

FEARON COMMUNITY ASSOCIATION LTD

(A COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

Company Number : 6852232

Charity Number: 1130457

**Cound & Co LLP
Chartered Accountants
1 Princes Court
Royal Way
Loughborough
Leics LE11 5XR**

Tel: 01509 214163

FEARON COMMUNITY ASSOCIATION LIMITED

TRUSTEES ANNUAL REPORT

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2021.

1) REFERENCE AND ADMINISTRATIVE DETAILS

a) REGISTERED CHARITY NUMBER

1130457

b) COMPANY NUMBER

6852232

c) REGISTERED OFFICE

Fearon Hall
Rectory Road
Loughborough
Leics, LE11 1PL

d) BANKERS

Metro Bank
One Southampton Row
London
WC1B 5HA

e) SOLICITORS

Moss Solicitors LLP
80-81 Woodgate
Loughborough
LE11 XE

f) ACCOUNTANTS AND INDEPENDENT EXAMINERS

Cound & Co LLP
1 Princes Court
Royal Way
Loughborough
Leics, LE11 5XR

DIRECTORS AND TRUSTEES

The directors of the charitable company (the charity) are its trustees for the purpose of the charity law and throughout this report are collectively referred to as the trustees.

The trustees who served during the period were as follows:

R E Thorpe
M L Welbourne
A B Rhodes
Dr C E Tello
R M M Cant (appointed 8/9/20)
G L Thomson (appointed 8/9/20)
M Charlesworth (appointed 8/9/20)

FEARON COMMUNITY ASSOCIATION LIMITED

TRUSTEES ANNUAL REPORT

2) OBJECTIVES AND ACTIVITIES

The Memorandum of Association dated 19 March 2009 states that the objects of the charity are to provide educational, social and recreational facilities for people living in the North East area of Loughborough and to maintain and run the building known as the Fearon Hall as a centre offering such opportunities.

The Association's income comprises grants from local authorities, rental income from the hire of the Hall's function rooms and the sale of lunches.

3) STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Fearon Community Association Ltd is a company limited by guarantee governed by its Memorandum and Articles of Association dated 19 March 2009. It is a charity registered with the Charity Commission. Membership is open to any affiliated group using the community centre, each of whom agree to contribute up to £10 in the event of the charity being wound up.

Appointment of Trustees

As set out in the Articles of Association, the Association has a minimum of three trustees and it is not subject to a maximum number. One trustee retires in rotation at each Annual General Meeting, but may be re-appointed. Members are invited to nominate trustees prior to the AGM.

Trustee Induction and Training

New trustees are advised of their obligations under charity and company law, the content of the Memorandum and Articles of Association as well as the structure and decision making process of the committee.

Public Benefit

The trustees have had regard to the guidance published by the Charities Commission in respect of public benefit when exercising any powers or duties to which the guidance is relevant.

4) RISK MANAGEMENT

The management committee confirms that the major risks to which the charity is exposed have been reviewed and systems have been established to mitigate those risks.

- (a) The properties are properly insured and well maintained.
- (b) Staff are properly trained in the care of children and in Health and Safety procedures.
- (c) All significant bank transactions have to be authorised by two trustees or senior employees.

5) ACHIEVEMENTS AND PERFORMANCE

Like all organisations, Covid has dominated our year. As we negotiated through the early stages of the pandemic we saw our income drop by 80% overnight when we were all forced into lockdown on the 23 March.

As Fearon Community Association (FCA) exists to support people in our area, we made the decision to continue to do just that, rather than close entirely due to the impact on our finances. In hindsight it was a brave decision to have taken - to keep our service delivery going whilst trying to navigate the fast changing rules and legislation of this new Covid world. As a Board we then agreed to review the financial situation after four months to see if we could afford to continue to support our community moving forward.

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FEARON COMMUNITY ASSOCIATION LIMITED

TRUSTEES ANNUAL REPORT

5) ACHIEVEMENTS AND PERFORMANCE (continued)

Our decision was proven right.

Whilst our Centre Manager's time was diverted to supporting the wider Charnwood Community Action response, closer to home, our Activities and Bookings Manager worked tirelessly to adapt how we support our local residents and regular Hall users within a Covid-secure framework. Between March and June, more than 400 welfare calls were made which covered a diverse range of issues from helping a victim of online fraud to offering advice on how to make Yorkshire puddings rise! Large issues or small, I know what a difference this regular support has made to the lives of our local people in this unprecedented year. You can see from the stories on our website and 'Our Covid Year' timeline in this report more about what we have achieved.

Funding from a range of providers has enabled us to cover core running costs, increased cleaning and the wages of the Centre Manager and the Activities and Bookings Manager including making this role full-time to reflect the increased workload. These roles have been vital in ensuring we were able to keep delivering for the entirety of lockdown - all be it virtually when we were physically not able to open our doors - and be able to hit the ground running when Government restrictions were lifted. It has been great to welcome friends old and new back into the Hall.

Time has been taken to focus on our recovery with strong financial planning aimed at increasing room bookings to enable us to continue to deliver community benefit. Improvements to our wonderful building have also been made so that the user experience has been improved.

I am proud to announce security in the building for the next 25 years through the successful negotiation of the lease with the Leicester Diocesan Board of Finance and All Saints with Holy Trinity, and we are also delighted to welcome Charnwood Arts who are now officially making the Hall their home.

As we move into the next year with the security of the National Lottery funding behind us, we are also taking time to reflect on our strategic governance and reviewing our effectiveness as a board to take on the challenges arising from Covid recovery. We remain fully committed to keeping Fearon Hall at the heart of our community as we face the long-term impact of this difficult year on our users' well-being.

6) FINANCIAL REVIEW

The year to March 2021 was certainly an unusual one. When the realities of Covid started to become clear there were some initial concerns about how things would go for FCA. At that early stage there were enough resources to keep things going and offer services to the community for at least four months so the decision was taken to do exactly that. Very soon after that help from the government and local councils was made available and, along with National Lottery, the grants income across the year has been the most significant area on which to report.

The National Lottery awarded £70,000 for Covid funding, furlough claims totalled £10,647, Leicestershire County Council awarded £11,955 from its Communities Fund, and Charnwood Borough Council awarded £40,809 across a number of business support grants.

And along with the Strategic Partnership Grant of £30,489 Charnwood Borough Council also awarded a grant of £19,734 as match funding for the new kitchen. £25,050 of grants for the kitchen had been received in previous years and these were released into the accounts this year.

Due to lockdowns and other restrictions throughout the year income from other activities fell sharply. However, demand for the services offered has never been better and we expect to see income return to pre-Covid levels very quickly in the coming year.

Most overheads and running costs were reduced in the year compared to the previous year due to fewer activities. The only major increases were some legal costs regarding lease negotiations, the kitchen refurbishment costs, and an increase in wages due to making the part-time Activities Coordinator role into a full-time Activities and Bookings Manager role with Assistant Manager responsibilities.

FEARON COMMUNITY ASSOCIATION LIMITED
TRUSTEES ANNUAL REPORT

7) RESERVES POLICY

The charity's reserves policy is to hold, if possible, reserves equivalent to six months expenditure.

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Andy Rhodes
Chair

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Michael Welbourne
Treasurer

10 June 2021

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF
FEARON COMMUNITY ASSOCIATION LIMITED**

I report to the charity trustees on my examination of the accounts of the company for the year ended 31 March 2021 which are set out on pages 6 to 13.

Responsibilities and Basis of Report

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirement of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities 2011 Act ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent Examiner's Statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

D R Gradon MA FCA
Cound & Co LLP
Chartered Accountants
1 Princes Court
Royal Way
Loughborough
Leics
LE11 5XR

10 June 2021

FEARON COMMUNITY ASSOCIATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2021

		Unrestricted Funds <u>2021</u>	Unrestricted Funds <u>2020</u>
INCOME FROM:	<u>Notes</u>		
<u>Generated Funds</u>			
Activities for generating funds	2	17016	68878
Investment Income	3	46	58
<u>Charitable Activities</u>			
Miscellaneous Income		1500	1627
Cafe Income		1806	21236
Council Grants	4a	93071	30489
Fundraising Events		964	3615
Other Grants	4b	127931	7819
Donations		5574	-
		<hr/>	<hr/>
TOTAL INCOME		£247908	£133722
		<hr/>	<hr/>
EXPENDITURE:			
<u>Charitable Activities</u>			
Cafe Expenses & Wages	5	12184	16512
Fundraising Event Expenses		120	2334
Operating Costs	6	167737	100312
Pension provision adjustment	15	1014	(232)
Governance Costs	7	13447	6636
Classes and Groups expenditure		7749	3720
		<hr/>	<hr/>
TOTAL EXPENDITURE		202251	129282
		<hr/>	<hr/>
Net Income (Expenditure) and Net Movement in Funds		45657	4440
RECONCILIATION OF FUNDS			
TOTAL FUNDS BROUGHT FORWARD		(1634)	(6074)
		<hr/>	<hr/>
TOTAL FUNDS CARRIED FORWARD		£44023	£(1634)
		<hr/>	<hr/>

FEARON COMMUNITY ASSOCIATION LIMITED

BALANCE SHEET AS AT 31 MARCH 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
FIXED ASSETS	10	11601	7990
CURRENT ASSETS			
Debtors	8	6757	9468
Cash		323	770
Bank		51242	34540
		<hr/>	<hr/>
		58322	44778
CREDITORS - Due within one period	9	9231	49091
		<hr/>	<hr/>
TOTAL NET ASSETS		60692	18116
PROVISIONS FOR LIABILITIES AND CHARGES	15	16669	19750
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		£44023	£(1634)
		<hr/>	<hr/>
UNRESTRICTED FUNDS			
Accumulated Fund	13	£44023	£(1634)
		<hr/>	<hr/>

For the year ending 31 March 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts;
- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime of the Companies Act 2006.

These financial statements were approved by the Board on 10 June 2021 and signed on its behalf by

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R E Thorpe (Trustee)

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2021

1 ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with the Charities SORP (FRS102): “Accounting and Reporting by Charities, Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS102”) (effective 1 January 2015), FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (effective September 2015), The Charities Act 2011 and the Companies Act 2006. The disclosure requirements of section 1A of FRS102 have been applied other than where additional disclosure is required to show a true and fair view.

The Charity constitutes a public benefit under FRS102.

b) Company Status

The charity is a company limited by guarantee. The trustees of the company are named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

c) 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.

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

d) Incoming Resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and can be quantified with reasonable accuracy.

e) Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs to that category. Resources expended include attributable VAT which cannot be recovered.

f) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at a rate calculated to write off the cost of each asset over its expected useful life as follows:

Fixtures, Fittings and Equipment - 3 Year Straight line

g) Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowances for slow and obsolete moving items.

h) Pensions

The pension costs charged in the accounts represent the contributions payable by the charity during the year.

i) Foreign Currency

Currencies are translated at the conversion rate on the balance sheet date.

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2021

2	<u>ACTIVITIES FOR GENERATING FUNDS</u>	Unrestricted Funds <u>2021</u>	Unrestricted Funds <u>2020</u>
	Rents and Lease Income Comprise:		
	Room Rental Income	16883	66376
	Photocopying	105	960
	Classes and Groups	28	1542
		<hr/>	<hr/>
		£17016	£68878
		<hr/>	<hr/>
3	<u>INVESTMENT INCOME</u>	<u>2021</u>	<u>2020</u>
	Bank Interest	£46	£58
		<hr/>	<hr/>
4a	<u>COUNCIL GRANTS</u>	Unrestricted Funds <u>2021</u>	Unrestricted Funds <u>2020</u>
	CBC - Core Grant	30489	30489
	CBC - Covid support Grants	28310	-
	CBC - Local Restriction Support Grant	12500	-
	LCC – Communities Fund Grant	11955	-
	LCC – Tackling Inequalities Fund	9817	-
		<hr/>	<hr/>
		£93071	£30489
		<hr/>	<hr/>
4b	<u>OTHER GRANTS</u>	<u>2021</u>	<u>2020</u>
	Lottery Grant	70000	-
	Kitchen Refurbishment	44784	-
	Activities Coordinator	2500	7500
	Upcycle Your Life	-	319
	Furlough Claims	10647	-
		<hr/>	<hr/>
		£127931	£7819
		<hr/>	<hr/>

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2021

5	<u>CAFE COSTS</u>	Unrestricted Funds <u>2021</u>	Unrestricted Funds <u>2020</u>
	Wages	9829	10892
	Purchases & Cleaning	2355	5620
		<hr/>	<hr/>
		£12184	£16512
		<hr/>	<hr/>
6	<u>OPERATING COSTS</u>	Unrestricted Funds <u>2021</u>	Unrestricted Funds <u>2020</u>
	Advertising & Marketing	-	100
	Repairs and Refurbishment	69182	15957
	Cleaning Materials & Wages	15792	7692
	Salaries	23088	16143
	Staff Pension	1407	970
	Licences	1566	2097
	Light and Heat	8657	9914
	Insurance	4562	5112
	Water	1475	2136
	Telephone	1272	950
	Postage and Stationery	1731	1025
	Photocopying	921	2602
	Bank Charges	-	248
	Miscellaneous (canteen, volunteers' lunches etc)	3290	4781
	Rent	1	1
	Loss on Exchange	190	(136)
	Depreciation	5115	1232
	Bad Debt (Recovered	150	1506
	Hall Management Fees	27500	24833
	Training	75	224
	Computer Expenses	1763	1598
	Loss on Disposal of Assets	-	1327
		<hr/>	<hr/>
		£167737	£100312
		<hr/>	<hr/>
7	<u>GOVERNANCE COSTS</u>	<u>2021</u>	<u>2020</u>
	Accountancy	1513	1813
	Bookkeeping	4094	4203
	Legal and Professional Fees	7840	620
		<hr/>	<hr/>
		£13447	£6636
		<hr/>	<hr/>

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2021

8	<u>DEBTORS</u>	<u>2021</u>	<u>2020</u>
	Hiring of Hall	4437	7281
	Prepayments	1457	1310
	Other Debtors	863	877
		<hr/>	<hr/>
		£6757	£9468
		<hr/>	<hr/>

9	<u>CREDITORS</u> - Amounts falling due within one year	<u>2020</u>	<u>2020</u>
	Room Hire in Advance	1666	2480
	Accruals	3075	3381
	Suppliers	2251	376
	Kitchen Refurbishment Costs	0	25050
	Other Creditors	2239	3365
		<hr/>	<hr/>
		£9231	£34652
		<hr/>	<hr/>

10 FIXED ASSETS

a) Leasehold Property

Fearon Hall is owned by the PCC of All Saints with Holy Trinity with the Leicester Diocesan Board of Finance.

Under a lease agreement dated 29th March 2018 the hall is let to Fearon Community Association Ltd for a nominal rent of £1 for a period of three years.

Any property refurbishments are written off in full in the year.

b) Tangible Fixed Assets

	<u>Fixtures Fittings & Equipment</u>	<u>Total</u>
Cost at 1 April 2020	14552	14552
Additions in Year	8726	8726
Disposals in Year	(0)	0
	<hr/>	<hr/>
At 31 March 2021	£23278	£23278
	<hr/>	<hr/>
<u>Depreciation</u>		
At 1 April 2020	6562	6562
Charge for the Year	5115	5115
Eliminated on disposal	(0)	0
	<hr/>	<hr/>
At 31 March 2021	£11667	£11667
	<hr/>	<hr/>
Net Book Value At 31 March 2021	£11601	£11601
	<hr/>	<hr/>
Net Book Value at 31 March 2020	£7990	£7990
	<hr/>	<hr/>

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2021

11 TRUSTEES REMUNERATION & RELATED PARTY TRANSACTIONS

M L Welbourne is a director of Coalraven Ltd, which provided bookkeeping services to the charity. None of the other trustees received any fees or expense payments.

12 <u>STAFF COSTS</u>	<u>2021</u>	<u>2020</u>
Salaries	71539	51868
Pension Costs	1407	970
	<hr/>	<hr/>
	£72946	£52838
	<hr/>	<hr/>
Average number of full time equivalent employees	5	3
	<hr/>	<hr/>
No member of staff earned over £60000 per annum	-	-
	<hr/>	<hr/>

13 <u>STATEMENT OF FUNDS</u>	At 31 March 2020 <u>B/Fwd</u>	<u>Income</u>	<u>Expenditure</u>	<u>Transfers</u>	At 31 March 2021 <u>C/Fwd</u>
Unrestricted Funds	£(1634)	247908	202251	-	44022
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

14 CONTROL

The Charity is controlled by its Members.

15 THE PENSIONS TRUST – THE GROWTH PLAN

The company participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £795m, liabilities of £926m and a deficit of £131m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2021

Deficit Contributions

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum (payable monthly and increasing by 3% each on 1 st April)
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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies. Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit Contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each on 1 st April)
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From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each on 1 st April)
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The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION

	31 March 2021 (£s)	31 March 2020 (£s)	31 March 2019 (£s)
Present value of provision	16669	19,750	23,958

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2021 (£s)	Period Ending 31 March 2020 (£s)
Provision at start of period	19750	23,958
Unwinding of the discount factor (interest expense)	444	304
Deficit contribution paid	(4095)	(3,976)
Remeasurements - impact of any change in assumptions	570	(536)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	16669	19750

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2021

The following schedule details and deficit contributions agreed between the company and the scheme at each year end period:

Year ending	31 March 2021	31 March 2020	31 March 2019
Year 1	4218	4,095	3,976
Year 2	4345	4,218	4,095
Year 3	4475	4,345	3,218
Year 4	3841	4,475	4,345
Year 5		3,841	4,475
Year 6			3,841
Year 7			
Year 8			
Year 9			
Year 10			