

FEARON COMMUNITY ASSOCIATION LTD

(A COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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 2023.

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 (Resigned 19 July 2022)
R M M Cant
G L Thomson
M Charlesworth (Resigned 29 March 2023)
P J Goodman (Appointed 8 February 2023)
D R Gough (Appointed 8 February 2023)

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

At last year's AGM the Lone Ones Collective led a communal conversation asking "what does community mean?" Responses included: joy, love, food, connecting with people, chances to learn, communication, friendship, talking, people, caring, values and help. Looking back over our activities of the last year, I truly believe that these attributes that embody community are reflected in the amazing variety of activities and support that our team of staff and volunteers have been able to provide. Particular highlights include our expanding community arts programme. The arts have the potential to bridge our worlds, harness and explore the wisdom of our different views, engage our imagination to explore new ways of thinking and create experiences that can be shared by all people in our community. Other shared experiences include the developments with food at Fearon Hall. Our wonderful Café in the Hall is seeing more footfall and the highly popular vegan bistros have been a real hit, providing people the opportunity to connect over a regular monthly meal.

FEARON COMMUNITY ASSOCIATION LIMITED

TRUSTEES ANNUAL REPORT

5) ACHIEVEMENTS AND PERFORMANCE (continued)

We have developed projects that support the very real issues of food poverty and the impact that waste food has on our environment through our Good Food Doing Good Pop Up Store and our relationship with Incredible Edible Loughborough. Whilst there is much to celebrate, we, like the wider community haven't escaped the rise in the cost of living. We have been hit by the increasing cost of energy, the rise in minimum wage has impacted greatly on our staffing costs and the increase in food prices and availability is being felt by the Café. To date we have managed to absorb these increased costs in order to minimise the impact on our users. However, we do have a legal responsibility to balance these financial commitments whilst still delivering on our charitable objectives. As I hand over the baton of Chair I am confident that with the ongoing dedication of trustees, staff and volunteers, the organisation is well placed to continue to meet these challenges.

6) FINANCIAL REVIEW

I am pleased to report a 30% increase in income for the financial year. This can be mainly attributed to the Café in the Hall more than doubling its income from £19,920 in 2022 to £44,322 this year along with an increase in grant funding of £26,035. There was also a modest improvement in room rental of £4,213. However, café expenses and staff wages also increased by £25,933 which was due to the impact of changes in the minimum wage and the sharp rises in inflation. Room rental has still not recovered to pre-pandemic levels. A key focus area for further income generation should be improving occupancy. Until now the organisation has made the decision to absorb as much as possible the increases in energy, food and general maintenance costs so as to minimise impact on Hall users. Room rental costs were frozen for 2023 and the café has not put up its prices. However, this will need to be reviewed in the next financial year.

7) RESERVES POLICY

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

.....
Andy B Rhodes
Chair

6 September 2023

.....
Michael L Welbourne
Treasurer

6 September 2023

**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 2023 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

6 September 2023

FEARON COMMUNITY ASSOCIATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

		Unrestricted Funds <u>2023</u>	Unrestricted Funds <u>2022</u>
INCOME FROM:	<u>Notes</u>		
<u>Generated Funds</u>			
Activities for generating funds	2	80124	67546
Investment Income	3	208	15
<u>Charitable Activities</u>			
Miscellaneous Income		1242	1449
Cafe Income		44322	19920
Council Grants	4a	44024	46489
Fundraising Events		4195	-
Other Grants	4b	111638	85603
Donations		1187	-
		<hr/>	<hr/>
TOTAL INCOME		£286940	£221022
		<hr/>	<hr/>
EXPENDITURE:			
<u>Charitable Activities</u>			
Cafe Expenses & Wages	5	60559	34666
Fundraising Event Expenses		2380	150
Operating Costs	6	168181	146990
Pension provision adjustment	15	8	(8369)
Governance Costs	7	10003	13842
Classes and Groups expenditure		26479	16766
Pension Scheme Administration		1663	-
		<hr/>	<hr/>
TOTAL EXPENDITURE		£269273	£204045
		<hr/>	<hr/>
Net Income (Expenditure) and Net Movement in Funds		17667	16977
RECONCILIATION OF FUNDS			
		61000	44023
TOTAL FUNDS BROUGHT FORWARD		<hr/>	<hr/>
TOTAL FUNDS CARRIED FORWARD		£78667	£61000
		<hr/>	<hr/>

FEARON COMMUNITY ASSOCIATION LIMITED

BALANCE SHEET AS AT 31 MARCH 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
FIXED ASSETS	10	42472	4887
CURRENT ASSETS			
Debtors	8	10800	4871
Cash		287	2099
Bank		51797	70616
		<hr/>	<hr/>
		62884	77586
CREDITORS - Due within one period	9	24086	17391
		<hr/>	<hr/>
TOTAL NET ASSETS		81270	65082
PROVISIONS FOR LIABILITIES AND CHARGES	15	2603	4082
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		£78667	£61000
		<hr/>	<hr/>
UNRESTRICTED FUNDS			
Accumulated Fund	13	£78667	£61000
		<hr/>	<hr/>

For the year ending 31 March 2023 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 6 September 2023 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 2023

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 2023

2	<u>ACTIVITIES FOR GENERATING FUNDS</u>	Unrestricted Funds <u>2023</u>	Unrestricted Funds <u>2022</u>
	Rents and Lease Income Comprise:		
	Room Rental Income	61890	57677
	Photocopying	1630	1615
	Classes and Groups	14847	8254
	Community Shop	1757	-
		<hr/>	<hr/>
		£80124	£67546
		<hr/>	<hr/>
3	<u>INVESTMENT INCOME</u>	<u>2023</u>	<u>2022</u>
	Bank Interest	£208	£15
		<hr/>	<hr/>
4a	<u>COUNCIL GRANTS</u>	Unrestricted Funds <u>2023</u>	Unrestricted Funds <u>2022</u>
	CBC - Core Grant	29727	30489
	CBC - Covid Support Grants	-	16000
	CBC – Stair Lift	7797	-
	CBC – Navigating Recovery	500	-
	LCC – Arts Group	5000	-
	LCC – Moving Together	1000	-
		<hr/>	<hr/>
		£44024	£46489
		<hr/>	<hr/>
4b	<u>OTHER GRANTS</u>	<u>2023</u>	<u>2022</u>
	Lottery Grant	100554	82594
	Peoples Health	11084	-
	Coop – Food Poverty Relief	-	1843
	Furlough Claims	-	1166
		<hr/>	<hr/>
		£111638	£85603
		<hr/>	<hr/>

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2023

5	<u>CAFE COSTS</u>	Unrestricted Funds <u>2023</u>	Unrestricted Funds <u>2022</u>
	Wages	38572	24756
	Purchases & Cleaning	21987	9910
		<hr/>	<hr/>
		£60559	£34666
		<hr/>	<hr/>
6	<u>OPERATING COSTS</u>	Unrestricted Funds <u>2023</u>	Unrestricted Funds <u>2022</u>
	Advertising & Marketing	1576	1531
	Repairs and Refurbishment	31606	25201
	Cleaning Materials & Wages	27735	20741
	Salary (Assistant Manager)	25678	24445
	Salary (Manager)	31891	27509
	Staff Pension	2400	1574
	Licences	2978	1808
	Light and Heat	12452	12176
	Insurance	5010	5536
	Water	2621	1465
	Telephone	2036	2514
	Postage and Stationery	1325	1468
	Photocopying	2125	2566
	Miscellaneous (canteen, volunteers' lunches etc)	2609	5483
	Rent	5250	2175
	Loss on Exchange	(197)	42
	Depreciation	7962	6714
	Health & Safety	1958	807
	Computer Expenses	1166	3235
		<hr/>	<hr/>
		£168181	£146990
		<hr/>	<hr/>
7	<u>GOVERNANCE COSTS</u>	<u>2023</u>	<u>2022</u>
	Accountancy	1680	1680
	Bookkeeping	5399	5144
	Legal and Professional Fees	2724	7018
		<hr/>	<hr/>
		£10003	£13842
		<hr/>	<hr/>

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2023

8	<u>DEBTORS</u>	<u>2023</u>	<u>2022</u>
	Hiring of Hall	956	2344
	Prepayments	9844	2527
		_____	_____
		£10800	£4871
		=====	=====

9	<u>CREDITORS</u> - Amounts falling due within one year	<u>2023</u>	<u>2022</u>
	Room Hire in Advance	1810	1653
	Accruals	8152	3316
	Other Creditors	14124	12422
		_____	_____
		£24086	£17391
		=====	=====

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 2022	23278	23278
Additions in Year	45547	45547
Disposals in Year	--	-
	_____	_____
At 31 March 2023	£68825	£68825
	=====	=====
<u>Depreciation</u>		
At 1 April 2022	18391	18391
Charge for the Year	7962	7962
	_____	_____
At 31 March 2023	£26353	£26353
	=====	=====
Net Book Value at 31 March 2023	£42472	£42472
	=====	=====
Net Book Value at 31 March 2022	£4887	£4887
	=====	=====

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2023

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>2023</u>	<u>2022</u>
Salaries	112653	88259
Pension Costs	2400	1574
	<hr/>	<hr/>
	£115053	£89833
	<hr/>	<hr/>
Average number of full time equivalent employees	7	7
	<hr/>	<hr/>
No. of staff earning over £60000 per annum	-	-
	<hr/>	<hr/>

13 <u>STATEMENT OF FUNDS</u>	At 31 March 2022 <u>B/Fwd</u>	<u>Income</u>	<u>Expenditure</u>	<u>Transfers</u>	At 31 March 2023 <u>C/Fwd</u>
Unrestricted Funds	£61000	286940	269273	-	78667
	<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 638 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 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. 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 2023

Deficit Contributions

From 1 April 2022 to 31 January 2025:	£3,312,000 per annum (payable monthly)
---------------------------------------	--

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 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. 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 2019 to 30 September 2025:	£12,243,000 per annum (payable monthly and increasing by 3% each on 1st 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 2023 (£s)	31 March 2022 (£s)	31 March 2021 (£s)
Present value of provision	2,603	4,082	16,669

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2023 (£s)	Period Ending 31 March 2022 (£s)
Provision at start of period	4,082	16,669
Unwinding of the discount factor (interest expense)	78	96
Deficit contribution paid	(1,487)	(4,218)
Remeasurements - impact of any change in assumptions	(70)	(94)
Remeasurements - amendments to the contribution schedule	-	(8,371)
Provision at end of period	2,603	4,082

FEARON COMMUNITY ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 31 MARCH 2023

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2023 (£s)	Period Ending 31 March 2022 (£s)
Interest expense	78	96
Remeasurements – impact of any change in assumptions	(70)	(94)
Remeasurements – amendments to the contribution schedule	-	(8,371)
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (ie excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

	31 March 2023 % per annum	31 March 2022 % per annum	31 March 2021 % per annum
Rate of discount	5.52	2.35	0.66

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

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

Year ending	31 March 2023	31 March 2022	31 March 2021
Year 1	1,487	1,487	4,218
Year 2	1,239	1,487	4,345
Year 3	-	1,239	4,475
Year 4			3,841
Year 5			
Year 6			

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account ie the unwinding of the discount rate as a finance cost in the period in which it arises.

Our Ref: DRG/LFEA 001

PRIVATE & CONFIDENTIAL

Mrs M Bezzano-Griffiths
Fearon Community Association Limited
Rectory Road
Loughborough
Leics
LE11 1PL

7 June 2022

Dear Meg

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

I have pleasure in enclosing: -

- a) your bound copy
- b) the Registrar's copy.

I have emailed you an electronic copy of the accounts and I will file this online with the Charity Commission.

We do not need to file the 2022 or 2023 accounts with HMRC.

Finally, I enclose a note of our fees for your kind attention in due course.

Yours sincerely

D R Gradon MA FCA
For Cound & Co LLP

Our ref: DRG/LFEA 001
Your ref: 6852232

*

Companies House
Crown Way
Maindy
Cardiff
CF14 3UZ

Dear Sir

FEARON COMMUNITY ASSOCIATION LIMITED

We enclose the accounts in respect of the above for the year ended 31 March 201*.

Yours sincerely

D R Gradon
For Cound & Co LLP