

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2022
FOR
THE HEARTH FOUNDATION**

Harrison Beale & Owen Limited
Chartered Accountants
Highdown House
11 Highdown Road
Leamington Spa
Warwickshire
CV31 1XT

THE HEARTH FOUNDATION

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THE HEARTH FOUNDATION

REPORT OF THE TRUSTEES for the year ended 5 April 2022

The trustees present their report with the financial statements of the charity for the year ended 5 April 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charity is constituted as a Charitable Incorporated Organisation (CIO) taking the form of a foundation model charity governed by a trust deed. The Charity changed its name by Special Resolution on 6 April 2017 to The Hearth Foundation.

Foundation

The Charity was initially funded with donations amounting to £2million in June 2016, which together with the resultant tax repayment has been invested in a variety of income producing investments, including freehold property, as detailed in the Accounts.

Aims

The object of the Charity as stated in its constitution, is to advance such charitable purposes (according to the law of England and Wales) as the Trustees see fit from time to time.

The income arising from the investments made will be distributed to beneficiaries' subject to retaining a suitable reserve to cover any expenses on the freehold investment properties not recoverable from tenants. It is the intention of the Trustees to make such grants during the first calendar quarter of each year.

The Charity has no specific restrictions as to any beneficiaries, but particular consideration will be given by the Trustees to applications for the benefit of younger people in the Midlands and North of the country. Applications will be considered throughout the year, and distributed as stated above. The Trustees are confident that in exercising their duties, they have full regard to the requirements of the Charity Commission concerning public benefit.

Financial Performance

The Trustees are pleased with the performance of the various investments made by the Charity during its first period of operation, and are hopeful that the diversity of these investments will provide a good return in years to come for public benefit. No payment has been made to the Trustees for services or expenses. The only expenses paid by the Charity have been in respect of professional costs and investment advice. Full details of the financial results for the year ended 5 April 2022 are shown in the Accounts.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

CE005397 (England and Wales)

Registered Charity number

1165540

Registered office

Monkstone House
Main Street
Mowsley
Lutterworth
Leicestershire
LE17 6NU

THE HEARTH FOUNDATION

REPORT OF THE TRUSTEES for the year ended 5 April 2022

Trustees

M Bosworth Chairman
Mrs V M Bosworth
C M Bosworth
Mrs J P M Bosworth
S Bosworth
Mrs H E Bosworth

The Trustees do not currently intend to seek further funding for the Charity, and are confident that the present Board have a sufficient range of skills for its operation. Consequently, no further appointments are currently envisaged.

Independent Examiner

Mark Ashfield BA FCA
Harrison Beale & Owen Limited
Chartered Accountants
Highdown House
11 Highdown Road
Leamington Spa
Warwickshire
CV31 1XT

Advisers

Legal

Lodders Solicitors,
Stratford-upon-Avon

Property

Harris Lamb Chartered Surveyors,
Birmingham

Investment

Brewin Dolphin,
Birmingham

Fairstone Financial Management Limited,
Kibworth Leicester

Approved by order of the board of trustees on 19 December 2022 and signed on its behalf by:

M Bosworth - Trustee

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE HEARTH FOUNDATION

Independent examiner's report to the trustees of The Hearth Foundation ('the Company')

I report to the charity trustees on my examination of the accounts of the Company for the year ended 5 April 2022.

Responsibilities and basis of report

As the charity's trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under Section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under Section 145(5) (b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Company as required by Section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of Section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Mark Ashfield BA FCA
Harrison Beale & Owen Limited
Chartered Accountants
Highdown House
11 Highdown Road
Leamington Spa
Warwickshire
CV31 1XT

19 December 2022

THE HEARTH FOUNDATION

**STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 5 April 2022**

	Notes	2022 Unrestricted fund £	2021 Total funds £
INCOME AND ENDOWMENTS FROM			
Investment income	3	116,979	117,408
Other income	4	36,750	-
Total		<u>153,729</u>	<u>117,408</u>
EXPENDITURE ON			
Raising funds	5	81,507	25,775
Charitable activities	6		
Donations		96,000	86,153
Property fees		12,638	522
Other		5,600	2,225
Total		<u>195,745</u>	<u>114,675</u>
Net gains on investments		<u>29,906</u>	<u>386,074</u>
NET INCOME/(EXPENDITURE)		(12,110)	388,807
RECONCILIATION OF FUNDS			
Total funds brought forward		2,904,125	2,515,318
TOTAL FUNDS CARRIED FORWARD		<u><u>2,892,015</u></u>	<u><u>2,904,125</u></u>

The notes form part of these financial statements

THE HEARTH FOUNDATION

BALANCE SHEET
5 April 2022

	Notes	2022 Unrestricted fund £	2021 Total funds £
FIXED ASSETS			
Investments			
Investments	12	1,430,452	1,405,141
Investment property	13	<u>1,311,859</u>	<u>1,311,859</u>
		2,742,311	2,717,000
CURRENT ASSETS			
Debtors	14	33,606	53,838
Cash at bank		<u>119,729</u>	<u>165,832</u>
		153,335	219,670
CREDITORS			
Amounts falling due within one year	15	(3,631)	(32,545)
		<u> </u>	<u> </u>
NET CURRENT ASSETS		<u>149,704</u>	<u>187,125</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,892,015</u>	<u>2,904,125</u>
NET ASSETS		<u>2,892,015</u>	<u>2,904,125</u>
FUNDS			
Unrestricted funds	16	<u>2,892,015</u>	<u>2,904,125</u>
TOTAL FUNDS		<u>2,892,015</u>	<u>2,904,125</u>

The notes form part of these financial statements

THE HEARTH FOUNDATION

BALANCE SHEET - continued
5 April 2022

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 5 April 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 5 April 2022 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

The financial statements were approved by the Board of Trustees and authorised for issue on 19 December 2022 and were signed on its behalf by:

M Bosworth - Trustee

THE HEARTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 5 April 2022

1. GENERAL INFORMATION

The charity was incorporated under the Charitable Incorporated Organisations (General) Regulations 2012 on 11 February 2016. The charity's registered number and registered office address can be found on the Report of the Trustees.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Investment income is recognised on a receivable basis.

Expenditure

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

Irrecoverable VAT

There is currently no requirement to restrict any VAT through the VAT returns of The Hearth Foundation as the expenditure it incurs relates wholly to the commercial properties which are all subject to an option to tax and therefore VAT is charged on rents and related service charges.

It is noted that there is a very small amount of exempt income arising from the quarterly service charge invoiced to the occupants of the residential flats which have been sold. It is considered that any VAT incurred in respect of this element would be fully recoverable under the rules for partial exemption.

Grants

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

Allocation and apportionment of costs

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Directly attributable costs are allocated by resource, with the balance of expenditure allocated according to the proportion of trustee involvement with each resource.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and include the audit fees and costs linked to the strategic management of the Charity.

THE HEARTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 5 April 2022

2. ACCOUNTING POLICIES - continued

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is recognised in 'net gains/(losses) on investments' in the SoFA.

Taxation

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

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives.

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains/(losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

Financial Instruments

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment.

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

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid after taking account of any trade discounts due.

Creditors and provisions

Creditors and provisions are recognised where the Charity 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 after allowing for any trade discounts due.

3. INVESTMENT INCOME

	2022	2021
	£	£
Rents received	93,279	92,947
Investment income	23,674	24,317
Deposit account interest	<u>26</u>	<u>144</u>
	<u>116,979</u>	<u>117,408</u>

THE HEARTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2022

4. OTHER INCOME

	2022	2021
	£	£
Property repair contributions	<u>36,750</u>	<u>-</u>

5. RAISING FUNDS

Investment management costs

	2022	2021
	£	£
Portfolio management	17,687	15,661
Insurance	2,576	2,484
Property repairs	56,744	-
Maintenance charges	<u>4,500</u>	<u>7,630</u>
	<u>81,507</u>	<u>25,775</u>

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Grant funding of activities (see note 7) £	Support costs (see note 8) £	Totals £
Donations	-	96,000	-	96,000
Property fees	<u>2,028</u>	<u>-</u>	<u>10,610</u>	<u>12,638</u>
	<u>2,028</u>	<u>96,000</u>	<u>10,610</u>	<u>108,638</u>

7. GRANTS PAYABLE

	2022	2021
	£	£
Donations	<u>96,000</u>	<u>83,000</u>

THE HEARTH FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2022**

8. SUPPORT COSTS

	Governance costs
	£
Other resources expended	5,600
Property fees	<u>10,610</u>
	<u>16,210</u>

Support costs, included in the above, are as follows:

Governance costs

	2022	2021
Other resources expended	Total activities	Total activities
£	£	£
Accountancy and legal fees	<u>16,210</u>	<u>2,225</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 5 April 2022 nor for the year ended 5 April 2021.

Trustees' expenses

There were no trustees' expenses paid for the year ended 5 April 2022 nor for the year ended 5 April 2021.

10. STAFF COSTS

There were no staff costs for the year ended 5 April 2022 nor the year ended 5 April 2021.

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund
	£
INCOME AND ENDOWMENTS FROM	
Investment income	<u>117,408</u>
EXPENDITURE ON	
Raising funds	25,775
Charitable activities	
Donations	
Property fees	86,153
	522
Other	2,225

THE HEARTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2022

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £
	<u> </u>
Total	<u>114,675</u>
Net gains on investments	<u>386,074</u>
NET INCOME	388,807
RECONCILIATION OF FUNDS	
Total funds brought forward	2,515,318
	<u> </u>
TOTAL FUNDS CARRIED FORWARD	<u><u>2,904,125</u></u>

12. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 6 April 2021	1,405,141
Additions	18,968
Disposals	(18,772)
Revaluation	<u>25,115</u>
At 5 April 2022	<u>1,430,452</u>
NET BOOK VALUE	
At 5 April 2022	<u><u>1,430,452</u></u>
At 5 April 2021	<u><u>1,405,141</u></u>

Fixed asset investments comprise a portfolio of listed investments and funds managed by Brewin Dolphin and Fairstone Financial Management on behalf of the charity. The funds are valued on a regular basis by the investment managers with reference to current market prices.

The historic cost of listed fixed asset investments totals £1,097,585 (2021 - £1,105,357).

THE HEARTH FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2022**

13. INVESTMENT PROPERTY

£

FAIR VALUE

At 6 April 2021
and 5 April 2022

1,311,859

NET BOOK VALUE

At 5 April 2022

1,311,859

At 5 April 2021

1,311,859

The trustees consider the cost of the investment to equate to market value.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	30,400	52,338
VAT	<u>3,206</u>	<u>1,500</u>
	<u>33,606</u>	<u>53,838</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	10	-
Other creditors	-	28,962
Accruals and deferred income	<u>3,621</u>	<u>3,583</u>
	<u>3,631</u>	<u>32,545</u>

16. MOVEMENT IN FUNDS

	At 6.4.21 £	Net movement in funds £	At 5.4.22 £
Unrestricted funds			
General fund	2,904,125	(12,110)	2,892,015
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>2,904,125</u>	<u>(12,110)</u>	<u>2,892,015</u>

THE HEARTH FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2022**

16. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	153,729	(195,745)	29,906	(12,110)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>153,729</u>	<u>(195,745)</u>	<u>29,906</u>	<u>(12,110)</u>

Comparatives for movement in funds

	At 6.4.20 £	Net movement in funds £	At 5.4.21 £
Unrestricted funds			
General fund	2,515,318	388,807	2,904,125
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>2,515,318</u>	<u>388,807</u>	<u>2,904,125</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	117,408	(114,675)	386,074	388,807
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>117,408</u>	<u>(114,675)</u>	<u>386,074</u>	<u>388,807</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 6.4.20 £	Net movement in funds £	At 5.4.22 £
Unrestricted funds			
General fund	2,515,318	376,697	2,892,015
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>2,515,318</u>	<u>376,697</u>	<u>2,892,015</u>

THE HEARTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2022

16. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	271,137	(310,420)	415,980	376,697
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>271,137</u>	<u>(310,420)</u>	<u>415,980</u>	<u>376,697</u>

17. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 5 April 2022.