

FEARON COMMUNITY ASSOCIATION LTD

(A COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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 2022.

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
S Modi
R M M Cant
G L Thomson
M Charlesworth

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

The beginning of the financial year saw the UK still in partial lockdown and whilst a phased easing of the rules had begun, it was not until February 2022 when the government issued its 'Living with Covid' guidance and all restrictions came to an end.

Our decision last year to keep the Association running during the Pandemic and the Hall open at every opportunity, despite the ever-shifting rules, has allowed us to hit the ground running as restrictions eased, and our community began to feel confident enough to return to the 'new' normal.

Now more than ever it seems, is the need for us to provide the services needed in line with our strategic aims - support for families, reducing loneliness and isolation, tackling physical and mental health issues and improving confidence and self-esteem in those that find themselves particularly vulnerable in this post-pandemic period.

FEARON COMMUNITY ASSOCIATION LIMITED

TRUSTEES ANNUAL REPORT

5) ACHIEVEMENTS AND PERFORMANCE (continued)

I am extremely proud of the way that our team at the Hall (staff and volunteers alike) have adapted to the circumstances and continue to deliver a varied yet relevant programme of activities - re-establishing old favourites and introducing new initiatives with a focus on a revived café, an exciting community arts programme and an introductory counselling offering.

We are delighted that The National Lottery Community Fund has recognised the vital role we play. Thanks to the generosity of the National Lottery, we will be able to continue to develop the range of activities and opportunities we provide and stay relevant to the needs of our modern society.

While this significant five-year funding is a blessing, it also comes with a great responsibility - ensuring the money is spent in the most effective way and achieving the best outcomes.

However, this funding, along with the continued support from Charnwood Borough Council through our renewed strategic partnership grant, does not mean we can rest on our financial laurels! Alongside this community delivery we have a sustained drive to generate income through bookings, room hire and fundraising events. It is extremely positive to see that the improvements to the Hall during lockdown are now paying dividends through an increase in bookings. All of this income is reinvested back into the Association in order to deliver our community benefit from the Hall so I must take this opportunity to thank all of you who pay to use the Hall through room hire, attending events and using our café.

There is still much work to do. As the number of visitors to the Hall increases we have a balancing act to perform - to continue to deliver our charitable aims with the responsibility of running a financially viable business.

With the invaluable support of our financial partners and our incredible team, I am confident the Association will rise to the challenge.

6) FINANCIAL REVIEW

With the post-pandemic gradual reopening over this reporting period it is encouraging to see that revenue from activities in the Hall rebounded with some strength. However this coincided with an increase in expenditure in line with the return of a full opening. We will need to carefully manage this transition to a busier centre as we move towards our long-term goal of being financially viable without grant income.

Although overall income is down this year this is mainly due to the level of Covid support grants and the kitchen refurbishment grants in 2020-21. However revenues from Hall activities rebounded really well with room hire back up by just over £40,000, café takings up by over £18,000 and events and activities income back up by over £8,000.

We have seen associated costs increase in line with the return of regular activities such as cleaning costs up by £4,949, café costs and wages up by £22,482, volunteer expenses up by £1,407, computers/IT photocopying and telephone costs up by £4,359. Electricity and gas costs increased by £3,519 which is a combination of increased usage and increased prices.

Repairs and maintenance saw a significant drop of £43,981 due to the previous year including the kitchen refurbishment, but this still does remain a significant cost of £25,201. This does mean that much of the Hall has now seen highly overdue improvements and redecoration, but the schedule of future improvements will continue for the next couple of years or so.

Along with a beneficial revaluation to our pension scheme deficit of £8,371 the above variances resulted in a surplus for the year of £16,977. The coming year and the next few years beyond will still be challenging as the Association tries to meet its obligations to serve the community and to generate sufficient income to pay staff and overhead costs.

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.

.....
A B Rhodes
Chair

.....
M L Welbourne
Treasurer

1 June 2022

**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 2022 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

1 June 2022

FEARON COMMUNITY ASSOCIATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2022

		Unrestricted Funds <u>2022</u>	Unrestricted Funds <u>2021</u>
INCOME FROM:	<u>Notes</u>		
<u>Generated Funds</u>			
Activities for generating funds	2	67546	17016
Investment Income	3	15	46
<u>Charitable Activities</u>			
Miscellaneous Income		1449	1500
Cafe Income		19920	1806
Council Grants	4a	46489	93071
Fundraising Events		-	964
Other Grants	4b	85603	127931
Donations		-	5574
		<hr/>	<hr/>
TOTAL INCOME		£221022	£247908
		<hr/>	<hr/>
EXPENDITURE:			
<u>Charitable Activities</u>			
Cafe Expenses & Wages	5	34666	12184
Fundraising Event Expenses		150	120
Operating Costs	6	146990	167737
Pension provision adjustment	15	(8369)	1014
Governance Costs	7	13842	13447
Classes and Groups expenditure		16766	7749
		<hr/>	<hr/>
TOTAL EXPENDITURE		£204045	£202251
		<hr/>	<hr/>
Net Income (Expenditure) and Net Movement in Funds		16977	45657
RECONCILIATION OF FUNDS			
TOTAL FUNDS BROUGHT FORWARD		44023	(1634)
		<hr/>	<hr/>
TOTAL FUNDS CARRIED FORWARD		£61000	£44023
		<hr/>	<hr/>

FEARON COMMUNITY ASSOCIATION LIMITED

BALANCE SHEET AS AT 31 MARCH 2022

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
FIXED ASSETS	10	4887	11601
CURRENT ASSETS			
Debtors	8	4871	6757
Cash		2099	323
Bank		70616	51242
		<hr/>	<hr/>
		77586	58322
CREDITORS - Due within one period	9	17391	9231
		<hr/>	<hr/>
TOTAL NET ASSETS		65082	60692
PROVISIONS FOR LIABILITIES AND CHARGES	15	4082	16669
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		£61000	£44023
		<hr/>	<hr/>
UNRESTRICTED FUNDS			
Accumulated Fund	13	£61000	£44023
		<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 1 June 2022 and signed on its behalf by

.....

A B Rhodes (Chair)

The information on pages 8 to 14 form an integral part of these financial statements.

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2022

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 2022

2	<u>ACTIVITIES FOR GENERATING FUNDS</u>	Unrestricted Funds <u>2022</u>	Unrestricted Funds <u>2021</u>
	Rents and Lease Income Comprise:		
	Room Rental Income	57677	16883
	Photocopying	1615	105
	Classes and Groups	8254	28
		<hr/>	<hr/>
		£67546	£17016
		<hr/>	<hr/>
3	<u>INVESTMENT INCOME</u>	<u>2022</u>	<u>2021</u>
	Bank Interest	£15	£46
		<hr/>	<hr/>
4a	<u>COUNCIL GRANTS</u>	Unrestricted Funds <u>2022</u>	Unrestricted Funds <u>2021</u>
	CBC - Core Grant	30489	30489
	CBC - Covid support Grants	16000	28310
	CBC - Local Restriction Support Grant	-	12500
	LCC – Communities Fund Grant	-	11955
	LCC – Tackling Inequalities Fund	-	9817
		<hr/>	<hr/>
		£46489	£93071
		<hr/>	<hr/>
4b	<u>OTHER GRANTS</u>	<u>2022</u>	<u>2021</u>
	Lottery Grant	82594	70000
	Kitchen Refurbishment	-	44784
	Activities Coordinator	-	2500
	Coop – Food Poverty Relief	1843	-
	Furlough Claims	1166	10647
		<hr/>	<hr/>
		£85603	£127931
		<hr/>	<hr/>

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2022

5	<u>CAFE COSTS</u>	Unrestricted Funds <u>2022</u>	Unrestricted Funds <u>2021</u>
	Wages	24756	9829
	Purchases & Cleaning	9910	2355
		<hr/>	<hr/>
		£34666	£12184
		<hr/>	<hr/>
6	<u>OPERATING COSTS</u>	Unrestricted Funds <u>2022</u>	Unrestricted Funds <u>2021</u>
	Advertising & Marketing	1531	-
	Repairs and Refurbishment	25201	69182
	Cleaning Materials & Wages	20741	15792
	Salaries	24445	23088
	Staff Pension	1574	1407
	Licences	1808	1566
	Light and Heat	12176	8657
	Insurance	5536	4562
	Water	1465	1475
	Telephone	2514	1272
	Postage and Stationery	1468	1731
	Photocopying	2566	921
	Miscellaneous (canteen, volunteers' lunches etc)	5483	3290
	Rent	2175	1
	Loss on Exchange	42	190
	Depreciation	6714	5115
	Bad Debt (Recovered)	-	150
	Hall Management Fees	27509	27500
	Training	807	75
	Computer Expenses	3235	1763
		<hr/>	<hr/>
		£146990	£167737
		<hr/>	<hr/>
7	<u>GOVERNANCE COSTS</u>	<u>2022</u>	<u>2021</u>
	Accountancy	1680	1513
	Bookkeeping	5144	4094
	Legal and Professional Fees	7018	7840
		<hr/>	<hr/>
		£13842	£13447
		<hr/>	<hr/>

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2022

8	<u>DEBTORS</u>	<u>2022</u>	<u>2021</u>
	Hiring of Hall	2344	4437
	Prepayments	2527	1457
	Other Debtors	-	863
		-----	-----
		£4871	£6757
		=====	=====

9	<u>CREDITORS</u> - Amounts falling due within one year	<u>2022</u>	<u>2021</u>
	Room Hire in Advance	1653	1666
	Accruals	3316	3075
	Suppliers	-	2251
	Other Creditors	12422	2239
		-----	-----
		£17391	£9231
		=====	=====

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 9 July 2021 the hall is let to Fearon Community Association Ltd for 25 years at the following rent: -

Year 1:	£3,000
Year 2:	£6,000
Year 3:	£9,000

From Year 4 onwards the rent is increased in line with the Retail Price Index.

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 2021	23278	23278
Additions in Year	-	-
Disposals in Year	--	-
	-----	-----
At 31 March 2022	£23278	£23278
	=====	=====
<u>Depreciation</u>		
At 1 April 2021	11677	11677
Charge for the Year	6714	6714
	-----	-----
At 31 March 2022	£18391	£18391
	=====	=====
Net Book Value at 31 March 2022	£4887	£4887
	=====	=====
Net Book Value at 31 March 2021	£11601	£11601
	=====	=====

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2022

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>2022</u>	<u>2021</u>
Salaries	88259	71539
Pension Costs	1574	1407
	<hr/>	<hr/>
	£89833	£72946
	<hr/>	<hr/>
Average number of full time equivalent employees	5	5
	<hr/>	<hr/>
No. of staff earning over £60000 per annum	-	-
	<hr/>	<hr/>

13 <u>STATEMENT OF FUNDS</u>	At 31 March 2021 <u>B/Fwd</u>	<u>Income</u>	<u>Expenditure</u>	<u>Transfers</u>	At 31 March 2022 <u>C/Fwd</u>
Unrestricted Funds	£44023	221022	204045	-	61000
	<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)

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)

From 1 April 2016 to 30 September 2028:	£54,560 per annum
	(payable monthly and increasing by 3% each on 1 st April)

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 2022 (£s)	31 March 2021 (£s)	31 March 2020 (£s)
Present value of provision	4082	16669	19750

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Provision at start of period	16669	19750
Unwinding of the discount factor (interest expense)	96	444
Deficit contribution paid	(4218)	(4095)
Remeasurements - impact of any change in assumptions	(94)	570
Remeasurements - amendments to the contribution schedule	(8371)	-
Provision at end of period	4082	16669

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 2022	31 March 2021	31 March 2020
Year 1	1487	4218	4095
Year 2	1487	4345	4218
Year 3	1239	4475	4345
Year 4		3841	4475
Year 5			3841
Year 6			
Year 7			
Year 8			
Year 9			
Year 10			