

Denise Coates Foundation

(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

28 March 2021

Company Registration No. 08191619
Registered Charity No. 1149110

Denise Coates Foundation

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Denise Coates Foundation

REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT

LEGAL AND ADMINISTRATIVE INFORMATION

Charity Number: 1149110

Company Number: 08191619

Trustees/Company Directors: D Coates CBE
JF Coates
P Coates
SH Galletley
JE White
OR Adams

Auditor: RSM UK Audit LLP
Festival Park
Stoke-on-Trent
Staffordshire
ST1 5BB

Banker: Barclays Bank
Pall Mall Corporate Banking Centre
Pall Mall Corporate Group
50 Pall Mall
London

Investment Manager: Stonehage Fleming
15 Suffolk Street
London
SW1Y 4HG
United Kingdom

Registered Office: bet365 House
Media Way
Stoke-on-Trent
Staffordshire
ST1 5SZ

Status: Denise Coates Foundation is a company limited by guarantee. It is a registered charity and governed by the provisions of its Memorandum and Articles of Association dated 24 August 2012 as amended by special resolution on 30 November 2012 and 4 February 2016.

Denise Coates Foundation

REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT

The Trustees are pleased to present their report together with the financial statements of the charitable company ("the Foundation") for the period ended 28 March 2021. This report also contains a directors' report as required by company law.

PRINCIPAL ACTIVITIES

The principal activity of the Foundation is the provision of funding to charities that will use the resources to enrich the lives of those that they exist to support.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Denise Coates Foundation is a company limited by guarantee and does not have any share capital. It is a non-profit making organisation and registered charity governed by its Memorandum and Articles of Association dated 24 August 2012 as amended by special resolution on 30 November 2012 and 4 February 2016. In the event of the company being wound up members are required to contribute an amount not exceeding £10.

Organisational structure

All decisions regarding management of the Foundation and the distribution of its funds are made by the Trustees. The Foundation has no employees and is not charged for the Trustees' time.

A review system is in place to monitor the bank accounts and to reconcile all transactions back to Trustee approved charitable grants and donations.

Appointment of Trustees

The skill set of the Board of Trustees is frequently reviewed and compared to the requirements of the Foundation to achieve its objectives. Where there are gaps the Trustees seek to make appropriate appointments of individuals with the required skills and experiences by an open recruitment process to fill any gaps. The Trustees are satisfied with the current skill set of the board.

Trustee induction and training

It is the intention that all new Trustees will attend an induction meeting with one of the existing Trustees, observing how the Foundation's objectives are achieved. Trustees are briefed on their legal obligations under charity and company law, along with the processes and procedures of the Foundation. Should any additional specialised training be required for the existing, or any newly appointed Trustees, then appropriate training arrangements will be put in place.

OBJECTIVES AND ACTIVITIES

The objectives of the Foundation and strategies employed to achieve the objective

The Foundation's aim is to promote charitable purposes anywhere in the world, for the public benefit, as are exclusively charitable purposes according to the laws of England and Wales, and as the Trustees may in their absolute discretion determine, in particular, but not exclusively, through the provision or assistance in the provision of facilities for the promotion of community participation in healthy recreation.

Denise Coates Foundation

REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT

Grant Making Policy

The Foundation identifies charities that it wishes to support, these charities are then invited to present proposals to the Foundation's Trustees detailing how a grant would be used and the benefits that it would deliver. The Trustees assess how the proposal aligns to the Foundation's objectives in order to determine whether or not to award a grant.

Financial due diligence assessments are undertaken of the potential recipients, evaluating Key Performance Indicators from the latest filed Statutory Accounts, to verify the financial position of the charity. Once a grant has been approved, a formal Grant Making Agreement is signed by both parties documenting the amount due, any conditions attached to the grant, and the purpose the funds must be used for.

ACHIEVEMENTS AND PERFORMANCE

Public Benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

The Trustees believe that the Foundation meets the principles relating to charities and public benefit described in the Charity Commission guidance and that this Trustees' Annual Report demonstrates the Foundation's contribution.

Related parties

The Foundation received donations from Hillside (Technology) Limited and Hillside (Media Services) Limited during the period. The Foundation also received an element of administrative support from Hillside (Shared Services 2018) Limited. Two of the Foundation's Trustees are Directors of Hillside (Technology) Limited, Hillside (Media Services) Limited and Hillside (Shared Services 2018) Limited and three of the Trustees are Directors of the ultimate holding company, bet365 Group Limited, which is under the control of Denise Coates CBE. Therefore these entities are deemed to be related parties.

Risk management

The Trustees acknowledge their responsibility for managing risk. They regularly review the risk management process adopted and amend procedures as and when it is deemed necessary.

Trustees' indemnity insurance

The Foundation holds trustee indemnity insurance, the cost of this was £3,927 (2020: £3,020).

FUTURE PLANS

The Foundation continues to review applications for funding and will continue to provide donations and grants that meet its charitable objectives. With regards to the Covid-19 pandemic, the Trustees continue to monitor the on-going situation and the impact on the wider charitable sector, but are comfortable that the Foundation's ability to provide donations and grants will remain unaffected.

Denise Coates Foundation

REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT

STRATEGIC REPORT

Achievements and performance

During the Financial Year the Foundation committed to provide £6.2m of grants and donations to support charitable activities locally, nationally and internationally through UK registered charities. Grant giving levels within the year have been constrained by the restricted activities being undertaken by the Foundation's charity partners, the Foundation does not foresee any long-term impact on its grant giving, and fully expects grant making to bounce back in the short-term. Examples of how the Foundation's charitable giving has/will be used are provided below.

Health and Welfare

The University Hospitals North Midlands (UHNM) received £1.9m during the year. Funds were used for multiple schemes aimed at providing support for staff and patients during the Covid-19 pandemic; a Vocera Communication and Software Platform – a device that provides a more efficient and effective method of communication between key clinical staff, IT equipment and fever detectors, anaesthetic training equipment, dedicated rest facilities for staff and a patient messaging service. The Foundation has continued to provide significant financial support in 2021/22.

Further support was provided to the Douglas Macmillan Hospice, with a grant of £0.3m, to help provide care to 137 patients. The funds were used for End of Life care of patients, from their first introduction to the hospice where they receive care in the inpatient unit. The grant supported the cost of all services offered and home care, until the end of their journey with the hospice. The Trustees are looking forward to building on this relationship in the future as Douglas Macmillan Hospice integrates the Donna Louise Trust following the merger of the two entities. To-date the Foundation has provided a total of over £7.8m to the two hospices prior to their merger.

The Foundation continued its support of the Catholic Agency for Overseas Development (CAFOD) during the year, specifically with a £0.2m grant towards its Covid-19 appeal, building a recovery programme for those left destitute, with specific focus on survival, protecting and rebuilding livelihoods as well as influencing the immediate, medium and longer-term nature of this crisis. Furthermore, a final payment of £0.1m was given to CAFOD as part of the funding for a three-year programme to deliver water supply systems to 10 villages in the Eritrean regions of Anseba and Debub. The project supplied drinking and agricultural water systems as well as a hygiene education scheme.

Community Development

Kick4Life received a grant of £0.3m to help support its Stadium of Life development. The project, based in Lesotho, will develop an 11-a-side grass pitch and surrounding area into the world's first stadium, purpose built for social change. The Stadium of Life will be utilised for sport, nature, art and social change.

Following on from the 2019 donation, a further £0.2m of funding to The Land Trust was approved. This will support its on-going project at the Hassall Green Nature Reserve. The programme will see activities held at the site, such as; home school classes, forest schools, wildlife identification/surveying and volunteer groups.

As in previous years the New Vic Theatre received another £0.1m towards its award-winning Borderlines initiative, as part of continued support for the project. The scheme uses theatre to help people find new and positive ways to understand themselves, their communities and their responsibilities. It challenges destructive and anti-social behaviour, builds self-awareness and self-worth and develops positive attitudes. In 2019/20, the Borderlines programme reached over 10,000 people, 1,600 more than expected, including 7,900 children and young people through 269 workshops and performances, again significantly more than was originally anticipated.

Denise Coates Foundation

REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT

A £0.1m grant will fund the acquisition of Furniture, Fixtures and Equipment for the YMCA North Staffordshire's Transitional Housing project. The scheme will develop 46 units within a new housing model, designed specifically for young people with low support needs. The affordable rent units will allow young people to move from supported housing schemes into independent living, often for the first time in their lives.

The Stoke Gingerbread Centre received a grant to help build an outdoor community and play area. The Centre provides support and accommodation for homeless families in Stoke-on-Trent and aims to keep families together and prevent children going into foster care. The funds will be used to develop a new outdoor community play area as Gingerbread believes every child has the right to play regardless of their circumstances.

Medical Research and Development

A grant of £0.5m to the Chronic Disease Research Foundation (CDRF) helped fund a Covid-19 research project. The study, held at Kings College London, set-up a Covid-19 biobank to collect biological samples from people with long-Covid. With over 5,000 individuals set to participate, the College can carry out more detailed testing of the key role of gut microbes and diet on an individual's response to the virus.

A £0.5m grant was used by CDRF to help immediate research into Covid-19. It is anticipated the study will provide an outstanding resource for research into pandemic impacts on psychological health, along with rapid information on host genomic, immunological and microbiome-related factors influencing infection risk, controlled for environmental factors through the unique twin study design. The grant was also used to produce a free app made available to 16,000 NHS staff and other national research projects such as UK biobank and The Harvard Nurses' health study in the United States of America.

As in 2020 a further £0.3m was given to CDRF as part of a continued long term funding commitment. This will help with the continued funding of more pilot projects, offer fellowships to appropriate candidates and to fund PHD students and related project grants.

Following on from the 2020 funding towards a major three-year project looking at the role of 'zombie cells', Alzheimer's Research UK received a further grant to fund a nine-month pilot project at the University of Sheffield. The study will develop new methods to understand Occludin, a protein and enzyme that is known to be a key molecule in blood vessels in the brain, and its effects on nerve cells in the brain of Alzheimer patients.

Education and Training

Over a number of years, the Foundation has built a relationship with three UK Universities, providing over £3.0m of bursary/scholarship funding since 2013. During 2020/21, due to the uncertainty of the Covid-19 pandemic, bursary schemes were not finalised, however the Foundation has continued its financial support of the schemes in 2021/22.

Denise Coates Foundation

REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT

Financial review

A Statement of the Financial Activities of the Foundation is given on page 13. The total incoming resources for the period were derived from interest and investment returns of £3.8m (2020: £3.7m) and charitable donations of £100.0m (2020: £85.0m) resulting in total incoming resources of £103.8m (2020: £88.7m).

During the Financial Period £6.2m (2020: £9.0m) was expended/committed to charitable giving. After allowing for governance costs of £0.1m (2020: £0.1m), investment management costs of £1.0m (2020: £0.8m) and taking into account investment gains of £86.5m (2020: losses of £31.3m), this resulted in net income for the period of £183.0m (2020: £47.5m) which when added to the funds brought forward gave rise to £568.3m (2020: £385.3m) of funds carried forward to the following Financial Period for application in pursuance of the charitable objectives of the Foundation.

At the end of the Financial Year there was £4.3m (2020: £5.8m) of outstanding unconditional commitments in relation to 12 donations/grants committed but not made as at the Balance Sheet date. In the view of the Trustees, the funds held at 28 March 2021 were available and adequate to fulfil its existing obligations.

In respect of non-financial key performance indicators, the Trustees monitor the level of grants issued each year against previous years, this is detailed in note 3.

During the year 17 (2020: 23) donations and grants were made to 12 (2020: 19) institutions.

Donation

On 24 March 2021 the Foundation received two donations totalling £100.0m reported within the Financial Statements as Endowment Funds. This sum will be held as an expendable endowment and held as a long-term investment, the return from which will be distributed to support charities/charitable activities that align to the objectives of the Foundation.

As at the balance sheet date the £100.0m donations received were held in an interest bearing current account ahead of the funds being transferred to, and invested by, an investment management company with a long standing track record of funds management.

Investment policy

The Trustees' investment policy is to maintain the real value of the Endowment Fund through a strategic balance of equity risk and fixed income return, consistent with its reserves policy with excess funds being transferred to Unrestricted Funds. The expendable endowment funds are managed as a balanced "moderate" risk portfolio on a discretionary basis to achieve the Trustees' investment goals to maximise the portfolio's return within the constraints of the mandate granted by the Trustees.

Denise Coates Foundation

REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT

Investment performance

As at 28 March 2021 the total investment portfolio stood at £472.0m net of accrued investment management charges (2020: £305.2m), £166.8m higher than at the end of the previous Financial Period. In the period a total of £84.0m was transferred to the Endowment Fund part of the portfolio, and £6.5m was withdrawn from the Unrestricted Funds part of the portfolio to fund grant/donation distribution.

Taking in-year transfers to/from the investment portfolio into account, over the Financial Period, the investment portfolio has delivered an investment gain of £89.3m, 23.3% (2020: loss of £28.5m, 8.7%). The FTSE 100 index increased 22.3% over the same period.

As at 28 March 2021 the value of the Endowment Fund element of the investment portfolio was £449.1m net of accrued investment management charges. Over the course of the Financial Period the Endowment Fund delivered an investment gain of £89.3m, 24.1% (2020: loss of £28.6m, 9.1%). The UK annual inflation rate, RPI, was 1.5% for March 2021 therefore the Investment Portfolio delivered a gain 22.6pp above annual inflation.

The short-term volatility of the stock market, caused by the Covid-19 outbreak, led to a significant loss in the Investment Portfolio as at 29 March 2020. Subsequently, in the period ending 28 March 2021, the Trustees note that the Foundation's fair value gains on investments saw a substantial year-on-year increase as the Equity Markets rebounded from the prior year crash, resulting from the Covid-19 pandemic.

Reserves policy

The policy of the Trustees is to maintain the real value of the Endowment, being the donations received to date of £531.7m (2020: £431.7m), but otherwise to distribute all of the Foundation's realised income and gains within the short/medium term, considered to be 1-5 years. This policy should allow the Foundation to operate on an enduring basis without being dependent upon donations from any particular source. The Trustees have reviewed the reserves policy and have agreed that the level of reserves is assessed annually in order to mitigate current and future risks as well as enabling Denise Coates Foundation to achieve its objectives. As at 28 March 2021, the actual reserves were £568.3m (2020: £385.3m).

During the year the Trustees, at their discretion, decided to transfer a total of £15.5m (2020: £9.3m) to Unrestricted Funds to further the Foundation's ability to provide donations that meet its charitable objectives.

The level of unrestricted funds at 28 March 2021 was £20.2m (2020: £11.0m) and these funds are retained at this level to allow the Trustees, at their discretion, to award an appropriate level of grants in line with the agreed budgets set for the following financial period.

The level of endowment funds at 28 March 2021 was £548.1m (2020: £374.3m).

As at 28 March 2021 the level of free reserves, as defined by the Charity Commission, are its unrestricted funds and amounted to £20.2m (2020: £11.0m). The policy of the Trustees is to hold a level of free reserves which allows them to set appropriate budgets for the following financial period for grant making (£20.0m (2021: £10.8m)) and governance costs. The Trustees are satisfied with this level of free reserves and it is their intention to distribute all free reserves through charitable giving and governance costs.

Denise Coates Foundation

REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT

Principal risks and uncertainties

The principal risk faced by the Foundation is the erosion of the value of its long-term investment. The Trustees are satisfied that the investment management company has sufficiently demonstrated that it has the expertise to manage the investment of the Endowment Fund in accordance with the Trustees' requirements, and will be able to manage the impact to the Foundation's investment resulting from the Covid-19 pandemic. In addition, the Trustees are provided with sufficient financial data to enable them to assess the ongoing performance of the investment. The Trustees keep the investment management company's performance under ongoing review.

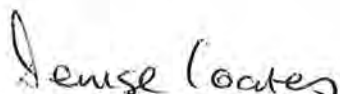
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has then been communicated to the auditor.

AUDITOR

RSM UK Audit LLP, Chartered Accountants, were appointed auditors by the company on 2 September 2013. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and therefore RSM UK Audit LLP will continue in office.

The Report of the Trustees and Strategic Report were approved by the Trustees and signed on their behalf by:



Denise Coates CBE
Director and Trustee

21 DECEMBER 2021

Denise Coates Foundation

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Denise Coates Foundation for the purposes of company law) are responsible for preparing the Report of the Trustees including the Strategic Report 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 period which give a true and fair value 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 these financial statements the Trustees 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;
- 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 that 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENISE COATES FOUNDATION

Opinion

We have audited the financial statements of Denise Coates Foundation (the 'charitable company') for the period ended 28 March 2021 which comprise the Statement of Financial Activities (including Income and Expenditure Account), the Statement of Financial Position, the Statement of Cash Flows 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 FRS 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 28 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 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

In auditing the 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 charitable company'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 other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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.

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 course of 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENISE COATES FOUNDATION (continued)

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, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 Directors' Report or the Strategic Report included within 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 set out on page 9, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 Trustees 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENISE COATES FOUNDATION (continued)

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the charitable company operates in and how the charitable company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud .

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011 and the charitable company's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Report of the Trustees', remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Anna Spencer-Gray

ANNA SPENCER-GRAY (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

21 December 2021

Denise Coates Foundation

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

for the 52 weeks ended 28 March 2021

	Note	Endowment Fund	Unrestricted Funds	Total Funds Period ended 28 March 2021 £000	Total Funds Period ended 29 March 2020 £000
INCOME AND ENDOWMENTS:		£000	£000	£000	£000
<i>Donations;</i>					
Gift of expendable endowment	1	100,000	-	100,000	85,000
Investment income	2	3,801	12	3,813	3,707
TOTAL INCOME		103,801	12	103,813	88,707
EXPENDITURE					
<i>Raising funds;</i>					
Investment management costs		1,044	-	1,044	823
Charitable activities	3	-	6,263	6,263	9,087
TOTAL EXPENDITURE		(1,044)	(6,263)	(7,307)	(9,910)
NET INCOME/(EXPENDITURE) BEFORE GAINS ON INVESTMENTS		102,757	(6,251)	96,506	78,797
Net gains/(losses) on investment assets		86,516	-	86,516	(31,284)
NET INCOME/(EXPENDITURE)		189,273	(6,251)	183,022	47,513
TRANSFERS					
Gross transfers between funds	11	(15,500)	15,500	-	-
NET MOVEMENTS IN FUNDS		173,773	9,249	183,022	47,513
<i>Reconciliation of funds</i>					
Total funds brought forward		374,320	11,000	385,320	337,807
TOTAL FUNDS CARRIED FORWARD	11	548,093	20,249	568,342	385,320

All income and expenditure derive from continuing activities.

Denise Coates Foundation
STATEMENT OF FINANCIAL POSITION
At 28 March 2021

	Note	2021 £000	2020 £000
FIXED ASSETS			
Investments	6	472,261	305,420
CURRENT ASSETS			
Debtors: Amounts falling due within one year	7	9	8
Cash at bank and in hand		100,654	85,972
TOTAL CURRENT ASSETS		100,663	85,980
CREDITORS: Amounts falling due within one year	8	(4,419)	(2,809)
NET CURRENT ASSETS		96,244	83,171
TOTAL ASSETS LESS CURRENT LIABILITIES		568,505	388,591
CREDITORS: Amounts falling due after one year	9	(163)	(3,271)
TOTAL NET ASSETS		568,342	385,320
THE FUNDS OF THE FOUNDATION			
UNRESTRICTED FUNDS			
General funds	12	20,249	11,000
ENDOWMENT FUND	12	548,093	374,320
TOTAL FOUNDATION FUNDS	12	568,342	385,320

The financial statements on pages 13 to 29 were approved by the board and authorised for issue on 21 December 2021 and were signed on its behalf by:

Denise Coates

Denise Coates CBE
 Director and Trustee

Company Registration No. 08191619
 Registered Charity No. 1149110

Denise Coates Foundation

STATEMENT OF CASH FLOWS

for the 52 weeks ended 28 March 2021

	Note	28 March 2021		29 March 2020	
		£000	£000	£000	£000
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	13		7,682		(1,102)
CASH FLOWS FROM INVESTING ACTIVITIES					
Expendable endowment invested		(84,000)		(82,500)	
Transfer from investment		6,500		8,000	
Interest received		-		106	
Net cash used in investing activities			(77,500)		(74,394)
CASH FLOW FROM FINANCING ACTIVITIES					
Gift of expendable endowment			100,000		85,000
Endowment conversion			(15,500)		(9,227)
Net cash provided by financing activities			84,500		75,773
CHANGE IN CASH AND CASH EQUIVALENTS IN THE PERIOD			14,682		277
Cash and cash equivalents at the beginning of the period			85,972		85,695
Total cash and cash equivalents at the end of the period			100,654		85,972

In 2021 cash held on the balance sheet included £100.0m (2020: £85.0m) relating to cash held prior to investment in the endowment investments.

Denise Coates Foundation

ACCOUNTING POLICIES

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

LEGAL STATUS OF THE FOUNDATION

The Foundation is a company limited by guarantee, registered in England and Wales, and has no share capital. In the event of the Foundation being wound up, the liability in respect of the guarantee is limited to £10 per member of the Foundation. The Foundation's address is bet365 House, Media Way, Stoke-on-Trent, ST1 5SZ.

BASIS OF PREPARATION

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) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Denise Coates Foundation 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.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the Foundation.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000 except where otherwise indicated.

GOING CONCERN

To ensure the Foundation can operate on an enduring basis the Trustees have a policy to maintain the real value of the Endowment received to date and to distribute from the realised gains in future periods. The Trustees believe there are adequate resources which will enable the Foundation to meet its liabilities as they fall due for the foreseeable future. For this reason, the Trustees have adopted the going concern basis in preparing the financial statements.

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost accounting rules except for the valuation of investments and are in accordance with applicable accounting standards.

INCOME RECOGNITION

All income is recognised once the Foundation has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations are recognised when the Foundation has been notified in writing of both the amount and settlement date and the donation has been received.

Interest on funds held on deposits is included when receivable and the amount can be measured reliably by the Foundation; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due; this is normally upon notification by our investment advisor of the dividend yield of the investment portfolio. Notional interest representing the current returns on bank deposits is allocated to the unrestricted funds, representing the unrestricted element of investments held in the investment fund.

Denise Coates Foundation

ACCOUNTING POLICIES

EXPENDITURE RECOGNITION

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Foundation to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and includes attributable VAT which cannot be recovered. Expenditure has been classified under the appropriate heading.

Governance costs are those costs associated with the governance arrangements of the Foundation which relate to its general running. These include audit, insurance costs, and legal advice for Trustees and costs associated with constitutional and statutory requirements such as the costs of Trustee meetings and preparing the statutory financial statements.

All costs are allocated between the expenditure categories of the statement of financial activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly.

GRANTS

Grants payable are made by the Foundation based on formal applications and presentations to the Trustees. Single or multi-year grants are accounted for when the recipient has a reasonable expectation that they will receive a grant. Grant awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attached to that grant has been satisfied.

DONATIONS

Donations are payments made in the period to third parties but initiated by the Trustees and are solely at the discretion of the Trustees. Donations are not based on any formal application or set process. Donations are made to individuals and institutions by the Trustees where the Foundation considers it is in furtherance of the Foundation's objectives.

FUND STRUCTURE

Unrestricted funds

General accumulated funds are unrestricted funds available to the Foundation for its general purposes and include from time to time funds designated by the Foundation for particular purposes, the use of any such designated funds remaining at all times at the discretion of the Trustees.

Expendable endowment fund

The Foundation has an expendable endowment fund which comprises of gifts from certain corporate members of bet365 Group Limited. The income and capital of this endowment can be used by the Trustees to finance their planned strategy of charitable grants, in accordance with the Foundation's objectives.

GROSS TRANSFER

The Foundation has a policy with regard to transferring the total returns on the expendable endowment fund in each period, less the UK annual inflation rate, RPI, to the unrestricted funds, however the Trustees may, at their discretion, transfer an amount higher or lower than the returns on the expendable endowment, if they feel it is appropriate. This policy is maintained to secure the long term capital base of the expendable endowment fund and to support grant giving.

TAXATION

As a registered charity the Foundation is exempt from liability to corporation tax on its income from charitable activities and capital gains and no provision for taxation is therefore made.

Denise Coates Foundation

ACCOUNTING POLICIES

INVESTMENTS

Investments which form a basic financial instrument are initially recognised at their transaction value and subsequently measured at their fair value at the balance sheet date using the closing bid market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the period.

The fair value of the hedge fund investments is based on published market prices for the fund units using the current bid price.

Gains and Losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sale proceeds and opening market value.

Unrealised gains and losses are calculated as the difference between the market value at the period end and opening market value (or purchase date if later). Realised and unrealised gains and losses are not separated in the Statement of Financial Activities.

The main form of financial risk faced by the Foundation is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities.

FINANCIAL INSTRUMENTS

The Foundation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the Foundation has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

CONTINGENT GRANT COMMITMENTS

A contingent commitment is identified and disclosed for those grants resulting from:

- a possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustees' control; or
- a present obligation following a grant offer where settlement is either not considered probable; or
- the amount has not been communicated in the grant offer and that amount cannot be estimated reliably.

Denise Coates Foundation

ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Foundation makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Critical areas of judgement

The Trustees deem the key area of judgement in the financial statements to be the recognition of grant commitments. For each grant awarded by the Trustees, which has not been paid in the period, the Trustees consider the status of the award of the grant, the conditions attaching to the grant and whether there is reasonable certainty the grant will be paid. Once evaluated the grant will be accrued or disclosed as required to meet the requirements of Financial Reporting Standards and the Charities SORP.

Denise Coates Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the 52 weeks ended 28 March 2021

1 INCOMING RESOURCES

Expendable endowment donations

The Foundation received donations during the period from Hillside (Technology) Limited of £40.0m and Hillside (Media Services) Limited of £60.0m totalling £100.0m (2020: £85.0m) allocated to expendable endowment funds.

2 INVESTMENT INCOME

	2021			
	Endowment	Unrestricted	Total	Total
	fund	fund	2021	2020
	£000	£000	£000	£000
Managed investments:				
Fixed interest – listed	-	-	-	-
Dividends – listed	569	2	571	370
Dividends – unlisted	3,180	10	3,190	2,984
Interest on cash	50	-	50	256
Bank interest on cash deposits	2	-	2	96
	<hr/>	<hr/>	<hr/>	<hr/>
	3,801	12	3,813	3,706
	<hr/>	<hr/>	<hr/>	<hr/>

In 2020 all income except a notional allocation from each investment source amounting to £87k was allocated to the endowment fund.

Denise Coates Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the 52 weeks ended 28 March 2021

3 RESOURCES EXPENDED: UNRESTRICTED 2021 AND 2020

The Foundation undertakes its charitable activities through grant making and awarded grants to a number of individuals and institutions in furtherance of its charitable activities:

	Grant funding £000	Support costs £000	Total Period ended 28 March 2021 £000	Total Period ended 29 March 2020 £000
Charitable activity – donations	150	-	150	30
– grants	6,026	-	6,026	9,000
– governance costs	-	87	87	57
	<u>6,176</u>	<u>87</u>	<u>6,263</u>	<u>9,087</u>

During the period donations have been made to charities covering the following key areas of activity:

	Total Period ended 28 March 2021 £000	Total Period ended 29 March 2020 £000
Disaster Recovery	150	-
Medical Research and Development	-	25
Community Development	-	5
Health and Welfare	-	-
	<u>150</u>	<u>30</u>

Grants made during the period between institutions and individuals are as follows:

	Period ended 28 March 2021		Period ended 29 March 2020	
	Grants to institutions £000	Grants to individuals £000	Grants to institutions £000	Grants to individuals £000
Health and Welfare	2,274	-	2,213	-
Education and Training	1,831	-	2,101	-
Medical Research and Development	1,332	-	1,649	-
Community Development	589	-	2,614	-
Arts and Culture	-	-	423	-
	<u>6,026</u>	<u>-</u>	<u>9,000</u>	<u>-</u>

Denise Coates Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 28 March 2021

3 RESOURCES EXPENDED: UNRESTRICTED 2021 AND 2020 (continued)

Recipients of institutional grant(s):

Institution	Funded Activity	No of donations	Total £000
University Hospitals of North Midlands Charity	Support of the hospital's response to the Covid-19 pandemic, including improved information Management and Technology capability, Vocera Communication and Software Platform, new staff rest facilities and training equipment along with various other initiatives.	3	1,901
Stonyhurst Foundation	A school bursary scheme for students from disadvantaged backgrounds.	1	1,600
Chronic Disease Research Foundation	A project researching how the Microbiome and Metabolome can affect Covid-19, along with long-term funding towards pilot projects, fellowships and PHD students.	3	1,285
Douglas Macmillan Hospice	The typical cost of 137 patients' End of Life care. From the first introduction to the hospice, receiving care in the inpatient unit, along with the cost of all services offered and home care, until the end of their journey with the Hospice.	1	322
Kick4Life	The Stadium of Life development in Lesotho, designed to be an infusion of sport, nature, art and social change.	1	250
Newcastle-under-Lyme School	Additional funding for the design/construction of the new Sports Facility at the school.	1	231
The Land Trust	Further support of the programme to develop the Hassall Green Nature Reserve.	1	155
New Vic Theatre	Further support of the charity's award-winning Borderlines initiative.	1	100
			<hr/> 5,844
There were a further 4 institutions who benefitted from grants to aid their charitable activities and which are aligned to the Foundation's charitable objectives.			182
			<hr/> 6,026 <hr/>

Denise Coates Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the 52 weeks ended 28 March 2021

3 RESOURCES EXPENDED: UNRESTRICTED 2021 AND 2020 (continued)

Analysis of governance costs

Unrestricted funds

	Total 2021 £000	Total 2020 £000
Legal and professional	66	38
Audit fees	17	16
Insurance	4	3
Bank charges	-	-
	<u>87</u>	<u>57</u>

4 NET INCOMING RESOURCES FOR THE PERIOD

Net incoming resources are arrived at after charging the following:

	2021 £000	2020 £000
Auditor's remuneration:		
Audit services	17	16
Non audit services:		
Accounts preparation	-	1
Taxation services	3	4
	<u>20</u>	<u>21</u>

5 STAFF NUMBERS, STAFF COSTS AND KEY MANAGEMENT PERSONNEL/TRUSTEES' EXPENSES AND REMUNERATION

The Foundation did not have any staff in situ and the Trustees, who are also considered to be the key management personnel, received no remuneration or expenses during the period.

Denise Coates Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 28 March 2021

6 FIXED ASSET INVESTMENTS

	Unlisted Securities £000	Listed Securities £000	Cash £000	Other investments £000	Total £000
<i>Market value</i>					
At beginning of period	184,284	86,467	34,669	-	305,420
Transfer from cash balances	-	-	77,500	-	77,500
Additions to investments at cost	49,110	85,625	(158,342)	23,607	-
Disposals at carrying value	(28,867)	(71,272)	100,139	-	-
Investment income	3,190	571	50	-	3,811
Realised and unrealised gains and losses during the period	42,209	43,796	3,535	(3,025)	86,515
Expenses (see below *)	-	-	(986)	-	(986)
At end of period	<u>249,926</u>	<u>145,187</u>	<u>56,566</u>	<u>20,582</u>	<u>472,261</u>

* Any expenses incurred in the administration or protection of endowment investments are charged to capital. An amount of £264k (2020: £207k) is included in accruals to cover unpaid fees relating to 2021.

The realised and unrealised gains and losses detailed above can be analysed as follows:

	2021 £000	2020 £000
Unrealised gains/(losses) on investments	77,550	(30,394)
Realised gains/(losses) on investments	8,948	(890)
Realised losses on currency and money markets	17	-
	<u>86,515</u>	<u>(31,284)</u>

The main risk to the Foundation, from financial instruments, lies in the combination of uncertain investment markets and volatility in yield.

The Foundation manages investment risk by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes.

Denise Coates Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 28 March 2021

7 DEBTORS: Amounts falling due within one year

	2021 £000	2020 £000
Accrued income - interest	9	8

8 CREDITORS: Amounts falling due within one year

	2021 £000	2020 £000
Accruals	306	253
Donation and grant commitments	4,113	2,556
	<u>4,419</u>	<u>2,809</u>

9 CREDITORS: Amounts falling due after one year

	2021 £000	2020 £000
Grant commitments	163	3,271

Movement in recognised funding commitments during the period

	Grant and donations commitments accrued	
	2021 £000	2020 £000
Donations and grant commitments recognised at start of the period	5,826	7,079
New donation and grant commitments charged to SoFA in period (see note 3)	6,176	9,030
Donations and grants paid during the period	(7,726)	(10,282)
Donation and grant commitments recognised at the end of the period	<u>4,276</u>	<u>5,827</u>

Those grant commitments which have not been accrued due to the level of uncertainty are discussed in note 15.

Denise Coates Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 28 March 2021

10 FINANCIAL INSTRUMENTS

The carrying value of the Foundation's financial instruments at the period end were:

	2021	2020
	£000	£000
Financial assets:		
Instruments measured at cost	9	7
Instruments measured at fair value	472,261	305,420
	<u> </u>	<u> </u>
Financial Liabilities:		
Measured at amortised cost	4,582	6,080
	<u> </u>	<u> </u>

Financial assets measured at cost include accrued income and investments.

Financial liabilities measured at amortised cost include grant commitments and accruals.

11 STATEMENT OF FUNDS

	At 29 March 2020 £000	Income £000	Expenditure £000	Gains on revaluation of investments £000	Transfer of Funds £000	At 28 March 2021 £000
2021						
UNRESTRICTED FUNDS						
General fund	11,000	12	(6,263)	-	15,500	20,249
ENDOWMENT FUND						
Expendable	374,320	103,801	(1,044)	86,516	(15,500)	548,093
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	385,320	103,813	(7,307)	86,516	-	568,342
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	At 31 March 2019 £000	Income £000	Expenditure £000	Losses on revaluation of investments £000	Transfer of Funds £000	At 29 March 2020 £000
2020						
UNRESTRICTED FUNDS						
General fund	10,772	87	(9,087)	-	9,227	11,000
ENDOWMENT FUND						
Expendable	327,035	88,619	(823)	(31,284)	(9,227)	374,320
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	337,807	88,706	(9,910)	(31,284)	-	385,320
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Denise Coates Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the 52 weeks ended 28 March 2021

11 STATEMENT OF FUNDS (continued)

Unrestricted Funds

The general funds represent the unrestricted funds of the Foundation that are not designated for particular purposes.

Expendable Endowment Fund

The expendable endowment fund was established in March 2014 by an initial gift from corporate members of the bet365 Group, then by additional gifts in the subsequent financial years. This has been increased during the period by further donations totalling £100.0m (2020: £85.0m). This brings the total donations from the corporate members of the bet365 Group to £531.7m. The Trustees have the power to spend both the capital and the income.

Transfer of Funds

The board of Trustees at their discretion have decided to transfer an amount of £15.5m to make available further funds for grant payments.

12 ANALYSIS OF NET ASSETS BETWEEN FUNDS

2021	Endowment fund £000	Unrestricted General funds £000	Total funds £000
Investments	449,357	22,904	472,261
Cash at bank and in hand	99,000	1,654	100,654
Creditors due within one year	(264)	(4,155)	(4,419)
Creditors due after one year	-	(163)	(163)
Debtors due within one year	-	9	9
Total net assets	548,093	20,249	568,342
2020	Endowment fund £000	Unrestricted General funds £000	Total Funds £000
Investments	290,520	14,900	305,420
Cash at bank and in hand	84,000	1,972	85,972
Creditors due within one year	(207)	(2,602)	(2,809)
Creditors due after one year	-	(3,271)	(3,271)
Debtors due within one year	6	1	7
Total net assets	374,320	11,000	385,320

Denise Coates Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the 52 weeks ended 28 March 2021

13 RECONCILIATION OF NET INCOME TO CASH FLOW FROM OPERATING ACTIVITIES

	28 March 2021 £000	29 March 2020 £000
Income after gains and losses on investments	183,021	47,513
Gift of expendable endowment	(100,000)	(85,000)
Endowment conversion	15,500	9,227
Investment income	(3,813)	(3,707)
Investment manager costs	1,044	823
Decrease in creditors	(1,554)	(1,242)
Net (gains)/losses on investments	(86,516)	31,284
Net cash provided by/(used in) operating activities	7,682	(1,102)

14 RELATED PARTY TRANSACTIONS

The Trustees consider that Hillside (Shared Services 2018) Limited, Hillside (Technology) Limited and Hillside (Media Services) Limited are related parties of the Foundation by virtue of common directors and that their ultimate holding company, bet365 Group Limited, is under the control of Denise Coates CBE.

The Foundation received donations of £40.0m from Hillside (Technology) Limited (2020: £35.0m) and £60.0m from Hillside (Media Services) Limited (2020: £50.0m) during the period. No balances were owed to or from Hillside (Technology) Limited or Hillside (Media Services) Limited at the period end (2020: £nil).

The Foundation receives support from the bet365 Group Limited group of companies in respect of office space and other costs including management time, but the Trustees believe that this support is not material to disclose in the period.

Denise Coates Foundation

NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 28 March 2021

15 CONTINGENT GRANT COMMITMENTS

The Trustees intend to make the following grants.

A grant to support a community outreach programme in Stoke-on-Trent and Staffordshire. The institution overseeing this project has been informed of the Foundation's intention to fund an award of £0.1m. To-date the institution has received £0.4m towards this project, however the remaining award is contingent upon the project receiving National Portfolio Organisations funding from the Arts Council, and the Trustees being content with the nature and extent of progress towards the intended deliverables.

A grant to support a five-year programme to develop the Hassall Green Nature Reserve. The institution overseeing this project has been informed of the Foundation's intention to fund an award of £0.3m. To-date the institution has received £0.4m towards this project, however the remaining awards, consisting of two tranches over the next two years, are contingent upon the project reaching certain milestones, and the Trustees being content with the nature and extent of progress towards the intended deliverables.