

Clarion Futures

**Annual Report and Financial Statements
For the year ended 31 March 2021**

**Companies House No. 07156509
Charity Commission No. 1135056**

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TRUSTEES AND ADVISERS

Trustee Directors

Greg Reed (Chair, appointed 2 April 2021)
John Ball
Patrick Hughes
Terry Stacy MBE
Dr. Usha Sundaram

Sue Killen (resigned 1 April 2021)

The directors of the charitable company are its trustees for the purposes of charity law.

Day-to-day management of the charity is delegated to the Clarion Group Executive Team, with Clare Miller as Group Chief Executive.

Company Secretary

Louise Hyde

Registered and Principal Office

Level 6
6 More London Place
Tooley Street
London
SE1 2DA

Principal Solicitors

Winckworth Sherwood LLP
Minerva House
5 Montague Close
London
SE1 9BB

Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Bankers

NatWest Bank plc
143 High Street
Bromley
Kent
BR1 1JH

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT)

The trustees of Clarion Futures present their annual report and financial statements for the year ended 31 March 2021.

Formation

Clarion Futures ("the charity") is a subsidiary of Clarion Housing Group Limited ("Clarion Housing Group", "the Group"), a charitable registered society and a registered provider of social housing. The Group's vision as a business for social purpose is 'Building Homes, Developing Futures', from whence the name came. The registered provider of social housing within the Clarion Housing Group is Clarion Housing Association Limited ("the Association"), a charitable community benefit society.

Objects

The objects of the charity are set out in full in its Memorandum and Articles. They are, in summary:

- To develop the capacity and skills of the members of any socially and economically disadvantaged community;
- The prevention or relief of poverty or financial hardship;
- To promote social inclusion for the public benefit;
- To promote and advance the education of the public in sustainable development and the protection, enhancement and rehabilitation of the environment;
- The promotion for the benefit of the public of urban or rural regeneration in areas of social and economic deprivation; and
- Providing housing accommodation and assistance to help house people and associated facilities and amenities for the relief of the aged, disabled, handicapped or chronically sick.

The trustees have had regard to public benefit in deciding to focus on communities where the Group has a substantial presence. The activities below are primarily to relieve poverty and fees are not charged.

Structure and Governance

Clarion Futures is incorporated under the Companies Act 2006 as a company limited by guarantee, and is registered as a charity with the Charity Commission. It is governed by its Memorandum and Articles of Association.

Clarion Housing Group Limited has the right to appoint and remove the charity's trustees.

There are currently five trustees, who are:

- one non-executive director of the Group;
- one non-executive director of other organisations within the Group; and
- three independent trustees.

In the event of a vacancy, the Group Remuneration and Nominations Committee will recommend the appointment of a new trustee to the Group, under the Group's governance framework.

All trustees have received an induction to the overall Clarion Housing Group organisation. Trustees receive appropriate training and there is further opportunity to attend specific courses as required, using a dedicated training budget for board members within the Group. Each trustee has also been made aware of their responsibilities, using the Charity Commission's guide 'The Essential Trustee' as a reference point.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Significant decisions, such as the approval of the annual budget and business plan, are taken by the trustees. The trustees meet formally throughout the year.

Day-to-day management of the charity is delegated to the Clarion Housing Group Executive Team, and in turn to operational and administrative staff.

Clarion Futures utilises the Group's internal control framework, which includes a governance framework, financial regulations, policies and procedures, an internal audit function, a Group-wide Health and Safety function, a risk management function and three oversight committees: the Audit and Risk Committee, the Treasury Committee and the Investment Committee (which scrutinises all property development).

Grantmaking policy

Clarion Futures is only able to provide financial assistance in accordance with its objects, as summarised on page 4.

Investment Policy

Clarion Futures aims to use its resources to provide high quality services which support vulnerable people and communities in the areas where Clarion Housing Group operates. Enabling activity is funded through external income, direct deployment of the charity's expendable endowment or indirectly, through returns from the charity's investments.

The Trustees note the investment grade rating assigned to Clarion Housing Group by credit rating agencies Moody's (A3 with stable outlook) and Standard and Poor's (A- with stable outlook). These strong investment grade ratings are consistent with Clarion Futures' credit risk appetite, accordingly, funds continue to be lent to the Association on a short-term basis.

The Trustees regularly review the investment strategy as investment returns and funding requirements evolve.

As at 31 March 2021 £27 million is lent on an arm's length basis to the Association (2020: £36.8 million).

Reserves Policy

In accordance with the wishes of the donors, the donations from the Association have been retained as an expendable endowment in order to invest and generate future income to support Clarion Futures' charitable activities. During 2021-22 it is expected that the spending from the expendable endowment fund will cease when it reaches £20 million. The budget for the year ending March 2022 was approved on the basis that the Association will provide for the expected shortfall during the year.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

STRATEGIC REPORT

Achievements and Performance

During the year funding was received from a number of sources including the European Social fund for 'Love London Working' and a number of charitable trusts. Activities focussed on communities where the Association operates.

The strategic objectives for Clarion Futures are as follows:

1. To support the unemployed into work and training;
2. To help people on low incomes maximise their income, reduce energy bills, build their financial capability and resilience, and reduce and avoid debt;
3. To help them access the internet and improve their digital skills; and
4. To support younger and older vulnerable residents and strengthen and improve local communities and the ability of local people to improve their communities.

All of the charity's activity in the period has been focussed on delivering programmes that aim to achieve these objectives. As the rest of the Clarion Housing Group is focussed on providing housing accommodation and assistance, the charity is not currently active in this area but will keep this under review. The Group has kindly made available its specialist staff from the Community Investment team to set up and run these programmes and Clarion Futures has reimbursed their direct costs. The Group charged the charity £0.7 million (2020: £0.6 million) for central management costs incurred in supporting the programme, including IT, HR, Governance and Finance support; a further £2.2 million of these costs were not recharged and have been recognised as donated services (2020: £3.9 million).

As a result of the Covid-19 pandemic the year ending March 2021 was a very challenging year. All face to face delivery and community-based provision had to cease and most community centres were closed for the year. Staff worked very hard to re-design services and deliver them by phone or online, which worked well in most instances. Grants programmes were re-focussed on alleviating the worst impacts of Covid-19. This quick action meant that residents continued to receive vital support during the year.

The trustees are pleased to report on a wide ranging and active programme of projects supporting the four strategic objectives:

Helping Residents into Work and Training

The charity has continued to recognise the importance of helping people into work and training. Clarion Futures achieves this through four main services:

1. **Jobs & Training employment service:** this team supports unemployed people across the country in two key ways:
 - (i) Pre-Employment support - helps the unemployed get ready for work through bespoke support, advice and guidance, confidence building, vocational and sector-specific training programmes, numeracy, literacy and IT support, work placements volunteering, job clubs, grants and support with costs such as childcare and travel; and
 - (ii) Employer Engagement - working with employers and the pre-employment team to source and place unemployed people directly into job vacancies as well as providing 'in-work' support and apprenticeship opportunities.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

2. **Love London Working:** in October 2015, the charity secured £6.64 million from the European Social Fund ("ESF", managed by the Greater London Authority, "GLA"), to deliver a £13.3 million project to support thousands of London's most vulnerable and excluded residents into employment and training. The project is called 'Love London Working'. Clarion Futures is the accountable body and leads the project on behalf of 15 housing associations in London; of the grant and spend amounts above, around one-third is expected to be the charity's share over the course of the project. We are pleased to report that following a successful application the contract with the GLA was extended in August 2019 to March 2023. The total funding for the project has increased to £34million and the targets increased to a total of 28,000 people supported of which 7,500 will be helped into work. At the end of March 2021 a total of 20,000 had already been supported and 6,237 supported into work.
3. **Apprenticeships:** working with employers and Clarion Housing Group, Clarion Futures continued to provide a wide-ranging apprenticeship programme, supporting 215 apprenticeships. This brings the overall number of apprenticeships supported by the charity to 1,465 (2020:1,250) since the programme started 10 years ago.
4. **Self-employment** – setting up your own business is a helpful and flexible route into work for some people and the charity has supported residents with training and grant support for a number of years. The programme was boosted by an EU funded programme in the East of England called 'Increase VS' providing training and mentoring support to help residents set up in business. We are pleased to report that our business start-up activities supported 188 new business start-ups during the year.

Despite the significant challenges created by the Covid-19 pandemic these four services enabled Clarion Futures to support a total of 2,558 people into work in the last year.

A range of other activities are provided to support people taking part in the main programmes including:

Work placements: voluntary work placements are a vital support for many unemployed people as a way back into paid employment. They allow individuals to build confidence, hone their workplace skills and enhance their CVs within a formal workplace setting. Despite some difficult circumstances the charity still supported a wide range of work placements during the year with a total of 163 placements provided.

Training: Clarion Futures offers a wide range of training opportunities for residents. As a result of the pandemic most training courses were re-designed and delivered online.

Pre-employment skills - helping people to develop the skills needed to access employment. This includes confidence, motivation, CV writing and interview skills;

E-learning - the charity has a comprehensive e-learning programme offering access to training in subjects such as health and safety, manual handling and IT essentials; and

Vocational training - the charity works with employers and work placement hosts to offer residents accredited training opportunities that aim to lead to voluntary work placements and/or work. In the last year we have run vocational courses in subjects such as Construction Skills, Security Industry Authority awards, Personal Track Safety and Customer Service.

These programmes resulted in 5,157 training outcomes during the year.

Money and Digital Service

Clarion Futures continues to promote an extensive Financial and Digital Inclusion programme through its 'Money' and 'Digital' services. These proved to be vital during the pandemic. The national offer covers a number of areas of support:

Access to banking and Credit Union services: our National Banking Offer with Leeds City Credit Union offers a full range of on-line and phone-based banking services coupled with savings, loans and a range of other affordable financial products.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Money & Energy saving guidance: the telephone based one-to-one service continues to provide extensive support to residents with budgeting, energy saving and financial capability support. Over 20,000 support interventions were delivered by the service during the year and the number of residents supported increased by 45%. The Money Guidance team also provided direct support to 2,124 new Universal Credit claimants, who had lost their jobs or had working hours reduced because of Covid. Significant numbers were new to the benefit system.

Hardship Fund: our 'Money Matters' Support Fund provides grants for financially-constrained residents to buy white goods and cookers. Almost 900 households were supported through a grant for household goods or a food or household energy voucher to give financial 'breathing space' while they got themselves back into a more stable financial position. Through the Emergency Support Fund over 6,000 households were helped with emergency food relief during the year.

Debt Advice: Clarion Futures provides access to free telephone-based debt advice through partnerships with Step Change Debt Charity, Penny Smart and a number of local Citizens' Advice Bureaux (CAB). A total of 3,584 of the Association's residents were referred for debt advice during the year.

Access to the internet (digital inclusion): the pandemic meant digital inclusion was a key focus for Clarion Futures during the year. The Digital device loan scheme was rapidly expanded with more than 350 laptops and wifi devices on loan to residents, job seekers, schools, Digital Champions and community groups. Alongside this we continued to promote the Digital Champions programme who delivered a total of 2,536 hours of digital skills training. Overall, the 'Digital' service delivered 14,000 digital support interventions.

Communities Programme - Supporting Young People and Improving Communities

During the year Clarion Futures continued to support a wide range of projects designed to improve communities and support Clarion's younger and older residents. Some of the main highlights of the programme are outlined below:

Community Grants Programme

Following lockdown our grants programme was re-designed as an Emergency Support Fund to provide £725,000 to 246 projects delivering grass roots Covid-19 relief in our communities, including food banks, holiday hunger and summer catch up schemes, and volunteering schemes to help vulnerable residents.

Age Friendly Communities

During the year our Age Friendly programmes continued to play an important role in keeping our communities active and connected during the pandemic. Additional multi-year funding of over £600,000 from '#iwill Big Lottery' allowed us to expand our Community Ambassador Programme as well as rolling-out a Mini Ambassador Programme for 5-11 year olds to undertake local youth social action around the themes of intergenerational connections and nature. We also launched our Social Action Youth Connectors scheme and an International Youth Exchange in partnership with The Royal Commonwealth Society. We are exploring how we can sustain the work and embed the model across our communities and the housing sector.

In February 2021 we also launched our eighth National Ambassador programme with seven 18-25 year old residents working closely with Clarion to improve services and programmes for young people. This year the group are also focusing on a 'brilliant problem' around climate change and will be presenting their ideas to senior managers.

Our Clarion55 network of residents over the age of 55 also continued to develop and deliver their priorities over the period, including the 'Wellbeing10' project which encourages staff to spend an extra 10 minutes with residents to check on their wellbeing, and an innovative 'Homeshare' intergenerational living initiative.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Alongside our national programmes our regional Communities teams have continued to invest in local projects aimed at engaging young people in positive activities. Projects over the last year have included intergenerational initiatives, play schemes, creative arts programmes, sports clubs and recreational activities tackling mental health. Our projects have supported community resilience over the pandemic, bringing together different generations to remain engaged and active over a challenging period. For instance during the pandemic our young people delivered care parcels to older residents and wrote letters to those who have been socially isolated. Overall the Youth programme delivered 21,000 positive engagements of young people during the year, achieving 2,687 positive progressions including accredited training outcomes, volunteering placements and jobs.

Community Assets

Clarion Futures continues to work closely with Clarion Housing Association to enable their residents and local community organisations to access Clarion's Community Assets (facilities). The transfer of the Sutton Centre in Middlesbrough to Cleveland Fire Support Network completed and four others are in the pipeline to complete as Covid-19 restrictions ease.

Due to Covid-19 most community facilities have been required to close activities for much of the year and are operating with reduced capacity (financially and staffing/volunteers). Some diversified into new activities in response to emerging needs. Our capacity building programme for partners shifted online and we are supporting partners most impacted financially with extra funding and consultancy. Clarion Futures initiated a Housing Association network for community centres, to enable the sector to develop best practice.

Open spaces improvement

The Communities Team continued its programme of working with residents to improve open and disused spaces within their local neighbourhoods. This included new leisure activity areas, biodiversity zones and food growing sites across a number of communities. We also invested in our Community Asset buildings throughout the year. Examples include:

- refurbishment of a children's play park in Haringey
- expansion of our network of small green spaces as part of our "Backyard Nature" campaign aimed at encouraging children, young people and families to get engaged with their local biodiversity;
- New heating system upgrades at several Community Centres.

In total Clarion Futures helped improve 10,495 square metres of communal land and buildings during the year.

Financial Review

The statement of financial activities is set out on page 17 and shows the result for the year.

The charity's income for the year was £5.4 million (2020: £6.9 million), and this included £2.2 million (2020: £3.9 million) of donated services from Clarion Housing Group. As a result of sourcing additional external funding to support the charity's activity and expenditure, income recognised on external grants and contracts rose to £2.7 million (2020: £2.1 million).

Interest income from the investment of the charity's endowment was lower at £0.6 million (2020 £0.9 million) as a result of reduced Endowment Funds and interest rates.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

A total of £13.7 million (2020: £16.4m) was spent in line with the charity's charitable objectives. An analysis of this expenditure, by type and between Clarion Futures' four strategic objectives, is provided in note 4 to the financial statements.

As at 31 March 2021 £5.2 million was loaned from Circle Anglia Foundation at a zero interest rate, enabling Clarion Futures to on-lend this amount to Clarion Housing Association Limited and to increase the income to Clarion Futures (2020: £5.2 million).

Plans for Future Periods

The Covid-19 pandemic has had a huge impact on Clarion's residents and communities and the impact is expected to continue. The charity has reviewed the way it provides support and has established new products and ways of working to address the impact. Until restrictions are fully removed residents will continue to be supported by phone and video link and a Resilience and Recovery Fund has been established to help our partners survive the financial fallout from the loss of income. Extra resources have been made available to our Money Guidance team which has seen a big increase in calls and we are currently piloting a mental health support service for residents struggling with stress and anxiety.

Recognising the particular challenges faced by young people as a result of the pandemic we have established the 'Kickstart Housing Partnership' with 85 partners to successfully bid for £8million of government funding to provide 1,000 paid six month work placements for 16-24 year olds. Over 300 of these are in Clarion itself. The programme will be delivered in 2021/22.

Principal Risks and Uncertainties

The Board reviews the key risks facing the charity on a regular basis. All key risk areas have been impacted by the Covid pandemic and each of the principal risks which are set out below have been reviewed and updated to take account of the extra challenges provided by Covid-19.

The current principal risks are;

- Delivering large and complex externally-funded partnership programmes, such as the Love London Working and Kickstart projects – risks include potential clawback of funding if the project under performs and reputational risks relating to the management and performance of supply chain partners;
- Clarion Futures does not have sufficient resources to support residents and communities, particularly in light of the likely downturn in the economy following the Covid-19 pandemic. This risk also relates to the availability of long term funding from external organisations such as European structural funds which may be impacted by the UK's departure from the EU; and
- A loss of reputation for both Clarion Futures and the overall Clarion Housing Group as a result of a poor outcome from a charitable activity – this includes health & safety risks relating in particular to managing Clarion's community facilities, compliance with FCA guidelines, safeguarding and data protection.

The trustees have considered Clarion Futures' risks and their mitigation such as insurance, crisis management plans, and control frameworks.

Brexit

The Group has been managing potential risks arising from the British government's deal on Brexit including supply chain concerns, exposure to market sales and managing risks around its funding requirements. The Group has relatively low commercial exposure and has some protection from down-turns because of the counter-cyclical nature of rented properties. During the year the Group also raised £450 million of new capital market funding, and secured additional revolving bank facilities, in order to maintain high levels of liquidity in excess of its medium-term cash flow implied requirements.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

The Audit and Risk Committee has reviewed the business's preparation for and response to Brexit, including its regular stress-tests of the business plan. Those stress tests show that the Group's strong financial position means it is well placed to withstand any potential fall-out from Brexit as it further unfolds.

Covid-19

In March 2020, major restrictions in activity were implemented by the British government in response to the Covid-19 crisis. The restrictions have continued in varying forms over the year and remain an area of on-going uncertainty.

The Group actively manages risks associated with downturns in income and many of the mitigations in place for Brexit are also being utilised for Covid-19. The Group Executive and Group Board have updated business plans for the organisation after adjustment for the impacts of Covid-19 in terms of development activity and predicted cash flows.

Operationally the Group has been able to continue functioning due to modern working practices and, after an initial period of service disruption, is now focussed on returning to normal service levels and recovering backlogs. In fact the Group ended the year outperforming its Covid-19 revised outlook. The financial position of the organisation continues to be strong and the availability of high liquidity allows the Group to be confident of absorbing further shocks associated with lower economic activity.

Disclosure of Information to Auditor

The trustees who held office at the date of approval of this Report of the Trustees (including Strategic Report) confirm that, so far as they are each aware, there is no relevant audit information of which the charitable company's auditor is unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Auditor

KPMG LLP have expressed their willingness to continue in office as the Group's auditor. Accordingly, a resolution to reappoint them as auditor will be proposed at the forthcoming Trustees Meeting.

On behalf of the trustees, including approval of the Strategic Report as company directors,



Greg Reed
Chair
5 July 2021

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF CLARION FUTURES IN RESPECT OF THE REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) AND THE FINANCIAL STATEMENTS

The Trustees are responsible for preparing the Report of the Trustees (including Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of income and expenditure for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES

Opinion

We have audited the financial statements of Clarion Futures ("the charitable company") for the year ended 31 March 2021 which comprise the Statement of Financial Activities (including Income and Expenditure Account), Statement of Financial Position and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Executive team who have delegated responsibility for the day to day management of the Charity, the audit committee and internal audit as to whether they have knowledge of any actual, suspected or alleged fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

- Reading Board of Trustee's and Audit Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the nature of the Charitable Company's material income streams. The Charitable Company is notified from external third parties of income it has been awarded or has earned and income is accounted for when receipt is probable and measurable.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by key management personnel, journals containing specific words or phrases, and those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Executive team who have delegated responsibility for the day to day management of the Charity (as required by auditing standards). We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

Other information

The trustees are responsible for the other information, which comprises the Report of the Trustees (including Strategic Report). Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Report of the Trustees (including Strategic Report), which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 12, 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sarah Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Snow Hill Queensway
Birmingham
B4 6GH

13 July 2021

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2021

		2021	2021	2021	2021	2020
		Unrestricted	Restricted	Endowment	Total	Total
		funds	funds	funds	funds	funds
	Notes	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Donations and legacies	3	2,156	-	-	2,156	3,931
Charitable activities						
Grants and contracts	3	273	2,421	-	2,694	2,083
Investments						
Interest receivable	3	556	-	-	556	900
Total		2,985	2,421	-	5,406	6,914
Expenditure on						
Charitable activities	4	(11,236)	(2,421)	-	(13,657)	(16,401)
Other		(21)	-	-	(21)	(2)
Total		(11,257)	(2,421)	-	(13,678)	(16,403)
Transfers between funds		8,272	-	(8,272)	-	-
Net movement in funds		-	-	(8,272)	(8,272)	(9,489)
Reconciliation of funds						
Total funds brought forward	14	-	-	30,639	30,639	40,128
Total funds carried forward	14	-	-	22,367	22,367	30,639


All incoming resources and resources expended derive from continuing activities.

The comparative figures exclusively relate to Unrestricted funds with the exception of grant and contracts income and expenditure on charitable activities which both include £1,783,000 in relation to restricted income funds, total funds brought forward which includes £40,128,000 in relation to Endowment funds, and total funds carried forward which includes £30,639,000 in relation to Endowment funds.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments	9	27,014	36,814
Current assets			
Debtors: amounts falling due within one year	10	661	1,149
Cash and cash equivalents		2,046	570
		2,707	1,719
Current liabilities			
Creditors: amounts falling due within one year	11	(2,155)	(2,695)
Net current assets/(liabilities)		552	(976)
Creditors: amounts falling due after more than one year	12	(5,199)	(5,199)
Net assets		22,367	30,639
The funds of the charity			
Share capital	13	-	-
Endowment funds	14	22,367	30,639
		22,367	30,639

The financial statements were approved by the Board and were signed on their behalf by:



Greg Reed
Chair
5 July 2021

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

1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (March 2018) ("FRS 102"), the Charities SORP (FRS 102): Accounting and Reporting by Charities Statement of Recommended Practice (October 2019) ("the SORP"), the Companies Act 2006 and the Charities Act 2011.

Clarion Futures is a public benefit entity.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Clarion Futures' financial statements.

Basis of preparation

The financial statements are prepared on an accruals basis and under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate for the following reasons.

The business model of the charity is such that its charitable activities are limited to those which it has sufficient funds to support from the excess of funding received over the costs of administering the charity. The charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 4.

The Trustees have reviewed the cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. The Trustees have also considered the implications of Covid-19 on these cash flow forecasts and consider that as a result of its operating model explained above, even if no further funding is received in the 12 month period, the charity has sufficient cash reserves to pay all committed costs.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

Basis of consolidation

Clarion Futures is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as its results are included within the consolidated financial statements of its ultimate parent undertaking.

Disclosure exemptions

Clarion Futures has taken advantage of the exemptions in FRS 102 in respect of the following disclosures:

- a. the requirement to present a statement of cash flows and related notes; and
- b. financial instrument disclosures, including: categories of financial instruments; items of income, expense, gains or losses in respect of financial instruments; and, exposure to, and management of, financial risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

1. Accounting policies (continued)

Value Added Tax

The company's VAT affairs are dealt with under a Group registration in the name of Clarion Housing Group Limited. Turnover and other income are shown net of any VAT charged. As most of the Group's income comes from renting out residential property, which is exempt from VAT, the Group only recovers a small proportion of the input VAT it incurs, and Clarion Futures' expenditure is shown inclusive of irrecoverable VAT.

Turnover

Incoming resources, including grant income, are accounted for when Clarion Futures has entitlement to the funds, the receipt is probable and the amount is measurable. Income is deferred where the donor specifies that resources be used in a future accounting period(s) or where conditions are required to be met by Clarion Futures before it is unconditionally entitled to the income.

Donated services

Donated services are included in incoming resources when the benefit to the charity is reasonably quantifiable and measurable, and are measured at fair value.

Resources expended

Expenditure on charitable activities is recognised once there is a legal or constructive obligation to make payment to a third party; in the case of grants payable, these are recognised when the award has been communicated to the recipient.

Costs are classified according to Clarion Futures' four strategic objectives, with staff costs allocated according to the objective they work towards.

Impairment

Debtors are assessed for recoverability at each reporting date.

For other assets an impairment review is undertaken when there is an indication that an asset may be impaired. Impairment is recognised when it is assessed that the carrying amount of that asset (or the cash generating unit, including goodwill, it belongs to) is higher than the recoverable amount, which is the higher of fair value less costs to sell and value in use. Where this is the case the higher of these two values is taken to be the new book value, and the difference is the impairment loss.

After an impairment loss has been recognised, the recoverable amount of an asset or cash-generating unit may increase because of changes in: economic conditions; the circumstances that previously caused the impairment; or, the expected use of the asset(s). As a result, the carrying amount is adjusted to the lower of the new recoverable amount and the carrying amount that would have been determined had the original impairment not occurred, with the exception that the impairment of goodwill is not reversed.

Interest receivable

Interest receivable is only recognised to the extent that it is probable that it will be recoverable when due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

1. Accounting policies (continued)

Corporation tax

Clarion Futures is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, Clarion Futures is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Public benefit concessionary loans

As a "public benefit entity" (as defined by FRS 102), loans which are made or received as part of Clarion Futures's charitable objectives, at below-market rates of interest, and are not repayable on demand, qualify for treatment as public benefit entity concessionary loans. They are initially recorded at the amount lent and subsequently adjusted for accrued interest receivable less any impairment loss.

Financial instruments

Clarion Futures applies the recognition and measurement provisions of IFRS 9 Financial Instruments, as allowed by FRS 102.

All investments, short-term deposits and loans held by the Clarion Futures are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price.

Where contractual cash flows meet the recognition requirements of IFRS 9, investments, short-term deposits and loans are subsequently measured at amortised cost, unless the difference between the historical cost and amortised cost basis is deemed immaterial. Amortised cost is calculated using the effective interest method which applies a rate of interest that exactly discounts estimated future cash payments or receipts (including any associated premium, discount or transaction costs) through the expected life of the financial instruments to the net carrying amount of the financial asset or liability. The current rate of LIBOR at the reporting date is used and assumed to be constant for the life of the loan. Loans and investments that are payable or receivable in one year are not discounted.

Where contractual cash flows do not meet the recognition requirements of IFRS 9, loans, investments and short-term deposits are subsequently measured at fair value with gains or losses taken to the Income Statement.

Where loans and other financial instruments are redeemed during the year, a redemption penalty is recognised in the Income Statement of the year in which the redemption takes place, where applicable.

Other debtors and creditors are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction and does not qualify for treatment as a concessionary loan, in which case the present value of the future receipts discounted at a market rate of interest is used.

Cash and cash equivalents include cash balances and call deposits, as well as short-term investments with an original maturity of three months or shorter. It also includes those overdrafts which are repayable on demand and form an integral part of Clarion Futures' cash management strategy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

1. Accounting policies (continued)

Unrestricted funds

Unrestricted funds include a general fund which may be used by Clarion Futures for any of its general purposes, and designated funds which have been earmarked by the Trustees for a particular purpose.

Endowment funds

Endowment funds arise in accordance with the wishes of the donor. Income generated from endowments is treated as unrestricted.

2. Significant judgements and accounting estimates

Significant judgements

With the exception of those relating to accounting estimates and uncertainty, no significant judgements have been made in applying the company's accounting policies.

Accounting estimates

The nature of estimation means that actual outcomes could differ from the estimates made. The following accounting estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities - and therefore the income and expenses recognised - within the next

- 1 The recoverable amount of debtors.

Debtors are reviewed on a case-by-case basis and provided for as deemed to be necessary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

3. Income and endowments

	2021	2020
	Total	Total
	£'000	£'000

Donations and legacies

From other members of the Clarion Housing Group	2,156	3,931
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Included in donations and legacies from other members of the Clarion Housing Group is £2,156,000 (2020: £3,931,000) as an estimated value of the central costs and overheads which were incurred by Clarion Housing Group Limited in relation to Clarion Futures' activities, but not recharged. A corresponding amount has been included in support costs, where a further analysis has also been provided (see note 5).

	2021	2020
	Total	Total
	£'000	£'000

Grants and contracts

Unrestricted

Love London Working - management fees charged to partners	273	200
Kier Group Social Value Contribution	-	100
	273	300

Restricted

Love London Working - grant	994	724
Increase VS	676	331
Housing Associations' Youth Network	533	290
One Digital	46	256
Big Local	57	67
Mercer's Fund	5	41
Other grants and contracts	110	74
	2,421	1,783
	2,694	2,083

	2021	2020
	Total	Total
	£'000	£'000

Interest receivable

Interest receivable on bank deposits	-	1
Interest on loans to Group undertakings	556	899
	556	900

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

4. Analysis of expenditure on charitable activities

	Helping Residents into Work and Training £'000	Money and Digital Service £'000	Supporting Young People and Improving Communities £'000	Governance £'000	2021 Total £'000
Grants made	71	124	518	-	713
Staff costs including travel (note 7)	3,416	1,468	1,646	-	6,530
Other costs	590	487	1,722	-	2,799
Costs directly allocated to activities	4,077	2,079	3,886	-	10,042
Support costs (note 5)	1,424	597	666	928	3,615
Total resources expended	5,501	2,676	4,552	928	13,657

Expenditure is supported by:

Direct grant and contract income	1,942	48	690	14	2,694
Other income	3,559	2,628	3,862	914	10,963
	5,501	2,676	4,552	928	13,657

Note 7 confirms that Clarion Futures does not directly employ staff and is recharged staff costs, including on-costs, by its parent.

Grants made in the year ended 31 March 2021:

Helping Residents into Work and Training: £71,000 has been granted to Charis Grants to deliver the Jobs and Training grants programme.

Money and Digital Service: A total of £124,000 was awarded to 23 projects providing essential digital skills training.

Supporting Young People and Improving Communities: The Clarion Futures Emergency Support Fund was launched within two weeks of the first national lockdown with two new funding schemes set up to support partners' response to the impact of Covid-19. The two schemes focussed on food poverty relief and general community welfare support. Two further areas were identified for action during the extended crisis. This led to the swift design and launch of a Holiday Hunger Fund and a Summer Catch-Up Fund to support young people during the holiday period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

4. Analysis of expenditure on charitable activities (continued)

	Helping Residents into Work and Training £'000	Money and Digital Service £'000	Supporting Young People and Improving Communities £'000	Governance £'000	2020 Total £'000
Grants made	143	309	508	-	960
Staff costs, including travel	3,398	1,713	1,911	-	7,022
Other costs	1,067	573	1,440	-	3,080
Costs directly allocated to activities	4,608	2,595	3,859	-	11,062
Support costs (see note 5)	2,229	1,193	1,238	679	5,339
Total resources expended	6,837	3,788	5,097	679	16,401
Expenditure is supported by:					
Direct grant and contract income	1,389	256	438	-	2,083
Other income	5,448	3,532	4,659	679	14,318
	6,837	3,788	5,097	679	16,401

Grants made in the year ended 31 March 2020:

Helping Residents into Work and Training: £143,000 has been granted to Charis Grants Ltd to deliver the Jobs & Training grants programme.

Money and Digital Service: £79,000 has been granted to deliver the Digital Communities grants programme. £62,000 has been granted to regional Citizens Advice Bureau to provide debt advice. Additionally, £124,000 has been granted directly to financially-constrained individuals in order to buy white goods and cookers. Grants of up to £11,000, totalling £44,000 were made to other community groups.

Supporting Young People and Improving Communities: £255,000 has been granted for the Community Grants Programme. £124,000 has been paid directly by Clarion Futures and a further £131,000 to Groundwork UK, primarily for the Community Grants Programme; this in turn has been granted to third sector agencies and community groups in order to undertake projects which further one or more of the objects of the charity, such as holding community events, providing youth activities and supporting older people. Amounts have also been granted to the charity's Youth Programme partners, including £98,000 to Peabody Community Foundation, £107,000 to Sussex Clubs for Young People, £32,000 to UK Youth and £14,000 to Yellow Brick Road Projects. A further £2,000 was granted to other community groups.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

5. Analysis of support costs (including governance)

The charity has recognised £3,591,000 of support costs in relation to services provided by Clarion Housing Group Limited (2020: £5,269,000), £2,156,000 of which were not recharged (2020: £3,931,000) (see note 3).

Head office staff costs have been allocated between charitable activities and governance based on the function of their department, and further between charitable activities based on their relative staff costs. General office costs have been allocated by total staff cost.

Additionally, the charity has paid support costs to other organisations including £19,000 to Charis Grants Limited to administer the Ready 2 Work (Jobs & Training) grants, £nil to Leeds City Credit Union for the National Banking Offer (2020: £36,000) and £5,000 to Groundwork for managing the Community Grants programme (2020: £25,000).

	Helping residents into work and training £'000	Money and Digital Service £'000	Supporting Young People and Improving Communities £'000	Governance £'000	2021 Total £'000
Head office staff costs	600	255	283	572	1,710
General office costs	804	342	379	356	1,881
	1,404	597	662	928	3,591
Direct support costs	19	-	5	-	24
	1,423	597	667	928	3,615

	Helping residents into work and training £'000	Money and Digital Service £'000	Supporting Young People and Improving Communities £'000	Governance £'000	2020 Total £'000
Head office staff costs	190	99	103	16	408
General office costs	2,039	1,058	1,110	654	4,861
	2,229	1,157	1,213	670	5,269
Direct support costs	-	36	25	9	70
	2,229	1,193	1,238	679	5,339

6. Trustees' remuneration

The Trustees (who are considered the key management personnel for the purposes of FRS 102) received no remuneration in respect of their services to Clarion Futures, in either the current or preceding year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)**7. Employee information**

Clarion Futures does not directly employ any staff but instead makes use of the employees of Clarion Housing Group Limited or Clarion Housing Association Limited, who it then reimburses at cost. The total recharge for the year, including non-payroll costs, was £7,532,000 (2020: £8,146,000).

The average monthly number of persons made use of during the period was:

	2021	2020
	Number	Number
Full time equivalents	<u>141</u>	<u>149</u>

The prior year comparatives have been revised for presentation on a consistent basis. The average monthly headcount in the year was 149 (2020: 156).

Staff Costs:	2021	2020
	£'000	£'000
Wages and salaries	5,835	5,730
Compensation for loss of office	41	14
Social security costs	570	557
Pension costs	<u>286</u>	<u>275</u>
	<u>6,732</u>	<u>6,576</u>

£1,227,000 (2020: £1,300,000) of the wages and salaries above relates to employees who are members of the Clarion Housing Group Pension Scheme, the liability for which is included in the financial statements of Clarion Housing Association Limited.

Included in the recharge were employees with remuneration exceeding £60,000 as follows:

	2021	2020
	Number	Number
£90,001-£100,000	3	2
£80,001-£90,000	3	1
£70,001-£80,000	-	2
£60,001-£70,000	<u>3</u>	<u>1</u>
	<u>9</u>	<u>6</u>

The prior year comparatives have been revised in order to present remuneration on a payable rather than paid basis.

Retirement benefits are accruing under a defined benefit scheme for 6 of these employees (2020: 4).

8. Net outgoing resources for the year

	2021	2020
	£'000	£'000
<u>Auditor's remuneration (exclusive of VAT)</u>		
- for statutory audit services	8	7
- for other services	<u>-</u>	<u>-</u>
	<u>8</u>	<u>7</u>

Clarion Futures' audit fees are incurred by Clarion Housing Group Limited, and are included in the fair value of donated services received by Clarion Futures.

Amounts receivable by the charity's auditor and its associates in respect of non-audit services, where procured on a Group-wide basis, are not included above. Instead the information is disclosed on a consolidated basis in the Group financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

9. Fixed asset investments

	2021 £'000	2020 £'000
Loans to Group undertakings		
At the beginning of the year	36,814	42,650
Net repayment	(9,800)	(5,836)
At the end of the year	<u>27,014</u>	<u>36,814</u>

All investments held during the year are held primarily to provide an investment return to the charity. At the reporting date, £27,014,000 is lent to Clarion Housing Association Limited (2020: £36,814,000). Interest is charged at LIBOR plus 1.5%.

10. Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year		
Prepayments and accrued income	527	469
Amounts due from Group undertakings: trading	78	629
Other debtors	56	51
	<u>661</u>	<u>1,149</u>

11. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	130	79
Accruals and deferred income	982	1,048
Other taxation and social security	4	4
Amounts due to Group undertakings: trading	332	399
Other creditors	707	1,165
	<u>2,155</u>	<u>2,695</u>

£769,000 of deferred income is included within accruals and deferred income (2020: £494,000).

Deferred income relates to income received from donors which is subject to restrictions which prevent their use until a later date. £275,000 of the income deferred at 31 March 2020 was released in the year, £550,000 received in the year was deferred.

12. Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Amounts due to Group undertakings: loans	<u>5,199</u>	<u>5,199</u>
Loans are repayable, otherwise than by instalments as follows:		
After five years	<u>5,199</u>	<u>5,199</u>

The company has a £10,000,000 facility with Circle Anglia Foundation Limited. This loan is repayable in March 2029. This is a public benefit concessionary loan where no interest is charged.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)**13. Share capital**

The company is limited by guarantee, having no share capital. In the event of a winding up each current Trustee, and any Trustees in the twelve months prior, shall contribute up to £10 each.

14. Analysis of charitable funds

Analysis of movements in unrestricted funds	At 1 April 2020 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2021 £'000
General fund	-	2,985	(11,257)	8,272	-
	-	2,985	(11,257)	8,272	-
Analysis of movements in restricted funds	At 1 April 2020 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2021 £'000
<i>Income funds</i>					
Love London Working - grant	-	994	(994)	-	-
Increase VS	-	676	(676)	-	-
Housing Associations' Youth Network	-	533	(533)	-	-
One Digital	-	46	(46)	-	-
Big Local	-	57	(57)	-	-
Mercer's Fund	-	5	(5)	-	-
Other grants and contracts	-	110	(110)	-	-
	-	2,421	(2,421)	-	-
<i>Endowment funds</i>					
Expendable endowment	30,639	-	-	(8,272)	22,367
	30,639	2,421	(2,421)	(8,272)	22,367

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)**14. Analysis of charitable funds (continued)**

	At 1 April 2019 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2020 £'000
Analysis of movements in unrestricted funds					
General fund	-	5,031	(14,520)	9,489	-
Kier Group Social Value Contribution	-	100	(100)	-	-
	-	5,131	(14,620)	9,489	-

	At 1 April 2019 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2020 £'000
Analysis of movements in restricted funds					
<i>Income funds</i>					
Love London Working - grant	-	724	(724)	-	-
Increase VS	-	331	(331)	-	-
Housing Associations' Youth Network	-	290	(290)	-	-
One Digital	-	256	(256)	-	-
Big Local	-	67	(67)	-	-
Mercer's Fund	-	41	(41)	-	-
Other grants and contracts	-	74	(74)	-	-
	-	1,783	(1,783)	-	-

<i>Endowment funds</i>					
Expendable endowment	40,128	-	-	(9,489)	30,639
	40,128	1,783	(1,783)	(9,489)	30,639

15. Legislative provisions

Clarion Futures is incorporated under the Companies Act 2006 and is a registered charity with the Charity Commission under the Charities Act 2011.

16. Related Party Disclosures

During the period, related party transactions took place between Clarion Futures and other members of the Clarion Housing Group. As required by the Charities SORP, these are disclosed in the appropriate notes.

Debtor and creditor balances with other members of the Group are either debt subject to a market rate of interest, public benefit concessionary loans where no interest is charged or trading balances which are non-interest bearing and are due to be settled within one year of their recognition.

No related party transactions have arisen from the personal interests of the Trustees. No other related party transactions require disclosure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

17. Immediate and ultimate parent undertaking

The charity's immediate and ultimate parent undertaking is Clarion Housing Group Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014 and which is regulated by the Regulator of Social Housing.

Clarion Housing Group Limited's registered office is Level 6, 6 More London Place, Tooley Street, London, SE1 2DA. Group accounts have been prepared by Clarion Housing Group Limited and are available from www.clarionhg.com.

18. Subsidiary undertakings and associates

Name	Legislative Provisions	Proportion of voting rights of ordinary share capital held	Nature of business
Affinity Sutton Investments Limited	Private company limited by shares	100% (£1)	Property development

The subsidiary's registered office is Level 6, 6 More London Place, Tooley Street, London, SE1 2DA.

Community Impact Partnership CIC	Private company limited by shares; Community Interest Company	25% (£1)	Social investment fund
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