



WILLOW ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

Company number: 5207070

The trustees present their report and the audited financial statements for the year ended 31 December 2020. Reference and administrative information set out on page 71 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102. This trustees' annual report includes a directors' report as required by company law.

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LETTER FROM THE CHAIR

In 2020 Willow celebrated its 21st birthday and created its 17,000th Special Day. There should have been much to celebrate. However, 2020 also proved to be the most challenging year in the charity's history, and that meant making some difficult decisions and enduring some sacrifices. The financial year began with the country going into lockdown, and Willow suspending its service. Many of Willow's beneficiaries were advised to shield, so not only were they living with the realities of serious illness, they were also increasingly isolated.

Through close contact with our beneficiaries we were aware of their challenges, cancelled or delayed treatments and while support services from hospices were suspended too.

One of our beneficiaries Faye, a young mum diagnosed with breast cancer, said:

I was going through chemotherapy when Covid hit in March 2020 and it was a very stressful time because even my doctors didn't know to what extent cancer services would be affected. I ended up having my chemotherapy cut short and my surgery moved to a private hospital to get it done as quickly as possible, then radiotherapy and a further six months of chemotherapy. I was extremely fearful of how Covid could potentially affect me while my immune system was weakened by chemotherapy, so we barely left the house between March and my daughter starting school in the September. That impacted my children as well as it was such a crucial stage of their social development.

Our beneficiaries have always been at the heart of everything we do. We knew that in lockdown they would need us more than ever. While we could no longer deliver Special Days, we had to find new ways of fulfilling our mission of creating magic moments that become precious memories, of bringing sunshine to people living with serious illness.

But I'm proud to say that everybody connected with Willow rose to the challenge magnificently: from our staff who worked on reduced hours and reduced pay, but nevertheless managed to respond to the challenges of lockdown and create innovative new services and events, to our trustees who steered a prudent course through difficult waters, to our loyal supporters, companies and trusts who never deserted us, even when facing financial challenges of their own. I'd like to take this opportunity to thank them all – we will never forget your vital support.

As I write this letter, we have now reopened our full service after a long and challenging interruption. In recent months we have delivered many of the Special Day services that were

postponed in 2020, and the feedback we've received has made it clear that it was very much worth the wait: Special Days are needed and appreciated more than ever.

Thanks to our agile response to lockdown, our prudent financial management, and our loyal supporters we were able to continue to support Faye. We sent her and her family a Positivity Pack in November 2020, and she told us how much her children loved playing with the treats inside. In June 2021 we were able to arrange for her and her family to spend a Special Day at Legoland.

We spent two days and a night at Legoland, Windsor, and although we were away from home less than 48 hours, it felt like a proper holiday and we threw ourselves into getting on as many rides as possible, while taking in shows, meeting characters and eating good food. The two days were so busy we felt fully immersed in the experience and completely switched off from the world outside, which was really important because I had an operation coming up two days after our Special Day and my daughter has an operation in two weeks. We danced our way around the park, shared many family jokes and created memories which will last a lifetime.

We have all learned a great deal from the experience of the past year. We're pleased to say that many of our lockdown service innovations, including Special Treats and Special Days at Home (see p 11), will now become a permanent part of our service model. We're determined that Willow will bounce back more efficient and stronger from the experience of 2020, to deliver many more magic moments and precious memories in the years ahead.

Richard King
Chair of Trustees

ABOUT WILLOW

Willow is the only national charity working with seriously ill young adults aged 16 to 40 to fulfil uplifting and unforgettable Special Days.

Since 1999 Willow has fulfilled more than 17,000 Special Days for young adults living with life-threatening conditions such as cancer, motor neurone disease, cystic fibrosis, muscular dystrophy and Huntington's disease along with many other rare conditions.



Willow was founded in 1999 by former Arsenal goalkeeper and TV presenter, Bob Wilson and his wife Megs, as a lasting memorial to their daughter Anna, who died of cancer aged 31. The inspiration for Willow came from Anna's determination to live every moment to the full, despite the most difficult circumstances.

"Anna's love of life and her own 'special days' taught us that quality of life and quality of time is so very important."

Bob & Megs Wilson, Willow Life Presidents

OUR STRATEGY IN 2020

In 2020 Willow remained committed to fulfilling the third year in our 2018-2020 strategy. Operating during lockdown raised significant challenges to this strategy; however, by adapting and innovating we continued to focus on our three strategic pillars.

Growth

To continue to build and diversify Willow's income streams, focusing on long-term sustainability and to expand and grow our retail revenue.

With the impact of Covid across our income streams and in particular our fundraising events, we needed to rapidly adapt our 2020 fundraising strategy to the new virtual environment. The continued focus on our supporter stewardship framework was vital to keep our donors up to date on the challenges we were facing and support was galvanised through emergency appeals from our major donors, trust and foundation and supporter fundraising networks.

In 2020 we began work on our beneficiary engagement project, ensuring that a Special Day is just the beginning of an individual's relationship with Willow. Through cross-team working we identified the key messages and touchpoints to facilitate long-term engagement and help steward beneficiaries and their families towards becoming long-term supporters. We intend to implement these plans with the reopening of services in 2021.

Impact

To ensure that Special Days remain equally available across the UK to all with eligible conditions and to provide over 1,000 individual Special Days this year.

In 2020, lockdown meant we had to pause our Special Day service. However, we adapted and innovated, creating new types of Special Days that could be taken at home and launching Positivity Packs, a new product designed to bring Willow sunshine to our beneficiaries by post. The success of Positivity Packs laid the foundations for Special Treats, a new permanent part of Willow's service, which we launched in 2021, targeting young adults in end of life and palliative care. To see more about how Willow innovated see pages 10-11.

In Q3 2020 we launched a new, more comprehensive quantitative feedback survey enabling us to share how a Special Day can help beneficiaries to cope with their situation.

Sustainability

To ensure Willow operates with financial sustainability and maximises its resources in an efficient and cost-effective way.

Because of Covid, Willow needed to make changes to its strategy with a particular focus on the short and medium term to ensure it was in the best possible position to navigate the pandemic. Our finances were continually monitored by the Senior Management Team who reported back to the trustees.

Without knowing how long lockdown would last, Willow needed to adapt, remain agile and respond to the changing situation.

Budgeted costs were reduced by £1.5m in response to the expected material effects that Covid would have on our income, this reduction was achieved. Willow also made appropriate use of the government support available, aiming to ensure we could continue to serve our beneficiaries in the absence of our usual fundraising income.

HOW WILLOW RESPONDED TO COVID

2020 was a year of big challenges – for Willow itself, but most importantly for the seriously ill people we support. We had to adjust quickly, but in true Willow fashion, we have managed to meet these challenges and continue to find new ways of providing quality of time and quality of life.

All our efforts were focused on four key priorities:

1. Raising income in different ways
2. Adapting our service to our beneficiaries
3. Maintaining the profile of Willow through agile communications
4. Ensuring organisational sustainability by reviewing our staffing structure and the opportunities for government support

1: Raising income in different ways

In any given year, more than half of Willow's income is dependent on fundraising initiatives that bring people together, whether through our annual ball, runners participating in the London Marathon, our annual clay pigeon shoot day, the Willow 10K run, golf days or 'Take time for Tea' activities in the community. During lockdown, none of these could take place and this, coupled with the closure of our retail shops, had a devastating impact on our fundraising income, and ultimately on our ability to support seriously ill young adults.

At that time, we projected a significant income reduction of £1.7m for the year and we soon realised that for Willow to survive we had to focus on fundraising activities that could be undertaken during lockdown, make cost reductions whilst ensuring our service offering would be Covid-proof in the medium-term.

Our events and communications teams developed new skills so that we had the skillsets and tools to deliver virtual events and digitise fundraising efforts. External partners were extremely helpful and peer-to-peer learning supported this initiative too. This resulted in successful digital campaigns and fundraising events for our supporters such as the Willow Carol Concert and the virtual Willow Ball.

We launched a Covid appeal to which our major supporters responded generously to safeguard our Special Day services.

2: Adapting our service to our beneficiaries

Willow started 2020 positively with over 150 Special Days delivered between January and March. At the end of March as the UK went into national lockdown we had to make the difficult decision to put our Special Day service on hold. Following this, we had some very difficult and emotional conversations with our beneficiaries. Many of the seriously ill young adults Willow supports do not have time on their side, so being asked to wait until we could safely reopen was in many cases devastating news. All Willow beneficiaries are considered high risk, are clinically vulnerable and so had to shield for a significant part of 2020 and into 2021.

As we were unsure when we would be able to restart our service, we focused on how we could safely support these seriously ill young adults during the months that followed. Our only solution was to diversify our service. A small working group from across the charity devised new ways to support our beneficiaries.

Virtual Special Days

Lockdown obviously created challenges for Special Days where we would normally arrange for people to meet their heroes. However, we were able to create a number of virtual Special Days for people like Victoria who is living with bowel cancer and is mum to two Chelsea-mad sons. She was all set to go on her Special Day to Chelsea FC training ground and meet the players when Covid interrupted. To bring joy to Victoria and her boys, we arranged a personalised video message from Chelsea and England star Mason Mount which made Victoria's day. Victoria's Special Day will now take place in 2021.

Willow Positivity Packs



While we couldn't create Special Days, we could still create Special Moments. That's why we teamed up with 'Not Another Bunch Of Flowers' who specialise in thoughtful yet fun gifts and care packages for people living with illness. Together we created Positivity Packs which, in the spirit of Special Days, aimed to bring joy, lift spirits and give young adults and their families something to smile about.

Three themed treat packs were created to suit men, women and families. Aiming to lift spirits, our packs brought joy to the lives of our beneficiaries who felt more isolated due to their condition. During 2020 we supported almost 600 young adults through Positivity Packs.

"I have just received the most wonderful box of goodies! I cannot say how much this means to me; we can have fun as a family while locked away from the outside world! Your kindness is very much appreciated. It is a difficult time, but I know we will come out the other side smiling."

Adapting Special Days

After consulting with our health advisors as lockdown was relaxed, we were able to deliver Special Days again by the autumn of 2020. While it wasn't safe to arrange trips to the theatre or sporting events, we were able to organise short family breaks and Special Days at Home, such as garden parties, a movie night or a pampering hot tub weekend where we delivered a pop-up hot tub, bath robes, slippers, face masks, a manicure kit and a hamper full of spa products.

Jaime is 32, lives in Liverpool and is being treated for lymphoma. In November 2020 he asked Willow for a Special Day at home with a hot tub and take away.

"We had the most brilliant weekend! The biggest thank you to you and the team at Willow for arranging all of this. Joseph was in his element in the hot tub and we had pizza and ice cream on Saturday for dinner, in front of the TV - a real treat for the wee man! We honestly can't thank you enough, it really made the weekend. We are a very happy household!"



Festive Packs



As we approached Christmas 2020 and the UK was under further restrictions, we were conscious that of the c.600 beneficiaries who had had their Special Day postponed across the year, around half of them had been waiting for their Special Day for at least 12 months. Throughout this period we had kept in contact and were aware of the many difficulties people were facing, from shielding and feeling isolated to dealing with treatment and sometimes coping with treatment delays as a result of the pandemic. We wanted them to

know they were still very much in our thoughts.

In early December we created Festive Packs to send to these people as a little seasonal treat – complete with a handmade Willow bauble for the tree, made by our Special Day Coordinator, Claire.

"I just wanted to write to thank you for the little parcel of Christmas treats that arrived today. It really was so nice to receive a little treat at a time when I'm performing motherly duties for everyone else! I will enjoy a little bit of me time with the gifts and really do appreciate the time that you've taken to think of me. Thank you!"

Thanks to our supporters, Willow was able to adapt its service to the new normal, while remaining focused on creating magic moments and precious memories.

3: Maintaining Willow's profile through agile communications

Keeping in touch with beneficiaries was key during this uncertain period and we set up a private online support group where beneficiaries shared stories, exchanged peer-to-peer support and had access to blog posts, tips and ideas of activities to do at home. Our Special Day Coordinators stayed in regular contact with beneficiaries throughout.

During this time, it was also important to keep in touch and listen and learn from how others were responding. These conversations often yielded new perspectives and ideas. While our nurse advisers kept their medical professional counterparts informed, our fundraising teams shared updates on adapted services and new virtual fundraising initiatives with our key supporters and charity partners.

We shared news and updates on our services with all our stakeholders via digital channels (regular targeted emails and social media), our printed supporter newsletter and through regular press releases to local media.

4: Ensuring organisational sustainability by reviewing our staffing structure and the opportunities for government support

With the prospect of significant loss of income, it was important that alongside our new fundraising initiatives, we also reviewed our expenditure.

Willow staff agreed to temporary salary reductions from 1 April 2020 through to early 2021. We maximised use of the furlough scheme and we applied successfully for retail grants to support our non-trading retail shops. We also approached landlords to ask for rent reductions during this period.

A review of staffing needs took place and this resulted in a decision to re-structure the team. Unfortunately this meant a loss of 30% of our workforce. This was achieved through a combination of reduced hours and redundancy.

Government Grants received in the year totaled £380k and staffing costs were reduced by over £400k.

We realise that we were not alone in having to make these difficult decisions. So many businesses and individuals have endured a very tough year and we are grateful and humbled by those who were able to help and support Willow during this time. We are hugely grateful to every single one of them.

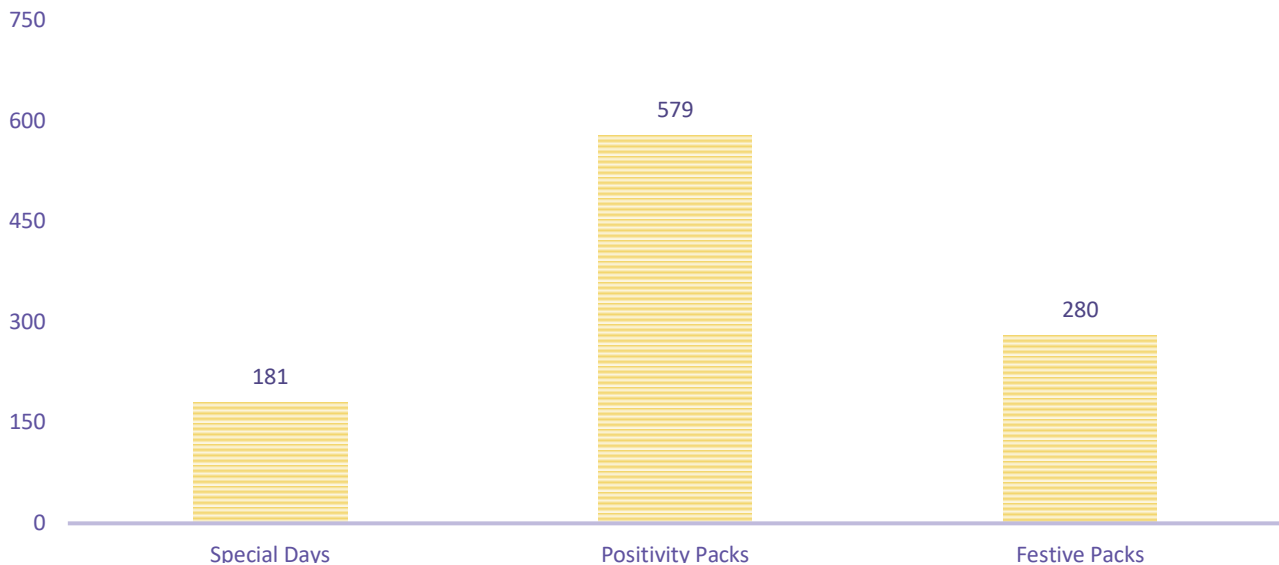
At the end of the year our income was down by 41% compared to budget. Willow has emerged leaner, more efficient and full of creative ideas to support our beneficiaries and raise the funds needed to deliver these plans.

ACHIEVEMENTS AND PERFORMANCE

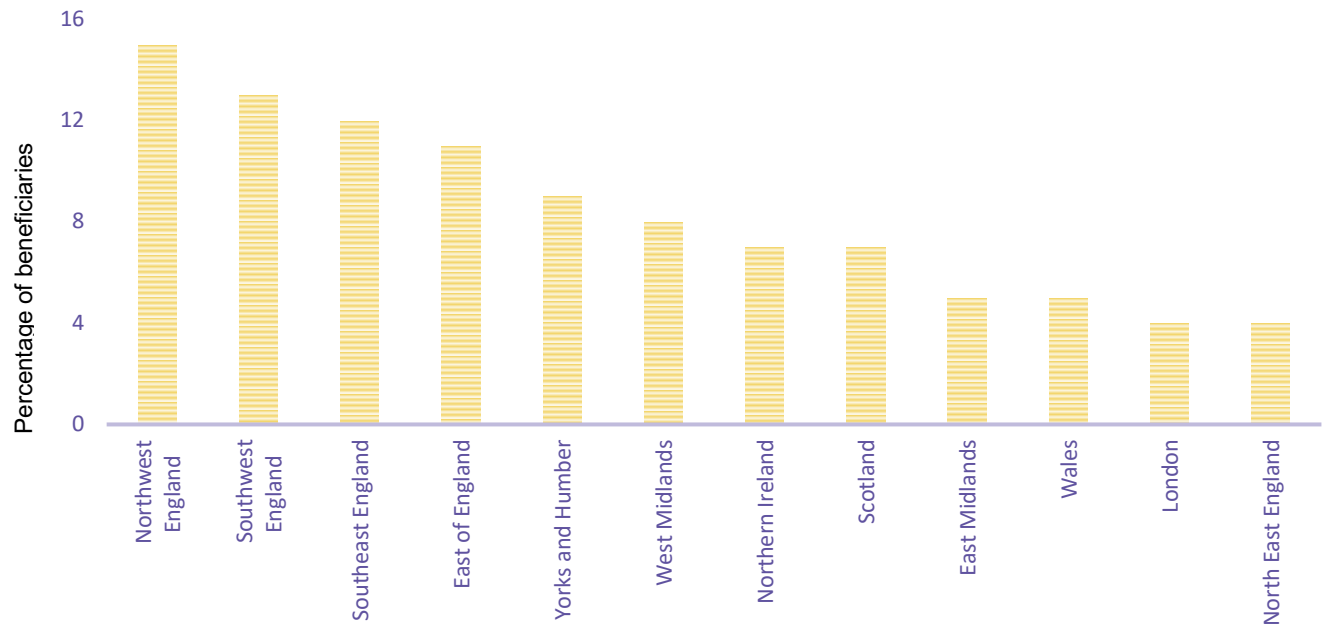
As we had to suspend our usual Special Day service in April 2020, we were unable to fulfil our usual 1,000+ Special Days across the year. However, by adapting, thinking differently and exploring new opportunities, we were able to support our beneficiaries in a number of different ways.

In 2020 Willow supported over 1,000 seriously ill 16-40 year olds

(Special Days included 15 Special Days at Home and 9 Virtual Meet and Greet)



We supported people right across the UK:



Understanding our beneficiaries

One of our aims for 2020 was to introduce a more comprehensive feedback survey to help us to monitor and improve our service following each Special Day. In Q3 2020, we launched a new digital survey which further covers qualitative data and introduces new quantitative data to demonstrate the impact of our Special Day service.

All respondents to date (up to June 2021) have given Willow a 100% Net Promoter Score. This asks 'How likely are you to recommend Willow to a friend or colleague?' This is a 3% increase on our average survey response in 2019.

Beneficiaries also shared how their Special Day helped them and what it provided...

- **73%** of respondents agreed that their Special Day helped them to feel less isolated from loved ones and normal life
- **76%** of respondents agreed that their Special Day helped them to be more hopeful about the future
- **80%** of respondents agreed that their Special Day provided a renewed energy for myself and/or loved ones
- **96%** of respondents agreed that their Special Day provided the opportunity to capture and share precious memories

Katie is 34 and has been diagnosed with breast cancer. She asked for a family break for her and her husband and their young children.

"A huge thank you to Willow for arranging our Special Day at CenterParcs. We were originally supposed to go after I finished chemotherapy earlier in the year, but unfortunately it had to be postponed due to Covid.

It was totally worth the wait and we were able to spend some much needed quality time together as a family. Our daughter was so brave and resilient during my cancer treatment and it's been wonderful to see her so happy and carefree again. We've made memories that will last a lifetime and I will never forget the generosity of this amazing charity. Thank you, thank you, thank you."



FUNDING OUR SERVICES

At Willow we work with thousands of supporters who give generously to make our work a reality. Just as we innovated in our services, in 2020 we also found new ways to engage our supporters, using new technology to reach new audiences in new ways.

Individual Giving

Individual Giving income includes funds from supporters who give regularly, people who respond to our appeals and key supporters who make significant philanthropic donations.

2020 was an extremely challenging year for individual giving as economic uncertainty saw individual giving down across the sector. During 2020, Willow supporters donated through a wide variety of activities and gifts including our appeals, newsletter and our raffle. We launched a Covid appeal to our major supporters who responded positively and generously helping to launch our Positivity Packs while safeguarding the future of Special Days.

We are incredibly grateful to all our regular donors who continued to give throughout lockdown. Their dedication made it possible for Willow to continue its vital work through this extremely difficult period.

Trusts and Foundations

In a challenging year for fundraising, we were grateful for the trusts and foundations who continued to believe in and support Willow's work. Our loyal trusts and foundations were interested to learn that Willow was able to adapt its services and offer continued support to seriously ill young adults during lockdown. We kept in regular contact, to share how we were responding to the testing times that Covid presented us with. Many trusts understood the urgency of our funding requests, gave generously and offered flexibility where needed.

Our innovations in service provision, in particular our Positivity Packs and Special Days at Home also meant that we were able to access new funding opportunities.

Community and challenge



Ed Gamwells (left) and Eirra (centre, right) with our founders Bob and Megs Wilson, recording our virtual Christmas Carol Concert

Community and challenge fundraising were particularly hard hit by lockdown, and large parts of our regular calendar of events and activities had to be adapted or cancelled. However, our supporters continued to amaze us. The 2.6 Challenge was initiated to try to replace some of the lost income from the cancelled London Marathon, and Willow supporters had fun designing their own challenges, including Naomi, who knitted 26 mindful mice.

Throughout 2020, Willow's supporters were tireless, whether it was taking part in our virtual Take Time for Tea event, organising online concerts or taking part in online quizzes with family and friends. One particular fundraiser stole our hearts: 12-year-old Riley vowed to shave his head in solidarity with his dad Rob who was having treatment for bowel cancer. Young Riley made his dad very proud by raising funds for Willow.

The event that summed up 2020 in many ways was our Christmas Carol Concert. Lockdown meant we couldn't have our event at St Albans Cathedral as usual, but by taking the event

online, and calling upon some very talented supporters, we were able to share the evening with Willow supporters all over the world.

Corporate Partnerships

Lockdown meant that our partners had to be creative and go the extra mile in fundraising: quite literally in the case of Pen Underwriting, who chose Willow as one of their charities of the year. Staff from across Pen took part in a series of fundraising activities and lockdown challenges, including one that saw them choose to walk, jog or cycle the 5,501 miles from their London office to Pune in India in just 14 days. And they did it in style, racking up 5,685 miles in total.

We were delighted to once again partner with Advent of Change, the philanthropic company, which has developed a full range of festive goods including advent calendars, candles and Christmas crackers. Sales of these products raised a record-breaking amount in December which was distributed between 24 good causes.

We were also incredibly grateful to ICAP who chose Willow to be one of the organisations to benefit from their annual charity day, where the international broker dealer donates 100% of its revenues and commissions.

Special Events for Special Days



Dermot O'Leary, host of the 2020 London Football Awards, with Patrick Smith from Frogmore, Tammy Abraham and Ashley Cole

We were fortunate that the 2020 London Football Awards took place before lockdown began in earnest. We were delighted to welcome current stars and legends to our new home at the London Roundhouse for an event hosted by Dermot O'Leary. As lockdown continued, it became clear that it would not be possible to hold our 2021 awards in person, but our events team responded and innovated to create an immersive virtual event that continued to engage players, legends, clubs and key partners, and we will look to build on these learnings in future events.

The Willow Ball also went online, becoming an innovative, immersive experience. We were delighted to be joined by many familiar faces for some very special performances by Mica Paris, Jools Holland and Ella Henderson. Including an incredible song by Willow beneficiary Olivia.

Alongside our own events, we also benefit from events organised by our supporters. Folk by the Oak is an annual music festival that takes place in the grounds of Hatfield House every July and has supported Willow since it was founded in 2008. When it became clear that the

event couldn't take place as usual in 2020, the organisers took the event online, with specially recorded performances from folk stars including Richard Thompson and Mary Chapin Carpenter, and Willow beneficiary, Eirra reaching a global audience. Despite it being a virtual event, we're delighted that Folk by the Oak fans were just as generous as in previous years.

Shopping for Special Days

Our retail shops in Hertfordshire not only form a vital revenue stream to fund our services, but are also an important channel for us to raise awareness of our work.

In 2020 we closed our Barnet branch, reducing the number of Willow shops from six to five. We had planned to expand by opening a further two shops, however these plans were put on hold due to the uncertainty created by Covid. With retail performing strongly since the 2021 reopening, we hope to return to our expansion plans in 2022.

Lockdown meant that they were closed for 22 weeks of 2020, and during these periods we made use of government support to furlough staff and support shops forced to close.

However, with the help of our volunteers we were able to continue to engage loyal supporters throughout this period, taking advantage of lockdown clear-outs providing valuable stock donations which enabled us to deliver record breaking sales when we were able to trade again.

Income Classification per Accounting Standards

Income Stream	Total	Donations, legacies and government grants	Fundraising events	Retail shops	Other trading activities	Investments
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Special Events	503	78	425			
Community & Challenge	194	194				
Retail	519	230		289		
Corporate Partnerships	120	120				
Trusts & Foundations	278	278				
Individual Giving	325	308			17	
Investments	46					46
Other	188	188				
Total	2,173	1,396	425	289	17	46

PLANS FOR THE FUTURE

Although 2020 was a challenging year, the way Willow responded and innovated taught us important lessons going forward, and this will feed into our three year plan to 2023.

In particular we have discovered the importance of being flexible and agile in response to the needs of our beneficiaries. One size does not fit all, especially with regards to people living with serious illness, for whom a trip to a holiday park or an attraction may not be possible or suitable.

The success of our Special Days at Home and Positivity Packs have given us important pointers towards a broader, more flexible service launched in 2021.

Special Treats in particular allow Willow to reach a new demographic of people whose care has been severely interrupted during lockdown, work in partnership with key stakeholders such as Hospice UK, and fulfil our mission in a new and innovative way.

In 2021 we have launched our new service model, and are developing a new website for Willow, which will allow us to show our impact and tell our story in fresh ways, and engage even more with beneficiaries, supporters and partners.

As restrictions are lifted we are also getting our fundraising events programme back up and running, with plans for exciting new events in addition to our regular events calendar, that includes the Willow Ball, Carol Concert, London Football Awards and community challenge events.

Stewardship of our supporters has been crucial over this challenging period and will remain so to ensure our vital supporters are kept fully up to date on Willow activities and remain engaged. In the coming year we plan to focus on building the base of our fundraising pyramid, with a renewed focus on regular and individual giving programmes, and a particular emphasis on engaging beneficiaries to become fundraisers and supporters.

Resuming our strategy for retail growth will also feed into longer term sustainability for Willow. Throughout all our activities, continuing evaluation will ensure we are focussing resources on activities that deliver a good return on investment.



Kimberley is 35, lives in Belfast and has been diagnosed with cervical cancer. She chose to go to an aqua park resort for her Special Day with her family in November 2020.

"Cancer stops your whole life. It has been a whirlwind: I had to hand over my hairdressing business to an employee to run and also accept that I wouldn't see my children very much whilst going through treatment.

We didn't get a lot of time to be together during my treatment, it was very numbing and took months to get

to a stage of acceptance and fight as the diagnosis was a massive shock.

Our Special Day was a chance to scoop the kids up and have them all to ourselves for a few days, a reassurance that although things were a little unsettled, we had each other. We had a lovely time in our forest dome and made the most of every moment. I will be eternally grateful because I don't think we would have managed anything on this scale if it wasn't for the strength and support from Willow.

Spending so long shielding is very hard on the mind, so having a Special Day made us more hopeful for the future."

A VERY SPECIAL TEAM

During 2020 we had to challenge ourselves to deliver more with less. We were able to take advantage of the government's furlough scheme, staff took a pay reduction, and many reduced their hours. We are grateful to the whole team, who, in very challenging circumstances, saw Willow respond, adapt and innovate to make sure we continued to create magic moments and precious memories for our beneficiaries.

Staff Remuneration Policy

The decision regarding pay increases is primarily informed by benchmarking our salaries through participation in the XperthHR Voluntary Sector Salary Survey and specifically for Retail, in the participation and reporting of the Charity Retail Association.

Our priority is to ensure that salaries are paid at market level rates and we will first address any salary anomalies where this is not the case. Consideration will then be given to individual performance and position within an employee's pay band.

Pay increases for any individual above 10% requires further higher level approval from the Governance Committee – however this year there were no pay rises over 10%.

The pay of the Chief Executive and Leadership Team is reviewed and approved by the Governance Committee.

New staff are offered a salary that takes into account the skills and experience they bring to the role, the responsibility level and job function of the role, pay equality, and affordability.

The pay of a new employee will not generally be reviewed in their first year.

Any member of staff subject to poor performance or misconduct procedures would not be eligible for a review until the expiry of any warning.

Any staff employed on a fixed term contract for a period of one year or less would also not be eligible for a review.

The same terms and conditions and pension provisions apply to all staff.

Remuneration

The Trustee Board oversees the pay, pension and benefits for the Chief Executive and Senior Leadership team through the Governance Committee.

During the year, we continued to participate in the XpertHR Voluntary Sector Salary Survey and specifically for Retail the Charity Retail Association Workforce Survey to inform any pay awards for our staff. Our key priority in the last year, was to restore pay to 100% and we are pleased to confirm that we achieved this in early 2021.

Volunteers

2020 was a challenging year for all, including our volunteers. With our retail stores closing for large periods of time and our events on hold in 2020, our volunteering numbers reduced significantly. However, we were extremely fortunate that some of our volunteers made the switch to supporting us remotely and we were also able to welcome new volunteers remotely. Our volunteers played a significant part in assisting the charity over the course of the year and we are delighted that so many stayed with us during these uncertain times. Despite the challenges of 2020, we were still lucky enough to be gifted with nearly 3,200 hours by our volunteers in 2020 which we estimate is an equivalent value to Willow of £28,500.

During 2021, Willow has taken advantage of the government funded Kickstart Scheme to provide valuable staffing support in the shops where volunteer numbers had reduced due to the Covid situation.

We now see continued opportunities for remote volunteering with Willow in conjunction with getting back to our in-person volunteering at shops, events and in our office in late 2021, meaning we can offer a broader experience to our volunteers and to work with some who would not previously have been able to support Willow in the way most suitable for them.

INCOME AND EXPENDITURE

Income

2020 Net Income after spending on charitable services and fundraising was an increase on 2019, resulting in a surplus of £108,000.

Total income raised in 2020 was £2,173,000, a reduction of £1,265,000 (37%) on 2019, due to the financial impact of Covid and the associated government measures to control it.

Income from fundraising events decreased against the prior year by £641,000, representing a 60% reduction, this was due to restrictions on holding events.

Retail shop sales reduced by £108,000 (27%), as we had to close our shops to adhere to various local and national lockdowns.

This has been partially covered by some limited short-term funding received from the government in the form of Furlough and Retail support - this totalled £380,000 in the year.

Expenditure

Expenditure on raising funds reduced against last year by £798,000, representing a reduction of 38%.

Expenditure on Fundraising Events reduced by £357,000 / 69% due to restrictions on holding events.

Expenditure on Retail reduced by £93,000 / 35% as we restructured our Retail Team, reduced variable costs and sought support from our landlords whilst we were unable to trade.

Expenditure on our charitable services reduced by £735,000, representing a 49% decrease as we sadly had to reduce our services to protect our beneficiaries.

Willow's fundraising model

Large fundraising events have, for many years provided a significant and important proportion of Willow funds.

This has been a legacy from the charity's beginning where the Founders Bob and Megs Wilson were able to use their sporting connections and other relationships to raise large sums for Willow. These events continue to provide a valuable source of income – but also carry significant cost and risk, whilst reducing our charitable spend ratio.

Given the current situation with Covid and the social distancing measures in place, this has had a significant impact on income from Willow events in 2020 and whilst costs have been reduced accordingly, like many other charities in a similar position, our charitable spend ratios have reduced in the short term as we deal with the impact of the pandemic.

A key focus for Willow, therefore is to achieve a more sustainable and balanced, fundraising model. We continue to develop other long term sustainable ways to raise funds, which will help Willow to move towards better fundraising ratios, for example developing our trusts and foundations, legacy and philanthropy programs.

Reserves policy

All charities are required to consider how much they need to hold in reserves.

The extent depends upon the scale and nature of the charity's activities.

At Willow we hold reserves to ensure that in the event of a downturn in income or substantial fluctuations in cash flow, the charity can continue to meet its commitments to Special Days and to operate at least 6 months.

Willow holds restricted and unrestricted reserve funds. Unrestricted funds are composed of designated funds held for specific purposes and general funds that can be used for any activity in pursuit of the charitable objectives of Willow.

Restricted funds are outstanding balances on funds that have been donated for a specific purpose.

At 31 December 2020 Willow held the following levels of reserves:

Unrestricted funds:	Dec-20	Dec-19
General funds	1,788,786	1,199,715
Designated funds:		
Fixed Assets Reserve	36,942	66,016
Special Days Reserve	213,124	571,709
Investment Reserve	468,467	450,892
Restricted funds	283,150	174,733
Total funds	2,790,469	2,463,065

Our designated reserves at the end of the year totalled £719,000 (2019 £1,089,000), they are made up from:

- Special Days Reserve £213,000 (2019 £571,000) a reserve to specifically cover the costs of future commitments to Special Days which can often be booked up to six months in advance. The size of the reserve is set at the direct cost of delivering 50% of the annual Special Days planned.
- Fixed Assets Reserve £37,000 (2019 £66,000) this reserve allows for the depreciation of fixed assets and is equal to the book value of the fixed assets in the group.
- Investment Reserve £468,000 (2019 £451,000) represents 20% of our investment portfolio and allows for fluctuations in the market value of investments.
- General Reserve £1,788,000 (2019 £1,200,000) is the balance of unrestricted funds, at year end it represented 13 months of operational expenditure.

Investments

Willow's governing document permits the trustees to invest the assets of the charity. These investments give assurance that Willow can continue to effectively operate in the short term in the event of a downturn in income.

The Finance & Audit Committee review investment performance quarterly and meet with the Investment Manager, Quilter Cheviot Investment Management, every 6 months to review investment strategy.

The Manager operates within an agreed asset allocation and guidelines on the size of individual holdings.

As a charity concerned with seriously ill young people, investment in manufacturers of tobacco is expressly prohibited.

Our investments were valued at £2,342,000 on 31 December 2020 (£2,254,000 on 31 December 2019), an increase of 4%.

Principle risks and uncertainties

Identifying and managing the possible and probable risks that a charity may face over its working life is a key part of effective governance.

In managing risk, trustees aim to ensure that significant risks are known and monitored, to enable informed decisions to be made and timely action to be taken.

It also means that trustees can make the most of opportunities and develop them with the confidence that any risks will be managed.

How we manage risk

Risks are identified and given ratings from low to high according to the likelihood of their occurrence and their impact should they occur.

The Senior Management team regularly reviews all existing risks on the register as well as emerging risks and actions to mitigate risks.

The key risks are reviewed quarterly at each Finance and Audit Committee meeting and the full risk register is reviewed annually by the trustees.

The trustees are satisfied that key risks have been identified; that there is sufficient internal accountability and control and that mitigating actions have been identified for each risk. All risks have been reviewed in the light of Covid.

Risks rated high in probability of occurrence and impact, as at December 2020.

1. Failure to achieve budgeted income to support organizational plan
2. Loss on investments
3. Loss of Major Donors

What we do to manage these risks

1. Diversify income streams
2. Annual income generation activity plan monitored monthly
3. Income pipelines carefully monitored

4. Investment Reserves
5. Professional Investment Managers
6. Investment performance regularly reviewed by Finance & Audit Committee
7. Bi-annual meeting with Investment Managers
8. Careful and active stewardship of existing major donors
9. Increase numbers of philanthropic and transactional partners
10. Decrease reliance on major donors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE WILLOW FOUNDATION

Opinion

We have audited the financial statements of Willow Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated and parent charitable company statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2020 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulation 2006 (as amended)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 Willow Foundation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements

- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Capability of the audit in detecting irregularities

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

- We enquired of management which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the

financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.

- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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

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

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

14 September 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor

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

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

WILLOW FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an income and expenditure account)

For the year ended 31 December 2020

				2020	2019
	Note	Unrestricted £	Restricted £	Total £	Total £
Income from:					
Donations and legacies	3	1,010,351	386,113	1,396,464	1,895,616
Fundraising events	4	424,540	-	424,540	1,065,747
Retail shop sales	4	289,115	-	289,115	397,233
Other trading activities	4	16,496	-	16,496	26,077
Investments	5	46,338	-	46,338	52,926
Total income		1,786,840	386,113	2,172,953	3,437,599
Expenditure on:					
Raising funds	6	1,282,780	7,276	1,290,056	2,088,166
Charitable activities: Special Days	6	487,799	185,443	673,242	1,509,905
Charitable activities: Treat Packs	6	17,016	84,977	101,993	-
Total expenditure		1,787,595	277,696	2,065,291	3,598,071
Net income expenditure before net gains / (losses) on investments	7	(755)	108,417	107,662	(160,472)
Net gains on investments	13	224,124	-	224,124	299,537
Net income for the year before other recognised gains and losses		223,369	108,417	331,786	139,065
Gains / (losses) on sale of fixed assets		(4,382)	-	(4,382)	-
Net movement in funds		218,987	108,417	327,404	139,065
Reconciliation of funds:					
Total funds brought forward		2,288,332	174,733	2,463,065	2,324,000
Total funds carried forward		2,507,319	283,150	2,790,469	2,463,065

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 22 to the financial statements.

WILLOW FOUNDATION

PARENT CHARITY STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an income and expenditure account)

For the year ended 31 December 2020

	Note	Unrestricted £	Restricted £	2020 Total £	2019 Total £
Income from:					
Donations and legacies	3	1,010,351	386,113	1,396,464	1,895,616
Fundraising events	4	424,540	-	424,540	1,065,747
Retail shop sales	4	289,115	-	289,115	397,233
Other trading activities	4	16,496	-	16,496	26,077
Investments	5	46,338	-	46,338	52,926
Total income		1,786,840	386,113	2,172,953	3,437,599
Expenditure on:					
Raising funds	6	1,282,780	7,276	1,290,056	2,088,166
Charitable activities: Special Days	6	487,799	185,443	673,242	1,509,905
Charitable activities: Treat Packs	6	17,016	84,977	101,993	-
Total expenditure		1,787,595	277,696	2,065,291	3,598,071
Net income / (expenditure) before net gains / (losses) on investments		(755)	108,417	107,662	(160,472)
Net gains on investments	13	224,124	-	224,124	299,537
Net income for the year before other recognised gains and losses		223,369	108,417	331,786	139,065
Gains / (losses) on sale of fixed assets		(4,382)	-	(4,382)	-
Loss on transfer of reserves from Willow Retail		-	-	-	(228,253)
Net movement in funds		218,987	108,417	327,404	(89,188)
Reconciliation of funds:					
Total funds brought forward		2,288,330	174,733	2,463,063	2,552,251
Total funds carried forward		2,507,317	283,150	2,790,467	2,463,063

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 22 to the financial statements.

WILLOW FOUNDATION BALANCE SHEETS

As at 31 December 2020

	Note	The group		The charity	
		2020	2019	2020	2019
		£	£	£	£
Fixed assets:					
Tangible assets	12	36,942	66,016	36,942	66,016
Investments	13	2,342,334	2,254,460	2,342,334	2,254,460
		2,379,276	2,320,476	2,379,276	2,320,476
Current assets:					
Stock	15	7,072	6,863	7,072	6,863
Debtors	16	318,755	372,355	319,254	374,654
Cash at bank and in hand		775,228	170,215	774,727	167,914
		1,101,055	549,433	1,101,053	549,431
Creditors: amounts falling due within one year	17	689,862	406,844	689,862	406,844
Net current assets		411,193	142,589	411,191	142,587
Total net assets		2,790,469	2,463,065	2,790,467	2,463,063
Funds:	22				
Restricted income funds		283,150	174,733	283,150	174,733
Unrestricted income funds:					
Designated funds		718,533	1,088,617	718,533	1,088,617
General funds		1,788,786	1,199,715	1,788,784	1,199,713
Total unrestricted funds		2,507,319	2,288,332	2,507,317	2,288,330
Total funds		2,790,469	2,463,065	2,790,467	2,463,063

Approved by the trustees on 31 August 2021 and signed on their behalf by

Richard King, Chair of Trustees
Company no. 5207070

WILLOW FOUNDATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020	2019
		£	£
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	23	432,097	77,826
Cash flows from investing activities:			
Dividends, interest and rents from investments		46,338	52,926
Purchase of fixed assets		(9,672)	(41,288)
Proceeds from sale of investments		788,746	282,192
Purchase of investments		(583,320)	(481,808)
(Increase)/decrease in cash in investment portfolio		(69,176)	159,464
Net cash provided by / (used in) investing activities		172,916	(28,514)
Change in cash and cash equivalents in the year		605,013	49,312
Cash and cash equivalents at the beginning of the year		170,215	120,903
Cash and cash equivalents at the year-end		775,228	170,215

WILLOW FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1: Accounting policies

a) Statutory information

Willow Foundation is a charitable company limited by guarantee and is incorporated in the UK. The registered office address is Gate House, Fretherne Rd, Welwyn Garden City AL8 6NS.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary Willow Events Limited on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the companies are disclosed in the notes of the charitable company's financial statements, which include a statement of financial activities as well as a balance sheet.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The financial statements have been prepared on the basis that Willow Foundation has adequate resources to continue in operational existence for the foreseeable future (going concern basis), with assets and liabilities recognised as they will be realised and discharged in the normal course of business. Covid-19 significantly affected activities during 2020 and

has continued to impact activities during 2021. However the going concern basis is still appropriate because:

- The charity shops were closed during lockdowns but have now reopened with sales back at or above their pre-lockdown level. Fundraising income has reduced and is at a lower level during 2021 but the charity has scaled back spend to allow for this;
- A significant proportion of expenditure is discretionary. The charity scaled back its Special Day services and restructured in late 2020, making a number of roles redundant;
- The unrestricted general reserve remains above target level;
- The Group has a high level of valuable assets including its investment portfolio. Investments suffered a large decrease in value early in 2020 but this was all recovered by the end of the year;
- The cash position is positive. A bank loan for £450,000 was drawn down in late 2020 and ensures that Willow has cash available to support its operations.

Management have undertaken detailed forecasting and sensitivity analysis to December 2022 and the trustees have considered uncertainties and liquidity risks. The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered

probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

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

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

g) Interest receivable

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

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes without any more specific purpose being laid down by the donor.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities within the charitable company and its subsidiaries with a fundraising purpose. It includes allocated support costs.
- Expenditure on charitable activities includes the costs of delivering and promoting services undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of governance and support, including staff costs within these functions, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity and is reviewed each year.

- | | |
|---|-----|
| • Charitable activity - provision of Special Days | 46% |
| • Charitable activity - provision of Treat Packs (Positivity Packs & Festive Packs) | 5% |
| • Generating funds | 49% |

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure. Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

Purchased stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are not included in the financial statements until they are sold or distributed.

p) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held by our investment managers for re-investment, which are included in the value of investments.

r) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

s) 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.

t) Pensions

The charity's policy is to operate a group personal pension scheme compliant with auto-enrolment requirements and to contribute a maximum of 5% of the employee's gross salary to this scheme or to another defined contribution personal pension scheme of choice as long as the employee matches the employer contribution. The assets of the schemes are held separately from those of the charity in independently administered funds.

2: Detailed comparatives for the statement of financial activities

	Unrestricted	Restricted	2019 Total
	£	£	£
The Group			
Income from:			
Donations and legacies	1,299,805	595,811	1,895,616
Fundraising events	1,065,747	-	1,065,747
Retail shop sales	397,233	-	397,233
Other trading activities	26,077	-	26,077
Investments	52,926	-	52,926
Total income	2,841,788	595,811	3,437,599
Expenditure on:			
Raising funds in the parent charity	2,083,166	5,000	2,088,166
Charitable activities: Special Days	1,090,690	419,215	1,509,905
Total expenditure	3,173,856	424,215	3,598,071
Net expenditure before net gains on investments	(332,068)	171,596	(160,472)
Net gains on investments	299,537	-	299,537
Net movement in funds	(32,531)	171,596	139,065
Reconciliation of funds:			
Total funds brought forward	2,320,863	3,137	2,324,000
Total funds carried forward	2,288,332	174,733	2,463,065

Detailed comparatives for the statement of financial activities (continued)

The Charity	Unrestricted £	Restricted £	Total £
Income from:			
Other donations and legacies	1,299,805	595,811	1,895,616
Other trading activities	1,489,057	-	1,489,057
Investments	52,926	-	52,926
Total income	2,841,788	595,811	3,437,599
Expenditure on:			
Raising funds	2,083,166	5,000	2,088,166
Charitable activities: Special Days	1,090,690	419,215	1,509,905
Total expenditure	3,173,856	424,215	3,598,071
Net income / (expenditure) for the year before net gains on investments	(332,068)	171,596	(160,472)
Net gains on investments	299,537	-	299,537
Net income / (expenditure) for the year before other recognised gains and losses	(32,531)	171,596	139,065
Loss on transfer of reserves from Willow Retail	(228,253)	-	(228,253)
Net movement in funds	(260,784)	171,596	(89,188)
Reconciliation of funds:			
Total funds brought forward	2,549,114	3,137	2,552,251
Total funds carried forward	2,288,330	174,733	2,463,063

3: Income from donations and legacies

	2020			2019		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Gifts	629,632	344,690	974,322	1,298,519	342,446	1,640,965
Government grants	380,309	-	380,309	-	-	-
Legacies	410	-	410	1,286	-	1,286
Donated services	-	41,423	41,423	-	253,365	253,365
	<u>1,010,351</u>	<u>386,113</u>	<u>1,396,464</u>	<u>1,299,805</u>	<u>595,811</u>	<u>1,895,616</u>

All donations and legacies were received by the parent charity. During 2020, government grants consisted of £251,641 received from the Coronavirus Job Retention Scheme and £128,668 received from the Retail, Hospitality and Leisure Grant Fund.

4: Income from other trading activities

	2020			2019		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Fundraising events	424,540	-	424,540	1,065,747	-	1,065,747
Retail shops	289,115	-	289,115	397,233	-	397,233
Sale of merchandise	4,395	-	4,395	7,134	-	7,134
Raffles and other trading	12,101	-	12,101	18,943	-	18,943
	<u>730,151</u>	<u>-</u>	<u>730,151</u>	<u>1,489,057</u>	<u>-</u>	<u>1,489,057</u>

All income was received by the parent charity.

5: Income from investments

	2020			2019		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Investment portfolio	46,187	-	46,187	52,624	-	52,624
Bank interest	151	-	151	302	-	302
	<u>46,338</u>	<u>-</u>	<u>46,338</u>	<u>52,926</u>	<u>-</u>	<u>52,926</u>

All investment portfolio income and bank interest was received in the parent charity.

6a: Analysis of expenditure (current year)

	Cost of raising funds	Charitable activities: Special Days	Charitable activities: Treat Packs	Governance costs	Support costs	2020 Total	2019 Total
	£	£	£	£	£	£	£
The Group and Charity							
Staff costs (Note 8)	628,077	288,012	28,516	-	327,108	1,271,713	1,549,735
Charitable activities	-	138,236	46,631	-	-	184,867	806,107
Generating voluntary income	49,964	-	-	-	-	49,964	146,140
Fundraising events	158,315	-	-	-	-	158,315	515,169
Merchandising and raffles	4,315	-	-	-	-	4,315	9,045
Running retail shops	174,163	-	-	-	-	174,163	266,826
Investment management	12,120	-	-	-	-	12,120	12,788
Audit and accountancy	-	-	-	11,700	-	11,700	11,700
Other governance costs	-	-	-	3,908	-	3,908	5,441
Communications	-	-	-	-	19,194	19,194	28,824
Premises, facilities & IT	-	-	-	-	149,483	149,483	217,701
General management & HR	-	-	-	-	15,275	15,275	15,663
Financial administration	-	-	-	-	10,274	10,274	12,932
	1,026,954	426,248	75,147	15,608	521,334	2,065,291	3,598,071
Support costs	255,454	239,814	26,066	-	(521,334)	-	-
Governance costs	7,648	7,180	780	(15,608)	-	-	-
Total expenditure 2020	1,290,056	673,242	101,993	-	-	2,065,291	
Total expenditure 2019	2,088,166	1,509,905	-	-	-		3,598,071

Of the total expenditure, £1,787,595 was unrestricted (2019: £3,173,856) and £277,696 was restricted (2019: £424,215).

On 1st January 2019, the activity of Willow Retail Ltd, a subsidiary of Willow Foundation, was transferred over to Willow Foundation. The retail activity is now operated by the charity directly.

6b: Analysis of expenditure (prior year)

	Cost of raising funds £	Charitable activities: Special Days £	Governance costs £	Support costs £	2019 Total £
The Group					
Staff costs (Note 8)	741,170	337,310	-	471,255	1,549,735
Providing Special Days	-	806,107	-	-	806,107
Generating voluntary income	146,140	-	-	-	146,140
Fundraising events	515,169	-	-	-	515,169
Merchandising and raffles	9,045	-	-	-	9,045
Running retail shops	266,826	-	-	-	266,826
Investment management	12,788	-	-	-	12,788
Audit and accountancy	-	-	11,700	-	11,700
Other governance costs	-	-	5,441	-	5,441
Communications	-	-	-	28,824	28,824
Premises, facilities & IT	-	-	-	217,701	217,701
General management & HR	-	-	-	15,663	15,663
Financial administration	-	-	-	12,932	12,932
	1,691,138	1,143,417	17,141	746,375	3,598,071
Support costs	388,115	358,260	-	(746,375)	-
Governance costs	8,913	8,228	(17,141)	-	-
Total expenditure 2019	2,088,166	1,509,905	-	-	3,598,071
Total expenditure 2018	2,705,387	1,584,956	-	-	4,290,343

Of the total expenditure, £3,173,856 was unrestricted and £424,215 was restricted.

6b: Analysis of expenditure (prior year continued)

	Cost of raising funds	Charitable activities: Special Days	Governance costs	Support costs	2019 Total
	£	£	£	£	£
The Charity					
Staff costs (Note 8)	741,170	337,310	-	471,255	1,549,735
Providing Special Days	-	806,107	-	-	806,107
Generating voluntary income	146,140	-	-	-	146,140
Fundraising events	515,169	-	-	-	515,169
Merchandising and raffles	9,045	-	-	-	9,045
Running retail shops	266,826	-	-	-	266,826
Investment management	12,788	-	-	-	12,788
Audit and accountancy	-	-	11,700	-	11,700
Other governance costs	-	-	5,441	-	5,441
Communications	-	-	-	28,824	28,824
Premises, facilities & IT	-	-	-	217,701	217,701
General management & HR	-	-	-	15,663	15,663
Financial administration	-	-	-	12,932	12,932
	1,691,138	1,143,417	17,141	746,375	3,598,071
Support costs	388,115	358,260	-	(746,375)	-
Governance costs	8,913	8,228	(17,141)	-	-
Total expenditure 2019	2,088,166	1,509,905	-	-	3,598,071
Total expenditure 2018	2,372,776	1,584,956	-	-	3,957,732

On 1st January 2019, the activity of Willow Retail Ltd, a subsidiary of Willow Foundation, was transferred over to Willow Foundation. The retail activity is now operated by the charity directly.

7: Net incoming resources for the year

This is stated after charging / crediting:

	The group		The charity	
	2020	2019	2020	2019
	£	£	£	£
Depreciation	34,364	51,783	34,364	51,783
Profit / (loss) on disposal of fixed assets	(4,382)	-	(4,382)	-
Operating lease rentals: Property	150,557	183,466	150,557	183,466
Operating lease rentals: Vehicles	3,540	3,320	3,540	3,320
Auditors' remuneration (excluding VAT):				
Audit	9,750	9,750	9,750	9,750
Other services	2,650	2,250	2,650	1,600

8: Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	The group and charity	
	2020	2019
	£	£
Salaries and wages	1,055,778	1,301,848
Redundancy and termination costs	30,605	10,394
Social security costs	87,417	113,939
Employer's contribution to defined contribution pension schemes	90,390	116,278
Other forms of employee benefits	7,523	7,276
	1,271,713	1,549,735

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	The group and charity	
	2020	2019
	No.	No.
£60,000 - £69,999	1	1
£70,000 - £79,999	-	1

The total employee benefits including NI and pension contributions of the key management personnel were £184,792 between 3 senior staff (2019: £212,718 between 3 senior staff).

The charity trustees were not paid nor received any other benefits from employment with the charity in the year (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

Trustees' expenses representing the payment or reimbursement of travel and subsistence costs are potentially payable but none were claimed in 2020 (2019: £nil).

9: Staff numbers

The average number of employees during the year was as follows:

Headcount basis is the average number employed during the year.

	The group and charity	
	2020	2019
	No.	No.
Full-time equivalent staff numbers		
Raising funds - voluntary income	6.9	8.8
Raising funds - events sales	3.8	4.7
Raising funds - retail shop sales	11.2	11.2
Charitable activity: Special Days	10.1	12.5
Charitable activity: Treat Packs	1.0	-
Support	5.7	7.7
Governance	1.0	1.0
	39.7	45.9
Headcount	52	56
Full-time staff	16	26
Part-time staff	36	30
	52	56

10: Related party transactions

There are no related party transactions to disclose for 2020 (2019: none).

11: Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Willow Events Limited gift aids available profits to the parent charity. Its charge to corporation tax in the year was £nil.

No UK corporation tax was payable in 2020 (2019: £nil).

12: Tangible fixed assets

The group and charity	Leasehold improvements £	Fixtures & fittings £	Equipment, furniture & software £	Total £
Cost				
At the start of the year	236,050	36,519	190,123	462,692
Additions in year	-	480	9,192	9,672
Disposals in year	(65,095)	(1,182)	(22,524)	(88,801)
At the end of the year	170,955	35,817	176,791	383,563
Depreciation				
At the start of the year	201,202	22,149	173,325	396,676
Charge for the year	21,001	4,595	8,768	34,364
Eliminated on disposal	(61,600)	(295)	(22,524)	(84,419)
At the end of the year	160,603	26,449	159,569	346,621
Net book value				
At the end of the year	10,352	9,368	17,222	36,942
At the start of the year	34,848	14,370	16,798	66,016

All of the above assets are held in the charity and used for charitable purposes.

13: Listed investments

	The group and charity	
	2020	2019
	£	£
Fair value at the start of the year	2,210,230	1,711,077
Additions at cost	583,320	481,808
Disposal proceeds	(788,746)	(282,192)
Net gain / (loss) on change in fair value	224,124	299,537
Fair value at the end of the year	2,228,928	2,210,230
Cash held by investment broker pending reinvestment	113,406	44,230
Fair value at the end of the year including cash	2,342,334	2,254,460

Investments comprise:

	The group and charity	
	2020	2019
	£	£
Equity shares listed in the UK	491,080	585,425
Equity shares listed in mainland Europe	72,635	115,446
Equity shares listed in the USA	672,279	480,229
Equity shares listed in Japan & Asia	180,382	144,070
Equity shares Global	76,641	111,962
UK bonds	227,816	315,156
Alternative Investments	348,473	287,969
Global bonds	114,458	115,424
Emerging markets	45,164	54,549
Cash	113,406	44,230
	2,342,334	2,254,460

14: Subsidiary undertakings

The charitable company owns the whole of the issued ordinary share capital of Willow Events Limited (Company Number 05352056) and Willow Retail Limited (Company Number 09182367), both companies registered in England. On 1st January 2019, the activity of Willow Retail Ltd was transferred over to Willow Foundation. Willow Retail Limited was dormant during 2019 and 2020 and will be closed down when appropriate. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of Willow Events Ltd is shown below:

Willow Events Ltd	2020 £	2019 £
Turnover	-	-
Cost of sales	-	-
Gross profit	-	-
Administrative expenses	-	-
Other operating income	-	-
Operating profit	-	-
Interest payable	-	-
Profit on ordinary activities	-	-
Gift aid to parent undertaking	-	-
Profit / (loss) for the financial year	-	-
The aggregate of the assets, liabilities and funds was:		
Assets	500	2,300
Liabilities	(499)	(2,299)
Funds	1	1

Willow Events Ltd was dormant during the years 2019 and 2020. It is being kept open in the expectation of potential future trading activity.

15: Stock

	The group and charity	
	2020	2019
	£	£
Finished goods	7,072	6,863
	7,072	6,863

16: Debtors

	The group		The charity	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	24,326	82,275	24,825	84,574
Other debtors	28,113	53,011	28,113	53,011
Prepayments	159,754	191,787	159,754	191,787
Accrued income	106,562	45,282	106,562	45,282
	318,755	372,355	319,254	374,654

17: Creditors amounts falling due within one year

	The group and charity	
	2020	2019
	£	£
Bank loans and overdrafts	450,000	-
Trade creditors	86,059	87,107
Taxation and social security	18,237	27,694
Other creditors	20,092	33,830
Accruals	45,747	64,271
Deferred income	69,727	193,942
	689,862	406,844

Bank loans totalling £450,000 (2020: £0) are secured against listed investments. The loan was paid to Willow on 8 December 2020 and is included as falling due within one year because it is expected to be repaid before 8 December 2021.

18: Analysis of changes in net debt

The group and charity

	At 1 January 2020	Cash flows	At 31 December 2020
	£	£	£
Cash	170,215	605,013	775,228
Loans falling due within one year	-	(450,000)	(450,000)
Total	170,215	155,013	325,228

19: Deferred income

Deferred income comprises proceeds from tickets sold for fundraising events due to take place the following year.

The group and charity

	2020	2019
	£	£
Balance at the beginning of the year	193,942	189,950
Amount released to income in the year	(153,200)	(189,950)
Amount deferred in the year	28,985	193,942
Balance at the end of the year	69,727	193,942

20: Pension scheme

Willow Foundation operates a group personal pension scheme compliant with auto-enrolment requirements, provided by Royal London Mutual Insurance Society Ltd. The charity contributes a maximum of 5% of the employee's gross salary to this scheme or to another defined contribution personal pension scheme of choice. The employee must at least match the employer contribution. The assets of the schemes are held separately from those of the charity in independently administered funds.

The pension cost of these schemes during the year was £90,390 (2019: £116,278). At 31 December 2020 £9,169 in contributions was outstanding (2019: £10,786).

21a: Analysis of group net assets between funds (current year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	-	36,942	-	36,942
Investments	1,660,743	681,591	-	2,342,334
Net current assets	128,043	-	283,150	411,193
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets at the end of the year	1,788,786	718,533	283,150	2,790,469
	<hr/>	<hr/>	<hr/>	<hr/>

21b: Analysis of group net assets between funds (prior year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	-	66,016	-	66,016
Investments	1,231,859	1,022,601	-	2,254,460
Net current assets	(32,144)	-	174,733	142,589
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets at the end of the year	1,199,715	1,088,617	174,733	2,463,065
	<hr/>	<hr/>	<hr/>	<hr/>

22a: Movement in funds (current year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
Restricted funds:					
Specific beneficiaries	-	41,423	(41,423)	-	-
Special Days - specific illness	779	26,000	(22,125)	-	4,654
Special Days - specific areas	40,136	40,650	(30,901)	-	49,885
Special Days - specific age	100,818	-	(57,000)	-	43,818
Special Days - combination of specific illness and/or area and/or age	3,000	8,500	(10,375)	-	1,125
Special Days Out & Days at Home for those whose Special Days were put on hold due to Covid	-	70,000	-	-	70,000
Treat Packs - specific areas	-	15,450	(13,382)	-	2,068
Treat Packs - combination of specific illness and / or area and /or age	-	2,500	(602)	-	1,898
Treat Packs - non-specific	-	38,750	(38,750)	-	-
Charitable Service - specific illness	-	3,000	(3,000)	-	-
Charitable Service - specific areas	-	13,800	(3,778)	-	10,022
Charitable Service - specific age	-	3,000	(3,000)	-	-
Charitable Service - combination of specific illness and/ or areas and/ or age	-	2,000	(2,000)	-	-
Charitable service - non-specific	-	121,000	(44,084)	18,084	95,000
Development of Willow website	30,000	-	(7,236)	(18,084)	4,680
Charity shops	-	40	(40)	-	-
Total restricted funds	174,733	386,113	(277,696)	-	283,150
Unrestricted funds:					
Designated funds:					
Fixed Assets Reserve	66,016	-	-	(29,074)	36,942
Special Days Reserve	571,709	-	-	(358,585)	213,124
Investment Reserve	450,892	-	-	17,575	468,467
Total designated funds	1,088,617	-	-	(370,084)	718,533
General funds	1,199,715	2,010,964	(1,791,977)	370,084	1,788,786
Total unrestricted funds	2,288,332	2,010,964	(1,791,977)	-	2,507,319
Total funds	2,463,065	2,397,077	(2,069,673)	-	2,790,469

22a: Movement in funds (prior year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
Restricted funds:					
Specific beneficiaries	-	253,365	(253,365)	-	-
Specific illness	2,029	15,000	(16,250)	-	779
Specific areas	1,108	116,128	(77,100)	-	40,136
Specific areas and illness	-	6,000	(6,000)	-	-
Specific age and illness	-	4,000	(4,000)	-	-
Specific area and age	-	3,000	-	-	3,000
Specific age	-	163,318	(62,500)	-	100,818
Development of Willow website	-	30,000	-	-	30,000
Set up of Letchworth charity shop	-	5,000	(5,000)	-	-
Total restricted funds	3,137	595,811	(424,215)	-	174,733
Unrestricted funds:					
Designated funds:					
Fixed Assets Reserve	76,511	-	-	(10,495)	66,016
Special Days Reserve	612,313	-	-	(40,604)	571,709
Retail Development Reserve	291,226	-	-	(291,226)	-
Investment Reserve	382,954	-	-	67,938	450,892
Total designated funds	1,363,004	-	-	(274,387)	1,088,617
General funds	957,859	3,141,325	(3,173,856)	274,387	1,199,715
Total unrestricted funds	2,320,863	3,141,325	(3,173,856)	-	2,288,332
Total funds	2,324,000	3,737,136	(3,598,071)	-	2,463,065

Purposes of restricted funds

The 'Specific Beneficiaries' restricted fund relates to discounts and gifts in kind which are given for a specific beneficiary's Special Day or Treat Pack.

The next Special Days, Treat Packs and Charitable Service restricted funds listed are all funds given for charitable activities of a particular kind. Some donors restricted the activity to certain types of Special Day only, to Special Days only and some to Treat Packs only whereas some restricted it to any service provided to the beneficiaries. Within these categories, donors have chosen to restrict to benefit people from a particular geographical area, a particular age group or suffering a particular type of illness - or some combination of these factors.

The development of Willow website restricted fund is to assist the charity in producing a new updated website. During 2020 we identified a more cost-effective way to develop a new website and therefore the donor agreed that we could transfer part of this fund to spend against our charitable service instead.

Purposes of designated funds

The Fixed Assets Reserve represents the net book value of the leasehold improvements in the building occupied by the charity or its subsidiaries and the furniture, software and equipment owned by the group. Funds tied up in these assets are not available for spending on Special Days.

The Special Days Reserve represents the commitments made by the charity to fulfil applications in progress. Typically applications in progress are equivalent to approximately half a year's applications.

The Retail Development Reserve represented money set aside to invest in setting up charity shops through our subsidiary company Willow Retail Ltd as a means of raising funds for the charity. The activities of Willow Retail Ltd were transferred into the parent charity on 1st January 2019 including the carried forward loss within Willow Retail. Therefore the retail development reserve was no longer required at the end of 2019.

The Investment Reserve is an ongoing fund to protect the provision of Special Days from downward fluctuations in investment markets. Net investment gains are added to this fund in subsequent years subject to a maximum of 20% of the value of the investment portfolio.

23: Reconciliation of net income to net cash flow from operating activities

	2020	2019
	£	£
Net income for the reporting period	327,404	139,065
(as per the statement of financial activities)		
Depreciation charges	34,364	51,783
(Gains)/losses on investments	(224,124)	(299,537)
Dividends, interest and rent from investments	(46,338)	(52,926)
(Profit)/loss on the disposal of fixed assets	4,382	-
(Increase)/decrease in stocks	(209)	(1,502)
(Increase)/decrease in debtors	53,600	358,839
Increase/(decrease) in creditors	283,018	(117,896)
Net cash provided by operating activities	432,097	77,826

24: Operating lease commitments

The group and charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Vehicles		Property	
	2020	2019	2020	2019
	£	£	£	£
Less than one year	3,564	3,320	155,706	71,236
One to five years	5,940	2,462	855,509	62,486
	9,504	5,782	1,011,215	133,722

25: Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

GOVERNANCE

Legal Structure and purpose

Willow is a charitable company limited by guarantee (registered number 5207070) and a registered charity in England and Wales (charity number 1106746) and Scotland (charity number SC045811).

The charity's purpose is set out in its Memorandum and Articles of Association which were adopted on 9 August 2004 and amended on 28 February 2013 and 12 January 2015. On 1 January 2005, the assets and activities of the Willow Foundation, a charity established in 1999 and constituted by trust deed, were transferred to this charity. The charity has two wholly-owned subsidiary trading companies.

The object of Willow is to fulfil uplifting and unforgettable Special Days for seriously ill 16 to 40 years old throughout the UK.

Charity Governance Code

The trustees are committed to good governance and follow the Charity Governance Code to develop and ensure Willow follows high standards of governance.

Public benefit

The trustees have taken account of the Charity Commission's general guidance on public benefit when reviewing the charity's aims, objectives and planning.

Subsidiary undertakings

Willow owns 100% of the shares in Willow Events Limited, a company established in 2005 (company no. 5352056) to undertake commercial activity of benefit to the charity. Willow Events Limited was dormant during 2020 and future profits would be donated to the charity.

Willow also owns 100% of the shares in Willow Retail Limited, a company established in August 2014 (company no. 9182367) to develop and run a chain of charity shops in support of Willow. Willow Retail Limited was dormant during 2020.

Board of Trustees

The Board of Trustees is legally responsible for directing the affairs of the charity. Trustees are the directors of the company and serve for renewable terms of three years.

The Board comprised eight trustees as at 31 December 2020. Trustees have a wide range of skills and experience appropriate to the governance of the activities of Willow.

The Board meets at least four times each year to regularly review and direct Willow's strategy, budget and performance. The day-to-day management of the charity is currently delegated by the Chairman to the Executive Team. Specific responsibilities are also delegated to various committees described below.

From time to time the Board reviews the skills of the Trustees against the skills required to direct the affairs of the charity. Where skill gaps are identified, succession and recruitment plans are developed and implemented. The Board of Trustees appoints all new trustees and committee members through a variety of recruitment methods including formal search and word of mouth.

An induction programme is offered to all new trustees and further updates and training are provided as required. This includes meetings with the Founders of Willow Bob and Megs Wilson, the Chairman, members of the Executive Team and where possible a Special Day beneficiary.

The Committees

All Willow Committees meet at least two times a year and minutes of their meetings are presented to the Board of Trustees by the Chair of each Committee.

The Finance & Audit Committee reviews the charity's annual financial statements, audit matters, investment performance and internal financial controls.

The Retail Board advises on the charity's shops and the Governance Committee advises on effective governance and Trustee Board membership.

Fundraising

Willow uses a diverse range of fundraising activities to raise vital funds towards the delivery of our service. Our Board of Trustees and Leadership Team are committed to building trust with our supporters.

We are registered with the Fundraising Regulator and signed up to the Fundraising Preference Service. We did not use any professional fundraisers or commercial participators during 2020. We monitor fundraisers and volunteers in all aspects of their fundraising and in line with the Code of Fundraising Practice and we provide materials and support to fundraisers and review and provide feedback on performance.

We endeavour to adhere to all codes and best practices set out by the codes and the General Data Protection Regulations.

Our quality assurance also includes regular reviews of complaints and other feedback, as well as regular audits and mystery shopping. In 2020 we recorded and responded to three complaints.

We are particularly aware of the need to protect vulnerable individuals in any fundraising we undertake and have a Safeguarding Children and Vulnerable Adults policy in place which has been approved by the Board of Trustees.

Going Concern Statement

The Trustees have reviewed the accounts as well as the charity activities, budgets and plans for 2021 and 2022, reserves positions up to the date of signing off these accounts and the group risk register.

Covid created a very uncertain environment during 2020 and continues to create difficulties during 2021. Despite this, the Trustees have reasonable expectation that Willow will remain a going concern for the foreseeable future which is determined to be at least 12 months from the signature date of these accounts.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that Sayer Vincent LLP be reappointed as auditor of the charity was put to the Board of Trustees on 31 August 2021.

Statement of responsibilities of the trustees

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

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

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.
- The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2020 was 8 (2019: 8). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts.

The trustees' annual report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board of Trustees on 31 August 2021 and signed on its behalf by:

Richard King

Chairman

CHARITY INFORMATION

Life Presidents

Megs Wilson

Bob Wilson OBE

Ambassadors

Natasha Kaplinsky OBE

Pat Jennings OBE

Mary Nightingale

Theo Walcott

Jim Rosenthal

Linda Lusardi

David Seaman MBE

Sam Kane

Lee Dixon

Gary Mabbutt MBE

Lee Mears

Simon McCoy

Ian Poulter

Gary Lewin

Hardeep Singh Kohli

Ian Wright MBE

Frankie Seaman (formerly Poultney)

Martin Chivers

Ossie Ardiles

Katie Swan

Alfie Boe OBE

Leah Williamson

Mica Paris MBE

Trustees

Richard King – Chair

Nicholas Aldridge

Stewart Bennett

Elena Ciallie

Rachel Jones

Martin Ryan from 18 May 2020

Glyn Taylor

David Waddington CBE

John Wilson to 31 December 2020

Senior Management

Jonathan Aves – Chief Executive

Claire Kermode – Company Secretary, Finance, Resources and Retail Director

Dominic Heath – Special Days Director

Principal address and registered office

3rd Floor, Gate House, Fretherne Road

Welwyn Garden City, Hertfordshire AL8 6NS

Telephone: 01707 259777

Fax: 01707 259289

Web: willowfoundation.org.uk

Auditors

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

Solicitors

Pellys Solicitors Ltd, 18 The Causeway, Bishops Stortford CM23 2EJ

Principal banker

NatWest Bank, 2nd floor Argyll House, 246 Regent Street, London W1P 3PB

Investment managers

Quilter Cheviot Investment Management, Senator House, 85 Queen Victoria Street, London, EC4V 4AB.