

Grace Foundation
(A Company Limited by Guarantee)

(Registered Number 5003276)
(Charity Number 1103021)

Annual Report and Financial Statements

Year Ended

31 August 2022

Grace Foundation
(A Company Limited by Guarantee)

**Annual report and financial statements
for the year ended 31 August 2022**

Contents

Page:

2	Trustees annual report
5	Independent examiner's report to the trustees
6	Statement of financial activities
7	Balance sheet
8	Statement of cash flows
9	Notes forming part of the financial statements

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

Independent examiner

Heather Wheelhouse ACA, BDO LLP, R+, 2 Blagrove Street, Reading, Berkshire, RG1 1AZ

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 2022

Trustees' Report

The Trustees have pleasure in submitting their Report and Financial Statements for the year ended 31 August 2022. 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 2022 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

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. In the 2021-22 Academic year they will start to work with other Multi-Academy Trusts such as Invictus Education Trust.

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.

During the year there was significant output by the team despite the global pandemic disruptions across their core themes of Developing Character & values, Building Healthy Relationships and Understanding Christian Perspectives. This included 197,000 student engagements, 6820 Family Interventions, 3218 Support Group places and over 1287 mentoring sessions.

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.

Grace Foundation

(A Company Limited by Guarantee)

Trustees' annual report for the year ended 31 August 2022 (*continued*)

Reserves Policy

The general funds are used by the Foundation to fund future distributions to the Academies and to maintain appropriate financial headroom.

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 £141,254 as at 31 August 2022 (2021 – £136,561). The Foundation targets positive unrestricted reserves of at least £100,000.

Financial Review

The Foundation received income of £893,415 (2021 - £896,902) during the year. Total outgoing resources were £888,722 (2021- £699,124) for the year. The Foundation is dependent upon donations to safeguard its long term future 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 Balance Sheet date and have received assurances from the Directors of I.M. Group Limited that they will continue to make contributions in line with this budget.

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 Balance Sheet date and have received assurances from the Directors of I.M. Group Limited that they will continue to make contributions in line with this budget.

The charity has further sought assurances from the Directors of I.M. Group Limited of the financial strength and liquidity of I.M. Group Limited.

The trustees have considered all reasonable risks associated with the operation of its business model for a period of at least 12 months from the date of signing the accounts. These risks include the potential resurgence of Covid-19 pandemic impacting social distancing and the ability of the business to perform its operations in school environments. Risks also include increasing pressures on salaries and the 'cost of living' crisis in the UK. The trustees consider that their close management style and controlled expenditure will give the company sufficient headroom to adapt the business model sufficiently to continue in operational existence and operate within its cash headroom.

Grace Foundation has taken assurances from the directors of I.M. Group Limited that the group will continue to make charitable donations to satisfy the ongoing working capital requirements of the charity for a period of at least twelve months from the approval date of these financial statements in order to allow Grace Foundation continue to satisfy its operational objectives and honour financial obligations as they fall due.

Grace Foundation
(A Company Limited by Guarantee)

Trustees' annual report
for the year ended 31 August 2022 (*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 key management personnel is Gary Spicer.

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 1 March 2023

Grace Foundation
(A Company Limited by Guarantee)

Independent examiner's report to the trustees of Grace Foundation
for the year ended 31 August 2022

I report on the charity Trustees on the accounts of the Company for the year ended 31 August 2022, which are set out on pages 6 to 15.

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.

DocuSigned by:

DA15AED75D45453...

Heather Wheelhouse ACA
BDO LLP
R+
2 Blagrove Street
Reading
Berkshire RG1 1AZ

Date 02 March 2023

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

Grace Foundation
(A Company Limited by Guarantee)

**Statement of financial activities
for the year ended 31 August 2022**

	Note	2022 £	2021 £
Income from:			
Donations	2	893,415	894,766
Grant income	3	-	2,136
		<hr/>	<hr/>
Total Income		893,415	896,902
Expenditure on:			
Charitable expenditure	4	888,722	699,124
		<hr/>	<hr/>
Net income	6	4,693	197,778
Fund balance brought forward at 1 September	12	136,561	(61,217)
		<hr/>	<hr/>
Fund balances carried forward at 31 August	12	141,254	136,561
		<hr/> <hr/>	<hr/> <hr/>

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

The notes on pages 9 to 15 form part of these financial statements.

Grace Foundation
(A Company Limited by Guarantee)

Balance sheet
as at 31 August 2022

<i>Company number 5003276</i>	<i>Note</i>	2022 £	2022 £	2021 £	2021 £
Non-current assets					
Tangible fixed assets	8		942		1,885
Current assets					
Debtors	9	5,924		2,377	
Cash at bank and in hand		180,282		182,414	
Creditors: amounts falling due within one year	10	(45,894)		(50,115)	
Net current assets			140,312		134,676
Total assets less current liabilities			141,254		136,561
The funds of the charity:					
Unrestricted funds	12		141,254		136,561

For the year ended 31 August 2022 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.

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



A M Edmiston
Trustee

Date 1 March 2023

The notes on pages 9 to 15 form part of these financial statements.

Grace Foundation
(A Company Limited by Guarantee)

Statement of cash flows
as at 31 August 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Cash provided by operating activities	14	(2,132)	136,144
Cash flows from investing activities			
Purchase of equipment		-	-
(Decrease)/increase in cash and cash equivalents in the year		(2,132)	136,144
Cash and cash equivalents at the beginning of the year		182,414	46,270
Total cash and cash equivalents at the end of the year		180,282	182,414
Analysis of cash and cash equivalents			
Cash at bank and in hand		180,282	182,414

Grace Foundation
(A Company Limited by Guarantee)

Notes to the accounts
for the year ended 31 August 2022

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 2019. The financial statements are prepared under the historic cost convention.

The financial statements are prepared in pound sterling (£) and the figures are rounded to the nearest £.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the Financial Statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

There are not considered to be any key areas of judgement in these financial statements.

Going concern

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 Balance Sheet date and have received assurances from the Directors of I.M. Group Limited that they will continue to make contributions in line with this budget.

The charity has further sought assurances from the Directors of I.M. Group Limited of the financial strength and liquidity of I.M. Group Limited.

The trustees have considered all reasonable risks associated with the operation of its business model for a period of at least 12 months from the date of signing the accounts. These risks include the potential resurgence of Covid-19 pandemic impacting social distancing and the ability of the business to perform its operations in school environments. Risks also include increasing pressures on salaries and the 'cost of living' crisis in the UK. The trustees consider that their close management style and controlled expenditure will give the company sufficient headroom to adapt the business model sufficiently to continue in operational existence and operate within its cash headroom.

Grace Foundation has taken assurances from the directors of I.M. Group Limited that the group will continue to make charitable donations to satisfy the ongoing working capital requirements of the charity for a period of at least twelve months from the approval date of these financial statements in order to allow Grace Foundation to continue to satisfy its operational objectives and honour financial obligations as they fall due.

The Trustees confirm that at the time of approving the financial statements, there are no material uncertainties regarding the foundations ability to continue operational existence for the foreseeable future. Accordingly, the trustees consider it appropriate to prepare these financial statements on a going concern basis.

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.

Grace Foundation
(A Company Limited by Guarantee)

Notes to the accounts
for the year ended 31 August 2022 (*continued*)

1 Accounting policies

Basis of preparation (*continued*)

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.

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met usually on submission of a valid claim for payment. This includes the Government Coronavirus Job Retention Scheme ('Furlough').

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.

Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activity over the period in which the cost is incurred.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

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.

Grace Foundation
(A Company Limited by Guarantee)

Notes to the accounts
for the year ended 31 August 2022 (continued)

1 Accounting policies

Basis of preparation (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 statement of financial activities 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 financial activities

2 Donations

	2022	2021
	£	£
Donations	890,000	894,766
Other income	3,415	-
	<hr/> 893,415 <hr/>	<hr/> 894,766 <hr/>

3 Grants

	2022	2021
	£	£
Government grants	-	2,136
	<hr/> <hr/>	<hr/> <hr/>

Grace Foundation
(A Company Limited by Guarantee)

Notes to the accounts
for the year ended 31 August 2022 (*continued*)

4 Direct charitable expenditure	2022	2021
	£	£
Ethos Teams Programme costs	140,649	93,742
Personnel costs	684,526	447,291
Governance costs (note 5)	6,045	4,477
Depreciation	943	943
Tove Learning Trust	51,559	152,671
Donations to Audacious Church	5,000	-
	<u>888,722</u>	<u>699,124</u>

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

5 Governance costs	2022	2021
	£	£
Bank charges	9	9
Legal and professional fees	2,756	285
Independent examiner fees	3,280	4,183
	<u>6,045</u>	<u>4,477</u>

6 Net income	2022	2021
	£	£
Net income is stated after charging:		
Depreciation	943	943
Independent examiners fees.	3,280	4,183
	<u>4,223</u>	<u>5,126</u>

7 Staff costs	2022	2021
	£	£
Salaries	530,210	341,406
National insurance	37,164	25,096
Pension costs	50,021	35,097
	<u>617,396</u>	<u>401,599</u>

Grace Foundation
(A Company Limited by Guarantee)

Notes to the accounts
for the year ended 31 August 2022 (continued)

Average number of persons employed by the charity during the year (excluding Trustees) analysed by function:

	Number	Number
Management and administration of the charity	7	4
Ethos and support workers	16	13
	<hr/>	<hr/>

There were no employees included above whose earnings (including taxable benefits in kind) exceeded £60,000. (2021 - £Nil).

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

The key management personnel comprise the trustees whose employee benefits total £Nil (2021 - £Nil).

8 Fixed assets

	Computer equipment £
Cost	
At 1 September 2021 and at 31 August 2022	5,008
	<hr/>
Depreciation	
At 1 September 2021	3,123
Provided for during the year	943
	<hr/>
At 31 August 2022	4,066
	<hr/>
Net book value	
At 31 August 2022	942
	<hr/>
At 31 August 2021	1,885
	<hr/>

9 Debtors

	2022 £	2021 £
Prepayments	5,924	2,377
	<hr/>	<hr/>

Grace Foundation
(A Company Limited by Guarantee)

Notes to the accounts
for the year ended 31 August 2022 (*continued*)

10 Creditors: amounts falling due within one year

	2022 £	2021 £
Accruals and deferred income	28,787	34,421
Other creditors	5,037	7,075
Taxation and social security	12,070	8,619
	<u>45,894</u>	<u>50,115</u>

11 Financial Instruments

	2022 £	2021 £
Financial assets		
Cash and cash equivalents	180,282	182,414
	<u>180,282</u>	<u>182,414</u>
Financial liabilities		
Financial liabilities measured at amortised costs	45,894	41,496
	<u>45,894</u>	<u>41,496</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.

12 Movement in funds

	At 1 September 2021 £	Incoming resources £	Outgoing resources £	At 31 August 2022 £
Unrestricted funds	136,561	893,415	(888,722)	141,254
	<u>136,561</u>	<u>893,415</u>	<u>(888,722)</u>	<u>141,254</u>
Movement in funds (prior year)				
	At 1 September 2020 £	Incoming resources £	Outgoing resources £	At 31 August 2021 £
Unrestricted funds	(61,217)	896,902	(699,124)	136,561
	<u>(61,217)</u>	<u>896,902</u>	<u>(699,124)</u>	<u>136,561</u>

Grace Foundation
(A Company Limited by Guarantee)

Notes to the accounts
for the year ended 31 August 2022 (*continued*)

13 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 £50,021 (2021 - £35,097). There were outstanding contributions of £5,037 (2021 - £Nil) at the end of the financial year.

14 Reconciliation of income/(expenditure) in funds to net cash flow from operating activities

	2022	2021
	£	£
Net income for the year	4,693	197,778
Add back depreciation charge	943	943
(Increase) in debtors	(3,547)	(2,141)
(Decrease) in creditors	(4,221)	(60,436)
	<hr/>	<hr/>
Net cash provided by operating activities	(2,132)	136,144
	<hr/>	<hr/>

15 Related party transactions

During the year the company was invoiced £51,559 (2021 - £152,671) to Tove Learning Trust, a company in which Lord and Lady Edmiston are directors.

The charity deals with Tove Learning Trust on an arm's length basis. £9,766 was outstanding in the current year (2021 - £31,699).

During the year donations of £870,000 (2021 - £894,766) were receivable from I.M.Group Limited, a company which Lord Edmiston indirectly owns 100% of the issued share capital. Donations of £20,000 were receivable from Grace Charitable Trust (2021 – Nil).

Radical Outreach Limited is a company owned and controlled by a family member of Lady Edmiston. During the year Radical Outreach Limited provided consultancy services to Grace Foundation and received £29,106 (2021 - £20,161). £Nil was outstanding in the current year (2021 - nil).