



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

Contents

| | Page |
|--|------|
| Foreword by Chair of Trustees | 2 |
| Trustees' report | 3 |
| Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements | 16 |
| Independent auditor's report to the members of Co-operative Community Investment Foundation | 17 |
| Statement of financial activities (incorporating the income and expenditure account) | 21 |
| Balance sheet | 22 |
| Statement of cash flows | 23 |
| Notes | 24 |

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.

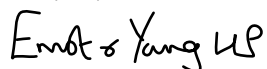
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CO-OPERATIVE COMMUNITY INVESTMENT FOUNDATION (A COMPANY LIMITED BY GUARANTEE) *(continued)*

- 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