

Charity Registration No. 1182553

LINDENLEAF CIO
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2021

LINDENLEAF CIO

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	P Greatbatch E Haycox H M Charles H Horton T B Howells
Charity number	1182553
Principal address	Flat 2 Y Gelli Chambers 10 Broad Street Hay-on-Wye HR3 5DB
Bankers	Adam & Company Plc 6 Adelaide Street London WC2N 4HZ

LINDENLEAF CIO

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LINDENLEAF CIO

TRUSTEES' REPORT

FOR THE YEAR ENDED 5 APRIL 2021

The Trustees present their report and financial statements for the year ended 5 April 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's charitable trust deed, the Charities Act 2011 and "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)".

Objectives and activities

The Charity's aim is to identify and support through its grants, groups that have the ability to promote community development or the alleviation of poverty in its designated areas of operation – namely in the Welsh Marches (on both sides of the English/Welsh borders around the town of Hay-on-Wye) and in Hungary. As the Charity is unable to supply any managerial or organisational capacity, the groups the trustees collectively select must show a record of previous achievement in the activities for which grants are made.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities and setting the grant making policy for the year.

Achievements and performance

The Charity continued its relationship with Menedekhas's Workshop Project in Hungary. Under the supervision of a social worker, a safe and stimulating meeting place is provided for young people from difficult family situations. The project includes attendance and participation in outdoor sporting events and activities, and opportunities to develop practical skills (repair and maintenance of bicycles).

At 5 April 2021, the Charity had the following commitment in place for future grants:

£12,000 to Marches Family Network in instalments to 2022.

The Charity has also provided a guarantee for Hay Castle Trust as disclosed in Note 14 of the accounts. Two of the Charity's trustees are also trustees of Hay Castle Trust.

Financial review

Details of income and expenditure for the year are shown on page 4.

Incoming resources amounted to £14,164 (2020: £15,602), total resources expended totalled £22,948 (2020: £65,481) and unrealised gains on investments totalled £49,297 (2020: losses of £55,670), resulting in a net increase in funds of £40,513 (2020: decrease of £105,909) for the year.

The statement of financial position on page 5 shows the financial position of the Charity as at 5 April 2021.

Investment policy and performance and reserves policy

The Charity's policy is to hold substantial liquid assets in order to be able to fund any potentially large opportunities which may from time to time arise in its areas of operation. Any such grants would necessarily be made from capital. In addition, income generating investments are held, and the policy is to distribute the income and gains from these investments as grants. Currently there is a balance of £1,947,032 (2020: £1,906,519) held as unrestricted funds.

The Charity bought investments in the year at a total cost of £105,961 (2020: £nil). The overall cost of investments held at the year end was £383,461 (2020: £277,500). At 5 April 2021 the market value of the investments was £415,722 (2020: £260,464).

Risk Mitigation

The Trustees have assessed the major risks to which the Charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

LINDENLEAF CIO

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2021

Plans for the future

The Charity will continue to actively search out suitable potential recipients for support in its areas of operation. Because the charity has no paid staff, but relies on the networks of its trustees, it is crucial that any recipients should have a clearly defined project, together with the resources and demonstrated ability to deliver the desired outcomes.

The values of the Charity's investments increased from £260,464 on 5 April 2020 to £415,722 at 5 April 2021 as a result both of additional purchases and economic recovery following the initial period of lockdown as a result of Covid-19.

Structure, governance and management

The Charity was established under a CIO constitution dated 24 April 2019 and is registered with the Charity Commission under charity registration number 1182553.

The Trustees who served during the year and up to the date of signature of the financial statements were:

P Greatbatch

E Haycox

H M Charles

H Horton

T B Howells

The statutory power of adopting new or additional Trustees is vested in the Trustees.

The day to day administration of the Trust is carried out by the Trustees.

Trustees are expected to identify their training needs and take measures to ensure that these needs are met.

The Trustees' report was approved by the Board of Trustees.

P Greatbatch

Trustee

Dated: 5 November 2021

LINDENLEAF CIO

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 5 APRIL 2021

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that year.

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LINDENLEAF CIO

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 5 APRIL 2021

	Notes	Unrestricted funds 2021 £	Unrestricted funds 2020 £
<u>Income from:</u>			
Donations and legacies	2	-	1,290
Investments	3	14,164	14,312
Total income		<u>14,164</u>	<u>15,602</u>
<u>Expenditure on:</u>			
Charitable activities	4	<u>22,948</u>	<u>65,841</u>
Net gains/(losses) on investments	9	<u>49,297</u>	<u>(55,670)</u>
Net movement in funds		40,513	(105,909)
Fund balances at 6 April 2020		<u>1,906,519</u>	<u>2,012,428</u>
Fund balances at 5 April 2021		<u><u>1,947,032</u></u>	<u><u>1,906,519</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

LINDENLEAF CIO

STATEMENT OF FINANCIAL POSITION

AS AT 5 APRIL 2021

	Notes	£	2021 £	£	2020 £
Fixed assets					
Investments	10		415,722		260,464
Current assets					
Trade and other receivables	11	400,000		200,000	
Cash at bank and in hand		1,148,953		1,495,689	
		<u>1,548,953</u>		<u>1,695,689</u>	
Current liabilities	12	(17,643)		(38,750)	
Net current assets			1,531,310		1,656,939
Total assets less current liabilities			1,947,032		1,917,403
Non-current liabilities	13		-		(10,884)
Net assets			<u>1,947,032</u>		<u>1,906,519</u>
Income funds					
Unrestricted funds			1,947,032		1,906,519
			<u>1,947,032</u>		<u>1,906,519</u>

The financial statements were approved by the Trustees on 5 November 2021

P Greatbatch
Trustee

LINDENLEAF CIO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 APRIL 2021

1 Accounting policies

Charity information

Lindenleaf CIO is a charity registered in England and Wales. The Charity's business address is Flat 2, Y Gelli Chambers, 10 Broad Street, Hay-on-Wye, HR3 5DB. The nature of the Charity's operations and principal activities are set out in the Trustees' Report.

Lindenleaf CIO merged with Lindenleaf Charitable Trust, a charity with the same objects and trustees, on 18 October 2019. There are no differences between the accounting policies of Lindenleaf CIO and Lindenleaf Charitable Trust. Lindenleaf Charitable Trust ceased operations and was removed from the register of charities on 17 March 2020.

1.1 Accounting convention

The accounts have been prepared in accordance with the Charity's constitution, the Charities Act 2011 and "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)". The Charity is a Public Benefit Entity as defined by FRS 102.

The Charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The accounts have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The accounts are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention with exception of investments which are included at market value.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

1.4 Incoming resources

Donations are recognised as incoming resources when receivable. Related gift aid tax recoverable is recognised at the date of receipt of the donation.

Income from listed investments is recognised when the dividends are received.

LINDENLEAF CIO

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2021

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is included in the statements of financial activities on an accruals basis.

Grants awarded are charged in the year when the offer is conveyed to the recipient, irrespective of the period covered by the grant, such grants being recognised as expenditure.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. Governance costs are allocated to charitable activities based on the underlying value of grants awarded.

1.6 Non-current investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.8 Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including grants payable and loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

LINDENLEAF CIO

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2021

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the Charity's contractual obligations expire or are discharged or cancelled.

1.9 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Differences arising on commitments in foreign currencies are allocated against the relevant heading under charitable activities. Differences on bank balances are included with support costs.

1.10 Grant-making policy and provision for commitments

Where the Charity has entered into a legally enforceable contract to make charitable grants in future periods, this expenditure is recognised in the period in which the contract is made. This is also the case where there is a constructive obligation to make such grants.

Expenditure resulting from provisions that arise due to a legal constructive obligation is, therefore, recognised in full in the Trust's financial statements as soon as the obligation arises.

2 Donations and legacies

	2021 £	2020 £
Donations and gifts	-	1,290

3 Investments

	2021 £	2020 £
Income from listed investments	13,748	12,068
Interest receivable	416	2,244
	<u>14,164</u>	<u>14,312</u>

LINDENLEAF CIO

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2021

4 Charitable activities

	Community development £	Total 2020 £
Grant funding of activities (see note 5)	11,976	49,440
Foreign exchange	(64)	(2,000)
Share of governance costs (see note 6)	11,036	18,401
	<u>22,948</u>	<u>65,841</u>

5 Grants payable

	Community development £	Total £	2020 £
Grants to institutions:			
Menedek haz Shelter House Foundation	861	861	2,287
Black Mountains Chamber Music Trust	-	-	2,840
Marches Family Network	1,115	1,115	34,313
Black Mountains College Project	10,000	10,000	10,000
	<u>11,976</u>	<u>11,976</u>	<u>49,440</u>

6 Support costs

	Support costs £	Governance costs £	2021 £	2020 £
Accountancy	-	10,250	10,250	13,928
Legal and professional	-	-	-	3,906
Bank charges	-	786	786	567
	<u>-</u>	<u>11,036</u>	<u>11,036</u>	<u>18,401</u>
Analysed between Charitable activities	-	11,036	11,036	18,401

The level of professional fees in 2020 reflected the costs of Lindenleaf's conversion from a charitable trust to a CIO.

LINDENLEAF CIO

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2021

7 Trustees

H M Charles is a partner of Citroen Wells, which supplied accountancy services during the year. Fees arising of £14,250 (2020: £8,928) were paid to Citroen Wells in the year. Otherwise, none of the Trustees (or any persons connected with them) received any remuneration or reimbursed expenses during the year.

8 Employees

There were no employees during the year.

9 Net gains/(losses) on investments

	2021 £	2020 £
Revaluation of investments	49,297	(55,670)

10 Fixed asset investments

	Listed investments £
Cost or valuation	
At 6 April 2020	260,464
Additions	105,961
Valuation changes	49,297
At 5 April 2021	415,722
Carrying amount	
At 05 April 2021	415,722
At 05 April 2020	260,464

11 Trade and other receivables

	2021 £	2020 £
Amounts falling due within one year:		
Other receivables	400,000	200,000

Other receivables comprise a concessionary loan of £400,000 (2020: £200,000) drawn down, for working capital purposes, during the current and prior year by Hay Castle Trust Limited, as an advance against Lindenleaf's commitment to meet the anticipated funding deficit outlined in Note 14. The loan satisfies the charitable purposes of the charity as it has been made to further the restoration of the town-centre castle in Hay-on-Wye.

LINDENLEAF CIO

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2021

12 Current liabilities

	2021 £	2020 £
Grants payable due within one year	11,428	28,660
Accruals and deferred income	6,215	10,090
	<u>17,643</u>	<u>38,750</u>

13 Non-current liabilities

	2021 £	2020 £
Grants payable due after more than one year	-	10,884
	<u>-</u>	<u>10,884</u>

LINDENLEAF CIO

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2021

14 Financial commitments, guarantees and contingent liabilities

During the year ended 5 April 2014, a grant of over £2.0 million to Hay Castle Trust ("HCT") was the Charity's largest ever donation.

In July 2016, Lindenleaf Charitable Trust signed a loan-guarantee agreement (transferred to Lindenleaf CIO during the prior year) with HCT, (whose aim is the restoration of the historic town-centre castle in Hay-on-Wye for conservation, education and community purposes), whereby the Charity acted as guarantor of the match-funding requirement specified in HCT's agreement with the Heritage Lottery Fund (the predecessor of the National Lottery Fund for Heritage). The latter organisation, following its original Development Phase award of £600,000 to HCT, subsequently awarded an additional £4.8 million for the project's Delivery Phase, contingent on the residual amount (then £1.5 million) being raised from private sources. At the time of signing the agreement, the guarantee amount needed to allow work to start was approximately £939,000.

However, in late 2017, following the unexpectedly high level of the tenders received from prospective lead contractors, HCT was obliged to mitigate the increased cost of the project (of approximately £1.25 million) through a "value-engineering" exercise which identified £886,000 of expenses which could be postponed or eliminated while leaving the scope of the project intact.

In addition, HCT was advised that some of the commitments made by outside funders that had been allocated to its capital campaign should be more properly booked against its future operating budget.

More recently, the inevitable dislocations caused by the Covid-19 lockdowns, with a subsequent scarcity of building materials, and delays in delivery of some key steel components (which needed to be re-engineered) all resulted in additional costs to HCT's restoration project. HCT now expects a total project cost of £8.0 million compared to its previously revised budget of £6.6 million.

As a result, HCT stepped up its fund-raising efforts and was successful in winning additional funding from the National Lottery Fund for Heritage, as well as commitments from the Welsh Cultural Recovery Fund, and the Cardiff-based Moondance Foundation.

Based on the above, at the end of its financial year, Lindenleaf had undertaken to meet HCT's expected total funding shortfall, to be in excess £508,000, with the expectation that additional costs would become apparent as a result of the economic dislocations caused by the aftermath of the Covid-19 pandemic.

After the end of the financial year, the Charity received a formal request from HCT to draw down a third tranche of its working capital facility to bring the total drawdown to £650,000. This facility is repayable as part of Lindenleaf's total commitment to HCT.

In September 2021, as a result of further project delays, HCT produced a revised budget based on a project completion date in January 2022. Under this "most likely scenario" the funding shortfall was again increased to £800,000, which Lindenleaf undertook to meet, subject to safeguards if the actual deficit proved to be lower than this figure.

LINDENLEAF CIO

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2021

15 Grant commitments

	Charitable commitments accrued £
Grant commitments recognised at the start of the year	39,544
New grant commitments recognised in the year (note 5)	11,976
Foreign exchange	(64)
Grants paid during the year	(40,028)
	<hr/>
Grant commitments recognised at 5 April 2021	11,428
	<hr/>
Grant commitments at 5 April 2021 recognised as:	
Due within one year:	11,428
Due over one year:	-
	<hr/>
	11,428
	<hr/>

16 Charity merger

During the prior year, Lindenleaf Charitable Trust, an unincorporated entity registered under the charity number 1124672 merged with Lindenleaf CIO. Lindenleaf CIO became operational on 18 October 2019, at which date all assets and liabilities of Lindenleaf Charitable Trust were transferred to Lindenleaf CIO and the activities of Lindenleaf Charitable Trust ceased.

17 Related party transactions

During the year, a further loan of £200,000 (2020: £200,000) was made to the Hay Castle Trust Limited in support of a reconstruction of Hay Castle. At the year end, £400,000 (2020: £200,000) was due to the Charity from Hay Castle Trust Limited. Two of the Charity's trustees are also trustees of Hay Castle Trust Limited. Further details are in notes 11 and 14.