

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

HUMAN CAPABILITY FOUNDATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

HUMAN CAPABILITY FOUNDATION

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2023

	Page
Report of the trustees	1 to 6
Report of the independent auditors	7 to 9
Consolidated statement of financial activities	10
Charity and consolidated balance sheet	11
Consolidated cash flow statement	12
Notes to the consolidated cash flow statement	13
Notes to the consolidated financial statements	14 to 29

HUMAN CAPABILITY FOUNDATION

REPORT OF THE TRUSTEES for the year ended 31 December 2023

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 2023. 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

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 2023

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 £1,618,519 (2022: £1,226,722). The grants have been distributed in accordance with the charitable objectives as below:

	2023	2022
	£	£
- Women and girls' rights and empowerment	77,624	64,376
- Sexual and reproductive health rights	149,140	154,688
- Gender equality	29,801	-
- Rights of economically and socially marginalised groups	14,076	17,982
- Mental health and disability rights	304,232	208,603
- Labour & migration rights	124,143	170,214
- Environmental protection and climate change mitigation	381,885	198,042
- Youth education	328,622	185,405
- Arts & cultural expression	152,831	161,934
- Media & journalism	56,165	33,978
- Emergency relief	-	31,500
	1,618,519	1,226,722

For the large part, the HCF does not take unsolicited applications. The HCF invites and commissions proposals. In the future we envisage having calls for proposals in order to broaden our grantee base. The HCF will fund a grantee organisation's core running costs, as well as project-specific costs. This is in line with the charity's objective to support a healthy civic society where charities and NGOs can sustain their work and undertake activities that will best serve their goals. Grantees do not need to be a registered charity but the activities and aims of the organisation must be legally charitable.

The HCF supports organisations of varying sizes. Trustees are keen to help grassroots, small-to-medium-sized organisations, and we employ various strategies to encourage this. The HCF also funds larger organisations that are using scale to further their aims. The trustees also recognise when there is a need to fund other donors who have funding networks and expertise in areas where the HCF is unable to fund. In these cases, the HCF is careful to only fund donors whose values align with the HCF and which keep their operating and administrative costs low, in order to maximise the funds that reach the intended beneficiaries. HCF is flexible on the size of the grant, and is willing to fund small amounts, around £1,000 in order to support smaller organisations. For first-time grantees the upper limit is usually £100,000 for a 12-month grant.

The HCF increased its grant expenditure in 2023, which is an on-going aim. We identified new grantees who received initial funding in 2023. HCF continued its support to the majority of the organisations we had supported in the previous year. We have increased our internal capacity in order to achieve our long-term goal of increasing our grant expenditure.

One of our aims has been to provide space for grantees to innovate within their work. To this end, the Dream Project Fund has been a great success, with the funds released as planned in 2023. The Fund 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 are planning the second iteration of this fund which will be launched in 2024. Due to the fund's successes so far, we will document this process with external consultants and a film-maker, so that we can share the process with other donors in order to advocate this exciting approach. HCF has provided support to winning grantees to help their projects be a success.

The HCF is planning more workshops and conferences for our grantees, which are designed to foster learning, cooperation and inspiration. These workshops further our aims of supporting a healthy civic society, strengthening local organisations, sharing knowledge so that our grantees' work will improve. As well as this, we also hosted a meeting of donors in India. This will inform our work and see how we can be more strategic at a higher level.

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.

HUMAN CAPABILITY FOUNDATION

REPORT OF THE TRUSTEES for the year ended 31 December 2023

STRATEGIC REPORT

Achievement and performance

Financial Review

Total grants approved by the foundation in 2023 were £1,618,519 (2022: £1,226,722). Total donations received by the Charity in 2023 amounted to £3,856,867 (2022: £31,729,451).

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 (2022: £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 and medium-sized grants to organisations. At the year end total group reserves held were £83,534,113 (2022: £71,886,641). We hold reserves to ensure that we can commit to multi-year funding for grantees.

Through its trading subsidiary Downing Sustainable Investment I Ltd (DSII), we invested £26,570,257 in renewable energy projects. 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. HCF is able to secure a high return/risk ratio on its renewable energy investments due to the institutional expertise it has developed through several years of work in the sector. A high proportion of the income from these investments derives from feed-in-tariffs which are UK government-backed, and therefore pose a very low credit risk. A high proportion of the future income is also linked to inflation indices, which protects the real value of our reserves from being eroded by inflation. These investments are designed to provide a flow of income throughout their life rather than simply capital appreciation, which makes them suitable for supporting a future stream of grant-making expenditure. DSII is managed by HCF and Downing LLP. At the end of the year, operations within DSII are proceeding as planned. At the date of finalising these accounts in August 2024, we are continuing to examine potential new investments in renewable energy.

DSII has the following subsidiaries:

Scots Wind Property Ltd: this is the direct subsidiary of Downing Sustainable Investment I Limited and is the holding company incorporated for executing the investments in wind energy. The company is engaged in holding functions only and has no operational activities.

Sustainable Land Acquisitions Ltd: this is a direct subsidiary of Scots Wind Property Ltd. It is the acquisition company, which acquired the operating company Stronelairg Wind Estate Ltd, which owns the wind energy asset. Sustainable Land Acquisitions Ltd is the borrower of financial debt against financial institutions, whose project finance debt has been used to fund the acquisition of Stronelairg Wind Estate.

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 trading subsidiary, Trigon Snacks Trading Ltd, a nut-roasting business, made a net loss of £701,285 in 2023 (2022: £1,337,174 loss) due to delays in passing on increased raw material and overhead costs to its customers. A further, albeit significantly smaller, loss is forecast for 2024, followed by a return to break-even in 2025. The share capital of Trigon Snacks Trading Ltd was donated to the charity in 2018 and 2020, in order for the charity to have a source of future revenue.

HCF's assets include a loans to related parties (its direct subsidiary Trigon Snacks Trading Ltd, as well as Natco Foods Ltd and T. Choithram & Sons (London) Ltd). These loans were assigned to HCF as donations by the original lender. HCF was not involved in the lending process itself. After receiving the benefit of the loans, HCF has assessed the credit-worthiness of the debtors and found it satisfactory.

In April 2023, Lekhraj T. Pagarani, who is the father of all three HCF trustees, made an interest-free loan of £11,555,882 to the charity. Accepting this loan is in the interests of the charity because it is able to generate significant net income by investing that money in renewable energy projects while incurring no interest costs or other costs as a result of the loan.

HUMAN CAPABILITY FOUNDATION

REPORT OF THE TRUSTEES for the year ended 31 December 2023

Our long-term financial plans are to 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 Reserves Policy

Although it is 12 years old, the charity is still in the first stage in its planned evolution. The trustees intend for the charity to be able to support long term projects consistently for the duration of gradual processes of structural change over 30-40 years. The charity does not have any public fund-raising activities and is reliant on a small number of private donors whose ability to donate in the future is not guaranteed.

Developing and expanding our grant-making systems is a gradual process in which our working relationships with grantees accumulate. Our grants expenditure has increased significantly and will continue to increase over the lifetime of the charity. Our income from donations is likely to be higher in the first phase of its evolution before declining when our small pool of private donors has depleted. Therefore, it is prudent for the charity to hold reserves in a variety of lower-risk investments to generate future income for the charity.

It is intended that in the later stages of the charity's lifecycle, the expenditure will be higher than the income.

Future plans

In 2024 we will be continuing to fund within our focus areas.

Planned activities for 2024 beyond our regular grant-making activities:

- Increase grant expenditure
- Increased grant evaluations
- Increased site visits to grantees
- Launch Dream Project Fund 2.

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 2023

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.

In 2023, the HCF received a total of £1,600,000 (2022: £361,100) from NATCO Foods Ltd and £320,000 (2022: £840,000) from Giant Exports Services Ltd. The HCF also received donations relating to loans from T Choithram & Sons (London) Ltd of £1,927,376 (2022: £19,299,329), NATCO Foods Ltd of £nil (2022: £7,772,282) and from Trigon Snacks Trading Ltd of £nil (2022: £956,603), all companies with mutual directors. A donation of £nil (2022: £2.5m) was also received from T Choithram International SA, a connected party due to mutual control. A gift aid donation of £5,100,461 was received from Stronelair Wind Estate Ltd, a subsidiary of HCF, and has been eliminated on consolidation.

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 2023

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.

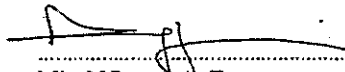
In so far as the trustees are aware:

- 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 26/9/24 and signed on the board's behalf by:


Miss N Pagaram - 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 2023 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 2023 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.

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:

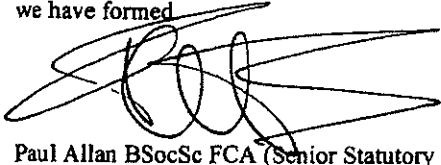
- reviewing the financial statement disclosures and testing to supporting documentation;
- performing analytical procedures to identify any unusual or unexpected areas that may indicate risks of material misstatement due to fraud or error;
- addressing the risk of fraud and error through management override 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: 26/9/24

HUMAN CAPABILITY FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) for the year ended 31 December 2023

	Notes	2023 Unrestricted fund £	2022 Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	3	3,856,867	31,729,451
Other trading activities			
Commercial trading operations	4	28,981,413	22,906,462
Investment income	5	3,560,475	2,293,521
Total		36,398,755	56,929,434
EXPENDITURE ON			
Costs of raising funds			
Commercial trading operations	4	27,762,719	23,898,407
Charitable activities			
Grants	6	1,618,519	1,226,722
Other	8	500,849	(158,193)
Total		29,882,087	24,966,936
Net gains/(losses) on investments			
Unrealised gains/(losses) on fixed asset investments	15	(666,501)	(738,520)
Unrealised gains/(losses) on investment property	16	5,660,000	-
Realised gains/(losses) on fixed asset investments	15	(138,386)	-
Realised gains/(losses) on investment property	16	275,691	101,365
NET INCOME		11,647,472	31,325,343
NET MOVEMENT IN FUNDS		11,647,472	31,325,343
RECONCILIATION OF FUNDS			
Total funds brought forward	24	71,886,641	40,561,298
TOTAL FUNDS CARRIED FORWARD		83,534,113	71,886,641

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 14 to 29.

The notes form part of these financial statements.

HUMAN CAPABILITY FOUNDATION
CHARITY AND CONSOLIDATED BALANCE SHEET
31 December 2023

		Group		Charity	
		2023	2022	2023	2022
		Unrestricted	Unrestricted	Unrestricted	Unrestricted
		fund	fund	fund	fund
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets					
Goodwill	13	50,163,578	-	-	-
Tangible assets					
Tangible assets	14	2,364,835	2,388,484	277,281	318,237
Investments					
Investments	15	4,664,150	10,797,401	43,966,481	15,788,043
Investment property	16	26,840,000	21,840,000	26,840,000	21,840,000
		84,032,563	35,025,885	71,083,762	37,946,280
CURRENT ASSETS					
Debtors: amounts falling due within one year	17	9,425,071	6,491,587	1,824,788	915,627
Debtors: amounts falling due after more than one year	18	33,026,172	30,597,573	34,095,362	31,592,882
Stocks	20	2,509,879	2,859,638	-	-
Investments	19	2,400,000	-	2,400,000	-
Cash at bank		5,665,422	6,714,310	4,094,595	5,203,217
		53,026,544	46,663,108	42,414,745	37,711,726
CREDITORS					
Amounts falling due within one year	21	(22,746,130)	(9,802,352)	(21,961,557)	(373,805)
NET CURRENT ASSETS					
		30,280,414	36,860,756	20,453,188	37,337,921
TOTAL ASSETS LESS CURRENT LIABILITIES					
		114,312,977	71,886,641	91,536,950	75,284,201
CREDITORS					
Amounts falling due in more than one year	22	(30,778,864)	-	-	-
NET ASSETS					
		83,534,113	71,886,641	91,536,950	75,284,201
FUNDS					
Unrestricted funds	23	83,534,113	71,886,641	91,536,950	75,284,201
TOTAL FUNDS					
		83,534,113	71,886,641	91,536,950	75,284,201

The consolidated financial statements were approved by the Board of Trustees and authorised for issue on 26/9/24 and were signed on its behalf by:


N Pagaran - Trustee

The notes form part of these financial statements.
Page 11

HUMAN CAPABILITY FOUNDATION
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	2,969,851	4,230,046
Interest paid		<u>(403,057)</u>	<u>-</u>
Net cash (used in)/provided by operating activities		<u>2,566,794</u>	<u>4,230,046</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		354,661	(429,957)
Sale of investment property		935,691	941,365
Sale of investments		7,233,841	-
Purchase of fixed asset investments		(55,637,019)	(11,137,037)
Rents and other income from investments		1,067,516	1,069,220
(Purchase)/sale of current asset investments		(2,400,000)	4,245,346
Interest received		2,324,915	1,144,000
Dividends received		<u>168,044</u>	<u>80,301</u>
Net cash used in investing activities		<u>(45,952,351)</u>	<u>(4,086,762)</u>
 Cash flows from financing activities			
New loans in year		<u>42,336,669</u>	<u>-</u>
Net cash provided by financing activities		<u>42,336,669</u>	<u>-</u>
 Change in cash and cash equivalents in the reporting period		(1,048,888)	143,284
 Cash and cash equivalents at the beginning of the reporting period		<u>6,714,310</u>	<u>6,571,026</u>
 Cash and cash equivalents at the end of the reporting period		<u><u>5,665,422</u></u>	<u><u>6,714,310</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 2023

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

	2023	2022
	£	£
Net income for the reporting period (as per the Statement of financial activities)	11,647,472	31,325,343
Adjustments for:		
Depreciation charges	385,852	366,590
Amortisation of goodwill	545,256	-
Finance costs	403,057	-
Interest received	(2,324,915)	(1,144,000)
Dividends received	(168,044)	(80,301)
Rent and other income from investments	(1,067,516)	(1,069,220)
Donated asset	(1,927,376)	(28,028,214)
(Gains)/losses on investments	(4,855,113)	738,520
(Gains) on sale of investment property	(275,691)	(101,365)
Loss/(gain) on foreign exchange	305,662	(489,118)
Decrease in stocks	349,759	141,784
Decrease/(increase) in debtors	(1,433,484)	(375,876)
Increase in creditors	1,384,932	2,945,903
Net cash (used in)/provided by operations	2,969,851	4,230,046

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.23	Cash flow	At 31.12.23
	£	£	£
Net cash			
Cash at bank	6,714,310	(1,048,888)	5,665,422
	<u>6,714,310</u>	<u>(1,048,888)</u>	<u>5,665,422</u>
Liquid resources			
Current assets investments	-	2,400,000	2,400,000
	<u>6,714,310</u>	<u>1,351,112</u>	<u>8,065,422</u>

The notes form part of these financial statements.

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2023

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 subsidiaries (detailed in note 15) 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.

For the subsidiary company, Stronelairg Wind Estate Ltd, Wind farm rental income is based on the level of energy generated. The final statement for energy generated in the period April to December 2023 will not be confirmed until after the financial statements are signed. An estimate of the rental income due for the period of £2.5m (2022: £3.2m) has been included based on interim energy generation report and applying energy auction prices (www.nordpoolgroup.com). The actual income will depend on SSE prices, levels of curtailment and ROC recycle approved volumes.

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 property 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 25. 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 25. No VAT is charged on these products and minimal levels of stock are held at the year end.

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2023

2. ACCOUNTING POLICIES - continued

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.

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

Depreciation has not been provided for on Land and Buildings. This relates wholly to land, for which no depreciation is provided.

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

Goodwill

Goodwill, being the amounts paid in connection with the purchase of Stronelairg Wind Estate Ltd by Sustainable Land Acquisitions Ltd. Goodwill is amortised evenly over the term of the lease acquired as part of the acquisition, 24 years.

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.

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2023

2. ACCOUNTING POLICIES - continued

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.

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.

Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

The lease for the windfarm held in Stronelaig Wind Estate Ltd is treated as an operating lease. The total rental income is based on the level of energy generation. While the rate paid for generated income increases later in the lease, due to the many external factors that can impact energy generation it is not possible to accurately predict the level of income in future years. As a result this rental income is recognised in the period to which the income relates. The base rent element is allocated to the period to which it relates and then allocated to months within this period on a straight line basis.

Fund accounting

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

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2023

2. ACCOUNTING POLICIES - continued

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 2023, HCF invested in a renewable energy bond, that is in line with the charities ethics and objective of supporting worthy causes.

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, with additional investments in Triple Point Energy Transition Plc and Aquila Energy Efficiency Trust in 2023. Downing Sustainable Investment I Ltd also holds investments in Downing Renewables and Infrastructure Trust Plc.

Additionally, in 2023 HCF invested in a US Fintech start up, Nithio Holdings Inc, that analyses credit risk to increase funding of distributed renewable energy in Africa.

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.

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

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Donations	<u>3,856,867</u>	<u>31,729,451</u>	<u>8,957,328</u>	<u>31,729,451</u>

For full breakdown of donations please see the Trustees report on page 5.

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2023

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, Downing Sustainable Investment I Ltd, which was set up in April 2022, with HCF being 100% shareholder and Scots Wind Property Ltd, a subsidiary set up in July 2023, with DSII being 100% shareholder, which incorporates its two wholly owned subsidiaries; Sustainable Land Acquisitions Ltd and Stronelaig Wind Estate Ltd. For details of the acquisition of Stronelaig Wind Estate Ltd please see note 13.

	Trigon Snacks Trading Ltd Year ended 31 December 2023	Downing Sustainable Investment I Ltd Year ended 31 December 2023	Scots Wind Property Ltd (Consolidated) Period ended 31 December 2023
	£	£	£
Turnover	25,934,761	-	3,046,652
Company expenditure	26,562,165	456,202	5,695,943
Profit for the period	(627,404)	(456,202)	(2,649,291)
Income from fixed asset investments	-	101,779	6,944
Interest payable and similar expenses	73,881	-	366,297
Gain/(loss) on sale of investments	-	(144,529)	-
Gain/(loss) on revaluation of investments	-	(396,396)	-
(Loss)/profit for the financial year	(701,285)	(895,348)	(3,008,644)

The results for each subsidiary above are as per the company's financial statements. The figures included the SOFA have been adjusted for the consolidation adjustments relating to expenditure for gift aid donations paid to the parent charity of £5,100,461, rent paid to the parent charity of £205,000, other income paid to the parent of £12,427 and interest due on a loan from the parent charity to a subsidiary of £73,880.

5. INVESTMENT INCOME

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Rents received	1,030,579	1,030,579	1,235,579	1,030,579
Solar electricity income	36,937	38,641	36,937	38,641
Other fixed asset invest - FII	168,044	80,301	72,819	80,301
Deposit account interest	57,027	3,624	43,529	3,624
Loan interest	2,242,146	1,100,956	2,316,027	1,100,956
Bond interest	25,742	39,420	25,742	39,420
	3,560,475	2,293,521	3,730,633	2,293,521

6. CHARITABLE ACTIVITIES COSTS

	Grant funding of activities (see note 7)
	£
Grants	1,618,519

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2023

7. GRANTS PAYABLE

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

2023	2022
£	£
<u>1,618,519</u>	<u>1,226,722</u>

8. SUPPORT COSTS

	Finance £	Other £	Totals £
Other resources expended	<u>305,662</u>	<u>154,231</u>	<u>459,893</u>

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

Cost type	2023 £	2022 £
Finance		
Foreign exchange losses	305,662	(489,118)
Other		
Rates & water	-	13,980
Insurance	280	-
Light & heat	43	921
Website costs	864	504
Audit and accountancy	15,700	10,008
Legal and professional fees	9,887	164,806
Bank charges	765	1,142
Consultancy & management fees	126,692	97,028
Travel & subsistence	-	1,580
Depreciation	<u>40,956</u>	<u>40,956</u>
	<u>195,187</u>	<u>330,925</u>

Depreciation charges in the parent charity of £40,956 (2022: £40,956) are included in other resources expended.

	2023 £	2022 £
Fees payable to the Charity's auditors for the audit of the financial statements	<u>7,850</u>	<u>4,500</u>
	<u>2023 £</u>	<u>2022 £</u>
Depreciation - owned assets	<u>385,852</u>	<u>366,950</u>

9. NET INCOME/(EXPENDITURE)

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

	2023 £	2022 £
Auditors remuneration - parent charity	7,850	4,500
Depreciation - owned assets - parent charity	40,956	40,956
Expenditure charged in subsidiary companies:		
Depreciation - owned assets	344,896	325,634
Amortisation of goodwill	545,256	-
Auditors' remuneration - audit services	16,438	10,938
Auditors' remuneration - non-audit services	16,438	9,187
Operating lease rentals - plant & machinery	382	5,078
Stock recognised as an expense during the year	<u>21,998,681</u>	<u>17,613,343</u>
	<u>22,970,896</u>	<u>18,009,636</u>

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2023

	£	£
Wages and salaries	3,431,152	3,482,901
Social security costs	275,139	269,215
Other pensions costs	101,697	96,113
	<u>3,807,988</u>	<u>3,848,229</u>
	2023	2022
	£	£
Directors' remuneration	-	-
	<u>-</u>	<u>-</u>

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

10. EMPLOYEES AND DIRECTORS (Continued)

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

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

The average number of employees during the year was as follows:

	2023	2022
Production	118	115
Warehouse	7	7
Sales & administration	27	28
	<u>152</u>	<u>150</u>

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

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2023 nor for the year ended 31 December 2022.

Trustees' expenses

No trustees were reimbursed for their expenses during the year ended 31 December 2023 (2022:£504).

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023

12. COMPARATIVES FOR THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Total funds £
INCOME AND ENDOWMENTS FROM	
Donations and legacies	31,729,451
Other trading activities	
Commercial trading operations	22,906,462
Investment income	<u>2,293,521</u>
Total	56,929,434
EXPENDITURE ON	
Costs of raising funds	
Commercial trading operations	23,898,407
Charitable activities	
Grants	1,226,722
Other	(158,193)
Total	<u>24,966,936</u>
Unrealised gains/(losses) on fixed asset investments	(738,520)
Realised gains/(losses) on investment property	101,365
NET INCOME	31,325,343
RECONCILIATION OF FUNDS	
Total funds brought forward	40,561,298
TOTAL FUNDS CARRIED FORWARD	<u><u>71,886,641</u></u>

13. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
Additions	<u>50,708,834</u>
At 31 December 2023	<u>50,708,834</u>
AMORTISATION	
Charge for period	<u>545,256</u>
At 31 December 2023	<u>545,256</u>
NET BOOK VALUE	
At 31 December 2023	<u><u>50,163,578</u></u>

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued for the year ended 31 December 2023

13. INTANGIBLE FIXED ASSETS (Continued)

The goodwill relates to the acquisition of Stronelairg Wind estate Ltd on 22nd September 2023. The company, previously known as Connell Renewables Ltd, was acquired for £53,731,539. At the date of acquisition the net assets of the company were £3,022,705, resulting in goodwill of £50,708,834. The goodwill relates to the value of a lease that was acquired as part of the purchase of the company. The company owns land, subject to a lease relating to a windfarm, which is treated in the individual accounts as an operating lease. The goodwill represents the value of the lease over the remaining term of 24 years, and as such, the goodwill has been amortised on this basis.

Post acquisition, the company has been able to distribute its taxable profits, via a gift aid donation, to its ultimate parent charity. During the year, £3,740,524 was donated to HCF, with an additional £1,359,937 donated post year end. (£1,372,500 was paid in May 2024, of which £1,359,937 relates to 2023 taxable profits) These have been eliminated on consolidation.

14. TANGIBLE FIXED ASSETS

GROUP

	Freehold Property	Plant & Machinery	Fixtures & Fittings	Motor Vehicles	Office Equipment	Totals
		£	£	£	£	£
COST						
At 1 January 2023	-	4,377,672	350,175	16,495	130,878	4,875,220
Additions	7,542	336,906	3,890	-	13,865	362,203
At 31 December 2023	7,542	4,714,578	354,065	16,495	144,743	5,237,423
DEPRECIATION						
At 1 January 2023	-	2,182,758	196,541	12,825	94,612	2,486,736
Charge for year	-	350,948	23,180	918	10,806	385,852
At 31 December 2023	-	2,533,706	219,721	13,743	105,418	2,872,588
NET BOOK VALUE						
At 31 December 2023	7,542	2,180,872	134,344	2,752	39,325	2,364,835
At 31 December 2022	-	2,194,914	153,634	3,670	36,266	2,388,484

CHARITY

	Plant & Machinery
	£
COST	
At 1 January 2023 and 31 December 2023	530,395
DEPRECIATION	
At 1 January 2023	212,158
Charge for year	40,956
At 31 December 2023	253,114
NET BOOK VALUE	
At 31 December 2023	277,281
At 31 December 2022	318,237

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2023

15. FIXED ASSET INVESTMENTS

GROUP	Listed investments £	Unlisted investments £	Totals £
MARKET VALUE			
At 1 January 2023	10,797,401	-	10,797,401
Additions	149,258	1,756,222	1,905,480
Disposals	(7,372,228)	-	(7,372,228)
Revaluations	(666,503)	-	(666,503)
At 31 December 2023	<u>2,907,928</u>	<u>1,756,222</u>	<u>4,664,150</u>
NET BOOK VALUE			
At 31 December 2023	<u>2,907,928</u>	<u>1,756,222</u>	<u>4,664,150</u>
At 31 December 2022	<u>10,797,401</u>	<u>-</u>	<u>10,797,401</u>
CHARITY			
	Listed investments £	Unlisted investments £	Totals £
MARKET VALUE			
At 1 January 2023	1,611,462	14,176,581	15,788,043
Additions	149,255	28,503,595	28,652,850
Disposals	(204,305)	-	(204,305)
Revaluations	(270,107)	-	(270,107)
At 31 December 2023	<u>1,286,305</u>	<u>42,680,176</u>	<u>43,966,481</u>
NET BOOK VALUE			
At 31 December 2023	<u>1,286,305</u>	<u>42,680,176</u>	<u>43,966,481</u>
At 31 December 2022	<u>1,611,462</u>	<u>14,176,581</u>	<u>15,788,043</u>

Unlisted investments includes £1,756,222 in Nithio Holdings Inc, a US fintech startup that analyses credit risk to increase funding of distributed renewable energy in Africa.

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	88%
- Greencoat UK Wind Plc	6%

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

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2023

15. FIXED ASSET INVESTMENTS (Continued)

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

Scots Wind Property Ltd

Registered number: 15000210

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

Nature of business: Holding Company

	%
Class of shares:	holding
Ordinary	100.00

The share capital is 100% owned by Downing Sustainable Investment I Ltd.

Sustainable Land Acquisitions Ltd

Registered number: 14019068

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

Nature of business: Holding Company

	%
Class of shares:	holding
Ordinary	100.00

The share capital is 100% owned by Scots Wind Property Ltd.

Stronelairg Wind Estate Ltd

Registered number: 14019068

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

Nature of business: Investment company

	%
Class of shares:	holding
Ordinary	100.00

The share capital is 100% owned by Sustainable Land Acquisitions Ltd.

Stronelairg Wind Estate Ltd was acquired by Sustainable Land Acquisitions Ltd on 22nd September 2023. The company was purchased for £53,731,539. At the acquisition date the net assets were £3,022,705. The goodwill arising on acquisition is calculated below, and detailed in note 13.

Consideration	£	£
		53,731,539
Less net assets at acquisition:		
- Share capital		1
- Retained earnings	3,022,704	
		(3,022,705)
		<u>50,708,834</u>

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued for the year ended 31 December 2023

16. INVESTMENT PROPERTY – GROUP AND CHARITY

	£
FAIR VALUE	
At 1 January 2023	21,840,000
Disposals	(660,000)
Revaluation	<u>5,660,000</u>
At 31 December 2023	<u>26,840,000</u>
NET BOOK VALUE	
At 31 December 2023	<u>26,840,000</u>
At 31 December 2022	<u>21,840,000</u>

The Trustees' have reviewed the valuation of the investment properties and have revalued one property which has changed materially in value

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	6,112,509	5,420,824	-	-
Prepayments and accrued income	205,727	143,520	67,693	31,780
Other debtors	<u>3,106,835</u>	<u>927,243</u>	<u>1,757,095</u>	<u>883,847</u>
	<u>9,425,071</u>	<u>6,491,587</u>	<u>1,824,788</u>	<u>915,627</u>

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

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Other debtors	<u>33,026,172</u>	<u>30,597,573</u>	<u>34,095,362</u>	<u>31,592,882</u>
	<u>33,026,172</u>	<u>30,597,573</u>	<u>34,095,362</u>	<u>31,592,882</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 22.7million (£4.8million), 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 £310,318 (2022: £153,654).

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 £8.7m, 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 £600,274 (2022: £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. During 2022, additional loans were transferred, and subsequently an additional loan of £1.9m was transferred in 2023. At the balance sheet date, the total outstanding was £19.5m, 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 £1,331,554 (2022: £532,014)

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued for the year ended 31 December 2023

19. CURRENT ASSET INVESTMENTS

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Unlisted Investments	<u>2,400,000</u>	<u>-</u>	<u>2,400,000</u>	<u>-</u>
	<u>2,400,000</u>	<u>-</u>	<u>2,400,000</u>	<u>-</u>

HCF has invested in a renewable energy investment bond.

20. STOCKS

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Raw materials	2,192,605	2,577,482	-	-
Finished goods	<u>317,274</u>	<u>282,156</u>	<u>-</u>	<u>-</u>
	<u>2,509,879</u>	<u>2,859,638</u>	<u>-</u>	<u>-</u>

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	444,259	360,517	-	-
Social security and other taxes	62,997	59,207	-	-
VAT	722,926	1,070,477	60,641	348,747
Other creditors	9,793,699	8,180,809	10,329,611	16,500
Other loans	11,557,805	-	11,557,805	-
Accrued expenses	<u>164,444</u>	<u>131,342</u>	<u>13,500</u>	<u>8,558</u>
	<u>22,746,130</u>	<u>9,802,352</u>	<u>21,961,557</u>	<u>373,805</u>

22. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Bank loans	<u>30,778,864</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>30,778,864</u>	<u>-</u>	<u>-</u>	<u>-</u>

Amounts falling due in more than five years:

	Group £
Repayable by instalments	
Bank loans more 5 yr by instal	<u>26,714,797</u>

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2023

23. SECURED DEBTS

The following secured debts are included within creditors:

	Group £
Bank loans	<u>30,778,864</u>

The bank loan relates to a facility from Scottish Widows Limited, with Lloyds Bank Plc as Security Trustee for the acquisition of Stronelaig Wind Estate Ltd by Sustainable Land Acquisitions Ltd in September 2023. The loan is an index linked term loan of £30,843,640 repayable over the period until 30 April 2042. The balance outstanding at the 31 December 2023 is £30,986,137. The amount shown in creditors is net of the arrangement fee of £207,273.

The interest rate on the loan in real terms is 2.64%. We note that the calculation is made up of a margin of 1.9% in addition to a compounded reference gilt rate (variable). The bank loan all-in rate is indexed linked. The loan is subject to securities and guarantees in the form of a debenture, share pledge and assignation of receivables.

24. MOVEMENT IN FUNDS

	At 1.1.23 £	Net movement in funds £	At 31.12.23 £
Unrestricted funds			
General fund	72,510,337	6,516,668	79,027,005
Revaluation Reserve	(623,696)	5,130,804	4,507,108
TOTAL FUNDS	<u>71,886,641</u>	<u>11,647,472</u>	<u>83,534,113</u>

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	36,398,755	(29,882,087)	-	6,516,668
Revaluation Reserve	-	-	5,130,804	5,130,804
TOTAL FUNDS	<u>36,398,755</u>	<u>(29,882,087)</u>	<u>5,130,804</u>	<u>11,647,472</u>

Comparatives for movement in funds

	At 1.1.22 £	Net movement in funds £	At 31.12.22 £
Unrestricted funds			
General fund	40,547,839	31,962,498	72,510,337
Revaluation Reserve	13,459	(637,155)	(623,696)
TOTAL FUNDS	<u>40,561,298</u>	<u>31,325,343</u>	<u>71,886,641</u>

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	<u>56,929,434</u>	<u>(24,966,936)</u>	<u>(637,155)</u>	<u>31,325,343</u>

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2023

25. RELATED PARTY DISCLOSURES

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
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	36,937	38,641	36,937	38,641
Sales of donated products	-	387	12,427	18,873
Interest	2,242,146	1,100,953	2,316,027	1,140,259
Donations	1,609,491	2,860,000	1,609,491	2,860,000
Donation of asset	1,927,376	28,028,214	1,927,376	28,028,214
	<u>(6,615,950)</u>	<u>(32,828,195)</u>	<u>(6,907,258)</u>	<u>(33,090,987)</u>
Entities with key management in common				
Donations	<u>320,000</u>	<u>840,000</u>	<u>320,000</u>	<u>840,000</u>
	<u>(320,000)</u>	<u>(840,000)</u>	<u>(320,000)</u>	<u>(840,000)</u>
Transactions with subsidiaries				
Donations received	<u>-</u>	<u>-</u>	<u>5,100,461</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	9,000,921	8,196,045	-	-
Loans owed by related parties	32,486,172	30,597,572	34,095,362	31,592,881
Rent owed by related parties	-	560,000	-	560,000
Sales	510,178	314,574	-	-
Purchases	24,020	26,027	-	-
Trade balance owed by related parties	104,151	54,600	-	-
	<u>42,125,442</u>	<u>39,748,818</u>	<u>-</u>	<u>-</u>
Subsidiary companies				
Loans owed to related parties	<u>-</u>	<u>-</u>	<u>(10,313,111)</u>	<u>-</u>
Close family members				
Loans owed to related parties	<u>(11,557,805)</u>	<u>-</u>	<u>(11,557,805)</u>	<u>-</u>

HUMAN CAPABILITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2023

26. GRANTS

Total grants in 2023 approved by the Foundation were £1,618,519 (2022: £1,226,722).

These were made up as follows:

Institution	Amount £
Anjali	101,201
Synchronicity Earth	100,000
Mitra Technology Foundation	87,121
Autism Society West Bengal	72,119
reFrame Institute of Arts & Expression Private Ltd	59,149
Sappho For Equality	58,237
Charkha	56,163
Iswar Sankalpa	53,291
Disha Trust	52,068
Kolkata Sanved	51,703
Sound and Picture Archives for Research on Women	49,796
Tribal Health Initiative	48,674
Kislay	48,294
Kotra Adivasi Sansthan	40,959
Thoughtshop Foundation	40,735
Jeevika Development Society	40,424
LAYA	39,719
Social Action for Knowledge Building and Awareness Raising	36,815
Gramin Avam Samajik Vikas	35,192
Azad Foundation	29,801
iPartner India	29,330
Yakshi Resource and Creativity Centre	29,310
TARSHI	28,935
Rough Edges Arts & Media Private Ltd	28,842
Bal Umang Drishya Sansthan	26,540
Sama- Resource Group for Women	25,879
Navchetna Sarvangin Vikas Kendra	24,557
Jan Daksha Trust	24,216
Aajeevika Bureau Trust	23,776
Sampada Grameen Mahila Sanstha (SANGRAM)	23,457
Vatsalya Societies	22,435
Shishu Sarothi Centre for Rehabilitation	17,600
Vishakha Mahila Shiksha Avam Shoodh	17,062
Grameen Shiksha Kendra Samiti	14,801
Patang	14,630
Synergy Sansthan Samiti	14,616
Other international grantees	151,072

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