risk alongside our partners.

4. *Act with urgency*

We will seek to work at a pace that works for applicants. We will publish our timelines when announcing a fund and stick to them. We will build strong relationships with our funded partners, so we can respond with urgency to any issues they may face.

5. *Be open*

We will publish our approach to funding and be open about chances of success when we launch a fund. Funds will be as targeted as possible to reduce likelihood of high volumes. We will publish reasons for rejection and give more detailed feedback wherever possible. We will continue to share all our funding data via 360Giving.

6. *Enable flexibility*

We will work with partners, supporting them to respond as flexibly as required on funded projects. We will seek to keep funding as flexible as possible and offer unrestricted funding where we can. When working in partnership with other funders, we will be clear about how we fund, and seek to influence others to also fund in flexible and responsive ways. We will set out our expectations clearly at the beginning of partnerships and not be afraid to move away if we feel our approaches cannot align.

7. *Communicate with purpose*

We will continue to be a relational funder and will invest time in building strong partnerships. We will trust our partners to know how best to deliver positive change in their area of expertise. We will make it clear to partners at the start of a funding relationship what they can expect of us, and what we will expect of them.

8. *Be proportionate*

Our reporting will always be proportionate, and we will be clear with partners exactly what we hope to learn from each fund and what information we will need from them. We will always seek to make reporting light touch and accessible.

We have embedded these principles across the work of the Foundation. For example, our Future Communities Fund launched in November provided unrestricted funds, and featured a two-stage application process, allowing organisations to check their eligibility and apply simply and easily.

Diversity, equity and inclusion

The Co-op Foundation is proud to be a contributor to the Co-op's wider commitment to racial equality and inclusion. The issues of racial justice are systemic, deeply entrenched, and knotty. The Co-op Foundation believes that being *not racist* is not enough; we strive to be anti-racist. This means that means that we'll work to eliminate individual, institutional, and systemic racial inequalities that currently exist.

In recent years, we have made meaningful improvements to the diversity of both our team and our Trustee Board. The remains, however, more work to do: currently, our leadership team is all white.

The Co-op Foundation team strives to work in an equitable, anti-racist and anti-oppressive way, in line with our co-operative values. We've begun this journey as a colleague team with a training series led by BRAP, a charity transforming the way we all think and do equality. We want to build on this to understand how diversity, equity and inclusion (DEI) could, and should, impact the our work. In 2023 we will be producing the Foundation's first DEI Action Plan.

Activities and achievements

Grantmaking activity

Future Communities Fund

In November 2022, we launched the Future Communities Fund, the first new fund envisioned under our new strategy.

It is a five-year, £1.5m fund, making unrestricted grants of up to £30,000 per year for up to five years. It is intended to support organisations that are working on different components of the Future Communities Vision.

This first Future Communities Fund round is seeking organisations that are working at the intersection of two of the strategic priorities under the Vision – communities that are diverse, equitable and inclusive; and communities that prioritise youth activism, shared power and transparent governance.

We received 670 expressions of interest in the Fund, and have produced a longlist of 59 for consideration by our Future Communities Collective, the group of young people that we are paying to take all of the decisions in respect of the Fund. We are intending to make the first grant award in the first half of 2023.

The next round of the Future Communities Fund will be launched in early 2024.

Further support for refugees

The Foundation was able to make an urgent response to the Afghan refugee crisis by awarding our largest single grant to date, £250,000 to Refugee Action. Our funding helped to provide emergency support for Afghans arriving in the UK and is making a longer-term difference to refugee children and their families. This funding was delivered in alignment with our flexible funder commitments, and saw a very rapid turnaround, with a decision to award funding being made in just eight days.

The funding we awarded Refugee Action was unrestricted, which meant it could be spent where their team felt it would make the most impact.

It also meant we could contribute towards Refugee Action's wider goals, allowing them to create a new senior leadership role to shift power and focus to those with lived experience of the refugee system.

As a result of our funding, two 'Experts by Experience' network members recently joined the Refugee

Action Board of Trustees. 60% of its Board is now made up of people from a refugee background. This is a massive step forward in Refugee Action's long-term commitment to shift power to people with lived experience.

We were delighted to continue this support with a further £250,000, which is to be paid in two instalments in 2022 and 2023.

Carbon innovation Fund

The Carbon Innovation Fund is a multi-year partnership between the Co-op and the Co-op Foundation. It's funded through Co-op donations raised from the sale of compostable carrier bags in the UK. To increase the size of the funding pot and enhance our ability to make impact, the Foundation designated £250,000 of unrestricted funds to the Innovation Fund.

The purpose of the Carbon Innovation Fund is to fund organisations who are making exciting, alternative and different developments to reduce greenhouse gas emissions within the food and farming sector. We have been on the lookout for innovative projects, movements, or inventions which not only deliver an environmental good, but contribute to real systems change, and can demonstrate a positive impact for people and communities too.

2021 saw hundreds of high-quality applications for the pilot fund, and after a competitive selection process, we are proud to announce that we awarded £1.4m funding to 15 organisations from across the UK and overseas.

All 15 organisations have started their projects which range from fog harvesting to seaweed farming and agroforestry, to name a few. Each project has its own tailored monitoring timeline to suit their needs, meaning that we can be led by our partners' expertise rather than implementing often restrictive requirements.

In February 2023, round 2 of the Carbon Innovation Fund opened for applications. This time, the fund will take a more focused approach to allow for a greater depth of learning and commonality between funded partners, which may hopefully result in further collaboration. Following a consultation process with industry experts including round 1 partners, it was agreed that round 2 will support organisations across the UK that are working hard to reduce UK farmers' reliance on soy-based animal feed and synthetic fertiliser.

While we know that eliminating soy and synthetic fertilisers overnight is not viable, or may not even be desirable, these new ideas and alternatives will reduce deforestation rates, greenhouse gas emissions, help farmers livelihoods and protect biodiversity.

We are excited to see which organisations we will have the pleasure of supporting in 2023.

Systemic change in the voluntary sector

The Foundation has had a long-term interest in raising voices and influencing change, particularly for communities who are heard the least. We have been working to help deliver systemic change in the particularly wider voluntary sector, including by supporting work to increase the diversity on charity boards, so they can make their work more reflective of the communities they support. In 2022, we

continued our funding for the Young Trustees Movement and Getting on Board, the long-term partner of Action for Trustee Racial Diversity.

We also committed £100,000 for a collaborative partnership with other major youth funders looking to enhance the infrastructure for youth organisations in the UK.

#iwill Fund

The #iwill Fund was launched in November 2016, with the aim of making social action (including campaigning and providing peer support) the norm for young people aged 10-20. The #iwill Fund programme authentically connects young people to wider issues that they want to address – enabling more young people to take part in social action through high quality opportunities, creating civic habits for life.

The Co-op Foundation's original 2017-20 partnership (Version 1) focused on social action, tackling youth loneliness through a £2 million grants fund. This was subsequently extended, through a £3 million grants fund (Version 2), agreed in 2019, which aimed to move the focus towards social action drawing on young people's lived experience, through peer support and youth-led advocacy.

The projects funded via Version 2 of the programme are grouped into three thematic strands:

- **School Transitions**, aimed at supporting young peoples' wellbeing in the transition from primary school to secondary school
- **Community Spaces**, aimed at helping young people to improve the design and use of community spaces
- **Bereavement Support**, aimed at providing young people safe spaces and support to share their experience of bereavement

Between 2017 and 2022, we funded 58 partners to support 15,733 young people through £5m of #iwill Funds.

In 2022, our grant-making focused on using a programme underspend of £1.3m to extend our #iwill Fund offer to existing (Version 2) and former (Version 1) #iwill Fund partners. In total, we made 37 awards to the value of £608k. We also offered an additional year of funding to five devolved nations partners who had previously been funded through our Co-op Foundation Bereavement Fund.

IFF have been re-commissioned to complete the evaluation for the extended Version 2 projects. Partners originally funded through Version 1 of the programme were presented with four options as to how they would like Co-op Foundation to support them in evaluating their project (options included ongoing support by a consultant, collaborative learning, participation in an action learning set and support with an end of project evaluation). Partners were in favour of participating in an action learning set and Action Learning Associates have been commissioned to deliver this work. The first set starts in March 2023.

Federation programme - increasing equality through tech

Since 2021, our Federation programme, funded through our partnership with Luminate, has been looking at ways to make sure tech tackles rather than amplifies inequality.

Key elements of the programme include:

- Capacity building
- Collective action
- Community building

Some of the greatest achievements so far include:

- Our partner Digital Advantage using a £7.5k grant to access over £200k of funding, enabling them to successfully launch a specialist college for young people with autism who want a digital career.
- An award of £25k from Innovate UK for our partner Noisy Cricket to explore the formation of a Community Research Network, based on the work of the Responsible Tech Collective, which emerged from the first phase of Federation.
- £10,000 worth of expert bid writing and tendering training delivered free of charge to Federation partners through a collaboration with local businesses and the social value team in Manchester's Growth Hub.

Learning & Impact

2022 saw the appointment of Dr Asimina Vergou as the Foundation's new Head of Learning & Impact. The new role started with leading the completion of the visioning study and ensuring the high quality of the final outputs.

Learning and Impact strategy

The Learning and Impact work began with desk-based research and interviews with 17 funders from the UK, the US, Switzerland and the Netherlands to identify current trends and best practices in learning and impact. The focus of this scoping was predominantly on learning and the impact of unrestricted funding, participatory grantmaking and learning and evaluation of environmental project funding.

The findings of the interviews and the desk-based research will feed into the development of the Learning and Impact strategy (expected to be completed in 2023). This scoping has been critical for shaping current approaches to learning and evaluation planning of funds such as the Carbon Innovation Fund Round 2 and #iwill Fund.

In addition, two workshops with Trustees have gathered their views on learning and impact options and language and questions for a learning agenda.

Participating in learning and impact networks

To be up to date with good practice in learning and impact approaches in the funding sector, it is important to follow and join the activities and follow relevant networks. In 2022 we joined some key learning and impact communities, including the [Evidence and learning network of the Association for](#)

[Charitable Foundations](#), [IVAR's Evaluation Roundtable Community of Practice](#) and the [UK Evaluation Society](#).

Organisational Theory of Change (ToC)

As part of the new strategy planning and implementation phase and following good practice from other funders, we are developing our organisational ToC. The organisational ToC will help us clearly articulate what we aim to achieve within our new strategy in the next five years and track progress. In November 2022, we commissioned NCVO, an organisation with expertise in ToC, to support us with shaping our organisational ToC. 22 stakeholders were consulted through 1:1 interviews and group discussions followed by two Co-op Foundation and Trustees workshops. Young people and funded partners were also part of the consultation process. The ToC visual and narrative are expected to be finalised and published in July 2023. An evaluation framework across the Foundation's activities will be then developed to track progress against the outcomes identified in the ToC. We expect the ToC to be a living document to be reviewed mid-way through the five-year strategy implementation.

Data analytics function

As a funder, it is crucial that we develop our data analytics function and systems that will enable us to record coherently and analyse data from our grants to inform our future decisions, understand trends in how who and what we fund and be able to respond to external queries related to the level and focus of our funds. For this reason, we started recruiting for a Data analyst position that will be part of the Learning and Impact team. The data analyst will be responsible for collecting, storing and analysing our grant funding data (including using the funders' [DEI data standard](#)) and our submission to [360Giving data](#). The data analyst position is important for visualising and communicating our funding's data to non-technical audiences in an impactful way.

Challenges and lessons learned

Learning from involving young people in a visioning study

A diverse group of young people were invited to envision an ideal future community built on co-operative values through participation in visioning workshops and submitting their ideas through WhatsApp diaries. Their views and recommendations have now become our strategic priorities. Paying young people for their contribution has been important to us, as this way, we acknowledge the expertise they bring to the table and we also lift any barriers that may hinder their participation e.g. dedicating this time to earn income.

During the process we found that it is helpful to invite a higher number of participants in the sessions to ensure we avoid low participation due to unforeseen circumstances and last-minute dropouts.

Using paid social media adverts and the networks of funded partners who work with communities that are often underserved enabled us to reach a diverse group of young people in terms of ethnicity, abilities, gender and socio-economic background.

Learning from developing an organisational ToC

Between November 2022-March 2023 we worked with NCVO to create our organisational ToC. Working with a consultancy that has expertise in ToC training and supporting other organisations to develop their ToC was critical. The process was fast paced and it worked well to have a Foundation project management team representing the different functions of our organisation i.e. Funding and Partnerships, Communications and Learning and Impact. The workshops to discuss and brainstorm different aspects of the ToC were well facilitated and our weekly contact points with NCVO were crucial for progressing this fast-paced project.

During the process, we learned that when we consulted external stakeholders i.e. funded partners and young people we could have achieved higher participation if we had avoided organising the sessions before the Christmas period and invite higher number of participants. Prior to beginning the process we could have established a better understanding of our team's knowledge of ToC and organising a longer learning session on what Theories of change are. A lot of work in developing an organisational ToC is often happening in the background and it is important to regularly update the team on how work progresses so that they are well prepared when their input is requested. Having a clearer idea of what the final output will look like from the start is also helpful for working smoothly with an external consultancy and completing the project on time.

Campaigning work

Young people in the lead to tackle loneliness

Young people helped us deliver another incredible Lonely Not Alone campaign in 2022.

Their plan for our fourth year was to build empathy and show young people everywhere that they're not alone. To support this, we expanded the Lonely Not Alone universe we launched in 2021 and encouraged people of all ages to send in a message of support. Our young co-designers also showed lonely young people they don't have to feel embarrassed about their loneliness by bravely appearing on billboards and social media adverts.

We're proud of what young people helped us to achieve in 2022 with 95% of those who saw Lonely Not Alone saying they'd taken an action to help others.

In 2023, we will be migrating away from loneliness as a theme and looking at the priorities of the Future Communities Vision to build on our campaigning success.

Financial review

The Foundation's total income in 2022 was £3,779,343. This was a decrease on 2021 of £756,744. The main reason for this is a reduction in the primary funding received from the Co-op.

Expenditure increased to £5,301,821 (2021: £3,409,425). The main driver of this was a increase in our match-funded grantmaking expenditure.

Net expenditure for the year, before investment gains, was £1,531,478 (2021: £1,126,662 net income). The Foundation also recognised investment losses of £4,065,254 (2021: investment gains £3,014,324).

The Foundation also holds a small social investment portfolio. £1,091,420 of assets were held in mission-related investments at year-end (2021: £1,351,973).

Reserves

In line with the new policy agreed in 2020, the Foundation's target reserves level were set as a ratio of annual support costs.

This represented a change from the previous policy, under which target reserves were set in relation to total budgeted expenditure (for both programme and support costs) taking into account the level of income budgeted from sources that were not yet secured. This change of approach is based on the principle that, for the remainder of our 2020-22 plan:

- The Foundation will only commit to new programme expenditure once income sources are identified with a high level of confidence
- New programme expenditure is phased to be cashflow positive.

The approved policy sets out:

- a central reserves target equivalent to six months' support costs (c.£280k based on a budgeted support cost of £560k)
- a range of tolerance up to three months either side of this central target (i.e. at any given time, reserves would be maintained at a level between 3 and 9 months' support costs) to allow for expected fluctuations in the phasing of income and expenditure.

Reserves at 2022 year-end were within this range, at £1,622,467 (2021: £711,986).

Endowments, restricted fund balances and designated funds are excluded from the definition of reserves. The total value of all assets held by the Foundation at year-end was £21,408,118 (2021: £27,915,331). This provides a strong financial position from which to deliver our existing plans for 2023 and beyond, as we launch and begin to implement the Foundation's longer-term strategy.

The Trustees believe that the Foundation is well placed to manage its business risks successfully. The Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Foundation financial statements.

Risks

In 2020 the Foundation established a new Audit, Risk and Finance sub-committee of the Board. This Committee reviewed the Foundation's risk framework and recommended various improvements, which were approved by the Board. A revised framework was then adopted in November 2020.

The main risks identified by the Foundation and mitigating actions taken in 2022 are summarised below.

Main risks	Controls
The impact of Covid-19 on partners and the wider community leads to fewer outcomes delivered by The Co-op Foundation's funding	Agreed approach with Board of Trustees and funding partners to support partners through Covid-19 with greater flexibility
Loss of key personnel from Foundation team	Capabilities, structures, grade and reward review half one. Focus on improved culture and wellbeing.

Failure to agree an updated Co-op Foundation Strategy leads to lack of direction in grant making	Strategic refresh undertaken following appointment of new CEO
Failure to access significant new income streams in line with strategic ambitions	High-level engagement with senior Group stakeholders, support from Group fundraisers to develop opportunities

Investments

The Trustees have set the following objectives for the Foundation's long, medium and short-term investments:

Fund	Objectives	Benchmarks
Main endowment	To maximise total return over the long-term (5 to 10-year horizon) and generate a steady income stream, while investing in accordance with the UN Principles for Responsible Investment	Consumer Price Index +3% per annum (of which 2% realised as income)
Environmental endowment	To maintain the real value of capital over the long term and generate a steady income stream, while investing in accordance with the UN Principles for Responsible Investment, and where practical giving additional weight to investments with a positive environmental impact.	CPI + 2% per annum
Income funds for medium-term investment	To maintain the real value of funds over the medium term, while investing in accordance with the UN Principles for Responsible Investment.	CPI + 1% per annum
Income funds for short-term needs and contingencies	To maintain the nominal value of the funds and ensure sufficient liquidity to meet all spending requirements, while investing in accordance with the UN Principles for Responsible Investment.	CPI

Following a review of the Foundation's investments in 2019, with advice from an independent investment consultant (Gemmell's), in 2020 the investment portfolio was reallocated to better fit with the Trustees' risk and return objectives for each fund.

We also redistributed some of our remaining funds within Royal London's suite of sustainable investment funds, as follows:

- Main endowment transferred from Sustainable Diversified Trust to Sustainable World Trust (a higher risk fund, reflecting the long-term nature of these investments)
- Restricted income funds were transferred from Sustainable Diversified Trust to Sustainable Manager Growth trust (a slightly lower risk fund reflecting the medium-term nature of these investments)
- A portion of our unrestricted reserves was transferred from Sustainable Diversified Trust to Sustainable Managed Income Trust (a lower risk fund, reflecting the potential need to draw on reserves at short notice in response to unforeseen events).

Fundraising

The Foundation does not undertake widespread fundraising from the general public and does not use professional fundraisers or commercial participators. The day-to-day management of all income generation is delegated to the CEO who is accountable to the Foundation's Board.

The income of the Foundation is not bound by any regulatory scheme, and the Foundation does not consider it necessary to comply with any voluntary code of practice relating to fundraising. We have received no complaints in relation to any fundraising activities in either the current or prior year. As we do not approach individuals for the purpose of raising funds, we do not have specific requirements related to fundraising activities, nor do we consider it necessary to design specific procedures to monitor such activities.

Structure, governance and management

The Foundation is governed by its Memorandum and Articles of Association ('Articles').

Trustees are appointed by Co-operative Group Limited ('Co-op') which is the Foundation's sole Member. With the Co-op Board's approval, Trustees may co-opt a new Trustee to fill a vacancy at any time. Co-opted Trustees may then be elected at the next AGM.

The current composition of Board is made up of two Trustees which are senior Co-op colleagues, two are elected members of the Co-op National Members' Council and six are independent who are recruited through open advertisement.

New Trustees are inducted by the Foundation CEO and the Secretary. This covers their legal and regulatory duties and the Foundation's governance, finances and strategy. The Board maintains a skills matrix based on each Trustee's self-assessment of their experience and expertise which is updated every year and informs priorities for succession planning and further training and development.

The Foundation has sought to further improve the diversity of its Trustee Board, with particular reference to appointing young people and Black people and People of Colour as trustees. As a result of a number of recent appointments, the Board is now even more diverse.

Trustees are not paid and do not receive any benefits. They are reimbursed for expenses incurred on Foundation business as detailed in note 6.

Trustees are responsible for decisions on policy, strategy and allocation of resources. This includes approving the annual operating budget and major grant awards. Day-to-day running of the Foundation is delegated to the Foundation CEO. The Foundation CEO and Foundation team work within the policy, strategic and financial frameworks set by Trustees.

The Foundation team is employed by the Co-op, but reports to the Board of Trustees. The Foundation CEO's pay is set by the Trustees, who consult with the Co-op to establish suitable salary benchmarks. The Co-op provides various support services to the Foundation, some of which is reimbursed by the Foundation in accordance with a formal Memorandum of Understanding. The Foundation reimburses the Co-op for salary costs of the Foundation team, whose time is spent only on Foundation work. The

Co-op does not charge the Foundation for the cost of Co-op colleagues who support the Foundation as part of wider roles in the Co-op which includes the Foundation Secretary. The Co-op does not charge for office space and other facilities that it provides for the Foundation's use. The Trustees have considered the recognition of a gift in kind but feel the amount is immaterial.

Compliance with the Charity Governance Code.

The Board agrees that the principles in the Charity Governance Code ('the Code') represent best practice. It aims to apply these where appropriate and practical. The following is a summary of the Foundation's compliance with the Code.

1. Organisational Purpose

The Board reviewed the Foundation's purpose as part of the development of the new strategy which was launched in Autumn 2022. The Foundation's purpose remains at the heart of all decision making, ensuring that decisions and planning aligns to the Foundation's missions and values and the Board led the development of the Foundation's strategic aims.

2. Leadership

The Board undertakes a annual Board Effectiveness Evaluation which focuses on the collective and individual responsibility of trustees and leadership in relation to the Chair. The findings of the 2022 evaluation showed that the Board continued to work well together as a team and recognises, respects and welcomes diverse, different and, at times, conflicting trustee views.

Throughout 2022, the Board continued to review the welfare of colleagues with the inclusion of a standing agenda item on Team Wellbeing and the appointment of a Trustee Wellbeing Representative who acts as the key contact between colleagues and the Board and holds closed sessions with colleagues without the presence of senior management.

3. Integrity

The Board has adopted a Code of Conduct. This outlines the standards and behaviours expected from the Board. The Foundation also has a Conflicts of Interest Policy.

The Trustees acknowledge their accountability to a range of stakeholders. They ensure that appropriate stakeholder engagement is factored into all the Foundation's activities.

Following safeguarding training undertaken during the year, the Board recognises that there are further actions that can be taken to strengthen the culture in which everyone feels safe and respected and a plan is in place to implement these changes during 2023.

4. Decision Making, Risk and Control

The Board has 'matters reserved' and a financial delegated authorities framework. These act as effective delegation and control. The Audit, Risk and Finance Committee has delegated responsibility for overseeing the risk management framework and assessing the effectiveness of internal controls. The Committee Chair provides an update to the Board on items discussed at each meeting.

5. Board Effectiveness

The Board holds at least four meetings each year. The Secretary maintains a forward planner, which is presented at each Board meeting. This ensures that Trustees have enough time to explore key issues and reach well-considered decisions.

Board Effectiveness is annually assessed via a Board Evaluation and an action plan is created to record any potential areas of improvement.

6. Equality, Diversity and Inclusion

The Foundation is committed to promoting equality and preventing discrimination and to reviewing the diversity of the Board. It aims to create an inclusive environment, where everyone can contribute their best work and develop to their full potential. The Foundation treats its Board, colleagues and partners as individuals, allowing them to be themselves regardless of age, gender, disability, race, religion or sexual orientation. It also values different social and educational backgrounds, life experiences, career paths and diversity of thought.

7. Openness and Accountability

The Board of Trustees identifies key stakeholders at its annual strategy day. It ensures that regular and effective communication with these stakeholders forms part of its plans.

Statement of responsibilities of the trustees

The trustees (who are also directors of Co-operative Community Investment Foundation for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. 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
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 charity 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.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware

- 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

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

The trustees' annual report has been approved by the trustees on 20 July 2023 and signed on their behalf by

Jamie Ward-Smith
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COOPERATIVE COMMUNITY INVESTMENT FOUNDATION

Opinion

We have audited the financial statements of Co-operative Community Investment Foundation (the 'charitable company') for the year ended 31 December 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 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
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

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 Co-operative Community Investment Foundation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are

required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require 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 trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

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

- We enquired of management and the audit, risk and finance committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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.

Judith Miller (Senior statutory auditor)

Date : 31 July 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities (incorporating the income and expenditure account)

for the year ended 31 December 2022

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £	2021 (Restated) Total Funds £
Income and endowment from:						
Donations, grants and legacies	3	2,620,296	996,496	-	3,616,792	4,375,683
Investments	3	3,035	159,516	-	162,551	160,404
Total income		2,623,331	1,156,012	-	3,779,343	4,536,087
Expenditure on:						
Charitable activities	4	(2,164,303)	(3,146,518)	-	(5,310,821)	(3,409,425)
Total expenditure		(2,164,303)	(3,146,518)	-	(5,310,821)	(3,409,425)
Net income / (expenditure) (before net (losses)/gains on investments)		459,028	(1,990,506)	-	(1,531,478)	1,126,662
Net (loss)/gain on investments	8	(47,874)	(211,353)	(3,806,027)	(4,065,254)	3,014,324
Transfers between funds		513,069	(513,069)	-	-	-
Net movement in funds		924,223	(2,714,928)	(3,806,027)	(5,596,732)	4,140,986
Reconciliation of funds:						
Total funds brought forward	11	1,752,242	5,005,246	21,869,829	28,627,317	24,486,331
Total funds carried forward		2,676,465	2,290,318	18,063,802	23,030,585	28,627,317

All income and movement in funds arise from continuing operations. There are no gains or losses other than those recognised in this statement of financial activities.

Movement in funds are disclosed in Note 11.

The notes to the accounts form an integral part of the financial statements.

Balance Sheet

as at 31 December 2022

	Notes	2022 £	2021 (Restated) £
<u>Fixed assets:</u>			
Investments	8	19,293,966	23,359,220
Total Fixed assets		19,293,966	23,359,220
Debtors: amounts receivable after more than one year	9	754,182	1,088,687
<u>Current assets:</u>			
Debtors: amounts receivable within one year	9	954,961	1,065,285
Cash at bank and in hand		3,352,157	3,902,490
Total Current assets		4,307,118	4,967,775
<u>Current Liabilities:</u>			
Creditors: amounts falling due within one year	10	(1,180,300)	(484,976)
Net current assets		3,126,818	4,482,799
Total assets less current liabilities		23,174,966	28,930,706
Creditors: amounts falling due in more than one year	10	(144,381)	(303,389)
Total net assets		23,030,585	28,627,317
<u>The funds of the charity:</u>			
<i>Endowment</i>			
Environmental	11	4,048,610	4,899,158
Main endowment	11	14,015,192	16,970,671
Restricted income funds	11	2,290,318	5,005,246
<i>Unrestricted funds</i>			
General fund	11	1,622,467	711,986
Designated	11	1,053,998	1,040,256
Total charity funds		23,030,585	28,627,317

The notes to the accounts form an integral part of the financial statements.

These financial statements were approved by the Trustees on 20 July 2023 and were signed on their behalf by:

Jamie Ward-Smith
Chair of Trustees
Company registered number: 4117665

Statement of cashflows

for the year ended 31 December 2022

Reconciliation of net movement in funds to net cash flow provided by / (utilised in) operating activities:

	2022	2021 (Restated)
	£	£
Net movement in funds	(5,596,732)	4,140,986
Losses/(Gains) on investments	4,065,254	(3,014,324)
Deduct investment income shown in investing activities	(162,551)	(160,404)
Decrease in accrued income	285,997	227,863
Decrease/(increase) in trade and other receivables	158,832	(356,493)
Increase/(Decrease) in creditors	536,316	(14,967,384)
Net cash from operating activities	(712,884)	(14,129,756)
 Cashflows from investing activities:		
Investment income	162,551	160,404
Cash provided by investing activities	162,551	160,404
 Decrease in cash and cash equivalents in the year	(550,333)	(13,969,352)
 Cash and cash equivalents at the beginning of the year	3,902,490	17,871,842
 Total cash and cash equivalents at the end of the year	3,352,157	3,902,490

Notes (forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements except as noted below. The principal accounting policies adopted, judgement and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

Co-operative Community Investment Foundation is a registered charity and a company limited by guarantee incorporated in England. The registered office is 1 Angel Square, Manchester, M60 0AG.

These accounts have been prepared in accordance with UK Generally Accepted Accounting Practice, comprising Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)' and the Charities SORP second edition (FRS 102) issued by the Charities Commission in October 2019, together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. The Charity has adapted the Companies Act formats to reflect the SORP and the special nature of the Charity's activities. The Charity is a public benefit entity.

Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2022, the Trustees are required to consider whether the Foundation has sufficient resources to continue in operational existence for the foreseeable future. The Foundation generated net expenditure in the year ended 31 December 2022 of £4,065,254 (2021: net income of £4,140,986) and at the balance sheet date holds net assets of £23,030,585 (2021: £28,627,317).

The Trustees have concluded that it is appropriate to adopt the going concern basis, following an assessment of the financial forecasts and financial assets available to the Foundation. Management has funds to satisfy the future liabilities that they are aware of now and assets remain in place and available to meet future liabilities until at least the end of July 2024.

Therefore, after conducting the financial projections exercise set out above and making all appropriate inquiries, the Trustees have a reasonable expectation that the Foundation has access to adequate resources to enable it to continue in operational existence for the foreseeable future.

Income

All income is recognised once the Charity has entitlement to it, it is probable that the income will be received and the monetary value of the income can be measured with sufficient reliability. Committed grant income not yet received is recognised as an asset on the balance sheet. If grant income is receivable in less than one year it is classified as short term and if receivable in more than one year as long term.

Grant expenditure

Grants made by the charity are recognised when there is a constructive obligation to pay. Grant expenditure is recognised when grants are approved by the Trustees, notified and accepted by the organisations concerned, payment is probable, it can be measured reliably, and all conditions have been met. Grant expenditure not yet paid is recognised as a liability on the balance sheet. If grants are payable in less than one year they are classified as short term and if payable in more than one year, then they are classified as long term.

Other expenditure

Expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation committing the Charity to the expenditure, payment is probable, and it can be measured reliably. Costs have been directly attributed to a particular heading in the Statement of Financial Activities on a headcount basis or on a time basis consistent with the use of the resource.

This includes the cost of monitoring and evaluating projects to ensure the money is being used to maximum effect and ensuring that grant making is supported, processed and governed responsibly. This also includes costs of staff who support the grant making process, cost of meetings and other expenditures incurred in this process.

Taxation

The Co-operative Community Investment Foundation 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. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Nature of funds

Unrestricted income relates to funds available for use at the discretion of the Trustees in furtherance of the general objects of the charity. The charity has a number of restricted income and endowment funds received for specific purposes, which are documented and used accordingly. A restricted income and endowment fund arises from monies received that are communicated to the Charity for specific uses outlined in grant agreements and grant letters.

Notes (continued)

Financial assets

Basic financial assets represents investments, accrued income, trade debtors including amounts due by related parties, sundry debtors and cash and bank balances that are initially recognised at transaction price. Investments are subsequently measured at fair value with all adjustments going through the Statement of Financial Activities. At 31 December 2022, the Foundation had only financial assets classified as basic financial instruments. Debtors receivable in less than one year are recorded at transaction price. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The Foundation does not acquire put options, derivatives or other complex financial instruments.

Interest receivable

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

Financial liabilities

Basic financial liabilities represents creditors, including amounts owed to related parties and accruals, are initially recognised at transaction price. At 31 December 2022, the Foundation had financial liabilities classified as basic financial liabilities. Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Accrued income

Accrued income is received by the charity and accounted for when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Apportionment of expenses

Support costs have been allocated across the programmes of the charity. In 2022 there were 7 programmes (2021: 6 programmes). Expenses which directly relate to a particular programme have been charged to the relevant programme on a 100% basis, while costs relating to the overall management and governance of the charity (e.g. payroll costs) have been apportioned based on estimated time allocation.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Loans and other repayable finance for charitable purposes

Loans to charities are recognised and measured at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments, adjusted for any impairment and net of any bad debt provision. Loans to charities are non-interest bearing and no bad debt provision has been made in 2022.

Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

When assessed as material; then on receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes (continued)

2. Detailed comparatives for the statement of financial activities

for the year ended 31 December 2021 (Restated)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Income and endowment from:				
Donations, grants and legacies	667,320	3,708,363	-	4,375,683
Investments	86,801	73,603	-	160,404
Total income	754,121	3,781,966	-	4,536,087
Expenditure on:				
Charitable activities	(860,366)	(2,549,059)	-	(3,409,425)
Total expenditure	(860,366)	(2,549,059)	-	(3,409,425)
Net income / (expenditure) before net gains / (losses) on investments)	(106,245)	1,232,907	-	1,126,662
Net (losses)/gain on investments	(5,186)	56,957	2,962,553	3,014,324
Transfer between funds	(5,463)	5,463	-	-
Net movement in funds	(116,894)	1,295,327	2,962,553	4,140,986
Reconciliation of funds:				
Total funds brought forward	1,869,136	3,709,919	18,907,276	24,486,331
Total funds carried forward	1,752,242	5,005,246	21,869,829	28,627,317

3. Income

The Foundation has recognised the following income in 2022 and 2021:

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £
Donations and grants						
Welsh carrier bag levy	-	-	-	-	118,568	118,568
Carbon Innovation Fund	-	752,953	752,953	-	578,634	578,634
Salvation Army	408,518	-	408,518	412,395	-	412,395
National Lottery Community Fund #iwill grant	-	215,000	215,000	-	-	-
Luminate grant *	-	28,543	28,543	-	486,376	486,376
Local Community Fund	1,915,568	-	1,915,568	-	2,500,000	2,500,000
Other donations	296,210	-	296,210	254,925	24,785	279,710
Total voluntary income	2,620,296	996,496	3,616,792	667,320	3,708,363	4,375,683
Investment Income	3,035	159,516	162,551	86,801	73,603	160,404
Total	2,623,331	1,156,012	3,779,343	754,121	3,781,966	4,536,087

* The Luminate Grant income was recognised in 2021 (received in 2022) at £250,054 but due to an increase in the foreign exchange rate the Co-op Foundation received an additional £28,543 bringing the total received to £278,597.

Notes (continued)

4. Expenditure

2022	Charitable Activities £	Governance Cost £	Support Cost £	Total Cost £
Youth programmes	(1,819,046)	(6,435)	(453,377)	(2,278,858)
Equal voices	(280,718)	(990)	(69,750)	(351,458)
Carbon Innovation fund	(1,405,295)	(4,980)	(350,866)	(1,761,141)
Federation Phase 2 (Digital capacity building)	(303,480)	(1,065)	(75,035)	(379,580)
Evaluation Contracts	(32,314)	(120)	(8,455)	(40,889)
New Strategic Initiatives	(398,144)	(1,410)	(99,341)	(498,895)
Total	(4,238,997)	(15,000)	(1,056,824)	(5,310,821)
Support cost	(1,056,824)	-	1,056,824	-
Governance cost	(15,000)	15,000	-	-
Total	(5,310,821)	-	-	(5,310,821)

All grants expenditure (in both the current and prior years) were to institutions rather than individuals. Grants paid and included in the table below > £100,000 in 2022 related to: Refugee Action (£250,000). The prior year items >£100,000 related to Refugee Action (£250,000), Co-operative Alternatives (£119, 750), Young Scot (£104,940).

Number of grants awarded:	2022	2021
<£10,000	14	99
£10,001 - £25,000	2	6
£25,001 to £50,000	17	29
£50,001 to £100,000	7	3
>£100,000	1	3
Total	41	140

2021 (Restated)	Charitable Activities £	Governance Cost £	Support Cost £	Total Cost £
Youth programmes	(1,457,833)	(7,076)	(350,121)	(1,815,030)
Community spaces	(791,477)	(3,338)	(165,296)	(960,111)
Equal voices	(326,419)	(19)	(910)	(327,348)
Federation Phase 1 (Digital capacity building)	(2,500)	-	-	(2,500)
Federation Phase 2 (Digital capacity building)	(167,338)	(234)	(11,377)	(178,949)
New Strategic Initiatives	(101,523)	(483)	(23,481)	(125,487)
Total	(2,847,090)	(11,150)	(551,185)	(3,409,425)
Support cost	(551,185)	-	551,185	-
Governance cost	(11,150)	11,150	-	-
Total	(3,409,425)	-	-	(3,409,425)

Support costs, governance costs and costs of raising funds have been allocatted across the programmes using the percentages in the table below. The split in costs is based on estimated colleague time spent on each programme. Support costs primarily relate to people related costs incurred by Co-op Group employees who worked for the Foundation during the year and occasionally third party advice sought by the charity. The Trustees do not receive any remuneration or benefit from the charity for their service.

Allocation of Costs	2022	2021 (Restated)
Equal voices	6.6%	0.4%
New Strategic Initiatives	9.4%	4.3%
Youth	42.9%	64.1%
Evaluation Contracts	0.8%	0.0%
Community spaces	0.0%	29.8%
Carbon Innovation Fund	33.2%	0.0%
Federation Phase 1 (Digital capacity building)	0.0%	0.0%
Federation Phase 2 (Digital capacity building)	7.1%	1.4%
Total	100.0%	100.0%

Notes (continued)

5. Net income / (expenditure) for the year

Net income / (expenditure) for the year is stated after charging auditor remuneration of £12,250 excluding VAT (2021: £11,150).

6. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:	2022	2021
	£	£
Salaries and wages	594,771	275,834
Redundancy	9,758	-
Social security costs	67,365	23,330
Employer's contribution to defined contribution pension schemes	78,349	42,650
Total	750,243	341,814

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2022	2021
£60,000 - £69,999	-	1
£80,000 - £89,999	<u>1</u>	<u>-</u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £124,410 (2021: £78,540)*.

*The comparative 2021 figure only covers an 8 month period following commencement of employment part way through the year.

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £311 (2021: £535) incurred by 2 members (2021: 2) relating to attendance at meetings of the trustees.

7. Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 15 (2021: 9).

8. Investments

	2022	2021
	£	£
Fair value at the start of the year	23,359,220	20,344,896
Additions at cost	-	-
Disposal proceeds	-	-
Net (loss)/gain on change in fair value	<u>(4,065,254)</u>	<u>3,014,324</u>
Fair value at the end of the year	<u>19,293,966</u>	<u>23,359,220</u>

All investments are held in Unit Trust investments by Royal London.

Notes (continued)

9. Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Amounts due from related parties	453,727	352,006
Loans and other repayable finance for charitable purposes	337,238	263,286
Amount due from Co-operative and Community Finance	19,804	17,317
Grant income due within less than one year	-	250,054
Donation income	144,192	170,467
Investment income due from Royal London	-	12,155
	954,961	1,065,285

All amounts due from related parties are repayable on demand and no interest is payable.

	2022	2021
	£	£
Amounts falling due after more than one year:		
Loans and other repayable finance for charitable purposes	754,182	1,088,687
	754,182	1,088,687

These loans are repayable between 5 and 20 years.

Loans and other repayable finance for charitable purposes (as above)

	2022	2021
	£	£
Amounts falling due within one year	337,238	263,286
Amounts falling due after more than one year	754,182	1,088,687
Total	1,091,420	1,351,973

The Foundation trustees have assessed the recoverability of all outstanding loan balances and are satisfied that all balances are fully recoverable. As such there is no bad debt provision in place as at 31 December 2022 (2021: nil).

10. Creditors

	2022	2021
	£	(Restated) £
Amounts falling due within one year		
Grants payable	1,165,300	408,831
Accruals	15,000	76,145
	1,180,300	484,976

	2022	2021
	£	£
Amounts falling due after more than 1 year		
Grants payable (within 1-5 years)	144,381	303,389
	144,381	303,389

Notes (continued)

11. Movement in funds

2022	Fund balances b/f £	Income £	Expenditure £	Transfers £	Gains and losses £	Fund balances c/f £
<u>Restricted funds:</u>						
Environmental	500,085	159,516	(54,131)	(196,500)	(22,572)	386,398
Community Fund	52,614	-	(10,000)	(42,614)	-	-
Britannia	566,511	-	-	-	(84,478)	482,033
Big Lottery Fund #iwill grant	497,282	215,000	(665,861)	-	-	46,421
Luminate	316,458	28,543	(319,198)	-	-	25,803
Welsh carrier bag levy	1,076,390	-	-	(281,986)	(104,303)	690,101
Co-operate	1,412,487	-	(692,033)	(720,454)	-	-
DCMS	4,785	-	-	-	-	4,785
Carbon Innovation Fund	578,634	752,953	(1,405,295)	728,485	-	654,777
Total Restricted funds	5,005,246	1,156,012	(3,146,518)	(513,069)	(211,353)	2,290,318
<u>Unrestricted funds:</u>						
General funds	711,986	2,623,331	(2,164,303)	499,327	(47,874)	1,622,467
Designated funds	1,040,256	-	-	13,742	-	1,053,998
Total Unrestricted funds	1,752,242	2,623,331	(2,164,303)	513,069	(47,874)	2,676,465
<u>Endowment fund:</u>						
Environmental	4,899,158	-	-	-	(850,548)	4,048,610
Main endowment	16,970,671	-	-	-	(2,955,479)	14,015,192
Total endowment funds	21,869,829	-	-	-	(3,806,027)	18,063,802
Totals funds	28,627,317	3,779,343	(5,310,821)	-	(4,065,254)	23,030,585

2021 (Restated)	Fund balances b/f £	Income £	Expenditure £	Transfers £	Gains and losses £	Fund balances c/f £
<u>Restricted funds:</u>						
Environmental	551,657	73,603	(131,301)	-	6,126	500,085
Community Fund	285,356	-	(232,742)	-	-	52,614
Britannia	543,795	-	-	-	22,716	566,511
Big Lottery Fund #iwill grant	202,222	-	(93,733)	388,793	-	497,282
Luminate	1,382	486,376	(171,300)	-	-	316,458
Funeralcare	44,537	-	(50,000)	5,463	-	-
Welsh carrier bag levy	1,027,922	118,568	(98,215)	-	28,115	1,076,390
Co-operate	1,053,048	2,500,000	(1,751,769)	(388,793)	-	1,412,487
DCMS space to connect	-	24,785	(20,000)	-	-	4,785
Carbon Innovation Fund	-	578,634	-	-	-	578,634
Total Restricted funds	3,709,919	3,781,966	(2,549,059)	5,463	56,957	5,005,246
<u>Unrestricted funds:</u>						
General funds	562,165	754,121	(848,833)	249,719	(5,186)	711,986
Designated funds	1,306,971	-	(11,533)	(255,182)	-	1,040,256
Total Unrestricted funds	1,869,136	754,121	(860,366)	(5,463)	(5,186)	1,752,242
<u>Endowment fund:</u>						
Environmental	4,412,958	-	-	-	486,200	4,899,158
Main endowment	14,494,318	-	-	-	2,476,353	16,970,671
Total endowment funds	18,907,276	-	-	-	2,962,553	21,869,829
Totals funds	24,486,331	4,536,087	(3,409,425)	-	3,014,324	28,627,317

Notes (continued)

11. Movement in funds (continued)

Restricted funds:

Environmental – this is the income received from our restricted Environment Fund endowment following the merger of United Co-operatives Ltd and Co-operative Group Ltd in 2007 (see below for further details)

Community - the Community Fund is the remaining balance of funds that were donated through the Co-op's membership scheme prior to 2014. These funds are now being used for the Foundation's Community Spaces programme, which awards grants that are consistent with the original purposes of the Community Fund to support voluntary, self-help or not-for-profit groups to address community issues, provide long-term benefits to the community, support co-operative values and principles, and ideally be innovative in their approach.

Britannia - the Britannia Fund was transferred following the closure of the Building Charitable Foundation and is restricted for use on financial education or numeracy projects.

Big Lottery Fund #iwill grant - this is to be used to deliver a youth-focused grants programme using social action to tackle loneliness among disadvantaged young people.

Luminate - is to be used to support a programme based at Federation Manchester to contribute to a more inclusive digital economy for Manchester and the North West of England.

Welsh carrier bag levy – this fund was donated to support projects with an environmental benefit in Wales.

Co-operate - these are the funds that we receive from the Co-operative Group Ltd in furtherance of our charitable purposes.

DCMS Building Connections – used to deliver a grant programme addressing youth loneliness.

DCMS Lonely Not Alone – for a campaign to reduce the stigma of youth loneliness.

Carbon innovation - this is a fund that aims to fund organisations delivering innovative project activities that lead to carbon reduction.

Designated funds:

These are multiple funds that we have chosen to set aside for particular projects or grants, from both restricted and unrestricted sources. Designated funds have been committed as future grant payments or repayable finance for charitable purposes.

Endowment funds:

The Environment Fund was a scheme set up following the merger of United Co-operatives Ltd and Co-operative Group Limited in 2007. In 2007, £2,000,000 was granted to the Co-operative Foundation by United Co-operatives, to be "ring fenced" with the annual return being used to fund environmental projects within the United Region.

The investment is shown as Endowment funds and income from the investment is shown as Restricted. In 2016 the Trustees received legal advice suggesting that this fund is permanent endowment.

The Main Endowment fund of £14,015,192 (2021: £16,970,671) is an expendable endowment held to generate investment income to be distributed in line with the objects of the charity.

12. Analysis of net assets between funds

	Endowment	Unrestricted	Restricted	Total
2022				
Investments	18,063,802	229,019	1,001,145	19,293,966
Debtors	-	52,209	1,656,934	1,709,143
Cash	-	2,919,801	432,356	3,352,157
Liabilities	-	(524,565)	(800,116)	(1,324,681)
Net assets at 31 Dec 2022	<u>18,063,802</u>	<u>2,676,464</u>	<u>2,290,319</u>	<u>23,030,585</u>
2021 (Restated)				
Investments	21,869,829	276,892	1,212,499	23,359,220
Debtors	-	935,090	1,218,882	2,153,972
Cash	-	899,585	3,002,905	3,902,490
Liabilities	-	(359,325)	(429,040)	(788,365)
Net assets at 31 Dec 2021	<u>21,869,829</u>	<u>1,752,242</u>	<u>5,005,246</u>	<u>28,627,317</u>

Notes (continued)

13. Financial instruments

	Note	2022 £	2021 £
Financial assets at fair value through the statement of financial activities			
Investments	8	19,293,966	23,359,220
		19,293,966	23,359,220

14. Related party transactions

The Co-op Foundation paid Co-operative Group Limited £755,831 (2021: £418,096) for Foundation staff salaries and other costs directly attributable to Foundation activities. The Trustees consider that the support provided by Co-operative Group Limited represents the best value for money for the charitable company, and that it would not be financially beneficial to employ staff directly.

In regard to gifts in kind, the Co-op Foundation relies heavily on Co-operative Group Limited to provide necessary administrative support for additional staff resources, space and related services. This support includes Co-operative Group costs that are not directly attributable to Foundation activities and are not easily monitored. The Trustees' view that value is not easily quantified. This amount was not included as donations as in the Trustees' view, it is not material in either the current or preceeding financial period.

Co-operative Group Limited donated £250,000 in fees which were waived by its Group Chair, Allan Leighton (2021: £250,000).

At the year-end £453,727 (2021: £352,006) was due from the Co-operative Group Limited.

During the financial year, the Trustees of the board have not received either remuneration or benefits, however one (2021: two) Trustee was reimbursed for both their travel and hotel expenses totalling £311 (2021: £535).

15. Legal status of the charity

The charity is a company limited by guarantee and has no share capital.

16. Prior period adjustment

Reserves position	Unrestricted £	Restricted At 31 December 2021 £	Endowment £	Total £
Funds previously reported	2,035,422	5,010,246	21,869,829	28,915,497
<u>Adjustments on restatement</u>				
Grant adjustments	(274,160)	(5,000)	-	(279,160)
Other expenditure adjustment	(9,020)	-	-	(9,020)
Funds restated	1,752,242	5,005,246	21,869,829	28,627,317
Impact on income and expenditure				
	Unrestricted £	Restricted Year ended 31 December 2021 £	Endowment £	Total £
Net movement in funds as previously reported	166,286	1,300,327	2,962,553	4,429,166
<u>Adjustments on restatement</u>				
Grant adjustments	(274,160)	(5,000)	-	(279,160)
Other expenditure adjustment	(9,020)	-	-	(9,020)
Net movement in funds as restated	(116,894)	1,295,327	2,962,553	4,140,986

Details of adjustments

Grant adjustments

During the preparation of the financial statements for the year ended 31 December 2022, it was identified that a small number of grants approved towards the end of 2021 had not been accrued. An adjustment has been made to recognise these in the period they were awarded.

Other expenditure adjustment

As part of the exercise to correct the above, one further small adjustment was made to correct historic liabilities.

Co-op Foundation is a working name of Co-operative Community Investment Foundation, a charity registered in England and Wales (1093028) and Scotland (SC048102).

Registered office: 1 Angel Square, Manchester M60 0AG



Foundation

Accounts



Trustees' report and financial statements

For the year ended 31 December 2021

Co-operative Community Investment Foundation (a company limited by guarantee). Company registered number 4117665 / Charity registered number 1093028 (England & Wales), SC048102 (Scotland)



Foundation

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Foreword by Jamie Ward-Smith, Chair of Trustees

"The Co-op Foundation is a funder with a co-operative difference. We care deeply about how our funding can empower people and we trust our partners to do what matters most. By building relationships, by being honest and open, by learning and by accepting appropriate risk, we will support our partners to make an even greater impact tackling inequality and strengthening communities."

I wrote these words in June 2021 when the Foundation signed up to the IVAR principles of open and trusting grant making. It was a decision that helped us support our partners with true flexibility as they moved into a world beyond Covid. And it was a decision that would set us on course to build on and share the co-operative values we hold so dearly.

It was a highlight among many as we combined our commitments to strengthen the Foundation's capacity and culture, deliver on our funding commitments, develop a strategy that would have long-lasting impact, and react to external challenges.

We reacted to one such challenge in September when we awarded our largest single grant to date - £250k to Refugee Action to respond to the Afghan refugee crisis. Our grant was awarded in just eight days. It was unrestricted and totally flexible, which meant our new partner could do what mattered most for the people they wanted to help. We committed to learning from them, too, as they provided emergency support to refugees fleeing the Taliban and funded lived experience experts to advise on their work.

Lived experience was also key to our continued support for Getting on Board and Action for Trustee Racial Diversity. Our grant giving allowed their teams to create an incredible guide to help charities recruit Black and Asian Trustees. It aligned, too, with further funding for the Young Trustees Movement and the efforts we made internally to increase the age, gender and ethnic diversity of our own Board. We recognise we have more to do to extend this work, including building Board representation from the LGBTQ+ community.

Youth funding and campaigns, led by young voices, were also important in 2021. We continued to support our #iwill partners to help make social action a way of life for young people. It's incredible to think that more than 13,000 young people have now taken part in projects we've funded. Our own social action project, Lonely Not Alone, also enjoyed a show-stopping year. Young co-designers built a digital universe for their peers to share stories of loneliness and tackle stigma. 3.1m 10 to 25-year-olds have now seen their work.

And finally, our Carbon Innovation Fund allowed us to break new ground, delivering more value for Members by partnering with Co-op and reminding us all of the importance of tackling the climate emergency.

Everything we learned in 2021 will help us to build a stronger Foundation for the future. Key to this will also be our brilliant new strategy where we imagine what future communities could look like if they were fair and built on co-operative values. I am unashamedly excited about the potential impact of this work. For the past two years, we've listened and learned from our partners, colleagues and Co-op. From next year, we'll see the early shoots of what this vision could achieve.

Thank you to all our talented and committed Foundation colleagues and Trustees, many of whom are new to the team this year. And thank you to everyone who supported us in 2021, including our long-term benefactor Allan Leighton who, once again, donated to our work. We could not have achieved what we did without you.

I hope you're ready for what 2022 will bring. I certainly cannot wait.

Trustees' report

The Trustees, who act as Directors for the purposes of company law, present their annual report and the audited financial statements for the year ended 31 December 2021.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Reference and administrative details

Co-operative Community Investment Foundation is a company limited by guarantee, registered with Companies House (number 4117665). Its registered office is 1 Angel Square, Manchester M60 0AG. It is registered as a charity in England and Wales (number 1093028) and Scotland (number SC048102).

Its day-to-day working name is the Co-op Foundation. In this report, it is referred to simply as 'the Foundation'.

The following people served as Trustees of the Foundation during the year:

Jamie Ward-Smith (Chair)

Sharon Jones (Vice Chair)

Michael Fletcher (appointed 23 April 2021)

Saleem Chowdhery (Treasurer) (Resigned 17 February 2022)

Daniel Crowe (Resigned 22 April 2022)

Lois McClure

Sheila Jane Malley

Sarah Woodcock (resigned 21 June 2021)

Hope Levy-Shepherd (appointed 1 October 2021)

George Imafidon (appointed 1 October 2021)

Surojit Majumder (Treasurer) (appointed 18 April 2022)

Key personnel

Chief Executive – Nick Crofts

Bankers

Barclays Bank PLC, 1 Churchill Place, London, E14 5HP

Legal advisers

Brabners LLP, Horton House, Exchange Flags, Liverpool L2 3YL

Auditor

Sayer Vincent LLP, Invicta House, 108-114 Golden Ln, London EC1Y 0TL

Trustees' report (*continued*)

Objectives

The Co-op Foundation's formal objects are described in its governing document. These are to support, through donations from co-operative organisations, members, customers and employees, projects that contribute to relief of poverty, advancement of education or other such charitable purposes and which will benefit communities in which the businesses of Co-operative Group Limited operate.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

New Foundation strategy

2021 saw the development of a new five-year Foundation strategy. The development work was designed to further bring to life the co-operative ethos of the Foundation as a funder and to enable the organisation to maximise its impact.

A collaborative co-design process was entered into with sectoral consultants Impact Works Associates, drawing together Foundation Trustees and team members, along with key stakeholders at Co-op and our funded partners.

The draft strategy was approved at our November Trustee Board meeting and will be launched in autumn 2022, following additional work to operationalise the strategy and turn it into a delivery plan.

This has been a tremendously exciting piece of work, reflective of the Foundation's ambition to maximise its impact on people's lives and their communities, and its determination to 'punch above its weight' by influencing the wider funding sector.

The Co-op Foundation is proud to be a contributor to the Co-op's wider commitment to racial equality and inclusion. The issues of racial justice are systemic, deeply entrenched, and knotty. The Co-op Foundation believes that being not racist is not enough; we strive to be anti-racist. This means that we'll work to eliminate individual, institutional and systemic racial inequalities that currently exist.

During the year, we have made meaningful improvements to the diversity of both our team and our Trustee Boards. There remains, however, more work to do; currently, our leadership team is all white.

Activities and achievements

Flexible funding

2021 was a year of real change for the Foundation. We left behind some of the pre-pandemic ways of working and found a 'new normal' where we pledged to be better, more co-operative and more responsive than ever. During the year, we joined with a group of pioneering funders committed to 'open and trusting' grantmaking. Co-ordinated by the Institute for Voluntary Action Research (IVAR), our commitments demonstrated our determination to be the best funder we could be. This is helping us to shape lives in our co-operative image, and influence other funders, too.

"The Co-op Foundation is a funder with a co-operative difference. We care deeply about how our funding can empower people and we trust our partners to do what matters most. By building relationships, by being honest and open, by learning and by accepting appropriate risk, we will support our partners to make an even greater impact tackling inequality and strengthening communities." **Jamie Ward-Smith, Chair of the Co-op Foundation**

Trustees' report (*continued*)

As a result, we made the following eight commitments:

1. *Don't waste time*

For open funds, we will ensure that clear, plain English guidance is published and we will be available for questions and clarifications. We will use a two-stage application system so ineligible applicants do not spend undue wasted time applying. When working with strategic partners on solicited applications, we will keep open communication with our Trustees to ensure proposals are only progressed when they are likely to succeed.

2. *Ask relevant questions*

We will always keep our questions to the minimum needed to make a decision. We will act on feedback from current and former partners to ensure our application processes are straightforward and proportionate.

3. *Accept risk*

We will work with our Trustees to agree an approach to risk that ensures we fund a range of organisations, including smaller grassroots groups that may inherently carry more risk. We accept that, even when things don't go to plan, this represents a learning opportunity rather than 'failure'. In our investments, we will seek to make further equity investments and interest-free loans to community organisations, accepting a meaningful share of risk alongside our partners.

4. *Act with urgency*

We will seek to work at a pace that works for applicants. We will publish our timelines when announcing a fund and stick to them. We will build strong relationships with our funded partners, so we can respond with urgency to any issues they may face.

5. *Be open*

We will publish our approach to funding and be open about chances of success when we launch a fund. Funds will be as targeted as possible to reduce likelihood of high volumes. We will publish reasons for rejection and give more detailed feedback wherever possible. We will continue to share all our funding data via 360Giving.

6. *Enable flexibility*

We will work with partners, supporting them to respond as flexibly as required on funded projects. We will seek to keep funding as flexible as possible and offer unrestricted funding where we can. When working in partnership with other funders, we will be clear about how we fund, and seek to influence others to also fund in flexible and responsive ways. We will set out our expectations clearly at the beginning of partnerships and not be afraid to move away if we feel our approaches cannot align.

7. *Communicate with purpose*

We will continue to be a relational funder and will invest time in building strong partnerships. We will trust our partners to know how best to deliver positive change in their area of expertise. We will make it clear to partners at the start of a funding relationship what they can expect of us, and what we will expect of them.

8. *Be proportionate*

Our reporting will always be proportionate, and we will be clear with partners exactly what we hope to learn from each fund and what information we will need from them. We will always seek to make reporting light touch and accessible.

Trustees' report (*continued*)

Grantmaking activity

Acting fast to help refugees

The Foundation was able to make an urgent response to the Afghan refugee crisis in September 2021 by awarding our largest single grant to date, £250,000, to Refugee Action. The funding we awarded was unrestricted, which meant it could be spent where their team felt it would make the most impact. In the initial days of our partnership, our grant helped to provide emergency support for Afghans arriving in the UK before going on to make a longer-term difference to refugee children and their families. This funding was delivered in alignment with our flexible funder commitments, and saw a very rapid turnaround, with a decision to award funding being made in just eight days.

Our grant also contributed towards Refugee Action's wider goals, allowing them to create a new senior leadership role to shift power and focus to those with lived experience of the refugee system. As a result of our funding, two 'Experts by Experience' network members recently joined the Refugee Action Board of Trustees. 60% of its Board is now made up of people from a refugee background. This is a massive step forward in Refugee Action's long-term commitment to shift power to people with lived experience.

Carbon innovation Fund

Co-op Foundation launched the Carbon Innovation Fund in November 2021.

The Carbon Innovation Fund is a multi-year partnership between the Co-op and the Co-op Foundation. It's funded through Co-op donations raised from the sale of compostable carrier bags in the UK and topped up with the Co-op Foundation's own funds, to a total of £1m for the first pilot year.

The purpose of the Carbon Innovation Fund is to fund organisations in the UK and overseas that are making exciting, alternative and different developments to reduce greenhouse gas emissions within the food and farming sector. We were on the lookout for innovative projects, movements or inventions that not only delivered an environmental good, but contributed to real systems change and demonstrated a positive impact for people and communities. Organisations could request between £75,000 and £100,000 for their project, and we planned to fund at least 10 organisations.

We were delighted with the level of interest in the fund, having received 232 applications, in total. We managed the burden on potential partners by adopting a light-touch two-stage application process, in line with our IVAR commitments.

In 2022, we will be creating a shortlist and holding assessment calls with each organisation to discuss projects in more detail. We will then convene a decision panel comprised of relevant specialists with differing views and expertise to mutually agree on who the Foundation will fund and why. We envisage round two of the Carbon Innovation Fund to launch in late 2022 or early 2023.

Supporting youth mental wellbeing

Research over the past year consistently showed that young people were bearing the brunt of the covid pandemic. Our One Small Step research found a 25% increase in chronic youth loneliness. 85% of this group said loneliness negatively impacted on their mental wellbeing. The Co-op's 'Shadow on a young generation' report also found children as young as 10 feel permanently disadvantaged by the pandemic. We sought to help through campaigns that tackled youth loneliness and funding that put young people in control.

Trustees' report (*continued*)

A stellar Lonely Not Alone campaign

Young people created something out of this world for year three of our Lonely Not Alone campaign to tackle the stigma of youth loneliness and boost mental wellbeing.

Working with our specialist co-design partner, Effervescent, a group of young volunteers developed a new digital universe at lonelynotalone.org for their peers to share the One Small Step they'd taken to tackle loneliness. This created a supportive community of young people who felt lonely and built empathy about youth loneliness. Work aligned to the 'connect' phase of our Theory of Change.

Brave lonely young people added stories to our site from October. Our research shows that 3.1m young people have now seen Lonely Not Alone and 70% of this group say they feel less alone in their loneliness after seeing it.

Making voices matter

2021 was about more than listening. It was about raising voices and influencing change, particularly for communities who are heard the least. We have been working to help deliver systemic change in the wider voluntary sector, specifically by supporting work to increase the diversity on charity boards, so they can make their work more reflective of the communities they support.

We were delighted to confirm long-term funding for the Young Trustees Movement and Getting on Board in 2021. Getting on Board is a long-term partner of Action for Trustee Racial Diversity (ATRD). In 2021, we supported the launch of the ARTD guide, 'From Here to Diversity'. This is a practical tool to help charities recruit Black and Asian Charity Trustees so they can take positive and sustainable steps to increase racial diversity within their Boards.

The advice, case studies and quotes in the Guide provide invaluable learning and support as well as stimulating discussion at diversity and inclusion events and training.

#iwill Fund

The #iwill Fund was launched in November 2016, with the aim to make social action the norm for young people aged 10 to 20-years-old. Social action refers to activities such as volunteering, campaigning and peer support. It involves young people supporting other young people and authentically connects them to wider issues that they want to address. From the end of 2020, the #iwill Campaign became known as the #iwill Movement. The #iwill Movement is UK-wide whereas the #iwill Fund only funds projects that are delivered in England.

The Co-op Foundation is proud to be an #iwill Fund match-funder administering an overall fund of £5.6m. We've been match funding since 2017 and have successfully delivered a £2m England-wide grants programme, which used youth social action to address youth loneliness (a strategic focus for us).

We've expanded our #iwill Fund work and we're currently delivering our £3.6m extended #iwill Fund (2019-23) to support social action that draws upon young people's own lived experience through peer support, youth voice and youth-led advocacy. From 2017 to date, we've supported 58 England partners to support 13,819 people through £4.1m #iwill Funds.

In 2021, our grant-making focussed on three strands – community spaces, young people's bereavement and school transitions. We're proud to have funded 45 partners. 39 are funded through the #iwill Fund in England while another six partners have been funded in the devolved nations under our Co-op Foundation Bereavement Fund, made possible through £120,000 of Co-op Funeralcare investment.

Trustees' report (*continued*)

- Community Spaces

Our #iwill community spaces projects aim to deliver a youth-led advocacy project to improve community spaces and to help make social action part of life for as many 10 to 20-year-olds as possible.

- Young People's Bereavement

Our #iwill bereavement projects aim to give young people the skills and support they need to provide peer support and/or become advocates for improved bereavement support for other young people.

- School Transitions

Our #iwill school transitions funding has been helping young mentors build confidence and leadership skills by supporting younger peers to move up schools. They also found young people showing incredible resilience throughout the covid lockdowns.

Understanding the importance of this work, we commissioned IFF to conduct a formal evaluation of our #iwill Fund as part of our commitment to be world-class at learning. You can read our full #iwill Fund interim learning report at www.coopfoundation.co.uk

Federation programme - increasing equality through tech

Tech impacts on us all, but how can we be sure it tackles rather than amplifies inequality? Our Federation programme is working on solutions thanks to our partnership with Luminate.

A previous phase of this work saw us bring together Greater Manchester social enterprises in a co-operative hub so they could share learning and networks, and grow in collaboration with each other. In 2021, we agreed a further two-year funding package of \$675k. The objectives are:

- Supporting social enterprises, activist organisations and communities to grow the impact of this early work.
- Creating communities to drive meaningful change in the digital technology space.
- Collaborating with Greater Manchester leaders and the digital tech community to understand how technology can be used in a more ethical way to tackle inequality, put society first and tackle the erosions of rights and trust. This includes continuing to increase the impact of the Greater Manchester Responsible Tech Collective formed in phase one.

New partnership – Astra Foundation

We have embarked on a new and exciting match funding partnership with Astra Foundation in 2021. Astra is a family foundation whose mission is to advance the efforts to combat loneliness in young adults, empower youth to reach their potential regardless of their circumstances and to reduce plastic pollution. They fund in the UK, France and across Africa.

There is strong alignment with our own strategic funding themes and, to date, we've co-funded two projects. The first is 'The Belong Collective' which is three-year partnership between UK Youth and Youth Focus: North East. We previously supported these organisations through learning and support contracts from the Building Connections Fund that also funded 22 projects addressing youth loneliness in collaboration with the Department of Digital, Culture, Media and Sport and The National Lottery Community Fund. This new project focuses on continued support, convening youth sector organisations and developing youth sector resources to support conversations between youth sector practitioners and young people.

Trustees' report (*continued*)

The second project is working with DePaul UK over a three-year period. Funding is for two programmes. The first of these is the National Schools programme, which focuses on preventing homelessness and avoiding loneliness in young people, co-developed and delivered by young people. The second programme is Steps to Success, which empowers young people to achieve their potential and live fulfilling, connected and independent lives via tailored, one-to-one support, working towards being education or work-ready.

Challenges and lessons learned

2020 saw the departure of a significant number of our former team members. This had a significant impact on our ability to deliver the levels of customer service that we would have wished to our existing partners, and led to a prioritisation of all other activity.

We were not able to deliver all the new funding partnerships that we would have wished. A key lesson is to ensure we retain a sufficient element of flexible capacity in our team so we can respond when opportunities arise. We took the opportunity to revise our team structures ahead of our recruitment, to bring in a wider set of skills and capabilities, alongside significant extra capacity, to ensure we would not be in a similar situation again.

Financial review

The Foundation's total income in 2021 was £4,536,087. This was an increase on 2020 of £1,141,927. The main reason for this is a relative increase in donations within Restricted funds primarily in relation to 2 new income streams: (i) the Carbon Innovation Fund (£578,634) and (ii) the Luminate grant (£486,376).

Expenditure decreased to £3,121,245 (2020: £3,933,844). The main driver of this was a reduction in the charitable activity expenditure on Youth programmes of £1,243,114 off-set by increased spend on Community Spaces (£182,171 increase), Equal voices (£128,199 increase) and New strategic initiatives (£100,000 increase).

Net income for the year, before investment gains, was £1,414,842 (2020: £539,684 net expenditure). The Foundation also made investment gains of £3,014,324.

The Foundation also holds a small social investment portfolio. £1,040,256 of assets were held in mission-related investments at year-end (2020: £1,306,971).

Reserves

In line with the new policy agreed in 2020, the Foundation's target reserves level were set as a ratio of annual support costs.

This represented a change from the previous policy, under which target reserves were set in relation to total budgeted expenditure (for both programme and support costs) taking into account the level of income budgeted from sources that were not yet secured. This change of approach is based on the principle that, for the remainder of our 2020-22 plan:

- The Foundation will only commit to new programme expenditure once income sources are identified with a high level of confidence
- New programme expenditure is phased to be cashflow positive.

The approved policy sets out:

- a central reserves target equivalent to six months' support costs (c.£280k based on a budgeted support cost of £560k)

Trustees' report (continued)

- a range of tolerance up to three months either side of this central target (i.e. at any given time, reserves would be maintained at a level between three and nine months' support costs) to allow for expected fluctuations in the phasing of income and expenditure.

Reserves at 2021 year-end were within this range, at £995,166 (2020: £562,165).

Endowments, restricted fund balances and designated funds are excluded from the definition of reserves. The total value of all assets held by the Foundation at year-end was £28,915,497 (2020: £24,486,331). This provides a strong financial position from which to deliver our existing plans for 2022 and beyond, as we launch and begin to implement the Foundation's longer-term strategy.

The Trustees believe that the Foundation is well placed to manage its business risks successfully. The Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Foundation financial statements.

Risks

In 2020, the Foundation established a new Audit, Risk and Finance sub-committee of the Board. This Committee reviewed the Foundation's risk framework and recommended various improvements, which were approved by the Board. A revised framework was then adopted in November 2020.

The main risks identified by the Foundation and mitigating actions taken in 2021 are summarised below:

Main risks	Controls
The impact of Covid-19 on partners and the wider community leads to fewer outcomes delivered by The Co-op Foundation's funding	Agreed approach with Board of Trustees and funding partners to support partners through Covid-19 with greater flexibility
Loss of key personnel from Foundation team	Capabilities, structures, grade and reward review half done. Focus on improved culture and wellbeing.
Failure to agree an updated Co-op Foundation Strategy leads to lack of direction in grant making	Strategic refresh undertaken following appointment of new CEO
Failure to access significant new income streams in line with strategic ambitions	High-level engagement with senior Group stakeholders, support from Group fundraisers to develop opportunities
Issues raised with Foundation staff or trustees do not follow the Whistleblowing policy, as appropriate	Whistleblowing policy reviewed. Policy in place and staff and trustees made aware of it. Whistleblowing contact in place
Failure to meet filing deadlines with fully compliant, audited report and accounts	Secretary maintains compliance calendar; timetable for accounts preparation agreed w/ Finance and auditors.
Foundation funds used for activities outside of charitable objects	Policy on grants to non-charities approved following review of legal advice
Reliance on in-kind administrative support from Group results in failure to meet key Foundation needs	Situation formalised via the successful signing of the Master Agreement with the Co-op
Financial performance of investments fails to meet objectives	Regular monitoring of income and valuation. Developed plan for full review of investment policies and management arrangements.
Foundation fails to meet data protection requirements under GDPR	Drafted risk and remediation plan in consultation with Group Risk

Loans and investments to community organisations are unable to be repaid, making this programme unsustainable	Loans are interest-free and blended with grants where necessary to reduce risk of overstretching recipients. Business plans are reviewed in depth by advisory partner. Further support grants being made available to loan partners to support them to survive through this difficult period and ultimately thrive.
Security breach on website	Website is hosted through our developer Wilson Cooke. They follow ISO27001 procedures, approved by Co-op's Information Security team. Wilson Cooke handle all back-ups, security and updates ensuring maintenance is fully up to date
Colleague personal social media posts bring Co-op Foundation into disrepute	Co-op social media policy has been shared with all staff through social media guide.
Co-op does not deliver on its stated commitment to donate agreed funding to the Foundation	Ongoing dialogue with Rebecca Birkbeck, Director of Membership & Community in respect of Co-op Funding

Post-balance sheet events

The value of the Foundation's investments has been impacted by the global market turbulence of the first part of 2022. This is not expected to impact on the delivery of the Foundation's strategy, as there were no plans to draw down on its investments in the medium term.

Investments

The Trustees have set the following objectives for the Foundation's long-, medium- and short-term investments.

Fund	Objectives	Benchmarks
Main endowment	To maximise total return over the long-term (five to 10-year horizon) and generate a steady income stream, while investing in accordance with the UN Principles for Responsible Investment	Consumer Price Index +3% per annum (of which 2% realised as income)
Environmental endowment	To maintain the real value of capital over the long term and generate a steady income stream, while investing in accordance with the UN Principles for Responsible Investment, and where practical giving additional weight to investments with a positive environmental impact.	CPI + 2% per annum
Income funds for medium-term investment	To maintain the real value of funds over the medium term, while investing in accordance with the UN Principles for Responsible Investment.	CPI + 1% per annum
Income funds for short-term needs and contingencies	To maintain the nominal value of the funds and ensure sufficient liquidity to meet all spending requirements, while investing in accordance with the UN Principles for Responsible Investment.	CPI

Following a review of the Foundation's investments in 2019, with advice from an independent investment consultant (Gemmell's), in 2020 the investment portfolio was reallocated to better fit with the Trustees' risk and return objectives for each fund.

Trustees' report (*continued*)

This included the drawdown of £2.2million from the unrestricted and restricted income funds, which the Foundation had invested in Royal London since 2017. We also redistributed some of our remaining funds within Royal London's suite of sustainable investment funds, as follows:

- Main endowment transferred from Sustainable Diversified Trust to Sustainable World Trust (a higher risk fund, reflecting the long-term nature of these investments)
- Restricted income funds were transferred from Sustainable Diversified Trust to Sustainable Manager Growth trust (a slightly lower risk fund reflecting the medium-term nature of these investments)
- A portion of our unrestricted reserves was transferred from Sustainable Diversified Trust to Sustainable Managed Income Trust (a lower risk fund, reflecting the potential need to draw on reserves at short notice in response to unforeseen events).

Despite the significant market uncertainties caused by Covid 19, our investments performed well in 2021. Investment gains for the year were £3m and total returns amounted to 15%, favourable to the benchmark.

Fundraising

The Foundation does not undertake widespread fundraising from the general public and does not use professional fundraisers or commercial participators. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the Foundation's Board.

The income of the Foundation is not bound by any regulatory scheme, and the Foundation does not consider it necessary to comply with any voluntary code of practice relating to fundraising. We have received no complaints in relation to any fundraising activities. As we do not approach individuals for the purpose of raising funds, we do not have specific requirements related to fundraising activities, nor do we consider it necessary to design specific procedures to monitor such activities.

Plans for future periods

The impact of the global pandemic has shown that the need for co-operation is greater than ever before. The Foundation undertook a review of its long-term strategy in 2021, to make sure it is best positioned to maximise its impact in the post-pandemic world. Implementing this new strategy is a key area of activity for 2022.

In addition, specific plans for 2022 include:

- Continuing to deliver our new #iwill Fund strands focusing on community spaces, bereavement and school transitions
- Reviewing our community spaces loan programme, and our wider approach to social loans in the context of the new strategy
- Reviewing options to support youth sector infrastructure, working in collaboration with other funders
- Delivering our new Carbon Innovation Fund, funded by a proportion of the sale of compostable carrier bags in Co-op Food stores, and launching its second round of funding
- Implementing the DEI Data Standard
- Building new partnerships to tackle longstanding inequalities

Trustees' report (*continued*)

Structure, governance and management

The Foundation is governed by its Memorandum and Articles of Association ('Articles').

Trustees are appointed by Co-operative Group Limited ('Co-op'). The Co-op is currently the Foundation's sole Member. With the Co-op Board's approval, Trustees may co-opt a new Trustee to fill a vacancy at any time. Co-opted Trustees may then be elected at the next AGM.

Currently, two Trustees are senior Co-op colleagues. Two are elected members of the Co-op National Members' Council. Six are recruited through open advertisement.

New Trustees are inducted by the Foundation CEO and the Secretary. This covers their legal and regulatory duties and the Foundation's governance, finances and strategy. The Board maintains a skills matrix based on each Trustee's self-assessment of their experience and expertise. This is updated every year and informs priorities for succession planning and further training and development.

Trustees are not paid and do not receive any benefits. They are reimbursed for expenses incurred on Foundation business.

Trustees are responsible for decisions on policy, strategy and allocation of resources. This includes approving the annual operating budget and major grant awards. Day-to-day running of the Foundation is delegated to the Foundation CEO. The Foundation CEO and Foundation team work within the policy, strategic and financial frameworks set by Trustees.

The Foundation team is employed by the Co-op, but reports to the Board of Trustees. The Foundation CEO's pay is set by the Trustees, who consult with the Co-op to establish suitable salary benchmarks. The Co-op provides various support services to the Foundation. The Foundation reimburses the Co-op for salary costs of the Foundation team, whose time is spent only on Foundation work. The Co-op does not charge the Foundation for the cost of Co-op colleagues who support the Foundation as part of wider roles in the Co-op. This includes the Foundation Secretary. Nor does the Co-op charge for office space and other facilities that it provides for the Foundation's use. The Trustees have considered the recognition of a gift in kind but feel the amount is immaterial.

Compliance with the Charity Governance Code.

The Board agrees that the principles in the Charity Governance Code ('the Code') represent best practice. It aims to apply these where appropriate and practical. The following is a summary of the Foundation's compliance with the Code.

1. Organisational Purpose

The Board reviews the Foundation's purpose as part of their annual strategy day. The Board has adopted a Values Framework which is used to ensure that all decision making and planning aligns to the Foundation's mission and values.

2. Leadership

When considering new appointments during the year, the Board paid particular attention to how it could improve its diversity and reinforce key areas of expertise.

3. Integrity

The Board has adopted a Code of Conduct. This outlines the standards and behaviours expected from the Board. The Foundation also has a Conflicts of Interest Policy. The Trustees acknowledge their accountability to a range of stakeholders. They ensure that appropriate stakeholder engagement is factored into all the Foundation's activities.

Trustees' report (*continued*)

4. Decision Making, Risk and Control

The Board has 'matters reserved' and a financial delegated authorities framework. These act as effective delegation and control. 2021 was the second year of the Audit, Risk and Finance Committee, which is responsible for overseeing the risk management framework and assessing the effectiveness of internal controls. The Committee Chair provides an update to the Board on items discussed at each meeting.

5. Board Effectiveness

The Board holds at least four meetings each year. The Secretary maintains a forward planner, which is presented at each Board meeting. This ensures that Trustees have enough time to explore key issues and reach well-considered decisions.

6. Equality, Diversity and Inclusion

The Foundation is committed to promoting equality and preventing discrimination and to reviewing the diversity of the Board. It aims to create an inclusive environment, where everyone can contribute their best work and develop to their full potential. The Foundation treats its Board, colleagues and partners as individuals, allowing them to be themselves regardless of age, gender, disability, race, religion or sexual orientation. It also values different social and educational backgrounds, life experiences, career paths and diversity of thought.

7. Openness and Accountability

The Board of Trustees identifies key stakeholders at its annual strategy day. It ensures that regular and effective communication with these stakeholders forms part of its plans.

Statement of responsibilities of the trustees

The trustees (who are also directors of Co-operative Community Investment Foundation for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

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
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 charity 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.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- 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

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

The trustees' annual report has been approved by the trustees on 14 July 2022 and signed on their behalf by

Jamie Ward-Smith

Chair

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CO-OPERATIVE COMMUNITY INVESTMENT FOUNDATION (A COMPANY LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of Co-operative Community Investment Foundation (the 'charitable company') for the year ended 31 December 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 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
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

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 Co-operative Community Investment Foundation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require 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 trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

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

- We enquired of management and the audit, risk and finance committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:

- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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.

Judith Miller (Senior statutory auditor)
15 August 2022

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

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities (incorporating the income and expenditure account)

for the year ended 31 December 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £	2020 Total Funds £
<u>Income and endowment from:</u>						
Donations, grants and legacies	3	667,320	3,708,363	-	4,375,683	3,085,416
Investments	3	86,801	73,603	-	160,404	308,744
Total income		754,121	3,781,966	-	4,536,087	3,394,160
<u>Expenditure on:</u>						
Raising funds	4	(35,168)	-	-	(35,168)	(15,468)
Charitable activities	4	(542,018)	(2,544,059)	-	(3,086,077)	(3,918,376)
Total expenditure		(577,186)	(2,544,059)	-	(3,121,245)	(3,933,844)
Net income / (expenditure) before net gains / (losses) on investments		176,935	1,237,907	-	1,414,842	(539,684)
Net gain on investments	8	(5,186)	56,957	2,962,553	3,014,324	2,373,051
Transfers between funds		(5,463)	5,463	-	-	-
Net movement in funds		166,286	1,300,327	2,962,553	4,429,166	1,833,367
<u>Reconciliation of funds:</u>						
Total funds brought forward	11	1,869,136	3,709,919	18,907,276	24,486,331	22,652,964
Total funds carried forward		2,035,422	5,010,246	21,869,829	28,915,497	24,486,331

All income and movement in funds arise from continuing operations. There are no gains or losses other than those recognised in this statement of financial activities.

Movement in funds are disclosed in Note 11.

The notes to the accounts form an integral part of the financial statements.

Balance Sheet

as at 31 December 2021

	Notes	2021 £	2020 £
<u>Fixed assets:</u>			
Investments	8	23,359,220	20,344,896
Total Fixed assets		23,359,220	20,344,896
Debtors: amounts receivable after more than one year	9	1,088,687	1,026,944
<u>Current assets:</u>			
Debtors: amounts receivable within one year	9	1,065,285	998,398
Cash at bank and in hand		3,902,490	17,871,842
Total Current assets		4,967,775	18,870,240
<u>Liabilities:</u>			
Creditors: amounts falling due within one year	10	(500,185)	(15,755,749)
Net current assets		4,467,590	3,114,491
Total net assets		28,915,497	24,486,331
<u>The funds of the charity:</u>			
<u>Endowment</u>			
Environmental	11	4,899,158	4,412,958
Main endowment	11	16,970,671	14,494,318
Restricted income	11	5,010,246	3,709,919
<u>Unrestricted funds</u>			
General fund	11	995,166	562,165
Designated	11	1,040,256	1,306,971
Total charity funds		28,915,497	24,486,331

The notes to the accounts form an integral part of the financial statements.

These financial statements were approved by the Trustees on 14 July 2022 and were signed on their behalf by:

Jamie Ward-Smith
Chair of Trustees
Company registered number: 4117665

Statement of cashflows

for the year ended 31 December 2021

Reconciliation of net movement in funds to net cash flow provided by / (utilised in) operating activities:

	2021 £	2020 £
Net movement in funds	4,429,166	1,833,367
Gain on investments	(3,014,324)	(2,373,051)
Deduct interest income shown in investing activities	(160,404)	(308,744)
Decrease in accrued income	227,863	933,563
Increase in trade and other receivables	(356,493)	(204,801)
Increase / (decrease) in creditors*	(15,255,564)	14,201,188
Net cash from operating activities	(14,129,756)	14,081,522

* In December 2020, Royal London made a payment of £14,497,402 to the Foundation in error. The amount was repaid to Royal London on 13 January 2021.

Cashflows from investing activities:

Interest income	160,404	308,744
Investment drawdowns	-	2,199,999
Cash provided by investing activities	160,404	2,508,743

Net cash provided by financing activities

	-	-
(Decrease) / increase in cash and cash equivalents in the year	(13,969,352)	16,590,265
Cash and cash equivalents at the beginning of the year	17,871,842	1,281,577
Total cash and cash equivalents at the end of the year	3,902,490	17,871,842

Notes (forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements except as noted below. The principal accounting policies adopted, judgement and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

Co-operative Community Investment Foundation is a registered charity and a company limited by guarantee incorporated in England. The registered office is 1 Angel Square, Manchester, M60 0AG.

These accounts have been prepared in accordance with UK Generally Accepted Accounting Practice, comprising Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)' and the Charities SORP second edition (FRS 102) issued by the Charities Commission in October 2019, together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. The Charity has adapted the Companies Act formats to reflect the SORP and the special nature of the Charity's activities. The Charity is a public benefit entity.

Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2021, the Trustees are required to consider whether the Foundation has sufficient resources to continue in operational existence for the foreseeable future. The Foundation generated net income in the year ended 31 December 2021 of £4,429,166 (2020: net income of £1,833,367) and at the balance sheet date holds net assets of £28,915,497 (2020: £24,486,331).

The Trustees have concluded that it is appropriate to adopt the going concern basis, following an assessment of the financial forecasts and financial assets available to the Foundation. Management has funds to satisfy the future liabilities that they are aware of now and assets remain in place and available to meet future liabilities until at least the end of July 2023.

Therefore, after conducting the financial projections exercise set out above and making all appropriate inquiries, the Trustees have a reasonable expectation that the Foundation has access to adequate resources to enable it to continue in operational existence for the

Income

All income is recognised once the Charity has entitlement to it, it is probable that the income will be received and the monetary value of the income can be measured with sufficient reliability. Committed grant income not yet received is recognised as an asset on the balance sheet. If grant income is receivable in less than one year it is classified as short term and if receivable in more than one year as long term.

Grant expenditure

Grants made by the charity are recognised when there is a constructive obligation to pay. Grant expenditure is recognised when grants are approved by the Trustees, notified and accepted by the organisations concerned, payment is probable, it can be measured reliably, and all conditions have been met. Grant expenditure not yet paid is recognised as a liability on the balance sheet. If grants are payable in less than one year they are classified as short term and if payable in more than one year, then they are classified as long term.

Other expenditure

Expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation committing the Charity to the expenditure, payment is probable, and it can be measured reliably. Costs have been directly attributed to a particular heading in the Statement of Financial Activities on a headcount basis or on a time basis consistent with the use of the resource.

This includes the cost of monitoring and evaluating projects to ensure the money is being used to maximum effect and ensuring that grant making is supported, processed and governed responsibly. This also includes costs of staff who support the grant making process, cost of meetings and other expenditures incurred in this process.

Cost of raising funds includes fees in relation to investment management as well as costs incurred by the Charity in encouraging organisations and individuals to make voluntary contributions or to organise a fundraising event. This includes all costs of production and distribution of publicity materials, the costs of staff and other expenditure incurred in communicating with fundraisers and donors and the cost of Charity organised events and challenges.

Taxation

The Co-operative Community Investment Foundation 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. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Nature of funds

Unrestricted income relates to funds available for use at the discretion of the Trustees in furtherance of the general objects of the charity. The charity has a number of restricted income and endowment funds received for specific purposes, which are documented and used accordingly. A restricted income and endowment fund arises from monies received that are communicated to the Charity for specific uses outlined in grant agreements and grant letters.

Notes (continued)

Financial assets

Basic financial assets represents investments, accrued income, trade debtors including amounts due by related parties, sundry debtors and cash and bank balances that are initially recognised at transaction price. Investments are subsequently measured at fair value with all adjustments going through the Statement of Financial Activities. At 31 December 2021, the Foundation had only financial assets classified as basic financial instruments. Debtors receivable in less than one year are recorded at transaction price. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The Foundation does not acquire put options, derivatives or other complex financial instruments.

Interest receivable

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

Financial liabilities

Basic financial liabilities represents creditors, including amounts owed to related parties and accruals, are initially recognised at transaction price. At 31 December 2021, the Foundation had financial liabilities classified as basic financial liabilities. Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Accrued income

Accrued income is received by the charity and accounted for when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Apportionment of expenses

Support costs have been allocated across the programmes of the charity. In 2021 there were 6 programmes (2020: 5 programmes). Expenses which directly relate to a particular programme have been charged to the relevant programme on a 100% basis, while costs relating to the overall management and governance of the charity (e.g. payroll costs) have been apportioned based on estimated time allocation.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Loans and other repayable finance for charitable purposes

Loans to charities are recognised and measured at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments, adjusted for any impairment and net of any bad debt provision. Loans to charities are non-interest bearing and no bad debt provision has been made in 2021.

Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

When assessed as material; then on receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes (continued)

2. Detailed comparatives for the statement of financial activities

for the year ended 31 December 2020

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
<u>Income and endowment from:</u>				
Donations, grants and legacies	499,232	2,586,184	-	3,085,416
Investments	221,556	87,188	-	308,744
Total income	720,788	2,673,372	-	3,394,160
<u>Expenditure on:</u>				
Raising funds	(15,468)	-	-	(15,468)
Charitable activities	(895,207)	(3,023,169)	-	(3,918,376)
Total expenditure	(910,675)	(3,023,169)	-	(3,933,844)
Net income / (expenditure) before net gains / (losses) on investments	(189,887)	(349,797)	-	(539,684)
Net gain on investments	164,497	202,533	2,006,021	2,373,051
Net movement in funds	(25,390)	(147,264)	2,006,021	1,833,367
<u>Reconciliation of funds:</u>				
Total funds brought forward	1,894,526	3,857,183	16,901,255	22,652,964
Total funds carried forward	1,869,136	3,709,919	18,907,276	24,486,331

3. Income

The Foundation has recognised the following income in 2021 and 2020:

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
Donations, grants and legacies						
Welsh carrier bag levy	-	118,568	118,568	-	234,868	234,868
Carbon Innovation Fund	-	578,634	578,634	-	-	-
Salvation Army	412,395	-	412,395	228,952	-	228,952
National Lottery Community Fund #iwill grant	-	-	-	-	30,000	30,000
Luminate grant	-	486,376	486,376	-	-	-
Local Community Fund	-	2,500,000	2,500,000	-	2,321,316	2,321,316
Other donations	254,925	24,785	279,710	270,280	-	270,280
Total voluntary income	667,320	3,708,363	4,375,683	499,232	2,586,184	3,085,416
Investment Income	86,801	73,603	160,404	221,556	87,188	308,744
Total	754,121	3,781,966	4,536,087	720,788	2,673,372	3,394,160

Notes (continued)

4. Expenditure

2021	Raising Funds £	Charitable Activities £	Governance Cost £	Support Cost £	Total Cost £
Youth programmes	(14,067)	(1,210,510)	(4,460)	(216,867)	(1,445,904)
Community spaces	(14,067)	(785,950)	(4,460)	(216,867)	(1,021,344)
Equal voices	(3,517)	(272,200)	(1,115)	(54,217)	(331,049)
Federation Phase 1 (Digital capacity building)	(3,517)	(2,500)	(1,115)	(54,217)	(61,349)
Federation Phase 2 (Digital capacity building)		(161,600)			(161,600)
New Strategic Initiatives		(100,000)			(100,000)
Total	(35,168)	(2,532,760)	(11,150)	(542,167)	(3,121,246)
Support cost		(542,167)			
Governance cost		(11,150)			
Total	(35,168)	(3,086,077)			(3,121,246)

All grants awarded (in both the current and prior years) were to institutions rather than individuals. Grants awarded and included in the table below > £100,000 in 2021 related to: Refugee Action (£250,000), Co-operative Alternatives (£119,750), Young Scot (£104,940). The prior year item >£100,000 related to Young Scot (£145,000).

Number of grants awarded:	2021	2020
<£10,000	99	141
£10,001 - £25,000	6	24
£25,001 to £50,000	29	56
£50,001 to £100,000	3	3
>£100,000	3	1
Total	140	225

2020	Raising Funds £	Charitable Activities £	Governance Cost £	Support Cost £	Total Cost £
Volunteering programme		(5,858)			(5,858)
Youth programmes	(6,187)	(2,492,796)	(6,000)	(184,035)	(2,689,018)
Community spaces	(6,187)	(642,950)	(6,000)	(184,036)	(839,173)
Digital capacity building	(1,547)	(147,889)	(1,500)	(46,009)	(196,945)
Equal voices	(1,547)	(153,794)	(1,500)	(46,009)	(202,850)
Total	(15,468)	(3,443,287)	(15,000)	(460,089)	(3,933,844)
Support cost		(460,089)			
Governance cost		(15,000)			
Total	(15,468)	(3,918,376)			(3,933,844)

Support costs, governance costs and costs of raising funds have been allocated across the programmes using the percentages in the table below. The split in costs is based on estimated colleague time spent on each programme. Support costs primarily relate to people related costs incurred by Co-op Group employees who worked for the Foundation during the year and occasionally third party advice sought by the charity. The Trustees do not receive any remuneration or benefit from the charity for their service.

Allocation of Costs	2021	2020
Equal voices	10%	10%
New Strategic Initiatives	0%	0%
Volunteering	0%	0%
Youth	40%	40%
Community spaces	40%	40%
Federation Phase 1 (Digital capacity building)	10%	10%
Federation Phase 2 (Digital capacity building)	0%	0%
Total	100%	100%

Notes (continued)

5. Net income / (expenditure) for the year

Net income / (expenditure) for the year is stated after charging auditor remuneration of £11,150 excluding VAT (2020: £15,000).

6. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:	2021	2020
	£	£
Salaries and wages	275,834	325,429
Social security costs	23,330	25,340
Employer's contribution to defined contribution pension schemes	42,650	35,079
Total	341,814	385,848

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2021	2020
£60,000 - £69,999	1	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £X (2020: £X).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £535 (2020: £422) incurred by 2 (2020: 5) members relating to attendance at meetings of the trustees.

7. Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 9 (2020: 9).

8. Investments

	2021	2020
	£	£
Fair value at the start of the year	20,344,896	20,171,844
Additions at cost	-	-
Disposal proceeds	-	(2,199,999)
Net gain / (loss) on change in fair value	3,014,324	2,373,051
Fair value at the end of the year	23,359,220	20,344,896

All investments are held in Unit Trust investments by Royal London.

Notes (continued)

9. Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Amounts due from related parties	352,006	150,647
Loans and other repayable finance for charitable purposes	263,286	169,895
Amount due from Co-operative and Community Finance	17,317	-
Grant income due within less than one year	250,054	602,899
Donation income	170,467	24,471
Investment income due from Royal London	12,155	50,486
	<u>1,065,285</u>	<u>998,398</u>

All amounts due from related parties are repayable on demand and no interest is payable.

	2021	2020
	£	£
Amounts falling due after more than 1 year:		
Loans and other repayable finance for charitable purposes	1,088,687	1,026,944
	<u>1,088,687</u>	<u>1,026,944</u>

These loans are repayable between 5 and 20 years.

Loans and other repayable finance for charitable purposes (as above)

	2021	2020
	£	£
Amounts falling due within one year	263,286	169,895
Amounts falling due after more than one year	1,088,687	1,026,944
Total	<u>1,351,973</u>	<u>1,196,839</u>

Notes (continued)

9. Debtors (continued)

Repayable loans made were as follows:

	2021			2020
	Initial loan	Repayments	Net balance	Net balance
	£	£	£	£
Anti tribalism	50,000	(7,292)	42,708	50,000
Ballymacash Sports Academy	50,000	-	50,000	50,000
Beechbrae	50,000	(1,042)	48,958	50,000
Bramley elderly action	50,000	(10,417)	39,583	50,000
Centre4	50,000	(15,625)	34,375	45,833
Felix Road	50,000	(12,500)	37,500	50,000
Friends of Stretford Public Hall	50,000	(20,833)	29,167	45,833
FROG	50,000	-	50,000	50,000
Future Wolverton	50,000	(8,854)	41,146	46,876
Granby Four Streets	50,000	(2,083)	47,917	50,000
Heeley Development	50,000	(25,000)	25,000	38,542
Highbury Roundhouse	50,000	(15,741)	34,259	45,370
Hulme Community Garden Centre	50,000	-	50,000	-
Jubilee Farm	50,000	-	50,000	50,000
Jubilee Pool Penzance	50,000	(12,500)	37,500	50,000
Norton Sports Charity	50,000	-	50,000	-
Projekts Mcr	50,000	-	50,000	50,000
Rotherham Rise	50,000	(3,125)	46,875	50,000
RUSS	50,000	-	50,000	50,000
Seagulls Re-Use Limited	50,000	-	50,000	-
Sudbury Gasworks Restoration Trust	50,000	-	50,000	-
Todmorden Learning Centre	50,000	(6,666)	43,334	-
Urban Biodiversity	50,000	(12,500)	37,500	50,000
Walled Garden Project	50,000	(13,542)	36,458	47,917
Welcome to our Woods	50,000	(14,500)	35,500	46,958
White Rock Neighbourhood Ventures	50,000	-	50,000	50,000
Constitution Hill	30,000	(8,750)	21,250	28,750
Iona Village Hall	30,000	(2,500)	27,500	30,000
Newnham on Severn CBS	30,000	-	30,000	30,000
Oban Communities Trust	30,000	-	30,000	30,000
Circus Eruption	30,000	-	30,000	-
The Star Tree Studio CIC	26,500	-	26,500	-
Coedwig community Woodland	22,000	(917)	21,083	22,000
October Books Limited	20,000	(2,667)	17,333	-
11th Folkstone Scouts	15,000	(6,065)	8,935	12,372
Church Aston	10,000	(3,200)	6,800	9,200
Creative Health CIC	10,000	(521)	9,479	10,000
Element Society	7,500	(2,187)	5,313	7,188
Total	1,561,000	(209,027)	1,351,973	1,196,839

The Foundation trustees have assessed the recoverability of all outstanding loan balances and are satisfied that all balances are fully recoverable. As such there is no bad debt provision in place as at 31 December 2021 (2020: nil).

Notes (continued)

10. Creditors

Amounts falling due within one	2021 £	2020 £
Amounts due to Royal London	-	14,497,402
Grants payable	424,040	1,196,347
Accruals	76,145	62,000
	500,185	15,755,749

In the prior year (December 2020), Royal London made a payment of £14,497,402 to the Foundation in error. This had the effect of inflating our cash at bank in hand and also our creditors as at the prior period balance sheet date. The amount was repaid to Royal London on 13 January 2021.

Funding commitments

The Foundation has made the following commitments to match funding partners, which will be met in future periods:

£40,000 match funding for Space to Connect, which runs until January 2022. This will be paid from future income received from through the Co-op's Membership scheme.

£1,098,310 to match fund the #iwill Fund, until December 2022. This includes £497,281 of existing balances held as restricted funds. The remaining £601,029 will be paid from future income received through the Co-op's Membership scheme.

Notes (continued)

11. Movement in funds

2021	Fund balances b/f £	Income £	Expenditure £	Transfers £	Gains and losses £	Fund balances c/f £
<u>Restricted funds:</u>						
Environmental	551,657	73,603	(131,301)	-	6,126	500,085
Community Fund	285,356	-	(232,742)	-	-	52,614
Britannia	543,795	-	-	-	22,716	566,511
Big Lottery Fund #iwill grant	202,222	-	(93,733)	-	-	108,490
Luminate	1,382	486,376	(166,300)	-	-	321,458
Funeralcare	44,537	-	(50,000)	5,463	-	-
Welsh carrier bag levy	1,027,922	118,568	(98,215)	-	28,115	1,076,390
Co-operate	1,053,048	2,500,000	(1,751,769)	-	-	1,801,280
DCMS	-	24,785	(20,000)	-	-	4,785
Carbon Innovation Fund	-	578,634	-	-	-	578,634
Total Restricted funds	3,709,919	3,781,966	(2,544,059)	5,463	56,957	5,010,246
<u>Unrestricted funds:</u>	-					-
General funds	562,165	754,121	(565,653)	249,719	(5,186)	995,166
Designated funds	1,306,971	-	(11,533)	(255,182)	-	1,040,256
Total Unrestricted funds	1,869,136	754,121	(577,186)	(5,463)	(5,186)	2,035,422
<u>Endowment fund:</u>						-
Environmental	4,412,958	-	-	-	486,200	4,899,158
Main endowment	14,494,318	-	-	-	2,476,353	16,970,671
Total endowment funds	18,907,276	-	-	-	2,962,553	21,869,829
Totals funds	24,486,331	4,536,087	(3,121,245)	-	3,014,324	28,915,497

2020	Fund balances b/f £	Income £	Expenditure £	Transfers £	Gains and losses £	Fund balances c/f £
<u>Restricted funds:</u>						
Environmental	498,274	65,860	(49,940)	-	37,463	551,657
Community Fund	348,881	4,363	(113,696)	-	45,808	285,356
Britannia	488,344	6,442	-	-	49,009	543,795
Big Lottery Fund #iwill grant	1,326,745	30,000	(1,154,523)	-	-	202,222
Luminate	329,431	-	(328,049)	-	-	1,382
Funeralcare	121,519	-	(76,982)	-	-	44,537
Welsh carrier bag levy	713,365	245,391	(1,087)	-	70,253	1,027,922
Co-operate	-	2,321,316	(1,268,268)	-	-	1,053,048
DCMS space to connect	30,624	-	(30,624)	-	-	-
Total Restricted funds	3,857,183	2,673,372	(3,023,169)	-	202,533	3,709,919
<u>Unrestricted funds:</u>						
General funds	840,687	720,788	(476,236)	(687,571)	164,497	562,165
Designated funds	1,053,839	-	(434,439)	687,571	-	1,306,971
Total Unrestricted funds	1,894,526	720,788	(910,675)	-	164,497	1,869,136
<u>Endowment fund:</u>						
Environmental	3,944,753	-	-	-	468,205	4,412,958
Main endowment	12,956,502	-	-	-	1,537,816	14,494,318
Total endowment funds	16,901,255	-	-	-	2,006,021	18,907,276
Totals funds	22,652,964	3,394,160	(3,933,844)	-	2,373,051	24,486,331

Notes (continued)

11. Movement in funds (continued)

Restricted funds:

Environmental – this is the income received from our restricted Environment Fund endowment following the merger of United Co-operatives Ltd and Co-operative Group Ltd in 2007 (see below for further details)

Community - the Community Fund is the remaining balance of funds that were donated through the Co-op's membership scheme prior to 2014. These funds are now being used for the Foundation's Community Spaces programme, which awards grants that are consistent with the original purposes of the Community Fund to support voluntary, self-help or not-for-profit groups to address community issues, provide long-term benefits to the community, support co-operative values and principles, and ideally be innovative in their approach.

Britannia - the Britannia Fund was transferred following the closure of the Building Charitable Foundation and is restricted for use on financial education or numeracy projects.

Big Lottery Fund #iwill grant - this is to be used to deliver a youth-focused grants programme using social action to tackle loneliness among disadvantaged young people.

Luminate - is to be used to support a programme based at Federation Manchester to contribute to a more inclusive digital economy for Manchester and the North West of England.

Funeralcare – this fund was donated to support projects focusing on youth loneliness and bereavement.

Welsh carrier bag levy – this fund was donated to support projects with an environmental benefit in Wales.

Co-operate - these are the funds that we receive from the Co-operative Group Ltd in furtherance of our charitable purposes.

DCMS Building Connections – used to deliver a grant programme addressing youth loneliness.

DCMS Lonely Not Alone – for a campaign to reduce the stigma of youth loneliness.

Carbon innovation - this is a fund that aims to fund organisations delivering innovative project activities that lead to carbon reduction.

Designated funds:

These are multiple funds that we have chosen to set aside for particular projects or grants, from both restricted and unrestricted sources. Designated funds have been committed as future grant payments or repayable finance for charitable purposes.

Endowment funds:

The Environment Fund was a scheme set up following the merger of United Co-operatives Ltd and Co-operative Group Limited in 2007. In 2007, £2,000,000 was granted to the Co-operative Foundation by United Co-operatives, to be "ring fenced" with the annual return being used to fund environmental projects within the United Region.

The investment is shown as Endowment funds and income from the investment is shown as Restricted. In 2016 the Trustees received legal advice suggesting that this fund is permanent endowment.

The Main Endowment fund of £16,970,671 (2020: £14,494,318) is an expendable endowment held to generate investment income to be distributed in line with the objects of the charity.

12. Analysis of net assets between funds

	Endowment	Unrestricted	Restricted	Total
2021				
Investments	21,869,829	276,892	1,212,499	23,359,220
Debtors	-	935,090	1,218,882	2,153,972
Cash	-	899,585	3,002,905	3,902,490
Liabilities	-	(76,145)	(424,040)	(500,185)
Net assets at 31 Dec 2021	<u>21,869,829</u>	<u>2,035,422</u>	<u>5,010,246</u>	<u>28,915,497</u>
2020				
Investments	18,907,276	282,078	1,155,542	20,344,896
Debtors	-	789,684	1,235,658	2,025,342
Cash	-	15,316,779	17,052,465	32,369,244
Liabilities	-	(22,004)	(15,733,745)	(15,755,749)
Net assets at 31 Dec 2020	<u>18,907,276</u>	<u>16,366,537</u>	<u>3,709,920</u>	<u>38,983,733</u>

Notes (continued)

13. Financial instruments

	Note	2021 £	2020 £
Financial assets at fair value through the statement of financial activities			
Investments	8	23,359,220	20,344,896
		23,359,220	20,344,896

14. Related party transactions

The Co-op Foundation paid Co-operative Group Limited £418,096 (2020: £385,848) for Foundation staff salaries and other costs directly attributable to Foundation activities. The Trustees consider that the support provided by Co-operative Group Limited represents the best value for money for the charitable company, and that it would not be financially beneficial to employ staff directly.

In regard to gifts in kind, the Co-op Foundation relies heavily on Co-operative Group Limited to provide necessary administrative support for additional staff resources, space and related services. This support includes Co-operative Group costs that are not directly attributable to Foundation activities and are not easily monitored. The Trustees' view that value is not easily quantified. This amount was not included as donations as in the Trustees' view, it is not material in either the current or preceeding financial period.

Co-operative Group Limited donated £250,000 in fees which were waived by its Group Chair, Allan Leighton (2020: £264,423).

In the prior year the Co-op Foundation received an interest-free loan of £1,000,000 from the Co-operative Group Limited in May 2020. This was settled with the LCF payment received in November 2020 for £2,300,000.

At the year-end £352,006 (2020: £150,647) was due from the Co-operative Group Limited.

During the financial year, the Trustees of the board have not received either remuneration or benefits, however two (2020: five) Trustees were reimbursed for both their travel and hotel expenses totalling £535 (2020: £422).

15. Legal status of the charity

The charity is a company limited by guarantee and has no share capital.

Co-op Foundation is a working name of Co-operative Community Investment Foundation, a charity registered in England and Wales (1093028) and Scotland (SC048102).

Registered office: 1 Angel Square, Manchester M60 0AG



Foundation

Accounts



Trustees' report and financial statements

For the year ended 31 December 2020

Co-operative Community Investment Foundation (a company limited by guarantee)
Company registered number 4117665 / Charity registered number 1093028 (England
& Wales), SC048102 (Scotland)



Foundation

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Foreword by Jamie Ward-Smith, Chair of Trustees

2020 was a year of unprecedented challenge for us all.

As individuals, Covid lockdowns meant we lost physical contact with our friends and family. As charities, we had to re-imagine ways of working together. And as funders, we were inspired to think again about how we could best support our partners.

But despite the difficulties we had to endure, I was proud to see how central co-operation was to everyone's best efforts to respond to covid, and to help each other survive and thrive.

Our immediate response to Covid began in March when we signed a statement co-ordinated by London Funders committing to being flexible with our funding throughout the pandemic. We agreed new reporting and project extensions for our partners and we stepped back so they could focus on doing what mattered most for their communities. We've built on this commitment in early 2021, and we look forward to examining what type of funder we want to be this year, and into the future.

We also doubled down in our efforts to tackle youth loneliness. We supported our partners, UK Youth and the National Youth Partnership, to build digital resources and networks that would help youth workers co-operate and we relaunched our annual Lonely Not Alone campaign to tackle the stigma that loneliness attracts – a huge accelerator of the difficulties caused by loneliness. This campaign, created by young people for young people, was a vital source of support in 2020. Tens of thousands of you showed solidarity with lonely young people to help them see that they were not alone.

And finally, led by the co-operative value of equity, we committed to listening to and acting on the voices of those who are rarely heard. Our grants to the Young Trustees Movement and Getting on Board are helping to ensure greater diversity in charity leadership while partners supported through our Luminate programme have researched, among a wide array of issues, ways to improve racial diversity in tech.

We did, however, have our own challenges to overcome. Our planned strategy was paused and is now being reimagined in the light of our learning from this year. We also note changes in our staff and trustee teams as colleagues and friends moved on to new positions. We wish them luck for the future and we thank them for their hard work and commitment.

We now look forward to an unexpected if no longer unprecedented 2021. I write today as lockdowns continue to ease and as we slowly make our way back to a more 'normal' way of life. This is a welcome boost for us all, but we should remember, too, that there were things we did better in 2020, like using digital. How we bring these things to life in the future will be a test for every funder and charity.

Thank you to everyone who supported the Co-op Foundation in 2020, including our long-term benefactor Allan Leighton who once again donated to our work. We could not have achieved what we did without you.

2021 is a pivotal year for the Foundation as we launch a review into our strategy to align with and amplify Co-op's vision of co-operating for a fairer world. I look forward already to reporting on what will no doubt be a very different year in 12 months' time.

Trustees' report

The Trustees, who act as Directors for the purposes of company law, present their annual report and the audited financial statements for the year ended 31 December 2020.

These accounts have been prepared in accordance with UK Generally Accepted Accounting Practice, comprising Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102') and the Charities SORP second edition (FRS 102) issued by the Charities Commission in October 2019, together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. The Charity has adapted the Companies Act formats to reflect the SORP and the special nature of the Charity's activities. The Charity is a public benefit entity.

Reference and administrative details

Co-operative Community Investment Foundation is a company limited by guarantee, registered with Companies House (number 4117665). Its registered office is 1 Angel Square, Manchester M60 0AG. It is registered as a charity in England and Wales (number 1093028) and Scotland (number SC048102).

Its day-to-day working name is the Co-op Foundation. In this report, it is referred to simply as 'the Foundation'. The following people served as Trustees of the Foundation during the year:

Jamie Ward-Smith (Chair)

Sharon Jones (Vice Chair)

Andy Phelps (Treasurer) (resigned 23 April 2020)

Saleem Chowdhery (appointed Treasurer 23 April 2020)

Daniel Crowe

Lois McClure

Sheila Jane Malley

Sarah Woodcock (resigned 21 June 2021)

Key personnel

Head of Foundation – Jim Cooke (resigned 31 December 2020)

Head of Foundation – Nick Crofts (appointed 04 January 2021)

Foundation Secretary – Beth Maguire

Bankers

Barclays Bank PLC, 1 Churchill Place, London, E14 5HP

Legal advisers

Brabners LLP, Horton House, Exchange Flags, Liverpool L2 3YL

Auditor

Ernst & Young LLP, 2 St Peter's Square, Manchester M2 3EY

Trustees' report *(continued)*

Structure, governance and management

The Foundation is governed by its Memorandum and Articles of Association ('Articles').

Trustees are appointed by Co-operative Group Limited ('Co-op'). The Co-op is currently the Foundation's sole Member. With the Co-op Board's approval, Trustees may co-opt a new Trustee to fill a vacancy at any time. Co-opted Trustees may then be elected at the next AGM.

Currently, one Trustee is a senior Co-op colleague. Two are elected members of the Co-op National Members' Council. Four are recruited through open advertisement.

New Trustees are inducted by the Foundation CEO and the Secretary. This covers their legal and regulatory duties and the Foundation's governance, finances and strategy. The Board maintains a skills matrix based on each Trustee's self-assessment of their experience and expertise. This is updated every year and informs priorities for succession planning and further training and development.

Trustees are not paid and do not receive any benefits. They are reimbursed for expenses incurred on Foundation business.

Trustees are responsible for decisions on policy, strategy and allocation of resources. This includes approving the annual operating budget and major grant awards. Day-to-day running of the Foundation is delegated to the Foundation CEO. The Foundation CEO and Foundation team work within the policy, strategic and financial frameworks set by Trustees.

The Foundation team is employed by the Co-op but reports to the Board of Trustees. The Foundation CEO's pay is set by the Trustees, who consult with the Co-op to establish suitable salary benchmarks. The Co-op provides various support services to the Foundation. The Foundation reimburses the Co-op for salary costs of the Foundation team, which is made up of the employees whose time is spent only on Foundation work. The Co-op does not charge the Foundation for the cost of Co-op colleagues who support the Foundation as part of wider roles in the Co-op. This includes the Foundation Secretary. Nor does the Co-op charge for office space and other facilities that it provides for the Foundation's use.

Compliance with the Charity Governance Code.

The Board agrees that the principles in the Charity Governance Code ('the Code') represent best practice. It aims to apply these where appropriate and practical. The following is a summary of the Foundation's compliance with the Code.

1. Organisational Purpose

The Board reviews the Foundation's purpose as part of their annual strategy day. The Board has adopted a Values Framework which is used to ensure that all decision making and planning aligns to the Foundation's mission and values.

2. Leadership

When considering new appointments during the year, the Board paid particular attention to how it could improve its diversity and reinforce key areas of expertise.

3. Integrity

The Board has adopted a Code of Conduct. This outlines the standards and behaviours expected from the Board. The Foundation also has a Conflicts of Interest Policy.

The Trustees acknowledge their accountability to a range of stakeholders. They ensure that appropriate stakeholder engagement is factored into all the Foundation's activities.

Trustees' report *(continued)*

4. Decision Making, Risk and Control

The Board has 'matters reserved' and a financial delegated authorities framework. These act as effective delegation and control. 2020 was the first year of the Audit, Risk and Finance Committee, which is responsible for overseeing the risk management framework and assessing the effectiveness of internal controls. The Committee Chair provides an update to the Board on items discussed at each meeting.

5. Board Effectiveness

The Board holds at least four meetings each year. The Secretary maintains a forward planner, which is presented at each Board meeting. This ensures that Trustees have enough time to explore key issues and reach well-considered decisions.

During 2020, the Board conducted its first external Board Effectiveness Review undertaken by Steve Fowler Consultancy. The results showed that, although the Board was overall effective, suggestions for improvements were made and these have now formed the basis of an action plan.

6. Diversity

The Foundation is committed to promoting equality and preventing discrimination and to reviewing the diversity of the Board. It aims to create an inclusive environment, where everyone can contribute their best work and develop to their full potential. The Foundation treats its Board, colleagues and partners as individuals, allowing them to be themselves regardless of age, gender, disability, race, religion or sexual orientation. It also values different social and educational backgrounds, life experiences, career paths and diversity of thought.

7. Openness and Accountability

The Board of Trustees identifies key stakeholders at its annual strategy day. It ensures that regular and effective communication with these stakeholders forms part of its plans.

Objectives

The Co-op Foundation's formal objects are described in its governing document. These are to support, through donations from co-operative organisations, members, customers and employees, projects that contribute to relief of poverty, advancement of education or other such charitable purposes and which will benefit communities in which the businesses of Co-operative Group Limited operate.

At the start of 2020, the Foundation developed a new strategy and three-year plan, which it intended to launch in April. This was postponed as a result of the Covid-19 outbreak in March. In April, the Trustees reviewed the Foundation's plans for the year and agreed to adapt these to respond to the immediate impact of the pandemic. They also agreed that the Foundation's strategy should be reviewed to take account of the longer-term impacts of Covid-19 on communities. Work on the strategy will resume in 2021, under the leadership of the new Foundation CEO, Nick Crofts.

Despite these factors, the Foundation's activity in 2020 continued to be shaped by the overall purpose and aims of the strategy and three-year plan, summarised as follows.

Share a fairer future

We're the Co-op's charity. We help people challenge inequality and co-operate for change, so they can share a fairer future.

Trustees' report *(continued)*

10 year goals: the difference we'll make

Over the next 10 years, we'll empower communities in the UK to challenge the inequalities that affect them and achieve long-term improvements, focused on three drivers of equality and equity:

- Access and inclusion
- Voice and representation
- Economic self-reliance

Access and inclusion: Whoever they are and wherever they live, everyone should have opportunities to connect with others and co-operate to improve their lives. This requires more universal community infrastructure and the systematic removal of barriers to participation.

Voice and representation: Communities should have the power to influence the underlying causes of inequalities that affect them and to hold decision-makers accountable. People's lived experience of inequality should be seen as a vital source of expertise for building a fairer society.

Economic self-reliance: Local communities that have experienced long-term challenges should be put in control of inclusive economic development that equips them with the assets and skills to be able to meet more of their own needs, sustainably.

10 year goals: the way we'll work

Over the next 10 years, we'll lead by example, championing co-operation in the grant-making sector and challenging ourselves to be:

- Led by our values
- Financially sustainable
- Continuously improving.

Led by our values: By making our values central to everything we do, we'll role model co-operation and encourage others to work with us towards shared goals. This will include meaningfully involving diverse stakeholders; recognising the wider social and ethical impact of our decisions; and sharing our learning honestly and openly.

Financially sustainable: To pursue long-term goals we need a strong financial position. This will be underpinned by a sustainable investment model that balances financial and social returns and is supported by sufficiently secure and diverse income streams. To sustain and grow our support, we'll consistently demonstrate to stakeholders the shared value we create.

Continuously improving: We'll develop a culture of continuous improvement in how we live up to our values and create our intended impact. This will be informed by a rich ecosystem of knowledge and evidence, using a range of research methods and data sources, with particular emphasis on learning from first-hand experiences of people affected by inequalities.

Trustees' report *(continued)*

Activities and achievements

The Trustees have had regard to the Charity Commission's guidance on public benefit when planning and reviewing the activities carried out to achieve the Foundation's charitable aims.

Belong

Overview

Belong projects have helped thousands of young people tackle loneliness. Now everyone can get involved.

We're sharing what we've learned about youth loneliness, so others can do more to make a difference that lasts.

Our Lonely Not Alone campaign helps young people speak up about how they feel and gives everyone a way to support them. Will you wear yellow socks to show you care?

2020-22 Objectives

- We'll draw out learning from our Belong grants, supporting and encouraging youth organisations and funders to embed improved understanding of loneliness into their long-term work
- Our #LonelyNotAlone campaign will help young people to become more confident to talk about loneliness and take action to address it in themselves and others
- By continuing to engage with cross-government work on loneliness, we'll help make sure young people's voices and experiences are taken into account in policy development

Successes

- We signed a statement co-ordinated by London Funders in which we committed to being flexible with our funding during Covid-19. As part of this commitment, we worked with our match-funders to agree reporting and project extensions for our partners, including a three-month project extension offer to organisations funded through our Building Connections Fund with government.
- We continued to fund contracts strengthening the youth sector to tackle loneliness, including the Belong Collective, from UK Youth, National Youth Partnership (NYP) resources and NPC's evaluation of the Building Connections Fund. Since 2019, 288 youth workers have attended the Belong Collective events to share learning (these moved online when the pandemic hit), while more than 2,000 people have visited the Tackling Youth Loneliness website from NYP.
- We achieved more than seven million impressions on social media through our Lonely Not Alone campaign to tackle the stigma of youth loneliness. 57 young people helped to create this campaign, asking everyone to share their yellow sock Outfit of the Day on social media to show lonely young people that they weren't alone. Our co-designers spoke out about loneliness on national BBC TV and radio and engaged directly with followers through social media takeovers. Post-event research shows 11% of UK adults have heard about Lonely Not Alone, rising to 20% of young people.
- We were active participants in the Government's Tackling Loneliness Network. This brought together businesses and civil society to discuss ways to tackle loneliness and isolation during and after the pandemic. We shared our learning from Belong, specifically around digital inclusion. Recommendations from this network are due to be published in 2021.

Trustees' report *(continued)*

Challenges and lessons learned

- Relaxing our monitoring requirements and project deadlines was hugely welcomed by our partners at a time when they were experiencing multiple challenges. However, this had a significant knock-on effect to the data available to us across many of our funds.
- There were also evaluation changes as our Building Connections Fund evaluator, NPC, paused data collection at a crucial stage of its work. Inevitably, much of our learning during 2020 focused on how organisations responded to Covid-19.
- We had to reimagine new ways of designing our Lonely Not Alone campaign due to social distancing. Young co-designers had previously met in person in Manchester to plan our launch ideas but they were forced to engage over video calls in 2020, drastically reducing their personal interactions with each other. This process was led by our campaign partner and specialist youth co-design agency, Effervescent. Its success over the year engaging with young people from a much-wider geographical base will help us expand our campaign builds in the future.
- We recognise the funders don't always get everything right – and we want to be in the vanguard of learning from both our successes and our failures. Moreover, we want our partners to learn, too, and encourage them to be candid about the things that work and those that don't.

Programme spending

In 2020, we spent £2,492,796 on direct costs of Belong. This was made up of:

- £2,311,172 of grants awarded
- £181,624 of other programme costs, including learning activities, research and campaigning.

We also incurred £196,223 of indirect costs. This was based on allocating 40% of our total salary costs and other general Foundation running costs to this programme.

Let's Work Together

Overview

Strong communities work together to make things better. We fund in partnership with others to help people do even more.

Our funds give people the power to improve life for themselves and each other – from school children looking after their classmates to a whole community protecting a much-loved green space.

By bringing together support from Co-op Members and like-minded partners, we provide extra help where it's most needed. And we're calling on more funders to join us in co-operating for change.

2020-22 objectives

- Leveraging our funding from Co-op, we'll influence, participate in and champion a range of collaborative funding models, delivering UK-wide impact on community issues of mutual interest
- We'll empower young people to improve wellbeing and develop their skills through peer support and advocacy that draws on their own lived experience
- We'll build alliances that create a joined-up ecosystem of support for communities to make local spaces more accessible, inclusive and sustainable.

Trustees' report *(continued)*

Successes

- As with our youth funding, we negotiated with our match-funders to agree reporting and project extensions for our partners so they could focus on what mattered most during the pandemic. Within our £1.6m Space to Connect partnership with government, this included offering non-competed follow-on funding so all 'Explore' partners supported with £10k grants in 2019 could apply for a further £10k to build on their work in 2020.
- We agreed repayment breaks for 16 community spaces partners in England, Wales and Scotland supported through our interest-free loans programme.
- We negotiated with match-funding partners to agree an increase in funding for youth bereavement projects through our #iwill and Co-op Funeralcare funds
- We committed to furthering our learning on how youth social action can support young people by commissioning a learning partner to evaluate our #iwill Fund
- We engaged with other youth funders to develop a collaborative approach to supporting youth sector infrastructure. We shared information on Covid-19 emergency grants we awarded to two strategic youth partners (UK Youth and National Youth Agency) and jointly funded facilitation costs for key sector organisations to develop a longer-term infrastructure strategy.

Challenges and lessons learned

- School closures as a result of covid delayed the awarding of grants from our #iwill Schools Transitions fund until the end of the year. We awarded £1.125m to 17 organisations in total but timing constraints meant we were unable to involve young people in the assessment process as originally intended.
- We postponed our #iwill crowdfunding project in March 2020 due to Covid. Although we initially hoped to launch a revamped project in early 2021, it became clear that the impact of Covid would continue well into that year. We took the difficult decision to cancel the project completely, concluding that it would no longer be viable.
- Our Space to Connect evaluation and learning partners, Leeds Beckett University, adapted their approach to evaluation during Covid based on partner feedback around the impact of lockdowns. This led to the production of document reviews based on the role of the voluntary sector during the pandemic and the use of digital.

Programme spending and investment

In 2020, we spent £642,950 on direct costs of this programme, made up of £542,550 in grants and £100,400 of other programme costs, including evaluation. We awarded £198,000 of mission-related investments in the form of loans and other repayable finance. £196,223 of indirect costs were also incurred. This was based on allocating 40% of our total salary costs and other general Foundation running costs to this programme.

Equal Voices

Overview

If your community feels the effects of inequality, we want your voice to be heard.

We invest in organisations that truly represent those who are often ignored. We increase their power to speak up and take action for a fairer future.

Our plans are guided by people who know first-hand about the challenges we're tackling. We'll listen to you, learn from you and encourage others to do the same.

Trustees' report (*continued*)

2020-22 objectives

- Drawing on all our assets, we'll develop a sustainable investment and support model to build the capacity of organisations that best understand and represent communities affected by inequalities
- Building on our founding support for the Young Trustees Movement, we'll engage in other collaborative efforts to increase the representation of diverse voices in civil society, including exploring how technology can either reduce or reinforce inequalities
- Co-research, designed and carried out with people affected by inequalities, will be our starting point for exploring potential new work, starting with exploring young people's views on crime and safety.

Successes

- We continued to support early-stage social enterprises tackling inequality through tech with our Luminate-funded programme in 2020. In addition to providing co-working desk space at Co-op's Federation building (severely disrupted after lockdown in March) we also awarded £84k in grants to help organisations react to changing circumstances due to Covid, increase the scale of their impact, develop their use of technology, help them to become more financially sustainable and support them co-operate with others.
- Through Luminate, we supported the launch of a Community Tech Fellowship to help nine community leaders engage in discussions around how tech was changing society and continued to support the Greater Manchester Responsible Tech Collective - a collaborative group of public and private sector organisations passionate about bringing the humanity back to tech. Projects funded through the Collective include research into ethnic diversity in tech.
- We continued to give young people a say in our future planning and youth funding by partnering with Youth Focus North West on a Foundation Youth Advisory Group. In December 2020, this group helped us decide how to allocate more than £400,000 of #iwill funding to support young people going through bereavement.
- We grew our work to develop the voices of under-represented communities on charity trustee boards by awarding funding to Getting on Board. Funding will support them to work in partnership with Action for Trustee Racial Diversity to grow the numbers of Black and Asian trustees.
- We supported the launch of our partner RECLAIM's 'Keeping Young People Safe' research, which worked with young people in Manchester to explore approaches to addressing violent crime.

Challenges and lessons learned

1. Adapting our existing programmes in response to Covid-19 took up much of our team's capacity during the year and we were unable to progress some of the new activities we had aimed to develop. Cancelled plans included a pilot capacity building fund for user-led organisations representing communities affected by inequalities, and a co-research project exploring potential solutions to financial exclusion.

Programme spending

We spent £153,794 on direct costs of this programme area in 2020. This was made up of:

- £72,825 of grants awarded
- £80,969 of other programme costs including providing free co-working space for social enterprises.

We also incurred £49,056 of indirect costs. This was based on allocating 10% of our total salary costs and other general Foundation running costs to this programme.

Trustees' report *(continued)*

Other activities

Following our decision in 2019 to close our volunteering programme for Co-op colleagues, we spent £5,858 in 2020 on supporting a small number of volunteers to complete their existing commitments.

Financial review

Prior year restatement

The comparative figures presented within these financial statements for the financial year ended 31 December 2020 are consistent with the 2019 financial statements, with the exception of the restatements of the prior year as follows:

Multi-year grant income received - The Foundation is awarded certain grant income in annual instalments over periods of up to 3 years. Historically, the income has been accounted for in the period in which cash was received. There are no performance-related conditions associated with the future years' amounts and the terms and conditions agreed in the grant letters are administrative requirements only which do not prevent the recognition of income. Having reconsidered the requirements of the Charities SORP (FRS 102) - (second edition - October 2019), the Trustees consider that the full amount of the grant income should be recognised in the year when the formal offer of funding is communicated in writing to the Foundation and accepted with an accrued income balance recorded for any amounts to be received in future periods.

Grants awarded - The Foundation awards certain multi-year grants whereby payments are made to grantees in annual instalments over periods of up to 3 years. Historically, the expenditure has been recognised in the period in which the cash was paid. There are no substantive conditions associated with the future years' amounts that lie within the Foundation's control and the constructive obligation exists when the commitment for grant funding is communicated directly to the grant recipient and accepted by them. Having reconsidered the requirements of the Charities SORP (FRS 102) - (second edition - October 2019), the Trustees consider that the expenditure should be recognised in the year that the grant letter is originally awarded, with a resulting creditor for any amounts to be paid in future periods.

Presentation of trade and other receivables - Previously, the Foundation recorded amounts receivable from loans and other repayable finance for charitable purposes that were due after more than one year as part of non-current assets on the face of the balance sheet. This presentation has been amended to include the amounts within current assets in the current financial year. The adjustments in relation to these items are considered to be material to the comparative prior year information and hence the Statement of Financial Activities and the Balance Sheet for the year ended 31 December 2019 have been restated.

See note 14 in the financial statements for more details.

Trustees' report (*continued*)

2020 financial review

The Foundation's total income in 2020 was £3,394,160. This was a decrease on 2019* (*£4,278,243 restated – see note 14 in the financial statements). The main reasons for this decrease were reduced grant income from DCMS and the National Lottery Community Fund (due to their contributions to our match funding partnerships being front-loaded in 2019) and reduced Salvation Army income due to the impact of lockdown on the value of textile donations collected.

These reductions were partly offset by an increase in our funding from the Co-op. Total income generated from sources connected to the Co-op was £3,055,416 (2019*: £1,456,173 restated). A major change in 2020 was that as well as receiving the 1% community reward of Co-op Members who actively chose to support the Foundation, we received a 25% share of the funds generated by Members who did not select any cause to support.

In response to the financial impact of Covid-19 on the Foundation, including reduced unrestricted income from textile banks and increased investment uncertainty, the Co-op agreed to make an interest-free loan of £1million to the Foundation. This was paid in May and repaid as a deduction from the Local Community Fund payment in November. This loan significantly reduced the cashflow pressures that the Foundation would otherwise have faced, avoiding the need to draw down from our Royal London investments earlier than planned.

Expenditure increased to £3,933,944 (*2019: £2,798,944 restated – see note 14 in the financial statements). The main driver of this increase was the expansion of our #iwill Fund, including the launch of new strands focusing on bereavement and school transitions.

Net expenditure for the year, before investment gains, was £539,684 (2019: £1,479,399 net income – restated – see note 14 in the financial statements). The Foundation also made investment gains of £2,373,051 (2019: £3,387,917). Within the year, £1,091,910 of the revaluation reserve was realised (2019: £nil).

During the year, we grew our social investment portfolio. £1,196,839 of assets were held in mission-related investments at year-end (2019: £1,079,169).

Reserves

In 2020, the Trustees reviewed and revised the Foundation's reserves policy. Following a recommendation by the Audit, Risk and Finance Committee, the Board decided that the Foundation's target reserves level should in future be set as a ratio of annual support costs.

This represents a change from the previous policy, under which target reserves were set in relation to total budgeted expenditure (for both programme and support costs) taking into account the level of income budgeted from sources that were not yet secured. This change of approach is based on the principle that, for the remainder of our 2020-22 plan:

- The Foundation will only commit to new programme expenditure once income sources are identified with a high level of confidence
- New programme expenditure is phased to be cashflow positive.

The approved policy sets out:

- a central reserves target equivalent to six months' support costs (c.£425K based on budgeted support costs of £850K in 2021)
- a range of tolerance up to three months either side of this central target (i.e. at any given time, reserves would be maintained at a level between 3 and 9 months' support costs) to allow for expected fluctuations in the phasing of income and expenditure.

Reserves at 2020 year-end were within this range, at £562,165 (2019: £840,687).

Trustees' report *(continued)*

Endowments, restricted fund balances and designated funds are excluded from the definition of reserves. The total value of all assets held by the Foundation at year-end was £24,486,331 (2019: £22,652,964* restated – see note 14 in the financial statements). This provides a strong financial position from which to deliver our existing plans for 2021 and 2022, and to resume work on developing the Foundation's longer-term strategy.

Risks

In 2020 the Foundation established a new Audit, Risk and Finance sub-committee of the Board. This Committee reviewed the Foundation's risk framework and recommended various improvements, which were approved by the Board. A revised framework was then adopted in November 2020.

The main risks identified by the Foundation and mitigating actions taken in 2020 are summarised below.

Main risks	Controls
Failure to meet statutory filing dates	Compliance calendar maintained by Secretary
Loss of key personnel from Foundation team / inability to recruit suitable candidates to key posts	Following the successful appointment of a new CEO in 2020, the permanent team structure will be reviewed in 2021. In the meantime, additional temporary resource has been secured through the use of contractors and freelance grant assessors.
Lack of control over Board succession plans	Board composition agreed with Co-op. Role profile and skills audit used to inform appointments
Funds applied to non-charitable purposes by organisations receiving Foundation support	Policy on funding non-charities was adopted following legal advice and with reference to Charity Commission guidance
Reliance on in-kind support from the Co-op for critical functions	Formal agreement with Co-op outlining in-kind support arrangements, including increased Finance support
Failure to access sufficient new income streams to meet long-term strategic ambitions	Engagement with key senior stakeholders focused on sustainable funding
Financial performance of investments fails to meet objectives	Assets reallocated in line with risk and return targets set following review with independent investment consultants
Failure to meet data protection requirements under GDPR	Information inventory and retention schedule developed
Loans and investments to community organisations are unable to be repaid, making this programme unsustainable	Relaunch of loan funds postponed to allow for further analysis of repayment rates in 2021, following the offer of repayment holidays to loan recipients in response to Covid-19
Security breach on website	Web security managed by developed approved by Co-op Information Security team
Colleague personal social media posts bring Foundation into disrepute	Co-op social media policy shared with all colleagues as part of team communications guidance
Cashflow issues due to annual backweighting of Co-op income	Interest-free loan agreed by Co-op to mitigate cashflow impact of Covid-19 in 2020. Working with Co-op to seek agreement to a less back-weighted payment schedule for income from the new Community Partnerships Fund

Trustees' report *(continued)*

Investments

The Trustees have set the following objectives for the Foundation's long, medium and short-term investments.

Fund	Objectives	Benchmarks
Main endowment	To maximise total return over the long-term (5 to 10-year horizon) and generate a steady income stream, while investing in accordance with the UN Principles for Responsible Investment	Consumer Price Index +3% per annum (of which 2% realised as income)
Environmental endowment	To maintain the real value of capital over the long term and generate a steady income stream, while investing in accordance with the UN Principles for Responsible Investment, and where practical giving additional weight to investments with a positive environmental impact.	CPI + 2% per annum
Income funds for medium-term investment	To maintain the real value of funds over the medium term, while investing in accordance with the UN Principles for Responsible Investment.	CPI + 1% per annum
Income funds for short-term needs and contingencies	To maintain the nominal value of the funds and ensure sufficient liquidity to meet all spending requirements, while investing in accordance with the UN Principles for Responsible Investment.	CPI

Following a review of the Foundation's investments in 2019, with advice from an independent investment consultant (Gemmell's), in 2020 the investment portfolio was reallocated to better fit with the Trustees' risk and return objectives for each fund.

This included the drawdown of £2.2million from the unrestricted and restricted income funds which the Foundation had invested in Royal London since 2017. This will be used to fund planned activity in 2021. We also redistributed some of our remaining funds within Royal London's suite of sustainable investment funds, as follows:

- Main endowment transferred from Sustainable Diversified Trust to Sustainable World Trust (a higher risk fund, reflecting the long-term nature of these investments)
- Restricted income funds that we do not plan to use in 2021 were transferred from Sustainable Diversified Trust to Sustainable Manager Growth trust (a slightly lower risk fund reflecting the medium-term nature of these investments)
- A portion of our unrestricted reserves was transferred from Sustainable Diversified Trust to Sustainable Managed Income Trust (a lower risk fund, reflecting the potential need to draw on reserves at short notice in response to unforeseen events).

Trustees' report *(continued)*

Despite the significant market uncertainties caused by Covid-19, our investments performed well in 2020. The value of our investments fell significantly in February/March, in line with wider markets. Trustees considered whether to withdraw some of our income funds earlier than planned, in order to protect them from the risk of further losses, but decided against this, in favour of keeping to our original plan of drawing down funds only when cashflow required. Funds were drawn down in December 2020, following the approval of the 2021 budget which determines the level of cash needed for the next year. In the meantime, the value of our funds had not only recovered the value lost in February/March but seen significant further growth.

Investment gains for the year were £2,373,051, 13% (2019: £3,387,917, 20%). In addition, investment income of £308,744 (2019: £374,605) was received. Total returns therefore amounted to £2,681,795, 15% (2019: £3,762,522, 22%).

Plans for future periods

The advent of the global Pandemic has shown the need for co-operation is greater than ever before. The Foundation will be undertaking a review of its long-term strategy in 2021, to make sure it is best positioned to maximise its impact in the post-Pandemic world.

Specific plans for 2021 include:

- Increasing support for Belong projects to recover from the impact of Covid-19 and to share learning on tackling youth loneliness
- Further growing our Lonely Not Alone campaign
- Continuing to deliver our new #iwill Fund strands focusing on community spaces, bereavement and school transitions
- Completing our Space to Connect programme, including publication of the evaluation by Leeds Beckett University
- Reviewing our community spaces loan programme, exploring potential additional support needs of existing partners, and remodelling and relaunching our offer to new applicants
- Developing a new environmental grants programme in Wales using our funds from the Co-op's carrier bag levy
- Reviewing options to support youth sector and BAME infrastructure, working in collaboration with other funders
- Developing new funding partnerships in Scotland, Wales and Northern Ireland.

Statement of Trustee's responsibilities in respect of the Trustees' Annual Report and the financial statements.

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each trustee has taken all the steps that he/she ought to have taken as a trustee to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed, and therefore Ernst & Young LLP will continue in office.

These financial statements were approved by the Trustees on 28 July 2021 and were signed on their behalf by:


Jamie Ward-Smith
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CO-OPERATIVE COMMUNITY INVESTMENT FOUNDATION (A COMPANY LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of Co-Operative Community Investment Foundation for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement Cash Flows and the related notes 1 to 14, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the charitable company's affairs as at 31 December 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 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 below. 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 at least the end of July 2022 from when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CO-OPERATIVE COMMUNITY INVESTMENT FOUNDATION (A COMPANY LIMITED BY GUARANTEE) *(continued)*

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the trustee's ability to continue as a going concern.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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, which includes the directors' report and the strategic report prepared for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ The strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have identified no material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CO-OPERATIVE COMMUNITY INVESTMENT FOUNDATION (A COMPANY LIMITED BY GUARANTEE) *(continued)*

- ▶ 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 trustees' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 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 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 management either intends to liquidate the charitable company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

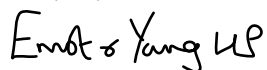
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CO-OPERATIVE COMMUNITY INVESTMENT FOUNDATION (A COMPANY LIMITED BY GUARANTEE) *(continued)*

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are FRS 102, Charities SORP second edition (FRS 102), the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.
- We understood how Co-Operative Community Investment Foundation is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation and minutes of meetings of those charged with governance.
- We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur, through internal team conversations and inquiry of management and those charged with governance. We considered there to be a fraud risk around income (excluding investment income) being recorded in the incorrect period by posting manual journals to recognise income prior to the conditions for recognition having been met. We tested all such income transactions recorded during the year back to source documentation to ensure they had been recorded in the correct period. In addition, we considered there to be a fraud risk around grant expense being recorded in the incorrect period by reference to the terms of grant awards. We tested a sample of grant expense transactions in the period around the year-end to a lower testing threshold back to source documentation, the relevant approvals and payment to ensure they had been recorded in the correct period. In addition, we considered the risk of management override by sampling from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria and investigated these to gain an understanding and then agree them to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved verifying that material transactions were recorded in compliance with FRS 102, Charities SORP second edition (FRS 102), the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Julian Yates (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Manchester

Date: 30 July 2021

Statement of financial activities (incorporating the income and expenditure account) and Statement of Total Recognised Gains and Losses

for the year ended 31 December 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total funds £	2019* Total funds £
Income and endowment from:						
Donations, grants and legacies	2	499,232	2,586,184	-	3,085,416	3,903,638
Investments	2	221,556	87,188	-	308,744	374,605
Total income		720,788	2,673,372	-	3,394,160	4,278,243
Expenditure on:						
Raising funds	3	(15,468)	-	-	(15,468)	(218)
Charitable activities	3	(895,207)	(3,023,169)	-	(3,918,376)	(2,798,626)
Total expenditure		(910,675)	(3,023,169)	-	(3,933,844)	(2,798,844)
Net (expenditure)/income on charitable activities		(189,887)	(349,797)	-	(539,684)	1,479,399
Net gain on investments	10	164,497	202,533	2,006,021	2,373,051	3,387,917
Net income		(25,390)	(147,264)	2,006,021	1,833,367	4,867,316
Net movement in funds		(25,390)	(147,264)	2,006,021	1,833,367	4,867,316
Reconciliation of funds:						
Total funds brought forward*	9	1,894,526	3,857,183	16,901,255	22,652,964	17,785,648
Total funds carried forward		1,869,136	3,709,919	18,907,276	24,486,331	22,652,964

All income and movement in funds arise from continuing operations. There are no gains or losses other than those recognised in this statement of financial activities.

*We have restated 2019 due to a prior period error. Please see note 14 for details of the restatement.

The notes on pages 24 to 40 form an integral part of these financial statements.

Balance sheet

As at 31 December 2020

	Notes	2020 £	2019* £
Non current assets:			
Investments	10	20,344,896	20,171,844
Total non current assets		20,344,896	20,171,844
Current assets:			
Accrued income:	6		
amounts falling due within one year		677,856	1,062,264
amounts falling due after one year		-	549,155
		677,856	1,611,419
Trade and other receivables:	7		
amounts falling due within one year		320,542	220,880
amounts falling due after one year		1,026,944	921,805
		1,347,486	1,142,685
Cash at bank and in hand		17,871,842	1,281,577
Total current assets		19,897,184	4,035,681
Liabilities			
Creditors: Amounts falling due within one year	8	(15,755,749)	(1,531,498)
Net current assets		4,141,435	2,504,183
Creditors: Amounts falling due after more than one year	8	-	(23,063)
Total net assets		24,486,331	22,652,964
The funds of the charity:			
Endowment			
Environmental	9	4,412,958	3,944,753
Main Endowment	9	14,494,318	12,956,502
Restricted income	9	3,709,919	3,857,183
Unrestricted funds			
General fund	9	562,165	840,687
Designated	9	1,306,971	1,053,839
Total charity funds		24,486,331	22,652,964

*We have restated 2019 due to a prior period error. Please see note 14 for details of the restatement.

The notes on pages 24 to 40 form an integral part of these financial statements.

These financial statements were approved by the Trustees on 28 July 2021 and were signed on

their behalf by:



Jamie Ward-Smith
Chair of Trustees

Company registered number: 4117665

Statement of cash flows

for the year ending 31 December 2020

	2020 £	2019* £
Net cash provided by/(utilised in) operating activities (see below)	14,081,522	(1,340,476)
Cash flows from investing activities:		
Interest income	308,744	374,605
Investment drawdowns	2,199,999	-
Cash provided by investing activities	2,508,743	374,605
Net cash provided by financing activities	-	-
Increase/(Decrease) in cash and cash equivalents in the year	16,590,265	(965,871)
Cash and cash equivalents at the beginning of the year	1,281,577	2,247,448
Total cash and cash equivalents at the end of the year*	17,871,842	1,281,577

Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019* £
Net movements in funds	1,833,367	4,867,316
Gain on investments	(2,373,051)	(3,387,917)
Deduct interest income shown in investing activities	(308,744)	(374,605)
Decrease in accrued income	933,563	1,511,724
Increase in trade and other receivables	(204,801)	(802,684)
Increase/(decrease) in creditors**	14,201,188	(3,154,310)
Net cash provided by operating activities	14,081,522	(1,340,476)

*We have restated 2019 due to a prior period error. Please see note 14 for details of the restatement.

**In December 2020, Royal London made a payment of £14,497,402 to the Foundation in error. This has had the effect of inflating our cash at bank in hand and also our creditors as at the balance sheet date. The amount was repaid to Royal London on 13 January 2021.

Notes *(forming part of the financial statements)*

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements except as noted below. The principal accounting policies adopted, judgement and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

Co-operative Community Investment Foundation is a registered charity and a company limited by guarantee incorporated in England. The registered office is 1 Angel Square, Manchester, M60 0AG.

These accounts have been prepared in accordance with UK Generally Accepted Accounting Practice, comprising Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102') and the Charities SORP second edition (FRS 102) issued by the Charities Commission in October 2019, together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. The Charity has adapted the Companies Act formats to reflect the SORP and the special nature of the Charity's activities. The Charity is a public benefit entity.

Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2020, the Trustees are required to consider whether the Foundation has sufficient resources to continue in operational existence for the foreseeable future.

The Foundation generated net income in the year ended 31 December 2020 of £1,833,367 (2019: net income of £4,867,316) and at the balance sheet date holds net assets of £24,486,331 (2019: £22,652,964).

The Trustees have concluded that it is appropriate to adopt the going concern basis, following an assessment of the financial forecasts and financial assets available to the Foundation. Management has funds to satisfy the future liabilities that they are aware of now and assets remain in place and available to meet future liabilities until at least the end of July 2022.

Therefore, after conducting the financial projections exercise set out above and making all appropriate inquiries, the Trustees have a reasonable expectation that the Foundation has access to adequate resources to enable it to continue in operational existence for the foreseeable future.

Income

All income is recognised once the Charity has entitlement to it, it is probable that the income will be received and the monetary value of the income can be measured with sufficient reliability. Committed grant income not yet received is recognised as an asset on the balance sheet. If grant income is receivable in less than one year it is classified as short term and if receivable in more than one year as long term.

Grant expenditure

Grants made by the charity are recognised when there is a constructive obligation to pay. Grant expenditure is recognised when grants are approved by the Trustees, notified and accepted by the organisations concerned, payment is probable, it can be measured reliably, and all conditions have been met. Grant expenditure not yet paid is recognised as a liability on the balance sheet. If grants are payable in less than one year they are classified as short term and if payable in more than one year, then they are classified as long term.

Notes (continued)

1. Accounting policies (continued)

Other expenditure

Expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation committing the Charity to the expenditure, payment is probable, and it can be measured reliably. Costs have been directly attributed to a particular heading in the Statement of Financial Activities on a headcount basis or on a time basis consistent with the use of the resource.

This includes the cost of monitoring and evaluating projects to ensure the money is being used to maximum effect and ensuring that grant making is supported, processed and governed responsibly. This also includes costs of staff who support the grant making process, cost of meetings and other expenditures incurred in this process.

Cost of raising funds consists of costs incurred by the Charity in encouraging organisations and individuals to make voluntary contributions or to organise a fundraising event. This includes all costs of production and distribution of publicity materials, the costs of staff and other expenditure incurred in communicating with fundraisers and donors and the cost of Charity organised events and challenges.

Taxation

The Co-operative Community Investment Foundation 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. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Nature of funds

Unrestricted income relates to funds available for use at the discretion of the Trustees in furtherance of the general objects of the charity. The charity has a number of restricted income and endowment funds received for specific purposes, which are documented and used accordingly. A restricted income and endowment fund arises from monies received that are communicated to the Charity for specific uses outlined in grant agreements and grant letters.

Fixed asset investments

Fixed asset investments are included at the quoted mid-market price ruling at the balance sheet date. Realised and unrealised gains and losses on investments are shown in the Statement of Financial Activities and represent the change in market value from the beginning of the year.

Financial assets

Basic financial assets represents investments, accrued income, trade debtors including amounts due by related parties, sundry debtors and cash and bank balances that are initially recognised at transaction price. Investments are subsequently measured at fair value with all adjustments going through the Statement of Financial Activities. At 31 December 2020, the Foundation had only financial assets classified as basic financial instruments. Debtors receivable in less than one year are recorded at transaction price. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.

Notes (continued)

1. Accounting policies (continued)

Financial liabilities

Basic financial liabilities represents creditors, including amounts owed to related parties and accruals, are initially recognised at transaction price. At 31 December 2020, the Foundation had financial liabilities classified as basic financial liabilities. Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Investments

Investments are measured at fair value with all adjustments going through the Statement of Financial Activities.

Accrued income

Accrued income is received by the charity and accounted for when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Apportionment of expenses

Support costs have been allocated across the programmes of the charity. In 2020 there were 5 programmes (2019: 5 programmes). Expenses which directly relate to a particular programme have been charged to the relevant programme on a 100% basis, while costs relating to the overall management and governance of the charity (e.g. payroll costs) have been apportioned based on estimated time allocation.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Loans and other repayable finance for charitable purposes

Loans to charities are recognised and measured at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments, adjusted for any impairment and net of any bad debt provision. Loans to charities are non-interest bearing and no bad debt provision has been made in 2020.

Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes (continued)

2. Income

The Foundation has recognised the following income during 2020:

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019* £
Donations, grants and legacies				
Welsh carrier bag levy	-	234,868	234,868	264,923
Salvation Army	228,952	-	228,952	572,920
National Lottery Community Fund #iwill grant	-	30,000	30,000	1,647,465
DCMS	-	-	-	800,000
Other donations	270,280	2,321,316	2,591,596	618,330
Total voluntary income	499,232	2,586,184	3,085,416	3,903,638
Investment income	221,556	87,188	308,744	374,605
Total	720,788	2,673,372	3,394,160	4,278,243

Notes (continued)

2. Income (continued)

The Foundation recognised the following income during 2019:

	Unrestricted Funds 2019 £	Restricted Funds 2019* £	Total Funds 2019* £
Donations, grants and legacies			
Welsh carrier bag levy	-	264,923	264,923
Salvation Army	572,920	-	572,920
National Lottery Community Fund #iwill grant	-	1,647,465	1,647,465
DCMS	-	800,000	800,000
Other donations	508,315	110,015	618,330
Total voluntary income	1,081,235	2,822,403	3,903,638
Investment income	272,383	102,222	374,605
Total	1,353,618	2,924,625	4,278,243

*We have restated 2019 due to a prior period error. Please see note 14 for details of the restatement.

Notes (continued)

3. Analysis of charitable activities

2020

	Restricted £	Unrestricted £	Total £
Volunteering programme	5,858	-	5,858
Youth programmes	1,769,296	723,500	2,492,796
Community spaces	634,450	8,500	642,950
Digital capacity building	147,889	-	147,889
Equal voices	113,294	40,500	153,794
Support costs	352,382	138,175	490,557
Total	3,023,169	910,675	3,933,844

2019*

	Restricted £	Unrestricted £	Total £
Volunteering programme	152	77,080	77,232
Youth programmes	158,630	202,066	360,696
Community spaces	1,317,834	2,466	1,320,300
Digital capacity building	201,373	50,000	251,373
Strategy development projects	-	337,231	337,231
Support costs	164,169	287,843	452,012
Total	1,842,158	956,686	2,798,844

*We have restated 2019 due to a prior period error. Please see note 14 for details of the restatement.

Notes (continued)

4. Analysis of charitable activities with attributable support costs

2020

Programmes	Direct	Support	Total	Allocation
	£	Cost	£	of Support
		£		Costs
Equal voices	153,794	49,056	202,850	10%
Volunteering	5,858	-	5,858	0%
Youth	2,492,796	196,222	2,689,018	40%
Community spaces	642,950	196,223	839,173	40%
Digital capacity building	147,889	49,056	196,945	10%
	3,443,287	490,557	3,933,844	

These costs have been allocated across the programmes using the percentages in the table above. The split in support costs is based on estimated colleague time spent on each programme.

2019*

Programmes	Direct	Support	Total	Allocation
	£	Cost	£	of Support
		£		Costs
Strategy development projects	337,231	45,201	382,432	10%
Volunteering	77,232	9,040	86,272	2%
Youth	360,696	176,285	536,981	39%
Community spaces	1,320,300	176,285	1,496,585	39%
Digital capacity building	251,373	45,201	296,574	10%
	2,346,832	452,012	2,798,844	

These costs have been allocated across the programmes using the percentages in the table above. The split in support costs is based on estimated colleague time spent on each programme.

*We have restated 2019 due to a prior period error. Please see note 14 for details of the restatement.

5. Staff numbers and costs

Auditor remuneration for the year was £15,000 (2019: £15,000). The Foundation reimbursed the Co-operative Group Limited for the costs of nine (2019: eight) of its employees who worked for the charity during the year at a cost of £385,848 (2019: £307,063). Employees receiving employee benefits excluding employer pension costs above £60,000 is as follows:

	2020	2019
£60,001 - £70,000	1	1

Notes (continued)

6. Accrued income

	2020 £	2019* £
Grant income due after more than one year	-	549,155
	-	549,155
Grant income due within less than one year	602,899	921,264
Donation income	24,471	91,000
Interest	50,486	50,000
	677,856	1,062,264
	677,856	1,611,419

*We have restated 2019 due to a prior period error. Please see note 14 for details of the restatement.

7. Trade and other receivables

	2020 £	2019* £
Amounts falling due after more than one year:		
Loans and other repayable finance for charitable purposes	1,026,944	921,805
	1,026,944	921,805
Amounts falling due within one year:		
Amounts due from related parties	150,647	63,516
Loans and other repayable finance for charitable purposes	169,895	157,364
	320,542	220,880
	1,347,486	1,142,685

All amounts due from related parties are repayable on demand and no interest is payable.

*We have restated 2019 due to a prior period error. Please see note 14 for details of the restatement.

Notes (continued)

7. Trade and other receivables (continued)

Repayable loans made were as follows:

	Initial loan £	Repayments £	Net balance £
Anti tribalism	50,000		50,000
Ballymacash Sports Academy	50,000		50,000
Beechbrae	50,000		50,000
Bramley elderly action	50,000		50,000
Centre4	50,000	(4,167)	45,833
Felix Road	50,000		50,000
Friends of Stretford Public Hall	50,000	(4,167)	45,833
FROG	50,000		50,000
Future Wolverton	50,000	(3,124)	46,876
Granby Four Streets	50,000		50,000
Heeley Development	50,000	(11,458)	38,542
Highbury Roundhouse	50,000	(4,630)	45,370
Jubilee Farm	50,000		50,000
Jubilee Pool Penzance	50,000		50,000
Projekts Mcr	50,000		50,000
Rotherham Rise	50,000		50,000
RUSS	50,000		50,000
Urban Biodiversity	50,000		50,000
Walled Garden Project	50,000	(2,083)	47,917
Welcome to our Woods	50,000	(3,042)	46,958
White Rock Neighbourhood Ventures	50,000		50,000
Constitution Hill	30,000	(1,250)	28,750
Iona Village Hall	30,000		30,000
Newnham on Severn CBS	30,000		30,000
Oban Communities Trust	30,000		30,000
Coedwig community Woodland	22,000		22,000
11 Folkestone (St Johns) Scout Group	15,000	(2,628)	12,372
Church Aston	10,000	(800)	9,200
Creative Health CIC	10,000		10,000
Element Society	7,500	(312)	7,188
Total	1,234,500	(37,661)	1,196,839

There is no bad debt provision in place as at 31 December 2020 (2019: nil).

Notes (continued)

8. Creditors: amounts falling due within one year

	2020 £	2019* £
Amounts owed to Royal London**	14,497,402	-
Accruals	1,258,347	1,531,498
	<u>15,755,749</u>	<u>1,531,498</u>

*We have restated 2019 due to a prior period error. Please see note 14 for details of the restatement.

**In December 2020, Royal London made a payment of £14,497,402 to the Foundation in error. This has had the effect of inflating our cash at bank in hand and also our creditors as at the balance sheet date. The amount was repaid to Royal London on 13 January 2021.

Creditors: amounts falling due after more than one year

	2020 £	2019* £
Accruals	-	23,063
	<u>-</u>	<u>23,063</u>

*We have restated 2019 due to a prior period error. Please see note 14 for details of the restatement.

Notes (continued)

9. Movement in funds

2020

Fund name	Fund balances b/f*	Income	Expenditure	Transfers	Gains and losses	Fund balances c/f
	£	£	£	£	£	£
Restricted funds	3,857,183	2,673,372	(3,023,169)	-	202,533	3,709,919
<i>Unrestricted funds</i>						
General funds	840,687	720,788	(476,236)	(687,571)	164,497	562,165
Designated funds	1,053,839	-	(434,439)	687,571	-	1,306,971
<i>Endowment fund</i>						
Environmental	3,944,753	-	-	-	468,205	4,412,958
Main endowment	12,956,502	-	-	-	1,537,816	14,494,318
Totals funds	22,652,964	3,394,160	(3,933,844)	-	2,373,051	24,486,331

2019*

Fund name	Fund balances b/f	Income	Expenditure	Transfers	Gains and losses	Fund balances c/f
	£	£	£	£	£	£
Restricted funds	1,907,195	2,924,625	(1,842,158)	603,361	264,160	3,857,183
<i>Unrestricted funds</i>						
General funds	670,170	745,690	(860,317)	-	285,144	840,687
Designated funds	1,145,641	607,928	(96,369)	(603,361)	-	1,053,839
<i>Endowment fund</i>						
Environmental	3,282,221	-	-	-	662,532	3,944,753
Main endowment	10,780,421	-	-	-	2,176,081	12,956,502
Totals funds	17,785,648	4,278,243	(2,798,844)	-	3,387,917	22,652,964

*We have restated 2019 due to a prior period error. Please see note 14 for details of the restatement.

The Environment Fund was a scheme set up following the merger of United Co-operatives Ltd and Co-operative Group Limited in 2007. In 2007, £2,000,000 was granted to the Co-operative Foundation by United Co-operatives, to be "ring fenced" with the annual return being used to fund environmental projects within the United Region.

The investment is shown as Endowment funds and income from the investment is shown as Restricted. In 2016 the Trustees received legal advice suggesting that this fund is permanent endowment.

The Main Endowment fund of £14,494,318 (2019: £12,956,502) is an expendable endowment held to generate investment income to be distributed in line with the objects of the charity.

Designated funds include unrestricted funds which have been committed as future grant payments or repayable finance for charitable purposes.

Notes (continued)

9. Movement in funds (continued)

Analysis of Restricted Funds 2020

Name of Fund	Fund balances b/f £	Income £	Expenditure £	Gains and losses	Fund balances c/f £
Environmental	498,274	65,860	(49,940)	37,463	551,657
Community Fund	348,881	4,363	(113,696)	45,808	285,356
Britannia	488,344	6,442	-	49,009	543,795
National Lottery Community Fund #iwill grant	1,326,745	30,000	(1,154,523)	-	202,222
Luminate	329,431	-	(328,049)	-	1,382
Funeralcare	121,519	-	(76,982)	-	44,537
Welsh carrier bag levy	713,365	245,391	(1,087)	70,253	1,027,922
Co-operate	-	2,321,316	(1,268,268)	-	1,053,048
DCMS space to connect	30,624	-	(30,624)	-	-
Total funds	3,857,183	2,673,372	(3,023,169)	202,533	3,709,919

The Community Fund is the remaining balance of funds that were donated through the Co-op's membership scheme prior to 2014. These funds are now being used for the Foundation's Community Spaces programme, which awards grants that are consistent with the original purposes of the Community Fund to support voluntary, self-help or not-for-profit groups to address community issues, provide long-term benefits to the community, support co-operative values and principles, and ideally be innovative in their approach.

The Britannia Fund was transferred following the closure of the Building Charitable Foundation and is restricted for use on financial education or numeracy projects.

National Lottery Community Fund #iwill is to be used to deliver a youth-focused grants programme using social action to tackle loneliness among disadvantaged young people.

Luminate is to be used to support a programme based at Federation Manchester to contribute to a more inclusive digital economy for Manchester and the North West of England.

Funeralcare – this fund was donated to support projects focusing on youth loneliness and bereavement.

Welsh carrier bag levy – this fund was donated to support projects with an environmental benefit in Wales.

DCMS Building Connections – used to deliver a grant programme addressing youth loneliness.

DCMS Lonely Not Alone – for a campaign to reduce the stigma of youth loneliness

Notes (continued)

10. Investments

	Market value £	Historic cost £
Balance at 1 January 2020	20,171,844	11,257,728
Unrealised gain on investment assets	2,373,051	-
Drawdowns on investment	(2,199,999)	(1,108,089)
Balance at 31 December 2020	20,344,896	10,149,639

Revaluation reserve

	Investment £
Balance at 1 January 2020	8,914,116
Drawdown on investment	(1,091,910)
Unrealised gain on investment assets	2,373,051
Balance at 31 December 2020	10,195,257

11. Financial instruments

	Note	2020 £	2019 £
Financial assets at fair value through the statement of financial activities			
Investments	10	20,344,896	20,171,844
		20,344,896	20,171,844
Financial assets that are debt instruments measured at amortised cost			
Grant income	6	602,899	1,470,419
Donation income	6	24,471	91,000
Interest	6	50,486	50,000
Loans and other repayable finance for charitable purposes	7	1,196,839	1,079,169
Amounts due from related parties	7	150,647	63,516
Cash at bank in hand		17,871,842	1,281,577
		19,897,184	4,035,681
Financial liabilities that are debt instruments measured at amortised cost			
Amounts owed to Royal London	8	14,497,402	-
Accruals	8	1,258,347	1,554,561
		15,755,749	1,554,561

*We have restated 2019 due to a prior period error. Please see note 14 for details of the restatement.

Notes (continued)

12. Related party transactions

The Co-op Foundation paid Co-operative Group Limited £385,848 (2019: £307,063) for Foundation staff salaries and other costs directly attributable to Foundation activities. The Trustees consider that the support provided by Co-operative Group Limited represents the best value for money for the charitable company, and that it would not be financially beneficial to employ staff directly.

In regard to gifts in kind, the Co-op Foundation relies heavily on Co-operative Group Limited to provide necessary administrative support for additional staff resources, space and related services. This support includes Co-operative Group costs that are not directly attributable to Foundation activities and are not easily monitored. The Trustees' view that value is not easily quantified. This amount was not included as donations as in the Trustees' view, it is not material in either the current or preceeding financial period.

Co-operative Group Limited donated £264,423 in fees which were waived by its Group Chair, Allan Leighton (2019: £250,000).

In addition, the Co-op Foundation received an interest-free loan of £1,000,000 from the Co-operative Group Limited in May 2020. This was settled with the LCF payment received in November 2020 for £2,300,000.

At the year-end £150,647 (2019: £63,516) was due from to Co-operative Group Limited.

During the financial year, the Trustees of the board have not received either remuneration or benefits, however five (2019: five) Trustees were reimbursed for both their travel and hotel expenses totalling £422 (2019: £5,207).

13. Funding commitments

The Foundation has made the following commitments to match funding partners, which will be met in future periods.

£4,785 to match fund the Youth strand of the Building Connections Fund, which runs until June 2021. This will be paid from future unrestricted income. The match funding relates to support costs only in 2021.

£40,000 match funding for Space to Connect, which runs until January 2022. This will be paid from future income received from through the Co-op's Membership scheme.

£1,098,310 to match fund the #iwill Fund, until December 2022. This includes £202,222 of existing balances held as restricted funds. The remaining £896,088 will be paid from future income received through the Co-op's Membership scheme.

Notes (continued)

14. Prior year restatement

The comparative figures presented within these financial statements for the financial year ended 31 December 2020 are consistent with the 2019 financial statements, with the exception of the restatements of the prior year as follows:

Multi-year grant income received - The Foundation is awarded certain grant income in annual instalments over periods of up to 3 years. Historically, the income has been accounted for in the period in which cash was received. There are no performance-related conditions associated with the future years' amounts and the terms and conditions agreed in the grant letters are administrative requirements only which do not prevent the recognition of income. Having reconsidered the requirements of the Charities SORP (FRS 102) - (second edition - October 2019), the Trustees consider that the full amount of the grant income should be recognised in the year when the formal offer of funding is communicated in writing to the Foundation and accepted with an accrued income balance recorded for any amounts to be received in future periods.

Grants awarded - The Foundation awards certain multi-year grants whereby payments are made to grantees in annual instalments over periods of up to 3 years. Historically, the expenditure has been recognised in the period in which the cash was paid. There are no substantive conditions associated with the future years' amounts that lie within the Foundation's control and the constructive obligation exists when the commitment for grant funding is communicated directly to the grant recipient and accepted by them. Having reconsidered the requirements of the Charities SORP (FRS 102) - (second edition - October 2019), the Trustees consider that the expenditure should be recognised in the year that the grant letter is originally awarded, with a resulting creditor for any amounts to be paid in future periods.

Presentation of trade and other receivables – Previously, the Foundation recorded amounts receivable from loans and other repayable finance for charitable purposes that were due after more than one year as part of non-current assets on the face of the balance sheet. This presentation has been amended to include the amounts within current assets in the current financial year.

The adjustments in relation to these items are considered to be material to the comparative prior year information and hence the Statement of Financial Activities and the Balance Sheet for the year ended 31 December 2019 have been restated as shown below:

Notes (continued)

14. Prior year restatement (continued)

Statement of financial activities for the year ended 31 December 2019 restated:

	Unrestricted	Restricted	Endowment	Total funds
	Funds	Funds	Funds	
	£	£	£	£
Income and endowment from:				
Donations, grants, and legacies originally reported	1,081,235	2,888,547	-	3,969,782
2019/2018 grant income adjustment	-	(66,144)	-	(66,144)
Donations, grants and legacies restated	1,081,235	2,822,403	-	3,903,638
Investments	272,383	102,222	-	374,605
Total income restated	1,353,618	2,924,625	-	4,278,243
Expenditure on:				
Charitable activities originally reported	(1,211,468)	(2,805,022)	-	(4,016,490)
2019/2018 grants awarded adjustment	255,000	962,864	-	1,217,864
Charitable activities restated	(956,468)	(1,842,158)	-	(2,798,626)
Raising funds	(218)	-	-	(218)
Total expenditure restated	(956,686)	(1,842,158)	-	(2,798,844)
Net income on charitable activities originally reported	141,932	185,747	-	327,679
Net income on charitable activities restated	396,932	1,082,467	-	1,479,399
Net gain on investments	285,144	264,160	2,838,613	3,387,917
Net income originally reported	427,076	449,907	2,838,613	3,715,596
Net income restated	682,076	1,346,627	2,838,613	4,867,316
Net movement in funds originally reported	427,076	449,907	2,838,613	3,715,596
Net movement in funds restated	682,076	1,346,627	2,838,613	4,867,316
Reconciliation of funds:				
Total funds brought forward originally reported	2,250,811	2,698,244	14,062,642	19,011,697
Brought forward funds adjustment	(435,000)	(791,049)	-	(1,226,049)
Total funds brought forward restated	1,815,811	1,907,195	14,062,642	17,785,648
Total funds carried forward restated	1,894,526	3,857,183	16,901,255	22,652,964

Notes (continued)

14. Prior year restatement (continued)

Impact on balance sheet as at 31 December 2019:

	2019 Originally reported £	Adjustment £	2019 Restated £
Non-current assets			
Trade and other receivables	921,805	(921,805)	-
Current assets:			
Trade and other receivables:			
amounts falling due after one year	-	921,805	921,805
Accrued income:			
amounts falling due within one year	275,018	787,246	1,062,264
amounts falling due after one year	-	549,155	549,155
Liabilities			
Creditors: Amounts falling due within one year	(143,831)	(1,387,667)	(1,531,498)
Net current assets	1,052,992	(51,266)	1,001,726
Creditors: Amounts falling due after more than one year	-	(23,063)	(23,063)
Total net assets	22,727,293	(74,329)	22,652,964
The funds of the charity:			
Restricted income	3,148,151	709,032	3,857,183
Unrestricted funds			
Designated	1,837,200	(783,361)	1,053,839
Total charity funds	22,727,293	(74,329)	22,652,964

Co-op Foundation is a working name of Co-operative Community Investment Foundation,
a charity registered in England and Wales (1093028) and Scotland (SC048102).

Registered office: 1 Angel Square, Manchester M60 0AG



Foundation