

Denise Coates Foundation

(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

27 March 2022

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 27 March 2022. 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. However, the Foundation receives administrative support through a related party, for which there is no charge.

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. Training for the Trustees is constantly under review and identifies any development that needs to be addressed. Each year, the appropriate training is supplied to keep the Board apprised of relevant changes in regulation. 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 policies 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 locally, nationally or internationally (registered through UK charities) that it wishes to support and also welcomes applications. Contact is made with these charities proactively, to discuss any projects/programmes that they are looking to undertake that the Foundation may be in a position to support. These charities are then invited to present to the Foundation's Trustees with a proposal detailing how a grant would be of use to the charity and the benefits that it would deliver. Given that the Foundation's objectives are broad, the Trustees will consider most grants that have a charitable purpose but particular consideration is given in areas of health and welfare, community development, medical research and development, education and training, arts and culture and disaster recovery. The Trustees assess how each proposal aligns to the Foundation's objectives in order to determine whether the grant is to be suitably awarded and considers if/what conditions should be attached to the grants, in particular but not exclusively to multi-year grants.

Financial due diligence assessments of the potential recipients are undertaken, 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.

Procedures are in place to monitor bank accounts and reconcile all transactions back to Trustee approved charitable grants and donations. This includes a review system to monitor grants and conditional grants are only continued if set milestones and set review conditions are met. These are monitored in accordance with the conditions set out in the grant agreements, which include reviewing progress reports and the financial position of the project.

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 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.

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REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT

Trustees' indemnity insurance

The Foundation holds trustee indemnity insurance, the cost of this was £4,713 (2021: £3,927).

FUTURE PLANS

The Foundation plans to continue to approach charities and review potential proposal applications for funding and will continue to provide donations that meet the Foundations charitable objectives.

Denise Coates Foundation

REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT

STRATEGIC REPORT

Achievements and performance

During the Financial Year the Foundation committed to provide £18.9m (2021: £6.2m) of grants and donations to support charitable activities locally, nationally and internationally through UK registered charities. Examples of how the Foundation's charitable giving has/will be used are provided below.

Grant giving levels in the prior year were constrained by the restricted activities being undertaken by the Foundation's charity partners as a result of the impact of the pandemic. In the current year, grant making activity has now resumed to an expected level.

Medical Research and Development

The University Hospitals North Midlands (UHNM) received a grant of £8.4m to help purchase a range of the latest technology for cancer patients, including a robotic ecosystem with a dual console for training and an orbital camera system. The funds will also be used to improve the facilities and the environment in the hospital, including sky ceilings and living windows for cancer patients, a one-stop gynaecology oncology service and free entertainment such as TVs and newspapers.

The Royal Marsden Cancer Charity received a grant of £1.3m to help fund the construction of a new Oak Cancer Centre. The building will bring over 400 researchers, 350 clinical staff, and thousands of patients under one roof. By facilitating collaboration, the hospital hopes that the Centre will help accelerate the translation of new treatments from one cancer type to another.

The Foundation maintained its commitment to the Chronic Disease Research Foundation with a grant of £0.3m. The funds will be used on more pilot projects, to offer fellowships to appropriate candidates and to help PhD students and related project grants.

Health and Welfare

The Thrive at Five project is creating its first pathfinder area in Stoke-on-Trent. A three year project to support children from low-income backgrounds received a grant of £1.0m. Two areas have been selected with the aim of achieving sustainable improvement in early years' outcomes for local families with young children.

Further support was provided to the Douglas Macmillan Hospice, with grants of £2.2m to help support a merger with Donna Louise Trust and to provide direct palliative care for over 250 patients.

Education and Training

The Foundation continued its support to providing funding for bursary and scholarship schemes at three universities. Keele University, Staffordshire University and The University of Sheffield each received £0.2m to fund bursary schemes for undergraduates from disadvantaged backgrounds.

Denise Coates Foundation

REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT

Community Development

Midlands Air Ambulance Charity received £1.1m to help finish the construction of a new airbase and charity headquarters. The new base will create a strategically located operational hub, which will give benefit across all six counties with extended operating hours, as well as providing a fully equipped training and simulation suite.

The Foundation continued its support of The Land Trust with a further £0.2m as part of an on-going project. The programme has focused on creating new wildlife habitats, meadow management and maintenance, and a volunteer scheme called Green Angels which provides free environmental focused courses to give people the chance to learn new skills, change future prospects and make a difference in the community.

St John Ambulance received a grant of £0.1m to fund two new first aid vehicles. The new vehicles will be based at the charity's Rugeley hub, which provides support and first aid training to the residents of Staffordshire, Shropshire and Wolverhampton.

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.

Elizabeth's Group received funds to help build a bronze statue of Elizabeth Wolstenholme Elmy. The piece has been erected in Congleton town centre, where Elizabeth lived from 1867 until her death in 1918. Elizabeth was an activist who fought for equality throughout her life, working for girls' education, women's right to own property and for their right to vote.

Disaster Recovery/Emergency Relief

The Disasters Emergency Committee received a donation of £1.0m to help the humanitarian relief in Ukraine.

The Foundation continued its support of the Catholic Agency for Overseas Development (CAFOD) during the year, specifically with a £0.2m grant towards helping distribute hygiene and prevention materials to Mozambique in the wake of the Covid-19 pandemic. The charity will also provide awareness and training to improve sanitation and health care.

Arts and Culture

A grant of £1.0m was given to the New Vic Theatre to help rebuild the Artistic Development Reserve back to its pre-pandemic position and allow the theatre to deliver the preferred programme of shows in 2021/22 and work to develop shows for early 2022. It will also support a trainee scheme for future theatre workers to address the lack of opportunities for young people entering the arts over the past year due to Covid-19.

Funds were provided to Opera Ventures to support its production of *Ainadamar*, which tells the story of playwright and poet, Federico García Lorca and his friend and muse, Catalan actress Margarita Xirgu. Told in reverse, *Ainadamar* is a series of flashbacks and involves Lorca's opposition to the extreme nationalist political group the Falange. Lorca was hounded and persecuted throughout his life, culminating in his shocking execution for his beliefs.

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 14. The total incoming resources for the period were derived from interest and investment returns of £5.1m (2021: £3.8m) and charitable donations of £100.0m (2021: £100.0m) resulting in total incoming resources of £105.1m (2021: £103.8m).

During the Financial Period £18.9m (2021: £6.2m) was expended/committed to charitable giving. After allowing for governance costs of £0.1m (2021: £0.1m), investment management costs of £1.3m (2021: £1.0m) and taking into account investment gains of £14.8m (2021: Gains of £86.5m), this resulted in net income for the period of £99.6m (2021: £183.0m) which when added to the funds brought forward gave rise to £668.0m (2021: £568.3m) 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 £7.1m (2021: £4.3m) of outstanding unconditional commitments in relation to 10 donations/grants committed but not made as at the Balance Sheet date. This increase is due to the level of grants in the period being significantly higher than the previous period. In the view of the Trustees, the funds held at 27 March 2022 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 20 (2021: 17) donations and grants were made to 18 (2021: 12) institutions.

Donation

On 24 March 2022 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 anticipated 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.

When identifying third party fund managers, Stonehage Fleming ("SFIM") place importance upon environmental, social and governance factors ("ESG") as part of an extensive due diligence process. The managers selected exhibit good stewardship practices and show awareness of ESG factors consistent with their investment approach. SFIM's commitment to rewarding good practice is recognised in them being a signatory to the UK Stewardship Code and their affiliation with the UN Principles of Responsible Investment.

ESG issues form a key assessment of the quality and culture of the business' management. Companies not actively addressing their ESG risks are less likely to generate future sustainable growth. There are also certain sectors that are categorically excluded, namely, tobacco, arms manufacturers and coal miners, not only due to the harm caused but also due to unsustainable prospects.

Denise Coates Foundation

REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT

Investment performance

As at 27 March 2022 the total investment portfolio stood at £573.6m net of accrued investment management charges (2021: £472.0m), £101.6m higher than at the end of the previous Financial Period. In the period a total of £99.0m was transferred to the Endowment Fund part of the portfolio, and £16.0m 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 £18.6m, 3.3% (2021: Gain of £89.3m, 23.3%). The FTSE 100 index increased 11.0% over the same period.

As at 27 March 2022 the value of the Endowment Fund element of the investment portfolio was £552.0m (2021: £449.1m) net of accrued investment management charges. Over the course of the Financial Period the Endowment Fund delivered an investment gain of £18.5m, 3.4% (2021: Gain of £89.3m, 24.1%). The UK annual inflation rate, RPI, was 9.0% for March 2022 therefore the Investment Portfolio delivered a reduction 5.6pp below annual inflation.

Reserves policy

The policy of the Trustees is to maintain the real value of the Endowment (including inflation), being the donations received to date of £631.7m (2021: £531.7m) plus inflation, 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 27 March 2022, the actual reserves were £668.0m (2021: £568.3m).

During the year the Trustees, at their discretion, decided to transfer a total of £14.7m (2021: £15.5m) from expendable Endowment Funds to Unrestricted Funds to further the Foundation's ability to provide donations that meet its charitable objectives.

The level of Unrestricted Funds at 27 March 2022 was £16.0m (2021: £20.2m) 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 27 March 2022 was £652.0m (2021: £548.1m).

As at 27 March 2022 the level of Free Reserves, as defined by the Charity Commission, are its Unrestricted Funds and amounted to £16.0m (2021: £20.2m). The policy of the Trustees is to hold a level of Free Reserves that allows them to set appropriate budgets for the following financial period for grant making (£15.8m (2021: £20.0m)) 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.

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. 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
Trustee and Director

19 DECEMBER 2022

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 27 March 2022 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 27 March 2022 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 10, 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' and 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 and 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

Date: 20/12/22

Denise Coates Foundation

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

for the 52 weeks ended 27 March 2022

	Note	Endowment Fund	Unrestricted Funds	Total Funds 52 week Period ended 27 March 2022 £000	Total Funds 52 week Period ended 28 March 2021 £000
INCOME AND ENDOWMENTS:		£000	£000	£000	£000
Donations;					
Gift of expendable endowment	1	100,000	-	100,000	100,000
Investment income	2	5,093	23	5,116	3,813
TOTAL INCOME		105,093	23	105,116	103,813
EXPENDITURE					
Raising funds;					
Investment management costs		1,348	-	1,348	1,044
Charitable activities	3	-	18,946	18,946	6,263
TOTAL EXPENDITURE		(1,348)	(18,946)	(20,294)	(7,307)
NET INCOME/(EXPENDITURE) BEFORE GAINS ON INVESTMENTS		103,745	(18,923)	84,821	96,506
Net gains/(losses) on investment assets		14,796	-	14,796	86,516
NET INCOME/(EXPENDITURE)		118,540	(18,923)	99,617	183,022
TRANSFERS					
Gross transfers between funds	11	(14,674)	14,674	-	-
NET MOVEMENTS IN FUNDS		103,866	(4,249)	99,617	183,022
<i>Reconciliation of funds</i>					
Total funds brought forward		548,093	20,249	568,342	385,320
TOTAL FUNDS CARRIED FORWARD	11	651,959	16,000	667,959	568,342

All income and expenditure derive from continuing activities.

Denise Coates Foundation
STATEMENT OF FINANCIAL POSITION
At 27 March 2022

	Note	2022	2021
		£000	£000
FIXED ASSETS			
Investments	6	573,886	472,261
CURRENT ASSETS			
Debtors: Amounts falling due within one year	7	14	9
Cash at bank and in hand		101,541	100,654
TOTAL CURRENT ASSETS		101,555	100,663
CREDITORS: Amounts falling due within one year	8	(7,104)	(4,419)
NET CURRENT ASSETS		94,451	96,244
TOTAL ASSETS LESS CURRENT LIABILITIES		668,337	568,505
CREDITORS: Amounts falling due after one year	9	(378)	(163)
TOTAL NET ASSETS		667,959	568,342
THE FUNDS OF THE FOUNDATION			
UNRESTRICTED FUNDS			
General funds	12	16,000	20,249
ENDOWMENT FUND	12	651,959	548,093
TOTAL FOUNDATION FUNDS	12	667,959	568,342

The financial statements on pages 14 to 29 were approved by the board and authorised for issue on 19 DECEMBER 2022 and were signed on its behalf by:

Denise Coates

Denise Coates CBE
Trustee and Director

Company Registration No. 08191619
Registered Charity No. 1149110

Denise Coates Foundation

STATEMENT OF CASH FLOWS

for the 52 weeks ended 27 March 2022

	Note	27 March 2022		28 March 2021	
		£000	£000	£000	£000
NET CASH (USED IN)/ PROVIDED BY OPERATING ACTIVITIES	13		(1,441)		7,682
CASH FLOWS FROM INVESTING ACTIVITIES					
Expendable endowment invested		(99,000)		(84,000)	
Transfer from investment		16,000		6,500	
Interest received		1		-	
Net cash used in investing activities			(82,999)		(77,500)
CASH FLOW FROM FINANCING ACTIVITIES					
Gift of expendable endowment			100,000		100,000
Endowment conversion			(14,674)		(15,500)
Net cash provided by financing activities			85,326		84,500
CHANGE IN CASH AND CASH EQUIVALENTS IN THE PERIOD			887		14,682
Cash and cash equivalents at the beginning of the period			100,654		85,972
Total cash and cash equivalents at the end of the period			101,541		100,654

In 2022 cash held on the balance sheet included £100.0m (2021: £100.0m) 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 private 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 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 as follows:

Unlisted securities comprise bonds, pooled investment vehicles and managed funds that are not traded but have published prices. These have been valued using the closing published price.

Listed securities comprise equities, bonds, pooled investment vehicles and managed funds that are traded. These have been valued using the closing bid market price.

Other investments comprise other funds and alternative strategy investments. These have been valued using either closing bid market prices or published prices.

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 27 March 2022

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 (2021: £100.0m) allocated to expendable endowment funds.

2 INVESTMENT INCOME

	Endowment fund £000	2022 Unrestricted fund £000	Total 2022 £000	Total 2021 £000
Managed investments:				
Dividends and interest – listed	1,876	9	1,885	571
Dividends and interest – unlisted	3,205	14	3,219	3,190
Interest on cash	5	-	5	50
Bank interest on cash deposits	7	-	7	2
	<u>5,093</u>	<u>23</u>	<u>5,116</u>	<u>3,813</u>

In 2021 all income except a notional allocation from each investment source amounting to £12k was allocated to the endowment fund.

Denise Coates Foundation

NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022

3 RESOURCES EXPENDED: UNRESTRICTED 2022 AND 2021

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

	Grant funding £000	Support costs £000	Total Period ended 27 March 2022 £000	Total Period ended 28 March 2021 £000
Charitable activity – donations	1,195	-	1,195	150
– grants	17,648	-	17,648	6,026
– governance costs	-	102	102	87
	<u>18,843</u>	<u>102</u>	<u>18,946</u>	<u>6,263</u>

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

	Total Period ended 27 March 2022 £000	Total Period ended 28 March 2021 £000
Disaster Recovery	1,150	150
Medical Research and Development	25	-
Community Development	20	-
	<u>1,195</u>	<u>150</u>

Grants made during the period between institutions are as follows:

	Total Period ended 27 March 2022 £000	Total Period ended 28 March 2021 £000
Medical Research and Development	10,006	1,332
Health and Welfare	3,189	2,274
Education and Training	2,011	1,831
Community Development	1,449	589
Arts and Culture	993	-
	<u>17,648</u>	<u>6,026</u>

Denise Coates Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the 52 weeks ended 27 March 2022

3 RESOURCES EXPENDED: UNRESTRICTED 2022 AND 2021 (continued)

Recipients of institutional grant(s):

Institution	Funded Activity	No of donations	Total £000
University Hospitals of North Midlands Charity	Support with the purchase of a range of the latest equipment and technology to improve the facilities and environment of the Oncology Department at Royal Stoke University Hospital in Stoke-on-Trent.	1	8,362
Douglas Macmillan Hospice	Support towards the merger between Douglas Macmillan Hospice and The Donna Louise Trust, and to provide care for patients.	2	2,189
Stonyhurst Foundation	A school bursary scheme for students from disadvantaged backgrounds.	1	1,600
The Royal Marsden Cancer Charity	Funding towards the construction of a new Oak Cancer Centre.	1	1,314
New Vic Theatre	Support the Theatre to deliver its preferred programme of shows after the impact of the Covid-19 pandemic, and the continuation of its Borderlines service.	2	1,105
Midlands Air Ambulance Charity	Funding towards the construction of a new airbase and charity headquarters.	1	1,091
Thrive at Five	Funding for a three year project to support children from low-income backgrounds.	1	1,000
			16,661
There were a further 8 institutions who benefitted from grants to aid their charitable activities and which are aligned to the Foundation's charitable objectives.			987
			17,648

Denise Coates Foundation

NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022

3 RESOURCES EXPENDED: UNRESTRICTED 2022 AND 2021 (continued)

Analysis of governance costs

<i>Unrestricted funds</i>	Total 2022 £000	Total 2021 £000
Legal and professional	74	66
Audit fees	23	17
Insurance	5	4
Bank charges	-	-
	<hr/> 102 <hr/>	<hr/> 87 <hr/>

4 NET INCOMING RESOURCES FOR THE PERIOD

Net incoming resources are arrived at after charging the following:

	2022 £000	2021 £000
Auditor's remuneration:		
Audit services	23	17
Non audit services:		
Accounts preparation	-	-
Taxation services	5	3
	<hr/> <hr/>	<hr/> <hr/>

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 27 March 2022

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	249,926	145,187	56,566	20,582	472,261
Transfer from cash balances	-	-	83,000	-	83,000
Additions to investments at cost	91,366	33,931	(156,060)	30,763	-
Disposals at carrying value	(16,231)	(11,153)	27,384	-	-
Investment income	3,218	1,187	5	698	5,109
Realised and unrealised gains/(losses) during the period	(11,575)	15,486	5,189	5,696	14,796
Expenses (see below *)	-	-	(1,280)	-	(1,280)
At end of period	316,704	184,638	14,804	57,739	573,886

* Any expenses incurred in the administration or protection of endowment investments are charged to capital. An amount of £333k (2021: £264k) is included in accruals to cover unpaid fees relating to 2022.

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

	2022 £000	2021 £000
Unrealised gains/(losses) on investments	14,709	77,550
Realised gains/(losses) on investments	87	8,948
Realised losses on currency and money markets	-	17
	14,796	86,515

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 27 March 2022

7 DEBTORS: Amounts falling due within one year

	2022 £000	2021 £000
Accrued income - interest	14	9

8 CREDITORS: Amounts falling due within one year

	2022 £000	2021 £000
Accruals	371	306
Donation and grant commitments	6,733	4,113
	7,104	4,419

9 CREDITORS: Amounts falling due after one year

	2022 £000	2021 £000
Grant commitments	378	163

Movement in recognised funding commitments during the period

	Grant and donations commitments accrued	
	2022 £000	2021 £000
Donations and grant commitments recognised at start of the period	4,276	5,826
New donation and grant commitments charged to SoFA in period (see note 3)	18,947	6,193
Unutilised amounts reversed during the reporting period	(103)	(17)
Donations and grants paid during the period	(16,009)	(7,726)
Donation and grant commitments recognised at the end of the period	7,111	4,276

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 27 March 2022

10 FINANCIAL INSTRUMENTS

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

	2022 £000	2021 £000
Financial assets:		
Instruments measured at cost	14	9
Instruments measured at fair value	573,886	472,261
	<u> </u>	<u> </u>
Financial Liabilities:		
Measured at amortised cost	7,482	4,582
	<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

2022	At 28 March 2021 £000	Income £000	Expenditure £000	Gains on revaluation of investments £000	Transfer of Funds £000	At 27 March 2022 £000
UNRESTRICTED FUNDS						
General fund	20,249	23	(18,946)	-	14,674	16,000
ENDOWMENT FUND						
Expendable	548,093	105,093	(1,348)	14,796	(14,674)	651,959
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	568,342	105,116	(20,294)	14,796	-	667,959
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

2021	At 29 March 2020 £000	Income £000	Expenditure £000	Gains on revaluation of investments £000	Transfer of Funds £000	At 28 March 2021 £000
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>

Denise Coates Foundation

NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022

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 (2021: £100.0m). This brings the total donations from the corporate members of the bet365 Group to £631.7m. 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 £14.7m to make available further funds for grant payments.

12 ANALYSIS OF NET ASSETS BETWEEN FUNDS

2022	Endowment fund £000	Unrestricted General funds £000	Total funds £000
Investments	552,285	21,601	573,886
Cash at bank and in hand	100,000	1,541	101,541
Creditors due within one year	(333)	(6,771)	(7,104)
Creditors due after one year	-	(378)	(378)
Debtors due within one year	7	7	14
Total net assets	651,959	16,000	667,959
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

Denise Coates Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the 52 weeks ended 27 March 2022

13 RECONCILIATION OF NET INCOME TO CASH FLOW FROM OPERATING ACTIVITIES

	27 March 2022 £000	28 March 2021 £000
Income after gains and losses on investments	99,617	183,021
Gift of expendable endowment	(100,000)	(100,000)
Endowment conversion	14,674	15,500
Investment income	(5,116)	(3,813)
Investment manager costs	1,348	1,044
Increase/(Decrease) in creditors	2,831	(1,554)
Net (gains)/losses on investments	(14,796)	(86,516)
Net cash (used in)/provided by operating activities	(1,441)	7,682

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 (2021: £40m) and £60.0m from Hillside (Media Services) Limited (2021: £60.0m) during the period. No balances were owed to or from Hillside (Technology) Limited or Hillside (Media Services) Limited at the period end (2021: £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.

15 CONTINGENT GRANT COMMITMENTS

The Trustees intend to make the following grants.

A grant to provide long-term funding of medical research including pilot projects, fellowships, and PhD students. The institution overseeing this project has been informed of the Foundation's intention to fund an award of £1.3m, however the award is contingent upon the current Medical Director still being in position 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 £0.1m. To-date the institution has received £0.6m towards this project, however the remaining award, consisting of one tranche in the next financial year, is contingent upon the project reaching certain milestones, and the Trustees being content with the nature and extent of progress towards the intended deliverables.