

**The Foundation of Lady Katherine Leveson
Financial Statements
Year Ended 30 June 2023**

Charity registration number: 1146710
Company registration number: 07890553

The Foundation of Lady Katherine Leveson

Year ended 30 June 2023

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The Foundation of Lady Katherine Leveson

Governors' Report

Year ended 30 June 2023

Governors & Officers of the charity

The governors and officers who have served during the year and since the year end were as follows:

Elected governors	The Rt Hon the Earl of Aylesford (Chairman) The Rt Hon Viscount Daventry Sir William Dugdale Bt J Evans OBE M C Fetherston-Dilke Mrs N Hammett Mrs C Hopkinson R Macpherson (appointed 20 July 2022) Mrs C Matthews Mrs C Sawdon JP (resigned 2 November 2022)
Ex-officio governor	The Rt Revd The Lord Bishop of Birmingham (retired 18 October 2022)
Governors nominated by Solihull MBC	M Adlington (retired 20 July 2022) D Bell Councillor A Burrow
Master	The Revd D Collins (appointed 18 July 2023) The Revd K Lloyd-Roberts (retired 30 September 2022)
Bailiff	Mrs S Woodman ACA
Care manager	Mr S Blancaflor

The Foundation of Lady Katherine Leveson

Governors' Report

Year ended 30 June 2023

Charity registration number	1146710
Company registration number	07890553
Registered office	Temple House Temple Balsall Knowle Solihull B93 0AN
Auditor	Dafferns LLP Chartered Accountants and Statutory Auditor One Eastwood Harry Weston Road Binley Business Park Coventry CV3 2UB
Bankers	HSBC Bank plc 130 New Street Birmingham B2 4JU
Solicitors	Wright Hassall LLP Olympus Avenue Leamington Spa Warwickshire CV34 6BF
Investment managers	Sarasin & Partners LLP Juxon House 100 St. Paul's Churchyard London EC4M 8BU Property Income Trust for Charities Mayfair Capital Investment Management Limited 55 Wells Street London W1T 3PT Charities Property Fund Savills Investment Management 33 Margaret Street London W1G 0JD CCLA Investment Management Limited Senator House 85 Queen Victoria Street London EC4V 4ET

The Foundation of Lady Katherine Leveson

Governors' Report

Year ended 30 June 2023

INTRODUCTION

The governors present their report and the audited financial statements of the charity for the year ended 30 June 2023. The governors have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity published October 2020.

The Foundation of Lady Katherine Leveson is a charitable company limited by guarantee (charity number 1146710 and company number 07890553).

The affairs of the historic charity and the company were brought together under a linking order dated 22 June 2012 under which order these accounts are prepared.

The company is governed by its Articles and Memorandum of Association dated 15 December 2011.

The Foundation is managed through the Board of governors which meets as necessary, generally bi-monthly. Day-to-day management of the Foundation is vested in a senior management team comprising the Master (a statutory appointment under the terms of the Articles), the Bailiff (appointed as Company Secretary) and the Care Manager. It is a condition of the Articles that the Master be an ordained priest of the Church of England; the Bailiff has appropriate accountancy qualifications.

The Foundation seeks to recruit governors with appropriate technical expertise or knowledge and provides a full induction into the day-to-day activities of the Foundation as part of the appointment process. Emphasis is also given to recruiting governors who live locally who can therefore support the Foundation more readily on a day-to-day basis. Governors are appointed at ordinary meetings by way of a majority resolution; Solihull Metropolitan Borough Council is entitled to appoint two governors to the Foundation.

OBJECTS OF THE FOUNDATION

Lady Katherine Leveson, who died in 1674, provided endowments in her will for almshouses, the church and the school at Temple Balsall.

The present-day objects of the Foundation are to:

- relieve elderly people and those in poor health who are in need by providing accommodation, services or facilities calculated to relieve the needs of such persons.
- advance the education of the pupils through the Educational Foundation.
- advance the education of the public in the subject of ageing, spirituality and social policy.
- advance the Christian religion for the benefit of the public.

PRINCIPAL ACTIVITIES

The Foundation today provides supported housing accommodation and residential care for the elderly in a Christian environment, together with support for St Mary's church and the Lady Katherine Leveson Church of England Primary school.

The Foundation offers accommodation for up to 51 residents; the Court had 29 apartments providing residential care, with 16 sheltered living flats housing up to a further 22 people living more independently. The management have previously registered 4 of the sheltered living flats to accommodate residential care if required and continue to review the remaining sheltered flats to ensure the best and most flexible use to meet the needs of both residential and sheltered residents.

ACHIEVEMENTS AND PERFORMANCE

The financial results of the Foundation for the year ended 30 June 2023 are set out in detail on page 11. These show the performance of the Foundation's housing operations - residential care and sheltered housing - and of its investments. The governors regard these as separate but related activities and the notes to these accounts provide analysis of the financial performance of each in notes 4 to 14.

The Foundation generated an operating surplus of £149k (2022 - £115k); in addition, there were unrealised net investment losses on the quoted investment portfolios of £48k (2022 - losses of £346k) generating an overall gain of £101k (2022 - loss of £231k).

The Foundation's normal operations (as represented by the movement in unrestricted funds) generated a surplus before investment losses for the year of £131k. However, as the analysis in note 14 shows, the cost of operating the care home, including the £238k notional rent of the buildings in which it operates, generates a loss in line with earlier years.

A further £100k has been transferred to the property improvements designated reserve during the year providing for future maintenance and improvements to the historic buildings. After making the transfer the balance on this fund at 30 June 2023 was £950k (2022 - £850k). There is also a major repair fund with a balance at 30 June 2023 of £212k (2022 - £211k) held with Sarasin & Partners LLP. All property repairs during the year were funded directly from unrestricted funds. There are currently property improvement works in progress to replace the main boilers to the care home - to be completed before winter 2023; the governors also seek to improve and extend the communal living spaces in the main care home.

The governors are very pleased to announce the appointment of the Rev Debbie Collins as the Master of the Foundation who was installed on 18th July 2023 as vicar of St Mary's.

The governors wish to express their gratitude and thanks to the Rev Kathy Lloyd-Roberts who retired in September 2022, after 13 years as Master of the Foundation and vicar of St Mary's.

The governors are enormously grateful for the tireless dedication of the care home management and staff and for their continuing commitment to the loving care of our residents.

Mrs Clare Sawdon, a governor since 1996, stepped down in November 2022 after 26 years of service. Michael Adlington also retired after 19 years as a local governor. The governors pay tribute to them both for their passion and dedication in support of the care home and the Foundation.

The board of governors has been strengthened during the year by the appointment of Councillor Andrew Burrow who has been nominated by Solihull MBC and who brings a further diverse range of experience.

Providing an excellent standard of care will always be a top priority for the Foundation. The care home was awarded a 'good' rating from the Care Quality Commission in 2019, falling short by the smallest of margins of the previous 'outstanding' rating which the Foundation aims to restore.

The governors continue their commitment to staff training; the majority of care staff have NVQ qualifications and staff retention is encouraged by continued investment in personal development and staff wellbeing, the latter particularly important at the current time.

LADY KATHERINE LEVESON CHURCH OF ENGLAND PRIMARY SCHOOL

One of the aims of the Foundation is to support the advancement of the education of the pupils of the school through the Educational Foundation.

Since September 2020, the school has been part of the Birmingham Diocesan Multi-Academy Trust ('BDMAT') who have day-to-day responsibility for the management and development of the school. As part of the transfer to the Trust, BDMAT took on a long lease with the Foundation for the school buildings, on a peppercorn rent, assuming responsibility for repairs and any new buildings.

The Foundation of Lady Katherine Leveson

Governors' Report

Year ended 30 June 2023

FUTURE PLANS

Planning consent was obtained some years ago to renovate adjacent redundant farm buildings at Temple House farm, but implementation of this project was deferred in 2008. The governors have, however, undertaken works necessary to activate planning consent.

During 2022-23 the governors have taken steps to apply for planning permission on a significant renovation project of the kitchen, dining and recreational areas of the court buildings for which listed building consent will be required.

In August 2023, the governors instructed works to replace the heating system for the care home. The work is being carried out in stages to ensure that there is minimal disruption to the residents.

The governors continue to explore strategic options for the future by evaluating how the potential of the site, including the redundant barns, might best be developed to further the Foundation's objects.

FUNDS

Transfers to/from reserves are considered on an annual basis depending on future expectations of needs and events. Amounts are transferred to designated funds to enable future amounts to be expended on maintaining and improving the property portfolio.

INVESTMENT POLICY

The Foundation's investment objective is to maximise the total investment return over the longer term without taking undue risk, principally achieved by investing in a well-diversified portfolio of equities and fixed interest investments through the use of pooled funds, with the principal fund manager being Sarasin & Partners.

The governors invest separately in property pooled funds managed by Mayfair Capital Investment Management Limited and the Charities Property Fund which provide attractive income yields from portfolios of diversified commercial property.

The aggregate reduction in the value of the endowment investments was £59k reflecting unrealised losses in the continuing uncertain investment climate. Investment income from the endowment portfolio of £124k has been used to fund the aims of the charity on a day-to-day basis during the financial year. The governors have in mind the aim of sustaining the value of the endowment investments over the longer term. The £59k resultant loss has reduced the unapplied total return fund only.

PUBLIC BENEFIT

The governors confirm that they have paid due regard to the guidance given by the Charity Commission on public benefit and confirm that the Foundation's purpose is for public benefit.

RISK

The governors have established a comprehensive range of procedures in order to minimise risk to the Foundation's activities, including clear terms of reference for all committees, a governance structure with clear organisational lines of reporting and regular operational review of disaster planning and crisis management strategy.

RESERVES POLICY

The governors continue to ensure that sufficient reserves are maintained to finance the day to day running of the Foundation's activities.

The Foundation of Lady Katherine Leveson

Governors' Report

Year ended 30 June 2023

FIXED ASSETS

Movements in tangible fixed assets and fixed asset investments are disclosed within the notes to the accounts.

PAY POLICY FOR SENIOR STAFF

The remuneration for the management team is reviewed by the governors who use benchmarking against comparable organisations along with an assessment of market rates and consideration of performance.

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors (who are also directors for the purposes of company law) are required by company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Foundation at the end of the year and the incoming and outgoing resources for the year then ended.

In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities 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 Foundation will continue in operation.

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

The governors are responsible for the maintenance and integrity of the Foundation and any financial information included on the Foundation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with company law, as the company's directors, the governors certify that:

- there is no relevant audit information of which the company's auditors are unaware and that, as directors of the company,
- they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Foundation's auditors are aware of this information.

CONCLUSION

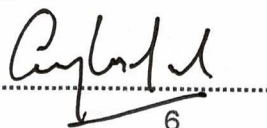
The governors are extremely grateful to all the management and staff for the enthusiasm and commitment with which they have carried out their duties and responsibilities in the ever challenging, changing and transparent care profession.

AUDITORS

Dafferns LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (October 2019) and in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

ON BEHALF OF THE GOVERNORS.....


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Date 22 November 2023

The Foundation of Lady Katherine Leveson

Independent Auditor's Report

Year ended 30 June 2023

Opinion

We have audited the financial statements of The Foundation of Lady Katherine Leveson (the 'charitable company') for the year ended 30 June 2023 which comprise the statement of financial activities, balance sheet, and 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.
- the governors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the governors' report and from the requirement to prepare a strategic report

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The Foundation of Lady Katherine Leveson

Independent Auditor's Report

Year ended 30 June 2023

Other information

The governors are responsible for the other information. The other information comprises the information included in the governors' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the 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 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 governors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the governors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the governors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the governors were not entitled to prepare the financial statements in accordance with the small companies' regime and to take advantage of the small companies' exemptions in preparing the governors' report and from the requirement to prepare a strategic report.

The Foundation of Lady Katherine Leveson

Independent Auditor's Report

Year ended 30 June 2023

Responsibilities of governors

As explained more fully in the governors' responsibilities statement, set out on page 5, the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the governors 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 governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Enquiry of management and those charged with governance around actual and potential litigation and claims;

Reviewing minutes of meetings of those charged with governance;

Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Foundation of Lady Katherine Leveson

Independent Auditor's Report

Year ended 30 June 2023

Use of our report

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



Lucy Hatton FCCA
for and on behalf of Dafferns LLP
Chartered Accountants and Statutory Auditor
One Eastwood
Harry Weston Road
Binley Business Park
Coventry
CV3 2UB

Date: 22 November 2023

The Foundation of Lady Katherine Leveson

Statement of financial activities (incorporating the income and expenditure account)

Year ended 30 June 2023

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2023 £	Total funds 2022 £
Income from:						
Donations and legacies	4	7,833	24,258	-	32,091	38,675
Charitable activities	5	1,492,325	-	-	1,492,325	1,333,187
Other trading activities	6	1,660	-	-	1,660	1,085
Investments	7	233,583	-	123,702	357,285	314,081
Other income	8	12,012	-	-	12,012	96,658
Allocated to income from unapplied total return	9	123,702	-	(123,702)	-	-
Total income		1,871,115	24,258	-	1,895,373	1,783,686
Expenditure on:						
Property management	10	(214,920)	(1,883)	-	(216,803)	(216,739)
Charitable activities	11	(1,524,896)	(4,292)	-	(1,529,188)	(1,452,268)
Total expenditure		(1,739,816)	(6,175)	-	(1,745,991)	(1,669,007)
Net income/(expenditure) before investment gains and losses		131,299	18,083		149,382	114,679
Net gains/(losses) on investments	19, 20	10,514	-	(58,808)	(48,294)	(345,827)
Net income/(expenditure) after losses on investments		141,813	18,083	(58,808)	101,088	(231,148)
Transfers between funds	25	977	(977)	-	-	-
Net movement in funds	25	142,790	17,106	(58,808)	101,088	(231,148)
Reconciliation of funds:						
Total funds brought forward	25	3,332,579	21,764	18,501,072	21,855,415	22,086,563
Total funds carried forward	25	3,475,369	38,870	18,442,264	21,956,503	21,855,415

All income and expenditure derive from continuing activities.

For the purpose of reporting under the Companies Act 2006, the net income after gains and losses on investments, excluding the £58,808 loss on endowment investments (2022: £231,886 loss), is £159,896 (2022: £738).

The notes on pages 14 to 28 form part of the financial statements.

The Foundation of Lady Katherine Leveson

Balance sheet

Year ended 30 June 2023

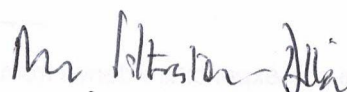
		2023		2022	
	Note	£	£	£	£
Fixed assets					
Tangible assets	18		4,224,648		4,150,335
Investments	19		15,725,681		15,775,537
			<u>19,950,329</u>		<u>19,925,872</u>
Current assets					
Investments	20	1,062,093		860,531	
Stocks	21	1,909		1,854	
Debtors	22	115,732		119,345	
Cash at bank and in hand		1,206,858		1,352,662	
		<u>2,386,592</u>		<u>2,334,392</u>	
Creditors: amounts falling due within one year	23	<u>(380,418)</u>		<u>(404,849)</u>	
Net current assets			2,006,174		1,929,543
Net assets			<u>21,956,503</u>		<u>21,855,415</u>
Charity funds					
Permanent endowment	25		18,442,264		18,501,072
Restricted funds	25		38,870		21,764
Unrestricted funds:					
- Income and expenditure fund	25	1,918,254		1,780,559	
- Designated funds	25	<u>1,557,115</u>		<u>1,552,020</u>	
			3,475,369		3,332,579
	26		<u>21,956,503</u>		<u>21,855,415</u>

These financial statements have been prepared in accordance with the special provisions applicable to small companies subject to the small companies' regime. The financial statements were approved by the governors and authorised for issue on 22 November 2023.

Signed on behalf of the Board of governors



The Rt Hon the Earl of Aylesford, Chairman



M C Fetherston-Dilke, Governor

The notes on pages 14 to 29 form part of these financial statements.

Company registration number: 07890553

The Foundation of Lady Katherine Leveson

Statement of Cash Flows

Year ended 30 June 2023

	Note	2023 £	2022 £
Cash flow from operating activities	27	(168,447)	(238,949)
Net cash flow from operating activities		<u>(168,447)</u>	<u>(238,949)</u>
Cash flow from investing activities			
Tangible fixed assets acquired		(134,642)	(68,430)
Transfer of funds to higher rate savings		(200,000)	-
Interest received		32,583	2,133
Dividends received		164,539	163,877
Rents received from investment properties		160,163	148,071
Net cash flow from investing activities		<u>22,643</u>	<u>245,651</u>
Net decrease in cash and cash equivalents		(145,804)	6,702
Cash and cash equivalents at 1 July 2022		1,352,662	1,345,960
Cash and cash equivalents at 30 June 2023		<u>1,206,858</u>	<u>1,352,662</u>
Cash and cash equivalents consist of:			
Cash at bank and in hand		1,206,858	1,352,662
Cash and cash equivalents at 30 June 2023		<u>1,206,858</u>	<u>1,352,662</u>

1 General information

The Foundation of Lady Katherine Leveson is a charitable company limited by guarantee, incorporated and domiciled in England (Company number 07890553, Charity number 1146710). In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are described on page 3.

2 Principal accounting policies

(a) Basis of preparation

The financial statements have been prepared under the Charities Act 2011 on a going concern basis and under the historical cost convention, modified to include certain items at fair value. The financial statements have been prepared in accordance with 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) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006 and UK Generally Accepted Practice.

The Foundation of Lady Katherine Leveson meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy notes.

The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the charity's accounting policies (see note 3).

The financial statements have been prepared on a going concern basis. The governors consider that there is a reasonable expectation that the company has sufficient resources to continue in operational existence for the foreseeable future and for this reason they have adopted the going concern basis in preparing the financial statements.

(b) Funds

General funds are unrestricted funds which are available for use at the discretion of the governors in furtherance of the general objectives of the Foundation and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the governors for particular purposes. The aims and use of each designated fund are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Foundation for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aims and use of each restricted fund are set out in the notes to the financial statements.

Permanent endowment funds represent those assets which must be held permanently by the Foundation, principally investments. Income arising on the endowment funds can be used in accordance with the objects of the Foundation and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund.

2 Principal accounting policies (continued)

(c) Income resources

All incoming resources are included in the statement of financial activities when the Foundation is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the Foundation being notified of an impending distribution or the legacy being received.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the Foundation where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

(d) Resources expended

All expenditure is accounted for on an accruals basis as a liability is incurred and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

Costs of generated funds are those costs attributable to generating incoming resources for the Foundation. Charitable activities comprise all costs incurred in the pursuit of the charitable objects of the Foundation. Governance costs include those incurred in the governance of the Foundation and are primarily associated with constitutional and statutory requirements.

(e) Tangible fixed assets

Tangible fixed assets, except the care home and related buildings, are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the assets at the following annual rates:

Fixtures and fittings	25% straight line
Motor vehicles	25% straight line
Refurbishment fixtures and fittings	10% straight line

(f) Care home and related buildings

The care home and related buildings are included at a valuation based on the depreciated replacement cost basis. They are maintained in a state of repair such that their estimated residual value is not less than their cost or valuation. The annual charge for depreciation is £Nil.

(g) Fixed asset investments

Properties held as fixed asset investments are maintained in a state of repair such that their estimated residual value is not less than their cost or valuation. No records exist for the original cost in respect of the majority of the property. Fixed asset investment properties are held at current valuation. Fixed asset investments in listed securities are held at market value.

Realised gains and losses on disposal and unrealised gains and losses arising on revaluation of investments are both recognised in the statement of financial activities.

The Foundation of Lady Katherine Leveson

Notes to the Financial Statements

Year ended 30 June 2023

2 Principal accounting policies (continued)

(h) Current asset investments

Current asset investments include funds which may be required at short notice.

(i) Stocks

Stocks are stated at the lower of cost and net realisable value.

(j) Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(k) Donations received

Donations when received are disclosed as income in the statement of financial activities. Those donations which are received for specific purposes are carried forward in restricted funds to the extent that they have not been expended in the year.

(l) Pension costs

The Foundation operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Foundation.

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employee's services.

(m) Routine maintenance

The governors have established a regular programme of cyclical repairs and maintenance. Costs are charged in the year in which they are incurred.

(n) Major repairs

Costs of major repairs, unless representing improvements to the properties, are charged in the year in which they are incurred.

(o) Value added tax

In these financial statements, where applicable, expenditure is shown inclusive of VAT as the Foundation is not registered for value added tax.

(p) Website costs

Costs relating to website design and maintenance are expensed in the year in which they are incurred.

(q) Operating leases

Rentals applicable to operating leases are charged to the statement of financial activities over the period in which the cost is incurred.

3 Judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Tangible fixed asset valuation

The care home and related buildings were valued using a depreciated replacement cost basis to establish a deemed cost at the FRS102 transition date. The depreciated replacement value takes into account the value of the land for its existing use and the gross replacement cost of the buildings.

The main properties are several hundred years old and there is no intention of selling them. Therefore, the use of open market value which is based on the best price the sale of the property might reasonably be expected to realise is considered to be inappropriate.

The following are the charity's key sources of estimation uncertainty:

Fixed assets investments

The permanent endowment properties valuation was prepared using an open market valuation basis and in accordance with the RICS appraisal and valuation manual.

Impairment of debtors

The charity makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, management consider them individually reviewing the ageing profile of the balance and the historical experience.

4 Income from donations and legacies

	2023 £	2022 £
Donations	25,691	13,175
Legacies	6,400	25,500
	<hr/>	<hr/>
	32,091	38,675
	<hr/>	<hr/>

Income from donations and legacies was £32,091 (2022: £38,675) of which £24,258 (2022: £12,999) was attributable to restricted and £7,833 (2022: £25,676) to unrestricted funds.

The Foundation of Lady Katherine Leveson

Notes to the Financial Statements

Year ended 30 June 2023

5 Income from charitable activities

	2023 £	2022 £
Residential care	1,170,258	1,196,476
Sheltered accommodation	100,518	64,276
Respite care	199,089	62,551
Domiciliary care	18,937	6,638
Other income	3,523	3,246
	<u>1,492,325</u>	<u>1,333,187</u>

As part of its charitable aims, the Foundation supported a number of residents with contributions towards their fees during the financial year to the value of £52,863 (2022: £55,346).

Income from charitable activities was £1,492,325 (2021: £1,333,187) all of which was attributable to unrestricted funds.

6 Income from trading activities

Income from trading activities was £1,660 (2022: £1,085) of which all was attributable to unrestricted funds.

7 Income from investments

	2023 £	2022 £
Dividend and interest income	197,122	166,010
Rental income	160,163	148,071
	<u>357,285</u>	<u>314,081</u>

Income from investments – stated net of management fees - was £357,285 (2022: £314,081) of which £123,702 (2022: £125,013) was attributable to endowment and £233,583 (2022: £189,068) was attributable to unrestricted funds.

8 Other income

The charity benefitted from Government grants of £10,853 (2022: £93,108) used to help fund infection control costs, vaccination, workforce retention and also to support staff, all attributable to unrestricted funds.

The Foundation of Lady Katherine Leveson

Notes to the Financial Statements

Year ended 30 June 2023

9 Permanent endowment invested on a total return basis

The charity has exercised its rights under section 104(A) of the Charities Act 2011 with effect from 30 June 2019. This power permits the governors permanently to invest endowed funds to maximise total return and therefore to apply an appropriate portion of the unapplied total return to income. The unapplied total return remains invested as part of the permanent endowment until that power is exercised. When exercised, it allows the governors to apply an appropriate portion of the unapplied total return to income each year.

During the year the net gain on the endowment investments was £64,894 (2022: net loss of £108,278); of this value, the governors transferred all of the £123,702 (2022: £123,608) of investment income received to fund the aims of the charity on a day to day basis. The resultant loss of £58,808 has reduced the underlying value of the unapplied total return fund.

Following a transfer in 2022 of £75,000 into the endowment for investment fund, the governors have taken the decision under the current economic and investment market conditions, to maintain the face value of this fund for 2023 with the view that in the longer term investment values will again increase to offset the recent inflationary pressures.

	Endowment for investment £	Unapplied total return £	Permanent endowment investments £
At 1 July 2022	2,351,462	1,763,110	4,114,572
Movements			
Investment income	-	123,702	123,702
Gains / (losses)	-	(58,808)	(58,808)
	-	64,894	64,894
Unapplied total return allocated to income	-	(123,702)	(123,702)
Net movement in the reporting period	-	(58,808)	(58,808)
Total value of permanent endowment investments at 30 June 2023	2,351,462	1,704,302	4,055,764

10 Property management

Property management comprises the costs of managing and carrying out repairs as needed to the charity's investment properties and the buildings at Temple Balsall other than those used in the care home which are accounted for as shown in note 11.

The Foundation of Lady Katherine Leveson

Notes to the Financial Statements

Year ended 30 June 2023

11 Analysis of expenditure on charitable activities

	Activities undertaken directly £	Support costs £	Total 2023 £	Total 2022 £
Care home				
Provision of care services	1,283,938	142,557	1,426,495	1,333,382
Routine maintenance	62,625	-	62,625	66,016
Major repairs	-	-	-	8,580
	<u>1,346,563</u>	<u>142,557</u>	<u>1,489,120</u>	<u>1,407,978</u>
Support for:				
St Mary's Church	32,833		32,833	32,909
Lady Katherine Leveson School	7,235	-	7,235	11,381
	<u>1,386,631</u>	<u>142,557</u>	<u>1,529,188</u>	<u>1,452,268</u>

Expenditure on charitable activities was £1,529,188 (2022: £1,452,268) of which £4,292 (2022: £3,861) was attributable to restricted funds. £1,524,896 (2022: £1,448,407) of the above costs was attributable to unrestricted funds.

12 Support costs

	2023 £	2022 £
Master's salary (part)	5,198	13,828
Management	85,132	54,706
Administration	9,143	8,728
Insurance	24,202	26,513
Governance (see note 13)	18,881	20,604
	<u>142,557</u>	<u>124,379</u>

13 Governance costs

	2023 £	2022 £
Audit and accountancy	11,628	14,100
Bailiff's salary (part)	7,253	6,504
	<u>18,881</u>	<u>20,604</u>

The Foundation of Lady Katherine Leveson

Notes to the Financial Statements

Year ended 30 June 2023

14 Analysis of net incoming resources

	Properties and investments £	Care home activities £	Other charitable activities £	Total £
Income:				
Donations and legacies	1,883	19,125	11,083	32,091
Rental and other investment income	357,285	-	-	357,285
Charitable activities	-	1,492,325	-	1,492,325
Other income	2,819	10,853	-	13,672
Total income	361,987	1,522,303	11,083	1,783,686
Expenditure:				
Raising funds – property management	(216,803)	-	-	(216,803)
Charitable activities	-	(1,489,120)	(40,068)	(1,529,188)
Total expenditure	(216,803)	(1,489,120)	(40,068)	(1,745,991)
Net income	145,184	33,183	(28,985)	149,382
Notional rent payable by care home	238,050	(238,050)	-	-
Total	383,234	(204,867)	(28,985)	149,382

The notional rent payable is derived from management estimates based on current rent levels established by the rent officer.

15 Governors' and key management personnel remuneration and expenses

The governors neither received nor waived any remuneration during the year (2022: £Nil).

The total amount of employee benefits received by key management personnel was £138,091 (2022: £187,148) the reduction principally reflecting the vacancy period following the retirement of the Master. The governors consider that the Foundation's key management comprises the Master, Bailiff and Care Manager.

The governors did not have any expenses reimbursed during the year (2022: £Nil).

The Foundation of Lady Katherine Leveson

Notes to the Financial Statements

Year ended 30 June 2023

16 Staff costs and employee benefits

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

	2023	2022
Master, Bailiff, and care Manager	2	3
Care assistants, kitchen, manual and other administration staff	42	41
	<u>44</u>	<u>44</u>

The average number of employees expressed as full-time equivalents was 33 (2022: 31).

Total staff costs and employee benefits were as follows:

	2023 £	2022 £
Wages and salaries	1,008,523	976,545
Social security costs	60,666	54,102
Pension costs	19,634	18,011
	<u>1,088,823</u>	<u>1,048,658</u>

The above figures include payments for sick pay and agency staff.

One employee received total remuneration including employee benefits (excluding employer pension costs) of more than £60,000.

17 Taxation

The company is exempt from corporation tax on its charitable activities; input VAT is irrecoverable.

The Foundation of Lady Katherine Leveson

Notes to the Financial Statements

Year ended 30 June 2023

18 Tangible fixed assets

	Care home and related buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation:				
At 1 July 2022	3,925,000	712,148	25,000	4,662,148
Additions	48,207	86,435	-	134,642
Disposals	-	(53,497)	-	(53,497)
At 30 June 2023	3,973,207	745,086	25,000	4,743,293
Depreciation:				
At 1 July 2022	-	486,813	25,000	511,813
Charge for the year	-	55,061	-	55,061
Eliminated on disposals	-	(48,229)	-	(48,229)
At 30 June 2023	-	493,645	25,000	518,645
Net book value:				
At 30 June 2023	3,973,207	251,441	-	4,224,648
At 30 June 2022	3,925,000	225,335	-	4,150,335

The care home and related buildings were re-valued on transition to FRS 102 as at 30 June 2016 by Barlow Associates. The valuation was prepared using a depreciated replacement cost basis. The depreciated replacement value takes into account the value of the land for its existing use and the gross replacement cost of the buildings. Appropriate deductions have been made to allow for age, condition, economic or functional obsolescence and environmental and other factors. This may result in the existing property being worth less than replacement and, in the event of forced sale, a lower figure being achieved.

The main properties are several hundred years old and there is no intention of selling them. Therefore, the use of open market value which is based on the best price the sale of the property might reasonably be expected to realise is considered to be inappropriate.

The Foundation of Lady Katherine Leveson

Notes to the Financial Statements

Year ended 30 June 2023

19 Fixed asset investments

	Permanent endowment properties £	Permanent endowment investments £	Unrestricted fund investments £	Total £
Valuation				
At 1 July 2022	10,461,500	4,114,572	1,199,465	15,775,537
Change in market value	-	(58,808)	8,952	(49,856)
At 30 June 2023	10,461,500	4,055,764	1,208,417	15,725,681

Investments at fair value comprise:

	2023 £	2022 £
Investment properties	10,461,500	10,461,500
Property trusts	352,696	438,197
Income and growth funds	4,911,485	4,875,840
	15,725,681	15,775,537

The permanent endowment properties were revalued as at 30 June 2021 by Barlow Associates. The valuation was prepared using an open market valuation basis and in accordance with the RICS appraisal and valuation manual.

20 Current asset investments

	£
At 1 July 2022	860,531
Transfer of funds to higher rate savings	200,000
Change in market value	1,562
At 30 June 2023	1,062,093
Cost	776,111

Current assets investments include the Sarasin Endowment Fund Class A with a current market value of £212,093 (2022: £210,531), the balance being held in cash, to cover the cost of future major repairs.

The Foundation of Lady Katherine Leveson

Notes to the Financial Statements

Year ended 30 June 2023

21 Stocks

	2023 £	2022 £
Food, cleaning and laundry	1,909	1,854
	<u>1,909</u>	<u>1,854</u>

22 Debtors

	2023 £	2022 £
Residents' contribution arrears	16,966	9,330
Rent arrears	19,537	43,938
Prepayments and accrued income	39,093	46,935
Other debtors	40,136	19,142
	<u>115,732</u>	<u>119,345</u>

23 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	65,353	61,574
Other tax and social security	20,255	16,964
Accruals	161,666	156,109
Other creditors	58,474	108,433
Residents' contribution in advance	69,988	57,839
Related party creditor (see note 31)	4,682	3,930
	<u>380,418</u>	<u>404,849</u>

24 Leases

Operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2023 £	2022 £
Not later than one year	7,262	5,515
Later than one and not later than five years	24,830	20,089
Later than five years	<u>5,438</u>	<u>9,108</u>

The Foundation of Lady Katherine Leveson

Notes to the Financial Statements

Year ended 30 June 2023

25 Fund reconciliation

Restricted funds

	Balance at 1 July 2022 £	Income £	Expenditure £	Transfers £	Gains / (losses) £	Balance at 30 June 2023 £
Donation reserve	21,764	24,258	(6,175)	(977)	-	38,870
	<u>21,764</u>	<u>24,258</u>	<u>(6,175)</u>	<u>(977)</u>	<u>-</u>	<u>38,870</u>

Donations reserve represents donations received less expenditure incurred in line with donors' wishes.

Unrestricted funds

	Balance at 1 July 2022 £	Income £	Expenditure £	Transfers £	Unrealised Gains / (losses) £	Balance at 30 June 2023 £
Income and expenditure fund	1,780,559	1,871,115	(1,739,816)	(99,023)	5,419	1,818,254
Designated:						
Property improvements	850,000	-	-	100,000	-	950,000
Lady Cadbury bequest	310,729	-	-	-	2,319	313,048
Barbara Leonard bequest	180,760	-	-	-	1,214	181,974
Major repair reserve	210,531	-	-	-	1,562	212,093
	<u>3,332,579</u>	<u>1,871,115</u>	<u>(1,740,016)</u>	<u>977</u>	<u>10,514</u>	<u>3,475,169</u>

Property improvements – reserves have been established to augment funds required to maintain and improve the historic Temple Balsall buildings.

Lady Cadbury bequest – these funds have been designated from the original bequest from the late Lady Cadbury in 2010-11 for the benefit and care of the elderly at Temple Balsall.

Barbara Leonard bequest – these funds have been designated from the original bequest from the late Barbara Leonard for the benefit of the Temple Balsall community.

Major repair reserve – these funds have been designated to provide for estimated future expenditure principally arising out of quinquennial inspections on the functional property of the Foundation.

The Foundation of Lady Katherine Leveson

Notes to the Financial Statements

Year ended 30 June 2023

25 Fund reconciliation (continued)

Permanent endowment

	Balance at 1 July 2022 £	Income £	Allocated to income from unapplied total return £	Gains / (losses) £	Balance at 30 June 2023 £
Endowment funds	18,501,072	123,702	(123,702)	(58,808)	18,442,264
	<u>18,501,072</u>	<u>123,702</u>	<u>(123,702)</u>	<u>(58,808)</u>	<u>18,442,264</u>

26 Analysis of net assets between funds

	Permanent endowment £	Restricted funds £	Unrestricted funds £	Total £
Fixed assets	3,925,000	-	299,648	4,224,648
Investments	14,517,264	-	1,208,417	15,725,681
Current assets	-	38,870	2,347,722	2,386,592
Current liabilities	-	-	(380,418)	(380,418)
Total	<u>18,442,264</u>	<u>38,870</u>	<u>3,475,369</u>	<u>21,956,503</u>

27 Reconciliation of net income to net cash flow from operating activities

	2023 £	2022 £
Net income for year	101,088	(231,148)
Dividends received	(164,539)	(163,877)
Interest receivable	(32,583)	(2,133)
Rental income	(160,163)	(148,071)
Depreciation and impairment of tangible fixed assets	55,061	53,792
(Gains)/losses on investments	48,294	345,827
Loss on disposal of tangible fixed assets	5,269	1,294
(Increase)/decrease in stock	(55)	(224)
(Increase)/decrease in debtors	3,613	(34,220)
Increase/(decrease) in creditors	(24,432)	(60,189)
Net cash flow from operating activities	<u>(168,447)</u>	<u>(238,949)</u>

The Foundation of Lady Katherine Leveson

Notes to the Financial Statements

Year ended 30 June 2023

28 Contingent liabilities

There were no contingent liabilities at either financial year end other than those relating to tenants' improvements which may be payable on the termination of the farm tenancies.

29 Accommodation in management

At 30 June 2023, the Foundation had 45 units of accommodation (2022: 45) offering accommodation for up to 51 residents.

30 The liability of the guarantors

The Foundation does not have a share capital and is limited by guarantee. In the event of the company being wound up, the maximum amount for which each member is liable to contribute is £10. There were 11 (2022: 13) such members at 30 June 2023.

31 Related parties

The Foundation continues to support the connected charity, the Educational Foundation of Lady Katherine Leveson. At 30 June 2023, £4,682 (2022: £3,930) was owed to the Educational Foundation of Lady Katherine Leveson.

32 Auditor's remuneration

The auditor's remuneration comprises an audit fee of £10,200 (2022: £10,220) and accountancy fee of £550 (2022: £1,530) both excluding VAT.

33 Capital commitments

At 30 June 2023 the charity had capital commitments amounting to £347,985 (2022 - £NIL) excluding VAT, in respect of improvements to the care home and related buildings.