

CASTLE CAVENDISH FOUNDATION

(A company limited by guarantee)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2021

CASTLE CAVENDISH FOUNDATION
(A company limited by guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

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CASTLE CAVENDISH FOUNDATION
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TRUSTEES' ANNUAL REPORT

The Trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31 March 2021. The Trustees have opted to prepare the accounts using the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and follow the Charities SORP (FRS 102).

1. GOVERNING DOCUMENT

Castle Cavendish Foundation is a company limited by guarantee governed by its Memorandum and Articles of Association as amended on 26th November 2012. It is registered as a Charity with the Charity Commission. Anyone over the age of 16 can become a member of the Company, each of whom agrees to contribute a maximum of £1 in the event of the Charity winding-up.

COMPANY REGISTRATION NO. The company registration number is 04209702.

CHARITY REGISTRATION NO. The company is also registered with the Charity Commission.
The registration number is 1119003.

2. ORGANISATIONAL STRUCTURE

Castle Cavendish Foundation (the Charity) has a Board of Trustees that governs and administers the organisation. Up to 15 Trustees are allowed on the Board at any one time. The Board meets every 6 weeks, and has the ability to appoint a Chief Executive to manage the day-to-day operations of the organisation. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance and human resources.

The Charity has established a wholly owned trading subsidiary, Castle Cavendish Limited (the Trading Arm). This is administered by two non-executive directors, and operates on a commercial basis to maximise income, which is then donated through to the Charity.

3. PUBLIC BENEFIT

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

In 2020/21, Castle Cavendish continued to provide a significant public benefit to the communities within the Charity's area of operation.

4. MISSION & KEY AIMS & OBJECTIVES

Castle Cavendish is seen as a new breed of organisation – a Social Impact Company. Covering some of the most diverse and disadvantaged parts of Nottingham, it is committed to improving the 'quality of life' in those areas. It uses its assets, its buildings, its people, its expertise and its funding to make a difference, and to improve people's lives, it will support the business community and the voluntary sector to grow and develop, enhancing social and economic conditions for the wider community.

To deliver this mission, we will focus on four key aims:

Key Aim 1:

To manage its properties successfully, providing high quality business accommodation that is:

- ✓ at the right price
- ✓ flexible and responsive to businesses needs
- ✓ includes excellent customer services
- ✓ managed in an ethical way, and
- ✓ maximises the net surplus

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TRUSTEES' ANNUAL REPORT

4. MISSION & KEY AIMS & OBJECTIVES (continued)

Key Aim 2:

To be a valued and respected funder, providing grants to support the VCS that:

- ✓ matches up to the local priorities
- ✓ is flexible, responsive and user-friendly
- ✓ delivers high quality activities and events
- ✓ is developed in an ethical way, and
- ✓ Demonstrates 'good value for money'

Key Aim 3:

To be an effective co-ordinator and connector, ensuring we work together with:

- ✓ Public sector bodies
- ✓ Local businesses
- ✓ VCS organisations
- ✓ Community groups and local people

Key Aim 4:

To be an advocate for our Area, working with local stakeholders and funders to:

- ✓ Lobby for better services
- ✓ Increase social and economic investment
- ✓ Promote local talent, and
- ✓ Champion its strength

To deliver this mission, it has agreed a set of "Values" and "Guiding Principles" that embodies the way it works. Its Core Values are:

- Being fair and transparent
- Listening and learning
- Being accessible and friendly
- Embracing equality and diversity
- Promoting respect
- Being bold and ambitious
- Being ethical in all we do

Its Guiding Principles:

- ensure that we are financially sustainable with commercial income from our trading subsidiary making up at least 51% of our overall income;
- develop our external funding base so that it is not dominated or influenced by a single source; safeguarding our independence;
- embrace the strengths and capabilities of the local voluntary and community sector, by ensuring that at least 75% of our funded projects are delivered by them;
- think about the impact of what we do, take a friendly approach and hold ourselves to high quality standards; and
- push ourselves to do better, achieve more, think creatively and inspire others.

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TRUSTEES' ANNUAL REPORT

5. TRUSTEES

Members of the Board of Trustees and also directors for company law purposes. The Trustees during the year ended 31 March 2021 were as follows: -

| | |
|--------------------|-------------------------------|
| Mark Spouge | (Chair) |
| Shoaib Khan | |
| Parveen Begum | |
| Zane Powers | |
| Alex Scurtu | |
| Jay Ludditt | |
| Fadzai Gambanga | (Appointed 27 May 2020) |
| Gurpal Singh Basra | (Appointed 29 September 2020) |
| John Ydlibi | (Appointed 3 February 2021) |
| Lorel Manders | (Retired 18 November 2020) |

There were a number of changes to the Board over the year, including the retirement of Lorel Manders, and the appointment of 3 new Trustees.

There has been the subsequent appointment of Bengisu Sahin (appointed 28 April 2021).

During 2020/21, Craig Elder and Dave Brennan acted as non-executive directors of the trading arm (CCL).

6. PRINCIPAL OFFICE

The principal office is Castle Cavendish Works, Dorking Road, Radford, Nottingham, NG7 5PN.

7. RELEVANT ORGANISATIONS

Bankers

Natwest Plc
536 Valley Road
Basford
Nottingham
NG5 1LF

Auditors

Rogers Spencer
Newstead House
Pelham Road
Nottingham
NG5 1AP

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TRUSTEES' ANNUAL REPORT

8. ANNUAL REVIEW

Overview:

Last year saw the onset of the Coronavirus Pandemic, an event that is still ongoing, touching the lives of nearly everyone, and potentially changing society forever. Under these uncertain and unprecedented times, Castle Cavendish continued to provide its services as society went in and out of lockdown, supporting and funding many of the front-line voluntary and community sector (VCS) groups to keep communities functioning, and also ensuring that our properties and associated business workspace was as safe as possible.

Although the Coronavirus Pandemic had a major impact on our City and on the local VCS, Castle Cavendish continued to support and fund many of our local community delivery partners to provide a range of important and critical services, at a time of great need. Through the Area Based Grant (ABG), provided by the City Council, Castle Cavendish was able to support our local delivery partners to continue to work across some of the most disadvantaged areas of the City, working flexibly to respond to the needs of the local communities in the Basford, Berridge and Sherwood Wards in the North (Area 2), the Hyson Green & Arboretum, Radford and Castle Wards in the central area (Area 4), and the Wollaton West, Lenton & Wollaton East and Meadows Wards in the South West (Area 5). Not only were our local partners able to rise above these challenging conditions, they also delivered to many of the most vulnerable. Without the support from Castle Cavendish, much of this work may not have been possible, and many of our local community delivery partners may well not have survived.

In total, £386k of ABG funding was distributed to 37 VCS groups, delivering over 70 projects, events or other community-based activities. This programme of community support was combined with other non-ABG funded activities, and collectively enabled Castle Cavendish to invest over £406k to some of the most vulnerable residents at a time of great need.

In relation to our property portfolio, Castle Cavendish's trading arm worked really hard to make all sites as safe as possible during the Coronavirus Pandemic, putting in measures to reduce the spread of the virus. However, it still had to deal with a series of Government-instructed lockdowns, which ensured it closed its doors for significant periods of time. Throughout this period of uncertainty, it was vital that Castle Cavendish continued to try provide the services required by its business tenants, as and when it could. But the stark reality was that it was a very challenging time for many of our businesses as the economic implications of lockdowns affected their financial viability, and their continued ability to 'do business' at our premises. As a result, occupancy levels have declined from levels, pre-Pandemic. Moreover, bad debt has also risen, understandably, especially in relation to our retail units. Even considering lockdowns, lower occupancy levels, and the ability of our business tenants to provide payment, remarkably, Castle Cavendish has still managed to post a credible trading profit of £57.6k.

Overall, Castle Cavendish has been able to respond to the challenges presented by the Coronavirus Pandemic - a year like no other in living memory. It has been able to withstand the economic downturn and still achieve a sizable trading profit, whilst at the same time having a significant impact in the communities it serves in one of the most critical years. Ultimately, this has been down to 3 things: firstly, resilient and resourceful staff who have shown an enormous amount of commitment and dedication, skill and intelligence, and responsiveness and flexibility; secondly, good financial management and robust working policies, procedures and practices which were able to deal with such an extraordinary series of events; and finally, a Board of Trustees who have demonstrated clear strategic thinking, insight and wisdom. All 3 have ensured that Castle Cavendish have not just survived, but have grown stronger.

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TRUSTEES' ANNUAL REPORT

8. ANNUAL REVIEW (continued)

Providing Support to the VCS

As the Coronavirus Pandemic reached our communities, it had an acute impact and dramatically changed the way we supported them. Prior to the pandemic our outputs were principally venue-based service-provision. When the lockdown restrictions were introduced in March 2020 provision such as youth clubs, sports sessions, work clubs and day centres all had to close their doors. Despite not being able to deliver the agreed outputs we continued to provide our community partners with grant funding and support to adapt their delivery model away from being venue-based to a community outreach approach, ensuring many vulnerable people still had access to their support network. Our consistency offered our partners security and stability, enabling them to focus on finding new ways of remaining accessible to existing and new service users, whilst also responding to other community members in need.

Play & Youth. For long periods throughout the year it was not possible to deliver any of the agreed outcomes for children & young people. Instead, community partners worked on establishing new ways of staying in touch digitally via whatsapp groups, zoom parties and creating online content via platforms such as Youtube and Tiktok. This support was enhanced by the provision and distribution of almost 700 activity packs containing sports or fitness equipment, games, arts & crafts materials, books and toys for younger family members. As soon as they were able to, groups working with at-risk or vulnerable young people began meeting outdoors in small socially-distanced groups to offer face-to-face support where needed.

Employment & Skills partners faced some of the biggest challenges. With record numbers of people being made redundant and the unemployment rates rising sharply they could only offer essential support via virtual meetings and telephone contact. Inequalities around digital inclusion were most sharply felt amongst the unemployed and ABG grants were utilised by community partners to provide devices, data packages and IT training to local jobseekers.

Community Development & Engagement was critical during 2020-21 as our partner organisations found themselves on the frontline of the response to the pandemic. Over 60 local groups received some form of support and engagement ranging from one-to-one advice on specific issues such as crisis management, funding applications and best practise; to wider, more general support delivered across the network via email bulletins and virtual meetings.

We also provided additional information on how to operate safely within the guidelines, details on emergency funding and other resources. We also developed a new range of templates for groups to adapt regarding operating safely, including risk assessment templates.

Locally Identified Needs. As well as responding to the four priorities above, a number of different needs became apparent, with these three standout priorities coming to the forefront across all of our ABG areas:

- **Food Insecurity.** Prior to the pandemic struck we were already seeing a year-on-year rise in the number of people reliant on foodbanks but in 2020-21 that need grew exponentially. Food insecurity also became an issue for many elderly or clinically vulnerable people who struggled simply because they were unable to leave the house to purchase food.
- **Digital Inclusion.** Tackling the uncertainty, anxiety, confusion and distress caused by the pandemic was at the centre of our response and technology played a significant role in keeping people connected. It also revealed that many people faced barriers to digital inclusion, such as a lack of technical skills, irregular internet access, old or outdated equipment, worries about internet safety or a lack of motivation; not everyone saw connecting online as helpful or relevant.
- **At-Home Resources.** The requirement to stay at home had a significantly greater impact for people living in disadvantaged or marginalised communities. Already extreme inequalities were widened even further. This made it necessary for us to develop a number of project proposals with our partners to provide and distribute different types of resources to engage and support people at home.

In addition to the ABG programme, Castle Cavendish provided a grant of £20k to support the Radford Care Group in the development of its new building at Prospect Street. This modern and purpose built facility will play a key role in supporting senior citizens to have positive and active lifestyles.

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TRUSTEES' ANNUAL REPORT

8. ANNUAL REVIEW (continued)

Managing our Properties Successfully

Castle Cavendish's trading arm, Castle Cavendish Ltd, continued to manage our property base under difficult and changing circumstances. Indeed, it had to deal with 3 national lockdown situations, whereby it had to close the doors at Castle Cavendish Works and Castle Cavendish Enterprise Centre for lengthy periods at a time. The resulting economic downturn, even taking into account Government-funded Job Retention Scheme that placed staff on 'furlough', along with other business support grants, still had a significant effect on us, and many business tenants. As a result, occupancy level at Castle Cavendish Works declined to 68% from the usual 95%. Other properties, such as Castle Cavendish Enterprise Centre where fortunate not to suffer the same fate, with occupancy still being as much as 85% by the end of March 2021.

In regards Tennyson Hall, all 3 tenants have been able to withstand the last 12 months, and deal with the financial consequences. However, the same cannot be said for Castle Cavendish properties on Alfreton Road. Although occupancy levels remain high, the debt accrued has increased, due to rental arrears. This is understandable, and Castle Cavendish are assisting and supporting these retail tenants through various payment arrangements. As a result, Castle Cavendish has had to increase its 'bad debt provisions' by a further £10k, resulting in a current bad debt provision of £99k, most applying to Alfreton Road tenants, that has been built-in to our Balance Sheet.

Astonishingly, the income generated for the full year reached £469k. Understandably, this is much lower than in previous years, but is still excellent given the unprecedented and extra ordinary circumstances. In regards costs, this has likewise been reduced down considerably, and came in at £440k. Our cost base has reduced primarily as a result of 'rechargeable expenditure' being much lower, with not being as open as much, along with the net financial effect of the Job Retention Scheme. This provides a trading profit of £57.6k, but taking into account the addition to bad debt provisions, along with depreciation, means that the net operating profit is just above £29k.

External Relationships:

As part of our role as Area Lead Organisation for Area 2, 4 & 5, our external work has increased significantly, especially creating and nurturing the new relationships with delivery partners and stakeholders in the Berridge, Basford and Sherwood wards. The role of a new Area Lead Organisation coming in to another area should not be underestimated. However, by already having good relationships with many of the existing providers, through work in Area 4 and Area 5, along with our fair and equitable approach, and the respect we already have, has ensure that we have been able to develop a range of support and interventions under the identified priorities. Much credit must go to our Area Partnership Manager who has done so much to develop an inclusive and impartial approach to delivering the ABG programme.

As a result, we have strengthened our role as the area's local "community anchor", building up good relationships with the City Council; both its staff and Councillors. In addition, we are continually working with other Area Leads to share experience and expertise, and develop further collaborations. Through our Chief Executive, Castle Cavendish also plays a key role in the City-wide VCS Strategy Group, reporting through into One Nottingham.

Financial:

Therefore, taking into account all our activities, including our charitable work associated with our community grants programme of support, along with our trading activities, the overall income for 2020-21 was £905k, compared to the £1.034m the previous year. The income generated for our charitable activities represents 48.4% and 46.3% for our trading activities, with 5.2% coming in from the Job Retention Scheme (furlough). In the previous year, 41.7% of income was generated for our charitable activities and 55.3% from our trading activities.

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TRUSTEES' ANNUAL REPORT

8. ANNUAL REVIEW (continued)

The overall costs incurred in 2020-21 was £1.044m, just over 10k more than 2019-20. Of the overall costs, 52.6% of our costs have been associated with our charitable projects and grants, with 42.6% related to our property management. In the previous year, this was 43.6% and 52.2%, respectively, thereby switching the balance of costs from property management to charitable projects and grants, primarily as a direct consequence of the pandemic.

In regards our management costs, we have worked hard to ensure that this is as low as possible. For 2020-21, this now stands at 9.2%, compared to 8.3% in the previous year (2019-20). However, once project co-ordination and management fees are taken into account, the net management costs comes in at just 1.5%. In regards Governance costs, these have increased from 4% last year to 4.6% this year, which is still remarkably low and good value for money.

Governance:

In terms of governance, 2020-21 has seen the Board of Trustees change the way they work, putting in place arrangements to meet remotely, and have been able to do this in an effective way without any major disruptions. Throughout the year, it made a number of key decisions. Here are just a few of them:

- In May, it set out its financial plans for 2020-21, taking into account various scenarios regarding the impact of the Coronavirus Pandemic.
- In July, it agreed a more detailed Business Plan for the year, and agreed the Underlease Agreements with the trading arm.
- In September, the Board approved the Draft Consolidated Accounts & Trustees Report for 2019-20.
- In November, Castle Cavendish held its Annual General Meeting, where the Charity's Company Accounts were passed, following the Audit by Rogers Spencer. The AGM also passed a Special Resolution to change Article 25, resulting in Trustees having the ability to have 3 terms of office.
- In March, it restructured the staff team and commissioned a PR consultancy to promote our work across the City and raise our profile.

Throughout the year, the Board received quarterly performance reports relating to our work across the organisation, alongside quarterly financial management reports.

Compliance:

Castle Cavendish has met all its reporting requirements, including its audited Company Account & Financial Statement through to Companies House, its Annual Report through to the Charity Commission, and Grant Claims to external funding bodies, such as Nottingham City Council.

Going Forward:

With the City Council increasing the level of Area Based Grant in 2021-22, Castle Cavendish will have an increase in funds to continue to co-ordinate and manage the 3 Area Based Grant programmes to the best of its abilities, working closely with its community delivery partners. It will also solidify its relationships and programmes of support, especially in Area 2, and will be mindful of COVID-19 implications. Indeed, many community delivery partners will now need greater financial support to remain solvent and, as a result, it will look to maintain previous levels of funding for them. There will also be an increase in the need for these groups to be supported to access external funding, through application to local and national funding bodies, and they may need additional support to establish other forms of fundraising such as donations and innovative new ways of generating income.

As we come out of the pandemic, Castle Cavendish's trading activities has increased significantly, improving its occupancy levels to close to pre-pandemic levels. Although there has been an increase in the number of business tenants struggling to pay their rent, and indeed survive, especially at Alfretton Road, it is felt that this can be accommodated within the existing 'bad debt provisions' already identified.

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TRUSTEES' ANNUAL REPORT

8. ANNUAL REVIEW (continued)

Castle Cavendish's Board of Trustees have approved a detailed Business Plan for 2021-22 that considers the future. Following much consideration, they have approved a Business Plan that reviews and assesses the impact of the pandemic on its operation, and agreed to adopt a low impact scenario from hereon in. It matched this assessment with a bold and ambitious approach, characterised by:

- a willingness to change our current business model, products and services
- a thrust to seek out new business opportunities
- an emphasis on developing new partnerships and collaborations
- a drive to bring in more funding opportunities
- a willingness to consider investing in additional capacity to generate a return
- a drive to mitigate the impact of the pandemic, and minimise its consequences to our triple bottom line.

The implications and consequences of this approach is that:

- It will utilise some of the net capital receipts to increase its capacity and capability, through the appointment of a PR Agency;
- It will develop a revised business model that is more relevant to the 'new normal', helping to mitigate against the short-term effect on profitability, and
- It should see new funding and partnership opportunities come its way.

Taking into account these actions, the forecast for 2021/22 is that the income from grants will again primarily come from the ABG Programme of up to £445k, and potentially through a further enhancements £198k from other sources, such as the Holiday Activities Fund, which Castle Cavendish has been awarded. The income from the trading activities has been estimated to be up to £520k, and with costs of £435k, the trading arm could potentially generate a net trading profit of £85k.

9. PAY POLICY FOR SENIOR STAFF

The trustees consider the board of trustees and the senior management team comprise the key management personnel of the charity in charge of directing, controlling running and operating the Foundation on a day to day basis. All trustees give their time freely and no trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in note 13 to the accounts.

The pay of senior staff is reviewed annually and normally increased in accordance with average earnings. In view of the nature of the charity, the trustees benchmark against pay levels in similar sectors.

10. RISK MANAGEMENT

The trustees have a risk management strategy which comprises:

- an annual review of the principal risks and uncertainties that the charity and its subsidiary Castle Cavendish Limited face;
- the establishment of policies, systems and procedures to mitigate those risks identified in the annual review; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

This work has identified that financial sustainability is the major financial risk for both the charity and its Subsidiary. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due, regular liaison with the bank, and active management of trade debtors and creditor balances to ensure sufficient working capital by the Foundation and its subsidiary company.

CASTLE CAVENDISH FOUNDATION
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TRUSTEES' ANNUAL REPORT

11. RESERVES POLICY

The Charity holds a general reserve from income received in previous years, along with income generated from its trading subsidiary (CCL) and donated through. It has the ability to use these reserves each year to contribute to investments, grants and the running of the organisation, in line with the Charity's Reserve Policy.

As of 31st March 2021, the 'Net Current Assets' of Castle Cavendish was £95k, and the 'Cash in Bank' was £136k. The approved Reserves Policy of the Charity identifies that, under the current circumstances, the estimated level of reserves should be at least £101k. Therefore, Castle Cavendish has matched-up to its Reserve Policy.

12. TRUSTEE INDUCTION & TRAINING

New Trustees are provided with a Trustee Handbook, and undergo an orientation process to brief them on the Charity and their role as a Trustee, including:

- legal obligations under Charity and company law;
- the content of the Memorandum and Articles of Association;
- the committee and decision making process;
- the latest business plan; and
- the performance of the Charity.

Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

13. RELATED PARTIES

In 2020/21, Castle Cavendish had a strategic relationship with Nottingham City Council, as the main funder of the ABG Programme. From an operational point of view, it had contractual relationship, through grant agreements, with 27 VCS groups.

14. STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Castle Cavendish Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP FRS 102;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

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TRUSTEES' ANNUAL REPORT

14. STATEMENT OF TRUSTEES' RESPONSIBILITIES (continued)

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware: and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Board of Trustees adopted the Charity Governance Code in October 2018. This sets out seven key principles of good governance:

1. **Organisational Purpose:**
The Board is clear about the charity's aims and ensures that these are being delivered effectively and sustainably.
2. **Leadership:**
The Board provides effective, strategic leadership in line with the charity's aims and values.
3. **Integrity:**
The Board acts with integrity adopting values and creating a culture which help achieve the organisations charitable purposes. The Board is aware of the importance of the public's confidence and trust in charities, and Trustees undertake their duties accordingly.
4. **Decision-making, risk and control:**
The Board makes sure that its decision-making processes are informed, rigorous and timely and that effective delegation, control and risk assessment and management systems are set up and monitored.
5. **Board effectiveness:**
The Board works as an effective team, using the appropriate balance of skills, experience, backgrounds and knowledge to make informed decisions.
6. **Diversity:**
The Board's approach to diversity supports its effectiveness, leadership and decision-making.
7. **Openness and accountability:**
The Board leads the organisation in being transparent and accountable. The charity is open in its work, unless there is good reason for it not to be.

15. AUDITORS

A resolution will be proposed at the Annual General Meeting that Rogers Spencer be re-appointed as auditors to the charity for the ensuing year.

Approved by the Board of Trustees on 4/11/21 and signed on its behalf by



Mark Spouge
Chair of Trustees

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CASTLE CAVENDISH FOUNDATION (A company limited by guarantee)**

Independent Auditor's Report to the members and Trustees of Castle Cavendish Foundation (a company limited by guarantee)

Opinion

We have audited the financial statements of Castle Cavendish Foundation (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2021 which comprise the group statement of financial activities, the group and parent charitable company balance sheet, the group cash flow statement and notes to the financial statements, including a summary of significant accounting policies. 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 group's and parent charitable company's affairs as at 31 March 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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.

Emphasis of matter

As mentioned within the Investments note (note 7), the long term investment properties, which represent 96% of fixed assets and 83% of gross assets, have been valued by the Trustees as at 31 March 2021. The last professional valuation was undertaken by Savills in 2013. Due to unknown future impact with regard to Covid-19, there is less certainty attached to any valuation at this time.

We do not modify our opinion with regard to this matter.

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 group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CASTLE CAVENDISH FOUNDATION (A company limited by guarantee)**

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' annual report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CASTLE CAVENDISH FOUNDATION (A company limited by guarantee)**

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

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

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the group through discussions with trustees and other management, and from our knowledge and experience of the charity sector and grant providers;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CASTLE CAVENDISH FOUNDATION (A company limited by guarantee)**

- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- Understanding the design of the group's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

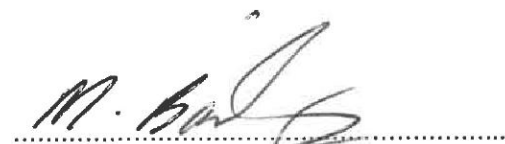
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance 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 financial statements 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 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 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Melvin Bailey FCCA DChA (Senior Statutory Auditor)
For and on behalf of Rogers Spencer

Date *5 November 2021*

**Chartered Certified Accountant
Statutory Auditor**

**Newstead House
Pelham Road
Nottingham NG5 1AP**

Rogers Spencer is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

CASTLE CAVENDISH FOUNDATION
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
~ INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2021

| | Note | Unrestricted £ | Restricted £ | Total 2021 £ | Total 2020 £ |
|---|------|-------------------|-----------------|--------------------|--------------------|
| <u>INCOME AND ENDOWMENTS FROM</u> | | | | | |
| Income from charitable activities: | | | | | |
| Grants receivable | 3a | - | 438,710 | 438,710 | 461,916 |
| Income from trading activities: | | | | | |
| Rent and room hire | | 330,489 | - | 330,489 | 422,440 |
| Other property income | | 51,734 | - | 51,734 | 104,540 |
| Service charges | | 31,278 | - | 31,278 | 46,007 |
| Sundry income | | 6,140 | - | 6,140 | 42 |
| | | <u>419,641</u> | <u>-</u> | <u>419,641</u> | <u>573,029</u> |
| Other income – Government Covid support | 4 | 47,602 | - | 47,602 | - |
| <u>TOTAL INCOME</u> | | <u>467,243</u> | <u>438,710</u> | <u>905,953</u> | <u>1,034,945</u> |
| <u>EXPENDITURE ON</u> | | | | | |
| Raising funds | 5a | 1,373 | - | 1,373 | 3,642 |
| Charitable activities | 5c | 610,366 | 432,588 | 1,042,954 | 1,030,416 |
| <u>TOTAL EXPENDITURE</u> | | <u>611,739</u> | <u>432,588</u> | <u>1,044,327</u> | <u>1,034,058</u> |
| <u>NET INCOME/(EXPENDITURE)</u> | | <u>(144,496)</u> | <u>6,122</u> | <u>(138,374)</u> | <u>887</u> |
| Net losses on investment properties | | - | - | - | (8,555) |
| <u>NET INCOME/(EXPENDITURE) BEFORE TRANSFERS</u> | | <u>(144,496)</u> | <u>6,122</u> | <u>(138,374)</u> | <u>(7,668)</u> |
| Transfers between funds | | 60,156 | (60,156) | - | - |
| <u>NET MOVEMENT IN FUNDS</u> | | <u>(84,340)</u> | <u>(54,034)</u> | <u>(138,374)</u> | <u>(7,668)</u> |
| Fund balances brought forward | | 1,622,924 | 80,886 | 1,703,810 | 1,711,478 |
| <u>FUND BALANCES CARRIED FORWARD</u> | | <u>1,538,584</u> | <u>26,852</u> | <u>1,565,436</u> | <u>1,703,810</u> |

The consolidated statement of financial activities contains all the gains and losses recognised in current and previous period.

All activities are continuing activities.

The notes on pages 20 to 36 form part of these financial statements.

CASTLE CAVENDISH FOUNDATION
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
~ INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2021

| PRIOR YEAR ONLY: | Note | Unrestricted £ | Restricted £ | Total 2020 £ |
|---|-------------|---------------------------|-------------------------|-----------------------------|
| <u>INCOME AND ENDOWMENTS FROM</u> | | | | |
| Income from charitable activities: | | | | |
| Grants receivable | 3b | - | 461,916 | 461,916 |
| Income from trading activities: | | | | |
| Rent and room hire | | 422,440 | - | 422,440 |
| Other property income | | 104,540 | - | 104,540 |
| Service charges | | 46,007 | - | 46,007 |
| Sundry income | | <u>42</u> | <u>-</u> | <u>42</u> |
| <u>TOTAL INCOME</u> | | <u>573,029</u> | <u>461,916</u> | <u>1,034,945</u> |
| <u>EXPENDITURE ON</u> | | | | |
| Raising funds | 5b | 3,642 | - | 3,642 |
| Charitable activities | 5d | <u>696,051</u> | <u>334,365</u> | <u>1,030,416</u> |
| <u>TOTAL EXPENDITURE</u> | | <u>699,693</u> | <u>334,365</u> | <u>1,034,058</u> |
| <u>NET INCOME/(EXPENDITURE)</u> | | (126,664) | 127,551 | 887 |
| Net losses on investment properties | | <u>(8,555)</u> | <u>-</u> | <u>(8,555)</u> |
| <u>NET INCOME/(EXPENDITURE) BEFORE TRANSFERS</u> | | (135,219) | 127,551 | (7,668) |
| Transfers between funds | | <u>46,665</u> | <u>(46,665)</u> | <u>-</u> |
| <u>NET MOVEMENT IN FUNDS</u> | | (88,554) | 80,886 | (7,668) |
| Fund balances brought forward | | <u>1,711,478</u> | <u>-</u> | <u>1,711,478</u> |
| <u>FUND BALANCES CARRIED FORWARD</u> | | <u>1,622,924</u> | <u>80,886</u> | <u>1,703,810</u> |

All activities are continuing activities.

The notes on pages 20 to 36 form part of these financial statements.

CASTLE CAVENDISH FOUNDATION
(A company limited by guarantee)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2021


| | Note | 2021 | | 2020 | |
|---|------|------------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| <u>FIXED ASSETS</u> | | | | | |
| Tangible fixed assets | 8a | | 59,768 | | 68,864 |
| Investments | 9 | | <u>1,532,502</u> | | <u>1,532,502</u> |
| | | | 1,592,270 | | 1,601,366 |
| <u>CURRENT ASSETS</u> | | | | | |
| Investments | 9 | - | | 375,000 | |
| Debtors | 10 | 66,340 | | 59,173 | |
| Cash at bank and in hand | | <u>136,195</u> | | <u>133,819</u> | |
| | | 202,535 | | 567,992 | |
| <u>LIABILITIES:</u> Amounts falling due within one year | 11 | <u>(107,256)</u> | | <u>(338,188)</u> | |
| <u>NET CURRENT ASSETS / (LIABILITIES)</u> | | | <u>95,279</u> | | <u>229,804</u> |
| <u>TOTAL ASSETS LESS CURRENT LIABILITIES</u> | | | 1,687,549 | | 1,831,170 |
| <u>LIABILITIES:</u> Amounts falling due after more than one year | 12 | | <u>(122,113)</u> | | <u>(127,360)</u> |
| <u>NET ASSETS</u> | | | <u>1,565,436</u> | | <u>1,703,810</u> |
| <u>FUNDS</u> | | | | | |
| Unrestricted | | | | | |
| General funds | 14 | | 1,538,584 | | 1,622,924 |
| Restricted | | | | | |
| | 13 | | <u>26,852</u> | | <u>80,886</u> |
| Total funds | | | <u>1,565,436</u> | | <u>1,703,810</u> |

The financial statements are prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board of Trustees on 4/11/21 and signed on its behalf by

Mark Spouge
Chair of Trustees

Company Number 04209702



The notes on pages 20 to 36 form part of these financial statements.

CASTLE CAVENDISH FOUNDATION
(A company limited by guarantee)

BALANCE SHEET AS AT 31ST MARCH 2021 (CHARITY ONLY)

| | Note | 2021 | 2020 |
|---|------|------------------|------------------|
| | | £ | £ |
| <u>FIXED ASSETS</u> | | | |
| Tangible fixed assets | 8b | 37,983 | 29,502 |
| Investments | 9 | <u>1,532,602</u> | <u>1,532,602</u> |
| | | 1,570,585 | 1,562,104 |
| <u>CURRENT ASSETS</u> | | | |
| Investments | 9 | - | 375,000 |
| Debtors | 10 | 62,486 | 60,892 |
| Cash at bank and in hand | | <u>64,569</u> | <u>58,750</u> |
| | | 127,055 | 494,642 |
| <u>LIABILITIES:</u> Amounts falling due within one year | 11 | <u>(16,492)</u> | <u>(231,976)</u> |
| <u>NET CURRENT ASSETS / (LIABILITIES)</u> | | <u>110,563</u> | <u>262,666</u> |
| <u>TOTAL ASSETS LESS CURRENT LIABILITIES</u> | | 1,681,148 | 1,824,770 |
| <u>LIABILITIES:</u> Amounts falling due after more than one year | 12 | <u>(122,113)</u> | <u>(127,360)</u> |
| <u>NET ASSETS</u> | | <u>1,559,035</u> | <u>1,697,410</u> |
| <u>FUNDS</u> | | | |
| Unrestricted | | | |
| General funds | 14 | 1,532,183 | 1,616,524 |
| Restricted | 13 | <u>26,852</u> | <u>80,886</u> |
| Total funds | | <u>1,559,035</u> | <u>1,697,410</u> |

The financial statements are prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board of Trustees on 4/11/21 and signed on its behalf by


Mark Spouge
Chair of Trustees

Company Number 04209702

The notes on pages 20 to 36 form part of these financial statements.

CASTLE CAVENDISH FOUNDATION
(A company limited by guarantee)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

| | Note | 2021 £ | 2020 £ |
|---|------|------------------|-----------------|
| Cashflows from operating activities | | | |
| Cash generated from/(absorbed by) operations | 20 | (345,309) | 8,864 |
| Interest paid | | <u>(6,335)</u> | <u>(6,280)</u> |
| Net cash (outflow)/ inflow from operating activities | | <u>(351,644)</u> | <u>2,584</u> |
| Investing activities | | | |
| Purchase of tangible fixed assets | | (15,733) | (42,290) |
| Sale proceeds | | <u>375,000</u> | <u>107,500</u> |
| Net cash received/(used) in investing activities | | <u>359,267</u> | <u>65,210</u> |
| Financing activities | | | |
| Repayment of bank loans | | <u>(5,247)</u> | <u>(10,055)</u> |
| Net cash received/ (used) in financing activities | | <u>(5,247)</u> | <u>(10,055)</u> |
| Net decrease in cash and cash equivalents | | 2,376 | 57,739 |
| Cash and cash equivalents at beginning of the year | | <u>133,819</u> | <u>76,080</u> |
| Cash and cash equivalents at end of year | | <u>136,195</u> | <u>133,819</u> |

CASTLE CAVENDISH FOUNDATION
(A company limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

1. ACCOUNTING POLICIES

Basis of accounting

The charity constitutes a public benefit entity as defined by FRS 102. The charity is limited by guarantee and was incorporated in England & Wales. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Basis of consolidation

The consolidated financial statements include the financial statements of the parent charitable company and its subsidiary company Castle Cavendish Limited.

Going concern

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

Although the Charitable group draws upon grants from the Local Authority and other potential funders, it equally generates a significant amount of income through its trading subsidiary. However, in 2020-21 it had to endure a number of periods of 'lockdown' as a result of the COVID-19 Pandemic, causing a reduction in occupancy levels and income. This was countered by various Government programmes, such as the 'Furlough Scheme', along with the net proceeds from Hartley Court. Moreover, the implications of this reduction in income was assisted by a relatively low cost base. Overall, the trading subsidiary (Castle Cavendish Limited) still posted an 'in year' trading profit of £57k, which was remarkable given the circumstances.

As society comes out of the pandemic, it is anticipated that the changing business requirements lend itself to the flexible workspace opportunities that exist at both Castle Cavendish Works and Castle Cavendish Enterprise Centre. Indeed, the forecasted trading profit for 2021-22 has been estimated to be in the order of £85k, due to a steady growth in usage and occupancy. It is anticipated that, if occupancy levels reach optimum levels in 2022-23, then a net return of 6.5% is achievable, resulting in a trading profit of £100k.

In May 2021, the Board of Trustees has approved a Business Plan for 2021-22 which builds in the trading subsidiary income and expenditure forecasts, alongside an anticipated grant programme worth up to £666k, fully supported through external funders, including the Area Based Grant. Although some of these opportunities may not come to fruition, it is anticipated that at least £500k will be drawn down from external funders and distributed to our community partners. Even with the significant task of managing this grant programme and the cost associated with this role, it is anticipated that the Charitable group will generate a net surplus in 2021-22.

However, it should be noted that there are some question marks over grant funds in the future, especially in regards the Area Based Grant from 2022 onwards, as well as the level of funds to be allocated. The cost of delivering aspects of the Area Based Grant and managing its distribution is covered through an element of the Area Based Grant itself, alongside a percentage Management Fee. Obviously, with some uncertainty surrounding this matter, the potential fees generated and the 'in-house' project delivery grant are difficult to estimate. The Board of Trustees are well aware of this issue and have a risk management approach which will respond to the prevailing circumstances, scaling up or scaling up, depending on the grant funds that are awarded.

However, as previously noted, if the trading subsidiary matches up to optimum levels in 2022-23, and there is no reason why this should not happen given the current trends, then trading profits of £100k are attainable. This donation to the Charitable group, will ensure that the governance costs and management responsibilities for the group as a whole will be properly supported on an ongoing basis.

CASTLE CAVENDISH FOUNDATION
(A company limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

1. ACCOUNTING POLICIES (continued)

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements. Restricted funds are funds which are to be used in accordance with specific restriction imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purposes.

Income

All income is included in the SOFA when the charity is legally entitled to the income, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

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

Gifts in kind donated are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

All capital grants received in respect of any depreciated assets are credited to deferred income and amortised to the profit and loss account over the useful economic life of the assets to which they relate.

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

Expenditure and irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

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

- Costs of raising funds comprise the promotional costs to the charity.
- Expenditure on charitable activities includes all costs undertaken to further the purposes of the charity and their associated support costs, including costs of governance.

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

Taxation

The Trust is a registered Charity and is exempt from taxation. Its subsidiary company, Castle Cavendish Limited, is liable to corporation taxation on its profits however. Any tax incurred is charged to resources expended.

CASTLE CAVENDISH FOUNDATION
(A company limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

1. ACCOUNTING POLICIES (continued)

Fixed assets and depreciation

Tangible fixed assets are stated at the lower of cost less accumulated depreciation and valuation.

Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

| | |
|--|-----------------------------|
| Computer equipment | 33 1/3% straight line basis |
| Fixtures, fittings, vehicles and equipment | 15% straight line basis |

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

CASTLE CAVENDISH FOUNDATION
(A company limited by guarantee)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021**

3a. GRANTS RECEIVABLE

| | Unrestricted funds | Restricted funds | Total 2021 | Total 2020 |
|---|-----------------------|---------------------|----------------|----------------|
| | £ | £ | £ | £ |
| Nottingham City Council: Area 2 Grant | - | 168,016 | 168,016 | 168,016 |
| Nottingham City Council: Area 4 Grant | - | 137,570 | 137,570 | 137,570 |
| Nottingham City Council: Area 5 Grant | - | 120,656 | 120,656 | 120,656 |
| Nottingham City Council: Welcome to Education Grant | - | - | - | 11,320 |
| Nottingham City Council: Workplace Travel Grant | - | - | - | 12,994 |
| Breaking Barriers Building Bridges | - | 12,468 | 12,468 | 11,360 |
| | <u>-</u> | <u>438,710</u> | <u>438,710</u> | <u>461,916</u> |

3b. GRANTS RECEIVABLE (Prior year)

| | Unrestricted funds | Restricted funds | Total 2020 |
|---|-----------------------|---------------------|----------------|
| | £ | £ | £ |
| Nottingham City Council: Area 2 Grant | - | 168,016 | 168,016 |
| Nottingham City Council: Area 4 Grant | - | 137,570 | 137,570 |
| Nottingham City Council: Area 5 Grant | - | 120,656 | 120,656 |
| Nottingham City Council: Welcome to Education Grant | - | 11,320 | 11,320 |
| Nottingham City Council: Workplace Travel Grant | - | 12,994 | 12,994 |
| Breaking Barriers Building Bridges | - | 11,360 | 11,360 |
| | <u>-</u> | <u>461,916</u> | <u>461,916</u> |

4. OTHER INCOME – COVID SUPPORT

(unrestricted)

| | Total 2021 | Total 2020 |
|------------------------|---------------|---------------|
| | £ | £ |
| Furlough income | 37,602 | - |
| Business Support grant | 10,000 | - |
| | <u>47,602</u> | <u>-</u> |

CASTLE CAVENDISH FOUNDATION
(A company limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

| | | | | |
|---------------------------------------|---------------------------|-------------------------|-------------------|-------------------|
| 5a. RAISING FUNDS | Unrestricted funds | Restricted funds | Total 2021 | |
| | £ | £ | £ | |
| Advertising and promotion | <u>1,373</u> | = | <u>1,373</u> | |
| | <u>1,373</u> | = | <u>1,373</u> | |
| 5b. RAISING FUNDS (Prior year) | Unrestricted funds | Restricted funds | | |
| | £ | £ | | |
| Advertising and promotion | <u>3,642</u> | = | | |
| | <u>3,642</u> | = | | |
| 5c. CHARITABLE ACTIVITIES | Unrestricted funds | Restricted funds | Total 2021 | Total 2020 |
| | £ | £ | £ | £ |
| Staff costs | 233,151 | 46,825 | 279,976 | 277,569 |
| Repairs and maintenance | 39,989 | - | 39,989 | 82,168 |
| Premises security | 1,941 | - | 1,941 | 6,498 |
| Heat, light, water and telephone | 49,205 | - | 49,205 | 58,442 |
| Insurance | 12,147 | - | 12,147 | 12,289 |
| Motor and travel | 511 | - | 511 | 504 |
| Printing, postage and stationery | 3,764 | - | 3,454 | 12,427 |
| Service charges | 30,639 | - | 30,639 | 40,138 |
| Legal and professional fees | 10,060 | - | 10,060 | 11,314 |
| Audit fees | 7,140 | - | 7,140 | 6,730 |
| Equipment leasing | 4,978 | - | 4,978 | 9,386 |
| Rent and rates | 77,953 | - | 77,953 | 84,269 |
| Sundry expenses | 831 | - | 831 | 2,046 |
| Bad debts | 10,623 | - | 10,623 | 19,512 |
| Bank charges | 1,039 | - | 1,039 | 1,241 |
| Grant payments (Note 5i) | 20,000 | 385,763 | 405,763 | 304,471 |
| Loan interest | 6,335 | - | 6,335 | 6,280 |
| Other interest | - | - | - | 4,500 |
| Governance (Note 5e) | 48,532 | - | 48,532 | 42,109 |
| Depreciation | 24,829 | - | 24,829 | 25,804 |
| Unrecoverable VAT | 5,922 | - | 5,922 | 19,569 |
| Loss on sale of property | <u>20,777</u> | - | <u>20,777</u> | <u>3,150</u> |
| | <u>610,366</u> | <u>432,588</u> | <u>1,042,954</u> | <u>1,030,416</u> |

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| 5d. CHARITABLE ACTIVITIES (Prior year) | Unrestricted funds £ | Restricted funds £ | Total 2020 £ |
|---|-------------------------------------|-----------------------------------|-----------------------------|
| Staff costs | 234,947 | 42,622 | 277,569 |
| Repairs and maintenance | 82,168 | - | 82,168 |
| Premises security | 6,498 | - | 6,498 |
| Heat, light, water and telephone | 58,442 | - | 58,442 |
| Insurance | 12,289 | - | 12,289 |
| Motor and travel | 504 | - | 504 |
| Printing, postage and stationery | 12,427 | - | 12,427 |
| Service charges | 40,138 | - | 40,138 |
| Legal and professional fees | 11,314 | - | 11,314 |
| Audit fees | 6,730 | - | 6,730 |
| Equipment leasing | 9,386 | - | 9,386 |
| Rent and rates | 84,269 | - | 84,269 |
| Sundry expenses | 1,184 | 862 | 2,046 |
| Bad debts | 19,512 | - | 19,512 |
| Bank charges | 1,241 | - | 1,241 |
| Grant payments (Note 5i) | 13,590 | 290,881 | 304,471 |
| Loan interest | 6,280 | - | 6,280 |
| | 4,500 | - | 4,500 |
| Governance (Note 5f) | 42,109 | - | 42,109 |
| Depreciation | 25,804 | - | 25,804 |
| Unrecoverable VAT | 19,569 | - | 19,569 |
| Loss on sale of property | 3,150 | - | 3,150 |
| | <u>696,051</u> | <u>334,365</u> | <u>1,030,416</u> |

| 5e. GOVERNANCE COSTS | Unrestricted funds £ | Restricted funds £ | Total 2021 £ | Total 2020 £ |
|-----------------------------|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Staff costs | 46,107 | - | 46,107 | 38,106 |
| Audit fees | 2,425 | - | 2,425 | 2,738 |
| Board costs | - | - | - | 1,265 |
| | <u>48,532</u> | <u>-</u> | <u>48,532</u> | <u>42,109</u> |

| 5f. GOVERNANCE COSTS (Prior year) | Unrestricted funds £ | Restricted funds £ | Total 2020 £ |
|--|-------------------------------------|-----------------------------------|-----------------------------|
| Staff costs | 38,106 | - | 38,106 |
| Audit fees | 2,738 | - | 2,738 |
| Board costs | 1,265 | - | 1,265 |
| | <u>42,109</u> | <u>-</u> | <u>42,109</u> |

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5g. TOTAL RESOURCES EXPENDED

| | Basis of allocation | Projects and grants | Property management | Governance | 2021 | 2020 |
|---|--------------------------------|--------------------------------|--------------------------------|-------------------|------------------|------------------|
| Costs directly allocated to activities | | £ | £ | £ | £ | £ |
| Staff costs | Direct | 96,757 | 183,219 | 46,107 | 326,083 | 315,675 |
| Advertising | Direct | 1,373 | - | - | 1,373 | 3,642 |
| Premises costs | Direct | 3,904 | 207,969 | - | 211,873 | 283,805 |
| Travel | Direct | 46 | 465 | - | 511 | 504 |
| Hire of equipment | Direct | - | 4,978 | - | 4,978 | 9,386 |
| Printing, stationery etc | Direct | 532 | 3,232 | - | 3,764 | 12,427 |
| Depreciation | Direct | 7,252 | 17,577 | - | 24,829 | 25,804 |
| Legal and professional | Direct | 7,043 | 10,157 | 2,425 | 19,625 | 20,783 |
| Bank charges | Direct | 19 | 1,020 | - | 1,039 | 1,241 |
| Bad and doubtful debts | Direct | - | 10,623 | - | 10,623 | 19,512 |
| Grant payments | Direct | 405,763 | - | - | 405,763 | 304,471 |
| Unrecoverable VAT | Direct | - | 5,922 | - | 5,922 | 19,569 |
| Loss on sale of property | Direct | 20,777 | - | - | 20,777 | 3,150 |
| Other costs | Direct | <u>6,761</u> | <u>406</u> | <u>-</u> | <u>7,167</u> | <u>14,089</u> |
| | | <u>550,227</u> | <u>445,568</u> | <u>48,532</u> | <u>1,044,327</u> | <u>1,034,058</u> |

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5h. TOTAL RESOURCES EXPENDED (Prior year)

| | <u>Basis of allocation</u> | <u>Projects and grants</u> | <u>Property management</u> | <u>Governance</u> | 2020 |
|---|--------------------------------|--------------------------------|--------------------------------|-------------------|------------------|
| Costs directly allocated to activities | | £ | £ | £ | £ |
| Staff costs | Direct | 85,907 | 191,662 | 38,106 | 315,675 |
| Advertising | Direct | 3,484 | 158 | - | 3,642 |
| Premises costs | Direct | 21,410 | 262,395 | - | 283,805 |
| Travel | Direct | 185 | 319 | - | 504 |
| Hire of equipment | Direct | - | 9,386 | - | 9,386 |
| Printing, stationery etc | Direct | 1,019 | 11,408 | - | 12,427 |
| Depreciation | Direct | 7,519 | 18,285 | - | 25,804 |
| Legal and professional | Direct | 11,510 | 6,535 | 2,738 | 20,783 |
| Bank charges | Direct | 60 | 1,181 | - | 1,241 |
| Bad and doubtful debts | Direct | - | 19,512 | - | 19,512 |
| Grant payments | Direct | 304,471 | - | - | 304,471 |
| Unrecoverable VAT | Direct | - | 19,569 | - | 19,569 |
| Loss on sale of property | Direct | 3,150 | - | - | 3,150 |
| Other costs | Direct | <u>12,916</u> | <u>(92)</u> | <u>1,265</u> | <u>14,089</u> |
| | | <u>451,631</u> | <u>540,318</u> | <u>42,109</u> | <u>1,034,058</u> |

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5i. GRANT PAYMENTS

Grants were awarded to the following organisations during the year:

| | 2021 £ | 2020 £ |
|--|----------------|----------------|
| Unrestricted Grants: | | |
| Nottingham Rotary Club | - | 10,440 |
| Think Children | - | 3,150 |
| Radford Care Group | 20,000 | - |
| Total Unrestricted Grants | 20,000 | 13,590 |
| Restricted Grants: | | |
| Take 1 Studios | 13,500 | 11,000 |
| Signpost to Polish Success | 4,000 | 5,830 |
| A-Star Sports Development | 4,005 | 3,320 |
| Notts Club for Young People | 2,040 | 1,700 |
| The Lenton Centre | 7,375 | 4,100 |
| Primary (Nottingham Studios) | - | 3,250 |
| Switch Up CIC | 19,100 | 16,000 |
| Nottingham Health & Education Support | 12,500 | 6,000 |
| The Pythian Club | 39,107 | 25,020 |
| Hyson Green Youth Club | 14,500 | 12,000 |
| Building Bridges Breaking Barriers | 15,828 | 18,360 |
| East African Education Centre | 3,750 | 2,200 |
| Nottingham Bikeworks | 5,750 | 5,100 |
| Fearless Youth Association | 1,820 | 1,000 |
| Freedom Factory | - | 2,000 |
| ID Foundation | - | 850 |
| Project COFFE | - | 660 |
| The Toy Library | 27,000 | 17,200 |
| Daniyaal's Martial Arts Academy | 800 | 2,250 |
| Inspire-Succeed CIC | - | 2,000 |
| NG Community Hub | - | 850 |
| Shiefton Youth & Community Enterprise | - | 1,000 |
| Think Children | 5,350 | - |
| Hyson Green Cultural Festival | - | 1,000 |
| Empleo | 23,875 | 16,140 |
| Skills Exchange | - | 575 |
| Notts County Football in the Community | 2,778 | 5,552 |
| 9 th Nottingham Girls Brigade | 250 | 625 |
| United Communities Network | - | 800 |
| Community Based Fitness | 10,000 | 8,335 |
| Sherwood Playgroup | 9,000 | 596 |
| Dunkirk & Old Lenton Community Association | - | 400 |
| Restricted grants carried forward | 222,328 | 175,713 |

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5i. GRANT PAYMENTS (continued)

| | 2021 | 2020 |
|---|----------------|----------------|
| | £ | £ |
| Restricted grants brought forward | 222,328 | 175,713 |
| Belong | 28,210 | 27,355 |
| Mojatu | - | 6,000 |
| Kingswood Methodist Church | - | 260 |
| AJ Sports | 20,500 | 14,430 |
| SongTime | - | 1,000 |
| Wollaton Park Community Association | 375 | 250 |
| WPCA Bridge Club | - | 100 |
| The Vine Community Centre | 4,420 | 4,000 |
| Skilled Hands Organisation | - | 3,000 |
| The Bridges Community Trust | 45,071 | 30,615 |
| Disability Support Nottingham | 2,500 | 7,235 |
| The Bestwood Partnership | 27,824 | 13,997 |
| Basford Rd Baptist Church | - | 165 |
| Welcome to Education project | 2,529 | 5,761 |
| Moor Lionz | - | 1,000 |
| Radford Care Group | 2,602 | - |
| Radford Methodist Church | 3,200 | - |
| YogaEd | 587 | - |
| Nottinghamshire Police & Crime Commissioner | 1,232 | - |
| Vanclaron CIC | 7,160 | - |
| Himmah | 11,200 | - |
| Mesopotamia | 6,025 | - |
| Total Restricted Grants | 385,763 | 290,881 |

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FOR THE YEAR ENDED 31ST MARCH 2021

6. STAFF COSTS AND TRUSTEES REMUNERATION

| | Total 2021 £ | Total 2020 £ |
|-----------------------|-----------------------------|-----------------------------|
| Wages and salaries | 295,592 | 282,038 |
| Social security costs | 20,478 | 23,354 |
| Pension costs | <u>10,013</u> | <u>10,283</u> |
| | <u>326,083</u> | <u>315,675</u> |

No employee earned £60,000 p.a. or more.

Average number of employees, calculated on a full-time equivalent basis, analysed by function was:

| | Number 2021 | Number 2020 |
|-----------------------|------------------------|------------------------|
| Charitable activities | 11 | 11 |
| Governance | <u>1</u> | <u>1</u> |
| | <u>12</u> | <u>12</u> |

None of the Trustees received remuneration during the year.
No Trustee expenses were incurred in the year.

Remuneration of key management personnel

Remuneration of key management personnel is as follows:

| | Total 2021 £ | Total 2020 £ |
|------------------------|-----------------------------|-----------------------------|
| Aggregate compensation | <u>103,274</u> | <u>107,454</u> |

7. TRUSTEES INDEMNITY INSURANCE

The charity paid £935 (2020: £778) during the year in respect of indemnity insurance for Trustees.

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8a. TANGIBLE FIXED ASSETS (Group)

| | Computer equipment £ | Fixtures, fittings, vehicles & equipment £ | Total £ |
|---------------------------------|----------------------------|--|----------------|
| <u>COST</u> | | | |
| Brought forward at 1 April 2020 | 53,123 | 198,152 | 251,275 |
| Additions | - | 15,733 | 15,733 |
| Disposals | - | - | - |
| At 31 March 2021 | <u>53,123</u> | <u>213,885</u> | <u>267,008</u> |
| <u>DEPRECIATION</u> | | | |
| Brought forward at 1 April 2020 | 48,107 | 134,304 | 182,411 |
| Charge for the year | 3,896 | 20,933 | 24,829 |
| Eliminated on disposals | - | - | - |
| At 31 March 2021 | <u>52,003</u> | <u>155,237</u> | <u>207,240</u> |
| <u>NET BOOK VALUE</u> | | | |
| At 31 March 2021 | <u>1,120</u> | <u>58,648</u> | <u>59,768</u> |
| At 31 March 2020 | <u>5,016</u> | <u>63,848</u> | <u>68,864</u> |

8b. TANGIBLE FIXED ASSETS (Charity)

| | Computer equipment £ | Fixtures, fittings, vehicles & equipment £ | Total £ |
|---------------------------------|----------------------------|--|----------------|
| <u>COST</u> | | | |
| Brought forward at 1 April 2020 | 17,938 | 88,478 | 106,416 |
| Additions | - | 15,733 | 15,733 |
| Disposals | - | - | - |
| At 31 March 2021 | <u>17,938</u> | <u>104,211</u> | <u>122,149</u> |
| <u>DEPRECIATION</u> | | | |
| Brought forward at 1 April 2020 | 17,382 | 59,532 | 76,914 |
| Charge for the year | 278 | 6,974 | 7,252 |
| Eliminated on disposals | - | - | - |
| At 31 March 2021 | <u>17,660</u> | <u>66,506</u> | <u>84,166</u> |
| <u>NET BOOK VALUE</u> | | | |
| At 31 March 2021 | <u>278</u> | <u>37,705</u> | <u>37,983</u> |
| At 31 March 2020 | <u>556</u> | <u>28,946</u> | <u>29,502</u> |

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| 9. <u>INVESTMENTS</u> | Group 2021 £ | Group 2020 £ | Charity 2021 £ | Charity 2020 £ |
|-----------------------------------|--------------------|--------------------|----------------------|----------------------|
| <u>FIXED ASSETS</u> | | | | |
| Investment Properties: | | | | |
| Cost/valuation b/f | 1,532,502 | 1,562,502 | 1,532,502 | 1,562,502 |
| Additions | - | 8,555 | - | 8,555 |
| Disposals | - | (30,000) | - | (30,000) |
| Revaluations | - | (8,555) | - | (8,555) |
| Transfer to current assets | - | - | - | - |
| Cost/valuation c/f | <u>1,532,502</u> | <u>1,532,502</u> | <u>1,532,502</u> | <u>1,532,502</u> |
| Shares in Subsidiary Undertaking: | - | - | 100 | 100 |
| | <u>1,532,502</u> | <u>1,532,502</u> | <u>1,532,602</u> | <u>1,532,602</u> |
| <u>CURRENT ASSETS</u> | Group 2021 £ | Group 2020 £ | Charity 2021 £ | Charity 2020 £ |
| Investment Properties | <u>-</u> | <u>375,000</u> | <u>-</u> | <u>375,000</u> |

The properties were last professionally revalued by Savills in 2013. The Trustees believe that there would be undue cost involved in attaining a further professional valuation and have instead opted to value the properties themselves individually at open market value as at 31 March 2021. However, under the current circumstances there will be less certainty in any valuation due to unknown future impact with regard to COVID-19.

During the year, 3 units at Hartley Court were sold for £375,000.

The shares relate to one hundred shares (2020: one hundred shares) of £1 in Castle Cavendish Limited (company registration number 06113675) which is a wholly owned subsidiary of Castle Cavendish Foundation and the shares are stated at cost.

| 10. <u>DEBTORS</u> | Group 2021 £ | Group 2020 £ | Charity 2021 £ | Charity 2020 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| Trade debtors | 26,154 | 28,922 | - | - |
| Amounts owed from subsidiary undertakings | - | - | 9,759 | - |
| Other debtors | <u>40,186</u> | <u>30,251</u> | <u>52,727</u> | <u>60,892</u> |
| | <u>66,340</u> | <u>59,173</u> | <u>62,486</u> | <u>60,892</u> |

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| | Group 2021 £ | Group 2020 £ | Charity 2021 £ | Charity 2020 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| 11. LIABILITIES: Amounts falling due with one year | | | | |
| Trade creditors | 31,272 | 35,116 | 292 | 1,214 |
| Taxation and social security | 2,072 | 8,372 | - | - |
| Accruals and deferred income | 29,809 | 87,501 | 5,585 | 23,085 |
| Amounts owed to subsidiary undertakings | - | - | - | 479 |
| Bank loans and overdrafts | 10,615 | 10,398 | 10,615 | 10,398 |
| Other creditors | <u>33,488</u> | <u>196,801</u> | <u>-</u> | <u>196,800</u> |
| | <u>107,256</u> | <u>338,188</u> | <u>16,492</u> | <u>231,976</u> |

Deferred income of £18,854 (2020: £16,832) is included within accruals and deferred income and represents the amounts prepaid by tenants.

A figure of £nil (2020: £196,800) is included with Other Creditors for trespass & access charges and dilapidations costs in relation to the sale of units at Hartley Court (see Note 8).

| | Group 2021 £ | Group 2020 £ | Charity 2021 £ | Charity 2020 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| 12. LIABILITIES: Amounts falling due after one year | | | | |
| Bank loans and overdrafts | <u>122,113</u> | <u>127,360</u> | <u>122,113</u> | <u>127,360</u> |
| Amounts included above which fall due after five years are as follows: | | | | |
| Payable by instalments | <u>74,866</u> | <u>81,080</u> | <u>74,866</u> | <u>81,080</u> |

The bank loans and overdrafts are secured by way of a legal charge dated 2 June 2016 over the Castle Cavendish Works property and a debenture dated 25 January 2016 over all assets of the company.

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13. RESTRICTED FUNDS

| | At 1 April 2020 £ | Income £ | Expenditure £ | Transfers £ | At 31 March 2021 £ |
|---|-------------------------|----------------|------------------|-----------------|--------------------------|
| Nottingham City Council: Areas 2, 4 & 5 | 80,886 | 426,242 | 420,120 | (60,156) | 26,852 |
| Breaking Barriers Building Bridges | - | 12,468 | 12,468 | - | - |
| | <u>80,886</u> | <u>438,710</u> | <u>432,588</u> | <u>(60,156)</u> | <u>26,852</u> |

RESTRICTED FUNDS (Prior year)

| | At 1 April 2019 £ | Income £ | Expenditure £ | Transfers £ | At 31 March 2020 £ |
|---|-------------------------|----------------|------------------|-----------------|--------------------------|
| Nottingham City Council: Areas 2, 4 & 5 | - | 426,242 | 298,691 | (46,665) | 80,886 |
| Breaking Barriers Building Bridges | - | 11,360 | 11,360 | - | - |
| Welcome To Education | - | 11,320 | 11,320 | - | - |
| Workplace Travel | - | 12,994 | 12,994 | - | - |
| | <u>-</u> | <u>461,916</u> | <u>334,365</u> | <u>(46,665)</u> | <u>80,886</u> |

Area Based Grants:

Nottingham City Council has provided grant funding to cover Areas 2, 4 & 5's ABG Programmes that will support the associated costs of delivering a range of community-based activities that support children & young people, jobseekers, the elderly & isolated and other vulnerable groups present in those areas. These grants run until 31 March 2022.

Breaking Barriers Building Bridges (BBBB)

Community Roots project seeks to provide intensive 1-2-1 support activities to children, young people and their families in need of specialist support services. The project start date has been delayed until Q3 of 2020 although remote support has begun through use of phone, WhatsApp, video calls etc. allowing signposting to appropriate services and authorities. Castle Cavendish acted as the accountable body, accepting and accessing the funding from Nottinghamshire's Police & Crime Commissioner, on behalf of the BBBB.

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14a. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | General funds £ | Restricted funds £ | Total £ |
|---------------------------------------|-----------------------|--------------------------|------------------|
| GROUP | | | |
| Tangible fixed assets and investments | 1,592,270 | - | 1,592,270 |
| Net current assets/(liabilities) | 68,427 | 26,852 | 95,279 |
| Long term liabilities | <u>(122,113)</u> | <u>-</u> | <u>(122,113)</u> |
| | <u>1,538,584</u> | <u>26,852</u> | <u>1,565,436</u> |
| CHARITY | | | |
| Tangible fixed assets and investments | 1,570,585 | - | 1,570,585 |
| Net current assets/(liabilities) | 83,711 | 26,852 | 110,563 |
| Long term liabilities | <u>(122,113)</u> | <u>-</u> | <u>(122,113)</u> |
| | <u>1,532,183</u> | <u>26,852</u> | <u>1,559,035</u> |

14b. ANALYSIS OF NET ASSETS BETWEEN FUNDS (prior year)

| | General funds £ | Restricted funds £ | Total £ |
|---------------------------------------|-----------------------|--------------------------|------------------|
| GROUP | | | |
| Tangible fixed assets and investments | 1,601,366 | - | 1,601,366 |
| Net current assets/(liabilities) | 148,918 | 80,886 | 229,804 |
| Long term liabilities | <u>(127,360)</u> | <u>-</u> | <u>(127,360)</u> |
| | <u>1,622,924</u> | <u>80,886</u> | <u>1,703,810</u> |
| CHARITY | | | |
| Tangible fixed assets and investments | 1,562,104 | - | 1,562,104 |
| Net current assets/(liabilities) | 181,780 | 80,886 | 262,666 |
| Long term liabilities | <u>(127,360)</u> | <u>-</u> | <u>(127,360)</u> |
| | <u>1,616,524</u> | <u>80,886</u> | <u>1,697,410</u> |

15. SUBSIDIARY COMPANY

The Charity owns the whole of the issued ordinary share capital of Castle Cavendish Limited, a company registered in England & Wales, company number 06113675. All activities have been consolidated on a line by line basis in the SOFA. Any total net profits will be gifted to the charity as and when the company begins to make a profit. A summary of the results of the subsidiary is shown below:

| <u>Castle Cavendish Limited</u> | 2021 £ | 2020 £ |
|---------------------------------|------------------|------------------|
| Income | 425,861 | 585,085 |
| Other income | 43,227 | - |
| Administrative expenses | <u>(411,448)</u> | <u>(470,088)</u> |
| Trading profit | <u>57,640</u> | <u>114,997</u> |
| Other operating costs | <u>(28,201)</u> | <u>(37,797)</u> |
| Net operating profit | <u>29,439</u> | <u>77,200</u> |
| Distribution to charity (CCF) | <u>(29,439)</u> | <u>(77,200)</u> |
| Profit for period | <u>-</u> | <u>-</u> |

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15. SUBSIDIARY COMPANY (continued)

The aggregate of the assets, liabilities and funds was:

| | | |
|--|------------------|------------------|
| Assets | 150,463 | 173,932 |
| Liabilities | <u>(143,963)</u> | <u>(167,432)</u> |
| Funds (representing 100 ordinary shares of £1) | <u>6,500</u> | <u>6,500</u> |

Castle Cavendish Limited exists solely to manage the property portfolio of Castle Cavendish Foundation.

16. CAPITAL COMMITMENTS

At the year end the charity had capital commitments contracted for of £11,620 (2020: £11,620).

17. RELATED PARTY TRANSACTIONS

During the year, various transactions took place between Castle Cavendish Foundation and Castle Cavendish Limited, a wholly owned subsidiary.

The subsidiary is a trading arm of the Charity and commercially manages its property portfolio, receiving income from property rentals, conference bookings, training sessions and room hire, whilst also acting as agent for the management of the rest of the investment property portfolio.

At the balance sheet date £9,759 was owed from (2020: £479 was owed to) Castle Cavendish Limited by the Charity.

During the year Castle Cavendish Limited has donated profits totalling £43,439 (2020: £77,200). £9,759 (2020: £60,743) of this remains due to Castle Cavendish Foundation at the balance sheet date, in addition to the above amounts.

18. FINANCIAL COMMITMENTS

As at 31 March 2021, the company was committed to making the following payments under non-cancellable operating leases relating to leased properties:

| | 2021 £ | 2020 £ |
|--------------------------------|---------------|---------------|
| Operating leases which expire: | | |
| Within one year | - | - |
| Between two and five years | - | - |
| In over five years | <u>63,885</u> | <u>63,885</u> |

The above includes an annual charge payable of £63,885 on a 125-year lease to 8 October 2131 with Nottingham City Council.

19. PENSION COSTS

Defined Contribution Scheme:

The charity operates a defined contribution scheme in respect of some staff. The scheme and its assets are held by independent managers and contributions were made from April 2016. Total contributions made during the year were £10,013 (2020: £10,283).

CASTLE CAVENDISH FOUNDATION
(A company limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

20. CASH GENERATED FROM OPERATIONS

| | 2021 | 2020 |
|--|------------------|--------------|
| | £ | £ |
| Deficit for the year | (138,374) | (7,668) |
| Adjustments for: | | |
| Interest paid | 6,335 | 6,280 |
| Depreciation of tangible assets | 24,829 | 25,804 |
| Movements in working capital: | | |
| Decrease/(increase) in debtors | (7,167) | 15,655 |
| Increase/(decrease) in creditors | (230,932) | (31,207) |
| Cash generated from/(absorbed by) operations | <u>(345,309)</u> | <u>8,864</u> |

