

Grace Foundation
(A Company Limited by Guarantee)

(Registered Number 5003276)
(Charity Number 1103021)

Annual Report and Financial Statements

Year Ended

31 August 2020

Grace Foundation
(A Company Limited by Guarantee)

**Annual report and financial statements
for the year ended 31 August 2020**

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Trustees

Lord Edmiston
Lady Edmiston
A M Edmiston

Secretary

G E Hutton

Correspondence address and registered office

The Gate, International Drive, Solihull, B90 4WA

Registered Charity number

1103021

Registered number

5003276

Accountants and Independent examiner

BDO LLP, 2 Snow Hill, Birmingham, B4 6GA

Bankers

NatWest Bank PLC, St Philips Place, Birmingham, B3 2PP

Grace Foundation

(A Company Limited by Guarantee)

**Trustees' annual report
for the year ended 31 August 2020**

Trustees' Report

The Trustees have pleasure in submitting their Report and Financial Statements for the year ended 31 August 2020. The Foundation is a company limited by guarantee. The liability of members in the event of the charity being wound up is limited to a sum not exceeding ten pounds each. The company is governed by a Memorandum and Articles of Association which were last amended on 3 April 2004. The Memorandum of Association sets out the company's investment powers.

Reference and administrative detail

Grace Foundation is a registered charity, number 1103021.

The charity trustees during the year ended 31 August 2020 and at the date of signing this report were:

Lord Edmiston
Lady Edmiston
A M Edmiston

Objectives, Policies and Organisation

The Foundation was incorporated on 24 December 2003 with its objectives being the advancement, for the public benefit, education in the United Kingdom by promoting the establishment, maintenance, carrying on, management and development of schools with a Christian ethos and in accordance with Christian principles. The Trustees, who are Directors of the Company, are set out on the first page of these financial statements.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aim and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Relationships with Other Bodies

Grace Foundation was incorporated in 2003 with a view to help develop schools with a Christian ethos. The charity originally operated alongside Grace Academy Trust which was a Multi Academy Trust. Grace Foundation were the original sponsors of an Ethos Team that was, and still is, integrated within three Grace Academy schools in Solihull, Coventry and Darlaston. The Charity is funded by Lord Edmiston and his business endeavours through IM Group Limited.

In April 2019, Grace Academy Trust transferred the ownership of the three Grace Academies to Tove Learning Trust. At the same time, a decision was made to continue the sponsorship of the Ethos Teams via Grace Foundation and expand their work into new spheres of influence. This has enabled us to deliver on our long-term dream of extending the impact of our Christian ethos beyond the walls of Grace Academy into many more young people's lives. We exist to transform young people's lives through holistic education.

During the year, The Foundation continued to contribute towards the work carried out by Tove Learning Trust who operate a chain of Academies based around the Midlands, Northamptonshire and Milton Keynes. They provide education for pupils of different abilities between the ages of 11 and 19 with an emphasis on business and enterprise.

Developments, Activities and Achievements

The Foundation continues to work within Tove Learning Trust to support young people and their families. We place curriculum leaders, ethos youth workers and family support workers into schools to work directly with students to make a holistic impact. We also operate a Central team of specialists who support teaching of holistic subjects such as Relationships and Sex Education. This work has been recognised by external agencies such as OFSTED and is measured by statistics, student/parent voice and stories of transformation.

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Trustees' annual report
for the year ended 31 August 2020

The Foundation will continue to disburse funds to the Grace Academy schools who have continued to sponsor Ethos Workers and provided funding to carry out the development of the Christian Ethos within Tove Learning Trust. In addition to this the Foundation now employs staff directly and they are based in an expanding number of schools.

Reserves Policy

The general funds are used by the Foundation to fund future distributions to the Academies.

The Trustees have tried to maintain reserves by matching the level of incoming resources to the level of expenditure. The Trustees remain aware of the level of the funds and confirm that all reserves shall be used to pursue the Foundations future objectives. Unrestricted reserves were (£61,217) as at 31 August 2020 (2019 - £106,808).

Financial Review

The Foundation received income of £437,200 (2019 - £385,263) during the year. Net outgoing resources were £624,375 (2019 - £293,304) for the year. The Foundation's operations are supported by ongoing donations from its primary doner, I.M. Group Limited. I.M. Group Limited provides cash support to the Foundation to support operational costs as they fall due.

At 31 August 2020, the Foundation had accrued costs for which donations had not yet been received. This resulted in a deficit of funds during the year which will be reversed through donations in excess of expenditure in the current year. Accrued costs were satisfied by cash donations after the Balance Sheet date.

The Foundation is dependent upon donations to safeguard its long-term future.

Going Concern and risk review

Grace Foundation aims to continue and expand its current activity and will primarily be funded by donations from I.M. Group Limited. The trustees have agreed budgeted charitable activity for the period of at least twelve months from the date of signing these Financial Statements and have received confirmation from the Directors of I.M. Group Limited that they will continue to make contributions in line with this budget.

The Trustees have considered the impact of the Covid-19 pandemic on their business operations and cashflow forecasts. The Trustees are taking all reasonable steps to continue the operations of the Foundation complying with government rules and safety guidelines.

The Trustees have further sought assurances from the Directors of I.M. Group Limited of the financial strength and liquidity of I.M. Group Limited to continue to fund Grace Foundation and allow it to continue to satisfy its operational objectives and honour financial obligations as they fall due.

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Trustees' annual report
for the year ended 31 August 2020 (*continued*)

Trustees

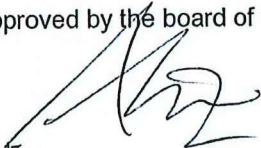
A list of trustees is shown on the front sheet to the accounts.

The Appointer to the charity is Lord Edmiston. The Appointer has the ultimate power to appoint and remove trustees.

The training and induction provided for Trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters, induction tends to be done informally and is tailored specifically to the individual.

In preparing the Trustees' report advantage has been taken of the small companies' exemption.

Approved by the board of trustees and signed on their behalf on



A M Edmiston
Trustee

Date 28 MAY 2021

Grace Foundation
(A Company Limited by Guarantee)

**Independent examiner's report to the trustees of Grace Foundation
for the year ended 31 August 2020**

I report on the charity Trustees on the accounts of the Company for the year ended 31 August 2020, which are set out on pages 6 to 14.

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 31 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity's trustees as a body, for my work, for this report, or for the statement I have made.

Responsibilities and basis of report

As the charity's trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

Independent examiner's statement

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ACCA, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

BDO LLP

Kyla Bellingall
Chartered Certified Accountant
BDO LLP
2 Snow Hill
Birmingham
B4 6GA

Date 28 May 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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Statement of financial activities
for the year ended 31 August 2020

	Note	2020 £	2019 £
Income from:			
Donations	2	456,350	385,263
Total Income		<u>456,350</u>	<u>385,263</u>
Expenditure on:			
Charitable expenditure	3	<u>624,375</u>	<u>293,304</u>
Net (outgoing)/ incoming resources	4	(168,025)	91,959
Fund balance brought forward at 1 September	9	<u>106,808</u>	<u>14,849</u>
Fund balances carried forward at 31 August	9	<u><u>(61,217)</u></u>	<u><u>106,808</u></u>

All disclosures relate only to continuing operations.
There are no recognised gains or losses other than those disclosed above.

The notes on pages 8 to 14 form part of these financial statements.

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Balance sheet
as at 31 August 2020

<i>Company number 5003276</i>	<i>Note</i>	2020 £	2020 £	2019 £	2019 £
Non-current assets					
Tangible fixed assets	6		2,828		309
Current assets					
Debtors		236		236	
Cash at bank and in hand		46,270		111,448	
Creditors: amounts falling due within one year	7	(110,551)		(5,185)	
Net current (liabilities)/assets			(64,045)		106,499
Total assets less current liabilities			(61,217)		106,808
Capital and reserves					
Unrestricted (deficit)/ funds	9		(61,217)		106,808

For the year ended 31 August 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board of Trustees and signed on their behalf on:



A M Edmiston
Trustee

28 MAY 2021

The notes on pages 8 to 14 form part of these financial statements.

Grace Foundation
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Notes to the accounts
for the year ended 31 August 2020

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and comply with the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities FRS 102 effective from January 2015. The financial statements are prepared under the historic cost convention.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Trustees and Directors have made judgements, the details of which are included in the following accounting policies.

Going concern

At 31 August 2020, the Foundation had net liabilities of £61,217 (2019 – net assets £106,808). During the year, the Foundation generated net outgoing recourses of £168,025 (2019 - £91,959 incoming). At 31 August 2020, the Foundation had accrued costs for which donations had not yet been received. This resulted in a deficit of funds during the year which will be reversed through donations in excess of expenditure in the current year. Accrued costs were satisfied by cash donations after the Balance Sheet date. The total cash donations received post year end was £679,290.

Grace Foundation aims to continue and expand its current activity. The Foundation's operations are supported by ongoing donations from its primary doner, I.M. Group Limited. I.M. Group Limited provides cash support to the Foundation to support operational costs as they fall due.

The trustees have agreed budgeted charitable activity for the period of at least twelve months from the date of signing the Financial Statements and have received confirmation from the Directors of I.M. Group Limited that they will continue to make contributions in line with this budget. I.M. Group Limited is a large privately owned company with significant cash reserves and strong consolidated net current assets. The Trustees are satisfied that I.M. Group Limited has sufficient cash resource to continue to fund Grace Foundation's operating activities.

The Trustees have considered the impact of the Covid-19 pandemic on their business operations and cashflow forecasts. The Trustees are taking all reasonable steps to continue the operations of the Foundation complying with government rules and safety guidelines.

Accordingly, the trustees consider it appropriate to prepare these financial statements on a going concern basis.

Cash flow statement

The company has taken advantage of the exemption conferred by FRS 102 Section 7 'Statement of Cash Flows' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 2006.

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Notes to the accounts
for the year ended 31 August 2020

1 Accounting policies

Basis of preparation (continued)

Fund accounting

Unrestricted funds

Unrestricted funds comprise the accumulated deficit/surplus on the statement of financial activities. They are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and are retained for working capital purposes.

Income

Donations and other income are recognised within the statement of financial activities when receivable.

Expenditure

Expenditure has been charged to the statement of financial activities on an accruals basis.

Direct charitable expenditure relates to the donations made in the period. Donations payable are payments made to third parties in the furtherance of the charitable objectives of the Trust.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the management of the charity.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Taxation

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

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Notes to the accounts
for the year ended 31 August 2020 (*continued*)

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Income Statement during the period in which they are incurred.

Depreciation is provided on the following basis:

Computer equipment - 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the Statement of Comprehensive Income.

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Notes to the accounts
for the year ended 31 August 2020 (*continued*)

2	Donations	2020	2019
		£	£
	Donations	437,200	385,263
	Grants	19,150	-
		<hr/>	<hr/>
		456,350	385,263
		<hr/>	<hr/>
3	Direct charitable expenditure	2020	2019
		£	£
	Ethos fund expenses	56,820	11,103
	Personnel costs	217,692	94,359
	Governance costs	5,490	7,532
	Depreciation	1,252	310
	Tove Learning Trust (formerly Grace Academy Foundation)	343,121	180,000
		<hr/>	<hr/>
		624,375	293,304
		<hr/>	<hr/>

Ethos Fund expenses includes travel, meeting, phone costs and Education support costs.

Governance costs consist of independent examiners' fees, bank charges and Legal and Professional charges

4	Net (outgoing) / incoming resources	2020	2019
		£	£
	Net (outgoing)/ incoming resource is stated after charging:		
	Depreciation	1,252	310
	Independent examiners fees	3,400	2,359
		<hr/>	<hr/>

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Notes to the accounts
for the year ended 31 August 2020 (*continued*)

5 Staff costs

	2020 £	2019 £
Salaries	156,694	78,304
National insurance	6,190	8,522
Pension costs	12,817	6,261
	<u>175,701</u>	<u>93,087</u>
Average number of persons employed by the charity during the year (excluding Trustees) analysed by function:		
	Number	Number
Management and administration of the charity	<u>10</u>	<u>2</u>

There were no employees included above whose earnings (including taxable benefits in kind) exceeded £60,000.

No trustees received any emoluments or were reimbursed any expenses during the year.

The key management personnel comprise the trustees and the principal officers whose employee benefits total £Nil (2019 - £59,607).

6 Fixed assets

	Computer equipment £
Cost	
At 1 September 2019	1,237
Additions	3,771
	<u>5,008</u>
At 31 August 2020	
Depreciation	
At 1 September 2019	928
Provided for during the year	1,252
	<u>2,180</u>
At 31 August 2020	
Net book value	
At 31 August 2020	<u>2,828</u>
At 31 August 2019	<u>309</u>

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Notes to the accounts
for the year ended 31 August 2020 (*continued*)

7 Creditors: amounts falling due within one year

	2020 £	2019 £
Accruals and deferred income	94,233	2,000
Other creditors	11,048	2,950
Taxation and social security	5,270	235
	<u>110,551</u>	<u>5,185</u>

8 Financial Instruments

	2020 £	2019 £
Financial assets		
Cash and cash equivalents	46,270	111,448
Financial assets that are debt instruments measure at amortised cost	236	236
	<u>46,506</u>	<u>111,684</u>
Financial liabilities		
Financial liabilities measured at amortised costs	<u>105,402</u>	<u>4,950</u>

Financial assets measured at amortised cost comprise other debtors and prepayments. Financial assets also include cash and cash equivalents.

Financial liabilities measured at amortised cost comprise other creditors and accruals.

9 Movement in funds

	At 1 September 2019 £	Incoming resources £	Outgoing resources £	At 31 August 2020 £
Unrestricted funds	106,808	437,200	(605,225)	(61,217)

10 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £12,817 (2019 - £6,261). There were outstanding contributions of £Nil (2019 - £210) at the end of the financial year.

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Notes to the accounts
for the year ended 31 August 2020 (*continued*)

11 Related party transactions

During the year the company made payments of £Nil (2019 - £180,000) to Grace Academy Foundation, a body of which the company was a member during the prior year.

During the year the company made payments of £343,121 (2019 - £Nil) to Tove Learning Trust.

The company deals with Tove Learning Trust on an arm's length basis. £88,659 was outstanding in the current year (2019 - £Nil).

During the year donations of £Nil (2019 - £245,088) were received from Christian Vision, a charity in which Lord Edmiston and Lady Edmiston are also trustees.

During the year donations of £430,000 (2019 - £140,000) were received from I.M.Group Limited, a company which Lord Edmiston owns 100% of the issued share capital.

During the year an amount of £Nil (2019 - £55,022) was paid to a family member of Lord Edmiston for their services as an employee of Grace Foundation. Contributions of £Nil (2019 - £4,585) were paid to a pension fund on his behalf. The family member is a director and shareholder of a company called Radical Outreach Limited. During the year Radical Outreach Limited provided consultancy services to Grace Foundation and received £18,844 (2019 - £6,279). £1,571 was outstanding in the current year (2019 - £1,564).

During the year Grace Foundation received supplies of £Nil (2019 - £6,865) under the Car Ownership Scheme from I.M. Group Limited, a company in which Lord Edmiston is a director.