

Heron Educational Foundation

Charity No. 1187969

Trustees' Report and Unaudited Accounts

31 March 2023

Heron Educational Foundation
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Heron Educational Foundation
Trustees Annual Report

The trustees present their report with the unaudited financial statements of the charity for the year ended 31 March 2023.

REFERENCE AND ADMINISTRATIVE DETAILS

Charity No. 1187969

Principal Office

Hill Farm House
Sproatley Road
Flinton
East Riding of Yorkshire
HU11 4NE

Trustees

The following trustees served during the year:

C. Brazier	
F.A. Caley	
F.P.A. Dudley	(Resigned July 2022)
M. Havler	
D. Merrington Hoskins	
M. Riley	
P. Farrar	(Joined November 2022)

Key Management Personnel

Chair	M Havler
Vice Chair	D Hoskins
Secretary	F Dudley (Resigned July 2022)
Treasurer	C Brazier CBE

Accountants

MPH Accountancy
1st Floor Manor House
Main Road
Ryehill
East Yorkshire
HU12 9NH

Bankers

National Westminster Bank plc
Willerby and Kirk Ella
The Square
Willerby
Hull
HU10 7UA

OBJECTIVES AND ACTIVITIES

The Objects of the CIO are:

for the public benefit to provide assistance for the higher education by means of exhibitions, or financial assistance to enable beneficiaries to prepare for or enter a profession, trade or calling, otherwise promoting the education (including social and physical training) of boys and girls resident in the Parish of Humbleton.

The principal way in which these are achieved is through the provision of grants to children of the parish as they reach key stages of education (entering Primary School, Secondary School, and University). In addition, Trustees will consider applications from local schools for equipment or facilities that will benefit children from the parish.

We raise money to continue our work through rental income from our property in Humbleton as well as interest on our bank accounts.

ACHIEVEMENTS AND PERFORMANCE

Over the past year, we have given three individual grants to young people totaling £850 to support their studies.

Much of our work this year has again been focused on our construction project which has now completed the conversion of the Old School into three 2-bed dwellings (occupied January/February 2023), the creation of two new 3-bed dwellings (occupied July 2022) and the extensive refurbishment of the Old School House (occupied January 2023). This gives us six properties which are let at affordable rates in accordance with our Allocations Policy – which prioritises local people and those who are occupying properties for the first time.

There are still a few external/groundworks elements of the construction to complete, but we anticipate all works being finished and final accounts settled by the end of May 2023. This has been a huge undertaking for a small charity and we are enormously proud of what we have achieved and the difference that this will make to the charity, our tenants and the village. We are very grateful for the continued support of East Riding Council who have provided advice, support and grant finances – a total of almost £150,000 in this period.

FINANCIAL REVIEW

The Trust sold Heron's Farm, Flinton in 2019 for £550,000. In accordance with Charity Commission direction, this sum can only be used to purchase capital assets (such as buildings and land) or for investments – it cannot be spent on grants or maintenance/administration. To that end, we had originally allocated £425,000 from this sale to the dwellings element of the construction project and the remaining £125,000 to the Community Centre/Pavilion. The Centre continues to be a priority for us and we are actively looking for ways of making it a reality but this year has been all about the housing build with the Centre an aspiration for next year or Financial Year 2024/25.

Turning to the housing, construction industry price increases have continued this year – although not as rapidly as last year. This has meant that the total housing project cost will be in the region of £1.2 million which has been financed (as agreed last year) by increasing our original £425,000 to £465,000 plus £300,000 from an ERYC CHF grant, close to £70,000 from an ERYC Commuted Sums grant and a 15 year loan of £200,000 from the Social & Community Capital arm of the NatWest bank. Legal action that we took against a previous Project Manager has concluded pre-trial and the resultant payment to us closed the remaining financial gap.

Heron Educational Foundation

Trustees Annual Report

Now that the dwellings are all complete, we have had them valued to update our Fixed Assets figure. The market value was reduced by 20% because the ERYC CHF grant requires that they can only be rented or sold at 'affordable' rates (ie 80% of market value). Using this percentage, we had previously expected that the six homes would be worth approximately £930,000 but we were pleased to note that the actual figure assessed in Feb 23 was £1,080,000 – although we still have no plans to sell any of them.

With all of the homes now occupied, we are confident that our net rental income ('affordable' rates minus management charges) from all six properties will be £30,500 pa. This will enable us to repay our loan and to increase our grant-giving in accordance with our plans above.

We have no formal Reserves Policy. We always intend to have no less than £25,000 in our accounts with a minimum of £5000 available immediately in case of urgent requirements (eg repairs). Should we need to reduce either of these figures, the Trustees will be asked to approve the reduction.

PLANS FOR FUTURE PERIODS

Once the final project accounts are settled, we will begin to rebuild our financial reserves, repay the loan and start to focus on Phase 2 of the project which will involve the building of a new Community Centre/Pavilion for the village close to the Trust's six dwellings.

The profit that we expect to generate from our new properties will also enable us to increase the amount that we provide to local children/young people to enable them to reach their full potential. As well as our current grants, we anticipate being able to provide more targeted (and potentially life-changing) amounts to support the transition from education and into employment. We expect that these might include university fees, apprenticeships, professional qualifications (eg HGV, AAT), tool purchases and business start-ups.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Heron Educational Foundation is a registered charitable incorporated organisation (CIO - 1187969) and is constituted under a Foundation model constitution dated 14 February 2020. The Trust was originally established in 1718 by the will of Francis Heron to provide assistance for the higher education of children living in the parish of Humbleton.

The constitution allows for a minimum of 3 and a maximum of 9 Trustees. A quorum is achieved when 50% (rounded up) are in attendance. There is no restriction on residency or profession of Trustees although it is normal for all Trustees to have some connection (through residency or family) to Humbleton or the surrounding parishes.

We hold Trust meetings every month and have added a Construction Project meeting 2 weeks after the Trust meeting to deal with the many issues that arise as we work through the various processes to finance, specify and oversee the project. We have appointed a Project Sub-Committee (consisting of the Chair, Secretary and Treasurer) to deal with day-to-day matters. The Sub-Committee is authorised to spend up to £10,000 without reverting to the full Trust meeting for approval.

Statement of trustees' responsibilities in relation to the financial statements

The charity trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Signed on behalf of the charity's trustees

A handwritten signature in black ink, appearing to be 'C. Brazier', written over a horizontal line.

C. Brazier CBE
Treasurer

2 November 2023

**Heron Educational Foundation
Independent Examiners Report**

Independent Examiner's Report to the trustees of Heron Educational Foundation

I report to the trustees on my examination of the financial statements of Heron Educational Foundation for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes.

Responsibilities and basis of report

As the charity's trustees you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011('the Act'). The trustees consider that an audit is not required for this year under the Charities Act 2011, s.144(2) (the 2011 Act) and that an independent examination is needed.

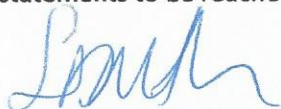
I report in respect of my examination of the charity's financial statements carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

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

- the accounting records were not kept in respect of the charity as required by section 130 of the Act; or
- the financial statements do not accord with those records; or
- the financial statements do not comply with the applicable requirements concerning the form and content of the financial statements set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the financial statements give a 'true and fair' view which is not a matter considered as part of an independent examination.

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 financial statements to be reached.



Shannon Smith
MAAT ACCA
MPH Accountancy 1st
Floor Manor House
Main Road
Ryehill
East Yorkshire
HU12 9NH
02 November 2023

Heron Educational Foundation
Statement of Financial Activities
for the year ended 31 March 2023

		Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
	Notes			
Income and endowments from:				
Charitable activities	3	2	2	2
Other trading activities	4	200	200	200
Investments	5	429	429	1,627
Other	6	167,372	167,372	191,615
Total		168,003	168,003	193,444
Expenditure on:				
Other	7	26,675	26,675	61,807
Total		26,675	26,675	61,807
Net (losses)/gains on investments		(102,693)	(102,693)	349
Net income		38,635	38,635	131,986
Transfers between funds		-	-	-
Net income before other gains/(losses)		38,635	38,635	131,986
Other gains and losses				
Net movement in funds		38,635	38,635	131,986
Reconciliation of funds:				
Total funds brought forward		942,071	942,071	810,085
Total funds carried forward		980,706	980,706	942,071

Heron Educational Foundation

Balance Sheet

at 31 March 2023

Charity No. 1187969

		2023	2022
		£	£
Fixed assets			
Investments	9	1,102,473	519,920
		<u>1,102,473</u>	<u>519,920</u>
Current assets			
Stocks	10	412	-
Cash at bank and in hand		74,667	422,751
		<u>75,079</u>	<u>422,751</u>
Creditors: Amount falling due within one year	11	(10,122)	(600)
Net current assets		<u>64,957</u>	<u>422,151</u>
Total assets less current liabilities		1,167,430	942,071
Creditors: Amounts falling due after more than one year	12	(186,724)	-
Net assets excluding pension asset or liability		<u>980,706</u>	<u>942,071</u>
Total net assets		<u>980,706</u>	<u>942,071</u>
The funds of the charity			
Restricted funds	13		
Unrestricted funds	13		
General funds		1,083,399	942,071
		<u>1,083,399</u>	<u>942,071</u>
Reserves	13		
Revaluation reserve		(102,693)	-
		<u>(102,693)</u>	<u>-</u>
Total funds		<u>980,706</u>	<u>942,071</u>

Approved by the trustees on 02 November 2023

And signed on their behalf by:

M. Havler
Trustee



C Brazier CBE
Treasurer



02 November 2023

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

Change in basis of accounting or to previous accounts

There has been no change to the accounting policies (valuation rules and method of accounting) since last year and no changes have been made to accounts for previous years.

Fund accounting

Unrestricted funds	These are available for use at the discretion of the trustees in furtherance of the general objects of the charity.
Designated funds	These are unrestricted funds earmarked by the trustees for particular purposes.
Revaluation funds	These are unrestricted funds which include a revaluation reserve representing the restatement of investment assets at their market values.
Restricted funds	These are available for use subject to restrictions imposed by the donor or through terms of an appeal.

Income

Recognition of income	Income is included in the Statement of Financial Activities (SoFA) when the charity becomes entitled to, and virtually certain to receive, the income and the amount of the income can be measured with sufficient reliability.
Income with related expenditure	Where income has related expenditure the income and related expenditure is reported gross in the SoFA.
Donations and legacies	Voluntary income received by way of grants, donations and gifts is included in the the SoFA when receivable and only when the Charity has unconditional entitlement to the income.
Tax reclaims on donations and gifts	Income from tax reclaims is included in the SoFA at the same time as the gift/donation to which it relates.
Donated services and facilities	These are only included in income (with an equivalent amount in expenditure) where the benefit to the Charity is reasonably quantifiable, measurable and material.
Volunteer help	The value of any volunteer help received is not included in the accounts.
Investment income	This is included in the accounts when receivable.
Gains/(losses) on revaluation of fixed assets	This includes any gain or loss resulting from revaluing investments to market value at the end of the year.
Gains/(losses) on investment assets	This includes any gain or loss on the sale of investments.

Notes to the Accounts

Expenditure

Recognition of expenditure	Expenditure is recognised on an accruals basis. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.
Expenditure on raising funds	These comprise the costs associated with attracting voluntary income, fundraising trading costs and investment management costs.
Expenditure on charitable activities	These comprise the costs incurred by the Charity in the delivery of its activities and services in the furtherance of its objects, including the making of grants and governance costs.
Grants payable	All grant expenditure is accounted for on an actual paid basis plus an accrual for grants that have been approved by the trustees at the end of the year but not yet paid.
Governance costs	These include those costs associated with meeting the constitutional and statutory requirements of the Charity, including any audit/independent examination fees, costs linked to the strategic management of the Charity, together with a share of other administration costs.
Other expenditure	These are support costs not allocated to a particular activity.

Taxation

The charity is exempt from tax on its charitable activities.

Freehold investment property

Investment properties are measured initially at cost and subsequently at fair value at each balance sheet date and are not depreciated. All gains or losses are taken to the Statement of Financial Activities as they arise.

Stocks

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

Trade and other debtors

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities. In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

Trade and other creditors

Short term creditors are measured at the transaction price. Other 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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Monetary assets and liabilities denominated in currencies other than the functional currency of the charity are translated at the rates of exchange prevailing at the end of the reporting period.

Transactions in currencies other than the functional currency of the charity are recorded at the rate of exchange on the date that the transaction occurred.

All exchange differences are taken into account in arriving at net income/expenditure.

Leased assets

Where the charity enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease.

Leases which do not transfer substantially all the risks and rewards of ownership to charity are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the charity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet date as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the charity's policy on borrowing costs.

Assets held under finance leases are depreciated in the same way as owned assets.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Receipt of donated goods, facilities and services

All donated goods, facilities and services received are recognised within incoming resources and expenditure at an estimate of the value to the charity.

Heron Educational Foundation
Notes to the Accounts

2 Statement of Financial Activities - prior year

	Unrestricted funds 2022 £	Total funds 2022 £
Income and endowments from:		
Charitable activities	2	2
Other trading activities	200	200
Investments	1,627	1,627
Other	191,615	191,615
Total	193,444	193,444
Expenditure on:		
Other	61,807	61,807
Total	61,807	61,807
Net gains on investments	349	349
Net income	131,986	131,986
Net income before other gains/(losses)	131,986	131,986
Other gains and losses:		
Net movement in funds	131,986	131,986
Reconciliation of funds:		
Total funds brought forward	810,085	810,085
Total funds carried forward	942,071	942,071

3 Income from charitable activities

	Unrestricted £	Total 2023 £	Total 2022 £
YEDL Wayleave	2	2	2
	2	2	2

4 Income from other trading activities

	Unrestricted £	Total 2023 £	Total 2022 £
Humbleton Recreation Club	200	200	200
	200	200	200

Heron Educational Foundation
Notes to the Accounts

5 Income from investments

	Unrestricted	Total	Total
	2023	2023	2022
	£	£	£
COIF Dividend	61	61	120
Bank Interest Received	368	368	1,507
	<u>429</u>	<u>429</u>	<u>1,627</u>

6 Other income

	Unrestricted	Total	Total
	2023	2023	2022
	£	£	£
Investment Property Rent	17,424	17,424	785
Grants	149,948	149,948	190,830
	<u>167,372</u>	<u>167,372</u>	<u>191,615</u>

7 Other expenditure

	Unrestricted	Total	Total
	2023	2023	2022
	£	£	£
Awards and Grants	850	850	419
Bank loan and overdraft interest payable	2,495	2,495	-
Premises costs	470	470	157
General administrative costs	59	59	148
Legal and professional costs	22,801	22,801	61,083
	<u>26,675</u>	<u>26,675</u>	<u>61,807</u>

8 Staff costs

No employee received emoluments in excess of £60,000.

9 Investments

	Freehold Investment Property £	Other investments - Unlisted £	Total £
Cost or revaluation			
At 1 April 2022	515,545	4,375	519,920
Additions	689,586	-	689,586
Revaluation	(102,658)	(35)	(102,693)
Disposals	-	(4,340)	(4,340)
At 31 March 2023	<u>1,102,473</u>	<u>-</u>	<u>1,102,473</u>
Net book values			
At 31 March 2023	<u>1,102,473</u>	<u>-</u>	<u>1,102,473</u>
At 31 March 2022	<u>515,545</u>	<u>4,375</u>	<u>519,920</u>

10 Stocks

	2023	2022
	£	£
Raw materials and consumables	412	-
	<u>412</u>	<u>-</u>

11 Creditors:

amounts falling due within one year

	2023	2022
	£	£
Bank loans and overdrafts	9,922	-
Accruals	200	600
	<u>10,122</u>	<u>600</u>

12 Creditors:

amounts falling due after more than one year

	2023	2022
	£	£
Bank loans and overdrafts	186,724	-
	<u>186,724</u>	<u>-</u>

13 Movement in funds

	At 1 April 2022	Incoming resources (including other gains/losses) £	Resources expended £	At 31 March 2023 £
Restricted funds:				
Unrestricted funds:				
General funds	942,071	168,003	(26,675)	1,083,399
Revaluation Reserves:				
Revaluation fund	-	(102,693)		(102,693)
<i>Total revaluation reserves</i>	<u>-</u>	<u>(102,693)</u>		<u>(102,693)</u>
Total funds	<u>942,071</u>	<u>65,310</u>	<u>(26,675)</u>	<u>980,706</u>

Purposes and restrictions in relation to the funds:

Revaluation reserves Represent the amount by which investments exceed their historical cost.

14 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total
	£	£	£
Investments	-	1,102,473	1,102,473
Net current assets	64,957	-	64,957
Creditors due in more than one year and provisions	(186,724)	-	(186,724)
	<u>(121,767)</u>	<u>1,102,473</u>	<u>980,706</u>

15 Reconciliation of net debt

	At 1 April 2022	Cash flows	At 31 March 2023
	£	£	£
Cash and cash equivalents	422,751	(348,084)	74,667
	<u>422,751</u>	<u>(348,084)</u>	<u>74,667</u>
Bank loans	-	(196,646)	(196,646)
	<u>-</u>	<u>(196,646)</u>	<u>(196,646)</u>
Net debt	<u>422,751</u>	<u>(544,730)</u>	<u>(121,979)</u>

Heron Educational Foundation
Statement of Cash flows
for the year ended 31 March 2023

	2023	2022
	£	£
Cash flows from operating activities		
Net income per Statement of Financial Activities	38,635	131,986
Adjustments for:		
Dividends, interest and rents from investments	(167,801)	(193,242)
(Increase)/Decrease in stocks	(412)	100
Decrease in trade and other payables	(400)	(5,400)
Net cash used in operating activities	<u>(129,978)</u>	<u>(66,556)</u>
Cash flows from investing activities		
Proceeds from sale of investments	4,340	-
Payments for investments	(689,586)	-
Dividends, interest and rents from investments	167,801	193,242
Net cash (used in)/from investing activities	<u>(517,445)</u>	<u>193,242</u>
Cash flows from financing activities		
Repayment of borrowings	196,646	-
Net cash from financing activities	<u>196,646</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(450,777)	126,686
Cash and cash equivalents at the beginning of the year	422,751	567,281
Cash and cash equivalents at the end of the year	<u>(28,026)</u>	<u>693,967</u>
Components of cash and cash equivalents		
Cash and bank balances	74,667	422,751
	<u>74,667</u>	<u>422,751</u>

Heron Educational Foundation
Detailed Statement of Financial Activities
for the year ended 31 March 2023

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income and endowments from:			
Charitable activities			
YEDL Wayleave	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>
Other trading activities			
Humbleton Recreation Club	200	200	200
	<u>200</u>	<u>200</u>	<u>200</u>
Investments			
COIF Dividend	61	61	120
Bank Interest Received	368	368	1,507
	<u>429</u>	<u>429</u>	<u>1,627</u>
Other			
Investment Property Rent	17,424	17,424	785
Grants	149,948	149,948	190,830
	<u>167,372</u>	<u>167,372</u>	<u>191,615</u>
Total income and endowments	168,003	168,003	193,444
Expenditure on:			
Other expenditure			
Awards and Grants	850	850	419
Bank loan and overdraft interest payable	2,495	2,495	-
	<u>3,345</u>	<u>3,345</u>	<u>419</u>
Premises costs			
Rates	(387)	(387)	360
Premises repairs and maintenance	-	-	100
Other premises costs	857	857	(303)
	<u>470</u>	<u>470</u>	<u>157</u>
General administrative costs, including depreciation and amortisation			
Stationery and printing	59	59	148
	<u>59</u>	<u>59</u>	<u>148</u>
Legal and professional costs			
Audit/Independent examination fees	200	200	200
Management charges	3,661	3,661	81
Other legal and professional costs	18,940	18,940	60,802
	<u>22,801</u>	<u>22,801</u>	<u>61,083</u>

Heron Educational Foundation
Detailed Statement of Financial Activities

Total of expenditure of other costs	<u>26,675</u>	<u>26,675</u>	<u>61,807</u>
Total expenditure	<u>26,675</u>	<u>26,675</u>	<u>61,807</u>
Net gains on investments	<u>(102,693)</u>	<u>(102,693)</u>	<u>349</u>
Net income	<u>38,635</u>	<u>38,635</u>	<u>131,986</u>
Net income before other gains/(losses)	<u>38,635</u>	<u>38,635</u>	<u>131,986</u>
Other Gains	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds	<u>38,635</u>	<u>38,635</u>	<u>131,986</u>
Reconciliation of funds:			
Total funds brought forward	942,071	942,071	810,085
Total funds carried forward	<u>980,706</u>	<u>980,706</u>	<u>942,071</u>