

REGISTERED COMPANY NUMBER: 07715471 (England and Wales)
REGISTERED CHARITY NUMBER: 1145084

HUMAN CAPABILITY FOUNDATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Berringers LLP
Chartered Accountants
and Statutory Auditors
Lygon House
50 London Road
Bromley
Kent
BR1 3RA

HUMAN CAPABILITY FOUNDATION

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HUMAN CAPABILITY FOUNDATION

REPORT OF THE TRUSTEES for the year ended 31 December 2022

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the audited consolidated financial statements of the charity for the year ended 31 December 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Human Capability Foundation (HCF) is a grant-making foundation with the objective of promoting such purposes as are exclusively charitable in accordance with the laws of England and Wales as the trustees may from time to time determine. The Foundation's primary focus is in India and on the issues of:

- Women & girls' rights and gender equity
- Sexual and reproductive health rights
- Rights of economically and socially marginalised people
- Mental health and disability rights
- Labour and migration rights
- Environmental protection and climate change mitigation
- Arts and Cultural Expression

The HCF seeks to build long-term funding relationships with non-governmental organisations (NGOs) and community-based organisations (CBOs) which share these values. Support of NGOs and CBOs will enhance the capability of individuals and communities to manifest self-sustaining and rewarding lives for themselves, their communities and future generations. It will foster local knowledge and expertise so that communities themselves are better able in the long-term to demand their rights.

The HCF uses a number of different measures to assess success. The HCF should:

- Ensure grantees have been able to carry out their work effectively and in line with what was agreed between themselves and the HCF.
- Ensure that work done by grantees can lead to the realisation of people's rights, and can challenge and transform the societal structures that marginalise people.
- Ensure that our grantees strive to transfer knowledge and power to the marginalised people that they work with.
- Receive regular progress reports from our grantees which detail the achievements the organisation have had, what feedback the grantees have received from the people they work with, and new ideas for how to develop and refine their work.
- Receive continued donations and income in order to secure stability and the ability to provide multi-year grants.
- Maintain low costs in order to maximise the funds available for carrying out charitable activities.

The short-term aims of the HCF are to continue supporting organisations and identify new organisations who are working at the grassroots level in the most marginalised communities. The HCF wishes to remain an agile organisation that can respond quickly to emerging needs and requirements. Our medium-term aim is to ensure that we provide space for our grantees to innovate within their work, trying new initiatives and ideas. A long-term goal is to significantly increase our annual level of funding to capable organisations. This will increase the capabilities, rights and quality of life for communities that we seek to help.

Public benefit

The trustees have had regard to Charity Commission guidance on public benefit and consider that the objectives, aims and achievements of the charity described in the report enable it to meet its duty to the Charity Commission as per section 17 of the Charities Act 2011, and to the benefit of the public.

Going concern

After reviewing the group's forecasts and projections, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

HUMAN CAPABILITY FOUNDATION

REPORT OF THE TRUSTEES for the year ended 31 December 2022

STRATEGIC REPORT

Achievement and performance

Charitable activities

This year HCF have continued to support a significant number of NGO's, with grants approved during the year totalling £1,226,722 (2021: £601,873). The grants have been distributed in accordance with the charitable objectives as below:

	2022	2021
	£	£
- Women and girls' rights and empowerment	64,376	21,051
- Sexual and reproductive health rights	154,688	82,343
- Gender equality	-	109,500
- Rights of economically and socially marginalised groups	17,982	4,909
- Mental health and disability rights	208,603	99,321
- Labour & migration rights	170,214	78,896
- Environmental protection and climate change mitigation	198,042	136,291
- Youth education	185,405	24,390
- Arts & cultural expression	161,934	16,900
- Media & journalism	33,978	-
- Emergency relief	31,500	28,272
	<u>1,226,722</u>	<u>601,873</u>

The HCF increased our grant expenditure which is an on-going aim. We identified new grantees who received initial funding in 2022. HCF continued its support to the majority of the organisations we had supported in the previous year. At the end of 2022 we launched the Dream Project Fund which invites existing grantees to apply for additional funding earmarked for a 'dream' project. Their proposal needs to be inventive and different from what they are currently doing. The idea is to encourage out-of-the-box thinking. We received very exciting proposals and funds will be released in 2023.

We also commissioned scoping studies on particular areas of focus, such as climate change mitigation, to help us improve our funding strategies. We received very positive feedback from grantees who attended our in-person grantee conference which was designed to foster learning, cooperation and inspiration. Our grantees have largely been able to undertake their planned activities. We undertook an evaluation of one of our grantee's programmes and the evaluation was positive.

We are happy to be inviting grant proposals in people's local languages and funding the cost of translations into English so that we can reach grantees that have previously missed out on funding from other donors because of a lack of fluency in English. This fits with our aim of reaching marginalised communities.

We have increased our internal capacity in order to achieve our long-term goal of increasing our grant expenditure. We have brought on one more team member and increased the number of days each member works.

With high global inflation we envisage an increased cost for our grantees to undertake their activities, including increased staff and rental costs. We anticipate annual organisational budgets to increase and therefore the average grant size will increase in the next couple of years.

Trustees' duty to promote the success of the Charity – Section 172 statement

The trustees are the directors of the Human Capability Foundation and have a duty to promote the success of the Charity and, in doing so, are required by section 172(1) of the Companies Act 2006 to have regard to various specific factors, including:

- the likely consequences of decisions in the long term
- the need to foster the Charity's relationships with third-party stakeholders
- the impact of the Charity's operations on the community and environment
- the desirability of the Charity maintaining a reputation for high standard of business conduct.

HUMAN CAPABILITY FOUNDATION

REPORT OF THE TRUSTEES for the year ended 31 December 2022

STRATEGIC REPORT

Achievement and performance

Financial Review

Total grants approved by the foundation in 2022 were £1,226,722 (2021: £601,873). Total donations received by the Charity in 2022 amounted to £31,768,873 (2021: £6,973,640).

The trustees believe that the valuation of the investment properties as at 31 December 2022 are not materially different to their market values. The trustees are not qualified surveyors but believe that this valuation method represents a sufficiently accurate estimation without the need to spend any of the charity's funds on professional valuations.

During the year rental income received from the properties owned by HCF amounted to £1,235,579 (2021: £1,235,579). These properties provide on-going monthly sources of income from the rent.

The HCF holds reserves because we plan to be a long-term funder in India providing small-medium-sized grants to organisations. At the year-end total reserves held were £75,277,550 (2020: £41,810,303). We hold reserves to ensure that we can commit to multi-year funding for grantees.

Our long-term financial plans are to significantly increase the level of funds we have in order to be able to make grants to a larger number of organisations. HCF will continue to provide long-term, core grants of unrestricted funds to NGOs as this allows the organisations to have stability and do the work that they truly feel is important.

HCF aims to be a long-term funder in processes of change that take generations. Therefore, it needs to ensure it has the financial resources to make grants for several decades. Trustees consider that there are three main financial risks that could jeopardise that aim:

- HCF has been dependent on a small number of business donors. The continuation of these donations will be limited by the ability of those businesses to sustain future profitability, and so is far from guaranteed.
- Existing reserves can be depleted by inflation.
- Investments can suffer losses.

The first two of the above risks necessitate an investment strategy seeking to earn returns above inflation. The third identified risk motivates HCF to engage in a moderately conservative investment strategy.

HCF's investment policy includes the following guidelines:

- Prioritise holding assets for the long term, so as to minimise transaction costs.
- Combine investments that provide a fixed income with others that provide a variable income so as to exploit opportunities for higher overall returns while ensuring sufficiently stable returns to meet our grant-making objectives.
- Within the fixed income category, prioritise those investments that provide a higher rate of return relative to their risk profile.
- Rather than pursuing excessive diversification, HCF should invest in a smaller number of asset categories where it can develop advantages of specialisation.
- Prioritise investing in assets that provide social and/or environmental benefits, particularly in renewable energy.
- Seek to make a series of smaller investments in assets that have a higher risk profile but also have the potential to generate both significant financial returns and social or environmental benefits, such as poverty relief, and contributing to the UN Sustainable Development Goals.

HCF's trading subsidiary Trigon Snacks Trading Ltd had a disappointing year, making a net loss before taxation of £1,337,174. The profitability of the nut roasting industry as a whole in the UK has been very weak in recent years. Notwithstanding this poor year, HCF believes that its investment in Trigon continues to grow in value as it increases its market share in a consolidating market. Commercial sensitivities preclude a fulsome discussion of the reasons for optimism regarding the prospects for future profitability of this enterprise.

During the year, HCF received donations from T. Choithram International S.A. consisting of the assignment of the benefit of loans made by T. Choithram International S.A. to Trigon Snacks Trading Ltd, Natco Foods Ltd, and T. Choithram & Sons (London) Ltd. The receipt of these donations is in the interest of HCF because the interest on these loans will provide a stable income for the next 5 years. HCF considers the loans to be secure because the net asset position and average profitability of the debtors is positive. Trustees of HCF are also closely involved in the management of the three debtor businesses, and are thus able to gain additional confidence that the businesses are being managed prudently.

HUMAN CAPABILITY FOUNDATION

REPORT OF THE TRUSTEES for the year ended 31 December 2022

HCF completed negotiations with Downing LLP for the creation of a trading subsidiary of the HCF called 'Downing Sustainable Investment I Ltd' (DSII), to be managed by HCF and Downing LLP, which will invest in renewable energy. We have judged that a renewable energy portfolio is in line with our charity's ethics as the funds are used to create green energy resources. This fund will invest in assets that provide steady income which is largely inflation-hedged, thus satisfying our investment objectives and the ameliorating the risks identified. HCF has committed to invest £30m into DSII should appropriate investment opportunities be found in the next two years. HCF has appointed an independent non-executive director to the board of DSII for a term of one year. This position will be reviewed after one year. At the end of the year, operations within DSII are proceeding as planned. Although these investments will provide environmental benefits by increasing the generation of renewable energy, we consider those environmental benefits to be secondary to the primary purpose of providing a financial return to fund future charitable activities.

Post year end, in May 2023, HCF purchased 8.627% of the share capital of Nithio Holdings Inc. for USD 2,181,224 following 18 months of discussions and negotiations with the Nithio board. This is a relatively risky investment utilising a small portion of HCF's reserves. Nithio is a machine-learning database driven platform for climate finance, to universalise electricity access in Africa. This investment meets our poverty alleviation goals through getting off-grid households essential electricity. It involves collaboration with development finance institutions from several continents, as well as co-investing with other philanthropic organisations. This is an early-stage investment in a key platform for a market that will have to grow hugely if the UN Sustainable Development Goals are to be met. Therefore it has the potential to deliver considerable financial returns, and conversely also has the potential to be a financial failure as emerging technologies often prove to be for early entrants. HCF has assessed that since it is a relatively small investment relative to our net assets, a total loss of this investment would not jeopardise HCF's ability to continue to operate according to our overall plans. We consider the purpose of this investment to be both to fulfil our charitable objectives directly, as well as to provide a financial return to fund future charitable activities.

Future plans

In 2023 we will be continuing to fund within our focus areas. We will increase the number of in-person grantee meetings and conferences we do. We are engaging regularly with fellow donors to foster cooperation and information sharing.

We will be launching an internal Management Information System for our team to use. This will improve our reporting capabilities as well as improve our administrative efficiency. We also envisage taking on an additional team member in India to facilitate the larger grant expenditure.

Planned activities for 2023 beyond our regular grant-making activities:

- Increased grant expenditure
- Host a donor meeting
- Increased grant evaluations
- Increased site visits to grantees
- Grantee capacity-building workshops around legal compliance, gender and sexuality and prevention of sexual harassment in the workplace, staff safety in the field, strategic communication.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The Human Capability Foundation is a charitable company limited by guarantee, incorporated in December 2011. The three trustees are:

Luke Pagarani

Davinder Pagarani

Natasha Pagarani

The trustees are also company directors. Under the requirements of the Memorandum and Articles of Association, the directors retire on an annual basis and, being eligible, offer themselves for re-election.

Natasha Pagarani is the Foundation's Secretary and the three trustees jointly manage the Foundation, meeting informally on a regular basis to discuss grants, funding and other activities.

HUMAN CAPABILITY FOUNDATION

REPORT OF THE TRUSTEES for the year ended 31 December 2022

In 2022, the HCF received a total of £31,729,451 in donations (see note 3), made up of the following; £361,100 (2021: £2,901,813) from NATCO Foods Ltd, £840,000 (2021: £nil) from Giant Exports Services Ltd as well as, receiving donations from T Choithram International SA relating to loans owed by T Choithram & Sons (London) Ltd of £19,299,329, NATCO Foods Ltd of £7,772,282 and from Trigon Snacks Trading Ltd of £956,603, all companies with mutual directors. A donation of £2.5m was also received from T Choithram International SA, a connected party due to mutual control.

T.Choithram & Sons (London) Ltd is the parent company of Natco Foods Limited, of which Luke Pagarani is Managing Director, Natasha Pagarani is also employed and Davinder Pagarani is engaged as a consultant. Natco Foods Limited is a company based in the UK whose core business is the sourcing, processing and selling of foods from around the world to consumers primarily in the UK. It is the intention of T.Choithram & Sons (London) Ltd and its subsidiaries to continue financial support of the HCF indefinitely.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

07715471 (England and Wales)

Registered Charity number

1145084

Registered office

c/o Natco Cash & Carry
Silverdale Industrial Estate
Silverdale Road
Hayes
London
UB3 3BL

Trustees

Miss N Pagarani
L Pagarani
D Pagarani

Company Secretary

Miss N Pagarani

Auditors

Berringers LLP
Chartered Accountants and Statutory Auditors
Lygon House
50 London Road
Bromley
Kent
BR1 3RA

HUMAN CAPABILITY FOUNDATION

REPORT OF THE TRUSTEES for the year ended 31 December 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

In so far as the trustees are aware:

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

AUDITORS

The auditors, Berringers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a Strategic report, approved by order of the board of trustees, as the company directors, on 27 September 2023 and signed on the board's behalf by:

Miss N Pagarani - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HUMAN CAPABILITY FOUNDATION

Opinion

We have audited the consolidated financial statements of Human Capability Foundation (the parent 'charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated statement of financial activities, the group and parent charitable company Balance sheet, the consolidated cash flow statement and consolidated notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2022 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the consolidated financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Report of the independent auditors thereon.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the trustees for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the Report of the trustees has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HUMAN CAPABILITY FOUNDATION

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Responsibilities of trustees

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

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

Our responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our procedures to respond to risk include the following:

- reviewing the financial statement disclosures and testing to supporting documentation;
- performing analytical procedures to identify any unusual or unexpected areas that may indicate risks of material misstatement due to fraud or error;
- addressing the risk of fraud and error through management override of controls, testing the appropriateness of journals, assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HUMAN CAPABILITY FOUNDATION**

Use of our report

This report is made solely to the parent 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 parent charitable company's members those matters we are required to state to them in an auditors' 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 parent charitable company and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Allan BSocSc FCA (Senior Statutory Auditor)
for and on behalf of Berringers LLP
Chartered Accountants
and Statutory Auditors
Lygon House
50 London Road
Bromley
Kent
BR1 3RA

Date: 27 September 2023

HUMAN CAPABILITY FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) for the year ended 31 December 2022

		2022 Unrestricted fund £	2021 Total funds £
	Notes		
INCOME AND ENDOWMENTS FROM			
Donations and legacies	3	31,729,451	6,973,640
Other trading activities			
Sales of donated products		-	2,010
Commercial trading operations	4	22,906,462	21,484,029
Investment income	5	2,293,521	1,321,709
Total		56,929,434	29,781,388
 EXPENDITURE ON			
Costs of raising funds			
Commercial trading operations	4	23,898,407	21,222,415
Charitable activities			
Grants	6	1,226,722	601,873
Other	8	(158,193)	155,326
Total		24,966,936	21,979,614
 Net (losses)/gains on investments			
Unrealised gains/(losses) on fixed asset investments	15	(738,520)	13,459
Realised gains/(losses) on investment property	16	101,365	-
NET INCOME		31,325,343	7,815,233
 NET MOVEMENT IN FUNDS		31,325,343	7,815,233
 RECONCILIATION OF FUNDS			
Total funds brought forward	23	40,561,298	32,746,065
 TOTAL FUNDS CARRIED FORWARD		71,886,641	40,561,298

The consolidated statement of financial activities includes all gains and losses recognised in the year. All income and expenditure has arisen from continuing activities of the group. The notes to the accounts are shown on pages 13 to 26.

The notes form part of these financial statements.

HUMAN CAPABILITY FOUNDATION
CHARITY AND CONSOLIDATED BALANCE SHEET
31 December 2022

		Group		Charity	
		2022	2021	2022	2021
		Unrestricted	Unrestricted	Unrestricted	Unrestricted
		fund	fund	fund	fund
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	14	2,388,484	2,325,117	318,237	359,193
Investments					
Investments	15	10,797,401	398,884	15,788,043	4,439,465
Investment property	16	21,840,000	22,680,000	21,840,000	22,680,000
		35,025,885	25,404,001	37,946,280	27,478,658
CURRENT ASSETS					
Debtors: amounts falling due within one year	17	6,491,587	3,916,670	915,627	465,354
Debtors: amounts falling due after more than one year	18	30,597,573	4,134,927	31,592,882	4,134,927
Stocks	20	2,859,638	3,001,422	-	-
Investments	19	-	4,245,346	-	4,245,346
Cash at bank		6,714,310	6,571,026	5,203,217	5,602,628
		46,663,108	21,869,391	37,711,726	14,448,255
CREDITORS					
Amounts falling due within one year	21	(9,802,352)	(6,635,445)	(373,805)	(116,610)
NET CURRENT ASSETS		36,860,756	15,233,946	37,337,921	14,331,645
TOTAL ASSETS LESS CURRENT LIABILITIES		71,886,641	40,637,947	75,284,201	41,810,303
Provision for liabilities	22	-	(76,649)	-	-
NET ASSETS		71,886,641	40,561,298	75,284,201	41,810,303
FUNDS					
Unrestricted funds	23	71,886,641	40,561,298	75,284,201	41,810,303
TOTAL FUNDS		71,886,641	40,561,298	75,284,201	41,810,303

The consolidated financial statements were approved by the Board of Trustees and authorised for issue on 27 September 2023 and were signed on its behalf by:

N Pagarani - Trustee

The notes form part of these financial statements.

HUMAN CAPABILITY FOUNDATION

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	4,230,046	2,783,352
Interest paid		<u>-</u>	<u>(15,053)</u>
Net cash (used in)/provided by operating activities		<u>4,230,046</u>	<u>2,768,299</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(429,957)	(274,956)
Sale of investment property		941,365	-
Purchase of fixed asset investments		(11,137,037)	(155,425)
Rents and other income from investments		1,069,220	1,235,579
Sale of current asset investments		4,245,346	600,000
Interest received		1,144,000	261,625
Dividends received		<u>80,301</u>	<u>6,725</u>
Net cash used in investing activities		<u>(4,086,762)</u>	<u>1,673,548</u>
Change in cash and cash equivalents in the reporting period		143,284	4,441,847
Cash and cash equivalents at the beginning of the reporting period		<u>6,571,026</u>	<u>2,129,179</u>
Cash and cash equivalents at the end of the reporting period		<u><u>6,714,310</u></u>	<u><u>6,571,026</u></u>

The notes form part of these financial statements.

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 2022

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022	2021
	£	£
Net income for the reporting period (as per the Statement of financial activities)	31,325,343	7,815,233
Adjustments for:		
Depreciation charges	366,590	377,356
Finance costs	-	15,053
Interest received	(1,144,000)	(261,625)
Dividends received	(80,301)	(6,725)
Rent and other income from investments	(1,069,220)	(1,235,579)
Donated asset	(28,028,214)	(4,058,211)
Losses/(Gains) on investments	738,520	(13,459)
(Gains) on sale of investment property	(101,365)	-
Gain/loss on foreign exchange	(489,118)	-
(Increase)/decrease in stocks	141,784	(362,141)
Decrease/(increase) in debtors	(375,876)	(126,056)
Increase in creditors	2,945,903	639,506
Net cash (used in)/provided by operations	4,230,046	2,783,352

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22	Cash flow	At 31.12.22
	£	£	£
Net cash			
Cash at bank	6,571,026	143,284	6,714,310
	<u>6,571,026</u>	<u>143,284</u>	<u>6,714,310</u>
Liquid resources			
Current assets investments	4,245,346	(4,245,346)	-
	<u>4,245,346</u>	<u>(4,245,346)</u>	<u>-</u>
	<u>10,816,372</u>	<u>(4,102,062)</u>	<u>6,714,310</u>

The notes form part of these financial statements.

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2022

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the parent charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets. The presentational currency of the group financial statements is the Pound Sterling (£).

Preparation of the accounts on a going concern basis

After reviewing the group's forecasts and projections, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Consolidated financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Trigon Snacks Trading Ltd on a line-by-line basis. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Prior to this, Trigon Snacks Trading Ltd was accounted for as an associate. Associates are all entities over which the group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting.

A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the charity has taken advantage of the exemption afforded by Companies Act 2006, s. 408.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates.

The trustees and directors have made assumptions regarding the recoverability of trade debtors and have provided accordingly in the subsidiary financial statements.

Stock valuation is reviewed at the end of the year, and key assumptions are made in relation to net realisable values and obsolete or slow-moving stocks. Where necessary the directors include a provision against the stock value for Trigon Snacks Trading Ltd.

The trustees consider the useful economic life of fixed assets and estimate depreciation accordingly. Depreciation rates are noted in the accounting policies and the depreciation totals for the year are included in note 14.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably. The following specific policies are applied to particular categories of income:

- Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- Rental income from investment property², and leased out assets are recognised when receipt is probable and entitlement is established. Solar electricity income relates to electricity generated by solar panels owed by HCF and sold to related parties per note 24. All income for the year excludes VAT.
- Other trading activities relate to the realised sale of food products and consumer goods donated by related parties at nil cost as per note 24. No VAT is charged on these products and minimal levels of stock are held at the year end.

Commercial trading income is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is derived from the sale of goods and is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer, the price is determinable and the collection of the amount due is reasonably assured.

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure includes any VAT which can not be fully recovered and is accounted for on an accruals basis. Expenditure has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Other Expenditure

Solar panel fixed assets used to generate electricity income is depreciated over the 15 year anticipated life on a straight line basis.

Leased out fixed assets used to generate rental income is depreciated over the 10 year anticipated life on a straight line basis

Within the subsidiary company depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and machinery	- 15 - 25% on net book value
Fixtures and fittings	- 15 - 25% on net book value
Office equipment	- 25% of the net book value

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

The trustees and directors have reviewed the carrying value of the tangible fixed assets and no impairment is deemed necessary.

Bank Charges

Foreign exchange specialists are used to minimise the cost of transfers to India. Transfer costs are not disclosed to the charity; however better rates, which include the transfer costs, are offered to alternative transfer options.

Allocation and apportionment of costs

All income and expenditure is unrestricted. Support costs have been wholly allocated to the main charitable activity and relate to legal and professional, consultancy, accounting and audit fees.

Investment property

Investment properties include donated properties at fair value and are shown at most recent valuation. Any aggregate surplus or deficit arising from changes in valuation is recognised in the Statement of financial activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Taxation

The charity is exempt from corporation tax on its charitable activities.

In the subsidiary company current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Current asset investments

Current asset investments are investments that are easy to access when required and have a maturity of within 12 months of the year end.

In 2019 and 2020, HCF invested in a renewable energy bond, that is in line with the charities ethics and objective of supporting worthy causes. The bond was redeemed in 2022 to allow for other investments to be pursued.

Fixed asset investments

In 2020, HCF invested in Downing Renewables & Infrastructure Trust PLC (DORE) which is in line with the charities ethics as it is designed to deliver stable and sustainable returns by investing in a diversified portfolio of hydro, solar, wind and other infrastructure assets. In 2022, HCF increased its investment in DORE, and invested in Greencoat UK Wind Plc and Next Energy Solar Fund Ltd.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as follows:-

Raw materials - Cost of purchase on first in, first out basis.

Work in progress and finished goods - Cost of raw materials and labour together with attributable overheads.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

The company provides for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Derivative financial instruments

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

3. DONATIONS AND LEGACIES

	2022	2021
	£	£
Donations	<u>31,729,451</u>	<u>6,973,640</u>

For full breakdown of donations please see the Trustees report on page 4.

4. GROUP UNDERTAKINGS

The consolidated financial statements include the results of the below group undertakings; Trigon Snacks Trading Ltd, which became a subsidiary on 31 December 2020 when the remaining 90% of the share capital was donated to the charity, and Downing Sustainable Investment I Ltd, which was set up in April 2022, with HCF being the 100% shareholder.

	Trigon Snacks Trading Ltd	Downing Sustainable Investment I Ltd
	Year ended 31 December 2022	Period ended 31 December 2022
	£	£
Turnover	22,906,462	-
Company expenditure	24,197,732	119,016
Profit for the period	<u>(1,291,270)</u>	<u>(119,016)</u>
Income from fixed asset investments	-	45,045
Interest payable and similar expenses	45,904	-
Gain/loss on revaluation of investments	-	(814,059)
Loss)/profit before taxation	<u>(1,337,174)</u>	<u>(888,030)</u>
Tax on (loss)/profit	<u>(76,649)</u>	<u>-</u>
(Loss)/profit for the financial year	<u><u>(1,260,525)</u></u>	<u><u>(888,030)</u></u>

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2022

5. INVESTMENT INCOME

	2022	2021
	£	£
Rents received	1,030,579	1,030,579
Solar electricity income	38,641	29,855
Other fixed asset invest - FII	80,301	6,725
Deposit account interest	3,624	2,682
Loan interest	1,100,956	75,143
Bond interest	39,420	176,725
	<u>2,293,521</u>	<u>1,321,709</u>

6. CHARITABLE ACTIVITIES COSTS

	Grant funding of activities (see note 7)
	£
Grants	<u>1,226,722</u>

7. GRANTS PAYABLE

The total grants paid to institutions during the year was as follows (for details please see note 26):

2022	2021
£	£
<u>1,226,722</u>	<u>601,873</u>

8. SUPPORT COSTS

	Finance	Other	Totals
	£	£	£
Other resources expended	<u>(489,118)</u>	<u>289,969</u>	<u>(199,149)</u>

The breakdown of support costs is shown in the table below:

Cost type	2022	2021
	£	£
Finance		
Foreign exchange losses	(489,118)	26,353
Other		
Rates & water	13,980	15,780
Insurance	-	4,099
Light & heat	921	-
Website costs	504	-
Audit and accountancy	10,008	8,450
Legal and professional fees	164,806	30,655
Bank charges	1,142	1,421
Consultancy & management fees	97,028	26,732
Repairs & renewals	-	880
Travel & subsistence	1,580	-
	<u>289,969</u>	<u>88,017</u>

Depreciation charges in the parent charity of £40,956 (2021: £40,956) are included in other resources expended.

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2022

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2022	2021
	£	£
Auditors remuneration - parent charity	4,500	2,200
Depreciation - owned assets - parent charity	40,956	40,956
Expenditure charged in subsidiary companies:		
Depreciation - owned assets	325,634	336,400
Auditors' remuneration - audit services	10,938	8,350
Auditors' remuneration - non-audit services	9,187	8,350
Operating lease rentals - plant & machinery	5,078	4,982
Stock recognised as an expense during the year	17,613,343	14,937,499
	<u>18,009,636</u>	<u>15,338,737</u>

10. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	3,482,901	3,349,674
Social security costs	269,215	234,295
Other pensions costs	96,113	95,536
	<u>3,848,229</u>	<u>3,679,505</u>
	2022	2021
	£	£
Directors' remuneration	-	-
	<u>-</u>	<u>-</u>

Staff costs relates to employees and directors of the trading subsidiary.

11. AVERAGE NUMBER OF EMPLOYEES

	2022	2021
Production	115	84
Warehouse	7	6
Sales & administration	28	28
	<u>150</u>	<u>118</u>

Average number of employees relates to employees of the trading subsidiary.

There are no employees of the parent charity who received emoluments of more than £60,000.

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2022 nor for the year ended 31 December 2021.

Trustees' expenses

One trustee was reimbursed for their expenses (£504) during the year ended 31 December 2022 (2021:£nil).

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2022

13. COMPARATIVES FOR THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Total funds £
INCOME AND ENDOWMENTS FROM	
Donations and legacies	6,973,640
Other trading activities	
Sales of donated products	2,010
Commercial trading operations	21,484,029
Investment income	<u>1,321,709</u>
Total	29,781,388
EXPENDITURE ON	
Costs of raising funds	
Commercial trading operations	21,222,415
Charitable activities	
Grants	601,873
Other	<u>155,326</u>
Total	21,979,614
	<hr/>
Net gains on investments	13,459
NET INCOME	7,815,233
RECONCILIATION OF FUNDS	
Total funds brought forward	32,746,065
	<hr/>
TOTAL FUNDS CARRIED FORWARD	<u><u>40,561,298</u></u>

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued for the year ended 31 December 2022

14. TANGIBLE FIXED ASSETS

GROUP

	Plant and Machinery £	Fixtures and Fittings £	Motor Vehicles £	Office Equipment £	Totals £
COST					
At 1 January 2022	3,966,123	341,862	16,495	120,783	4,445,263
Additions	411,549	8,313	-	10,095	429,957
At 31 December 2022	<u>4,377,672</u>	<u>350,175</u>	<u>16,495</u>	<u>130,878</u>	<u>4,875,220</u>
DEPRECIATION					
At 1 January 2022	1,855,565	169,486	11,602	83,493	2,120,146
Charge for year	327,193	27,055	1,223	11,119	366,590
At 31 December 2022	<u>2,182,758</u>	<u>196,541</u>	<u>12,825</u>	<u>94,612</u>	<u>2,486,736</u>
NET BOOK VALUE					
At 31 December 2022	<u>2,194,914</u>	<u>153,634</u>	<u>3,670</u>	<u>36,266</u>	<u>2,388,484</u>
At 31 December 2021	<u>2,110,558</u>	<u>172,376</u>	<u>4,893</u>	<u>37,290</u>	<u>2,325,117</u>

CHARITY

	Plant and Machinery £
COST	
At 1 January 2022 and 31 December 2022	<u>530,395</u>
DEPRECIATION	
At 1 January 2022	171,202
Charge for year	40,956
At 31 December 2022	<u>212,158</u>
NET BOOK VALUE	
At 31 December 2022	<u>318,237</u>
At 31 December 2021	<u>359,193</u>

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2022

15. FIXED ASSET INVESTMENTS

GROUP	Listed investments £	Unlisted investments £	Totals £
MARKET VALUE			
At 1 January 2022	398,884	-	398,884
Additions	11,137,037	-	11,137,037
Revaluations	(738,520)	-	(738,520)
At 31 December 2022	<u>10,797,401</u>	<u>-</u>	<u>10,797,401</u>
NET BOOK VALUE			
At 31 December 2022	<u>10,797,401</u>	<u>-</u>	<u>10,797,401</u>
At 31 December 2021	<u>398,884</u>	<u>-</u>	<u>398,884</u>
CHARITY			
	Listed investments £	Unlisted investments £	Totals £
MARKET VALUE			
At 1 January 2022	398,884	4,040,581	4,439,465
Additions	1,137,039	10,136,000	11,273,039
Revaluations	75,539	-	75,539
At 31 December 2022	<u>1,611,462</u>	<u>14,176,581</u>	<u>15,788,043</u>
NET BOOK VALUE			
At 31 December 2022	<u>1,611,462</u>	<u>14,176,581</u>	<u>15,788,043</u>
At 31 December 2021	<u>398,884</u>	<u>4,040,581</u>	<u>4,439,465</u>

There were no investments outside of the UK.

Of the group's listed investment holding, the following investments make up greater than 5% of the group's total holding at the balance sheet date:

- Downing Renewables & Infrastructure Trust Plc	30%
- VT Downing Listed Infrastructure Inc A GBP	66%

At the balance sheet date, the charity's investments in the share capital of companies include the following:

Trigon Snacks Trading Ltd

Registered number: 08711597

Registered office: Atherton Road, Aintree, Liverpool. L9 7AQ.

Nature of business: Retail

	%
Class of shares:	holding
Ordinary	100.00

Downing Sustainable Investment I Ltd

Registered number: 14019068

Registered office: 6th Floor St Magnus House, 3 Lower Thames Street, London. EC3R 6HD.

Nature of business: Investment management

	%
Class of shares:	holding
Ordinary	100.00

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2022

16. INVESTMENT PROPERTY – GROUP AND CHARITY

	£
FAIR VALUE	
At 1 January 2022	22,680,000
Disposals	(840,000)
	<u>21,840,000</u>
At 31 December 2022	<u>21,840,000</u>
NET BOOK VALUE	
At 31 December 2022	<u>21,840,000</u>
At 31 December 2021	<u>22,680,000</u>

The valuations for all properties have not, in the Trustee's opinion, changed in value materially since the last valuations were carried out.

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	5,420,824	3,359,316	-	-
Prepayments	143,520	107,495	31,780	15,495
Other debtors	<u>927,243</u>	<u>449,859</u>	<u>883,847</u>	<u>449,859</u>
	<u>6,491,587</u>	<u>3,916,670</u>	<u>915,627</u>	<u>465,354</u>

18. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Other debtors	<u>30,597,573</u>	<u>4,134,927</u>	<u>31,592,882</u>	<u>4,134,927</u>
	<u>30,597,573</u>	<u>4,134,927</u>	<u>31,592,882</u>	<u>4,134,927</u>

On 1 January 2021 a deed of novation was signed, transferring a loan owed by Crown Network Ltd, to Choithram International Foundation, to the Human Capability Foundation, a charity with trustees/directors in common. At the balance sheet date, Crown Network Ltd owed AED 21.2million (£4.7million), repayable in more than one year, with interest accruing at 1.75% over the Bank of England base rate. During the year interest accruing was £153,654 (2021: £75,143). Exchange rate gains on this loan during the year were £489,118.

On 1 March 2022, a loan owed by NATCO Foods Ltd to T Choithram International S.A, was transferred to the Human Capability Foundation. At the balance sheet date, NATCO Foods Ltd owed £8.1m, repayable in more than one year, with interest accruing at 2.5% over the Bank of England base rate. During the year interest accruing was £314,482.

On 1 March 2022, a loan owed by T Choithram & Sons (London) Ltd to T Choithram International S.A, was transferred to the Human Capability Foundation. At the balance sheet date, T Choithram & Sons (London) Ltd owed £13.7m, repayable in more than one year, with interest accruing at 2.5% over the Bank of England base rate. During the year interest accruing was £532,014. During 2022, additional loans were transferred, with an additional £4.1m outstanding at the balance sheet date, repayable in more than one year, with interest accruing at 2.5% over the Bank of England base rate. The interest accruing during the year was £100,806.

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued for the year ended 31 December 2022

19. CURRENT ASSET INVESTMENTS

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Unlisted Investments	-	4,245,346	-	4,245,346
	<u>-</u>	<u>4,245,346</u>	<u>-</u>	<u>4,245,346</u>

In 2022, HCF had investments of £nil (2021: £4,245,346) in a regular access renewable energy investment bond. These were redeemed in 2022.

20. STOCKS

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Raw materials	2,577,482	2,302,783	-	-
Finished goods	<u>282,156</u>	<u>698,639</u>	<u>-</u>	<u>-</u>
	<u>2,859,638</u>	<u>3,001,422</u>	<u>-</u>	<u>-</u>

21. CREDITORS

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	360,517	465,741	-	-
Social security and other taxes	59,207	55,872	-	-
VAT	1,070,477	665,722	348,747	91,660
Other creditors	8,180,809	5,312,367	16,500	16,500
Accrued expenses	<u>131,342</u>	<u>135,743</u>	<u>8,558</u>	<u>8,450</u>
	<u>9,802,352</u>	<u>6,635,445</u>	<u>373,805</u>	<u>116,610</u>

22. PROVISIONS FOR LIABILITIES

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Deferred taxation	<u>-</u>	<u>76,649</u>	<u>-</u>	<u>-</u>

Group

	Deferred tax
	£
Balance at 1 January 2022	76,649
Credit to trading subsidiary's statement of comprehensive income	(76,649)
Balance at 31 December 2022	<u>-</u>

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2022

23. MOVEMENT IN FUNDS

	At 1.1.22 £	Net movement in funds £	At 31.12.22 £
Unrestricted funds			
General fund	40,547,839	32,063,863	72,611,702
Revaluation Reserve	13,459	(738,520)	(725,061)
TOTAL FUNDS	40,561,298	31,325,343	71,886,641

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Movement in funds £
Unrestricted funds				
General fund	56,929,434	(24,966,936)	-	31,962,498
Revaluation Reserve	-	-	(637,155)	(637,155)
TOTAL FUNDS	56,929,434	(24,966,936)	(637,155)	31,325,343

Comparatives for movement in funds

	At 1.1.21 £	Net movement in funds £	At 31.12.22 £
Unrestricted funds			
General fund	32,746,065	7,801,774	40,547,839
Revaluation Reserve	-	13,459	13,459
TOTAL FUNDS	32,746,065	7,815,233	40,561,298

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Movement in funds £
Unrestricted funds				
General fund	29,781,388	(21,979,614)	-	7,801,774
Revaluation Reserve	-	-	13,459	13,459
TOTAL FUNDS	29,781,388	(21,979,614)	13,459	7,815,233

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2022

24. RELATED PARTY DISCLOSURES

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
The following amounts are included in the consolidated statement of financial activities:				
Entities with trustees/directors in common				
Income investment properties	800,000	800,000	1,005,000	1,005,000
Solar electricity	38,641	29,855	38,641	29,855
Sales of donated products	387	698	18,873	5,064
Interest	1,100,953	75,143	1,140,259	82,218
Donations	2,860,000	2,901,813	2,860,000	2,901,813
Donation of asset	28,028,214	4,134,927	28,028,214	4,134,927
	<u>(32,828,195)</u>	<u>(7,942,436)</u>	<u>(33,090,987)</u>	<u>(8,158,877)</u>
Entities with key management in common				
Donations	840,000	-	840,000	-
	<u>(840,000)</u>	<u>-</u>	<u>(840,000)</u>	<u>-</u>

The following amounts are included in the consolidated and charity balance sheet:

Entities with trustees/directors in common				
Loans owed to related parties	8,196,045	5,295,867	-	-
Loans owed by related parties	30,597,572	4,134,927	31,592,881	4,134,927
Rent owed by related parties	560,000	80,000	560,000	80,000
Sales	314,574	383,166	-	-
Purchases	26,027	20,313	-	-
Trade balance owed by related parties	54,600	26,636	-	-
	<u>39,748,818</u>	<u>9,940,909</u>	<u>-</u>	<u>-</u>

25. POST BALANCE SHEET EVENTS

At the date of finalising these accounts in September 2023, HCF was in the last stages of completing an investment of c. £23m through DSII into a Scottish wind farm, which is projected to provide a healthy, stable income for 18 years.

In May 2023, HCF invested \$2,181,224 USD in the equity of Nithio Holdings Inc. This is a fintech start-up that analyses credit risk to increase funding of distributed renewable energy in Africa, to combat climate change and universalise access to electricity. This investment is designed to support the UN sustainable Development Goals, as well as to provide a financial return. HCF now holds 8.627% of the total shares of Nithio Holdings Inc.

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2022

26. GRANTS

Total grants in 2022 approved by the Foundation were £1,226,722 (2021: £601,873). These were made up as follows:

Institution	£
Synchronicity Earth	100,000
Iswar Sankalpa	78,328
Anjali	62,314
Aajeevika Bureau Trust	62,130
Sound and Picture Archives for Research on Women	57,897
Kolkata Sanved	46,373
Jeevika Development Society	45,121
reFrame Institute of Arts and Expression Private Ltd	44,508
Thoughtshop Foundation	42,818
Kislay	39,142
Sappho for Equality	38,369
Tarshi	37,464
Tribal Health Initiative	35,764
Vishaka Mahila Shiksha Avam Shoodh Samiti	34,960
Kotra Adivasi Sansthan	32,177
Rough Edges Arts and Media Private Limited	31,860
Gramin Avam Samajik Vikas Sanstha	30,783
Peoples Training and Research Centre	28,423
Zubaan Publishers	27,669
Vatsalya Societies	26,648
YAKSHI	25,846
Sampada Grameen Mahila Sanstha	25,445
Mitra Technology Foundation	25,284
iPartner India	25,235
Charkha	24,064
Autism Society West Bengal	21,539
Sama-Resource Group for Women and Health	16,950
Jan Daksha Trust	16,701
Bal Umang Drishya Sanstha	16,655
Foundation for Social Transformation	15,750
Sanatan Unnayan Sangstha	15,750
Social Action for Knowledge Building and Awareness Raising	13,194
Other international grantees	81,563

A full list of grantees can be made available upon request from the charity.