

**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

<b>Trustees</b>	James Carleton Mark Clarke Michael Moody
<b>Chief Executive and Company Secretary</b>	Richard Pierce-Saunderson
<b>Registered office</b>	66 Lincoln's Inn Fields London WC2A 3LH
<b>Company registration number</b>	05718135 (England and Wales)
<b>Charity registration number</b>	1113064
<b>Auditors</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers and investment managers</b>	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
<b>Solicitors</b>	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH
<b>Website</b>	<a href="http://www.thefebruaryfoundation.org">www.thefebruaryfoundation.org</a>

## **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](http://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 £
<b>Income from:</b>							
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
<b>Total income</b>		<b>4,099,572</b>	<b>8,665,168</b>	<b>12,764,740</b>	<b>4,042,771</b>	<b>13,542,269</b>	<b>17,585,040</b>
<b>Expenditure on:</b>							
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
<b>Total expenditure</b>		<b>27,280,615</b>	<b>128,908</b>	<b>27,409,523</b>	<b>2,470,567</b>	<b>9,439,823</b>	<b>11,910,390</b>
<b>Net (expenditure) / income before (losses) gains on investments</b>		<b>(23,181,043)</b>	<b>8,536,260</b>	<b>(14,644,783)</b>	<b>1,572,204</b>	<b>4,102,446</b>	<b>5,674,650</b>
<b>Net (losses) / gains on investments</b>	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)
<b>Transfer between funds</b>	11	<b>25,000,000</b>	<b>(25,000,000)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net (expenditure) / income and net movement in funds for the year</b>		<b>1,818,957</b>	<b>(48,485,298)</b>	<b>(46,666,341)</b>	<b>1,572,204</b>	<b>(8,059,013)</b>	<b>(4,486,809)</b>
<b>Fund balances brought forward at 1 March 2021</b>		<b>14,959,019</b>	<b>102,554,197</b>	<b>117,513,216</b>	<b>13,386,815</b>	<b>108,613,210</b>	<b>122,000,025</b>
<b>Fund balances carried forward at 28 February 2022</b>		<b>16,777,976</b>	<b>54,068,899</b>	<b>70,846,875</b>	<b>14,959,019</b>	<b>102,554,197</b>	<b>117,513,216</b>

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 £
<b>Fixed assets</b>					
Investments	6		<b>84,162,804</b>		112,358,715
<b>Current assets</b>					
Debtors	7	<b>73,578</b>		57,243	
Cash at bank and in hand		<b>5,858,992</b>		5,186,409	
		<b>5,932,570</b>		5,243,652	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	8	<b>(2,571,499)</b>		(64,151)	
<b>Net current assets</b>			<b>3,361,071</b>		5,179,501
<b>Total assets less current liabilities</b>			<b>87,523,875</b>		117,538,216
<b>Non-current liabilities</b>					
Creditors: amounts falling due after one year	8		<b>(16,677,000)</b>		(25,000)
<b>Net assets</b>			<b>70,846,875</b>		117,513,216
<b>The funds of the Foundation</b>	9				
Funds and reserves					
<i>Capital funds</i>					
Expendable endowment			<b>54,068,899</b>		102,554,197
<i>Income funds</i>					
Unrestricted funds			<b>16,777,976</b>		14,959,019
			<b>70,846,875</b>		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 £
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	A	<b>414,993</b>	415,295
<b>Cash flows from investing activities:</b>			
Dividends and interest from investments		<b>4,083,237</b>	4,056,927
Proceeds from the disposal of investments		<b>6,805,149</b>	7,816,488
Purchase of investments		<b>(9,665,999)</b>	(8,681,547)
<b>Net cash provided by investing activities</b>		<b>1,222,387</b>	3,191,868
<b>Change in cash and cash equivalents in the year</b>		<b>1,637,380</b>	3,607,163
<b>Cash and cash equivalents at 1 March 2021</b>	B	<b>5,922,686</b>	2,315,523
<b>Cash and cash equivalents at 28 February 2022</b>	B	<b>7,560,066</b>	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 £
<b>Net expenditure (as per the statement of financial activities)</b>	<b>(46,666,341)</b>	(4,486,809)
<b>Adjustments for:</b>		
Loss on investments	<b>32,021,558</b>	10,161,459
Dividends and interest from investments	<b>(4,099,572)</b>	(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	<b>19,159,348</b>	(69,305)
<b>Net cash provided by operating activities</b>	<b>414,993</b>	415,295

#### B Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<b>5,858,992</b>	5,186,409
Cash held by investment managers (note 6)	<b>1,701,074</b>	736,277
<b>Total cash and cash equivalents</b>	<b>7,560,066</b>	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
	<b>4,099,572</b>	<b>4,042,771</b>

## 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
	<b>27,123,382</b>	<b>2,407,976</b>
Release of prior year grant commitments	—	(69,630)
<i>Total grants payable</i>	<b>27,123,382</b>	<b>2,338,346</b>
. Investments donated to a registered charity	—	9,336,000
	<b>27,123,382</b>	<b>11,681,517</b>
Grant and Foundation administrative expenses including governance costs (note 3)	157,233	132,221
	<b>27,280,615</b>	<b>11,806,567</b>

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)	<b>19,209,500</b>	<b>57,500</b>
<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
	<b>19,209,500</b>	<b>1,018,748</b>

### 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	—
	<b>18,944</b>	<b>18,013</b>

### 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
	<b>102,988</b>	<b>108,369</b>

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
	<u>84,162,804</u>	<u>112,358,715</u>
Historic cost of investments at 28 February 2022	<u>31,414,857</u>	<u>26,717,483</u>
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
	<u>84,162,804</u>	<u>112,356,715</u>

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

## 7 Debtors

	2022 £	2021 £
<b>Due within one year</b>		
Accrued investment income	73,578	57,243
	<u>73,578</u>	<u>57,243</u>

## 8. Creditors

	2022 £	2021 £
<b>Due within one year</b>		
Accrued expenses	38,999	31,655
Grants payable	2,532,500	32,500
	<b>2,571,499</b>	64,151
<b>Due after more than one year</b>		
Grants payable	16,677,000	25,000
<b>Total creditors</b>	<b>20,733,899</b>	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 £
<b>Fund balances at 28 February 2022 are represented by:</b>			
Investments	54,068,899	30,093,905	<b>84,162,804</b>
Current assets	—	5,932,570	<b>5,932,570</b>
Creditors: amounts falling due within one year	—	(2,571,499)	<b>(2,571,499)</b>
Creditors: amounts falling due after one year	—	(16,677,000)	<b>(16,677,000)</b>
<b>Total net assets</b>	<b>54,068,899</b>	<b>16,777,976</b>	<b>70,846,875</b>

	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>
<b>Total net assets</b>	<b>102,554,197</b>	<b>14,959,019</b>	<b>117,513,216</b>

## 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	<b>3,889,892</b>
Paid in year	(930,024)	(535,892)	(30,000)	(22,500)	<b>(1,518,416)</b>
New/(lapsed) commitments	11,180,524	(170,000)	62,500	5,000	<b>11,071,416</b>
Maximum commitment at 28 February 2022	<u>12,815,500</u>	<u>459,000</u>	<u>92,500</u>	<u>82,500</u>	<u><b>13,442,892</b></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).