

THE FEBRUARY FOUNDATION

England & Wales · Charity number 1113064

Details

Status	Registered
Legal form	Charitable company
Company number	05718135
Registered	2006-02-23
Register	View on the Charity Commission register

Contact

Address	79 Cromwell Road Norwich NR7 8XJ
Phone	01379388200
Email	rps@thefebruaryfoundation.org
Website	www.thefebruaryfoundation.org

Activities

Objects: GENERAL PURPOSES OF SUCH CHARITABLE BODIES OR FOR SUCH OTHER PURPOSES AS SHALL BE EXCLUSIVELY CHARITABLE AS THE TRUSTEES MAY FROM TIME TO TIME DECIDE

Activities: The Foundation is an independent grant-making charity with broad-ranging charitable objectives.

Classification

- **How:** Makes Grants To Organisations
- **What:** General Charitable Purposes
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** NATIONAL AND OVERSEAS
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-02-28	£34,342,893	£30,834,560	£64,055,628	1
2024-02-29	£8,482,560	£4,425,396	£68,832,146	1
2023-02-28	£7,180,456	£4,362,651	£75,934,614	1
2022-02-28	£12,764,740	£27,409,523	£70,846,875	1
2021-02-28	£17,585,040	£11,910,390	£117,513,216	1

Trustees

Name	Role	Appointed
JAMES HUBERT CARLETON		2012-10-10
Mark Raymond Clarke		2014-03-12
Michael James Moody		2016-04-14

THE FEBRUARY FOUNDATION

England & Wales - Charity number 1113064

Accounts

**The
February
Foundation**

**Annual Report and Financial
Statements**

28 February 2025

Company Limited by Guarantee
Registration Number
05718135 (England and Wales)

Charity Registration Number
1113064

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Reference and administrative information

Trustees	James Carleton Mark Clarke Michael Moody
Chief Executive and Company Secretary	Richard Pierce-Saunderson
Registered office	66 Lincoln's Inn Fields London WC2A 3LH
Company registration number	05718135 (England and Wales)
Charity registration number	1113064
Auditors	Buzzacott Audit LLP 130 Wood Street London EC2V 6DL
Bankers and investment managers	C Hoare & Co 37 Fleet Street London EC4P 4DQ UBS Wealth Management 1 Finsbury Avenue London EC2M 2AN Investec Wealth & Investment Limited 2 Gresham Street London EC2V 7QN
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH
Website	www.thefebruaryfoundation.org

Trustees' report Year to 28 February 2025

The trustees present their statutory report together with the financial statements of The February Foundation for the year to 28 February 2025. The trustees are also directors of the Foundation for the purposes of company law and the trustees' report contains a directors' and strategic report as required by the Companies Act 2006.

This report has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 28 of the attached financial statements and comply with the Memorandum and Articles of Association of The February Foundation, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

GOVERNANCE, STRUCTURE AND MANAGEMENT

Constitution

The February Foundation was incorporated on 22 February 2006 as a company limited by guarantee under company registration number 05718135. On 23 February 2006, the Foundation registered on the Central Register of Charities under registration number 1113064.

Trustees

The names of the trustees as at the date of this report are set out as part of the reference and administrative information on page 1 of these Annual Report and Financial Statements. There were no changes in trustees for the year under review.

Recruitment and appointment

The appointment of trustees is governed by the Memorandum and Articles of Association of the Foundation. All trustees must be aged at least 18, and there must at all times be a minimum of two and a maximum of five trustees. Upon appointment every trustee must sign a declaration of willingness to act as a trustee of the Foundation before he or she may vote at any meeting of the trustee. Trustees shall hold office for three years but may be reappointed.

Induction and training

The Foundation recognises that new and current trustees should be aware of the Foundation's charitable purposes, mode of operation, plans, policies and costs. All trustees are provided with a copy of the Memorandum and Articles of Association, the grant giving policy, and a copy of other relevant policies as well as minutes of recent trustees' meetings.

The trustees are provided with appropriate updates relating to matters impacting upon charity law and the running and administration of the Foundation from their professional advisers. They also attend external training events where appropriate.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement

The trustees (who are also directors of The February Foundation for the purposes of company law) are responsible for preparing the trustees' report and 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 Foundation and of the income and expenditure of the Foundation 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation 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 Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the Foundation's auditors are unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Key management personnel

The trustees consider that the board of trustees and Chief Executive comprise the key management personnel in charge of directing and controlling, running and operating the Foundation on a day-to-day basis.

The trustees give their time freely and no trustee received remuneration in the year.

The pay of the Chief Executive is reviewed annually by the trustees.

Organisation

The trustees are ultimately responsible for the policies, activities and assets of the Foundation. They meet formally at least twice a year. The trustees must approve any grants made by the Foundation before such grants are made.

The main functions of the Chief Executive comprise the following:

- ◆ research and investigation of charitable causes;
- ◆ maintaining and updating the Foundation's website;
- ◆ providing administrative and secretarial support to the trustees;
- ◆ undertaking day-to-day administrative duties;
- ◆ liaising with grant applicants, developing grant policies and monitoring grants;
- ◆ maintaining the Foundation's databases and information systems;
- ◆ acting as a point of contact for the Foundation; and
- ◆ managing on behalf of the trustees the financial affairs of the Foundation.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES

Charitable objectives and activities

The Foundation's charitable objectives as expressed in its Memorandum of Association are as follows:

'The general purposes of such charitable bodies or for such other purposes as shall be exclusively charitable as the trustees may from time to time decide.'

The Foundation makes grants to a range of charities and charitable activities in accordance with the Foundation's grant making policy, as set out below.

The trustees reviewed the Foundation's giving policy in the 2022/23 financial year and decided to continue with the policy of some eligibility exclusions. These are detailed in the grant making policy section of this report.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Public benefit

The trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and setting its grant-making policy.

The February Foundation's aims and objectives fall within the various descriptions of charitable purposes in the Charities Act 2011, and, in particular, the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage, the advancement of education, the advancement of the arts, culture, and heritage.

Grant applications for any charitable purpose are considered by the trustees. To date, all grants have been awarded to registered charities, and the beneficiaries are those of the recipient charities. The charities supported by the Foundation during this financial year are active in end-of-life care, healthcare and patient support, and education.

Grant making policy

In the year under review, the following grant making policy applied:

The trustees will normally award grants to registered charities.

The trustees will consider new applications from:

- ◆ charities which are for the benefit of persons who are making an effort to improve their lives;
- ◆ charities which are for the benefit of persons no longer physically or mentally able to help themselves;
- ◆ charities which have a long-term beneficial impact on the future of individuals, groups of individuals, or organisations;
- ◆ charities which protect the environment;
- ◆ small or minority charities where small grants will have a significant impact;
- ◆ companies where the acquisition of equity would be in line with the Foundation's charitable objectives (this is elaborated in the Foundation's investment policy which is periodically reviewed); and
- ◆ charities whose charitable objectives are aligned with those of the Foundation.

The trustees will not consider new applications from:

- ◆ Animal charities (except those involving therapy or sport for the disabled);
- ◆ Charities which are party-politically driven;

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Grant making policy (continued)

- ◆ Charities with a commercial bias for a particular product or company;
- ◆ Charities with an aggressive religious bias;
- ◆ Childcare;
- ◆ Citizens' Advice Bureaux;
- ◆ Community centres;
- ◆ Community Interest Companies (CICs);
- ◆ Education including
 - ◆ Adult/Further,
 - ◆ Higher,
 - ◆ Primary,
 - ◆ Secondary,
 - ◆ Special Educational Needs;
- ◆ Housing associations;
- ◆ Individuals;
- ◆ Medical research;
- ◆ Military charities (including those for veterans);
- ◆ Minibuses;
- ◆ NHS trusts (or charities which support them);
- ◆ Non-departmental government bodies;
- ◆ Outdoor activity centres;
- ◆ Overseas projects;
- ◆ Scouts, Guides, Brownies, Cubs, and similar organisations;
- ◆ Single-faith organisations;
- ◆ Sports clubs, unless only for the mentally or physically disabled;
- ◆ Village halls;
- ◆ Youth clubs & centres.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Grant making policy (continued)

Exceptions to this exclusions policy will be reviewed on a case-by-case basis in the light of the status of the applicant, its organisational structure (for example was it established for philanthropic and benevolent purposes), and the purpose of the grant.

There is no minimum grant. The average grant is usually £5,000 per award, but this is reviewed on a case-by-case basis. Terms and conditions for grants will be discussed and approved by the trustees on a case-by-case basis. The trustees may decide to award grants without any accompanying conditions.

Investment policy

The Foundation has a portfolio of investments with Investec and UBS which had a market value of £70,367,503 including cash held by the investment managers, at 28 February 2025 (2024 - £79,373,785).

The investment policy of the Foundation is to seek a balanced return from capital growth over the medium term.

The investment portfolio policy is:

- ◆ to grow income over the medium term and depending on the strategy agreed with the Foundation;
- ◆ to maintain in real terms the total value of the capital base from which the Foundation's income is derived;
- ◆ to recognise that growth in income and capital requires some risks to be taken, but to require that these should be managed by maintaining a spread of investments which give a low to medium risk portfolio.

The trustees seek the investment managers to be custodians of the investment portfolio. It is the trustees' duty to produce a balanced investment strategy.

Periodic meetings are held with the investment managers who provide the trustees with reports for the preceding half-year.

The trustees seek to minimise risk by:

- ◆ monitoring and periodically reviewing the performance of the investment managers;
- ◆ investing in bonds which are mainly rated A to AAA;
- ◆ investing in equities whilst evaluating gifts of shares on a case-by-case basis in the context of the Foundation's overall portfolio;
- ◆ allowing a change in the investment portfolio only after discussions between the investment managers, the trustees and other professional advisers.

STRATEGIC REPORT

Achievements and performance

Review of activities

In the year under review, there was sharply increased need in the Third Sector, which continued to face an adverse, and arguably worsening, funding landscape. Despite inflation growth slowing, fixed overhead costs continued to rise for the whole of the sector. The funding crisis in the hospice sector worsened. The Foundation therefore focused on balancing the funding priorities in this, its original and core constituency, and fulfilling existing commitments.

The Foundation continued its standard applications process with a maximum 12-week response time, and monthly grant distributions. In terms of the number of Foundation grants made, core and operating cost grants accounted for around 25%, with most applications focusing on specific projects. The Foundation's strategy of excluding fundraising costs from core and operating cost grants continued in order to ensure that such grants would directly benefit the ultimate beneficiaries in recipient charities. Reporting requirements and criteria remained flexible in recognition of the immense pressures on all charities and their staff. It is important to note, as always, that reporting requirements can never be entirely removed; recipient charities and funders quite rightly are more publicly accountable than ever.

In the year under review, the Foundation retained its requirement for applications to contain additional information in order to overcome the average 9-month lag between the end of financial years and the publishing of audited accounts. The intention of gathering this additional information (which includes asking for applicant charities' cash position and free reserves at the time of application, as well as for applicant charities' live caseload and reach at the time of application) is to allow informed decision-making by the trustees. It is important once again to emphasise that the Foundation gathers this information confidentially. This information gathering also enables the Foundation to build a better picture of the context in which applicant charities operate. The trustees do not anticipate changing the requirement for additional information.

The Foundation continues to believe that applicant charities' annual reports and accounts are their most important support tool in raising funds, providing important contextual information, and that they should therefore be presented clearly and simply, and include as much data and information as possible (such as service user numbers and their comparatives, user feedback data and their comparatives, service delivery successes and difficulties). It was disconcerting, in view of the difficult funding landscape, to see an increasing number of annual reports which did not contain comparative user data, and, in some cases, very little user data at all. The inclusion of as much detailed and in-depth information in annual accounts (and applications) is really important because it increases the ability of charities to raise funds from all potential funders, not just from the Foundation.

The Foundation remains in a strong position, both financially and procedurally, to be able quickly and effectively to support its core constituencies. Its vision has always been to be a funder of longevity, to spend within its means, and to offer not only financial support but also advice to those charities it deals with. This vision continues to prove its value at all levels.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

The Foundation continued to structure its giving in an informed manner, with in-depth research on applications, and extensive due diligence on significant projects. In the year under review, 587 charities were evaluated (compared to 724 in the previous year, a 17.9% decrease), which had either applied to the Foundation, or which were selected by the Foundation as potential candidates for funding. This reduction was surprising and is very probably linked to a significant rise in pre-application enquiries received which were not converted into applications, as well as the application guidelines on the Foundation's web site being refined further. The Foundation's strategy of not allowing applications from previous grant recipients until the 13th month after their most recent grant also has a cyclical impact on the volume of applications.

Whilst a majority of applications and approaches to the Foundation in the year under review continued to be focused, well-targeted, complex, and intelligent, and based on thorough research of potential funders, and demonstrated sound financial management and significant beneficial soft and hard outcomes for their stakeholders, the number of applications which did not exhibit these qualities rose again. Applicants either failed to check the Foundation's web site for its application guidelines, or did not adhere to the application guidelines provided directly by the Foundation. Potential applicants to any grant making charities should ideally always check those organisations' web sites before applying. The Foundation's concise and precise guidelines aim to give fundraisers as much universally applicable guidance as possible.

In the year under review, 23.5% of applications were successful, down from 23.9% in 2023/24, 27.5% in 2022/23, and 29.0% in 2021/22. 5.9% of applications to the Foundation were ineligible to apply (compared to 2.8% in the previous year).

The Foundation's grant expenditure remained below budget. The main reasons for this, in addition to those outlined above, were:

- ◆ the failure of some grant recipients to reach maximum matched funding levels;
- ◆ longer than expected negotiations on larger grants either due to extended discussions about grant conditions or a need for extended periods of due diligence;
- ◆ small drawdowns on agreed grants;
- ◆ poor funding ratios from a significant number of applications, especially when compared to the funding ratios of similar charities;
- ◆ the failure by some applicant charities to demonstrate and document beneficial soft and hard outcomes for their stakeholders; and
- ◆ the fall in applications.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

It is important, especially in times of severe crisis, for applicant charities to present to all potential funders cogent cases for funding, including those beneficial soft and hard outcomes referred to above. At the risk of repetition, this is why it is so important to include as much data as possible in applications, to allow funders to make fully informed decisions.

The consideration of larger grants is usually the result of the Foundation's research into potential grant recipients which are engaged in projects that the Foundation considers to be significantly innovative and with the potential of having enduring impact, usually nationally. Any such grants, once agreed, are usually subject to confidentiality clauses unless the Foundation considers publicity for such grants to increase their potential reach and impact. Large grants are usually a mix of matched funding and conditional funding dependent on the achievement of key performance indicators agreed by recipient charities and the Foundation.

The Foundation continued its aim to become a wholly paperless organisation in the year under review, but 3.1% of incoming applications were on paper, up from 2.8% in the previous year, 3.2% in 2022/23, 3.9% in 2021/22, 5.5% in 2020/21, and 10.8% in 2019/20. Although this is still a very small percentage, combined with another rise in hardcopy reports, newsletters, and mailshots, it is a concern, both in terms of environmental impact and in terms of expense for already cash-strapped charities.

Finally, in the year under review, the trustees reviewed and updated the Foundation's Governance Handbook in its entirety, with only minor updates made.

Grants made

The Foundation's actual grant payments in the year under review totalled £32,710,278. Grants payable represent 167 grants made to 161 charitable organisations. Of this total, £2,452,901 of grants were existing matched funding commitments, where conditions had been met in the 2023/24 financial year.

Education

The Foundation paid 6 grants totalling £4,829,432 to two organisations. All of these grants were under commitments made in previous years, where conditions were met in the year under review.

The Foundation's objective in its education grant strategy is to enable universal access. The trustees believe that the grant commitments they have made in this area now create a pathway from Reception to undergraduate level for low-income students to access high-quality education, which is entirely in line with their objectives in this area. It is for this reason that the Foundation is not accepting new applications in this area.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Grants made (continued)

End-of-life care

The Foundation paid 77 grants totalling £403,972 to 77 organisations.

The Foundation remains committed to supporting end-of-life care at the grassroots level, mainly in a hospice or hospice-at-home context, with a renewed focus on this sector due to its ongoing funding crisis.

Caseloads in the sector continue to rise, with a very high number of patients at the very end of life, and with increasingly complex conditions. Hospices continue to struggle with staff shortages, mainly due to lack of funding.

Heritage

The Foundation made no grants to the heritage sector in the year under review. Whilst cognisant of the fact that heritage and culture organisations are being significantly affected by the current economic climate, the trustees considered its existing education, health and social care related areas a greater priority. The Foundation is still accepting applications from heritage and culture charities.

Healthcare and patient support (excluding end-of-life care)

The Foundation paid 66 grants totalling £322,167 to 66 organisations.

The Foundation makes grants to charities which support the ill, and the physically and mentally disabled, to empower them to improve the quality of their lives, and to seek to live as independently as possible.

These grants are a mix of local and national level funding, with levels of need varying greatly between the regions.

Other

The Foundation made 18 grants totalling £218,708 to 16 organisations either not included in the areas above or overlapping the areas above.

The Foundation also made a donation of £26,936,000 to a UK charity with charitable purposes in line with the objectives of the Foundation.

Measuring impact

There are so many different definitions of impact measurement in The Third Sector that it is impossible to arrive at a benchmark for best practice. The continued discrediting of the effective altruism movement also puts into perspective impact measurement approaches which look solely at value for money outcomes. The Foundation believes that, although basic sound finance and business management principles should guide all charities, every charity is unique, and that evaluating impact has to be on a case-by-case basis.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Measuring impact (continued)

For this reason, the Foundation asks its grant recipients to provide a 1-month and a 6-month report not only on the spending of the grants received, but also on the activities of grant recipients as a whole. This approach ensures contextual reporting rather than looking at one single project in isolation and allows the trustees a deep insight into recipient charities' full impact.

In addition, during the evaluation of applications, the Foundation looks closely not just at financial and user data, but also at service users' feedback and what they perceive to be quality of life benefits. What this front-loaded approach achieves is to balance hard outcomes (financial, data from impact measures such as GAD-7 and PHQ-9, Warwick-Edinburgh Mental Wellbeing Scales, and similar) with soft outcomes (quality of life, service-user-defined improvements in physical and mental wellbeing), which establishes during the application process whether or not any applicant charity is being impactful. Financial data and performance give a view on the quality of management and efficiency of charities, whilst soft outcomes (including anecdotal evidence) provide an insight into the real impact charities have on the lives of their service users, who are the ultimate stakeholders of all charities, including trusts and foundations.

The gathering of information pre-application, combined with post-grant reporting, allows the Foundation to make judgements on impact on a case-by-case basis, and the trustees feel that the Foundation's grants have in most cases demonstrated significant beneficial impact for the ultimate beneficiaries of recipient charities.

Financial review

Results for the year

The Foundation's total income for the year ended 28 February 2025 amounted to £34,342,893 (2024 - £8,482,560). The majority of the Foundation's income arose from a gift of shares with a market value of £25,389,000 (2024 - £nil). Income on the Foundation's investment portfolio and cash deposits totalled £4,494,047 (2024 - £5,589,528); and income from donations totalled £4,459,846 (2024 - £2,893,032).

Expenditure on charitable activities totalled £30,682,096 (2024 - £4,298,904). This is made up of donated investments with a market value of £26,936,000 (2024 - £nil); total grants paid to institutions of £3,595,078 (2024 - £4,154,959); and grant and Foundation administration costs, including governance costs of £151,018 (2024 - £143,945). Investment management costs for the year amounted to £152,464 (2024 - £126,492).

Net income before gains and losses on the Foundation's investment portfolio was £3,508,333 (2024 - £4,057,164). After recognising losses on the disposal of investments of £67,679 (2024 - gains of £623,219) and losses arising from movements in the market value of investments of £8,217,172 (2024 - £11,782,851), the Foundation saw a total decrease in funds for the year of £4,776,518 (2024 - £7,102,468). Total funds of the Foundation at 28 February 2025 amounted to £64,055,628 (2024 - £68,832,146).

Financial review (continued)

Reserves policy

The trustees have examined the Foundation's requirements for reserves in light of the main risks to the Foundation. The trustees have established a reserves policy to protect the Foundation and its long-term charitable giving programme by providing time to adjust to changing financial circumstances.

The trustees have agreed that it would be in the best interests of the Foundation to continue to build up an expendable endowment fund to support its future grant making activities and provide the Foundation with an asset base to allow for its long term sustainability. Movements on the endowment fund are generated from significant donations of cash or equities to or by the Foundation, changes in the market value of the underlying investment portfolio, gains or losses realised on sale and after transfers, if required, to the Foundation's unrestricted income funds. At 28 February 2025 the expendable endowment was £45,273,853 (2024 - £50,798,322) which the trustees consider to be adequate to meet the Foundation's long term financial objectives.

The unrestricted income fund represents cumulative surplus arising from investment income exceeding charitable expenditure over the past five years. The purpose of the unrestricted income fund is to ensure the Foundation holds sufficient liquid assets to meet its approved grant commitments. In recent years, the Foundation's grant expenditure has been below budget which has led to an increase in unrestricted funds. At 28 February 2025 the income fund was £18,781,775 (2024 - £18,033,824), which the trustees consider to be adequate to meet the Foundation's known grant commitments.

The Foundation prepares budgets with an anticipated annual grant expenditure in the range of £6.0m - £8.0m in any given year, and cash flow projections are prepared on this basis and regularly reviewed by the Foundation to ensure that assets are available to provide the liquidity needed to allow the Foundation to be in a position to meet its commitments. Assets identified to meet short-term commitments are cash and investments that can be easily liquidated.

At 28 February 2025, the Foundation held £4,883,607 of cash, as well as an investment portfolio which provides sufficient liquidity for the Foundation's purposes. In the event that the trustees find themselves unable to meet the Foundation's commitments from unrestricted funds, they will draw on the expendable endowment to meet those commitments as they see fit. The reserves policy is reviewed annually to reassess the risks and reflect changes to the Foundation's income, capital, financial obligations and long-term plans for charitable expenditure. The trustees review the Foundation's shareholdings and bond portfolios on a regular basis with their investment managers both to ensure that the Foundation's investments are appropriate in all the circumstances and in particular given market volatility.

Fundraising

The Foundation does not fundraise directly with individuals and therefore is not registered with the Fundraising Regulator. No fundraising activities are undertaken and if donations from individuals are received, the Foundation aims to protect personal data and would never sell data or swap data with other organisations.

Future plans

The trustees continue to regularly review the breadth of the Foundation's objects. They feel that it is important for the Foundation to be open to applications across a range of charitable activities rather than focusing on one area to the exclusion of all others whilst being cognisant of the fact that only a small percentage of applications can be supported.

The breadth of the Foundation's objects provides it with the flexibility needed to be able to support a wide range of charities and to be very responsive to applicant charities' needs.

The Foundation will continue with this approach for the year ending 28 February 2026, with a focus on maintaining its current maximum 12-week application processing time. The trustees are cognisant of the fact that this approach, combined with external factors such as overly high funding ratios and a failure by applicants to follow application guidelines, has historically translated to a relatively low success rate for applicants.

The Foundation's strategy is to be a proactive grant maker which seeks to anticipate need and changes in the charitable sector, as well as responding quickly, effectively, and appropriately to crises. In addition, the Foundation wishes to continue its support of the community-based palliative care sector. In essence, this means that the trustees will continue to make difficult decisions on a monthly basis with due regard to their ongoing commitments.

Looking ahead, the Foundation plans to maintain its strategy of funding grants and operations through income generated from the endowment alone. With this in mind, the trustees have again reviewed the Foundation's grant-making policy, and have determined that, for the financial year ending 28 February 2026, they will continue with the broad grant-making policy outlined on pages 5 to 7 of this report.

The trustees reviewed the Foundation's eligibility exclusions in February 2025. They will not consider new applications from:

- ◆ Air ambulances;
- ◆ Animal charities (except those involving therapy or sport for the disabled);
- ◆ Charities which are party-politically driven;
- ◆ Charities with a commercial bias for a particular product or company;
- ◆ Charities with an aggressive religious bias;
- ◆ Childcare;
- ◆ Citizens' Advice Bureaux;

STRATEGIC REPORT (continued)

Future plans (continued)

- ◆ Community centres;
- ◆ Community Interest Companies (CICs);
- ◆ Education including
 - ◇ Adult/Further,
 - ◇ Higher,
 - ◇ Primary,
 - ◇ Secondary,
 - ◇ Special Educational Needs;
- ◆ Housing associations;
- ◆ Individuals;
- ◆ Medical research;
- ◆ Mental health charities (general);
- ◆ Military charities (including those for veterans);
- ◆ Minibuses;
- ◆ NHS trusts (or charities which fund them);
- ◆ Non-departmental government bodies;
- ◆ Outdoor activity centres;
- ◆ Overseas projects;
- ◆ Scouts, Guides, Brownies, Cubs, and similar organisations;
- ◆ Single-faith organisations;
- ◆ Sports clubs, unless only for the mentally or physically disabled;
- ◆ Village halls;
- ◆ Youth clubs & centres.

STRATEGIC REPORT (continued)

Future plans (continued)

Exceptions to this exclusions policy will be reviewed on a case-by-case basis in the light of the status of the applicant, its organisational structure (for example was it established for philanthropic and benevolent purposes), and the purpose of the grant.

Looking further ahead, the Foundation will continue to research existing charities in addition to continuing to consider unsolicited applications within the policy.

The trustees discuss the Foundation's grant-making policy on an ongoing basis and believe that their wide discretion allows the Foundation to be both innovative and supportive of a large variety of charitable projects and bodies, and that this continues to facilitate the Foundation's responses to crises. The Foundation will continue its strategy to become an entirely paperless organisation, and will continue to strongly encourage applicant charities to submit their applications by email rather than by post, with the aim of reducing hardcopy applications and correspondence to 2.5% of all incoming applications and correspondence compared to the 3.1% in the year under review. The beneficial impacts for applicant charities include financial savings, the ability to respond more quickly to the Foundation's due diligence, the ability to create a blueprint for successful applications processes not just in relation to the Foundation, as well as an increase in environmental responsibility. For the Foundation, the beneficial impacts include increased responsiveness, the ability to maintain transparency and speed of response.

The trustees are very cognisant of the impact AI is having on the world at large, and on the Third Sector in particular. They believe that it is very important that any AI output in any sphere (charitable or not) must be fact-checked and emotion-checked. Whilst it may become acceptable for AI tools thus checked to be useful research tools for applicant charities (and the use of them acknowledged by those charities), the Foundation does not believe that non-human due diligence on charities and their real impact or value will ever be possible or desirable or effective.

Risk management

The trustees believe that by monitoring reserve levels and ensuring that controls exist over key financial systems, and by examining from time to time the operational risks faced by the Foundation and its grant giving activities, they have established effective systems to mitigate the major risks to which the Foundation is exposed.

The principal risks faced by the Foundation are as follows:

- ◆ Financial sustainability;
- ◆ Ineffective grant making; and
- ◆ Investment management.

Risk management (continued)

Financial sustainability

The key elements in managing financial sustainability are a regular review of available funds with which to meet current and future grant commitments, regular liaison with investment managers and the bank, and monthly reporting of performance against budget for income and expenditure. In addition, financial risk is mitigated by processes which ensure that all financial instructions are approved by at least two trustees.

The Foundation's financial sustainability depends very much on the income from its multi-asset portfolios. The total value of the investment portfolio was 9.1% down for the 2023/24 financial year and markets remained volatile, but the Foundation's dividend income in the year under review continued to generate significant income to support the Foundation's activities. The trustees are confident that the Foundation's significant cash and high-liquidity holdings mitigate any immediate risk to the Foundation's financial sustainability.

Ineffective grant making

The key elements in managing effective grant making are rigorous evaluation of all grant applications (including the process outlined in the *Measuring Impact* section of this report), setting grant applicants' expectations on when to expect decisions on applications, and robust reporting requirements which need to be fulfilled by grant recipients. Risks are mitigated by a monthly review by the trustees of grant making, recipient reporting, and grant applications.

Investment management

The key elements in effective investment management are a trustee body with a skill set appropriate to evaluating investment performance, the engagement of professional investment managers with a significant and successful track record, monthly reviews of investment performance, and regular meetings with investment managers and the bank.

In order to ensure best practice and continuous improvement, the trustees review the Foundation's risk assessment at least once a year.

The trustees approve the trustees' report, including the strategic report.

Signed on behalf of the trustees:


James Carleton (Oct 21, 2025 16:19:12 GMT+2)

Trustee – James Carleton

Approved by the trustees on: 21/10/2025

Independent auditor's report to the members of The February Foundation

Opinion

We have audited the financial statements of The February Foundation (the 'charitable company') for the year ended 28 February 2025 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 28 February 2025 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the accounts 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.

Independent auditor's report Year to 28 February 2025

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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' report, which is also the directors' report for the purposes of company law and included the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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 is detailed below:

- ◆ We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP FRS 102 and the Charities Act 2011.
- ◆ We understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of minutes from trustee meetings and papers provided to the trustees.
- ◆ We assessed the susceptibility of the charitable company's financial statements to material misstatements, including how fraud might occur. Audit procedures performed by the engagement team included:
 - ◇ Identifying and assessing the design and implementation of controls in place to prevent and detect fraud;
 - ◇ Challenging assumptions and judgments made by management and the trustees in its significant accounting estimates;
 - ◇ Identifying and testing journal entries, in particular adjustments made at the year-end for financial statement preparation; and

Auditor's responsibilities for the audit of the financial statements (continued)

- ◇ Assessing the extent of compliance with relevant laws and regulations by reviewing correspondence with regulators and legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the accounts is located 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. 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.



Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott Audit LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

24 October 2025

Statement of financial activities Year ended 28 February 2025
(Including income and expenditure account)

	Notes	Unrestricted funds £	Expendable endowment £	Total 2025 £	Unrestricted funds £	Expendable endowment £	Total 2024 £
Income from:							
Donations and legacies							
. Donations		—	4,459,846	4,459,846	—	2,893,032	2,893,032
. Gift of Shares		—	25,389,000	25,389,000	—	—	—
Investments	1	4,494,047	—	4,494,047	5,589,528	—	5,589,528
Total income		4,494,047	29,848,846	34,342,893	5,589,528	2,893,032	8,482,560
Expenditure on:							
Investment management costs		—	152,464	152,464	—	126,492	126,492
Charitable activities	2	3,746,096	26,936,000	30,682,096	4,298,904	—	4,298,904
Total expenditure		3,746,096	27,088,464	30,834,560	4,298,904	126,492	4,425,396
Net income before (losses) gains on investments		747,951	2,760,382	3,508,333	1,290,624	2,766,540	4,057,164
Net (losses) gains on investments	6						
. Realised (losses) gains on sale		—	(67,679)	(67,679)	—	623,219	623,219
. Unrealised: changes in market value		—	(8,217,172)	(8,217,172)	—	(11,782,851)	(11,782,851)
		—	(8,284,851)	(8,284,851)	—	(11,159,632)	(11,159,632)
Net expenditure and net movement in funds for the year		747,951	(5,524,469)	(4,776,518)	1,290,624	(8,393,092)	(7,102,468)
Fund balances brought forward at 1 March 2024	10	18,033,824	50,798,322	68,832,146	16,743,200	59,191,414	75,934,614
Fund balances carried forward at 28 February 2025	10	18,781,775	45,273,853	64,055,628	18,033,824	50,798,322	68,832,146

All income and expenditure is derived from continuing activities. The statement of financial activities includes all gains and losses recognised in the year.

Balance sheet as at 28 February 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Fixed assets					
Investments	6		70,367,503		79,373,785
Current assets					
Debtors	7	1,161,462		1,188,466	
Cash at bank and in hand		4,883,607		<u>2,803,058</u>	
		6,045,069		<u>3,991,524</u>	
Current liabilities					
Creditors: amounts falling due within one year	8	(2,588,244)		<u>(2,551,263)</u>	
Net current assets			3,456,825		<u>1,440,281</u>
Total assets less current liabilities			73,824,328		<u>80,814,046</u>
Non-current liabilities					
Creditors: amounts falling due after one year	8		(9,768,700)		<u>(11,981,900)</u>
Net assets			64,055,628		<u>68,832,146</u>
Funds and reserves	10				
<i>Capital funds</i>					
Expendable endowment			45,273,853		<u>50,798,322</u>
<i>Income funds</i>					
Unrestricted funds			18,781,775		<u>18,033,824</u>
			64,055,628		<u>68,832,146</u>

Approved by the trustees and signed on their behalf by:

James Carleton
James Carleton (Oct 21, 2025 16:19:12 GMT+2)

Trustee – James Carleton

Approved on: 21/10/2025

The February Foundation

Company Registration Number: 05718135 (England and Wales)

Statement of cash flows Year ended 28 February 2025

	Notes	2025 £	2024 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(1,587,928)	(3,858,963)
Cash flows from investing activities:			
Dividends and interest from investments		4,494,047	4,495,476
Proceeds from the disposal of investments		6,626,228	6,878,727
Purchase of investments		(8,237,333)	(10,199,836)
Net cash provided by investing activities		2,882,942	1,174,367
Change in cash and cash equivalents in the year		1,295,014	(2,684,596)
Cash and cash equivalents at 1 March 2024	B	4,153,998	6,838,594
Cash and cash equivalents at 28 February 2025	B	5,449,012	4,153,998

Notes to the statement of cash flows

A Reconciliation of net expenditure to net cash used in operating activities

	2025 £	2024 £
Net expenditure (as per the statement of financial activities)	(4,776,518)	(7,102,468)
Adjustments for:		
Loss on investments	8,284,851	11,159,632
Dividends and interest from investments	(4,494,047)	(5,589,528)
Gift of shares: net movements on shares received and donated	1,547,000	—
Decrease in debtors	27,005	—
Decrease in creditors	(2,176,219)	(2,326,599)
Net cash used in operating activities	(1,587,928)	(3,858,963)

B Analysis of cash and cash equivalents

	2025 £	2024 £
Cash at bank and in hand	4,883,607	2,803,058
Cash held by investment managers (note 6)	565,405	1,350,940
Total cash and cash equivalents	5,449,012	4,153,998

Principal accounting policies Year ended 28 February 2025

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 28 February 2025.

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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) and the Charities Act 2011. The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis as specified in the accounting policies below.

The Foundation constitutes a public benefit entity as defined by FRS 102.

All financial information is presented in British Pounds Sterling (£), the Foundation's functional currency, and has been rounded to the nearest pound (£).

Critical accounting estimates and areas of judgement

The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the trustees to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the trustees' best knowledge of the amount, event or actions, actual results may differ from those estimates.

Areas requiring the use of estimates and critical judgements that may impact on the Foundation's financial activities and financial position include:

- ◆ Multi-year grant commitments, where judgements are made for recognising grants payable for which the payment is not due until future periods. In accordance with the Foundation's accounting policy for expenditure recognition, multi-year grant commitments are only recognised when approved and all conditions have been satisfied; and
- ◆ Estimates of the discount rate used to derive the present value of long-term grant liabilities, which is based on the average income return from the Foundation's investment portfolio.

Assessment of going concern

The trustees of the Foundation have not identified any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the Foundation to continue as a going concern.

Principal accounting policies Year ended 28 February 2025

Assessment of going concern (continued)

The trustees consider that the Foundation's cash reserves and the ability to access liquidity through the investment portfolio together with the returns on investments, provide sufficient funding to meet the anticipated grant commitments for the ensuing year and its long-term grant commitments.

Income

Income from donations is recognised in the period in which the Foundation becomes entitled to the donation and where receipt is probable and its amount can be measured reliably.

Investment income comprises dividends and interest on the Foundation's portfolio of listed investments. Dividends are recognised once the dividend has been declared and the Foundation has received notification that the dividend is due.

Interest on the Foundation's investment portfolio and funds held on deposit is recognised when receipt is probable and the amount can be measured reliably using the effective interest method.

Expenditure

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. It includes VAT which cannot be recovered.

Expenditure on charitable activities comprises grants payable and related support and governance costs.

Grants payable

Grants payable are recognised when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions.

Long term grants payable are initially recognised at present value with the discount and subsequent unwinding of the discount being credited or charged to the statement of financial activities as grant expenditure within charitable activities.

Grants are not recognised as payable but noted as financial commitments in the notes to the financial statements under the following circumstances:

- ◆ Where the beneficiary has not been informed; or
- ◆ Where the beneficiary has to meet certain explicit conditions before the grant is released; or
- ◆ Where the amount and timing of matched funding payments is uncertain.

Expenditure (continued)

Support and governance costs

Support costs are those functions that assist the work of the Foundation but do not directly undertake charitable activities. Support costs include administration, personnel and governance costs. Governance costs include audit costs and legal costs relating to the Foundation's compliance with regulation and good practice.

Investment management fees

Investment management fees incurred in managing the investments of the endowment are charged against the endowment fund.

Fixed asset investments

The Foundation's investment in quoted shares and similar investments are initially measured at cost and subsequently at market value. Investment gains and losses, whether realised or unrealised, are recognised in the statement of financial activities in the period in which they arise.

Financial instruments

The Foundation only holds basic financial instruments as defined in FRS102. Financial assets and liabilities and their recognition and measurement bases are as follows:

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

At the end of each reporting period financial assets are assessed for objective evidence of impairment. If such evidence is identified, an impairment loss is recognised in the statement of financial activities. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and a best estimate of the recoverable amount.

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire or are settled in cash, or when substantially all the risk and rewards of ownership of the financial asset have been transferred to another party.

A financial liability is derecognised when the contract that gives rise to it is settled, sold cancelled or expired.

Debtors

Accrued income is initially recognised at the settlement amount and subsequently at amortised cost or their recoverable amount.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

Principal accounting policies Year ended 28 February 2025

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the Foundation anticipates it will pay to settle the debt, and subsequently at amortised cost.

Non-current creditors are measured at their present value at the balance sheet date where the time value of money is material. The initial recognition of the discount and its subsequent unwinding are credited or charged in the statement of financial activities to the appropriate income or expenditure heading. The discount rate applied is based on the opportunity cost of income from investments foregone.

Pension costs

Employer's contributions in respect of defined contribution pension schemes are charged to the statement of financial activities in the year in which they are payable to the scheme.

Fund accounting

The expendable endowment funds represent the capital funds of the Foundation which can be drawn upon if required.

The unrestricted funds represent funds available for the general charitable purposes of the Foundation at the discretion of the trustees.

1 Investment income

	2025 £	2024 £
Dividends on investments	4,429,073	5,520,075
Interest on cash holdings	64,974	69,453
	4,494,047	5,589,528

2 Expenditure on charitable activities

	2025 £	2024 £
<i>Grants to institutions by category:</i>		
. Education	2,621,231	3,229,438
. Healthcare and patient support	357,167	338,507
. End-of-life care	397,972	472,231
. Other categories	218,708	114,783
<i>Total grants payable</i>	3,595,078	4,154,959
Investments donated to a UK registered charity	26,936,000	—
	30,531,078	—
Grant and Foundation administrative expenses including governance costs (note 3)	151,018	143,945
	30,682,096	4,298,904

The trustees awarded grants to 157 charitable institutions in the year ended 28 February 2025 (2024 - 178). The trustees consider that the disclosure of specific material grants to institutions could seriously prejudice the furtherance of the purposes of the Foundation.

The trustees donated investments with market value of £26,936,000 to a UK charity with general charitable purposes in the year ended 28 February 2025 (2024 - £nil).

A reconciliation of the grants payable and commitments shown in these financial statements is as follows:

	2025 £	2024 £
Grants payable at 1 March 2024 (note 8)	14,492,900	16,825,300
Grants made during the year	3,595,078	4,154,959
Grants paid in the year	(5,774,278)	(6,487,359)
Grants payable at 28 February 2025 (note 8)	12,313,700	14,492,900

	2025 £	2024 £
The above grants commitments fall due as follows:		
Within one year (note 8)	2,545,000	2,511,000
After one year (note 8)	9,768,700	11,981,900
	12,313,700	14,492,900

3 Governance costs

	2025 £	2024 £
Fees payable to the auditor:		
Statutory audit	18,000	16,105
Taxation services	3,048	2,820
Payroll services	3,168	4,656
	24,216	23,581

4 Staff costs including key management personnel and trustees' remuneration

	2025 £	2024 £
<i>Staff costs comprise:</i>		
Wages and salaries	95,000	93,667
Social security costs	6,855	6,671
Pension costs	7,125	7,025
Medical insurance	1,687	1,687
	110,667	109,049

The average monthly number of persons (including key management personnel) employed by the charitable company during the year on a full-time equivalent basis was one (2024 - one).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Foundation and are represented by the trustees and the Chief Executive. The remuneration paid to the Chief Executive is as set out above.

The trustees received no remuneration (2024 - none) and were not reimbursed for any expenses (2024 - none).

5 Taxation

The February Foundation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

6 Fixed asset investments

At the year-end, fixed asset investments comprised the following investments and cash held for investment:

	Total 2025 £	Total 2024 £
Market value of investments at 1 March 2024	78,022,845	85,861,368
Gift of shares received	25,389,000	—
Additions	8,237,333	10,199,836
Disposals (proceeds £6,626,228; realised loss £67,680)	(6,693,908)	(6,255,508)
Disposals: Shares donated to a UK charity at market value (Note 2)	(26,939,000)	—
Unrealised losses in the year	(8,217,172)	(11,782,851)
Market value of investments at 28 February 2025	69,802,098	78,022,845
Cash held for reinvestment	565,405	1,350,940
	70,367,503	79,373,785
Historic cost of investments at 28 February 2025	34,627,287	34,292,046
The market value of investments at 28 February 2025 comprises:		
UK listed	33,153,775	44,929,689
UK fixed interest stock	13,525,810	12,467,384
Overseas listed	19,453,597	17,279,990
Overseas fixed interest	724,675	715,307
Alternatives	2,122,948	1,621,415
Property	821,293	1,018,060
Cash held for reinvestment	565,405	1,350,940
	70,367,503	79,373,785

7 Debtors

	2025 £	2024 £
Due within one year		
Accrued income	1,161,462	1,188,466
	1,161,462	1,188,466

8. Creditors

	2025 £	2024 £
Due within one year		
Accrued expenses	43,244	40,263
Grants payable	2,545,000	2,511,000
	2,588,244	2,551,263
Due after more than one year		
Grants payable	9,768,700	11,981,900
Total creditors	12,356,944	14,533,163

Grants payable after one year have been recognised at net present value to reflect the time value of money. The value of grants payable, before discounting, at 28 February 2025 was £12,500,000 (2024 - £15,000,000).

9. Financial instruments and financial risk management

The Foundation holds financial instrument measured at amortised cost or fair value as follows:

	2025 £	2024 £
Financial assets measured at amortised cost	1,161,462	1,188,466
Financial liabilities measured at amortised cost	2,588,244	2,551,263
Financial liabilities measured at fair value	9,768,700	11,981,900

The Foundation has exposure to one main area of risk, liquidity risk.

Liquidity risk

The objective of the Foundation in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Foundation seeks to meet its financial obligations through cash flows from its investment portfolio. In the event that the cash flows would not cover all the financial liabilities, the charity has sufficient cash reserves available to meet any shortfall.

10. Analysis of net assets between funds

	Expendable endowment £	Unrestricted funds £	Total 2025 £
Fund balances at 28 February 2025 are represented by:			
Investments	46,798,087	23,569,416	70,367,503
Current assets	—	6,045,069	6,045,069
Creditors: amounts falling due within one year	—	(2,588,244)	(2,588,244)
Creditors: amounts falling due after one year	—	(9,768,700)	(9,768,700)
Total net assets	46,798,087	17,257,541	64,055,628

	Expendable endowment £	Unrestricted funds £	Total 2024 £
Fund balances at 28 February 2024 are represented by:			
Investments	50,798,322	28,575,463	79,373,785
Current assets	—	3,991,524	3,991,524
Creditors: amounts falling due within one year	—	(2,551,263)	(2,551,263)
Creditors: amounts falling due after one year	—	(11,981,900)	(11,981,900)
Total net assets	50,798,322	18,033,824	68,832,146

11. Grant funding commitments

At 28 February 2025, the trustees had approved the following grants which will not be paid to the recipient unless and until either matched funding is obtained by the recipient before the agreement expires or conditions attached to the agreement are fulfilled by the recipient.

These amounts have not been recognised as a liability in the balance sheet.

	Education £	Healthcare and patient support £	End-of- Life Care £	Total £
Maximum commitment at 1 March 2024	6,798,844	102,000	20,000	6,920,844
Paid in year	(2,321,419)	(21,000)	(10,000)	(2,352,419)
New commitments	2,442,618	—	—	2,442,618
Maximum commitment at 28 February 2025	6,920,043	81,000	10,000	7,011,043

	Education £	Healthcare and patient support £	End-of- Life Care £	Total £
Maximum commitment at 1 March 2023	9,997,724	54,000	85,000	10,136,724
Paid in year	(3,030,837)	—	(65,000)	(3,095,837)
New/(lapsed) commitments	(168,043)	48,000	—	(150,043)
Maximum commitment at 28 February 2024	6,798,844	102,000	20,000	6,920,844

Matched and conditional funding commitments are available under agreements which expire between 2025/26 and 2029/30.

12. Related parties

The Foundation did not enter into any transactions with related parties during the financial year (2024 – none).

THE FEBRUARY FOUNDATION

England & Wales - Charity number 1113064

Accounts

**The
February
Foundation**

**Annual Report and Financial
Statements**

29 February 2024

Company Limited by Guarantee
Registration Number
05718135 (England and Wales)

Charity Registration Number
1113064

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Reference and administrative information

Trustees	James Carleton Mark Clarke Michael Moody
Chief Executive and Company Secretary	Richard Pierce-Saunderson
Registered office	66 Lincoln's Inn Fields London WC2A 3LH
Company registration number	05718135 (England and Wales)
Charity registration number	1113064
Auditors	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers and investment managers	C Hoare & Co 37 Fleet Street London EC4P 4DQ UBS Wealth Management 1 Finsbury Avenue London EC2M 2AN Investec Wealth & Investment Limited 2 Gresham Street London EC2V 7QN
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH
Website	www.thefebruaryfoundation.org

Trustees' report Year to 29 February 2024

The trustees present their statutory report together with the financial statements of The February Foundation for the year to 29 February 2024. The trustees are also directors of the Foundation for the purposes of company law and the trustees' report contains a directors' and strategic report as required by the Companies Act 2006.

This report has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 26 to 29 of the attached financial statements and comply with the Memorandum and Articles of Association of The February Foundation, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

GOVERNANCE, STRUCTURE AND MANAGEMENT

Constitution

The February Foundation was incorporated on 22 February 2006 as a company limited by guarantee under company registration number 05718135. On 23 February 2006, the Foundation registered on the Central Register of Charities under registration number 1113064.

Trustees

The names of the trustees as at the date of this report are set out as part of the reference and administrative information on page 1 of these Annual Report and Financial Statements. There were no changes in trustees for the year under review.

Recruitment and appointment

The appointment of trustees is governed by the Memorandum and Articles of Association of the Foundation. All trustees must be aged at least 18, and there must at all times be a minimum of two and a maximum of five trustees. Upon appointment every trustee must sign a declaration of willingness to act as a trustee of the Foundation before he or she may vote at any meeting of the trustee. Trustees shall hold office for three years, but may be reappointed.

Induction and training

The Foundation recognises that new and current trustees should be aware of the Foundation's charitable purposes, mode of operation, plans, policies and costs. All trustees are provided with a copy of the Memorandum and Articles of Association, the grant giving policy, and a copy of other relevant policies as well as minutes of recent trustees' meetings.

The trustees are provided with appropriate updates relating to matters impacting upon charity law and the running and administration of the Foundation from their professional advisers. They also attend external training events where appropriate.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement

The trustees (who are also directors of The February Foundation for the purposes of company law) are responsible for preparing the trustees' report and 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 Foundation and of the income and expenditure of the Foundation 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation 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 Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the Foundation's auditors are unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement (continued)

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

Key management personnel

The trustees consider that the board of trustees and Chief Executive comprise the key management personnel in charge of directing and controlling, running and operating the Foundation on a day to day basis.

The trustees give their time freely and no trustee received remuneration in the year.

The pay of the Chief Executive is reviewed annually by the trustees.

Organisation

The trustees are ultimately responsible for the policies, activities and assets of the Foundation. They meet formally at least twice a year. The trustees must approve any grants made by the Foundation before such grants are made.

The main functions of the Chief Executive comprise the following:

- ◆ research and investigation of charitable causes;
- ◆ maintaining and updating the Foundation's website;
- ◆ providing administrative and secretarial support to the trustees;
- ◆ undertaking day-to-day administrative duties;
- ◆ liaising with grant applicants, developing grant policies and monitoring grants;
- ◆ maintaining the Foundation's databases and information systems;
- ◆ acting as a point of contact for the Foundation; and
- ◆ managing the financial affairs of the Foundation.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES

Charitable objectives and activities

The Foundation's charitable objectives as expressed in its Memorandum of Association are as follows:

'The general purposes of such charitable bodies or for such other purposes as shall be exclusively charitable as the trustees may from time to time decide.'

The Foundation makes grants to a range of charities and charitable activities in accordance with the Foundation's grant making policy, as set out below.

The trustees reviewed the Foundation's giving policy in the 2022/23 financial year and decided to continue with the policy of exclusions. These are detailed in the grant making policy section of this report.

Public benefit

The trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and setting its grant-making policy.

The February Foundation's aims and objectives fall within the various descriptions of charitable purposes in the Charities Act 2011, and, in particular, the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage, the advancement of education, the advancement of the arts, culture, and heritage.

Grant applications for any charitable purpose are considered by the trustees. To date, all grants have been awarded to registered charities, and the beneficiaries are those of the recipient charities. The charities supported by the Foundation during this financial year are active in end-of-life care, healthcare and patient support and education.

Grant making policy

In the year under review, the following grant making policy applied:

The trustees will normally award grants to registered charities.

The trustees will consider new applications from:

- ◆ charities which are for the benefit of persons who are making an effort to improve their lives;
- ◆ charities which are for the benefit of persons no longer physically or mentally able to help themselves;
- ◆ charities which have a long-term beneficial impact on the future of individuals, groups of individuals, or organisations;

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Grant making policy (continued)

- ◆ charities which protect the environment;
- ◆ small or minority charities where small grants will have a significant impact;
- ◆ companies where the acquisition of equity would be in line with the Foundation's charitable objectives (this is elaborated in the Foundation's investment policy which is periodically reviewed); and
- ◆ charities whose charitable objectives are aligned with those of the Foundation.

The trustees will not consider new applications from:

- ◆ Animal charities (except those involving therapy or sport for the disabled);
- ◆ Charities which are party-politically driven;
- ◆ Charities with a commercial bias for a particular product or company;
- ◆ Charities with an aggressive religious bias;
- ◆ Child care;
- ◆ Citizens' Advice Bureaux;
- ◆ Community centres;
- ◆ Community Interest Companies (CICs);
- ◆ Education including
 - Adult/Further,
 - Higher,
 - Primary,
 - Secondary,
 - Special Educational Needs;
- ◆ Housing associations;
- ◆ Individuals;
- ◆ Medical research;
- ◆ Military charities (inc those for veterans);

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Grant making policy (continued)

- ◆ Minibuses;
- ◆ NHS trusts (or charities which support them);
- ◆ Non-departmental government bodies;
- ◆ Outdoor activity centres;
- ◆ Overseas projects;
- ◆ Scouts, Guides, Brownies, Cubs, and similar organisations;
- ◆ Single-faith organisations;
- ◆ Sports clubs, unless only for the mentally or physically disabled;
- ◆ Village halls;
- ◆ Youth clubs & centres.

Exceptions to this exclusions policy will be reviewed on a case-by-case basis in the light of the status of the applicant, its organisational structure (for example was it established for philanthropic and benevolent purposes), and the purpose of the grant.

There is no minimum grant. The average grant is usually £5,000 per award, but this is reviewed on a case-by-case basis. Terms and conditions for grants will be discussed and drafted by the trustees on a case-by-case basis. The trustees may decide to award grants without any accompanying conditions.

Investment policy

The Foundation has a portfolio of investments with Investec and UBS which had a market value of £79,373,785 including cash held by the investment managers, at 29 February 2024 (2023 - £84,717,279).

The investment policy of the Foundation is to seek a balanced return from capital growth over the medium term.

The investment portfolio policy is:

- ◆ to grow income over the medium term and depending on the strategy agreed with the Foundation;
- ◆ to maintain in real terms the total value of the capital base from which the Foundation's income is derived;
- ◆ to recognise that growth in income and capital requires some risks to be taken, but to

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Investment policy (continued)

require that these should be managed by maintaining a spread of investments which give a low to medium risk portfolio.

The trustees seek the investment managers to be custodians of the investment portfolio. It is the trustees' duty to produce a balanced investment strategy.

Periodic meetings are held with the investment managers who provide the trustees with reports for the preceding half-year.

The trustees seek to minimise risk by:

- ◆ monitoring and periodically reviewing the performance of the investment managers;
- ◆ investing in bonds which are mainly rated A to AAA;
- ◆ investing in equities whilst evaluating gifts of shares on a case-by-case basis in the context of the Foundation's overall portfolio;
- ◆ allowing a change in the investment portfolio only after discussions between the investment managers, the trustees and other professional advisers.

STRATEGIC REPORT

Achievements and performance

Review of activities

In the year under review, the Third Sector continued to struggle with the cost-of-living crisis and high incidences of covid-19 amongst healthcare staff against a background of enduring national staff shortages. Despite inflation growth slowing, fixed overhead costs continued to rise disproportionately for the whole of the sector, particularly affecting small to medium-sized charities, and the historically underfunded hospice sector. The trustees focused on balancing the funding priorities directly related to these issues and fulfilling existing commitments.

The Foundation continued its standard applications process with a maximum 12-week response time, and monthly grant distributions. In terms of the number of Foundation grants made, core and operating cost grants accounted for 25%, reducing from over 50% in the previous year, mainly as a result of applications focusing on specific projects which were underfunded due to the worsening economic climate. Although core and operating cost grants remain the most flexible types of grant, especially in a constantly changing environment for charities, it was encouraging to see successful applicant charities with an increased focus on specific projects in their applications. The Foundation's strategy of excluding fundraising costs from core and operating cost grants continued in order to ensure that such grants would directly benefit the ultimate stakeholders in recipient charities. Reporting requirements and criteria remained flexible in recognition of the immense pressures on all charities and their staff. It is important to note, as always, that reporting requirements can never be entirely removed; recipient charities and funders quite rightly remain publicly accountable, and should operate as transparently as possible.

In the year under review, the Foundation retained its requirement for applications to contain additional information in order to overcome the average 9-month lag between the end of financial years and the publishing of audited accounts. The intention of gathering this additional information (which includes asking for applicant charities' cash position and free reserves at the time of application, as well as for applicant charities' live caseload and reach at the time of application) is to allow informed decision-making by the trustees. It is important once again to emphasise that the Foundation gathers this information confidentially. This information gathering also enables the Foundation to build a complete picture of the context in which charities operate. The trustees do not anticipate changing the requirement for additional information.

The Foundation continues to believe that applicant charities' annual reports and accounts are their most important support tool in raising funds, providing important contextual information, and that they should therefore be presented clearly and simply, and include as much data and information as possible (such as service user numbers and their comparatives, user feedback data and their comparatives, service delivery successes and difficulties). The inclusion of as much detailed and in-depth information in annual accounts increases the ability of charities to raise funds from all potential funders, not just from the Foundation.

The Foundation remains in a strong position, both financially and procedurally, to be able to quickly and effectively support its core constituencies. Its vision has always been to be a funder of longevity, to spend within its means, and to offer not only financial support but also advice to those charities it deals with. This vision continues to prove its value as the funding

STRATEGIC REPORT

Achievements and performance

Review of activities (continued)

landscape remains difficult and challenging.

The Foundation continued to structure its giving in an informed manner, with in-depth research on applications, and extensive due diligence on significant projects. In the year under review, 724 charities were evaluated (compared to 662 in the previous year, a 9.0% increase), which had either applied to the Foundation, or which were selected by the Foundation as potential candidates for funding. This significant increase on the back of an already high level of applications is similar to that experienced by funders across the sector, and reflects continuing increasing need, and a persistently difficult funding landscape. The reality here is that one single trust or foundation cannot possibly meet all needs in the sector.

Whilst a majority of applications and approaches to the Foundation in the year under review continued to be focused, well-targeted, complex, and intelligent, and based on thorough research of potential funders, and demonstrated sound financial management and significant beneficial soft and hard outcomes for their stakeholders, the number of applications which did not exhibit these qualities unfortunately increased again. Applicants either failed to check the Foundation's web site for its application guidelines, or did not adhere to the application guidelines provided directly by the Foundation in response to phone and email enquiries. The trustees recognise that often this can be due to the thankless nature of the fundraising task, and the immense pressures on fundraising staff. However, it is always worth considering the value of five minutes of additional research before putting together applications. The Foundation's concise and precise guidelines aim to give fundraisers as much universally-applicable guidance as possible.

In the year under review, 23.9% of applications were successful, down from 27.5% in 2022/23, 29.0% in 2021/22, and 37.1% in 2020/21, but still higher than the 23.1% success rate in 2019/20. 2.8% of applications to the Foundation were ineligible to apply (compared to 3.0% in the previous year).

The Foundation's grant expenditure remained below budget. The main reasons for this, in addition to those outlined above, were:

- the failure of some grant recipients to reach maximum matched funding levels;
- longer than expected negotiations on larger grants either due to extended discussions about grant conditions or a need for extended periods of due diligence;
- small drawdowns on agreed grants;
- poor funding ratios from a significant number of applications, especially when compared to the funding ratios of similar charities;
- the failure by some applicant charities to demonstrate and document beneficial soft and hard outcomes for their stakeholders.

At this point it is worth reiterating that it is important, especially in times of severe crisis, for applicant charities to present cogent cases for funding, including those beneficial soft and hard outcomes referred to above. At the risk of repetition, this is why it is so important to include as much data as possible in applications, to allow funders to make fully informed

STRATEGIC REPORT

Achievements and performance

Review of activities (continued)

decisions.

The consideration of larger grants is usually the result of the Foundation's research into potential grant recipients which are engaged in projects that the Foundation considers to be significantly innovative and with the potential of having enduring impact, usually nationally. Any such grants, once agreed, are usually subject to confidentiality clauses unless the Foundation considers publicity for such grants to increase their potential reach and impact. Large grants are usually a mix of matched funding and conditional funding dependent on the achievement of key performance indicators agreed by recipient charities and the Foundation.

The Foundation continued its progress towards becoming a wholly paperless organisation in the year under review, with only 2.8% of incoming applications on paper, compared to 3.2% in the previous year, 3.9% in 2021/22, 5.5% in 2020/21, 10.8% in 2019/20, and 40.1% in 2017/18. This reduction continues the trend towards widespread use of technology and homeworking as a norm. Electronic communications enable the Foundation to respond with great speed and effectiveness to all applicant charities. To temper this, however, it should be noted that there was an alarming increase in hardcopy mailshots, reports, and newsletters, which was disappointing.

Finally, in the year under review, the trustees reviewed and updated the Foundation's Governance Handbook in its entirety.

Grants made

The Foundation's actual grant payments in the year under review totalled £6,487,359. Grants payable represent 186 grants made to 178 charitable organisations. Of this total, £3,152,838 of grants were existing matched funding commitments, where conditions had been met in the 2023/24 financial year.

Education

The Foundation paid 11 grants totalling £5,530,838 to four organisations. All of these grants were under commitments made in previous years, where conditions were met in the year under review.

The Foundation's objective in its education grant strategy is to enable universal access. The trustees believe that the grant commitments they have made in this area now create a pathway from Reception to undergraduate level for low-income students to access high-quality education, which is entirely in line with their objectives in this area. It is for this reason that the Foundation is not accepting new applications in this area.

End-of-life care

The Foundation paid 83 grants totalling £478,231 to 82 organisations.

The Foundation remains committed to supporting end-of-life care at the grassroots level, mainly in a hospice or hospice-at-home context, with an increased emphasis on operating and core costs to give more flexibility for recipient charities.

STRATEGIC REPORT

Achievements and performance

Review of activities (continued)

End-of-life care was disproportionately affected by covid-19, and continues to be significantly adversely affected by the cost-of-living crisis, especially by rising energy and food prices. The trustees are cognisant of the fact that hospices continue to see an increase in demand as a result of covid-19, with a very high number of patients at the very end of life due to many diagnoses and treatments being delayed by the exceptional additional pressure put on the NHS by external factors including but not limited to covid-19.

Heritage

The Foundation made no grants to the heritage sector in the year under review. Whilst cognisant of the fact that heritage and culture organisations are being significantly affected by the current economic climate, the trustees considered health and social care related areas a greater priority. The Foundation is still accepting applications from heritage and culture charities.

Healthcare and patient support (excluding end-of-life care)

The Foundation paid 70 grants totalling £363,507 to 70 organisations.

The Foundation makes grants to charities which support the ill, and the physically and mentally disabled, to empower them to improve the quality of their lives, and to seek to live as independently as possible.

Although demand across national helplines offering patient support and information continues to decline in a perceived post-pandemic world, call levels for most helplines remain at significantly elevated volumes compared to pre-pandemic levels. Many of the grants made in the year under review were therefore to maintain the capacity of national helplines.

Other

The Foundation made 22 grants totalling £114,783 to 22 organisations either not included in the areas above, or overlapping the areas above.

Measuring impact

There are so many different definitions on impact measurement in The Third Sector that it is impossible to arrive at a benchmark for best practice. The continued discrediting of the effective altruism movement also puts into perspective impact measurement approaches which look solely at value for money outcomes. The Foundation believes that, although basic sound finance and business management principles should guide all charities, every charity is unique, and that evaluating impact has to be on a case-by-case basis.

For this reason, the Foundation asks its grant recipients to provide a 1-month and a 6-month report not only on the spending of the grants received, but also on the activities of grant recipients as a whole. This approach ensures contextual reporting rather than looking at one single project in isolation, and allows the trustees a deep insight into recipient charities' full impact.

In addition, during the evaluation of applications, the Foundation looks closely not just at

STRATEGIC REPORT

Achievements and performance

Measuring impact (continued)

financial and user data, but also at service users' feedback and what they perceive to be quality of life benefits. What this front-loaded approach achieves is to balance hard outcomes (financial, data from impact measures such as GAD-7 and PHQ-9, Warwick-Edinburgh Mental Wellbeing Scales, and similar) with soft outcomes (quality of life, service-user-defined improvements in physical and mental wellbeing), which establishes during the application process whether or not any applicant charity is being impactful. Financial data and performance give a view on the quality of management and efficiency of charities, whilst soft outcomes (including anecdotal evidence) provide an insight into the real impact charities have on the lives of their service users, who are the ultimate stakeholders of all charities, including trusts and foundations.

The gathering of information pre-application, combined with post-grant reporting, allows the Foundation to make judgements on impact on a case-by-case basis, and the trustees feel that the Foundation's grants have in most cases demonstrated significant beneficial impact for the ultimate stakeholders of recipient charities.

Future plans

The trustees continue to regularly review the breadth of the Foundation's objects. They feel that it is important for the Foundation to be open to applications across a range of charitable activities rather than focusing on one area to the exclusion of all others whilst being cognisant of the fact that not all applications can be supported.

The breadth of the Foundation's objects provides it with the flexibility needed to be able to support a wide range of charities and to be very responsive to applicant charities' needs.

The Foundation will continue with this approach for the year ending 28 February 2025, with a focus on maintaining its current maximum 12-week application processing time. The trustees are cognisant of the fact that this approach, combined with external factors such as overly-high funding ratios and a failure by applicants to follow application guidelines, has historically translated to a relatively low success rate for applicants.

The Foundation's strategy is to be a proactive grant maker which seeks to anticipate need and changes in the charitable sector, as well as responding quickly, effectively, and appropriately to crises. In addition, the Foundation wishes to continue its support of the community-based palliative care sector. In essence, this means that the trustees will continue to make difficult decisions on a monthly basis with due regard to their ongoing commitments.

Looking ahead, the Foundation plans to maintain its strategy of funding grants and operations through income generated from the endowment alone. With this in mind, the trustees have again reviewed the Foundation's grant-making policy, and have determined that, for the financial year ending 28 February 2025, they will continue with the broad grant-making policy outlined on pages 5 to 7 of this report.

The trustees reviewed the Foundation's eligibility exclusions in February 2024. They will not

STRATEGIC REPORT

Future plans (continued)

consider new applications from:

- ◆ Animal charities (except those involving therapy or sport for the disabled);
- ◆ Charities which are party-politically driven;
- ◆ Charities with a commercial bias for a particular product or company;
- ◆ Charities with an aggressive religious bias;
- ◆ Child care;
- ◆ Citizens' Advice Bureaux;
- ◆ Community centres;
- ◆ Community Interest Companies (CICs);
- ◆ Education including
 - Adult/Further,
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 - Special Educational Needs;
- ◆ Housing associations;
- ◆ Individuals;
- ◆ Medical research;
- ◆ Military charities (including those for veterans);
- ◆ Minibuses;
- ◆ NHS trusts (or charities which support them);
- ◆ Non-departmental government bodies;
- ◆ Outdoor activity centres;
- ◆ Overseas projects;
- ◆ Scouts, Guides, Brownies, Cubs, and similar organisations;
- ◆ Single-faith organisations;
- ◆ Sports clubs, unless only for the mentally or physically disabled;
- ◆ Village halls;
- ◆ Youth clubs & centres.

Exceptions to this exclusions policy will be reviewed on a case-by-case basis in the light of the status of the applicant, its organisational structure (for example was it established for philanthropic and benevolent purposes), and the purpose of the grant.

Looking further ahead, the Foundation will continue to research existing charities in addition to continuing to consider unsolicited applications within the policy.

The trustees discuss the Foundation's grant-making policy on an ongoing basis, and believe that their wide discretion allows the Foundation to be both innovative and supportive of a large variety of charitable projects and bodies, and that this continues to facilitate the Foundation's responses to crises. The Foundation will continue its strategy to become an entirely paperless organisation, and will continue to strongly encourage applicant charities to submit their applications by email rather than by post, with the aim of reducing hardcopy applications and correspondence to 2.5% of all incoming applications and correspondence

STRATEGIC REPORT

Future plans (continued)

compared to the 2.8% in the year under review. The beneficial impacts for applicant charities include financial savings, the ability to respond more quickly to the Foundation's due diligence, the ability to create a blueprint for successful applications processes not just in relation to the Foundation, as well as an increase in environmental responsibility. For the Foundation, the beneficial impacts include increased responsiveness, the ability to maintain transparency and speed of response.

The trustees are very cognisant of the impact AI is having on the world at large, and on the Third Sector in particular. They believe that it is very important that any AI output in any sphere (charitable or not) must be fact-checked and emotion-checked. Whilst it may become acceptable for AI tools thus checked to be useful research tools for applicant charities (and the use of them acknowledged by those charities), the Foundation does not believe that non-human due diligence on charities and their real impact or value will ever be possible or desirable or effective.

Risk management

The trustees believe that by monitoring reserve levels and ensuring that controls exist over key financial systems, and by examining from time to time the operational risks faced by the Foundation and its grant giving activities, they have established effective systems to mitigate the major risks to which the Foundation is exposed.

The principal risks faced by the Foundation are as follows:

- ◆ Financial sustainability (including covid-19);
- ◆ Ineffective grant making;
- ◆ Investment management.

Financial sustainability (including covid-19)

The key elements in managing financial sustainability are a regular review of available funds with which to meet current and future grant commitments, regular liaison with investment managers and the bank, and monthly reporting of performance against budget for income and expenditure. In addition, financial risk is mitigated by processes which ensure that all financial instructions are approved by at least two trustees.

The Foundation's financial sustainability depends very much on the income from its multi-asset portfolios. The total value of the investment portfolio was 9.1% down for the 2023/24 financial year and markets remained volatile, but the Foundation's dividend income in the year under review continued to generate significant income to support the Foundation's activities. The trustees are confident that the Foundation's significant cash and high-liquidity holdings mitigate any immediate risk to the Foundation's financial sustainability.

STRATEGIC REPORT

Financial sustainability (including covid-19) (continued)

Ineffective grant making

The key elements in managing effective grant making are rigorous evaluation of all grant applications (including the process outlined in the *Measuring Impact* section of this report), setting grant applicants' expectations on when to expect decisions on applications, and robust reporting requirements which need to be fulfilled by grant recipients. Risks are mitigated by a monthly review by the trustees of grant making, recipient reporting, and grant applications.

Investment management

The key elements in effective investment management are a trustee body with a skill set appropriate to evaluating investment performance, the engagement of professional investment managers with a significant and successful track record, monthly reviews of investment performance, and regular meetings with investment managers and the bank.

In order to ensure best practice and continuous improvement, the trustees review the Foundation's risk assessment at least once a year.

Statement of Trustees' Responsibilities

The Trustees (who in this reporting period are also directors of The February Foundation for the purposes of company law) are responsible for preparing the Trustees' report and 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 period which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the Trustees confirms that:

- ◆ so far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Trustees' report Year to 29 February 2024

Statement of Trustees' Responsibilities (continued)

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

The above report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The trustees approve the trustees' report, including the strategic report.

Signed on behalf of the trustees:



Trustee – James Carleton

Approved by the trustees on **18/09/2024**

Independent auditor's report to the members of The February Foundation

Opinion

We have audited the financial statements of The February Foundation (the 'charitable company') for the year ended 29 February 2024 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 29 February 2024 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 is detailed below:

- ◆ We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP FRS 102 and the Charities Act 2011.
- ◆ We understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of minutes from trustee meetings and papers provided to the trustees.
- ◆ We assessed the susceptibility of the charitable company's financial statements to material misstatements, including how fraud might occur. Audit procedures performed by the engagement team included:
 - ◇ Identifying and assessing the design and implementation of controls in place to prevent and detect fraud;
 - ◇ Challenging assumptions and judgments made by management and the trustees in its significant accounting estimates;
 - ◇ Identifying and testing journal entries, in particular adjustments made at the year-end for financial statement preparation; and
 - ◇ Assessing the extent of compliance with relevant laws and regulations by reviewing correspondence with regulators and legal advisors.

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

Independent auditor's report Year to 29 February 2024

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. 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.



Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

11 November 2024

Statement of financial activities Year ended 29 February 2024
(Including income and expenditure account)

	Notes	Unrestricted funds £	Expendable endowment £	Total 2024 £	Unrestricted funds £	Expendable endowment £	Total 2023 £
Income from:							
Donations		—	2,893,032	2,893,032	—	2,971,270	2,971,270
Investments	1	5,589,528	—	5,589,528	4,209,186	—	4,209,186
Total income		5,589,528	2,893,032	8,482,560	4,209,186	2,971,270	7,180,456
Expenditure on:							
Investment management costs		—	126,492	126,492	—	118,689	118,689
Charitable activities	2	4,298,904	—	4,298,904	4,243,962	—	4,234,962
Total expenditure		4,298,904	126,492	4,425,396	4,243,962	118,689	4,362,651
Net income / (expenditure) before gains / (losses) on investments		1,290,624	2,766,540	4,057,164	(34,776)	2,852,581	2,817,805
Net (losses) / gains on investments	6						
. Realised on sale		—	623,219	623,219	—	(1,338,889)	(1,338,889)
. Unrealised: changes in market value		—	(11,782,851)	(11,782,851)	—	3,608,823	3,608,823
		—	(11,159,632)	(11,159,632)	—	2,269,934	2,269,934
Transfer between funds	11	—	—	—	—	—	—
Net (expenditure) / income and net movement in funds for the year		1,290,624	(8,393,092)	(7,102,468)	(34,776)	5,122,515	5,087,739
Fund balances brought forward at 1 March 2023	10	16,743,200	59,191,414	75,934,614	16,777,976	54,068,899	70,846,875
Fund balances carried forward at 29 February 2024	10	18,033,824	50,798,322	68,832,146	16,743,200	59,191,414	75,934,614

All income and expenditure is derived from continuing activities. The statement of financial activities includes all gains and losses recognised in the year.

Balance sheet as at 29 February 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Fixed assets					
Investments	6		79,373,785		86,717,279
Current assets					
Debtors	7	1,188,466		94,414	
Cash at bank and in hand		2,803,058		5,982,683	
		<u>3,991,524</u>		<u>6,077,097</u>	
Current liabilities					
Creditors: amounts falling due within one year	8	(2,551,263)		(2,570,462)	
Net current assets			<u>1,440,281</u>		<u>3,506,635</u>
Total assets less current liabilities			80,814,046		90,223,914
Non-current liabilities					
Creditors: amounts falling due after one year	8		(11,981,900)		(14,289,300)
Net assets			<u>68,832,146</u>		<u>75,934,614</u>
The funds of the Foundation	10				
Funds and reserves					
<i>Capital funds</i>					
Expendable endowment			50,798,322		59,191,414
<i>Income funds</i>					
Unrestricted funds			<u>18,033,824</u>		<u>16,743,200</u>
			<u>68,832,146</u>		<u>75,934,614</u>

Approved by the trustees and signed on their behalf by:



Trustee – James Carleton

Approved on: **18/09/2024**

The February Foundation

Company Registration Number: 05718135 (England and Wales)

Statement of cash flows Year ended 29 February 2024

	Notes	2024 £	2023 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(3,858,963)	(3,780,118)
Cash flows from investing activities:			
Dividends and interest from investments		4,495,476	4,188,350
Proceeds from the disposal of investments		6,878,727	14,153,456
Purchase of investments		(10,199,836)	(15,286,650)
Net cash provided by investing activities		1,174,367	3,058,118
Change in cash and cash equivalents in the year		(2,684,596)	(722,000)
Cash and cash equivalents at 1 March 2023	B	6,838,594	7,560,066
Cash and cash equivalents at 29 February 2024	B	4,153,998	6,838,594
Notes to the statement of cash flows			
A Reconciliation of net movement in funds to net cash used in operating activities			
		2024 £	2023 £
Net (expenditure) / income (as per the statement of financial activities)		(7102,468)	5,087,739
Adjustments for:			
Loss / (Gain) on investments		11,159,632	(2,269,934)
Dividends and interest from investments		(5,589,528)	(4,209,186)
Decrease in creditors		(2,326,599)	(2,388,737)
Net cash used in operating activities		(3,858,963)	(3,780,118)
B Analysis of cash and cash equivalents			
		2024 £	2023 £
Cash at bank and in hand		2,803,058	5,982,683
Cash held by investment managers (note 6)		1,350,940	855,911
Total cash and cash equivalents		4,153,998	6,838,594

Principal accounting policies Year ended 29 February 2024

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 29 February 2024.

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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) and the Charities Act 2011. The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis as specified in the accounting policies below.

The Foundation constitutes a public benefit entity as defined by FRS 102.

All financial information is presented in British Pounds Sterling (£), the Foundation's functional currency, and has been rounded to the nearest pound (£).

Critical accounting estimates and areas of judgement

The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the trustees to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the trustees' best knowledge of the amount, event or actions, actual results may differ from those estimates.

Areas requiring the use of estimates and critical judgements that may impact on the Foundation's financial activities and financial position include:

- ◆ multi-year grant commitments, where judgements are made for recognising grants payable for which the payment is not due until future periods. In accordance with the Foundation's accounting policy for expenditure recognition, multi-year grant commitments are only recognised when approved and all conditions have been satisfied; and
- ◆ estimates of the discount rate used to derive the present value of long term grant liabilities, which is based on the average income return from the Foundation's investment portfolio.

Assessment of going concern

The trustees of the Foundation have not identified any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the Foundation to continue as a going concern.

Assessment of going concern (continued)

The trustees consider that the Foundation's cash reserves and the ability to access liquidity through the investment portfolio together with the returns on investments, provide sufficient funding to meet the anticipated grant commitments for the ensuing year and its long term grant commitments.

Income

Income from donations is recognised in the period in which the Foundation becomes entitled to the donation and where receipt is probable and its amount can be measured reliably.

Investment income comprises dividends and interest on the Foundation's portfolio of listed investments. Dividends are recognised once the dividend has been declared and the Foundation has received notification that the dividend is due.

Interest on the Foundation's investment portfolio and funds held on deposit is recognised when receipt is probable and the amount can be measured reliably using the effective interest method.

Expenditure

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. It includes VAT which cannot be recovered.

Expenditure on charitable activities comprises grants payable and related support and governance costs.

Grants payable

Grants payable are recognised when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions.

Long term grants payable are initially recognised at present value with the discount and subsequent unwinding of the discount being credited or charged to the statement of financial activities as grant expenditure within charitable activities.

Grants are not recognised as payable but noted as financial commitments in the notes to the financial statements under the following circumstances:

- ◆ Where the beneficiary has not been informed; or
- ◆ Where the beneficiary has to meet certain explicit conditions before the grant is released; or
- ◆ Where the amount and timing of matched funding payments is uncertain.

Expenditure (continued)

Support and governance costs

Support costs are those functions that assist the work of the Foundation but do not directly undertake charitable activities. Support costs include administration, personnel and governance costs. Governance costs include audit costs and legal costs relating to the Foundation's compliance with regulation and good practice.

Investment management fees

Investment management fees incurred in managing the investments of the endowment are charged against the endowment fund.

Fixed asset investments

The Foundation's investment in quoted shares and similar investments are initially measured at cost and subsequently at market value. Investment gains and losses, whether realised or unrealised, are recognised in the statement of financial activities in the period in which they arise.

Financial instruments

The Foundation only holds basic financial instruments as defined in FRS102. Financial assets and liabilities and their recognition and measurement bases are as follows:

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

At the end of each reporting period financial assets are assessed for objective evidence of impairment. If such evidence is identified, an impairment loss is recognised in the statement of financial activities. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and a best estimate of the recoverable amount.

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire or are settled in cash, or when substantially all the risk and rewards of ownership of the financial asset have been transferred to another party.

A financial liability is derecognised when the contract that gives rise to it is settled, sold cancelled or expired..

Debtors

Accrued income is initially recognised at the settlement amount and subsequently at amortised cost or their recoverable amount.

Principal accounting policies Year ended 29 February 2024

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the Foundation anticipates it will pay to settle the debt, and subsequently at amortised cost.

Non-current creditors are measured at their present value at the balance sheet date where the time value of money is material. The initial recognition of the discount and its subsequent unwinding are credited or charged in the statement of financial activities to the appropriate income or expenditure heading. The discount rate applied is based on the opportunity cost of income from investments foregone.

Pension costs

Employer's contributions in respect of defined contribution pension schemes are charged to the statement of financial activities in the year in which they are payable to the scheme.

Fund accounting

The expendable endowment funds represent the capital funds of the Foundation which can be drawn upon if required.

The unrestricted funds represent funds available for the general charitable purposes of the Foundation at the discretion of the trustees.

1 Investment income

	2024 £	2023 £
Dividends on investments	5,520,075	4,125,409
Interest on cash holdings	69,453	83,777
	5,589,528	4,209,186

2 Expenditure on charitable activities

	2024 £	2023 £
<i>Grants to institutions by category:</i>		
. Education	3,229,438	2,697,935
. Healthcare and patient support	338,507	762,468
. End-of-life care	472,231	434,582
. Other categories	114,783	216,534
<i>Total grants payable</i>	4,154,959	4,111,519
Grant and Foundation administrative expenses including governance costs (note 3)	143,945	132,443
	4,298,904	4,243,962

The trustees awarded grants to 178 charitable institutions in the year ended 29 February 2024 (2023 - 200). The trustees consider that the disclosure of specific material grants to institutions could seriously prejudice the furtherance of the purposes of the Foundation.

A reconciliation of the grants payable and commitments shown in these financial statements is as follows:

	2024 £	2023 £
Grants payable at 1 March 2023 (note 8)	16,825,300	19,209,500
Grants made during the year	4,154,959	4,111,519
Grants paid in the year	(6,487,359)	(6,495,719)
Grants payable at 29 February 2024 (note 8)	14,492,900	16,825,300
<i>The above grants commitments fall due as follows:</i>		
Within one year (note 8)	2,511,000	2,536,000
After one year (note 8)	11,981,900	14,289,300
	14,492,900	16,825,300

3 Governance costs

	2024 £	2023 £
Fees payable to the auditor:		
Statutory audit	16,105	13,200
Taxation services	2,820	2,580
Payroll services	4,656	2,976
Other advisory services	—	1,200
	23,581	19,956

4 Staff costs including key management personnel and trustees' remuneration

	2024 £	2023 £
<i>Staff costs comprise:</i>		
Wages and salaries	93,667	87,000
Social security costs	6,671	6,322
Pension costs	7,025	6,525
Medical insurance	1,687	1,687
	109,049	101,534

The average monthly number of persons (including key management personnel) employed by the charitable company during the year on a full time equivalent basis was one (2023 - one).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Foundation and are represented by the trustees and the Chief Executive. The remuneration paid to the Chief Executive is as set out above.

The trustees received no remuneration (2023 - none) and were not reimbursed for any expenses (2023 - none).

5 Taxation

The February Foundation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

6 Fixed asset investments

At the year-end, fixed asset investments comprised the following investments and cash held for investment:

	Total 2024 £	Total 2023 £
Market value of investments at 1 March 2023	85,861,368	82,461,730
Additions	10,199,836	15,286,650
Disposals (proceeds £6,878,727: realised gains £623,219)	(6,255,508)	(15,495,835)
Unrealised (losses) / gains in the year	(11,782,851)	3,608,823
Market value of investments at 29 February 2024	78,022,845	85,861,368
Cash held for reinvestment	1,350,940	855,911
	79,373,785	86,717,279
Historic cost of investments at 29 February 2024	34,292,046	31,205,672
The market value of investments at 29 February 2024 comprises:		
UK listed	44,929,689	58,474,135
UK fixed interest stock	12,467,384	8,193,524
Overseas listed	17,279,990	14,600,382
Overseas fixed interest	715,307	1,140,711
Alternatives	1,621,415	1,800,237
Property	1,018,060	1,652,379
Cash held for reinvestment	1,350,940	855,911
	79,373,785	86,717,279

7 Debtors

	2024 £	2023 £
Due within one year		
Accrued income	1,188,466	94,414
	1,188,466	94,414

8. Creditors

	2024 £	2023 £
Due within one year		
Accrued expenses	40,263	34,462
Grants payable	2,511,000	2,536,000
	2,551,263	2,570,462
Due after more than one year		
Grants payable	11,981,900	14,289,300
Total creditors	14,533,163	16,859,762

Grants payable after one year have been recognised at net present value to reflect the time value of money. The value of grants payable, before discounting, at 29 February 2024 was £15,000,000 (2023 - £17,500,000)

9. Financial instruments and financial risk management

The Foundation holds financial instrument measured at amortised cost or fair value as follows:

	2024 £	2023 £
Financial assets measured at amortised cost	1,188,466	93,414
Financial liabilities measured at amortised cost	2,551,263	2,536,000
Financial liabilities measured at fair value	11,981,900	14,289,300

The Foundation has exposure to one main area of risk, liquidity risk.

Liquidity risk

The objective of the Foundation in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Foundation seeks to meet its financial obligations through cash flows from its investment portfolio. In the event that the cash flows would not cover all the financial liabilities, the charity has sufficient cash reserves available to meet any shortfall.

10. Analysis of net assets between funds

	Expendable endowment £	Unrestricted funds £	Total 2023 £
Fund balances at 29 February 2024 are represented by:			
Investments	50,798,322	28,575,463	79,373,785
Current assets	—	3,991,524	3,991,524
Creditors: amounts falling due within one year	—	(2,551,263)	(2,551,263)
Creditors: amounts falling due after one year	—	(11,981,900)	(11,981,900)
Total net assets	50,798,322	18,033,824	68,832,146

	Expendable endowment £	Unrestricted funds £	Total 2023 £
<i>Fund balances at 28 February 2023 are represented by:</i>			
<i>Investments</i>	<i>59,191,414</i>	<i>27,525,865</i>	<i>86,717,279</i>
<i>Current assets</i>	<i>—</i>	<i>6,077,097</i>	<i>6,077,097</i>
<i>Creditors: amounts falling due within one year</i>	<i>—</i>	<i>(2,570,462)</i>	<i>(2,570,462)</i>
<i>Creditors: amounts falling due after one year</i>	<i>—</i>	<i>(14,289,300)</i>	<i>(14,289,300)</i>
<i>Total net assets</i>	<i>59,191,414</i>	<i>16,743,200</i>	<i>75,934,614</i>

11. Transfers between funds

In the 2021/22 financial year the Foundation approved a significant unconditional grant of £22.5m payable in annual instalments to 2030/31. The grant fully absorbed the Foundation's existing unrestricted income fund and, in order to ensure that sufficient unrestricted income funds were available to meet all known grant commitments, the Foundation made a transfer from the expendable endowment fund to the unrestricted funds of £25,000,000 which the trustees considered to be adequate to meet the Foundation's known grant commitments.

No transfer was considered necessary in the 2023/24 financial year.

12. Grant funding commitments

At 29 February 2024, the trustees had approved the following grants which will not be paid to the recipient unless and until either matched funding is obtained by the recipient before the agreement expires or conditions attached to the agreement are fulfilled by the recipient.

These amounts have not been recognised as a liability in the balance sheet.

	Education £	Healthcare and patient support £	End-of- Life Care £	Other £	Total £
Maximum commitment at 1 March 2023	9,997,724	54,000	85,000	—	10,136,724
Paid in year	(3,030,837)	—	(65,000)	—	(3,095,837)
New/(lapsed) commitments	(168,043)	48,000	—	—	(150,043)
Maximum commitment at 29 February 2024	6,798,844	102,000	20,000	—	6,920,844

	Education £	Healthcare and patient support £	End-of- Life Care £	Other £	Total £
Maximum commitment at 1 March 2022	12,815,500	459,000	92,500	82,500	13,442,892
Paid in year	(2,600,135)	(176,151)	(39,300)	(20,696)	(2,836,281)
New/(lapsed) commitments	(217,641)	(228,849)	31,800	(61,804)	(446,490)
Maximum commitment at 28 February 2023	9,997,724	54,000	85,000	—	10,136,724

Matched and conditional funding commitments are available under agreements which expire between 2024/25 and 2026/7.

13. Related parties

The Foundation did not enter into any transactions with related parties during the financial year (2023 – None).

THE FEBRUARY FOUNDATION

England & Wales - Charity number 1113064

Accounts

**The
February
Foundation**

**Annual Report and Financial
Statements**

28 February 2023

Company Limited by Guarantee
Registration Number
05718135 (England and Wales)

Charity Registration Number
1113064

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Reference and administrative information

Trustees	James Carleton Mark Clarke Michael Moody
Chief Executive and Company Secretary	Richard Pierce-Saunderson
Registered office	66 Lincoln's Inn Fields London WC2A 3LH
Company registration number	05718135 (England and Wales)
Charity registration number	1113064
Auditors	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers and investment managers	C Hoare & Co 37 Fleet Street London EC4P 4DQ UBS Wealth Management 1 Finsbury Avenue London EC2M 2AN Investec Wealth & Investment Limited 2 Gresham Street London EC2V 7QN
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH
Website	www.thefebruaryfoundation.org

Trustees' report Year to 28 February 2023

The trustees present their statutory report together with the financial statements of The February Foundation for the year to 28 February 2023. The trustees are also directors of the Foundation for the purposes of company law and the trustees' report contains a directors' and strategic report as required by the Companies Act 2006.

This report has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 26 to 29 of the attached financial statements and comply with the Memorandum and Articles of Association of The February Foundation, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

GOVERNANCE, STRUCTURE AND MANAGEMENT

Constitution

The February Foundation was incorporated on 22 February 2006 as a company limited by guarantee under company registration number 05718135. On 23 February 2006, the Foundation registered on the Central Register of Charities under registration number 1113064.

Trustees

The names of the trustees as at the date of this report are set out as part of the reference and administrative information on page 1 of these Annual Report and Financial Statements. There were no changes in trustees for the year under review.

Recruitment and appointment

The appointment of trustees is governed by the Memorandum and Articles of Association of the Foundation. All trustees must be aged at least 18, and there must at all times be a minimum of two and a maximum of five trustees. Upon appointment every trustee must sign a declaration of willingness to act as a trustee of the Foundation before he or she may vote at any meeting of the trustee. Trustees shall hold office for three years, but may be reappointed.

Induction and training

The Foundation recognises that new and current trustees should be aware of the Foundation's charitable purposes, mode of operation, plans, policies and costs. All trustees are provided with a copy of the Memorandum and Articles of Association, the grant giving policy, and a copy of other relevant policies as well as minutes of recent trustees' meetings.

The trustees are provided with appropriate updates relating to matters impacting upon charity law and the running and administration of the Foundation from their professional advisers. They also attend external training events where appropriate.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement

The trustees (who are also directors of The February Foundation for the purposes of company law) are responsible for preparing the trustees' report and 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 Foundation and of the income and expenditure of the Foundation 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation 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 Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the Foundation's auditors are unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement (continued)

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

Key management personnel

The trustees consider that the board of trustees and Chief Executive comprise the key management personnel in charge of directing and controlling, running and operating the Foundation on a day to day basis.

The trustees give their time freely and no trustee received remuneration in the year.

The pay of the Chief Executive is reviewed annually by the trustees.

Organisation

The trustees are ultimately responsible for the policies, activities and assets of the Foundation. They meet formally at least twice a year. The trustees must approve any grants made by the Foundation before such grants are made.

The main functions of the Chief Executive comprise the following:

- ◆ research and investigation of charitable causes;
- ◆ maintaining and updating the Foundation's website;
- ◆ providing administrative and secretarial support to the trustees;
- ◆ undertaking day-to-day administrative duties;
- ◆ liaising with grant applicants, developing grant policies and monitoring grants;
- ◆ maintaining the Foundation's databases and information systems;
- ◆ acting as a point of contact for the Foundation; and
- ◆ managing the financial affairs of the Foundation.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES

Charitable objectives and activities

The Foundation's charitable objectives as expressed in its Memorandum of Association are as follows:

'The general purposes of such charitable bodies or for such other purposes as shall be exclusively charitable as the trustees may from time to time decide.'

The Foundation makes grants to a range of charities and charitable activities in accordance with the Foundation's grant making policy, as set out below.

The trustees reviewed the Foundation's giving policy in the 2021/22 financial year and decided to continue with the policy of exclusions. These are detailed in the grant making policy section of this report.

Public benefit

The trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and setting its grant-making policy.

The February Foundation's aims and objectives fall within the various descriptions of charitable purposes in the Charities Act 2011, and, in particular, the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage, the advancement of education, the advancement of the arts, culture, and heritage.

Grant applications for any charitable purpose are considered by the trustees. To date, all grants have been awarded to registered charities, and the beneficiaries are those of the recipient charities. The charities supported by the Foundation during this financial year are active in end-of-life care, healthcare and patient support and education.

Grant making policy

In the year under review, the following grant making policy applied:

The trustees will normally award grants to registered charities.

The trustees will consider grants for:

- ◆ charities which are for the benefit of persons who are making an effort to improve their lives;
- ◆ charities which are for the benefit of persons no longer physically or mentally able to help themselves;
- ◆ charities which have a long-term beneficial impact on the future of individuals, groups of individuals, or organisations;

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Grant making policy (continued)

- ◆ charities which protect the environment;
- ◆ small or minority charities where small grants will have a significant impact;
- ◆ companies where the acquisition of equity would be in line with the Foundation's charitable objectives (this is elaborated in the Foundation's investment policy which is periodically reviewed); and
- ◆ charities whose charitable objectives are aligned with those of the Foundation.

The trustees will not consider grants for:

- ◆ Animal charities (except those involving therapy or sport for the disabled);
- ◆ Charities which are party-politically driven;
- ◆ Charities with a commercial bias for a particular product or company;
- ◆ Charities with an aggressive religious bias;
- ◆ Child care;
- ◆ Citizens' Advice Bureaux;
- ◆ Community centres;
- ◆ Community Interest Companies (CICs);
- ◆ Education including
 - Adult/Further,
 - Higher,
 - Primary,
 - Secondary,
 - Special Educational Needs;
- ◆ Housing associations;
- ◆ Individuals;
- ◆ Medical research;
- ◆ Military charities (inc those for veterans);

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Grant making policy (continued)

- ◆ Minibuses;
- ◆ NHS trusts (or charities which support them);
- ◆ Non-departmental government bodies;
- ◆ Outdoor activity centres;
- ◆ Overseas projects;
- ◆ Scouts, Guides, Brownies, Cubs, and similar organisations;
- ◆ Single-faith organisations;
- ◆ Sports clubs, unless only for the mentally or physically disabled;
- ◆ Village halls;
- ◆ Youth clubs & centres.

Exceptions to this exclusions policy will be reviewed on a case-by-case basis in the light of the status of the applicant, its organisational structure (for example was it established for philanthropic and benevolent purposes), and the purpose of the grant.

There is no minimum grant. The average grant is usually £5,000 per award, but this is reviewed on a case-by-case basis. Terms and conditions for grants will be discussed and drafted by the trustees on a case-by-case basis. The trustees may decide to award grants without any accompanying conditions.

Investment policy

The Foundation has a portfolio of investments with Investec and UBS which had a market value of £84,717,279 including cash held by the investment managers, at 28 February 2023 (2022 - £84,162,804).

The investment policy of the Foundation is to seek a balanced return from capital growth over the medium term.

The investment portfolio policy is:

- ◆ to grow income over the medium term and depending on the strategy agreed with the Foundation;
- ◆ to maintain in real terms the total value of the capital base from which the Foundation's income is derived;
- ◆ to recognise that growth in income and capital requires some risks to be taken, but to

require that these should be managed by maintaining a spread of investments which give a low to medium risk portfolio.

The trustees seek the investment managers to be custodians of the investment portfolio. It is the trustees' duty to produce a balanced investment strategy.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Investment policy (continued)

Periodic meetings are held with the investment managers who provide the trustees with reports for the preceding half-year.

The trustees seek to minimise risk by:

- ◆ monitoring and periodically reviewing the performance of the investment managers;
- ◆ investing in bonds which are mainly rated A to AAA;
- ◆ investing in equities whilst evaluating gifts of shares on a case-by-case basis in the context of the Foundation's overall portfolio;
- ◆ allowing a change in the investment portfolio only after discussions between the investment managers, the trustees and other professional advisers.

STRATEGIC REPORT

Achievements and performance

Review of activities

In the year under review, the Third Sector was hit by a perfect storm of the continuing covid-19 pandemic (albeit at a reduced level of cases) and the cost-of-living crisis. Although the Foundation did not reintroduce the weekly emergency funding measures it applied during the first lockdowns, the trustees focused on balancing funding priorities directly related to these crises and fulfilling existing commitments.

The Foundation therefore continued its standard applications process with a maximum 12-week response time, and monthly grant distributions. The majority of the Foundation's grants (in terms of number of grants made) were once again core cost grants, as these are the most flexible types of grant to make, especially in a constantly changing environment for charities. The Foundation's strategy of excluding fundraising costs from core costs continued in order to ensure that granted funds would be applied directly to a wide range of charitable activities which directly benefitted the ultimate stakeholders in recipient charities. Reporting requirements and criteria remained flexible in recognition of immense pressure on all charities and their staff. It is important to note here again that reporting requirements can never be entirely removed, as recipient charities and funders quite rightly remain publicly accountable and should operate as transparently as possible.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

It is worth restating, as in last year's accounts, that the issue of transparency is one which all charities should bear in mind, especially in relation to accounts presentation, and the communication of part-year financial information to funders. In the year under review, the Foundation retained its requirement for applications to contain additional information in order to overcome the average 9-month lag between the end of financial years and the publishing of audited accounts. The intention of gathering this additional information (which includes asking for applicant charities' cash position and free reserves at the time of application, as well as for applicant charities' live caseload and reach at the time of application) is to ensure that the Foundation can evaluate applications with as much current information as possible to allow informed decision-making by the trustees. Many financial departments continue to be reluctant to provide up to date financial information, a reluctance which hinders their charities' ability to raise funds from grant makers. It is important here to emphasise that the Foundation gathers this information confidentially, not in order to compare and contrast applicant charities, but rather to ensure the Foundation has the most current information possible, and also to enable the Foundation to build a complete picture of the context in which charities operate. It is important, not just at a time of crisis, for funders and applicant charities to be as flexible and open as possible.

The Foundation continues to believe that applicant charities' annual reports and accounts are their most important support tool in raising funds, providing important contextual information, and that they should therefore be presented clearly and simply, and include as much data and information as possible (such as service user numbers and their comparatives, user feedback data and their comparatives, service delivery successes and difficulties). It is especially important that narratives match the SOFA and the notes to the accounts, and that intangible descriptors such as "other" in those notes are either explained or replaced by what they actually mean, especially when large numbers are involved. What has become increasingly apparent over the last few years is that the current SORP actually does not encourage consistency in accounts presentation across the Third Sector.

What remains clear is that the Foundation is in a strong position, both financially and procedurally, to be able to quickly and effectively support its core constituencies. The Foundation's vision has always been to be a funder of longevity, to spend within its means, and to offer not only financial support but also advice to those charities it deals with. This vision continues to prove its value as the funding landscape becomes increasingly difficult and challenging.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

The Foundation continued to structure its giving in an informed manner, with in-depth research on applications, and extensive due diligence on significant projects. In the year under review, 661 charities were evaluated (compared to 651 in the previous year), which had either applied to the Foundation, or which were selected by the Foundation as potential candidates for funding. This very small 1.5% increase in applications reflects not just that most charities' fundraising departments continue to effectively adapt to the changing funding environment, but also that the level of applications was already very high. A note of caution, though - at the time of writing, the Foundation has seen a 38% increase in applications year-on-year, emphasising how covid and the cost-of-living crisis combined are creating more need than ever.

The suspicion that funding to charities would seriously drop off in 2021/22 was confirmed, as most covid emergency funding from government and non-specialised funders entirely ceased. This, along with the beginning of the cost-of-living crisis, manifested in significant reductions in overall income for many charities, and adversely affected particularly small and medium-sized charities which had also not appeared to benefit as significantly from covid emergency funding as larger charities. As a result, whilst we had predicted in last year's report that 2022/23 and 2023/24 would see an increasingly difficult funding landscape, it is now fair to say that these adverse funding conditions will continue for a very long time.

Whilst a majority of applications and approaches to the Foundation in the year under review continued to be focused, well-targeted, complex, and intelligent, and based on thorough research of potential funders, and demonstrated sound financial management and significant beneficial soft and hard outcomes for their stakeholders, the number of applications which did not exhibit these qualities unfortunately increased again. Applicants either failed to check the Foundation's web site for its application guidelines, or did not adhere to guidelines provided directly by the Foundation in response to phone and email enquiries.

At this juncture it is important to say that we appreciate that fundraising is a thankless task, especially in the current environment, and that we are painfully aware of fundraising departments being under almost unbearable pressure. This is why our application guidelines are concise and precise as we want to give fundraisers as much guidance as possible which might also support them in making successful applications to other funders.

In the year under review, 27.5% of applications were successful, down from 29.0% in 2021/22, and 37.1% in 2020/21, but still higher than the 23.1% success rate in 2019/20. 3.0% of applications to the Foundation were ineligible to apply (compared to 2.9% in the previous year).

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

Having said that, the Foundation's grant expenditure remained below budget. The main reasons for this, in addition to those outlined above, were:

- ◆ the failure of some grant recipients to reach maximum matched funding levels;
- ◆ longer than expected negotiations on larger grants either due to extended discussions about grant conditions or a need for extended periods of due diligence;
- ◆ small drawdowns on agreed grants;
- ◆ poor funding ratios from a significant number of applicants, especially when compared to the funding ratios of similar charities;
- ◆ the failure by some applicant charities to demonstrate and document beneficial soft and hard outcomes for their stakeholders.

At this point it is worth reiterating that it is important, especially in times of severe crisis, for applicant charities to present cogent cases for funding, including those beneficial soft and hard outcomes referred to above, not because funders want to make grants from a position of power, but because funders need as much relevant information as possible to make effective and good funding decisions.

The consideration of larger grants is usually the result of the Foundation's research into potential grant recipients which are engaged in projects that the Foundation considers to be significantly innovative and with the potential of having enduring impact, usually nationally. Any such grants, once agreed, are usually subject to confidentiality clauses unless the Foundation considers publicity for such grants to increase their potential reach and impact. Large grants are usually a mix of matched funding and funding dependent on the achievement of key performance indicators agreed by recipient charities and the Foundation.

The Foundation continued its progress towards becoming a wholly paperless organisation in the year under review, with only 3.2% of incoming applications and correspondence on paper, compared to 3.9% in the previous year, 5.5% in 2020/21, 10.8% in 2019/20, and 40.1% in 2017/18. This reduction continues the trend towards greater use of technology and homeworking as a norm. Electronic communications enable the Foundation to respond with great speed and effectiveness to all applicant charities. It is worth noting that many hardcopy applications come from larger charities, which should have the resources to make electronic applications.

Finally, in the year under review, the trustees reviewed and updated the Foundation's Governance Handbook in its entirety.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Grants made

The Foundation's actual grant payments in the year under review totalled £6,495,719. Grants payable represent 209 grants made to 200 charitable organisations. Of this total, £3,067,630 of grants were existing matched funding commitments, where conditions had been met in the 2022/23 financial year.

Education

The Foundation paid eight grants totalling £5,096,635 to two organisations, of which £2.5m was a multi-year grant commitment that had been recognised as a grant expense in 2021/22. The remainder of these grants were under commitments made in previous years, where conditions were met in the year under review.

The Foundation's objective in its education grant strategy is to enable universal access. The trustees believe that the grant commitments they have made in this area now create a pathway from Reception to undergraduate level for low-income students to access high-quality education, which is entirely in line with their objectives in this area. The Foundation is not accepting new applications in this area.

End-of-life care

The Foundation paid 77 grants totalling £434,582 to 77 organisations.

The Foundation remains committed to supporting end-of-life care at the grassroots level, mainly in a hospice or hospice-at-home context, with an increased emphasis on operating and core costs to give more flexibility for grantee charities.

End-of-life care was disproportionately affected by covid-19, and is being significantly adversely affected by the cost-of-living crisis, especially by rising energy prices. The trustees are cognisant of the fact that hospices continue to see an increase in demand as a result of covid-19, as well as a very high number of patients at the very end of life due to many diagnoses and treatments being delayed due to the exceptional additional pressure put on the NHS by external factors including but not limited to covid-19.

Heritage

The Foundation made two grants totalling £23,195 to one organisation in the heritage sector in the year under review. These grants were under commitments made in previous years. Whilst cognisant of the fact that heritage and culture organisations are being significantly affected by the current economic climate, the trustees considered other health and social care related areas a greater priority.

Healthcare and patient support

The Foundation paid 84 grants totalling £762,468 to 82 organisations.

The Foundation makes grants to charities which support the ill, and the physically and mentally disabled, to empower them to improve the quality of their lives, and to seek to live as independently as possible.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Grants made

Healthcare and patient support (continued)

Although demand across national helplines offering patient support and information reduced after rising disproportionately at the height of covid-19, call levels for most helplines remained at significantly elevated volumes compared to pre-pandemic levels. Many of the grants made in the year under review were therefore to maintain the capacity of national helplines.

Other

The Foundation made 38 grants totalling £193,339 to 36 organisations either not included in the areas above, or overlapping the areas above. Most of these grants were towards independent food banks or charities for the homeless or those at risk of becoming homeless, and supported either core costs or specific projects to empower service users to improve their quality of life.

Measuring impact

There are so many different definitions on impact measurement in The Third Sector that it is impossible to arrive at a benchmark for best practice.

The Foundation asks its grant recipients to provide a 1-month and a 6-month report not only on the spending of the grants received, but also on the activities of grant recipients as a whole. This approach ensures contextual reporting rather than looking at one single project in isolation, and allows the trustees a deep insight into recipient charities' full impact.

In addition, during the evaluation of applications, the Foundation looks closely not just at financial and usage data, but also at service users' feedback and what they perceive to be quality of life benefits. What this front-loaded approach achieves is to balance hard outcomes (financial, data from impact measures such as GAD-7 and PHQ-9, Warwick-Edinburgh Mental Wellbeing Scales, and similar) with soft outcomes (quality of life, service-user-defined improvements in physical and mental wellbeing), which establishes during the application process whether or not any applicant charity is being impactful. Financial data and performance give a view on the quality of management and efficiency of charities, whilst soft outcomes (including anecdotal evidence) provide an insight into the real impact charities have on the lives of their service users, who are the ultimate stakeholders of all charities, including trusts and foundations.

The gathering of information pre-application, combined with post-grant reporting, allows the Foundation to make judgements on impact on a case-by-case basis, and the trustees feel that the Foundation's grants have in most cases demonstrated significant beneficial impact for the ultimate stakeholders of recipient charities.

STRATEGIC REPORT (continued)

Future plans

The trustees continue to regularly review the breadth of the Foundation's objects. They feel that it is important for the Foundation to be open to applications across a range of charitable activities rather than focusing on one area to the exclusion of all others.

The breadth of the Foundation's objects provides it with the flexibility needed to be able to support a wide range of charities and to be very responsive to applicant charities' needs.

The Foundation will continue with this approach for the year ending 28 February 2024, with a focus on maintaining its current maximum 12-week application processing time. The trustees are cognisant of the fact that this approach has historically translated to a relatively low success rate for applicants, and that it also ensures lasting impact. The trustees are also aware of the fact that the cost-of-living crisis and the possible re-emergence of significant levels of covid-19 may require an introduction of emergency measures. They will therefore review the economic and health situation on a frequent and regular basis.

The Foundation's strategy is to be a proactive grant maker which seeks to anticipate need and changes in the charitable sector, as well as responding quickly, effectively, and appropriately to crises. In addition, the Foundation wishes to continue its support of the community-based palliative care sector. In essence, this means that the trustees will continue to make difficult decisions on a monthly basis with due regard to their ongoing commitments.

Looking ahead, the Foundation plans to maintain its strategy of funding grants and operations through income generated from the endowment alone. With this in mind, the trustees have again reviewed the Foundation's grant-making policy, and have determined that, for the financial year ending 28 February 2024, they will continue with the broad grant-making policy outlined on pages 6 to 7 of this report.

The trustees have reviewed the Foundation's eligibility exclusions, and have amended and restructured it. The following organisations are therefore not eligible to apply for grants:

- ◆ Animal charities (except those involving therapy or sport for the disabled);
- ◆ Charities which are party-politically driven;
- ◆ Charities with a commercial bias for a particular product or company;
- ◆ Charities with an aggressive religious bias;
- ◆ Child care;
- ◆ Citizens' Advice Bureaux;
- ◆ Community centres;
- ◆ Community Interest Companies (CICs);
- ◆ Education including
 - Adult/Further,
 - Higher,
 - Primary,
 - Secondary,
 - Special Educational Needs;

STRATEGIC REPORT (continued)

Future plans (continued)

- ◆ Housing associations;
- ◆ Individuals;
- ◆ Medical research;
- ◆ Military charities (inc those for veterans);
- ◆ Minibuses;
- ◆ NHS trusts (or charities which support them);
- ◆ Non-departmental government bodies;
- ◆ Outdoor activity centres;
- ◆ Overseas projects;
- ◆ Scouts, Guides, Brownies, Cubs, and similar organisations;
- ◆ Single-faith organisations;
- ◆ Sports clubs, unless only for the mentally or physically disabled;
- ◆ Village halls;
- ◆ Youth clubs & centres.

Exceptions to this exclusions policy will be reviewed on a case-by-case basis in the light of the status of the applicant, its organisational structure (for example was it established for philanthropic and benevolent purposes), and the purpose of the grant.

Looking further ahead, the Foundation will continue to research existing charities in addition to continuing to consider unsolicited applications within the policy.

The trustees discuss the Foundation's grant-making policy on an ongoing basis, and believe that their wide discretion allows the Foundation to be both innovative and supportive of a large variety of charitable projects and bodies, and that this continues to facilitate the Foundation's responses to crises. The Foundation will continue its strategy to become an entirely paperless organisation, and will continue to strongly encourage applicant charities to submit their applications by email rather than by post, with the aim of reducing hardcopy applications and correspondence to 2.5% of all incoming applications and correspondence compared to the 3.2% in the year under review. The beneficial impacts for applicant charities include financial savings, the ability to respond more quickly to the Foundation's due diligence, the ability to create a blueprint for successful applications processes not just in relation to the Foundation, as well as an increase in environmental responsibility. For the Foundation, the beneficial impacts include increased responsiveness, the ability to maintain transparency and speed of response.

Risk management

The trustees believe that by monitoring reserve levels and ensuring that controls exist over key financial systems, and by examining from time to time the operational risks faced by the Foundation and its grant giving activities, that they have established effective systems to mitigate the major risks to which the Foundation is exposed.

STRATEGIC REPORT (continued)

Risk management (continued)

The principal risks faced by the Foundation are as follows:

- ◆ Financial sustainability (including covid-19);
- ◆ Ineffective grant making;
- ◆ Investment management.

Financial sustainability (including covid-19)

The key elements in managing financial sustainability are a regular review of available funds with which to meet current and future grant commitments, regular liaison with investment managers and the bank, and monthly reporting of performance against budget for income and expenditure. In addition, financial risk is mitigated by processes which ensure that all financial instructions are approved by at least two trustees.

The Foundation's financial sustainability depends very much on the income from its multi-asset portfolios, and its holding of gifted shares. Covid-19 significantly affected market values in the second quarter of 2020 and although the value of the Foundation's investments recovered from quarter three onwards the total value of the investment portfolio is 7.6% down for the 2021/22 financial year. Market volatility continued beyond the year under review and the value of the investment portfolio has fallen by 9.2% at end-August 2022 compared to the value at 28 February 2022.

In the year under review, markets remained volatile, but the Foundation's dividend income in the year under review was almost unchanged compared to the previous year. The trustees are confident that the Foundation's significant cash and high-liquidity holdings mitigate any immediate risk to the Foundation's financial sustainability.

Ineffective grant making

The key elements in managing effective grant making are rigorous evaluation of all grant applications (including the process outlined in the *Measuring Impact* section of this report), setting grant applicants' expectations on when to expect decisions on applications, and robust reporting requirements which need to be fulfilled by grant recipients. Risks are mitigated by a monthly review by the trustees of grant making, recipient reporting, and grant applications.

Investment management

The key elements in effective investment management are a trustee body with a skill set appropriate to evaluating investment performance, the engagement of professional investment managers with a significant and successful track record, monthly reviews of investment performance, and regular meetings with investment managers and the bank.

In order to ensure best practice and continuous improvement, the trustees review the Foundation's risk assessment at least once a year.

Statement of Trustees' Responsibilities

The Trustees (who in this reporting period are also directors of The February Foundation for the purposes of company law) are responsible for preparing the Trustees' report and 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 period which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the Trustees confirms that:

- ◆ so far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Trustees' report Year to 28 February 2023

Statement of Trustees' Responsibilities (continued)

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

The above report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The trustees approve the trustees' report, including the strategic report.

Signed on behalf of the trustees:

James Carleton

Trustee – James Carleton

Approved by the trustees on 15/11/2023

Independent auditor's report to the members of The February Foundation

Opinion

We have audited the financial statements of The February Foundation (the 'charitable company') for the year ended 28 February 2023 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 28 February 2023 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 is detailed below:

- ◆ We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP FRS 102 and the Charities Act 2011.
- ◆ We understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of minutes from trustee meetings and papers provided to the trustees.
- ◆ We assessed the susceptibility of the charitable company's financial statements to material misstatements, including how fraud might occur. Audit procedures performed by the engagement team included:
 - ◇ Identifying and assessing the design and implementation of controls in place to prevent and detect fraud;
 - ◇ Challenging assumptions and judgments made by management and the trustees in its significant accounting estimates;
 - ◇ Identifying and testing journal entries, in particular adjustments made at the year-end for financial statement preparation; and
 - ◇ Assessing the extent of compliance with relevant laws and regulations by reviewing correspondence with regulators and legal advisors.

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

Independent auditor's report Year to 28 February 2023

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. 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.



Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

28 November 2023

Statement of financial activities Year ended 28 February 2023
(Including income and expenditure account)

	Notes	Unrestricted funds £	Expendable endowment £	Total 2023 £	Unrestricted funds £	Expendable endowment £	Total 2022 £
Income from:							
Donations		—	2,971,270	2,971,270	—	8,665,168	8,665,168
Investments	1	4,209,186	—	4,209,186	4,099,572	—	4,099,572
Total income		4,209,186	2,971,270	7,180,456	4,099,572	8,665,168	12,764,740
Expenditure on:							
Investment management costs		—	118,689	118,689	—	128,908	128,908
Charitable activities	2	4,243,962	—	4,234,962	27,280,615	—	27,280,615
Total expenditure		4,243,962	118,689	4,362,651	27,280,615	128,908	27,409,523
Net (expenditure) / income before gains / (losses) on investments		(34,776)	2,852,581	2,817,805	(23,181,043)	8,536,260	(14,644,783)
Net gains / (losses) on investments	6						
. Realised on sale		—	(1,338,889)	(1,338,889)	—	517,472	517,472
. Unrealised: changes in market value		—	3,608,823	3,608,823	—	(32,539,030)	(32,539,030)
		—	2,269,934	2,269,934	—	(32,021,558)	(32,021,558)
Transfer between funds	11	—	—		25,000,000	(25,000,000)	—
Net (expenditure) / income and net movement in funds for the year		(34,776)	5,122,515	5,087,739	1,818,957	(48,485,298)	(46,666,341)
Fund balances brought forward at 1 March 2022	10	16,777,976	54,068,899	70,846,875	14,959,019	102,554,197	117,513,216
Fund balances carried forward at 28 February 2023	10	16,743,200	59,191,414	75,934,614	16,777,976	54,068,899	70,846,875

All income and expenditure is derived from continuing activities. The statement of financial activities includes all gains and losses recognised in the year.

Balance sheet as at 28 February 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Investments	6		86,717,279		84,162,804
Current assets					
Debtors	7	94,414		73,578	
Cash at bank and in hand		5,982,683		5,858,992	
		<u>6,077,097</u>		<u>5,932,570</u>	
Current liabilities					
Creditors: amounts falling due within one year	8	(2,570,462)		(2,571,499)	
Net current assets			3,506,635		3,361,071
Total assets less current liabilities			<u>90,223,914</u>		<u>87,523,875</u>
Non-current liabilities					
Creditors: amounts falling due after one year	8		(14,289,300)		(16,677,000)
Net assets			<u>75,934,614</u>		<u>70,846,875</u>
The funds of the Foundation	10				
Funds and reserves					
<i>Capital funds</i>					
Expendable endowment			59,191,414		54,068,899
<i>Income funds</i>					
Unrestricted funds			16,743,200		16,777,976
			<u>75,934,614</u>		<u>70,846,875</u>

Approved by the trustees and signed on their behalf by:

James Carleton

Trustee – James Carleton

Approved on: 15/11/2023

The February Foundation

Company Registration Number: 05718135 (England and Wales)

Statement of cash flows Year ended 28 February 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(3,780,118)	414,993
Cash flows from investing activities:			
Dividends and interest from investments		4,188,350	4,083,237
Proceeds from the disposal of investments		14,153,456	6,805,149
Purchase of investments		(15,286,650)	(9,665,999)
Net cash provided by investing activities		3,058,118	1,222,387
Change in cash and cash equivalents in the year		(722,000)	1,637,380
Cash and cash equivalents at 1 March 2022	B	7,560,066	5,922,686
Cash and cash equivalents at 28 February 2023	B	6,838,594	7,560,066

Notes to the statement of cash flows

A Reconciliation of net movement in funds to net cash (used in) / provided by operating activities

	2023 £	2022 £
Net income/ (expenditure) (as per the statement of financial activities)	5,087,739	(46,666,341)
Adjustments for:		
(Gain) / loss on investments	(2,269,934)	32,021,558
Dividends and interest from investments	(4,209,186)	(4,099,572)
(Decrease) / increase in creditors	(2,388,737)	19,159,348
Net cash (used in) / provided by operating activities	(3,780,118)	414,993

B Analysis of cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	5,982,683	5,858,992
Cash held by investment managers (note 6)	855,911	1,701,074
Total cash and cash equivalents	6,838,594	7,560,066

Principal accounting policies Year ended 28 February 2023

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 28 February 2023.

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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) and the Charities Act 2011. The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis as specified in the accounting policies below.

The Foundation constitutes a public benefit entity as defined by FRS 102.

All financial information is presented in British Pounds Sterling (£), the Foundation's functional currency, and has been rounded to the nearest pound (£).

Critical accounting estimates and areas of judgement

The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the trustees to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the trustees' best knowledge of the amount, event or actions, actual results may differ from those estimates.

Areas requiring the use of estimates and critical judgements that may impact on the Foundation's financial activities and financial position include:

- ◆ multi-year grant commitments, where judgements are made for recognising grants payable for which the payment is not due until future periods. In accordance with the Foundation's accounting policy for expenditure recognition, multi-year grant commitments are only recognised when approved and all conditions have been satisfied; and
- ◆ estimates of the discount rate used to derive the present value of long term grant liabilities, which is based on the average income return from the Foundation's investment portfolio.

Assessment of going concern

The trustees of the Foundation have not identified any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the Foundation to continue as a going concern.

Assessment of going concern (continued)

The trustees consider that the Foundation's cash reserves and the ability to access liquidity through the investment portfolio together with the returns on investments, provide sufficient funding to meet the anticipated grant commitments for the ensuing year and its long term grant commitments.

Income

Income from donations is recognised in the period in which the Foundation becomes entitled to the donation and where receipt is probable and its amount can be measured reliably.

Investment income comprises dividends and interest on the Foundation's portfolio of listed investments. Dividends are recognised once the dividend has been declared and the Foundation has received notification that the dividend is due.

Interest on the Foundation's investment portfolio and funds held on deposit is recognised when receipt is probable and the amount can be measured reliably using the effective interest method.

Expenditure

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. It includes VAT which cannot be recovered.

Expenditure on charitable activities comprises grants payable and related support and governance costs.

Grants payable

Grants payable are recognised when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions.

Long term grants payable are initially recognised at present value with the discount and subsequent unwinding of the discount being credited or charged to the statement of financial activities as grant expenditure within charitable activities.

Grants are not recognised as payable but noted as financial commitments in the notes to the financial statements under the following circumstances:

- ◆ Where the beneficiary has not been informed; or
- ◆ Where the beneficiary has to meet certain explicit conditions before the grant is released; or
- ◆ Where the amount and timing of matched funding payments is uncertain.

Expenditure (continued)

Support and governance costs

Support costs are those functions that assist the work of the Foundation but do not directly undertake charitable activities. Support costs include administration, personnel and governance costs. Governance costs include audit costs and legal costs relating to the Foundation's compliance with regulation and good practice.

Investment management fees

Investment management fees incurred in managing the investments of the endowment are charged against the endowment fund.

Fixed asset investments

The Foundation's investment in quoted shares and similar investments are initially measured at cost and subsequently at market value. Investment gains and losses, whether realised or unrealised, are recognised in the statement of financial activities in the period in which they arise.

Financial instruments

The Foundation only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Foundation and their measurement basis are as follows:

Financial assets – accrued income is a basic financial instruments and are measured at amortised cost as detailed in note 7.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities –accrued expenses and grants payable are financial instruments, and are measured at amortised cost or fair value (discounted for the time value of money) as detailed in note 9.

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the balance sheet when the Foundation becomes party to the contractual provisions of the instrument.

Debtors

Accrued income is initially recognised at the settlement amount and subsequently at amortised cost or their recoverable amount.

Principal accounting policies Year ended 28 February 2023

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the Foundation anticipates it will pay to settle the debt, and subsequently at amortised cost.

Non-current creditors are measured at their present value at the balance sheet date where the time value of money is material. The initial recognition of the discount and its subsequent unwinding are credited or charged in the statement of financial activities to the appropriate income or expenditure heading. The discount rate applied is based on the opportunity cost of income from investments foregone.

Pension costs

Employer's contributions in respect of defined contribution pension schemes are charged to the statement of financial activities in the year in which they are payable to the scheme.

Fund accounting

The expendable endowment funds represent the capital funds of the Foundation which can be drawn upon if required.

The unrestricted funds represent funds available for the general charitable purposes of the Foundation at the discretion of the trustees.

1 Investment income

	2023 £	2022 £
Dividends on investments	4,125,409	4,096,229
Interest on cash holdings	83,777	3,343
	4,209,186	4,099,572

2 Expenditure on charitable activities

	2023 £	2022 £
<i>Grants to institutions by category:</i>		
. Education	2,697,935	25,582,025
. Healthcare and patient support	762,468	916,578
. End-of-life care	434,582	490,204
. Other categories	216,534	134,575
<i>Total grants payable</i>	4,111,519	27,123,382
Grant and Foundation administrative expenses including governance costs (note 3)	132,443	157,233
	4,243,962	27,280,615

The trustees awarded grants to 200 charitable institutions in the year ended 28 February 2023 (2022 - 200). The trustees consider that the disclosure of specific material grants to institutions could seriously prejudice the furtherance of the purposes of the Foundation.

A reconciliation of the grants payable and commitments shown in these financial statements is as follows:

	2023 £	2022 £
Grants payable at 1 March 2022 (note 8)	19,209,500	57,500
Grants made during the year	4,111,519	27,123,382
Grants paid in the year	(6,495,719)	(7,971,382)
Grants payable at 28 February 2023 (note 8)	16,825,300	19,209,500
<i>The above grants commitments fall due as follows:</i>		
Within one year (note 8)	2,536,000	2,532,500
After one year (note 8)	14,289,300	16,677,000
	16,825,300	19,209,500

3 Governance costs

	2023 £	2022 £
Fees payable to the auditor:		
Statutory audit	13,200	12,720
Taxation services	2,580	2,460
Payroll services	2,976	2,864
Other advisory services	1,200	900
	19,956	18,944

4 Staff costs including key management personnel and trustees' remuneration

	2023 £	2022 £
<i>Staff costs comprise:</i>		
Wages and salaries	87,000	87,000
Social security costs	6,322	7,776
Pension costs	6,525	6,525
Medical insurance	1,687	1,687
	101,534	102,988

The average monthly number of persons (including key management personnel) employed by the charitable company during the year on a full time equivalent basis was one (2022 - one).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Foundation and are represented by the trustees and the Chief Executive. The remuneration paid to the Chief Executive is as set out above.

The trustees received no remuneration (2022 - none) and were not reimbursed for any expenses (2022 - none).

5 Taxation

The February Foundation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

6 Fixed asset investments

At the year-end, fixed asset investments comprised the following investments and cash held for investment:

	Total 2023 £	Total 2022 £
Market value of investments at 1 March 2022	82,461,730	111,622,438
Additions	15,286,650	9,665,999
Disposals (proceeds £14,153,456: realised losses £1,342,379)	(15,495,835)	(6,287,677)
Unrealised gains / (losses) in the year	3,608,823	(32,539,030)
Market value of investments at 28 February 2023	85,861,368	82,461,730
Cash held for reinvestment	855,911	1,701,074
	86,717,279	84,162,804
Historic cost of investments at 28 February 2023	31,205,672	31,414,857
The market value of investments at 28 February 2023 comprises:		
UK listed	58,474,135	58,799,745
UK fixed interest stock	8,193,524	9,038,631
Overseas listed	14,600,382	10,757,462
Overseas fixed interest	1,140,711	575,102
Alternatives	1,800,237	1,413,642
Property	1,652,379	1,877,148
Cash held for reinvestment	855,911	1,701,074
	86,717,279	84,162,804

7 Debtors

	2023 £	2022 £
Due within one year		
Accrued investment income	94,414	73,578
	94,414	73,578

8. Creditors

	2023 £	2022 £
Due within one year		
Accrued expenses	34,462	38,999
Grants payable	2,536,000	2,532,500
	2,570,462	2,571,499
Due after more than one year		
Grants payable	14,289,300	16,677,000
Total creditors	16,859,762	20,733,899

Grants payable after one year have been recognised at net present value to reflect the time value of money. The value of grants payable, before discounting, at 28 February 2023 was £20,047,000 (2022 - £22,532,500)

9. Financial instruments and financial risk management

The Foundation holds financial instrument measured at amortised cost or fair value as follows:

	2023 £	2022 £
Financial assets measured at amortised cost	93,414	73,578
Financial liabilities measured at amortised cost	2,581,462	2,571,499
Financial liabilities measured at fair value	14,278,300	16,677,000

The Foundation has exposure to one main area of risk, liquidity risk.

Liquidity risk

The objective of the Foundation in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Foundation seeks to meet its financial obligations through cash flows from its investment portfolio. In the event that the cash flows would not cover all the financial liabilities, the charity has sufficient cash reserves available to meet any shortfall.

10. Analysis of net assets between funds

	Expendable endowment £	Unrestricted funds £	Total 2023 £
Fund balances at 28 February 2023 are represented by:			
Investments	59,191,414	27,525,865	86,717,279
Current assets	—	6,077,097	6,077,097
Creditors: amounts falling due within one year	—	(2,570,462)	(2,570,462)
Creditors: amounts falling due after one year	—	(14,289,300)	(14,289,300)
Total net assets	59,191,414	16,743,200	75,934,614

	Expendable endowment £	Unrestricted funds £	Total 2022 £
<i>Fund balances at 28 February 2022 are represented by:</i>			
<i>Investments</i>	<i>54,068,899</i>	<i>30,093,905</i>	<i>84,162,804</i>
<i>Current assets</i>	<i>—</i>	<i>5,932,570</i>	<i>5,932,570</i>
<i>Creditors: amounts falling due within one year</i>	<i>—</i>	<i>(2,571,499)</i>	<i>(2,571,499)</i>
<i>Creditors: amounts falling due after one year</i>	<i>—</i>	<i>(16,677,000)</i>	<i>(16,677,000)</i>
<i>Total net assets</i>	<i>54,068,899</i>	<i>16,777,976</i>	<i>70,846,875</i>

11. Transfers between funds

In the 2021/22 financial year the Foundation approved a significant unconditional grant of £22.5m payable in annual instalments to 2030/31. The grant fully absorbed the Foundation's existing unrestricted income fund and, in order to ensure that sufficient unrestricted income funds were available to meet all known grant commitments, the Foundation made a transfer from the expendable endowment fund to the unrestricted funds of £25,000,000 which the trustees considered to be adequate to meet the Foundation's known grant commitments.

No transfer was considered necessary in the 2022/23 financial year.

12. Grant funding commitments

At 28 February 2023, the trustees had approved the following grants which will not be paid to the recipient unless and until either matched funding is obtained by the recipient before the agreement expires or conditions attached to the agreement are fulfilled by the recipient.

These amounts have not been recognised as a liability in the balance sheet.

	Education £	Healthcare and patient support £	End-of- Life Care £	Other £	Total £
Maximum commitment at 1 March 2022	12,815,500	459,000	92,500	82,500	13,442,892
Paid in year	(2,600,135)	(176,151)	(39,300)	(20,696)	(2,836,281)
New/(lapsed) commitments	(217,641)	(228,849)	31,800	(61,804)	(446,490)
Maximum commitment at 28 February 2023	9,997,724	54,000	85,000	—	10,136,724

	Education £	Healthcare and patient support £	End-of- Life Care £	Other £	Total £
Maximum commitment at 1 March 2021	2,565,000	1,164,892	60,000	100,000	3,889,892
Paid in year	(930,024)	(535,892)	(30,000)	(22,500)	(1,518,416)
New/(lapsed) commitments	11,180,524	(170,000)	62,500	5,000	11,071,416
Maximum commitment at 28 February 2022	12,815,500	459,000	92,500	82,500	13,442,892

Matched and conditional funding commitments are available under agreements which expire between 2023/24 and 2026/7.

13. Related parties

The Foundation did not enter into any transactions with related parties during the financial year (2022 – None)

THE FEBRUARY FOUNDATION

England & Wales - Charity number 1113064

Accounts

**The
February
Foundation**

**Annual Report and Financial
Statements**

28 February 2022

Company Limited by Guarantee

Registration Number

05718135 (England and Wales)

Charity Registration Number

1113064

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Reference and administrative information

Trustees	James Carleton Mark Clarke Michael Moody
Chief Executive and Company Secretary	Richard Pierce-Saunderson
Registered office	66 Lincoln's Inn Fields London WC2A 3LH
Company registration number	05718135 (England and Wales)
Charity registration number	1113064
Auditors	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers and investment managers	C Hoare & Co 37 Fleet Street London EC4P 4DQ UBS Wealth Management 1 Finsbury Avenue London EC2M 2AN Investec Wealth & Investment Limited 2 Gresham Street London EC2V 7QN
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH
Website	www.thefebruaryfoundation.org

Trustees' report Year to 28 February 2022

The trustees present their statutory report together with the financial statements of The February Foundation for the year to 28 February 2022. The trustees are also directors of the Foundation for the purposes of company law and the trustees' report contains a directors' and strategic report as required by the Companies Act 2006.

This report has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 27 to 30 of the attached financial statements and comply with the Memorandum and Articles of Association of The February Foundation, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

GOVERNANCE, STRUCTURE AND MANAGEMENT

Constitution

The February Foundation was incorporated on 22 February 2006 as a company limited by guarantee under company registration number 05718135. On 23 February 2006, the Foundation registered on the Central Register of Charities under registration number 1113064.

Trustees

The names of the trustees as at the date of this report are set out as part of the reference and administrative information on page 1 of these Annual Report and Financial Statements. There were no changes in trustees for the year under review.

Recruitment and appointment

The appointment of trustees is governed by the Memorandum and Articles of Association of the Foundation. All trustees must be aged at least 18, and there must at all times be a minimum of two and a maximum of five trustees. Upon appointment every trustee must sign a declaration of willingness to act as a trustee of the Foundation before he or she may vote at any meeting of the trustee. Trustees shall hold office for three years, but may be reappointed.

Induction and training

The Foundation recognises that new and current trustees should be aware of the Foundation's charitable purposes, mode of operation, plans, policies and costs. All trustees are provided with a copy of the Memorandum and Articles of Association, the grant giving policy, and a copy of other relevant policies as well as minutes of recent trustees' meetings.

The trustees are provided with appropriate updates relating to matters impacting upon charity law and the running and administration of the Foundation from their professional advisers. They also attend external training events where appropriate.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement

The trustees (who are also directors of The February Foundation for the purposes of company law) are responsible for preparing the trustees' report and 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 Foundation and of the income and expenditure of the Foundation 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation 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 Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the Foundation's auditors are unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement (continued)

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

Key management personnel

The trustees consider that the board of trustees and Chief Executive comprise the key management personnel in charge of directing and controlling, running and operating the Foundation on a day to day basis.

The trustees give their time freely and no trustee received remuneration in the year.

The pay of the Chief Executive is reviewed annually by the trustees.

Organisation

The trustees are ultimately responsible for the policies, activities and assets of the Foundation. They meet formally at least twice a year. The trustees must approve any grants made by the Foundation before such grants are made.

The main functions of the Chief Executive comprise the following:

- ◆ research and investigation of charitable causes;
- ◆ maintaining and updating the Foundation's website;
- ◆ providing administrative and secretarial support to the trustees;
- ◆ undertaking day-to-day administrative duties;
- ◆ liaising with grant applicants, developing grant policies and monitoring grants;
- ◆ maintaining the Foundation's databases and information systems;
- ◆ acting as a point of contact for the Foundation; and
- ◆ managing the financial affairs of the Foundation.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES

Charitable objectives and activities

The Foundation's charitable objectives as expressed in its Memorandum of Association are as follows:

'The general purposes of such charitable bodies or for such other purposes as shall be exclusively charitable as the trustees may from time to time decide.'

The Foundation makes grants to a range of charities and charitable activities in accordance with the Foundation's grant making policy, as set out below.

The trustees reviewed the Foundation's giving policy in the 2021/22 financial year and decided to continue with the policy of exclusions. These are detailed in the grant making policy section of this report.

Public benefit

The trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and setting its grant-making policy.

The February Foundation's aims and objectives fall within the various descriptions of charitable purposes in the Charities Act 2011, and, in particular, the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage, the advancement of education, the advancement of the arts, culture, and heritage.

Grant applications for any charitable purpose are considered by the trustees. To date, all grants have been awarded to registered charities, and the beneficiaries are those of the recipient charities. The charities supported by the Foundation during this financial year are active in end-of-life care, healthcare and patient support and education.

Grant making policy

In the year under review, the following grant making policy applied:

The trustees will normally award grants to registered charities.

The trustees will consider grants for:

- ◆ charities which are for the benefit of persons who are making an effort to improve their lives;
- ◆ charities which are for the benefit of persons no longer physically or mentally able to help themselves;
- ◆ charities which have a long-term beneficial impact on the future of individuals, groups of individuals, or organisations;

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Grant making policy (continued)

- ◆ charities which protect the environment;
- ◆ small or minority charities where small grants will have a significant impact;
- ◆ companies where the acquisition of equity would be in line with the Foundation's charitable objectives (this is elaborated in the Foundation's investment policy which is periodically reviewed); and
- ◆ charities whose charitable objectives are aligned with those of the Foundation.

The trustees will not consider grants for:

- ◆ charities which are party-politically driven;
- ◆ charities with a commercial bias for a particular product or company;
- ◆ charities with an aggressive religious bias.

In addition, the Foundation will not normally consider applications from or for the following:

- ◆ Child care;
- ◆ Citizens' Advice Bureaux;
- ◆ Community centres;
- ◆ Higher education;
- ◆ Housing associations;
- ◆ Individuals;
- ◆ Medical research;
- ◆ Military charities;
- ◆ Minibuses;
- ◆ NHS trusts;
- ◆ Non-departmental government bodies;
- ◆ Overseas projects;
- ◆ Primary education;

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Grant making policy (continued)

- ◆ Scouts, Guides, Brownies, Cubs and similar organisations;
- ◆ Secondary education;
- ◆ Single-faith organisations;
- ◆ Special Educational Needs schools;
- ◆ Sports clubs, unless for the mentally and physically disabled;
- ◆ Village halls;
- ◆ Youth centres.

Exceptions to this exclusions policy will be reviewed on a case-by-case basis in the light of the status of the applicant, its organisational structure (for example was it established for philanthropic and benevolent purposes), and the purpose of the grant.

There is no minimum grant. The average grant is usually £5,000 per award, but this is reviewed on a case-by-case basis. Terms and conditions for grants will be discussed and drafted by the trustees on a case-by-case basis. The trustees may decide to award grants without any accompanying conditions.

Investment policy

The Foundation has a portfolio of investments with Investec and UBS which had a market value of £84,162,804 including cash held by the investment managers, at 28 February 2022 (2021 - £112,358,715).

The investment policy of the Foundation is to seek a balanced return from capital growth over the medium term.

The investment portfolio policy is:

- ◆ to grow income over the medium term and depending on the strategy agreed with the Foundation;
- ◆ to maintain in real terms the total value of the capital base from which the Foundation's income is derived;
- ◆ to recognise that growth in income and capital requires some risks to be taken, but to require that these should be managed by maintaining a spread of investments which give a low to medium risk portfolio.

The trustees seek the investment managers to be custodians of the investment portfolio. It is the trustees' duty to produce a balanced investment strategy.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Investment policy (continued)

Periodic meetings are held with the investment managers who provide the trustees with reports for the preceding half-year.

The trustees seek to minimise risk by:

- ◆ monitoring and periodically reviewing the performance of the investment managers;
- ◆ investing in bonds which are mainly rated A to AAA;
- ◆ investing in equities whilst evaluating gifts of shares on a case-by-case basis in the context of the Foundation's overall portfolio;
- ◆ allowing a change in the investment portfolio only after discussions between the investment managers, the trustees and other professional advisers.

STRATEGIC REPORT

Achievements and performance

Review of activities

Covid-19 continued to dominate the Third Sector in the year under review. However, the focus of the Foundation in specific, and the sector in general, moved from immediate and timely emergency funding for those charities worst affected by the pandemic to providing funds which would ensure post-covid sustainability once the worst of the pandemic was over.

It is worth noting that, at the time of writing, the pandemic is by no means over, that a significant proportion of charities are seeing significant staff absences due to covid-19, and that the communication of information between clinical (and other practical) settings, which was slowed down by inadequate technology in Lockdown 1, is now being slowed by these staff absences. This is exacerbated by the continuing national shortage of healthcare professionals in many areas.

In the absence of immediate and urgent covid-19 appeals and requests for funding, the Foundation ended its weekly covid-19 emergency applications process, and focused solely on its standard applications process with a maximum 12-week response time, and monthly grant distributions. In view of the need for sustainability funding, the bulk of the Foundation's grants (in terms of number of grants made) continued to be for core costs in order to give recipient charities the maximum flexibility in applying the granted funds. The Foundation's strategy of excluding fundraising costs from core costs continued in order to ensure that granted funds would be applied directly to a wide range of charitable activities which directly benefitted the ultimate stakeholders in recipient charities. Reporting requirements and criteria remained flexible in recognition of the fact that the pandemic continued (and continues) to put immense pressure on all charities and their staff. It is important to note here that reporting requirements can never be entirely removed, as recipient charities and grant-making charities remain justifiably publicly accountable and should operate as transparently as possible.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

The issue of transparency is one which applicant charities, and especially their finance departments, should bear in mind. In the year under review, the Foundation introduced the requirement for applications to contain additional information in order to overcome the average 9-month lag between the end of financial years and the publishing of audited accounts. The intention of gathering this additional information (which includes asking for applicant charities' cash position and free reserves at the time of application, as well as for applicant charities' live caseload and reach at the time of application) is to ensure that the Foundation can evaluate applications with as much current information as possible to allow informed decision-making by the trustees. Many financial departments have been reluctant to provide up to date financial information, a reluctance which hinders their charities' ability to raise funds from grant makers. It is important here to emphasise that the Foundation gathers this information confidentially not in order to compare and contrast applicant charities but rather to ensure the Foundation has the most current information possible, and also to enable the Foundation to build a complete picture of the context in which charities operate. It is important, at a time of crisis, not only for funders to be flexible but also for applicant charities to be so if at all possible.

There have been statements in the public domain that charities' annual accounts are not important, and that they are very rarely read. This is an erroneous assumption. In addition to the increasing need for time-critical information in applications, the Foundation believes that applicant charities' annual reports and accounts are their most important support tool in raising funds, providing important contextual information, and that they should therefore ideally, as well as being presented clearly and simply, include as much data and information as possible (such as service user numbers and their comparatives, user feedback data and their comparatives, service delivery successes and difficulties). It is especially important that narratives match the SOFA and the notes to the accounts, and that intangible descriptors such as "other" in those notes are altogether discarded. At a time when there is much discussion about the power imbalance between funders and charities, clarity of information is vital.

What remains clear in the continuing covid-19 crisis is that the Foundation is in a strong position, both financially and procedurally, to be able to quickly and effectively support its core constituencies, in times of crisis and in more normal times. The Foundation's vision has always been to be a funder of longevity, to spend within its means, and to offer not only financial support but also advice to those charities it deals with. This vision has proved its value during the last two difficult years, and the trustees are aware that there may be more similar crises ahead which will not be purely pandemic-based.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

Against the context outlined in the above paragraphs, the Foundation continued to structure its giving in an informed manner, with in-depth research on applications, and extensive due diligence on significant projects. In the year under review, 651 charities were evaluated (compared to 598 in the previous year), which had either applied to the Foundation, or which were selected by the Foundation as potential candidates for funding. This 8.9% rise in applications compared to the small 3.3% rise in the previous year reflects the adaptation of charities' fundraising departments to the changed funding environment, an increase in charities' effective deployment of technology, and of the fact that working from home for colleagues not on the frontline of care or service delivery is now a norm rather than an exception, increasing as it does productivity and efficiency. That ongoing investment in IT has increased charities' cost base is beyond doubt, and emphasises the need for, and usefulness of, core cost funding.

In the year under review, it became clear that many (but not all) charities' 2020/21 accounts were buoyed by one-off emergency covid-19 funding from government, as well as from trusts and foundations, which in some cases artificially boosted charities' year-end reserves. What also became apparent from the small trickle of accounts received for 2021/22 was that this did indeed only have a temporary inflationary impact on incoming funds, and that the Foundation's view that 2021/22 and 2022/23 will be difficult fundraising years remains accurate, and that the increasingly difficult funding landscape will probably extend into 2023/24 and beyond when considering all other factors.

Whilst a large majority of applications and approaches to the Foundation in the year under review were very focused, well-targeted, complex, and intelligent, and based on thorough research of potential funders, and demonstrated sound financial management and significant beneficial soft and hard outcomes for their stakeholders, there were an increasing number of applications which did not exhibit these qualities and which seemed to show a scattergun approach to fundraising, as well as an omission to either check the Foundation's web site for its application guidelines, or an omission to adhere to guidelines provided directly by the Foundation in response to enquiries. This resulted in only 29.0% of applications being successful, down from 37.1% in the previous year, but still higher than the 23.1% success rate in 2019/20. Only 2.9% of applications to the Foundation were ineligible to apply (compared to 3.3% in the previous year).

Having said that, the Foundation's grant expenditure remained below budget. The main reasons for this, in addition to those outlined above, were:

- ◆ the failure of some grant recipients to reach maximum matched funding levels;
- ◆ longer than expected negotiations on larger grants either due to extended discussions about grant conditions or a need for extended periods of due diligence;
- ◆ small drawdowns on agreed grants;

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

- ◆ poor funding ratios from a significant number of applications, especially when compared to the funding ratios of similar charities;
- ◆ the failure by some applicant charities to demonstrate and document the beneficial soft and hard outcomes they deliver for their stakeholders.

At this point it is worth reiterating that it is important, even in times of crisis, for applicant charities to present cogent cases for funding, including those beneficial soft and hard outcomes referred to above, not because funders want to make grants from a position of power, but because funders need as much relevant information as possible to make effective and good funding decisions.

The consideration of larger grants is usually the result of the Foundation's research into potential grant recipients which are engaged in projects that the Foundation considers to be significantly innovative and with the potential of having enduring impact, usually nationally. Any such grants, once agreed, are usually subject to confidentiality clauses unless the Foundation considers publicity for such grants to increase their potential reach and impact. Large grants are usually a mix of matched funding and funding dependent on the achievement of key performance indicators agreed by recipient charities and the Foundation.

The Foundation continued its progress towards becoming a wholly paperless organisation in the year under review, with only 3.9% of incoming applications and correspondence on paper, compared to 5.5% in the previous year, 10.8% in 2019/20, and 40.1% in 2017/18. This significant reduction was in no small way due to the adoption of working from home as a norm for applicant charities. This, combined with the Foundation having been set up in 2006 with a focus on homeworking (and since 2014 with storage and real-time back-ups to a managed Cloud environment) enabled the Foundation to respond with great speed and effectiveness to all applicant charities.

Finally, in the year under review, the trustees reviewed and updated the Foundation's Governance Handbook in its entirety.

Grants payable

The Foundation approved grants in the 2021/22 financial year with a value of £27,123,382. These represent 207 individual grants made to 200 charitable organisations and include grants with a value of £1,338,416 that were existing matched funding commitments, where conditions were met in the 2021/22 financial year.

The value of approved grants was significantly higher than 2020/21 due to an unconditional grant funding commitment over ten years to one organisation. The Foundation made the first payment of this commitment in 2021/22 of £2,500,000 and further annual payments will be made until the 2030/31 financial year. In accordance with the Foundation's accounting policies, the long term grant payable has recognised the time value of money and measured the long term liability at present value.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Grants payable (continued)

Education

The Foundation approved six grants with a total value of £25,582,025 to three organisations of which £6,430,025 was paid in 2021/22 and £19,152,000 will be paid between 2022/22 and 2030/31. Included within the amount paid is £930,024 of grants where commitments had been made in previous years, and where conditions were met in the year under review.

The Foundation's objective in its education grant strategy is to enable universal access. The trustees believe that the grant commitments they have made in this area now create a pathway from Reception to undergraduate level for low-income students to access high-quality education, which is entirely in line with their objectives in this area. It is for this reason that the Foundation is not accepting new applications in this area.

End-of-life care

The Foundation paid 89 grants totalling £490,204 to 89 organisations.

The Foundation remains committed to supporting end-of-life care at the grassroots level, mainly in a hospice or hospice-at-home context, with an increased emphasis on operating and core costs to give more flexibility for grantee charities.

End-of-life care has been disproportionately affected by covid-19, and all the grants made reflect that the Foundation's trustees are cognisant of the fact that hospices are seeing an increase in demand as a result of covid-19, as well as an increasing number of patients at the very end of life due to many diagnoses and treatments being delayed due to the exceptional additional pressure put on the NHS by the ongoing pandemic.

Heritage

The Foundation made no grants to the heritage sector in the year under review. Whilst cognisant of the fact that heritage and culture organisations were very badly affected by the pandemic, the trustees considered other health and social care related areas a greater priority. The Foundation is still accepting applications from heritage and culture charities.

Healthcare and patient support

The Foundation paid 84 grants totalling £916,578 to 81 organisations.

The Foundation makes grants to charities which support the ill, and the physically and mentally disabled, to empower them to improve the quality of their lives, and to seek to live as independently as possible.

With demand on national helplines offering patient support and information rising disproportionately during the ongoing pandemic, in part due to the NHS having to divert resources into emergency care, many of the grants made in the year under review were to maintain or increase the capacity of national helplines.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Grants payable (continued)

Other

The Foundation made 28 grants totalling £134,575 to 27 organisations either not included in the areas above, or overlapping the areas above. As in other areas, the Foundation's main objective here was to underpin post-covid sustainability.

Measuring impact

How to measure impact remains one of the most discussed and controversial subjects in the Third Sector, with different schools of thought proposing and adopting different measures and approaches.

The Foundation asks its grant recipients to provide a 1-month and a 6-month report not only on the spending of the grants received, but also on the activities of grant recipients as a whole. This approach ensures contextual reporting rather than looking at one single project in isolation, and allows the trustees a deep insight into recipient charities' full impact.

In addition, during the evaluation of applications, the Foundation looks closely not just at financial and usage data, but also at service users' feedback and what they perceive to be quality of life benefits. What this front-loaded approach achieves is to balance hard outcomes (financial, data) with soft outcomes (quality of life, service-user-defined improvements in physical and mental wellbeing), which establishes during the application process whether or not any applicant charity is being impactful. Financial data and performance give a view on the quality of management and efficiency of charities, whilst soft outcomes (including anecdotal evidence) provide an insight into the real impact charities have on the lives of their service users, who are the ultimate stakeholders of all charities, including trusts and foundations.

The gathering of information pre-application, combined with post-grant reporting, allows the Foundation to make judgements on impact on a case-by-case basis, and the trustees feel that the Foundation's grants have in most cases demonstrated significant beneficial impact for the stakeholders of recipient charities.

Financial review

Results for the year

A summary of the year's results can be found on page 24 of the financial statements.

The Foundation's total income for the year ended 28 February 2022 amounted to £12,764,740 (2021 - £17,585,040). The Foundation's income arose from income on the Foundation's investment portfolio and cash deposits of £4,099,572 (2021 - £4,042,771); and income from donations of £8,665,168 (2021 - £2,946,269). No gift of shares was received in the year (2021 - £10,596,000).

Financial review (continued)

Results for the year (continued)

Grants to charitable organisations totalled £27,123,382 (2021 - £11,674,346). Grant and Foundation administration costs, including governance costs totalled £157,233 (2021 - £132,221). Investment management costs for the year amounted to £128,908 (2021 - £103,823).

Net expenditure before gains and losses on the Foundation's investment portfolio was £14,644,783. After recognising gains on the disposal of investments of £517,472 (2021 – losses of £3,882,697) and losses arising from movements in the market value of investments of £32,539,030 (2020 – losses of £6,278,762), the Foundation saw a total decrease in funds for the year of £46,666,341 (2021 – increase in funds of £4,486,809). Total funds of the Foundation at 28 February 2022 amounted to £70,846,875 (2021 - £117,513,216).

Reserves policy

The trustees have examined the Foundation's requirements for reserves in light of the main risks to the Foundation. The trustees have established a reserves policy to protect the Foundation and its long-term charitable giving programme by providing time to adjust to changing financial circumstances.

The trustees have agreed that it would be in the best interests of the Foundation to continue to build up an expendable endowment fund to support its future grant making activities and provide the Foundation with an asset base to allow for its long term sustainability. Movements on the endowment fund are generated from significant donations of cash or equities to or by the Foundation, changes in the market value of the underlying investment portfolio, gains or losses realised on sale and after transfers, if required, to the Foundation's unrestricted income funds. At 28 February 2022 the expendable endowment was £54,068,899 (2021 - £102,554,197) which the trustees consider to be adequate to meet the Foundation's long term financial objectives.

The unrestricted income fund represents cumulative surplus's arising from investment income exceeding charitable expenditure over the past five years. The purpose of the unrestricted income fund is to ensure the Foundation holds sufficient liquid assets to meet its approved grant commitments. In recent years, the Foundation's grant expenditure has been below budget which has led to an increase in unrestricted funds. However, in the 2021/22 financial year the Foundation approved a significant unconditional grant of £19,177,000, which is payable in annual instalments to 2030/31, and fully absorbed the Foundation's existing unrestricted income fund. In order to ensure that sufficient unrestricted income funds were available to meet all known grant commitments, the Foundation made a transfer from the expendable endowment fund of £25,000,000 and at 28 February 2022 the income fund was £16,777,976 (2021 - £14,959,019), which the trustees consider to be adequate to meet the Foundation's known grant commitments.

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy (continued)

The Foundation prepares budgets with an anticipated annual grant expenditure in the range of £6.0m - £8.0m in any given year, and cash flow projections are prepared on this basis and regularly reviewed by the Foundation to ensure that assets are available to provide the liquidity needed to allow the Foundation to be in a position to meet its commitments. Assets identified to meet short-term commitments are cash and investments that can be easily liquidated. Furthermore, since December 2019, the trustees have made the decision to hold in cash and highly liquid investments sufficient funds for medium-term commitments in view of anticipated market volatility around the time of the UK's formal exit from the EU and the move into the Transition Period in 2020, a policy the Foundation maintains as market volatility continues due to covid-19 and other geopolitical events.

At 28 February 2022, the Foundation held £5,858,992 of cash, as well as an investment portfolio which provides sufficient liquidity for the Foundation's purposes. In the event that the trustees find themselves unable to meet the Foundation's commitments from unrestricted funds, they will draw on the expendable endowment to meet those commitments as they see fit. The reserves policy is reviewed annually to reassess the risks and reflect changes to the Foundation's income, capital, financial obligations and long-term plans for charitable expenditure.

A large proportion of the Foundation's reserves comprise gifted shares as well as multi-asset share and bond portfolios. In view of covid-19, the trustees reviewed these holdings once again shortly after the end of the year under review, and concluded that, despite recent market volatility, they were happy with the Foundation's current holding of gifted shares in view of its highly cash-generative nature and absence of debt.

Fundraising

The Foundation does not fundraise directly with individuals and therefore is not registered with the Fundraising Regulator. No fundraising activities are undertaken and if donations from individuals are received, the Foundation aims to protect personal data and would never sell data or swap data with other organisations. As a result, covid-19 has not affected the Foundation's donations income.

Future plans

The trustees continue to regularly review the breadth of the Foundation's objects. They feel that it is important for the Foundation to be open to applications across a range of charitable activities rather than focusing on one area to the exclusion of all others.

The breadth of the Foundation's objects provides it with the flexibility needed to be able to support a wide range of charities and to be very responsive to applicant charities' needs.

STRATEGIC REPORT (continued)

Future plans (continued)

The Foundation will continue with this approach for the year ending 28 February 2023, with a focus on maintaining its current maximum 12-week application processing time. The trustees are cognisant of the fact that this approach has historically translated to a relatively low success rate for applicants, and that it also ensures lasting impact. The trustees are also aware of the fact that although, as far as covid-19 is concerned, their focus is now on post-covid sustainability funding, there remains the possibility of a needs-driven re-introduction of covid-19 emergency funding. They will review the national covid-19 situation on a frequent and regular basis.

The Foundation's strategy is to be a proactive grant maker which seeks to anticipate need and changes in the charitable sector, as well as responding quickly and effectively to emergencies such as the covid-19 pandemic and the cost-of-living crisis. In addition, the Foundation wishes to continue its support of the community-based palliative care sector.

Looking ahead, the Foundation plans to maintain its strategy of funding grants and operations through income generated from the endowment alone. With this in mind, the trustees have again reviewed the Foundation's grant-making policy, and have determined that, for the financial year ending 28 February 2023, they will continue with the broad grant-making policy outlined on pages 5 to 7 of this report. The trustees have concluded that this strategy allows for the introduction of emergency funding programmes (such as covid-19 or the cost-of-living crisis) should such need arise although they are cognisant of the fact that the projected long tail of the pandemic means they will review this approach on a regular and frequent basis.

The trustees have reviewed the Foundation's eligibility exclusions, and have amended and restructured them. The following organisations are therefore not eligible to apply for grants from the 2022/23 financial year onwards:

- ◆ Animal charities (except those involving therapy or sport for the disabled);
- ◆ Charities which are party-politically driven;
- ◆ Charities with a commercial bias for a particular product or company;
- ◆ Charities with an aggressive religious bias;
- ◆ Child care;
- ◆ Citizens' Advice Bureaux;
- ◆ Community centres;
- ◆ Community Interest Companies (CICs);

STRATEGIC REPORT (continued)

Future plans (continued)

- ◆ Education including:
 - ◇ Adult/Further
 - ◇ Higher
 - ◇ Primary
 - ◇ Secondary
 - ◇ Special Educational Needs
- ◆ Housing associations;
- ◆ Individuals;
- ◆ Medical research;
- ◆ Military charities (including those for veterans);
- ◆ Minibuses;
- ◆ NHS trusts (or charities which support them);
- ◆ Non-departmental government bodies;
- ◆ Outdoor activity centres;
- ◆ Overseas projects;
- ◆ Scouts, Guides, Brownies, Cubs, and similar organisations;
- ◆ Single-faith organisations;
- ◆ Sports clubs, unless only for the mentally or physically disabled;
- ◆ Village halls;
- ◆ Youth clubs & centres.

Exceptions to this exclusions policy will be reviewed on a case-by-case basis in the light of the status of the applicant, its organisational structure (for example was it established for philanthropic and benevolent purposes), and the purpose of the grant.

Looking further ahead, the Foundation will continue to research existing charities in addition to continuing to consider unsolicited applications within the policy.

STRATEGIC REPORT (continued)

Future plans (continued)

The trustees discuss the Foundation's grant-making policy on an ongoing basis, and believe that their wide discretion allows the Foundation to be both innovative and supportive of a large variety of charitable projects and bodies, and that this has facilitated the Foundation's response to covid-19. The Foundation will continue its strategy to become an entirely paperless organisation, and will continue to strongly encourage applicant charities to submit their applications by email rather than by post, with the aim of reducing hardcopy applications and correspondence to 2% of all incoming applications and correspondence compared to the 3.9% in the year under review. The beneficial impacts for applicant charities include financial savings, the ability to respond more quickly to the Foundation's due diligence, the ability to create a blueprint for successful applications processes not just in relation to the Foundation, as well as an increase in environmental responsibility. For the Foundation, the beneficial impacts include increased responsiveness, the ability to maintain transparency and speed of response, including its rapid response to covid-19.

Risk management

The trustees believe that by monitoring reserve levels and ensuring that controls exist over key financial systems, and by examining from time to time the operational risks faced by the Foundation and its grant giving activities, that they have established effective systems to mitigate the major risks to which the Foundation is exposed.

The principal risks faced by the Foundation are as follows:

- ◆ Financial sustainability (including covid-19);
- ◆ Ineffective grant making;
- ◆ Investment management.

Financial sustainability (including covid-19)

The key elements in managing financial sustainability are a regular review of available funds with which to meet current and future grant commitments, regular liaison with investment managers and the bank, and monthly reporting of performance against budget for income and expenditure. In addition, financial risk is mitigated by processes which ensure that all financial instructions are approved by at least two trustees.

The Foundation's financial sustainability depends very much on the income from its multi-asset portfolios, and its holding of gifted shares. Covid-19 significantly affected market values in the second quarter of 2020 and although the value of the Foundation's investments recovered from quarter three onwards the total value of the investment portfolio is 7.6% down for the 2021/22 financial year. Market volatility continued beyond the year under review and the value of the investment portfolio has fallen by 9.2% at end-August 2022 compared to the value at 28 February 2022.

STRATEGIC REPORT (continued)

Risk management (continued)

Financial sustainability (including covid-19) (continued)

In the year under review, markets remained volatile, but the Foundation's dividend income in the year under review was almost unchanged compared to the previous year. The trustees are confident that the Foundation's significant cash and high-liquidity holdings mitigate any immediate risk to the Foundation's financial sustainability.

Ineffective grant making

The key elements in managing effective grant making are rigorous evaluation of all grant applications (including the process outlined in the *Measuring Impact* section of this report), setting grant applicants' expectations on when to expect decisions on applications, and robust reporting requirements which need to be fulfilled by grant recipients. Risks are mitigated by a monthly review by the trustees of grant making, recipient reporting, and grant applications.

Investment management

The key elements in effective investment management are a trustee body with a skill set appropriate to evaluating investment performance, the engagement of professional investment managers with a significant and successful track record, monthly reviews of investment performance, and regular meetings with investment managers and the bank.

In order to ensure best practice and continuous improvement, the trustees review the Foundation's risk assessment at least once a year.

The trustees approve the trustees' report, including the strategic report.

Signed on behalf of the trustees:

James Carleton

James Carleton

Trustee

Approved by the trustees on 15 October 2022

Independent auditor's report to the members of The February Foundation

Opinion

We have audited the financial statements of The February Foundation (the 'charitable company') for the year ended 28 February 2022 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 28 February 2022 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 is detailed below:

- ◆ We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP FRS 102 and the Charities Act 2011.
- ◆ We understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of minutes from trustee meetings and papers provided to the trustees.
- ◆ We assessed the susceptibility of the charitable company's financial statements to material misstatements, including how fraud might occur. Audit procedures performed by the engagement team included:
 - ◇ Identifying and assessing the design and implementation of controls in place to prevent and detect fraud;
 - ◇ Challenging assumptions and judgments made by management and the trustees in its significant accounting estimates;
 - ◇ Identifying and testing journal entries, in particular adjustments made at the year-end for financial statement preparation; and
 - ◇ Assessing the extent of compliance with relevant laws and regulations by reviewing correspondence with regulators and legal advisors.

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

Independent auditor's report Year to 28 February 2022

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. 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.

Buzzacott LLP

21 November 2022

Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year ended 28 February 2022
(Including income and expenditure account)

	Notes	Unrestricted funds £	Expendable endowment £	Total 2022 £	Unrestricted funds £	Expendable endowment £	Total 2021 £
Income from:							
Donations		—	8,665,168	8,665,168	—	2,946,269	2,946,269
Gift of shares	6	—	—	—	—	10,596,000	10,596,000
Investments	1	4,099,572	—	4,099,572	4,042,771	—	4,042,771
Total income		4,099,572	8,665,168	12,764,740	4,042,771	13,542,269	17,585,040
Expenditure on:							
Investment management costs		—	128,908	128,908	—	103,823	103,823
Charitable activities	2	27,280,615	—	27,280,615	2,470,567	9,336,000	11,806,567
Total expenditure		27,280,615	128,908	27,409,523	2,470,567	9,439,823	11,910,390
Net (expenditure) / income before (losses) gains on investments		(23,181,043)	8,536,260	(14,644,783)	1,572,204	4,102,446	5,674,650
Net (losses) / gains on investments	6						
. Realised on sale		—	517,472	517,472	—	(3,882,697)	(3,882,697)
. Unrealised: changes in market value		—	(32,539,030)	(32,539,030)	—	(6,278,762)	(6,278,762)
		—	(32,021,558)	(32,021,558)	—	(10,161,459)	(10,161,459)
Transfer between funds	11	25,000,000	(25,000,000)	—	—	—	—
Net (expenditure) / income and net movement in funds for the year		1,818,957	(48,485,298)	(46,666,341)	1,572,204	(8,059,013)	(4,486,809)
Fund balances brought forward at 1 March 2021		14,959,019	102,554,197	117,513,216	13,386,815	108,613,210	122,000,025
Fund balances carried forward at 28 February 2022		16,777,976	54,068,899	70,846,875	14,959,019	102,554,197	117,513,216

All income and expenditure is derived from continuing activities. The statement of financial activities includes all gains and losses recognised in the year.

Balance sheet as at 28 February 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Investments	6		84,162,804		112,358,715
Current assets					
Debtors	7	73,578		57,243	
Cash at bank and in hand		5,858,992		5,186,409	
		5,932,570		5,243,652	
Current liabilities					
Creditors: amounts falling due within one year	8	(2,571,499)		(64,151)	
Net current assets			3,361,071		5,179,501
Total assets less current liabilities			87,523,875		117,538,216
Non-current liabilities					
Creditors: amounts falling due after one year	8		(16,677,000)		(25,000)
Net assets			70,846,875		117,513,216
The funds of the Foundation	9				
Funds and reserves					
<i>Capital funds</i>					
Expendable endowment			54,068,899		102,554,197
<i>Income funds</i>					
Unrestricted funds			16,777,976		14,959,019
			70,846,875		117,513,216

Approved by the trustees and signed on their behalf by:

James Carleton

James Carleton

Trustee

Approved on: 15 October 2022

The February Foundation

Company Registration Number: 05718135 (England and Wales)

Statement of cash flows Year ended 28 February 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	414,993	415,295
Cash flows from investing activities:			
Dividends and interest from investments		4,083,237	4,056,927
Proceeds from the disposal of investments		6,805,149	7,816,488
Purchase of investments		(9,665,999)	(8,681,547)
Net cash provided by investing activities		1,222,387	3,191,868
Change in cash and cash equivalents in the year		1,637,380	3,607,163
Cash and cash equivalents at 1 March 2021	B	5,922,686	2,315,523
Cash and cash equivalents at 28 February 2022	B	7,560,066	5,922,686

Notes to the statement of cash flows

A Reconciliation of net movement in funds to net cash provided by operating activities

	2022 £	2021 £
Net expenditure (as per the statement of financial activities)	(46,666,341)	(4,486,809)
Adjustments for:		
Loss on investments	32,021,558	10,161,459
Dividends and interest from investments	(4,099,572)	(4,042,771)
Gift of shares: net movement on shares received and donated	—	(1,260,000)
Decrease in debtors	—	112,720
Increase/(decrease) in creditors	19,159,348	(69,305)
Net cash provided by operating activities	414,993	415,295

B Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	5,858,992	5,186,409
Cash held by investment managers (note 6)	1,701,074	736,277
Total cash and cash equivalents	7,560,066	5,922,686

Principal accounting policies Year ended 28 February 2022

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 28 February 2022.

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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) and the Charities Act 2011. The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis as specified in the accounting policies below.

The Foundation constitutes a public benefit entity as defined by FRS 102.

All financial information is presented in British Pounds Sterling (£), the Foundation's functional currency, and has been rounded to the nearest pound (£).

Critical accounting estimates and areas of judgement

The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the trustees to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the trustees' best knowledge of the amount, event or actions, actual results may differ from those estimates.

Areas requiring the use of estimates and critical judgements that may impact on the Foundation's financial activities and financial position include:

- ◆ multi-year grant commitments, where judgements are made for recognising grants payable for which the payment is not due until future periods. In accordance with the Foundation's accounting policy for expenditure recognition, multi-year grant commitments are only recognised when approved and all conditions have been satisfied; and
- ◆ estimates of the discount rate used to derive the present value of long term grant liabilities, which is based on the average income return from the Foundation's investment portfolio.

Assessment of going concern

The trustees of the Foundation have not identified any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the Foundation to continue as a going concern.

The trustees have considered the continuing impact of the Covid-19 pandemic on the Foundation and have concluded that it is appropriate for the Foundation to continue to prepare its accounts on the going concern basis. The trustees consider that the Foundation's cash reserves and the ability to access liquidity through the investment portfolio together with the returns on investments, provide sufficient funding to meet the anticipated grant commitments for the ensuing year and its long term grant commitments.

Income

Income from donations is recognised in the period in which the Foundation becomes entitled to the donation and where receipt is probable and its amount can be measured reliably.

Investment income comprises dividends and interest on the Foundation's portfolio of listed investments. Dividends are recognised once the dividend has been declared and the Foundation has received notification that the dividend is due.

Interest on the Foundation's investment portfolio and funds held on deposit is recognised when receipt is probable and the amount can be measured reliably using the effective interest method.

Gifts of shares to the Foundation are recognised at market value on the date of receipt.

Expenditure

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. It includes VAT which cannot be recovered.

Expenditure on charitable activities comprises grants payable and related support and governance costs.

Grants payable

Grants payable are recognised when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions.

Grants made as a gift of shares are valued at market value on the date of the gift.

Long term grants payable are initially recognised at present value with the discount and subsequent unwinding of the discount being credited or charged to the statement of financial activities as grant expenditure within charitable activities.

Expenditure (continued)

Grants payable (continued)

Grants are not recognised as payable but noted as financial commitments in the notes to the financial statements under the following circumstances:

- ◆ Where the beneficiary has not been informed; or
- ◆ Where the beneficiary has to meet certain explicit conditions before the grant is released; or
- ◆ Where the amount and timing of matched funding payments is uncertain.

Support and governance costs

Support costs are those functions that assist the work of the Foundation but do not directly undertake charitable activities. Support costs include administration, personnel and governance costs. Governance costs include audit costs and legal costs relating to the Foundation's compliance with regulation and good practice.

Investment management fees

Investment management fees incurred in managing the investments of the endowment are charged against the endowment fund.

Fixed asset investments

The Foundation's investment in quoted shares and similar investments are initially measured at cost and subsequently at market value. Investment gains and losses, whether realised or unrealised, are recognised in the statement of financial activities in the period in which they arise.

Financial instruments

The Foundation only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Foundation and their measurement basis are as follows:

Financial assets – accrued income and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 7. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – accrued expenses and grants payable are financial instruments, and are measured at amortised cost or fair value (discounted for the time value of money) as detailed in note 9.

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the balance sheet when the Foundation becomes party to the contractual provisions of the instrument.

Principal accounting policies Year ended 28 February 2022

Debtors

Other debtors and loans receivable are initially recognised at their settlement amount and subsequently at amortised cost or their recoverable amount.

Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the Foundation anticipates it will pay to settle the debt, and subsequently at amortised cost.

Non-current creditors are measured at their present value at the balance sheet date where the time value of money is material. The initial recognition of the discount and its subsequent unwinding are credited or charged in the statement of financial activities to the appropriate income or expenditure heading. The discount rate applied is based on the opportunity cost of income from investments foregone.

Pension costs

Employer's contributions in respect of defined contribution pension schemes are charged to the statement of financial activities in the year in which they are payable to the scheme.

Fund accounting

The expendable endowment funds represent the capital funds of the Foundation which can be drawn upon if required.

The unrestricted funds represent funds available for the general charitable purposes of the Foundation at the discretion of the trustees.

1 Investment income

	2022 £	2021 £
Dividends and interest investments	4,096,229	4,029,211
Interest on cash holdings	3,343	13,560
	4,099,572	4,042,771

2 Expenditure on charitable activities

	2022 £	2021 £
<i>Grants to institutions by category:</i>		
. Education	25,582,025	204,579
. Healthcare and patient support	916,578	1,027,258
. End-of-life care	490,204	782,186
. Other categories	134,575	393,953
	27,123,382	2,407,976
Release of prior year grant commitments	—	(69,630)
<i>Total grants payable</i>	27,123,382	2,338,346
. Investments donated to a registered charity	—	9,336,000
	27,123,382	11,681,517
Grant and Foundation administrative expenses including governance costs (note 3)	157,233	132,221
	27,280,615	11,806,567

The trustees awarded grants to 200 charitable institutions in the year ended 28 February 2022 (2021 - 236). The trustees consider that the disclosure of specific material grants to institutions could seriously prejudice the furtherance of the purposes of the Foundation.

The trustees donated investments with a market value of £9,336,000 to a UK charity with general charitable purposes in the year ended 28 February 2021. No such donations were made in 2021/22.

A reconciliation of the grants payable and commitments shown in these financial statements is as follows:

	2022 £	2021 £
Grants payable at 1 March 2021 (note 8)	57,500	32,500
Grants made during the year	27,123,382	11,681,517
Grants paid in the year	(7,971,382)	(11,681,517)
Grants payable at 28 February 2022 (note 8)	19,209,500	57,500
<i>The above grants commitments fall due as follows:</i>		
Within one year (note 8)	2,532,500	32,500
After one year (note 8)	16,677,000	25,000
	19,209,500	1,018,748

3 Governance costs

	2022 £	2021 £
Fees payable to the auditor:		
Statutory audit	12,720	12,059
Taxation services	2,460	3,268
Payroll services	2,864	2,686
Other advisory services	900	—
	18,944	18,013

4 Staff costs including key management personnel and trustees' remuneration

	2022 £	2021 £
<i>Staff costs comprise:</i>		
Wages and salaries	87,000	87,000
Social security costs	7,776	7,673
Pension costs	6,525	6,525
Medical insurance	1,687	7,171
	102,988	108,369

The average monthly number of persons (including key management personnel) employed by the charitable company during the year on a full time equivalent basis was one (2021 - one).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Foundation and are represented by the trustees and the Chief Executive. The remuneration paid to the Chief Executive is as set out above.

The trustees received no remuneration (2021 - none) and were not reimbursed for any expenses (2021 - none).

5 Taxation

The February Foundation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

6 Fixed asset investments

At the year end, fixed asset investments comprised the following investments and cash held for investment:

	Total 2022 £	Total 2021 £
Market value of investments at 1 March 2021	111,622,438	119,658,838
Gift of shares received	—	10,596,000
Additions	9,665,999	8,681,547
Disposals (proceeds £6,805,149: realised gains £517,472)	(6,287,677)	(11,699,185)
Disposals: Shares donated to a UK charity at market value (note 2)	—	9,336,000
Unrealised losses in the year	(32,539,030)	(6,278,762)
Market value of investments at 28 February 2022	82,461,730	111,622,438
Cash held for reinvestment	1,701,074	736,277
	84,162,804	112,358,715
Historic cost of investments at 28 February 2022	31,414,857	26,717,483
The market value of investments at 28 February 2022 comprises:		
UK listed	58,799,745	93,012,750
UK fixed interest stock	9,038,631	7,402,096
Overseas listed	10,757,462	8,043,123
Overseas fixed interest	575,102	367,355
Alternatives	1,413,642	990,305
Property	1,877,148	1,806,809
Cash held for reinvestment	1,701,074	736,277
	84,162,804	112,356,715

Since the 28 February 2022 the value of the investment portfolio has fallen by 9.2%.

7 Debtors

	2022 £	2021 £
Due within one year		
Accrued investment income	73,578	57,243
	73,578	57,243

8. Creditors

	2022 £	2021 £
Due within one year		
Accrued expenses	38,999	31,655
Grants payable	2,532,500	32,500
	2,571,499	64,151
Due after more than one year		
Grants payable	16,677,000	25,000
Total creditors	20,733,899	89,154

Grants payable after one year have been recognised at net present value to reflect the time value of money. The value of grants payable, before discounting, at 28 February 2022 was £20,025,000.

9. Financial instruments and financial risk management

The Foundation holds financial instrument measured at amortised cost or fair value as follows:

	2022 £	2021 £
Financial assets measured at amortised cost	73,578	57,243
Financial liabilities measured at amortised cost	2,571,499	85,154
Financial liabilities measured at fair value	16,677,00	—

The Foundation has exposure to one main area of risk, liquidity risk.

Liquidity risk

The objective of the Foundation in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Foundation seeks to meet its financial obligations through cash flows from its investment portfolio. In the event that the cash flows would not cover all the financial liabilities, the charity has sufficient cash reserves available to meet any shortfall.

10. Analysis of net assets between funds

	Expendable endowment £	Unrestricted funds £	Total 2022 £
Fund balances at 28 February 2022 are represented by:			
Investments	54,068,899	30,093,905	84,162,804
Current assets	—	5,932,570	5,932,570
Creditors: amounts falling due within one year	—	(2,571,499)	(2,571,499)
Creditors: amounts falling due after one year	—	(16,677,000)	(16,677,000)
Total net assets	54,068,899	16,777,976	70,846,875

	Expendable endowment £	Unrestricted funds £	Total 2021 £
<i>Fund balances at 28 February 2021 are represented by:</i>			
<i>Investments</i>	<i>102,554,197</i>	<i>9,804,518</i>	<i>112,358,715</i>
<i>Current assets</i>	<i>—</i>	<i>5,243,652</i>	<i>5,243,652</i>
<i>Creditors: amounts falling due within one year</i>	<i>—</i>	<i>(64,151)</i>	<i>(64,151)</i>
<i>Creditors: amounts falling due after one year</i>	<i>—</i>	<i>(25,000)</i>	<i>(25,000)</i>
Total net assets	102,554,197	14,959,019	117,513,216

11. Transfers between funds

In the 2021/22 financial year the Foundation approved a significant unconditional grant of £19,177,000, which is payable in annual instalments to 2030/31, and fully absorbed the Foundation's existing unrestricted income fund. In order to ensure that sufficient unrestricted income funds were available to meet all known grant commitments, the Foundation made a transfer from the expendable endowment fund to the unrestricted funds of £25,000,000 which the trustees consider to be adequate to meet the Foundation's known grant commitments.

12. Grant funding commitments

At 28 February 2022, the trustees had approved the following grants which will not be paid to the recipient unless and until either matched funding is obtained by the recipient before the agreement expires or conditions attached to the agreement are fulfilled by the recipient.

These amounts have not been recognised as a liability in the balance sheet.

	Education £	Healthcare and patient support £	End-of- Life Care £	Other £	Total £
Maximum commitment at 1 March 2021	2,565,000	1,164,892	60,000	100,000	3,889,892
Paid in year	(930,024)	(535,892)	(30,000)	(22,500)	(1,518,416)
New/(lapsed) commitments	11,180,524	(170,000)	62,500	5,000	11,071,416
Maximum commitment at 28 February 2022	<u>12,815,500</u>	<u>459,000</u>	<u>92,500</u>	<u>82,500</u>	<u>13,442,892</u>

	Education £	Healthcare and patient support £	End-of- Life Care £	Other £	Total £
Maximum commitment at 1 March 2020	1,546,274	1,251,920	160,000	125,000	3,083,194
Paid in year	(204,580)	(555,000)	(67,500)	(25,000)	(852,080)
New commitments	1,223,306	467,972	(32,500)	—	1,658,778
Maximum commitment at 29 February 2021	<u>2,565,000</u>	<u>1,164,892</u>	<u>60,000</u>	<u>100,000</u>	<u>3,889,892</u>

Matched and conditional funding commitments are available under agreements which expire between 2021/22 and 2026/7.

13. Related parties

One of the trustees, James Carleton, is also a partner of Farrer & Co LLP. The Foundation purchased legal advice with a value of £28,747 from Farrer & Co LLP during the year ended 28 February 2022. No such transactions were entered in to during the year ended 28 February 2021.

No amounts were owed to Farrer & Co LLP at 28 February 2022 (2021 - £nil).

THE FEBRUARY FOUNDATION

England & Wales - Charity number 1113064

Accounts

**The
February
Foundation**

**Annual Report and Financial
Statements**

28 February 2021

Company Limited by Guarantee

Registration Number

05718135 (England and Wales)

Charity Registration Number

1113064

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Reference and administrative information

Trustees	James Carleton Mark Clarke Michael Moody
Chief Executive and Company Secretary	Richard Pierce-Saunderson
Registered office	66 Lincoln's Inn Fields London WC2A 3LH
Company registration number	05718135 (England and Wales)
Charity registration number	1113064
Auditors	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers and investment managers	C Hoare & Co 37 Fleet Street London EC4P 4DQ UBS Wealth Management 1 Finsbury Avenue London EC2M 2AN Investec Wealth & Investment Limited 2 Gresham Street London EC2V 7QN
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH
Website	www.thefebruaryfoundation.org

Trustees' report Year to 28 February 2021

The trustees present their statutory report together with the financial statements of The February Foundation for the year to 28 February 2021. The trustees are also directors of the Foundation for the purposes of company law and the trustees' report contains a directors' and strategic report as required by the Companies Act 2006.

This report has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 28 of the attached financial statements and comply with the Memorandum and Articles of Association of The February Foundation, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

GOVERNANCE, STRUCTURE AND MANAGEMENT

Constitution

The February Foundation was incorporated on 22 February 2006 as a company limited by guarantee under company registration number 05718135. On 23 February 2006, the Foundation registered on the Central Register of Charities under registration number 1113064.

Trustees

The names of the trustees as at the date of this report are set out as part of the reference and administrative information on page 1 of these Annual Report and Financial Statements. There were no changes in trustees for the year under review.

Recruitment and appointment

The appointment of trustees is governed by the Memorandum and Articles of Association of the Foundation. All trustees must be aged at least 18, and there must at all times be a minimum of two and a maximum of five trustees. Upon appointment every trustee must sign a declaration of willingness to act as a trustee of the Foundation before he or she may vote at any meeting of the trustee. Trustees shall hold office for three years, but may be reappointed.

Induction and training

The Foundation recognises that new and current trustees should be aware of the Foundation's charitable purposes, mode of operation, plans, policies and costs. All trustees are provided with a copy of the Memorandum and Articles of Association, the grant giving policy, and a copy of other relevant policies as well as minutes of recent trustees' meetings.

The trustees are provided with appropriate updates relating to matters impacting upon charity law and the running and administration of the Foundation from their professional advisers. They also attend external training events where appropriate.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement

The trustees (who are also directors of The February Foundation for the purposes of company law) are responsible for preparing the trustees' report and 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 Foundation and of the income and application of resources, including the income and expenditure, of the Foundation 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation 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 Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the Foundation's auditors are unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement (continued)

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

Key management personnel

The trustees consider that the board of trustees and Chief Executive comprise the key management personnel in charge of directing and controlling, running and operating the Foundation on a day to day basis.

The trustees give their time freely and no trustee received remuneration in the year.

The pay of the Chief Executive is reviewed annually by the trustees.

Organisation

The trustees are ultimately responsible for the policies, activities and assets of the Foundation. They meet formally at least twice a year. The trustees must approve any grants made by the Foundation before such grants are made.

The main functions of the Chief Executive comprise the following:

- ◆ research and investigation of charitable causes;
- ◆ maintaining and updating the Foundation's website;
- ◆ providing administrative and secretarial support to the trustees;
- ◆ undertaking day-to-day administrative duties;
- ◆ liaising with grant applicants, developing grant policies and monitoring grants;
- ◆ maintaining the Foundation's databases and information systems;
- ◆ acting as a point of contact for the Foundation; and
- ◆ managing the financial affairs of the Foundation.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES

Charitable objectives and activities

The Foundation's charitable objectives as expressed in its Memorandum of Association are as follows:

'The general purposes of such charitable bodies or for such other purposes as shall be exclusively charitable as the trustees may from time to time decide.'

The Foundation makes grants to a range of charities and charitable activities in accordance with the Foundation's grant making policy, as set out below.

The trustees reviewed the Foundation's giving policy at the end of the year under review, and decided to continue with the policy of exclusions. These are detailed in the grant making policy section of this report.

Public benefit

The trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and setting its grant-making policy.

The February Foundation's aims and objectives fall within the various descriptions of charitable purposes in the Charities Act 2011, and, in particular, the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage, the advancement of education, the advancement of the arts, culture, and heritage.

Grant applications for any charitable purpose are considered by the trustees. To date, all grants have been awarded to registered charities, and the beneficiaries are those of the recipient charities. The charities supported by the Foundation during this financial year are active in end-of-life care, healthcare and patient support and education.

Grant making policy

In the year under review, the following grant making policy applied:

The trustees will normally award grants to registered charities.

The trustees will consider grants for:

- ◆ charities which are for the benefit of persons who are making an effort to improve their lives;
- ◆ charities which are for the benefit of persons no longer physically or mentally able to help themselves;
- ◆ charities which have a long-term beneficial impact on the future of individuals, groups of individuals, or organisations;

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Grant making policy (continued)

- ◆ charities which protect the environment;
- ◆ small or minority charities where small grants will have a significant impact;
- ◆ companies where the acquisition of equity would be in line with the Foundation's charitable objectives (this is elaborated in the Foundation's investment policy which is periodically reviewed); and
- ◆ charities whose charitable objectives are aligned with those of the Foundation.

The trustees will not consider grants for:

- ◆ charities which are party-politically driven;
- ◆ charities with a commercial bias for a particular product or company;
- ◆ charities with an aggressive religious bias.

In addition, the Foundation will not normally consider applications from or for the following:

- ◆ Child care;
- ◆ Citizens' Advice Bureaux;
- ◆ Community centres;
- ◆ Higher education;
- ◆ Housing associations;
- ◆ Individuals;
- ◆ Medical research;
- ◆ Military charities;
- ◆ Minibuses;
- ◆ NHS trusts;
- ◆ Non-departmental government bodies;
- ◆ Overseas projects;
- ◆ Primary education;

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Grant making policy (continued)

- ◆ Scouts, Guides, Brownies, Cubs and similar organisations;
- ◆ Secondary education;
- ◆ Single-faith organisations;
- ◆ Special Educational Needs schools;
- ◆ Sports clubs, unless for the mentally and physically disabled;
- ◆ Village halls;
- ◆ Youth centres.

Exceptions to this exclusions policy will be reviewed on a case-by-case basis in the light of the status of the applicant, its organisational structure (for example was it established for philanthropic and benevolent purposes), and the purpose of the grant.

There is no minimum grant. The average grant is usually £5,000 per award, but this is reviewed on a case-by-case basis. Terms and conditions for grants will be discussed and drafted by the trustees on a case-by-case basis. The trustees may decide to award grants without any accompanying conditions.

Investment policy

The Foundation has a portfolio of investments with Investec and UBS which had a market value of £112,358,715, including cash held by the investment managers, at 28 February 2021 (2020 - £121,473,460).

The investment policy of the Foundation is to seek a balanced return from capital growth over the medium term.

The investment portfolio policy is:

- ◆ to grow income over the medium term and depending on the strategy agreed with the Foundation;
- ◆ to maintain in real terms the total value of the capital base from which the Foundation's income is derived;
- ◆ to recognise that growth in income and capital requires some risks to be taken, but to require that these should be managed by maintaining a spread of investments which give a low to medium risk portfolio.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Investment policy (continued)

The trustees seek the investment managers to be custodians of the investment portfolio. It is the trustees' duty to produce a balanced investment strategy.

Periodic meetings are held with the investment managers who provide the trustees with reports for the preceding half-year.

The trustees seek to minimise risk by:

- ◆ monitoring and periodically reviewing the performance of the investment managers;
- ◆ investing in bonds which are mainly rated A to AAA;
- ◆ investing in equities whilst evaluating gifts of shares on a case-by-case basis in the context of the Foundation's overall portfolio;
- ◆ allowing a change in the investment portfolio only after discussions between the investment managers, the trustees and other professional advisers.

STRATEGIC REPORT

Achievements and performance

Review of activities

The year under review was entirely dominated by the covid-19 pandemic, the impact of which on the charitable sector in general, and the Foundation's core constituencies in particular, cannot be underestimated or overstated. The Foundation's immediate response to the crisis was to establish, on 28 March 2020, a £1,000,000 Covid-19 Emergency Fund for hospices, social care, and healthcare charities. In order to distribute this fund in a timely and effective manner, the Foundation implemented an application process with a maximum response time of 10 days, with grants being made on a weekly basis. By the end of the year under review, £962,439 of this fund had been distributed, the majority by the end of September 2020. Alongside this new process, the Foundation continued to operate its standard applications process with a maximum 12-week response time, with monthly grant distributions.

The bulk of the Foundation's covid-19 emergency grants were for core costs in order to give recipient charities the maximum flexibility in applying the granted funds. In recognition of the pressures the pandemic was putting on all charities and their staff, the Foundation also introduced greater flexibility on reporting requirements as well as on variation of grant purposes, varying a number of project grants to core cost grants. In addition, it reviewed and varied a number of matched funding agreements with grant holders, as well as reviewing and varying a number of agreements with grant holders dependent on key

STRATEGIC REPORT

Achievements and performance (continued)

Review of activities (continued)

performance indicators.

What is clear from the crisis so far is that the Foundation is in a strong position, both financially and procedurally, to be able to quickly and effectively support its core constituencies at times of crisis and need, as well as in more normal times. The Foundation's vision has always been to be a funder of longevity, to spend within its means, and to offer not only financial support but also advice to those charities it deals with. This vision has proved its value during this difficult period in history, and the trustees are cognisant of the fact that there may be further pandemic-related calls on the Foundation's resources in the year to come, and probably beyond. They are also cognisant of the fact that these calls may be more related to post-covid sustainability than emergency needs.

Against the covid-19 backdrop and its additional pressures, the Foundation continued to structure its giving in an informed manner, with in-depth research on applications, and extensive due diligence on significant projects. In the year under review, 598 charities were evaluated (compared to 579 in the previous year), which had either applied to the Foundation, or which were selected by the Foundation as potential candidates for funding. This small 3.3% rise in applications immediately after a 17.8% rise in applications in the previous year is an illustration of how the pandemic affected fundraising activities throughout the charitable sector, with many fundraisers furloughed, and those which were not furloughed working from home on often old computers, with very little access to their organisations' networks, which often hampered the speedy exchange of information between clinical and fundraising settings. This particular adverse impact of the pandemic highlights the importance of core or unrestricted funding for charities. The need for charities to invest in IT infrastructure will continue as working from home becomes the norm for those colleagues not on the frontline of care or service delivery but equally as essential to the effective operation of their organisations.

In some ways, the funding landscape for charities became more straightforward at the height of the pandemic, as an increasing number of trusts and foundations made emergency grants, many outside their usual sphere of operations. However, with the public perception that the crisis is over, 2021/22 and 2022/23 will potentially be disproportionately more difficult years for charities in fundraising terms as emergency funding dries up, and some of those organisations which made exceptional emergency grants not focused on post-covid sustainability. The long-term impact of covid-19 is as yet incalculable, and this uncertainty is sure to have an adverse effect on charities' finances and fundraising in all settings.

In the year under review, it also became apparent that, as far as standard applications were concerned, charities' approaches and applications to the Foundation became more focused, with a significant majority of applications being well-targeted, complex and intelligent, based on thorough research of potential funders, and which, in addition, demonstrated sound

STRATEGIC REPORT

Achievements and performance (continued)

Review of activities (continued)

financial management and significant beneficial soft outcomes for their stakeholders. As a result, 37.1% of applications were successful, up from 23.1% in the previous year, a reflection of a higher standard of application, and greater need caused by covid-19. It remains to be seen if this high percentage will be repeated in the year to come, and it bears pointing out that 66.9% of applications were still rejected. This increased focus by charities is also borne out by the fact that only 3.3% of charities which applied to the Foundation were ineligible to apply.

Having said that, the Foundation's grant expenditure was below budget. The main reasons for this (in all cases taking account of covid-19) were:

- the failure of some grant recipients to reach maximum matched funding levels;
- longer than expected negotiations on larger grants either due to extended discussions about grant conditions or a need for extended periods of due diligence;
- small drawdowns on agreed grants;
- poor funding ratios from a significant number of applications, especially when compared to the funding ratios of similar charities;
- the failure by some applicant charities to demonstrate and document beneficial soft and hard outcomes for their stakeholders.

At this point it is worth noting that it is important, even in emergencies such as covid-19, for applicant charities to present cogent cases for funding, including those beneficial soft and hard outcomes referred to above, not because funders want to make grants from a position of power, but because funders need as much relevant information as possible to make effective and good funding decisions.

The consideration of larger grants is usually the result of the Foundation's research into potential grant recipients which are engaged in projects that the Foundation considers to be significantly innovative and with the potential of having enduring impact, usually nationally. Any such grants, once agreed, are usually subject to confidentiality clauses unless the Foundation considers publicity for such grants to increase their potential reach and impact. Large grants are usually a mix of matched funding and funding dependent on the achievement of key performance indicators agreed by recipient charities and the Foundation.

The Foundation continued its progress towards becoming a wholly paperless organisation in the year under review, with only 5.5% of incoming applications and correspondence on paper, compared to 10.8% in the previous year, and 40.1% in the year ended 28 February 2018. This significant reduction was in no small way due to the adaptability of applicant charities in the covid-19 crisis, and the related explosion in homeworking. This, combined

STRATEGIC REPORT

Achievements and performance (continued)

Review of activities (continued)

with the Foundation having been set up in 2006 with a focus on homeworking (and since 2014 with storage and real-time back-ups to a managed Cloud environment) enabled the Foundation to continue to operate normally during covid-19 and the ensuing lockdowns, and to respond with great speed and effectiveness to all applicant charities.

Finally, in the year under review, the trustees reviewed and updated the Risk Management section of the Foundation's governance handbook, ensuring its currency and fitness for purpose, having reviewed said handbook in its entirety in the previous year.

Grants made

The Foundation's grant payments in the year under review totalled £11,674,346. Grants payable represent 236 grants made to 222 charitable organisations. Of this total, £728,688 of grants were existing matched funding commitments, where conditions had been met in the 2020/21 financial year.

Education

The Foundation paid three grants totalling £204,579 to two organisations. All these grants were under commitments made in previous years, where conditions were met in the year under review.

The Foundation's objective in its education grant strategy is to enable universal access. However, it is not accepting new applications in this area, committed instead to meeting current commitments and conducting its own research into education projects in line with its objectives.

End-of-life care

The Foundation paid 105 grants totalling £782,186 to 101 organisations.

The Foundation remains committed to supporting end-of-life care at the grassroots level, mainly in a hospice or hospice-at-home context, with an increased emphasis on operating and core costs.

End-of-life care was, and is, one of the areas affected most dramatically by covid-19, especially as many hospices are highly dependent on fundraising trading, and 61 of these grants were covid-19 emergency grants.

Heritage

The Foundation made no grants to the heritage sector in the year under review. Whilst cognisant of the fact that heritage and culture organisations were very badly affected by the pandemic, the trustees considered other health-related areas a greater priority. The Foundation is still accepting applications from heritage and culture charities.

STRATEGIC REPORT

Achievements and performance (continued)

Review of activities (continued)

Healthcare and patient support

The Foundation paid 93 grants totalling £1,027,258 to 88 organisations. Of these, 25 were covid-19 emergency grants.

The Foundation makes grants to charities which support the ill, and the physically and mentally disabled, to empower them to improve the quality of their lives, and to seek to live as independently as possible.

With demand on national helplines offering patient support and information rising disproportionately during the pandemic, in part due to the NHS having to divert resources into emergency care, many of the grants made in the year under review (standard and from the Foundation's Emergency Fund) were to maintain or increase the capacity of national helplines.

Other

The Foundation made 35 grants totalling £393,953 to 31 organisations either not included in the areas above, or overlapping the areas above. Of these, 16 were covid-19 emergency grants, of which a £100,000 grant was to a charity making small covid-19 emergency grants to small charities in need of immediate support, with another £100,000 grant (50% basic grant plus 50% matched funding) being to a charity which made emergency grant payments to NHS staff adversely financially affected by covid-19.

The Foundation also made a donation of £9,336,000 to a UK charity with charitable purposes in line with the objectives of the Foundation.

Measuring impact

How to measure impact remains one of the most discussed and controversial subjects in the Third Sector, with different schools of thought proposing and adopting different measures and approaches.

The Foundation asks its grant recipients to provide a 1-month and a 6-month report not only on the spending of the grants received, but also on the activities of grant recipients as a whole. This approach ensures contextual reporting rather than looking at one single project in isolation, and allows the trustees a deep insight into recipient charities' full impact.

In addition, during the evaluation of applications, the Foundation looks closely not just at financial and usage data, but also at service users' feedback and what they perceive to be quality of life benefits. What this front-loaded approach achieves is to balance hard outcomes (financial, data) with soft outcomes (quality of life, service-user-defined improvements in physical and mental wellbeing), which establishes during the application

STRATEGIC REPORT

Achievements and performance (continued)

Review of activities (continued)

process whether or not any applicant charity is being impactful. Financial data and performance give a view on the quality of management and efficiency of charities, whilst soft outcomes (including anecdotal evidence) provide an insight into the real impact charities have on the lives of their service users, who are the ultimate stakeholders of all charities, including trusts and foundations.

The gathering of information pre-application, combined with post-grant reporting, allows the Foundation to make judgements on impact on a case-by-case basis, and the trustees feel that the Foundation's grants have in most cases demonstrated significant beneficial impact for the stakeholders of recipient charities.

Financial review

Results for the year

A summary of the year's results can be found on page 22 of the financial statements.

The Foundation's total income for the year ended 28 February 2021 amounted to £17,585,040 (2020 - £17,207,218). The majority of the Foundation's income arose from a gift of shares with a market value of £10,596,000 (2020 - £10,690,000); income on the Foundation's investment portfolio and cash deposits of £4,042,771 (2020 - £4,046,113); and income from donations of £2,946,269 (2020 - £2,471,105).

Grants, including donated assets, to charitable organisations totalled £11,674,346 (2020 - £12,605,676). Grant and Foundation administration costs, including governance costs totalled £132,221 (2020 - £130,689). Investment management costs for the year amounted to £103,823 (2020 - £84,363).

Losses incurred on the disposal of investments totalled £3,882,697 (2020 - losses of £113,963), and losses arising from movements in the market value of investments totalled £6,278,762 (2020 - gains of £7,883,016). This resulted in a total decrease in funds for the year of £4,486,809 (2020 - increase in funds of £12,155,543) and the total funds of the Foundation at 28 February 2021 amounted to £117,513,216 (2020 - £122,000,025).

Reserves policy

The trustees have examined the Foundation's requirements for reserves in light of the main risks to the Foundation. The trustees have established a reserves policy to protect the Foundation and its long-term charitable giving programme by providing time to adjust to changing financial circumstances.

The trustees have agreed that it would be in the best interests of the Foundation to continue to build up an expendable endowment fund to support its future grant making activities and

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy (continued)

provide the Foundation with an asset base to allow for its long term sustainability. Movements on the endowment fund are generated from significant donations of cash or equities to or by the Foundation together with changes in the market value of the underlying investment portfolio and gains or losses realised on sale. At 28 February 2021 the expendable endowment was £102.554m (2020 - £108.613m) which the trustees consider to be adequate to meet the Foundation's long term financial objectives.

The unrestricted fund represents the cumulative surplus arising from investment income exceeding charitable expenditure over the past five years. As observed in the "review of activities" the Foundation's grant expenditure was again below budget for 2020/21 and this has been the case over recent years which has led to an increase in unrestricted funds to £14.959m at 28 February 2021 (2020 - £13.387m). The Foundation however prepares budgets with an anticipated annual grant expenditure in the range of c£6.0m - £8.0m and in any given year, the Foundation is in negotiation for two or three major grants. Cash flow projections are prepared on this basis and regularly reviewed by the Foundation to ensure that assets are available to provide the liquidity needed to allow the Foundation be in a position to meet its commitments. Assets identified to meet short term commitments are cash and investments that can be easily liquidated. Furthermore, in December 2019, the trustees made the decision to hold in cash and highly liquid investments sufficient funds for medium-term commitments in view of anticipated market volatility around the time of the UK's formal exit from the EU and the move into the Transition Period.

At 28 February 2021, the Foundation held £5.186m of cash, as well as an investment portfolio which provides sufficient liquidity for the Foundation's purposes.

In the event that the trustees find themselves unable to meet the Foundation's commitments from unrestricted funds, they will draw on the expendable endowment to meet those commitments as they see fit.

The reserves policy is reviewed annually to reassess the risks and reflect changes to the Foundation's income, capital, financial obligations and long-term plans for charitable expenditure.

A large proportion of the Foundation's reserves comprise gifted shares as well as multi-asset share and bond portfolios. In view of covid-19, the trustees reviewed these holdings once again shortly after the end of the year under review, and concluded that, despite recent market volatility, they were happy with the Foundation's current holding of gifted shares in view of its highly cash-generative nature and absence of debt.

STRATEGIC REPORT (continued)

Financial review (continued)

Fundraising

The Foundation does not fundraise directly with individuals and therefore is not registered with the Fundraising Regulator. No fundraising activities are undertaken and if donations from individuals are received, the Foundation aims to protect personal data and would never sell data or swap data with other organisations. As a result, covid-19 has not affected the Foundation's donations income.

Future plans

The trustees continue to regularly review the breadth of the Foundation's objects. They feel that it is important for the Foundation to be open to applications across a range of charitable activities rather than focusing on one area to the exclusion of all others. They believe that the exclusions to applications listed in the grant-making policy on pages 5 to 7 of this report and on the Foundation's web site give clear guidance to potential applicants.

During covid-19, the breadth of the Foundation's objects provided it with the flexibility needed to be able to support a wide range of charities which needed emergency funding, from national helplines to hospices, from independent foodbanks not part of a larger network to small charities which set up doorstep deliveries of emergency food and household supplies to the most needy, from small health therapy charities setting up online services at speed to charities dealing with the rise of online stalking and domestic abuse during lockdowns.

The Foundation will continue with this approach for the year ending 28 February 2022, with a focus on maintaining its current maximum 12-week application processing time. The trustees are cognisant of the fact that this approach has historically translated to a relatively low success rate for applicants, and that it also ensures lasting impact. The trustees are also aware of the fact that although, as far as covid-19 is concerned, their focus is now on post-covid sustainability funding, there remains the possibility of a needs-driven re-introduction of covid-19 emergency funding. They will review the national covid-19 situation on a frequent and regular basis.

The Foundation's strategy is to be a proactive grant maker which seeks to anticipate need and changes in the charitable sector, as well as responding quickly and effectively to emergencies such as the covid-19 pandemic. In addition, the Foundation wishes to continue its support of the community-based palliative care sector.

Looking ahead, the Foundation plans to maintain its strategy of funding grants and operations through income generated from the endowment alone. With this in mind, the trustees have again reviewed the Foundation's grant-making policy, and have determined that, for the financial year ending 28 February 2022, they will continue with the grant-making policy outlined on pages 5 to 7 of this report. The trustees have concluded that this strategy

STRATEGIC REPORT (continued)

Future plans (continued)

allows for the re-introduction of its covid-19 emergency funding programme should such need arise without having to draw on the expendable endowment for funds, although they are cognisant of the fact that the projected long tail of the pandemic means they will review this approach on a regular and frequent basis.

Looking further ahead, the Foundation will continue to research existing charities in addition to continuing to consider unsolicited applications within the policy.

The trustees discuss the Foundation's grant-making policy on an ongoing basis, and believe that their wide discretion allows the Foundation to be both innovative and supportive of a large variety of charitable projects and bodies, and that this has facilitated the Foundation's response to covid-19. The Foundation will continue its strategy to become an entirely paperless organisation, and will continue to strongly encourage applicant charities to submit their applications by email rather than by post, with the aim of reducing hardcopy applications and correspondence to 3% of all incoming applications and correspondence compared to the 5.5% in the year under review. The beneficial impacts for applicant charities include financial savings, the ability to respond more quickly to the Foundation's due diligence, the ability to create a blueprint for successful applications processes not just in relation to the Foundation, as well as an increase in environmental responsibility. For the Foundation, the beneficial impacts include increased responsiveness, the ability to maintain transparency and speed of response, including its rapid response to covid-19.

Risk management

The trustees believe that by monitoring reserve levels and ensuring that controls exist over key financial systems, and by examining from time to time the operational risks faced by the Foundation and its grant giving activities, that they have established effective systems to mitigate the major risks to which the Foundation is exposed.

The principal risks faced by the Foundation are as follows:

- ◆ Financial sustainability (including covid-19);
- ◆ Ineffective grant making;
- ◆ Investment management.

Financial sustainability (including covid-19)

The key elements in managing financial sustainability are a regular review of available funds with which to meet current and future grant commitments, regular liaison with investment managers and the bank, and monthly reporting of performance against budget for income and expenditure. In addition, financial risk is mitigated by processes which ensure that all financial instructions are approved by at least two trustees.

STRATEGIC REPORT (continued)

Risk management (continued)

The Foundation's financial sustainability depends very much on the income from its multi-asset portfolios, and its holding of gifted shares. Covid-19 significantly affected market values in the second quarter of 2020 and although the value of the Foundation's investments recovered from quarter three onwards the total value of the investment portfolio is 7.6% down for the 2020/21 financial year. This recovery in value has continued beyond the year under review.

The markets' reaction to covid-19 was one of extremes, with the initial collapse of values and subsequent disproportionate correction upwards. Initial fears that many companies would be unable to pay dividends proved unfounded, and the Foundation's dividend income in the year under review was almost unchanged compared to the previous year. What the crisis did demonstrate is that the markets very often react differently to crises than real life. What the crisis also demonstrated is that the Foundation's significant cash and high-liquidity holdings mitigate any immediate risk to the Foundation's financial sustainability.

Ineffective grant making

The key elements in managing effective grant making are rigorous evaluation of all grant applications (including the process outlined in the *Measuring Impact* section of this report on page 12), setting grant applicants' expectations on when to expect decisions on applications, and robust reporting requirements which need to be fulfilled by grant recipients. Risks are mitigated by a monthly review by the trustees of grant making, recipient reporting, and grant applications.

Investment management

The key elements in effective investment management are a trustee body with a skill set appropriate to evaluating investment performance, the engagement of professional investment managers with a significant and successful track record, monthly reviews of investment performance, and regular meetings with investment managers and the bank.

In order to ensure best practice and continuous improvement, the trustees review the Foundation's risk assessment at least once a year.

The trustees approve the trustees' report, including the strategic report.

Signed on behalf of the trustees:



James Carleton

Trustee

Approved by the trustees on

29 September 2021

Independent auditor's report to the members of The February Foundation

Opinion

We have audited the financial statements of The February Foundation (the 'charitable company') for the year ended 28 February 2021 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 28 February 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the accounts 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

Independent auditor's report Year to 28 February 2021

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP FRS 102 and the Charities Act 2011.
- We understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of trustee meetings and papers provided to the trustees.
- We assessed the susceptibility of the charitable company's financial statements to material misstatements, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design and implementation of controls in place to prevent and detect fraud;
 - Challenging assumptions and judgments made by management and the trustees in its significant accounting estimates;
 - Identifying and testing journal entries, in particular adjustments made at the year-end for financial statement preparation; and
 - Assessing the extent of compliance with relevant laws and regulations by reviewing correspondence with regulators and legal advisors.

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

Independent auditor's report Year to 28 February 2021

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. 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.



26 November 2021

Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year ended 28 February 2021
(Including income and expenditure account)

	Notes	Unrestricted funds £	Expendable endowment £	Total 2021 £	Unrestricted funds £	Expendable endowment £	Total 2020 £
Income from:							
Donations		—	2,946,269	2,946,269	—	2,471,105	2,471,105
Gift of shares	6	—	10,596,000	10,596,000	—	10,690,000	10,690,000
Investments	1	4,042,771	—	4,042,771	4,046,113	—	4,046,113
Total income		4,042,771	13,542,269	17,585,040	4,046,113	13,161,105	17,207,218
Expenditure on:							
Investment management costs		—	103,823	103,823	—	84,363	84,363
Charitable activities	2	2,470,567	9,336,000	11,806,567	2,256,365	10,480,000	12,736,365
Total expenditure		2,470,567	9,439,823	11,910,390	2,256,365	10,564,363	12,820,728
Net income before (losses) gains on investments		1,572,204	4,102,446	5,674,650	1,789,748	2,596,742	4,386,490
Net (losses) gains on investments	6						
· Realised on sale		—	(3,882,697)	(3,882,697)	—	(113,963)	(113,963)
· Unrealised: changes in market value		—	(6,278,762)	(6,278,762)	—	7,883,016	7,883,016
		—	(10,161,459)	(10,161,459)	—	7,769,053	7,769,053
Net income and net movement in funds for the year		1,572,204	(8,059,013)	(4,486,809)	1,789,748	10,365,795	12,155,543
Fund balances brought forward at 1 March 2020		13,386,815	108,613,210	122,000,025	11,597,067	98,247,415	109,844,482
Fund balances carried forward at 28 February 2021		14,959,019	102,554,197	117,513,216	13,386,815	108,613,210	122,000,025

All income and expenditure derives from continuing activities. The statement of financial activities includes all gains and losses recognised in the year.

Balance sheet as at 28 February 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	6		112,358,715		121,473,460
Current assets					
Debtors	7	57,243		184,120	
Cash at bank and in hand		5,186,409		500,901	
		5,243,652		685,021	
Current liabilities					
Creditors: amounts falling due within one year	8	(64,151)		(103,456)	
Net current assets			5,179,501		581,565
Total assets less current liabilities			117,538,216		122,055,025
Non-current liabilities					
Creditors: amounts falling due after one year	8		(25,000)		(55,000)
Net assets			117,513,216		122,000,025
The funds of the Foundation	9				
Funds and reserves					
<i>Capital funds</i>					
Expendable endowment			102,554,197		108,613,210
<i>Income funds</i>					
Unrestricted funds			14,959,019		13,386,815
			117,513,216		122,000,025

Approved by the trustees
and signed on their behalf by:

James Carleton

James Carleton

Trustee

Approved on: *29 September 2021*

The February Foundation

Company Registration Number: 05718135 (England and Wales)

Statement of cash flows Year ended 28 February 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	415,295	(9,022)
Cash flows from investing activities:			
Dividends and interest from investments		4,056,927	4,016,708
Proceeds from the disposal of investments		7,816,488	1,719,927
Purchase of investments		(8,681,547)	(9,315,338)
Net cash provided by (used in) investing activities		3,191,868	(3,578,703)
Change in cash and cash equivalents in the year		3,607,163	(3,587,725)
Cash and cash equivalents at 1 March 2020	B	2,315,523	5,903,248
Cash and cash equivalents at 29 February 2021	B	5,922,686	2,315,523

Notes to the statement of cash flows

A Reconciliation of net movement in funds to net cash provided by (used in) operating activities

	2021 £	2020 £
Net income (as per the statement of financial activities)	(4,486,809)	12,155,543
Adjustments for:		
Loss (gains) on investments	10,161,459	(7,769,053)
Dividends and interest from investments	(4,042,771)	(4,046,113)
Gift of shares: net movement on shares received and donated	(1,260,000)	(210,000)
Decrease (increase) in debtors	112,720	(111,480)
Decrease in creditors	(69,305)	(27,919)
Net cash provided by (used in) operating activities	415,4295	(9,022)

B Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	5,186,409	500,901
Cash held by investment managers (note 6)	736,277	1,814,622
Total cash and cash equivalents	5,922,686	2,315,523

Principal accounting policies Year ended 28 February 2021

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 28 February 2021.

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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) and the Charities Act 2011. The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis as specified in the accounting policies below.

The Foundation constitutes a public benefit entity as defined by FRS 102.

All financial information is presented in British Pounds Sterling (£), the Foundation's functional currency, and has been rounded to the nearest pound (£).

Critical accounting estimates and areas of judgement

The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the trustees to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the trustees' best knowledge of the amount, event or actions, actual results may differ from those estimates.

Areas requiring the use of estimates and critical judgements that may impact on the Foundation's financial activities and financial position include multi-year grant commitment, where judgements are made for recognising grants payable where the payment is not due until future periods. In accordance with the Foundation's accounting policy for expenditure recognition, multi-year grant commitments are only recognised when approved and all conditions have been satisfied.

Assessment of going concern

The trustees of the Foundation have not identified any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the Foundation to continue as a going concern.

The trustees have considered the continuing impact of the Covid-19 pandemic on the Foundation and have concluded that it is appropriate for the Foundation to continue to prepare its accounts on the going concern basis, not least because the Foundation's cash reserves and the ability to access liquidity through the investment portfolio together with the returns on investments, provide sufficient funding to meet the anticipated grant commitments for the ensuing year.

Principal accounting policies Year ended 28 February 2021

Income

Income from donations is recognised in the period in which the Foundation becomes entitled to the donation and where receipt is probable and its amount can be measured reliably.

Investment income comprises dividends and interest on the Foundation's portfolio of listed investments. Dividends are recognised once the dividend has been declared and the Foundation has received notification that the dividend is due.

Interest on the Foundation's investment portfolio and funds held on deposit is recognised when receipt is probable and the amount can be measured reliably using the effective interest method.

Gifts of shares to the Foundation are recognised at market value on the date of receipt.

Expenditure

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. It includes VAT which cannot be recovered.

Expenditure on charitable activities comprises grants payable and related support and governance costs.

Grants payable

Grants payable are recognised when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions. Grants made as a gift of shares are valued at market value on the date of the gift.

Grants are not accrued, but are noted as financial commitments in the notes to the financial statements, under the following circumstances:

- ◆ Where the beneficiary has not been informed; or
- ◆ Where the beneficiary has to meet certain explicit conditions before the grant is released; or
- ◆ Where the amount and timing of matched funding payments is uncertain.

Support and governance costs

Support costs are those functions that assist the work of the Foundation but do not directly undertake charitable activities. Support costs include administration, personnel and governance costs. Governance costs include audit costs and legal costs relating to the Foundation's compliance with regulation and good practice.

Investment management fees

Investment management fees incurred in managing the investments of the endowment are charged against the endowment fund.

Principal accounting policies Year ended 28 February 2021

Fixed asset investments

The Foundation's investment in quoted shares and similar investments are initially measured at cost and subsequently at market value. Investment gains and losses, whether realised or unrealised, are recognised in the statement of financial activities in the period in which they arise.

Financial instruments

The Foundation only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Foundation and their measurement basis are as follows:

Financial assets – accrued income and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 7. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – accrued expenses and grants payable are financial instruments, and are measured at amortised cost as detailed in note 8.

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the balance sheet when the Foundation becomes party to the contractual provisions of the instrument.

Debtors

Other debtors and loans receivable are initially recognised at their settlement amount and subsequently at amortised cost or their recoverable amount.

Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the Foundation anticipates it will pay to settle the debt, and subsequently at amortised cost.

Non-current creditors are measured at their present value at the balance sheet date where the time value of money is material. The unwinding of the discount is charged against income as an interest expense.

Principal accounting policies Year ended 28 February 2021

Pension costs

Employer's contributions in respect of defined contribution pension schemes are charged to the statement of financial activities in the year in which they are payable to the scheme.

Fund accounting

The expendable endowment funds represent the capital funds of the Foundation which can be drawn upon if required.

The unrestricted funds represent funds available for the general charitable purposes of the Foundation at the discretion of the trustees.

1 Investment income

	2021 £	2020 £
Dividends and interest investments	4,029,211	4,023,644
Interest on cash holdings	13,560	22,669
	<u>4,042,771</u>	<u>4,046,313</u>

2 Expenditure on charitable activities

	2021 £	2020 £
<i>Grants paid to institutions by category:</i>		
. Education	204,579	612,144
. Heritage	—	50,000
. Healthcare and patient support	1,027,258	829,813
. End-of-life care	782,186	437,844
. Other categories	393,953	195,875
<i>Total grants paid in the year</i>	<u>2,407,976</u>	<u>2,125,676</u>
Release of prior year grant commitments	(69,630)	—
<i>Total grants payable</i>	<u>2,338,346</u>	<u>2,125,676</u>
. Investments donated to a registered charity	9,336,000	10,480,000
	<u>11,681,517</u>	<u>12,605,676</u>
Grant and Foundation administrative expenses including governance costs (note 3)	132,221	130,689
	<u>11,806,567</u>	<u>12,736,365</u>

The trustees awarded grants to 236 charitable institutions in the year ended 28 February 2021 (2020 - 194). The trustees consider that the disclosure of specific material grants to institutions could seriously prejudice the furtherance of the purposes of the Foundation.

The trustees donated investments with a market value of £9,336,000 to a UK charity with general charitable purposes in the year ended 28 February 2021 (2020 - £10.48m).

3 Governance costs

	2021 £	2020 £
Fees payable to the auditor:		
Statutory audit	12,059	12,240
Taxation services	3,268	7,288
Payroll services	2,686	2,688
	<u>18,013</u>	<u>22,216</u>

4 Staff costs including key management personnel and trustees' remuneration

	2021 £	2020 £
<i>Staff costs comprise:</i>		
Wages and salaries	87,000	83,140
Social security costs	7,673	10,588
Pension costs	6,525	6,400
Medical insurance	7,171	1,463
	108,369	101,591

The average monthly number of persons (including key management personnel) employed by the charitable company during the year on a full time equivalent basis was one (2020 - one).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Foundation and are represented by the trustees and the Chief Executive. The remuneration paid to the Chief Executive is as set out above.

The trustees received no remuneration (2020 - none) and were not reimbursed for any expenses (2020 - none).

5 Taxation

The February Foundation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

6 Fixed asset investments

At the year end, fixed asset investments comprised the following investments and cash for investment:

	Total 2021 £	Total 2020 £
Market value of investments at 1 March 2020	119,658,838	104,084,374
Gift of shares received	10,596,000	10,690,000
Additions	8,681,547	9,315,338
Disposals (proceeds £7,816,488; realised losses £3,882,697)	(11,699,185)	(1,833,890)
Disposals: Shares donated to a UK charity at market value (note 2)	9,336,000	(10,480,000)
Unrealised (losses) gains in the year	(6,278,762)	7,883,016
Market value of investments at 28 February 2021	111,622,438	119,658,838
Cash held for reinvestment	736,277	1,814,622
	112,358,715	121,473,460
Historic cost of investments at 28 February 2021	87,623,924	23,572,758
The market value of investments at 28 February 2021 comprises:		
UK listed	93,012,750	104,288,203
UK fixed interest stock	7,402,096	8,239,206
Overseas listed	8,043,123	4,471,091
Overseas fixed interest	367,355	185,780
Alternatives	990,305	546,079
Property	1,806,809	1,928,479
Cash held for reinvestment	736,277	1,814,622
	112,356,715	121,473,460

7. Debtors

	2021 £	2020 £
Due within one year		
Accrued investment income	57,243	71,400
Prepayments	—	787
Other debtors	—	111,933
	57,243	184,120

8. Creditors

	2021 £	2020 £
Due within one year		
Accrued expenses	31,655	31,326
Grants payable	32,500	72,130
	64,151	103,456
Due after more than one year		
Grants payable	25,000	55,000
Total creditors	89,154	158,456

At 28 February 2021, grants of £57,500 (2020 - £127,130) had been approved and all conditions had been satisfied. In accordance with the Foundation's accounting policy, these amounts have been recognised as a liability in the balance sheet.

9. Analysis of net assets between funds

	Expendable endowment £	Unrestricted funds £	Total 2021 £
Fund balances at 28 February 2021 are represented by:			
Investments	102,554,197	9,804,518	112,358,715
Current assets	—	5,243,652	5,243,652
Creditors: amounts falling due within one year	—	(64,151)	(64,151)
Creditors: amounts falling due after one year	—	(25,000)	(25,000)
Total net assets	102,554,197	14,959,019	117,513,216

	Expendable endowment £	Unrestricted funds £	Total 2020 £
Fund balances at 28 February 2020 are represented by:			
Investments	108,613,210	12,860,250	121,473,460
Current assets	—	685,021	685,021
Creditors: amounts falling due within one year	—	(103,456)	(103,456)
Creditors: amounts falling due after one year	—	(55,000)	(55,000)
Total net assets	108,613,210	13,386,815	122,000,025

10. Grant funding commitments

At 28 February 2021, the trustees had approved the following grants which will not be paid to the recipient unless and until either matched funding is obtained by the recipient before the agreement expires or conditions attached to the agreement are fulfilled by the recipient.

These amounts have not been recognised as a liability in the balance sheet.

	Education £	Healthcare and patient support £	End-of- Life Care £	Other £	Total £
Maximum commitment at 1 March 2020	1,546,274	1,251,920	160,000	125,000	3,083,194
Paid in year	(204,580)	(555,000)	(67,500)	(25,000)	(852,080)
New commitments	1,223,306	467,972	(32,500)	—	1,658,778
Maximum commitment at 28 February 2021	2,565,000	1,164,892	60,000	100,000	3,889,892

	Education £	Healthcare and patient support £	End-of- Life Care £	Other £	Total £
Maximum commitment at 1 March 2019	192,558	1,135,000	30,000	50,000	1,407,558
Paid in year					
Actual	(220,204)	(579,000)	(15,000)	(25,000)	(839,204)
New commitments	1,573,920	695,920	160,000	100,000	2,519,840
Maximum commitment at 29 February 2020	1,546,274	1,251,920	160,000	125,000	3,083,194

Matched and conditional funding commitments are available under agreements which expire between 2021/22 and 2025/6.

11. Related parties

No transactions with related parties were entered in to during the year ended 28 February 2021 (2020 - None).

**The
February
Foundation**

**Annual Report and Financial
Statements**

28 February 2021

Company Limited by Guarantee

Registration Number

05718135 (England and Wales)

Charity Registration Number

1113064

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Reference and administrative information

Trustees	James Carleton Mark Clarke Michael Moody
Chief Executive and Company Secretary	Richard Pierce-Saunderson
Registered office	66 Lincoln's Inn Fields London WC2A 3LH
Company registration number	05718135 (England and Wales)
Charity registration number	1113064
Auditors	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers and investment managers	C Hoare & Co 37 Fleet Street London EC4P 4DQ UBS Wealth Management 1 Finsbury Avenue London EC2M 2AN Investec Wealth & Investment Limited 2 Gresham Street London EC2V 7QN
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH
Website	www.thefebruaryfoundation.org

Trustees' report Year to 28 February 2021

The trustees present their statutory report together with the financial statements of The February Foundation for the year to 28 February 2021. The trustees are also directors of the Foundation for the purposes of company law and the trustees' report contains a directors' and strategic report as required by the Companies Act 2006.

This report has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 28 of the attached financial statements and comply with the Memorandum and Articles of Association of The February Foundation, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

GOVERNANCE, STRUCTURE AND MANAGEMENT

Constitution

The February Foundation was incorporated on 22 February 2006 as a company limited by guarantee under company registration number 05718135. On 23 February 2006, the Foundation registered on the Central Register of Charities under registration number 1113064.

Trustees

The names of the trustees as at the date of this report are set out as part of the reference and administrative information on page 1 of these Annual Report and Financial Statements. There were no changes in trustees for the year under review.

Recruitment and appointment

The appointment of trustees is governed by the Memorandum and Articles of Association of the Foundation. All trustees must be aged at least 18, and there must at all times be a minimum of two and a maximum of five trustees. Upon appointment every trustee must sign a declaration of willingness to act as a trustee of the Foundation before he or she may vote at any meeting of the trustee. Trustees shall hold office for three years, but may be reappointed.

Induction and training

The Foundation recognises that new and current trustees should be aware of the Foundation's charitable purposes, mode of operation, plans, policies and costs. All trustees are provided with a copy of the Memorandum and Articles of Association, the grant giving policy, and a copy of other relevant policies as well as minutes of recent trustees' meetings.

The trustees are provided with appropriate updates relating to matters impacting upon charity law and the running and administration of the Foundation from their professional advisers. They also attend external training events where appropriate.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement

The trustees (who are also directors of The February Foundation for the purposes of company law) are responsible for preparing the trustees' report and 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 Foundation and of the income and application of resources, including the income and expenditure, of the Foundation 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation 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 Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the Foundation's auditors are unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement (continued)

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

Key management personnel

The trustees consider that the board of trustees and Chief Executive comprise the key management personnel in charge of directing and controlling, running and operating the Foundation on a day to day basis.

The trustees give their time freely and no trustee received remuneration in the year.

The pay of the Chief Executive is reviewed annually by the trustees.

Organisation

The trustees are ultimately responsible for the policies, activities and assets of the Foundation. They meet formally at least twice a year. The trustees must approve any grants made by the Foundation before such grants are made.

The main functions of the Chief Executive comprise the following:

- ◆ research and investigation of charitable causes;
- ◆ maintaining and updating the Foundation's website;
- ◆ providing administrative and secretarial support to the trustees;
- ◆ undertaking day-to-day administrative duties;
- ◆ liaising with grant applicants, developing grant policies and monitoring grants;
- ◆ maintaining the Foundation's databases and information systems;
- ◆ acting as a point of contact for the Foundation; and
- ◆ managing the financial affairs of the Foundation.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES

Charitable objectives and activities

The Foundation's charitable objectives as expressed in its Memorandum of Association are as follows:

'The general purposes of such charitable bodies or for such other purposes as shall be exclusively charitable as the trustees may from time to time decide.'

The Foundation makes grants to a range of charities and charitable activities in accordance with the Foundation's grant making policy, as set out below.

The trustees reviewed the Foundation's giving policy at the end of the year under review, and decided to continue with the policy of exclusions. These are detailed in the grant making policy section of this report.

Public benefit

The trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and setting its grant-making policy.

The February Foundation's aims and objectives fall within the various descriptions of charitable purposes in the Charities Act 2011, and, in particular, the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage, the advancement of education, the advancement of the arts, culture, and heritage.

Grant applications for any charitable purpose are considered by the trustees. To date, all grants have been awarded to registered charities, and the beneficiaries are those of the recipient charities. The charities supported by the Foundation during this financial year are active in end-of-life care, healthcare and patient support and education.

Grant making policy

In the year under review, the following grant making policy applied:

The trustees will normally award grants to registered charities.

The trustees will consider grants for:

- ◆ charities which are for the benefit of persons who are making an effort to improve their lives;
- ◆ charities which are for the benefit of persons no longer physically or mentally able to help themselves;
- ◆ charities which have a long-term beneficial impact on the future of individuals, groups of individuals, or organisations;

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Grant making policy (continued)

- ◆ charities which protect the environment;
- ◆ small or minority charities where small grants will have a significant impact;
- ◆ companies where the acquisition of equity would be in line with the Foundation's charitable objectives (this is elaborated in the Foundation's investment policy which is periodically reviewed); and
- ◆ charities whose charitable objectives are aligned with those of the Foundation.

The trustees will not consider grants for:

- ◆ charities which are party-politically driven;
- ◆ charities with a commercial bias for a particular product or company;
- ◆ charities with an aggressive religious bias.

In addition, the Foundation will not normally consider applications from or for the following:

- ◆ Child care;
- ◆ Citizens' Advice Bureaux;
- ◆ Community centres;
- ◆ Higher education;
- ◆ Housing associations;
- ◆ Individuals;
- ◆ Medical research;
- ◆ Military charities;
- ◆ Minibuses;
- ◆ NHS trusts;
- ◆ Non-departmental government bodies;
- ◆ Overseas projects;
- ◆ Primary education;

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Grant making policy (continued)

- ◆ Scouts, Guides, Brownies, Cubs and similar organisations;
- ◆ Secondary education;
- ◆ Single-faith organisations;
- ◆ Special Educational Needs schools;
- ◆ Sports clubs, unless for the mentally and physically disabled;
- ◆ Village halls;
- ◆ Youth centres.

Exceptions to this exclusions policy will be reviewed on a case-by-case basis in the light of the status of the applicant, its organisational structure (for example was it established for philanthropic and benevolent purposes), and the purpose of the grant.

There is no minimum grant. The average grant is usually £5,000 per award, but this is reviewed on a case-by-case basis. Terms and conditions for grants will be discussed and drafted by the trustees on a case-by-case basis. The trustees may decide to award grants without any accompanying conditions.

Investment policy

The Foundation has a portfolio of investments with Investec and UBS which had a market value of £112,358,715, including cash held by the investment managers, at 28 February 2021 (2020 - £121,473,460).

The investment policy of the Foundation is to seek a balanced return from capital growth over the medium term.

The investment portfolio policy is:

- ◆ to grow income over the medium term and depending on the strategy agreed with the Foundation;
- ◆ to maintain in real terms the total value of the capital base from which the Foundation's income is derived;
- ◆ to recognise that growth in income and capital requires some risks to be taken, but to require that these should be managed by maintaining a spread of investments which give a low to medium risk portfolio.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Investment policy (continued)

The trustees seek the investment managers to be custodians of the investment portfolio. It is the trustees' duty to produce a balanced investment strategy.

Periodic meetings are held with the investment managers who provide the trustees with reports for the preceding half-year.

The trustees seek to minimise risk by:

- ◆ monitoring and periodically reviewing the performance of the investment managers;
- ◆ investing in bonds which are mainly rated A to AAA;
- ◆ investing in equities whilst evaluating gifts of shares on a case-by-case basis in the context of the Foundation's overall portfolio;
- ◆ allowing a change in the investment portfolio only after discussions between the investment managers, the trustees and other professional advisers.

STRATEGIC REPORT

Achievements and performance

Review of activities

The year under review was entirely dominated by the covid-19 pandemic, the impact of which on the charitable sector in general, and the Foundation's core constituencies in particular, cannot be underestimated or overstated. The Foundation's immediate response to the crisis was to establish, on 28 March 2020, a £1,000,000 Covid-19 Emergency Fund for hospices, social care, and healthcare charities. In order to distribute this fund in a timely and effective manner, the Foundation implemented an application process with a maximum response time of 10 days, with grants being made on a weekly basis. By the end of the year under review, £962,439 of this fund had been distributed, the majority by the end of September 2020. Alongside this new process, the Foundation continued to operate its standard applications process with a maximum 12-week response time, with monthly grant distributions.

The bulk of the Foundation's covid-19 emergency grants were for core costs in order to give recipient charities the maximum flexibility in applying the granted funds. In recognition of the pressures the pandemic was putting on all charities and their staff, the Foundation also introduced greater flexibility on reporting requirements as well as on variation of grant purposes, varying a number of project grants to core cost grants. In addition, it reviewed and varied a number of matched funding agreements with grant holders, as well as reviewing and varying a number of agreements with grant holders dependent on key

STRATEGIC REPORT

Achievements and performance (continued)

Review of activities (continued)

performance indicators.

What is clear from the crisis so far is that the Foundation is in a strong position, both financially and procedurally, to be able to quickly and effectively support its core constituencies at times of crisis and need, as well as in more normal times. The Foundation's vision has always been to be a funder of longevity, to spend within its means, and to offer not only financial support but also advice to those charities it deals with. This vision has proved its value during this difficult period in history, and the trustees are cognisant of the fact that there may be further pandemic-related calls on the Foundation's resources in the year to come, and probably beyond. They are also cognisant of the fact that these calls may be more related to post-covid sustainability than emergency needs.

Against the covid-19 backdrop and its additional pressures, the Foundation continued to structure its giving in an informed manner, with in-depth research on applications, and extensive due diligence on significant projects. In the year under review, 598 charities were evaluated (compared to 579 in the previous year), which had either applied to the Foundation, or which were selected by the Foundation as potential candidates for funding. This small 3.3% rise in applications immediately after a 17.8% rise in applications in the previous year is an illustration of how the pandemic affected fundraising activities throughout the charitable sector, with many fundraisers furloughed, and those which were not furloughed working from home on often old computers, with very little access to their organisations' networks, which often hampered the speedy exchange of information between clinical and fundraising settings. This particular adverse impact of the pandemic highlights the importance of core or unrestricted funding for charities. The need for charities to invest in IT infrastructure will continue as working from home becomes the norm for those colleagues not on the frontline of care or service delivery but equally as essential to the effective operation of their organisations.

In some ways, the funding landscape for charities became more straightforward at the height of the pandemic, as an increasing number of trusts and foundations made emergency grants, many outside their usual sphere of operations. However, with the public perception that the crisis is over, 2021/22 and 2022/23 will potentially be disproportionately more difficult years for charities in fundraising terms as emergency funding dries up, and some of those organisations which made exceptional emergency grants not focused on post-covid sustainability. The long-term impact of covid-19 is as yet incalculable, and this uncertainty is sure to have an adverse effect on charities' finances and fundraising in all settings.

In the year under review, it also became apparent that, as far as standard applications were concerned, charities' approaches and applications to the Foundation became more focused, with a significant majority of applications being well-targeted, complex and intelligent, based on thorough research of potential funders, and which, in addition, demonstrated sound

STRATEGIC REPORT

Achievements and performance (continued)

Review of activities (continued)

financial management and significant beneficial soft outcomes for their stakeholders. As a result, 37.1% of applications were successful, up from 23.1% in the previous year, a reflection of a higher standard of application, and greater need caused by covid-19. It remains to be seen if this high percentage will be repeated in the year to come, and it bears pointing out that 66.9% of applications were still rejected. This increased focus by charities is also borne out by the fact that only 3.3% of charities which applied to the Foundation were ineligible to apply.

Having said that, the Foundation's grant expenditure was below budget. The main reasons for this (in all cases taking account of covid-19) were:

- the failure of some grant recipients to reach maximum matched funding levels;
- longer than expected negotiations on larger grants either due to extended discussions about grant conditions or a need for extended periods of due diligence;
- small drawdowns on agreed grants;
- poor funding ratios from a significant number of applications, especially when compared to the funding ratios of similar charities;
- the failure by some applicant charities to demonstrate and document beneficial soft and hard outcomes for their stakeholders.

At this point it is worth noting that it is important, even in emergencies such as covid-19, for applicant charities to present cogent cases for funding, including those beneficial soft and hard outcomes referred to above, not because funders want to make grants from a position of power, but because funders need as much relevant information as possible to make effective and good funding decisions.

The consideration of larger grants is usually the result of the Foundation's research into potential grant recipients which are engaged in projects that the Foundation considers to be significantly innovative and with the potential of having enduring impact, usually nationally. Any such grants, once agreed, are usually subject to confidentiality clauses unless the Foundation considers publicity for such grants to increase their potential reach and impact. Large grants are usually a mix of matched funding and funding dependent on the achievement of key performance indicators agreed by recipient charities and the Foundation.

The Foundation continued its progress towards becoming a wholly paperless organisation in the year under review, with only 5.5% of incoming applications and correspondence on paper, compared to 10.8% in the previous year, and 40.1% in the year ended 28 February 2018. This significant reduction was in no small way due to the adaptability of applicant charities in the covid-19 crisis, and the related explosion in homeworking. This, combined

STRATEGIC REPORT

Achievements and performance (continued)

Review of activities (continued)

with the Foundation having been set up in 2006 with a focus on homeworking (and since 2014 with storage and real-time back-ups to a managed Cloud environment) enabled the Foundation to continue to operate normally during covid-19 and the ensuing lockdowns, and to respond with great speed and effectiveness to all applicant charities.

Finally, in the year under review, the trustees reviewed and updated the Risk Management section of the Foundation's governance handbook, ensuring its currency and fitness for purpose, having reviewed said handbook in its entirety in the previous year.

Grants made

The Foundation's grant payments in the year under review totalled £11,674,346. Grants payable represent 236 grants made to 222 charitable organisations. Of this total, £728,688 of grants were existing matched funding commitments, where conditions had been met in the 2020/21 financial year.

Education

The Foundation paid three grants totalling £204,579 to two organisations. All these grants were under commitments made in previous years, where conditions were met in the year under review.

The Foundation's objective in its education grant strategy is to enable universal access. However, it is not accepting new applications in this area, committed instead to meeting current commitments and conducting its own research into education projects in line with its objectives.

End-of-life care

The Foundation paid 105 grants totalling £782,186 to 101 organisations.

The Foundation remains committed to supporting end-of-life care at the grassroots level, mainly in a hospice or hospice-at-home context, with an increased emphasis on operating and core costs.

End-of-life care was, and is, one of the areas affected most dramatically by covid-19, especially as many hospices are highly dependent on fundraising trading, and 61 of these grants were covid-19 emergency grants.

Heritage

The Foundation made no grants to the heritage sector in the year under review. Whilst cognisant of the fact that heritage and culture organisations were very badly affected by the pandemic, the trustees considered other health-related areas a greater priority. The Foundation is still accepting applications from heritage and culture charities.

STRATEGIC REPORT

Achievements and performance (continued)

Review of activities (continued)

Healthcare and patient support

The Foundation paid 93 grants totalling £1,027,258 to 88 organisations. Of these, 25 were covid-19 emergency grants.

The Foundation makes grants to charities which support the ill, and the physically and mentally disabled, to empower them to improve the quality of their lives, and to seek to live as independently as possible.

With demand on national helplines offering patient support and information rising disproportionately during the pandemic, in part due to the NHS having to divert resources into emergency care, many of the grants made in the year under review (standard and from the Foundation's Emergency Fund) were to maintain or increase the capacity of national helplines.

Other

The Foundation made 35 grants totalling £393,953 to 31 organisations either not included in the areas above, or overlapping the areas above. Of these, 16 were covid-19 emergency grants, of which a £100,000 grant was to a charity making small covid-19 emergency grants to small charities in need of immediate support, with another £100,000 grant (50% basic grant plus 50% matched funding) being to a charity which made emergency grant payments to NHS staff adversely financially affected by covid-19.

The Foundation also made a donation of £9,336,000 to a UK charity with charitable purposes in line with the objectives of the Foundation.

Measuring impact

How to measure impact remains one of the most discussed and controversial subjects in the Third Sector, with different schools of thought proposing and adopting different measures and approaches.

The Foundation asks its grant recipients to provide a 1-month and a 6-month report not only on the spending of the grants received, but also on the activities of grant recipients as a whole. This approach ensures contextual reporting rather than looking at one single project in isolation, and allows the trustees a deep insight into recipient charities' full impact.

In addition, during the evaluation of applications, the Foundation looks closely not just at financial and usage data, but also at service users' feedback and what they perceive to be quality of life benefits. What this front-loaded approach achieves is to balance hard outcomes (financial, data) with soft outcomes (quality of life, service-user-defined improvements in physical and mental wellbeing), which establishes during the application

STRATEGIC REPORT

Achievements and performance (continued)

Review of activities (continued)

process whether or not any applicant charity is being impactful. Financial data and performance give a view on the quality of management and efficiency of charities, whilst soft outcomes (including anecdotal evidence) provide an insight into the real impact charities have on the lives of their service users, who are the ultimate stakeholders of all charities, including trusts and foundations.

The gathering of information pre-application, combined with post-grant reporting, allows the Foundation to make judgements on impact on a case-by-case basis, and the trustees feel that the Foundation's grants have in most cases demonstrated significant beneficial impact for the stakeholders of recipient charities.

Financial review

Results for the year

A summary of the year's results can be found on page 22 of the financial statements.

The Foundation's total income for the year ended 28 February 2021 amounted to £17,585,040 (2020 - £17,207,218). The majority of the Foundation's income arose from a gift of shares with a market value of £10,596,000 (2020 - £10,690,000); income on the Foundation's investment portfolio and cash deposits of £4,042,771 (2020 - £4,046,113); and income from donations of £2,946,269 (2020 - £2,471,105).

Grants, including donated assets, to charitable organisations totalled £11,674,346 (2020 - £12,605,676). Grant and Foundation administration costs, including governance costs totalled £132,221 (2020 - £130,689). Investment management costs for the year amounted to £103,823 (2020 - £84,363).

Losses incurred on the disposal of investments totalled £3,882,697 (2020 - losses of £113,963), and losses arising from movements in the market value of investments totalled £6,278,762 (2020 - gains of £7,883,016). This resulted in a total decrease in funds for the year of £4,486,809 (2020 - increase in funds of £12,155,543) and the total funds of the Foundation at 28 February 2021 amounted to £117,513,216 (2020 - £122,000,025).

Reserves policy

The trustees have examined the Foundation's requirements for reserves in light of the main risks to the Foundation. The trustees have established a reserves policy to protect the Foundation and its long-term charitable giving programme by providing time to adjust to changing financial circumstances.

The trustees have agreed that it would be in the best interests of the Foundation to continue to build up an expendable endowment fund to support its future grant making activities and

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy (continued)

provide the Foundation with an asset base to allow for its long term sustainability. Movements on the endowment fund are generated from significant donations of cash or equities to or by the Foundation together with changes in the market value of the underlying investment portfolio and gains or losses realised on sale. At 28 February 2021 the expendable endowment was £102.554m (2020 - £108.613m) which the trustees consider to be adequate to meet the Foundation's long term financial objectives.

The unrestricted fund represents the cumulative surplus arising from investment income exceeding charitable expenditure over the past five years. As observed in the "review of activities" the Foundation's grant expenditure was again below budget for 2020/21 and this has been the case over recent years which has led to an increase in unrestricted funds to £14.959m at 28 February 2021 (2020 - £13.387m). The Foundation however prepares budgets with an anticipated annual grant expenditure in the range of c£6.0m - £8.0m and in any given year, the Foundation is in negotiation for two or three major grants. Cash flow projections are prepared on this basis and regularly reviewed by the Foundation to ensure that assets are available to provide the liquidity needed to allow the Foundation be in a position to meet its commitments. Assets identified to meet short term commitments are cash and investments that can be easily liquidated. Furthermore, in December 2019, the trustees made the decision to hold in cash and highly liquid investments sufficient funds for medium-term commitments in view of anticipated market volatility around the time of the UK's formal exit from the EU and the move into the Transition Period.

At 28 February 2021, the Foundation held £5.186m of cash, as well as an investment portfolio which provides sufficient liquidity for the Foundation's purposes.

In the event that the trustees find themselves unable to meet the Foundation's commitments from unrestricted funds, they will draw on the expendable endowment to meet those commitments as they see fit.

The reserves policy is reviewed annually to reassess the risks and reflect changes to the Foundation's income, capital, financial obligations and long-term plans for charitable expenditure.

A large proportion of the Foundation's reserves comprise gifted shares as well as multi-asset share and bond portfolios. In view of covid-19, the trustees reviewed these holdings once again shortly after the end of the year under review, and concluded that, despite recent market volatility, they were happy with the Foundation's current holding of gifted shares in view of its highly cash-generative nature and absence of debt.

STRATEGIC REPORT (continued)

Financial review (continued)

Fundraising

The Foundation does not fundraise directly with individuals and therefore is not registered with the Fundraising Regulator. No fundraising activities are undertaken and if donations from individuals are received, the Foundation aims to protect personal data and would never sell data or swap data with other organisations. As a result, covid-19 has not affected the Foundation's donations income.

Future plans

The trustees continue to regularly review the breadth of the Foundation's objects. They feel that it is important for the Foundation to be open to applications across a range of charitable activities rather than focusing on one area to the exclusion of all others. They believe that the exclusions to applications listed in the grant-making policy on pages 5 to 7 of this report and on the Foundation's web site give clear guidance to potential applicants.

During covid-19, the breadth of the Foundation's objects provided it with the flexibility needed to be able to support a wide range of charities which needed emergency funding, from national helplines to hospices, from independent foodbanks not part of a larger network to small charities which set up doorstep deliveries of emergency food and household supplies to the most needy, from small health therapy charities setting up online services at speed to charities dealing with the rise of online stalking and domestic abuse during lockdowns.

The Foundation will continue with this approach for the year ending 28 February 2022, with a focus on maintaining its current maximum 12-week application processing time. The trustees are cognisant of the fact that this approach has historically translated to a relatively low success rate for applicants, and that it also ensures lasting impact. The trustees are also aware of the fact that although, as far as covid-19 is concerned, their focus is now on post-covid sustainability funding, there remains the possibility of a needs-driven re-introduction of covid-19 emergency funding. They will review the national covid-19 situation on a frequent and regular basis.

The Foundation's strategy is to be a proactive grant maker which seeks to anticipate need and changes in the charitable sector, as well as responding quickly and effectively to emergencies such as the covid-19 pandemic. In addition, the Foundation wishes to continue its support of the community-based palliative care sector.

Looking ahead, the Foundation plans to maintain its strategy of funding grants and operations through income generated from the endowment alone. With this in mind, the trustees have again reviewed the Foundation's grant-making policy, and have determined that, for the financial year ending 28 February 2022, they will continue with the grant-making policy outlined on pages 5 to 7 of this report. The trustees have concluded that this strategy

STRATEGIC REPORT (continued)

Future plans (continued)

allows for the re-introduction of its covid-19 emergency funding programme should such need arise without having to draw on the expendable endowment for funds, although they are cognisant of the fact that the projected long tail of the pandemic means they will review this approach on a regular and frequent basis.

Looking further ahead, the Foundation will continue to research existing charities in addition to continuing to consider unsolicited applications within the policy.

The trustees discuss the Foundation's grant-making policy on an ongoing basis, and believe that their wide discretion allows the Foundation to be both innovative and supportive of a large variety of charitable projects and bodies, and that this has facilitated the Foundation's response to covid-19. The Foundation will continue its strategy to become an entirely paperless organisation, and will continue to strongly encourage applicant charities to submit their applications by email rather than by post, with the aim of reducing hardcopy applications and correspondence to 3% of all incoming applications and correspondence compared to the 5.5% in the year under review. The beneficial impacts for applicant charities include financial savings, the ability to respond more quickly to the Foundation's due diligence, the ability to create a blueprint for successful applications processes not just in relation to the Foundation, as well as an increase in environmental responsibility. For the Foundation, the beneficial impacts include increased responsiveness, the ability to maintain transparency and speed of response, including its rapid response to covid-19.

Risk management

The trustees believe that by monitoring reserve levels and ensuring that controls exist over key financial systems, and by examining from time to time the operational risks faced by the Foundation and its grant giving activities, that they have established effective systems to mitigate the major risks to which the Foundation is exposed.

The principal risks faced by the Foundation are as follows:

- ◆ Financial sustainability (including covid-19);
- ◆ Ineffective grant making;
- ◆ Investment management.

Financial sustainability (including covid-19)

The key elements in managing financial sustainability are a regular review of available funds with which to meet current and future grant commitments, regular liaison with investment managers and the bank, and monthly reporting of performance against budget for income and expenditure. In addition, financial risk is mitigated by processes which ensure that all financial instructions are approved by at least two trustees.

STRATEGIC REPORT (continued)

Risk management (continued)

The Foundation's financial sustainability depends very much on the income from its multi-asset portfolios, and its holding of gifted shares. Covid-19 significantly affected market values in the second quarter of 2020 and although the value of the Foundation's investments recovered from quarter three onwards the total value of the investment portfolio is 7.6% down for the 2020/21 financial year. This recovery in value has continued beyond the year under review.

The markets' reaction to covid-19 was one of extremes, with the initial collapse of values and subsequent disproportionate correction upwards. Initial fears that many companies would be unable to pay dividends proved unfounded, and the Foundation's dividend income in the year under review was almost unchanged compared to the previous year. What the crisis did demonstrate is that the markets very often react differently to crises than real life. What the crisis also demonstrated is that the Foundation's significant cash and high-liquidity holdings mitigate any immediate risk to the Foundation's financial sustainability.

Ineffective grant making

The key elements in managing effective grant making are rigorous evaluation of all grant applications (including the process outlined in the *Measuring Impact* section of this report on page 12), setting grant applicants' expectations on when to expect decisions on applications, and robust reporting requirements which need to be fulfilled by grant recipients. Risks are mitigated by a monthly review by the trustees of grant making, recipient reporting, and grant applications.

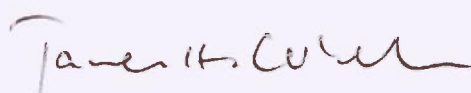
Investment management

The key elements in effective investment management are a trustee body with a skill set appropriate to evaluating investment performance, the engagement of professional investment managers with a significant and successful track record, monthly reviews of investment performance, and regular meetings with investment managers and the bank.

In order to ensure best practice and continuous improvement, the trustees review the Foundation's risk assessment at least once a year.

The trustees approve the trustees' report, including the strategic report.

Signed on behalf of the trustees:



Trustee

Approved by the trustees on 29 September 2021

Independent auditor's report to the members of The February Foundation

Opinion

We have audited the financial statements of The February Foundation (the 'charitable company') for the year ended 28 February 2021 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 28 February 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP FRS 102 and the Charities Act 2011.
- We understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of trustee meetings and papers provided to the trustees.
- We assessed the susceptibility of the charitable company's financial statements to material misstatements, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design and implementation of controls in place to prevent and detect fraud;
 - Challenging assumptions and judgments made by management and the trustees in its significant accounting estimates;
 - Identifying and testing journal entries, in particular adjustments made at the year-end for financial statement preparation; and
 - Assessing the extent of compliance with relevant laws and regulations by reviewing correspondence with regulators and legal advisors.

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

Independent auditor's report Year to 28 February 2021

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. 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.

Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year ended 28 February 2021
(Including income and expenditure account)

	Notes	Unrestricted funds £	Expendable endowment £	Total 2021 £	Unrestricted funds £	Expendable endowment £	Total 2020 £
Income from:							
Donations		—	2,946,269	2,946,269	—	2,471,105	2,471,105
Gift of shares	6	—	10,596,000	10,596,000	—	10,690,000	10,690,000
Investments	1	4,042,771	—	4,042,771	4,046,113	—	4,046,113
Total income		4,042,771	13,542,269	17,585,040	4,046,113	13,161,105	17,207,218
Expenditure on:							
Investment management costs		—	103,823	103,823	—	84,363	84,363
Charitable activities	2	2,470,567	9,336,000	11,806,567	2,256,365	10,480,000	12,736,365
Total expenditure		2,470,567	9,439,823	11,910,390	2,256,365	10,564,363	12,820,728
Net income before (losses) gains on investments		1,572,204	4,102,446	5,674,650	1,789,748	2,596,742	4,386,490
Net (losses) gains on investments	6						
· Realised on sale		—	(3,882,697)	(3,882,697)	—	(113,963)	(113,963)
· Unrealised: changes in market value		—	(6,278,762)	(6,278,762)	—	7,883,016	7,883,016
		—	(10,161,459)	(10,161,459)	—	7,769,053	7,769,053
Net income and net movement in funds for the year		1,572,204	(8,059,013)	(4,486,809)	1,789,748	10,365,795	12,155,543
Fund balances brought forward at 1 March 2020		13,386,815	108,613,210	122,000,025	11,597,067	98,247,415	109,844,482
Fund balances carried forward at 28 February 2021		14,959,019	102,554,197	117,513,216	13,386,815	108,613,210	122,000,025

All income and expenditure derives from continuing activities. The statement of financial activities includes all gains and losses recognised in the year.

Balance sheet as at 28 February 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	6		112,358,715		121,473,460
Current assets					
Debtors	7	57,243		184,120	
Cash at bank and in hand		<u>5,186,409</u>		<u>500,901</u>	
		5,243,652		685,021	
Current liabilities					
Creditors: amounts falling due within one year	8	<u>(64,151)</u>		<u>(103,456)</u>	
Net current assets			<u>5,179,501</u>		<u>581,565</u>
Total assets less current liabilities			<u>117,538,216</u>		<u>122,055,025</u>
Non-current liabilities					
Creditors: amounts falling due after one year	8		(25,000)		(55,000)
Net assets			<u>117,513,216</u>		<u>122,000,025</u>
The funds of the Foundation	9				
Funds and reserves					
<i>Capital funds</i>					
Expendable endowment			102,554,197		108,613,210
<i>Income funds</i>					
Unrestricted funds			<u>14,959,019</u>		<u>13,386,815</u>
			<u>117,513,216</u>		<u>122,000,025</u>

Approved by the trustees
and signed on their behalf by:



Trustee

Approved on:

29 September 2021

The February Foundation

Company Registration Number: 05718135 (England and Wales)

Statement of cash flows Year ended 28 February 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	415,295	(9,022)
Cash flows from investing activities:			
Dividends and interest from investments		4,056,927	4,016,708
Proceeds from the disposal of investments		7,816,488	1,719,927
Purchase of investments		(8,681,547)	(9,315,338)
Net cash provided by (used in) investing activities		3,191,868	(3,578,703)
Change in cash and cash equivalents in the year		3,607,163	(3,587,725)
Cash and cash equivalents at 1 March 2020	B	2,315,523	5,903,248
Cash and cash equivalents at 29 February 2021	B	5,922,686	2,315,523

Notes to the statement of cash flows

A Reconciliation of net movement in funds to net cash provided by (used in) operating activities

	2021 £	2020 £
Net income (as per the statement of financial activities)	(4,486,809)	12,155,543
Adjustments for:		
Loss (gains) on investments	10,161,459	(7,769,053)
Dividends and interest from investments	(4,042,771)	(4,046,113)
Gift of shares: net movement on shares received and donated	(1,260,000)	(210,000)
Decrease (increase) in debtors	112,720	(111,480)
Decrease in creditors	(69,305)	(27,919)
Net cash provided by (used in) operating activities	415,4295	(9,022)

B Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	5,186,409	500,901
Cash held by investment managers (note 6)	736,277	1,814,622
Total cash and cash equivalents	5,922,686	2,315,523

Principal accounting policies Year ended 28 February 2021

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 28 February 2021.

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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) and the Charities Act 2011. The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis as specified in the accounting policies below.

The Foundation constitutes a public benefit entity as defined by FRS 102.

All financial information is presented in British Pounds Sterling (£), the Foundation's functional currency, and has been rounded to the nearest pound (£).

Critical accounting estimates and areas of judgement

The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the trustees to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the trustees' best knowledge of the amount, event or actions, actual results may differ from those estimates.

Areas requiring the use of estimates and critical judgements that may impact on the Foundation's financial activities and financial position include multi-year grant commitment, where judgements are made for recognising grants payable where the payment is not due until future periods. In accordance with the Foundation's accounting policy for expenditure recognition, multi-year grant commitments are only recognised when approved and all conditions have been satisfied.

Assessment of going concern

The trustees of the Foundation have not identified any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the Foundation to continue as a going concern.

The trustees have considered the continuing impact of the Covid-19 pandemic on the Foundation and have concluded that it is appropriate for the Foundation to continue to prepare its accounts on the going concern basis, not least because the Foundation's cash reserves and the ability to access liquidity through the investment portfolio together with the returns on investments, provide sufficient funding to meet the anticipated grant commitments for the ensuing year.

Principal accounting policies Year ended 28 February 2021

Income

Income from donations is recognised in the period in which the Foundation becomes entitled to the donation and where receipt is probable and its amount can be measured reliably.

Investment income comprises dividends and interest on the Foundation's portfolio of listed investments. Dividends are recognised once the dividend has been declared and the Foundation has received notification that the dividend is due.

Interest on the Foundation's investment portfolio and funds held on deposit is recognised when receipt is probable and the amount can be measured reliably using the effective interest method.

Gifts of shares to the Foundation are recognised at market value on the date of receipt.

Expenditure

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. It includes VAT which cannot be recovered.

Expenditure on charitable activities comprises grants payable and related support and governance costs.

Grants payable

Grants payable are recognised when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions. Grants made as a gift of shares are valued at market value on the date of the gift.

Grants are not accrued, but are noted as financial commitments in the notes to the financial statements, under the following circumstances:

- ◆ Where the beneficiary has not been informed; or
- ◆ Where the beneficiary has to meet certain explicit conditions before the grant is released; or
- ◆ Where the amount and timing of matched funding payments is uncertain.

Support and governance costs

Support costs are those functions that assist the work of the Foundation but do not directly undertake charitable activities. Support costs include administration, personnel and governance costs. Governance costs include audit costs and legal costs relating to the Foundation's compliance with regulation and good practice.

Investment management fees

Investment management fees incurred in managing the investments of the endowment are charged against the endowment fund.

Principal accounting policies Year ended 28 February 2021

Fixed asset investments

The Foundation's investment in quoted shares and similar investments are initially measured at cost and subsequently at market value. Investment gains and losses, whether realised or unrealised, are recognised in the statement of financial activities in the period in which they arise.

Financial instruments

The Foundation only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Foundation and their measurement basis are as follows:

Financial assets – accrued income and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 7. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – accrued expenses and grants payable are financial instruments, and are measured at amortised cost as detailed in note 8.

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the balance sheet when the Foundation becomes party to the contractual provisions of the instrument.

Debtors

Other debtors and loans receivable are initially recognised at their settlement amount and subsequently at amortised cost or their recoverable amount.

Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the Foundation anticipates it will pay to settle the debt, and subsequently at amortised cost.

Non-current creditors are measured at their present value at the balance sheet date where the time value of money is material. The unwinding of the discount is charged against income as an interest expense.

Principal accounting policies Year ended 28 February 2021

Pension costs

Employer's contributions in respect of defined contribution pension schemes are charged to the statement of financial activities in the year in which they are payable to the scheme.

Fund accounting

The expendable endowment funds represent the capital funds of the Foundation which can be drawn upon if required.

The unrestricted funds represent funds available for the general charitable purposes of the Foundation at the discretion of the trustees.

1 Investment income

	2021 £	2020 £
Dividends and interest investments	4,029,211	4,023,644
Interest on cash holdings	13,560	22,669
	<u>4,042,771</u>	<u>4,046,313</u>

2 Expenditure on charitable activities

	2021 £	2020 £
<i>Grants paid to institutions by category:</i>		
. Education	204,579	612,144
. Heritage	—	50,000
. Healthcare and patient support	1,027,258	829,813
. End-of-life care	782,186	437,844
. Other categories	393,953	195,875
<i>Total grants paid in the year</i>	<u>2,407,976</u>	<u>2,125,676</u>
Release of prior year grant commitments	(69,630)	—
<i>Total grants payable</i>	<u>2,338,346</u>	<u>2,125,676</u>
. Investments donated to a registered charity	9,336,000	10,480,000
	<u>11,681,517</u>	<u>12,605,676</u>
Grant and Foundation administrative expenses including governance costs (note 3)	132,221	130,689
	<u>11,806,567</u>	<u>12,736,365</u>

The trustees awarded grants to 236 charitable institutions in the year ended 28 February 2021 (2020 - 194). The trustees consider that the disclosure of specific material grants to institutions could seriously prejudice the furtherance of the purposes of the Foundation.

The trustees donated investments with a market value of £9,336,000 to a UK charity with general charitable purposes in the year ended 28 February 2021 (2020 - £10.48m).

3 Governance costs

	2021 £	2020 £
Fees payable to the auditor:		
Statutory audit	12,059	12,240
Taxation services	3,268	7,288
Payroll services	2,686	2,688
	<u>18,013</u>	<u>22,216</u>

4 Staff costs including key management personnel and trustees' remuneration

	2021 £	2020 £
<i>Staff costs comprise:</i>		
Wages and salaries	87,000	83,140
Social security costs	7,673	10,588
Pension costs	6,525	6,400
Medical insurance	7,171	1,463
	108,369	101,591

The average monthly number of persons (including key management personnel) employed by the charitable company during the year on a full time equivalent basis was one (2020 - one).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Foundation and are represented by the trustees and the Chief Executive. The remuneration paid to the Chief Executive is as set out above.

The trustees received no remuneration (2020 - none) and were not reimbursed for any expenses (2020 - none).

5 Taxation

The February Foundation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

6 Fixed asset investments

At the year end, fixed asset investments comprised the following investments and cash for investment:

	Total 2021 £	Total 2020 £
Market value of investments at 1 March 2020	119,658,838	104,084,374
Gift of shares received	10,596,000	10,690,000
Additions	8,681,547	9,315,338
Disposals (proceeds £7,816,488; realised losses £3,882,697)	(11,699,185)	(1,833,890)
Disposals: Shares donated to a UK charity at market value (note 2)	9,336,000	(10,480,000)
Unrealised (losses) gains in the year	(6,278,762)	7,883,016
Market value of investments at 28 February 2021	111,622,438	119,658,838
Cash held for reinvestment	736,277	1,814,622
	112,358,715	121,473,460
Historic cost of investments at 28 February 2021	87,623,924	23,572,758
The market value of investments at 28 February 2021 comprises:		
UK listed	93,012,750	104,288,203
UK fixed interest stock	7,402,096	8,239,206
Overseas listed	8,043,123	4,471,091
Overseas fixed interest	367,355	185,780
Alternatives	990,305	546,079
Property	1,806,809	1,928,479
Cash held for reinvestment	736,277	1,814,622
	112,356,715	121,473,460

7. Debtors

	2021 £	2020 £
Due within one year		
Accrued investment income	57,243	71,400
Prepayments	—	787
Other debtors	—	111,933
	57,243	184,120

8. Creditors

	2021 £	2020 £
Due within one year		
Accrued expenses	31,655	31,326
Grants payable	32,500	72,130
	64,151	103,456
Due after more than one year		
Grants payable	25,000	55,000
Total creditors	89,154	158,456

At 28 February 2021, grants of £57,500 (2020 - £127,130) had been approved and all conditions had been satisfied. In accordance with the Foundation's accounting policy, these amounts have been recognised as a liability in the balance sheet.

9. Analysis of net assets between funds

	Expendable endowment £	Unrestricted funds £	Total 2021 £
Fund balances at 28 February 2021 are represented by:			
Investments	102,554,197	9,804,518	112,358,715
Current assets	—	5,243,652	5,243,652
Creditors: amounts falling due within one year	—	(64,151)	(64,151)
Creditors: amounts falling due after one year	—	(25,000)	(25,000)
Total net assets	102,554,197	14,959,019	117,513,216

	Expendable endowment £	Unrestricted funds £	Total 2020 £
Fund balances at 28 February 2020 are represented by:			
Investments	108,613,210	12,860,250	121,473,460
Current assets	—	685,021	685,021
Creditors: amounts falling due within one year	—	(103,456)	(103,456)
Creditors: amounts falling due after one year	—	(55,000)	(55,000)
Total net assets	108,613,210	13,386,815	122,000,025

10. Grant funding commitments

At 28 February 2021, the trustees had approved the following grants which will not be paid to the recipient unless and until either matched funding is obtained by the recipient before the agreement expires or conditions attached to the agreement are fulfilled by the recipient.

These amounts have not been recognised as a liability in the balance sheet.

	Education £	Healthcare and patient support £	End-of- Life Care £	Other £	Total £
Maximum commitment at 1 March 2020	1,546,274	1,251,920	160,000	125,000	3,083,194
Paid in year	(204,580)	(555,000)	(67,500)	(25,000)	(852,080)
New commitments	1,223,306	467,972	(32,500)	—	1,658,778
Maximum commitment at 28 February 2021	2,565,000	1,164,892	60,000	100,000	3,889,892

	Education £	Healthcare and patient support £	End-of- Life Care £	Other £	Total £
Maximum commitment at 1 March 2019	192,558	1,135,000	30,000	50,000	1,407,558
Paid in year					
. Actual	(220,204)	(579,000)	(15,000)	(25,000)	(839,204)
New commitments	1,573,920	695,920	160,000	100,000	2,519,840
Maximum commitment at 29 February 2020	1,546,274	1,251,920	160,000	125,000	3,083,194

Matched and conditional funding commitments are available under agreements which expire between 2021/22 and 2025/6.

11. Related parties

No transactions with related parties were entered in to during the year ended 28 February 2021 (2020 - None).