

**REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2023  
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 2023**

The trustees present their report with the financial statements of the charity for the year ended 5 April 2023. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 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 satisfied with the performance of the various investments taking into consideration the present economic environment, 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 2023 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 2023**

#### **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 6 December 2023 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 2023.

#### **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

6 December 2023

**THE HEARTH FOUNDATION**

**STATEMENT OF FINANCIAL ACTIVITIES  
for the year ended 5 April 2023**

	Notes	<b>2023 Unrestricted fund £</b>	<b>2022 Total funds £</b>
<b>INCOME AND ENDOWMENTS FROM</b>			
Investment income	3	<b>120,808</b>	116,979
Other income	4	<u>-</u>	<u>36,750</u>
<b>Total</b>		<b><u>120,808</u></b>	<b><u>153,729</u></b>
<b>EXPENDITURE ON</b>			
Raising funds	5	<b>53,980</b>	81,507
<b>Charitable activities</b>	6		
Donations		<b>96,136</b>	96,000
Property fees		-	12,638
Other		<u><b>2,650</b></u>	<u>5,600</u>
<b>Total</b>		<b><u>152,766</u></b>	<b><u>195,745</u></b>
Net gains/(losses) on investments		<u><b>(97,862)</b></u>	<u>29,906</u>
<b>NET INCOME/(EXPENDITURE)</b>		<b>(129,820)</b>	(12,110)
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward		<b><u>2,892,015</u></b>	<u>2,904,125</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b><u><u>2,762,195</u></u></b>	<b><u><u>2,892,015</u></u></b>

The notes form part of these financial statements

**THE HEARTH FOUNDATION**

**BALANCE SHEET**  
**5 April 2023**

	Notes	<b>2023</b> <b>Unrestricted</b> <b>fund</b> <b>£</b>	<b>2022</b> <b>Total</b> <b>funds</b> <b>£</b>
<b>FIXED ASSETS</b>			
<b>Investments</b>			
Investments	12	<b>1,306,775</b>	1,430,452
Investment property	13	<b><u>1,311,859</u></b>	<u>1,311,859</u>
		<b>2,618,634</b>	2,742,311
 <b>CURRENT ASSETS</b>			
Debtors	14	<b>47,529</b>	33,606
Cash at bank		<b><u>100,150</u></b>	<u>119,729</u>
		<b>147,679</b>	153,335
 <b>CREDITORS</b>			
Amounts falling due within one year	15	<b>(4,118)</b>	(3,631)
		<hr/>	<hr/>
 <b>NET CURRENT ASSETS</b>		<b><u>143,561</u></b>	<u>149,704</u>
 <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b><u>2,762,195</u></b>	2,892,015
		<hr/>	<hr/>
 <b>NET ASSETS</b>		<b><u><u>2,762,195</u></u></b>	<u><u>2,892,015</u></u>
 <b>FUNDS</b>	16		
Unrestricted funds		<b><u>2,762,195</u></b>	<u>2,892,015</u>
 <b>TOTAL FUNDS</b>		<b><u><u>2,762,195</u></u></b>	<u><u>2,892,015</u></u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 5 April 2023.

The members have not required the company to obtain an audit of its financial statements for the year ended 5 April 2023 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 notes form part of these financial statements

**THE HEARTH FOUNDATION**

**BALANCE SHEET - continued**  
**5 April 2023**

The financial statements were approved by the Board of Trustees and authorised for issue on 6 December 2023 and were signed on its behalf by:

M Bosworth - Trustee



# THE HEARTH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 5 April 2023

### 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 2023

### 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

	2023	2022
	£	£
Rents received	93,260	93,279
Investment income	27,008	23,674
Deposit account interest	540	26
	<u>120,808</u>	<u>116,979</u>

**THE HEARTH FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 5 April 2023**

**4. OTHER INCOME**

	<b>2023</b>	2022
	<b>£</b>	£
Property repair contributions	<u><u>-</u></u>	<u><u>36,750</u></u>

**5. RAISING FUNDS**

**Raising donations and legacies**

	<b>2023</b>	2022
	<b>£</b>	£
Support costs	<u><u>170</u></u>	<u><u>-</u></u>

**Investment management costs**

	<b>2023</b>	2022
	<b>£</b>	£
Portfolio management	<b>25,654</b>	17,687
Insurance	<b>3,200</b>	2,576
Property repairs	<b>20,515</b>	56,744
Maintenance charges	<u><u>4,441</u></u>	<u><u>4,500</u></u>
	<u><u><b>53,810</b></u></u>	<u><u>81,507</u></u>

Aggregate amounts	<u><u><b>53,980</b></u></u>	<u><u>81,507</u></u>
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**6. CHARITABLE ACTIVITIES COSTS**

	Direct Costs £	Grant funding of activities (see note 7) £	Support costs (see note 8) £	Totals £
Donations	<u><u><b>390</b></u></u>	<u><u><b>95,000</b></u></u>	<u><u><b>746</b></u></u>	<u><u><b>96,136</b></u></u>

**7. GRANTS PAYABLE**

	<b>2023</b>	2022
	<b>£</b>	£
Donations	<u><u><b>95,000</b></u></u>	<u><u>96,000</u></u>

**THE HEARTH FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 5 April 2023**

**8. SUPPORT COSTS**

	Governance costs
	£
Raising donations and legacies	170
Other resources expended	2,650
Donations	<u>746</u>
	<u><u>3,566</u></u>

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

**Governance costs**

				2023	2022
	Raising donations and legacies	Other resources expended	Donations	Total activities	Total activities
	£	£	£	£	£
Accountancy and legal fees	<u>170</u>	<u>2,650</u>	<u>746</u>	<u>3,566</u>	<u>16,210</u>

**9. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 5 April 2023 nor for the year ended 5 April 2022.

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 5 April 2023 nor for the year ended 5 April 2022.

**10. STAFF COSTS**

There were no staff costs for the year ended 5 April 2023 nor the year ended 5 April 2022.

**11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund
	£
<b>INCOME AND ENDOWMENTS FROM</b>	
Investment income	116,979
Other income	<u>36,750</u>
<b>Total</b>	<u>153,729</u>
 <b>EXPENDITURE ON</b>	
Raising funds	81,507
 <b>Charitable activities</b>	
Donations	96,000
Property fees	12,638

**THE HEARTH FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 5 April 2023**

**11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued**

	Unrestricted fund £
Other	<u>5,600</u>
<b>Total</b>	<u>195,745</u>
Net gains on investments	<u>29,906</u>
<b>NET INCOME/(EXPENDITURE)</b>	(12,110)
<b>RECONCILIATION OF FUNDS</b>	
Total funds brought forward	<u>2,904,125</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u><u>2,892,015</u></u>

**12. FIXED ASSET INVESTMENTS**

	Listed investments £
<b>MARKET VALUE</b>	
At 6 April 2022	<b>1,430,452</b>
Additions	<b>53,577</b>
Disposals	<b>(57,747)</b>
Revaluation	<u><b>(119,507)</b></u>
At 5 April 2023	<u><b>1,306,775</b></u>
<b>NET BOOK VALUE</b>	
At 5 April 2023	<u><u><b>1,306,775</b></u></u>
At 5 April 2022	<u><u>1,430,452</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 £1,091,506 (2022 - £1,097,585).

**THE HEARTH FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 5 April 2023**

**13. INVESTMENT PROPERTY**

£

**FAIR VALUE**

At 6 April 2022  
and 5 April 2023

**1,311,859**

**NET BOOK VALUE**

At 5 April 2023

**1,311,859**

At 5 April 2022

**1,311,859**

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

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023 £	2022 £
Trade debtors	47,529	30,400
VAT	<u>-</u>	<u>3,206</u>
	<u><b>47,529</b></u>	<u><b>33,606</b></u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023 £	2022 £
Trade creditors	180	10
VAT	197	-
Accruals and deferred income	<u><b>3,741</b></u>	<u><b>3,621</b></u>
	<u><b>4,118</b></u>	<u><b>3,631</b></u>

**16. MOVEMENT IN FUNDS**

	At 6.4.22 £	Net movement in funds £	At 5.4.23 £
<b>Unrestricted funds</b>			
General fund	2,892,015	(129,820)	2,762,195
	<u>2,892,015</u>	<u>(129,820)</u>	<u><b>2,762,195</b></u>
<b>TOTAL FUNDS</b>	<u><b>2,892,015</b></u>	<u><b>(129,820)</b></u>	<u><b>2,762,195</b></u>

**THE HEARTH FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 5 April 2023**

**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 £
<b>Unrestricted funds</b>				
General fund	120,808	(152,766)	(97,862)	(129,820)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS</b>	<u>120,808</u>	<u>(152,766)</u>	<u>(97,862)</u>	<u>(129,820)</u>

**Comparatives for movement in funds**

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

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

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

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

	At 6.4.21 £	Net movement in funds £	At 5.4.23 £
<b>Unrestricted funds</b>			
General fund	2,904,125	(141,930)	2,762,195
	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS</b>	<u>2,904,125</u>	<u>(141,930)</u>	<u>2,762,195</u>

**THE HEARTH FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 5 April 2023**

**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 £
<b>Unrestricted funds</b>				
General fund	274,537	(348,511)	(67,956)	(141,930)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS</b>	<u>274,537</u>	<u>(348,511)</u>	<u>(67,956)</u>	<u>(141,930)</u>

**17. RELATED PARTY DISCLOSURES**

There were no related party transactions for the year ended 5 April 2023.



**THE HEARTH FOUNDATION**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES  
for the year ended 5 April 2023**

	2023 £	2022 £
<b>INCOME AND ENDOWMENTS</b>		
<b>Investment income</b>		
Rents received	93,260	93,279
Investment income	27,008	23,674
Deposit account interest	<u>540</u>	<u>26</u>
	120,808	116,979
<b>Other income</b>		
Property repair contributions	<u>-</u>	<u>36,750</u>
<b>Total incoming resources</b>	120,808	153,729
<b>EXPENDITURE</b>		
<b>Investment management costs</b>		
Portfolio management	25,654	17,687
Insurance	3,200	2,576
Property repairs	20,515	56,744
Maintenance charges	<u>4,441</u>	<u>4,500</u>
	53,810	81,507
<b>Charitable activities</b>		
Light and heat	390	687
Sundries	-	1,341
Grants to institutions	<u>95,000</u>	<u>96,000</u>
	95,390	98,028
<b>Support costs</b>		
<b>Governance costs</b>		
Accountancy and legal fees	<u>3,566</u>	<u>16,210</u>
Total resources expended	<u>152,766</u>	<u>195,745</u>
<b>Net expenditure before gains and losses</b>	(31,958)	(42,016)
<b>Realised recognised gains and losses</b>		
Realised gains/(losses) on fixed asset investments	<u>21,645</u>	<u>4,791</u>
<b>Net expenditure</b>	<u><u>(10,313)</u></u>	<u><u>(37,225)</u></u>

This page does not form part of the statutory financial statements