



The Jane Hodge Foundation

Registered number 216053

Trustees' Report and
Financial Statements

30 September 2021

Contents

Trustees' Report	1
Statement of Trustees' Responsibilities in Respect of the Trustees' Annual Report and the Financial Statements	10
Independent Auditor's Report to the Trustees of The Jane Hodge Foundation	11
Statement of Financial Activities	15
Balance Sheet	16
Statement of Cash Flows	17
Notes	18

Trustees' Report

The Trustees present their annual report together with the audited financial statements of the Charity for the year ended 30 September 2021. The financial statements have been prepared in accordance with the accounting policies set out in note 1 and comply with the Foundation's trust deed, the Charities Act 2011, the Companies Act 2006 and Accounting and Reporting by Charities 2016: Statement of Recommended Practice applicable to charities in accordance with the Financial Reporting Standard applicable in the UK (FRS102). The Jane Hodge Foundation is a public benefit entity.

Administrative information**Trustees**

J Jonathan Hodge*
Ian H Davies
Karen L Hodge
Helen C Molyneux*

* Trustees who are directors of The Carlyle Trust Limited and/or one or more of its subsidiaries.

Auditor

Ernst & Young LLP
Bristol
BS1 6BX

Solicitors

Eversheds Sutherland
1 Callaghan Square
Cardiff
CF10 5BT

Bankers

Hodge Bank
One Central Square
Cardiff
CF10 1FS

Investment Advisors

Brewin Dolphin Ltd
5 Callaghan Square
Cardiff,
CF10 5BT

Registration number

The Jane Hodge Foundation is a registered charity, registration number 216053.

Registered office

One Central Square
Cardiff
CF10 1FS

Structure, governance and management

Constitution

The Jane Hodge Foundation is an unincorporated trust, governed by a trust deed dated 15 October 1962. It does not fundraise and seeks to pursue its objectives through careful stewardship of its resources.

Trustees

The Trustees who served during the period are set out above. The trust deed provides for a maximum of nine Trustees. The power of appointing or removing Trustees is vested in the Family Trustee who takes into account the background and experience of Trustees during the appointment process.

The Trustees meet regularly, usually quarterly, to agree the broad strategy and areas of activity for the Foundation, including consideration of grant making, investment, risk management policies and performance. The Trustees also undertake the day to day administration of grants and oversee the processing and handling of applications.

The Trustees keep their skill requirements under review and subscribe to charity law and guidance publications.

Risk management

The Trustees are responsible for the Foundation's system of internal control and for reviewing its effectiveness. This includes consideration of the major risks which the Foundation faces and the implementation of systems to mitigate those risks. The Trustees confirm they have examined during the 12-month period the major strategic, business and operational risks and have established systems to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks. The Trustees consider the variability of investment returns on the Foundation's funds to constitute the most significant risk, which is monitored on a regular basis. The Trustees currently have an investment strategy, which involves a managed investment portfolio in order to provide a stable level of income and long-term capital growth, with a medium risk profile.

Objectives and activities

The objectives of the Foundation are to allocate income for general charitable purposes, with special regard to the following areas:

- i. The encouragement of medical and surgical studies and research, and in particular the study of and research in connection with the causes, diagnosis, treatment and cure of cancer, poliomyelitis and tuberculosis and diseases affecting children;
- ii. The general advancement of medical and surgical science;
- iii. The advancement of education;
- iv. The advancement of religion.

Each application for a grant received in the period was considered against these objectives and applications were only considered from exempt or registered charities.

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

Policies

Reserves policy

The Trustees aim:

- to distribute the net annual income to exempt charities and other charities registered with the Charity Commissioners mainly under the headings of medical care, medical research, education and religion;
- to ensure that adequate reserves are retained in order to maintain the level of core stable revenue resources needed to support the ongoing programme of annual donations, taking into account the inherent volatility in the various income sources, and to provide funds for any future capital expenditure which may be required in support of projects such as hospices, education facilities, medical centres and day-care facilities.

The Trustees' current assessment of the target range of free reserves is £3m-£4m, based on resources expended during past periods and that expected for future periods. The current free reserves are significantly in excess of this target as they are used to generate future investment income.

Free reserves, being unrestricted reserves less tangible fixed assets and charitable commitments, are £27,925,007 (2020: £20,310,727) which includes £4,557,579 (2020: £2,996,266) relating to unrealised revaluations of investments. The Trustees consider that this level of free reserves is currently appropriate to generate the annual total incoming resources to meet its strategic objectives. This view has been reinforced by the economic effect of the coronavirus pandemic, where many charities have suffered severe financial stress.

Investment policy

With the assistance of its investment advisors, the Trustees have adopted a Statement of Investment Policy, which is reviewed annually. The objective of the policy is to achieve a balanced return from a diversified portfolio, adopting a medium risk approach. The Trustees have adopted an ethical policy, which seeks to avoid investment in companies that have any material activity connected with tobacco, alcohol, armaments, slave labour or discrimination. They also review and monitor regularly the actions taken by their investment advisors in the application of Socially Responsible Investment policies and principles.

Grants policy

The Trustees have adopted a grants policy which sets out the general principles under which applications for grants are considered and, where appropriate, approved. The Trustees invite applications for grants from charitable institutions who submit a summary of their proposals. Grants are made only to registered and exempt charities.

Financial review

As in previous years, this report is intended to provide some additional information to accompany the financial statements in order to explain the progress of current and future projects. Details of incoming resources and resources expended are set out in the Statement of Financial Activities on page 15.

The net unrestricted incoming resources before donations for the period to 30 September 2021 was £5,839,853 (2020: £557,328), with grants payable for the period amounting to £2,745,762 (2020: £273,600).

From the applications for grants received in the period, applications in respect of £2,745,762 (2020: £273,600) met the criteria required and amounts were granted to the charities concerned. The level of grants made each period can vary since there is a process of assessment and approval before grants can be made and grants may cover a period of more than one year. Consequently, the grants reported in the Statement of Financial Activities can differ from the amount of grants paid in the period. Actual donations paid in the period, including amounts committed in prior years, totalled £2,440,345 (2020: £1,082,828).

Achievements and performance

The objectives for the year were to continue to support medical care and research, to fund educational posts, mainly related to business and economics studies, and religious and other charities.

As with most commercial and charitable organisations, the period was impacted significantly by the continuing effects of the Covid-19 pandemic. The Trustees recognised early in the pandemic that the Charity's income, or its timing, was likely to be adversely affected and, consequently, they modified temporarily the approach towards supporting applications for grants. The focus was on supporting those charities supported in the past and ensuring that grant commitments made prior to the pandemic could be honoured. Particular attention was paid to ensuring that funds already provided to supported charities continued to be applied to the purposes for which they were intended. In many instances this resulted in the agreed extension of supported programmes or, exceptionally, a re-purposing of the funds to other uses. In the previous period, new applicants were generally requested to resubmit their proposals at a later date but in the current period, as organisations have successfully adapted to a new way of working, it has been possible to support more charities to deliver their services in this changed environment, in some cases more efficiently than prior to the pandemic through, for example, the adoption of digital channels.

It is pleasing to report that the dividend income from The Carlyle Trust Limited returned to normal levels in the current period, with a catch-up of dividends postponed from the previous period. Income from the investment portfolio should also continue to improve to the levels enjoyed prior to the pandemic.

The support of medical care and research has continued with £312,152 (2020: £130,100) of new grants being made to various medical related charities. The main focus has been on local hospices and research in the fields of cancer and mental health. The Foundation has continued its sponsorship of education posts in business and economics related studies through its liaison with higher education establishments and has also supported other educational projects. Grants made to educational charities totalled £766,835 (2020: £22,000). Amounts granted for specific care and welfare projects within the aims and objectives of the Foundation totalled £1,606,750 (2020: £119,000). The Foundation has also been able to support other charities of which one grant has been made totalling £22,400 (2020: £2,500). Further details of the principal grants paid are set out below:

The Prince's Trust Cymru

Following the successful support for the Prince's Trust "Fairbridge" and "Get Into" programmes in Wales in previous years, the Trustees agreed in 2016 a three year commitment for the Trust's "Achieve" programme in Wales. This programme works with partner secondary schools to help young students, many with a range of developmental challenges, to engage with and succeed in education in a manner to support both academic performance and personal development. The total commitment was £450,000 and that support enabled the Trust to help over 470 young people in Wales over the three-year period. Recognising the huge need for this type of early intervention provision across Wales, the Trustees agreed to support a wider five-year programme across the whole of Wales that would potentially enable over 7,000 young people to have access to Achieve over the period. The Trustees initially agreed in 2019 to support the programme by fully funding the first three years, which resulted in an additional financial commitment over that period of just under £1.7m. During 2020, following very positive reports on the success of Achieve and its outcomes, the Trustees agreed to provide funding of £1.0m for the fourth year of the programme, being the year commencing 1 April 2020. Over the summer months of 2021, the Trustees once again discussed with the Prince's Trust the revised methods of delivering the programme, due to the continuing Covid-19 pandemic, and any resulting impacts on the financial budget. Notwithstanding the challenges presented by Covid-19, it is expected that 2250 young students will be assisted through the Achieve programme in Wales this year to the end of March 2022. Consequently, the Trustees agreed a grant of £794,000 for the fifth and final year of the programme, which was paid after the year end.

Cardiff University – Hodge Centre for Neuropsychiatric Immunology

The Trustees support a ground-breaking initiative at Cardiff University that brings together experts to explore the role the brain's immune system plays in some of the most common brain disorders like Alzheimer's, schizophrenia and epilepsy. The five-year partnership, now in its fourth year, has established the Hodge Centre for Neuropsychiatric Immunology and brings together leading researchers in both neuroscience and immunology. The Centre facilitates collaboration between Cardiff University's Neuroscience and Mental Health Research Institute and Systems Immunity Research Institute under the leadership of their respective directors, Professor Jeremy Hall and Professor Paul Morgan. It is expected that the virtual Centre's focus on the immune system will help gain a better understanding of why disabling conditions such as Alzheimer's disease and schizophrenia develop, and which factors cause them to progress. A total commitment of just over £1m from the Foundation is funding a Senior Fellowship which will help attract some of the very best young researchers already working in neuropsychiatric immunology to Wales. It also funds five Hodge Foundation PhDs, five pilot research studies and seed funding for innovative new ideas. The Centre hosts a series of public lectures. Major mental health disorders such as Alzheimer's disease and schizophrenia are estimated to cost the UK economy over £37 billion per year. They continue to place a significant burden on patients and their relatives through reduced quality of life, increased physical illness and disability, lost employment, discrimination and isolation. During the period, the final payment was made, amounting to £97,545.

Cardiff University - European Cancer Stem Cell Research Institute

In 2020 the Trustees agreed a three-year donation totalling £100,000, towards a PhD scholarship to support research into Blood Stem Cells and Leukaemia. This donation followed the previous commitment in May 2014 of £425,596 to establish the Hodge

Foundation Cancer Research Programme within the European Cancer Stem Cell Research Institute ("ECSCRI"). This support enabled the appointment of a Research Fellow and the provision of a PhD scholarship, leading to the start of a research group and contributing to a notable scientific breakthrough.

Dr Fernando dos Anjos Afonso joined the ECSCRI team from Cancer Research UK and the Francis Crick Institute to begin his Hodge Foundation Fellowship in October 2015. Since then he has established a new lab and successfully led his group researching blood stem cells and Acute Myeloid Leukaemia, exploring the way normal human blood cells work, in order to better understand what is happening when they 'go wrong'.

Before coming to Cardiff, Dr Afonso was part of a team whose work led to the discovery of human blood precursor cells. These are essentially blood stem cells that have developed to a stage where they are committed to forming a particular kind of new blood cell.

With the support of the Hodge Foundation, Dr Afonso and his research group have made an extremely significant scientific breakthrough in blood stem cell research. Using a novel and simplified method, Dr Afonso has identified a group of rare primitive blood cells and has scientifically proved that these represent the purest blood stem cell population described to date in the world. This work has opened up a myriad of potentially new, important and exciting projects for exploration. Dr Afonso believes that this discovery could be a breakthrough in the field of haematology as it will help better understand human blood formation and regeneration. This knowledge is crucial for transplantation and blood transfusion medicine, ageing of blood cells and the immune system, cardiovascular disease, and the origin of certain types of leukaemia.

Cardiff Business School – Julian Hodge Institute of Applied Macroeconomics

The Foundation has had a long and happy association with Cardiff Business School ("CARBS") and since 1999 this has been directed in particular through Professor Patrick Minford CBE and the Julian Hodge Institute of Applied Macroeconomics ("JHIAM"), which was set up in that year. In recent years, the support has been split between that provided towards the research costs of JHIAM and that provided to help support economics PhD students with their living costs. Since 2019, this has been simplified and the support for CARBS was rolled into a single grant of £140,000 towards the work of the School, including the work of JHIAM, commencing in the academic year 2019/20. The previous rolling three-year commitment of £40,000 p.a. for the PhD support programme has now ended, with the final payment being made in November 2020. Following that, the Trustees have conducted discussions with CARBS about how best to support its public value mission "to bring humanity, sustainability, generosity and innovation to the business sector". This has now been packaged under a range of headings incorporating a PhD scholarship programme, summer placements for undergraduate students, a social enterprise seedcorn fund to help students studying entrepreneurship to establish start-ups with a social and economic mission, and student prizes to celebrate and reward the achievement of academic excellence by undergraduates and postgraduates. The Trustees agreed a three-year package of support totalling £450,000, with the first payment made in June 2021.

Arts & Business Cymru

The Trustees have supported A&B Cymru's "CultureStep" programme for many years. This provides matching equity to encourage new sponsorship and develop established business engagement with the arts. CultureStep invests in projects which engage in art for the benefit of children, the elderly, the sick and the environment. This year, the Trustees agreed a package of support totalling £70,000.

City Hospice

This charity delivers palliative care to adults with life-limiting illnesses across the whole of Cardiff, either within their own homes or at their purpose-built day centre in Whitchurch, Cardiff. The Trustees have supported City Hospice since its inception in 1984. This year, the Trustees once again committed £100,000 of match funding towards the annual "Light up a Life" campaign.

The Duke of Edinburgh's Award Scheme

The Trustees have been long-time supporters of the Award Scheme in Wales. In 2020, the Trustees agreed a grant of £50,000 towards programme development in four operational areas in Wales. Building on this, the Trustees then agreed a further grant of £194,335 to support the Scheme's 'Youth Without Limits' project for the first year in a three-year programme. The Duke of Edinburgh want to ensure that young people from disadvantaged and marginalised backgrounds in Wales can access the Awards Scheme in a supportive environment within their school or local community. The project aims to achieve this in two ways:

Firstly, by enabling community and voluntary youth sector groups to establish the Awards Scheme, helping them to become sustainable delivery partners, through a programme of targeted operational and financial support.

Secondly, by offering a package of support to 54 schools in which over 25% of students are eligible for free school meals. This support will enable existing centres to sustain and grow their Award Scheme offering, and help under-performing centres to re-start and develop their delivery.

A priority in all aspects of the project is ensuring that young people who are marginalised or face specific barriers to participation are fully included.

Age Connects Cardiff and the Vale

The Trustees have supported Age Connects in the past and this has continued with support of their Community Volunteer Support Project in 2021/22 with a donation of £50,000. Isolation and loneliness present significant challenges for older people living alone, often with underlying health problems and financial accommodation related problems. A significant proportion of the older population have had to self-isolate or shield due to the pandemic. The impact for those already living alone on their mental health and wellbeing cannot be underestimated and yet, in most cases, what people want is reassurance in the knowledge they have someone to turn to and some help as and when they need it. The project will develop an infrastructure that enables the sustainability of a volunteer workforce supporting older people to maintain their independence. It will provide a central hub from which IT solutions enhance the effectiveness and efficiency of volunteer engagement. Areas identified as being of concern are securing benefits, financial planning, location of property, home maintenance, loneliness, accessing services and having a voice.

A nail-cutting service is a further community project supported by the Trustees during 2021-22 with a donation of £18,000. With very few private podiatrists providing affordable simple nail cutting, good footcare is essential for mobility, general health and wellbeing. Poor footcare is also a contributing factor to falls, which can be even life threatening for some. This is an essential service for many older people.

Teenage Cancer Trust

A one-off donation of £45,672 was agreed by the Trustees to support the costs of a Teenage & Young Adult Lead Nurse at University Hospital of Wales, Cardiff. The Lead Nurse supports around 80 young people a year, ensuring that they receive the best possible clinical care and support, and that patients are treated as young people first and cancer patients second. Young people are encouraged to engage with their new online community (*Connect*), so they can talk to their peers in a safe and secure way; and access streamlined support from frontline staff, through a secure online connection. The Lead nurse also supports the young people's parents/carers, partners and friends through the practical and emotional challenges they are experiencing when their loved ones are diagnosed, are going through gruelling treatment, or receiving difficult news.

YMCA

Early in 2021, the Trustees agreed to support Cardiff YMCA with a donation of £300,000 towards their capital re-development project to build 29 self-contained residential units for homeless people, alongside the main hostel provision at The Walk, Roath. These units will be separate from the main hostel and provide a form of 'move-on' facility within the YMCA, before a move to full independent living within the YMCA's 'private rented' housing.

Cardiff YMCA has been working to support homelessness since 1987. It is registered as an Industrial Provident Society and is also a registered social landlord, regulated by Welsh Government. Its principal aims and objectives are to work to provide for the needs of those who are homeless or at risk of homelessness. Having recently gone through the local authority's front-line homelessness review exercise, from January 2021, their service moved to a lower needs project that focuses on:

- Rapid rehousing linked to an increase in private rental sector properties and ongoing community support.
- Dedicated focus on training, education and work (volunteer) placements for their service users.

As part of this review, the council estimated that it needs at least 200 extra beds/units across the city to cope with rising demand of those at risk of homelessness in the coming years. The development of these 29 self-contained units will add much needed extra capacity in the city.

Organisation

The administration of the Foundation continues to be based at the offices of Hodge Bank, One Central Square in Cardiff's city centre, but for the last 20 months it has been conducted in a "working from home" environment. The Foundation still benefits significantly from the skills and expertise of the Bank's senior management, for which the Trustees are very grateful and this has allowed the Foundation to maintain its own administration costs at their very low level for another year.

A high proportion of the Foundation's income now comes from dividends paid by The Carlyle Trust Limited, with £5,215,746 of dividend income received during the period. The Trustees would like to thank the hard work and commitment of all the staff at Hodge, especially during such a challenging time as a result of the COVID-19 pandemic.

Future

The Trustees will continue to encourage applications for grants from charities whose objectives are in accordance with the aims and objectives of the Foundation. Particular emphasis will continue to be given to supporting medical research, especially in the fields of cancer and mental health, and to funding educational initiatives, projects relating to business and economics and religious and other charities. There will also be a focus on improving outcomes for those living in less affluent areas of Wales.

The exceptionally difficult circumstances created by Covid-19 over the last 20 months have provided the Trustees with an opportunity to consolidate such that the Foundation is now in a strong financial position, with a high level of liquidity. This allows the Trustees to significantly increase activity in the coming year, with a continuing focus on the most vulnerable in our society, including the homeless and the elderly, and those who may have suffered the greatest hardships resulting from Covid-19. Income levels have now been restored near to pre-Covid levels, so the work to provide positive outcomes to an increasing number of people in Wales and beyond can be continued with renewed enthusiasm.

Disclosure of information to auditor

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Charity's auditor is unaware; and each Trustee has taken all the steps that he or she ought to have taken as a Trustee to make himself or herself aware of any relevant audit information and to establish that the Trustee's auditor is aware of that information.

By order of the board of Trustees

J Jonathan Hodge

Trustee

Statement of Trustees' Responsibilities in Respect of the Trustees' Annual Report and the Financial Statements

Under charity law, the Trustees are responsible for preparing the Trustees' Annual Report and the Financial Statements for each financial year which show a true and fair view of the state of affairs of the Charity and of the excess of income over expenditure, being net incoming resources, for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue its activities.

The Trustees are required to act in accordance with the trust deed of the Charity and within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the Charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Charity and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE JANE HODGE FOUNDATION

Opinion

We have audited the financial statements of The Jane Hodge Foundation for the year ended 30 September 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 15, including as summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 30 September 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trustee's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. The Trustees are responsible for the other information contained in the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 10, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charity and determined that the most significant are those that related to the reporting framework (the Charity's trust deed, the Charities Act 2011, the Companies Act 2006 and Accounting and Reporting by Charities 2016: Statement of Recommended Practice applicable to charities in accordance with the Financial Reporting Standard applicable in the UK (FRS102), and supervisory requirements under the Charities Commission.
- We understood how the Charity is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed correspondence between the Charity and the Charities Commission; reviewed minutes of trustee meetings, and gained an understanding of the Charity's governance framework.
- We assessed the susceptibility of the Charity's financial statements to material misstatement, including how fraud might occur by considering the controls established to address the risks identified to prevent or detect fraud. We made enquiries of management and obtained an understanding management's incentives and opportunities for fraudulent manipulation of the financial statements and considered the risk of override of controls specifically on grants expenditure and also considered risk of misappropriation of assets. Our procedures included the following;
 - Obtaining third party confirmations / statements for all of the Charity's bank accounts for the year detailing investment income (revenue) made and hence ensuring completeness over revenue recognised;
 - Reviewing bank statements for month (i.e. October 2021) subsequent to year end to identify any payments out of bank accounts that could indicate an additional commitment or cost;
 - Testing a sample of Income Statement donations and ensuring that the grant paid was evidenced by a notification to the designated recipient and confirmation of the receipt;
 - For material commitments in creditors and donations, agreeing the commitment to evidence confirming relevant expectation had been formed in the other party and confirming the classification in correct fund.
 - Reviewing Trustee meeting minutes to identify any other potential commitments.
 - Inspecting any correspondence between the Charity and potential recipient for any subsequent commitment.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making inquiry about the policies that have been established to prevent non-compliance with laws and regulations, inquiring about the Charity's methods of enforcing and monitoring the compliance with such policies, and inspecting correspondence with the Charities Commission.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Andy Blackmore (Senior statutory auditor)

Ernst & Young LLP, Statutory Auditor

Bristol

22 December 2021

Ernst & Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities
for the year ended 30 September 2021

	Note	Unrestricted funds	Expendable Endowment funds	Total	Total
		2021 £	2021 £	2021 £	2020 £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Investment income:					
Listed investment income		801,029	-	801,029	723,427
Unlisted investment income		5,215,746	-	5,215,746	-
Total incoming resources		6,016,775	-	6,016,775	723,427
Resources expended					
Charitable activities	6	2,745,762	-	2,745,762	312,448
Cost of generating funds	7	171,813	-	171,813	121,251
Governance costs	8	5,109	-	5,109	6,000
Total resources expended		2,922,684	-	2,922,684	439,699
Net incoming resources		3,094,091	-	3,094,091	283,728
Other recognised gains and losses					
Gain/(loss) on investments		4,816,497	3,177,565	7,994,062	(1,823,488)
Net movement in funds		7,910,588	3,177,565	11,088,153	(1,539,760)
Reconciliation of funds					
Total funds brought forward		21,616,598	19,357,294	40,973,892	42,513,652
Total funds carried forward		29,527,186	22,534,859	52,062,045	40,973,892

The financial activities set out above are all in respect of the continuing activities of the Charity.

The notes on pages 18 to 25 form part of these financial statements.

Balance Sheet
at 30 September 2021

	Note	Unrestricted funds £	Expendable Endowment funds £	2021 Total £	2020 Total £
Non-current assets					
Investments	9	24,426,248	22,534,859	46,961,107	39,460,993
Intangible asset		-	-	-	7,882
		<u>24,426,248</u>	<u>22,534,859</u>	<u>46,961,107</u>	<u>39,468,875</u>
Current assets					
Debtors	10	145,099	-	145,099	70,509
Cash at bank and in hand		5,311,551	-	5,311,551	1,825,461
Cash held by investment manager		1,280,895	-	1,280,895	929,036
		<u>6,737,545</u>	<u>-</u>	<u>6,737,545</u>	<u>2,825,006</u>
Creditors: amounts falling due within one year	11	(1,407,213)	-	(1,407,213)	(1,319,989)
		<u>5,330,332</u>	<u>-</u>	<u>5,330,332</u>	<u>1,505,017</u>
Net current assets					
Creditors: amounts falling due after more than one year	12	(229,395)	-	(229,395)	-
		<u>29,527,185</u>	<u>22,534,859</u>	<u>52,062,044</u>	<u>40,973,892</u>
Net assets					
The Funds of the Charity					
Expendable endowment funds	13	-	22,534,859	22,534,859	19,357,294
Unrestricted income funds	14	29,527,185	-	29,527,185	21,616,598
		<u>29,527,185</u>	<u>22,534,859</u>	<u>52,062,044</u>	<u>40,973,892</u>
Funds					

The notes on pages 18 to 25 form part of these financial statements.

These financial statements were approved by the Trustees on 21 December 2021 and were signed on their behalf by:

J J Hodge
 Trustee

Registered number: 216053

Statement of Cash Flows
for the year ended 30 September 2021

	2021 £	2020 £
Cash flows from operating activities:		
Net cash provided used in operating activities (Table 1)	(2,672,774)	(1,543,648)
Cash flows from investing activities:		
Dividends, interest and rents from investments	6,016,775	723,427
Proceeds from sale of investments	18,786,375	9,934,204
Purchase of investments	(18,292,427)	(9,643,627)
Net cash provided by investing activities	6,510,723	1,014,004
Change in cash and cash equivalents in the period	3,837,949	(529,644)
Cash and cash equivalents at the beginning of the period, being cash at bank, in hand and held by third parties	2,754,497	3,284,141
Cash and cash equivalents at the end of the period, being cash at bank, in hand and held by third parties	6,592,446	2,754,497

Table 1: Reconciliation of net income to net cash flow from operating activities

	2021 £	2020 £
Net incoming resources (as per Statement of Financial Activities)	3,094,091	283,728
Adjustments for:		
Amortisation charges	7,882	7,361
Dividends, interest and rents from investments	(6,016,775)	(723,427)
Increase in debtors	(74,590)	(46,883)
Increase / (decrease) in creditors	316,618	(1,064,427)
Net cash provided used in operating activities	(2,672,774)	(1,543,648)
Analysis of cash	2021 £	2020 £
Total cash at bank, in hand and held by third parties	6,592,446	2,754,497

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Foundation's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the Foundation's trust deed, the Charities Act 2011, the Companies Act 2006 and Accounting and Reporting by Charities 2016: Statement of Recommended Practice applicable to charities in accordance with the Financial Reporting Standard applicable in the UK (FRS102).

Going concern rationale

The financial statements are prepared on a going concern basis. The Foundation has net current assets of £5,330,332. The Trustees have considered the level of assets held together with the future grant expenditure plan, and the plausible effects of the coronavirus pandemic on its financial situation and future cashflows. The Trustees are satisfied that the Charity will be able to meet any liabilities as and when they fall due for a period of at least 12 months from the date of approval of these financial statements.

Incoming resources

All incoming resources are recognised once the Foundation has entitlement to the resources, it is certain that the resources will be received, and the monetary value of incoming resources can be measured with sufficient reliability.

Investments and investment income

Listed investments are shown at their market value, with all gains or losses taken to the Statement of Financial Activities. Unlisted investments are initially recorded at cost and revalued annually to reflect their market value unless a reliable estimate of their market value is not available.

Any gain or loss in relation to investments held in the expendable endowment fund is retained in the expendable endowment fund, with the income generated by the fund freely available to fund the activities of the Charity and consequently is allocated to the unrestricted fund.

Dividend income is accounted for when received.

1 Accounting policies *(continued)*

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs 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 the resources.

Overhead and support costs have been allocated between charitable activity and governance, and apportioned between charitable activities based on the number of individual grant awards made. Governance costs relate to those costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs relating to the statutory audit and legal fees.

Gifted assets

Non-current assets gifted to the Foundation are included in the financial statements at valuation when gifted.

Expendable endowment funds

Expendable endowment funds comprise funds relating to assets gifted to the Foundation together with any gains or losses arising from the disposal of such assets and subject to the conditions of the donor. The income generated by the fund is freely available to fund the activities of the Charity and consequently is allocated to the unrestricted fund.

Unrestricted general funds

These are funds, which can be used in accordance with the charitable objects at the discretion of the Trustees.

Designated funds

These are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

Grants payable

Grants payable are made to third parties in the furtherance of the charitable objectives of the Trust. Grants payable are charged in the period when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the period end are noted as a commitment, but not accrued as expenditure.

Taxation

The Jane Hodge Foundation is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2011 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the Charity is exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation and Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2 Net incoming resources for period

	2021	2020
	£	£
<i>Net incoming resources for the period are stated after charging:</i>		
Auditor's remuneration – audit of financial statements	5,109	6,000

3 Trustees' remuneration and expenses

The Trustees did not receive any remuneration from the Foundation during the period (2020: £nil). No amounts were paid to Trustees during the period in respect of professional services independent of their role as Trustees, (2020: £nil). No expenses were received by Trustees in either period.

Several of the Trustees, as indicated in the Trustees' Report, are non-executive directors of The Carlyle Trust Limited and one or more of its subsidiary companies. Their remuneration in their capacity as directors is included within the remuneration of directors disclosed in the financial statements of those companies.

4 Staff numbers and costs

The average number of persons employed by the Foundation (excluding those trustees who received no remuneration) during the period was one (2020: One). The aggregate payroll costs of those persons were as follows:

	2021	2020
	£	£
Wages and salaries	20,278	19,475
Social security costs	1,589	1,586
Other pensions costs	3,599	4,320
	25,466	25,381

5 Allocation of support costs

The breakdown of support costs and their allocation to charitable activities is as follows:

	2021	2020
	£	£
Administrative costs recharged	25,466	25,381
Office costs	12,159	13,467
	37,625	38,848

The total support costs allocated to charitable activities are then apportioned pro-rata to the number of grants awarded.

6 Charitable activities

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

	Number of grants	Grant funded activity £	Support costs £	Total 2021 £	Number of grants	Total 2020 £
Care & Welfare	38	1,606,750	21,663	1,628,413	27	138,424
Education	9	766,835	5,131	771,966	16	33,511
Medical Research	13	312,152	7,411	319,563	10	137,294
Other	6	22,400	3,420	25,820	1	3,219
	66	2,708,137	37,625	2,745,762	54	312,448

7 Cost of generating funds

	2021	2020
	£	£
Investment management cost	171,813	121,251

8 Governance costs

	2021	2020
	£	£
Auditor's remuneration	5,109	6,000

9 Non current asset investments

	Listed investments	Unlisted Investments	Total
	£	£	£
<i>Cost or valuation</i>			
At beginning of period	28,943,796	5,555,422	34,499,218
Disposals	(13,378,082)	-	(13,378,082)
Purchases	18,292,427	-	18,292,427
At end of period	33,858,141	5,555,422	39,413,563
<i>Investment revaluation reserve</i>			
At beginning of period	4,961,775	-	4,961,775
Movement in period - realised on disposal	(5,408,293)	-	(5,408,293)
- revaluation in period	7,994,062	-	7,994,062
At end of period	7,547,544	-	7,547,544
<i>Market value or valuation when donated</i>			
At 30 September 2021	41,405,685	5,555,422	46,961,107
At 30 September 2020	33,905,571	5,555,422	39,460,993

Listed investments held by the Foundation are shown at market value at the Balance Sheet date.

The unlisted investment in The Carlyle Trust Limited was acquired as a series of gifts and purchases. The latest was a transfer from The Sir Julian Hodge Charitable Trust, now wound up. The carrying value is based on the aggregate of the valuations at the date of each gift, the carrying value of the shares transferred, and the consideration for those shares purchased.

9 Non current asset investments *(continued)*

Investments in individual entities at 30 September 2021, which are 5% or more of the portfolio by value, are:

Unlisted investments

The Carlyle Trust Limited - £5,555,422

Unlisted investment

	Country of registration or incorporation	Principal activity	Class and percentage of shares held
The Carlyle Trust Limited	UK	Finance	79% ordinary

The Carlyle Trust Limited is not considered to be a subsidiary undertaking as the Foundation only owns 39.5% of the voting shares.

The following summarises the consolidated Balance Sheet of The Carlyle Trust Limited at 30 September:

	2021 £	2020 £
Share capital	1,100,000	1,100,000
Reserves	319,000,000	327,800,000
Total equity	320,100,000	328,900,000
(Loss)/profit for the period	(4,200,000)	(10,400,000)

Income from the investment in The Carlyle Trust Limited amounted to £5,215,746 being dividend income received (2020: £nil).

Investment disposals

The total realised revaluation gain (2020: loss) for all investments sold during the period is shown on the table below:

	2021 £	2020 £
Sale proceeds on disposal	18,786,375	10,247,872
Cost of investments sold	(13,378,082)	(10,705,364)
	5,408,293	(457,492)

10 Debtors

	2021	2020
	£	£
Prepayments and accrued income	145,099	70,509
	<u> </u>	<u> </u>

11 Creditors: amounts falling due within one year

	2021	2020
	£	£
Grants payable	1,372,783	1,297,989
Other creditors	34,430	22,000
	<u> </u>	<u> </u>
	1,407,213	1,319,989
	<u> </u>	<u> </u>

12 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Grants payable	229,395	-
	<u> </u>	<u> </u>

13 Expendable endowment funds

The expendable endowment funds, established in accordance with the wishes of the donor, include:

	Fixed assets and investment s £	Profit on disposal of investments and property £	Unrealised investment revaluation reserve £	Total £
At beginning of period	15,227,510	2,164,181	1,965,603	19,357,294
Unrealised gains in the period	-	-	3,177,565	3,177,565
Realised gains in the period	-	2,153,109	(2,153,109)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of period	15,227,510	4,317,290	2,990,059	22,534,859
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14 Unrestricted income funds

These comprise those funds, which the Trustees are free to use in accordance with the charitable objects.

	Net incoming resources excluding gains/(losses) on investments and property £	Profit on disposal of investments and property £	Unrealised investment revaluation reserve £	Total £
At beginning of period	11,856,034	6,764,298	2,996,266	21,616,598
Net incoming resources for period	3,094,091	-	-	3,094,091
Unrealised gains in period	-	-	4,816,496	4,816,496
Realised gains in period	-	3,255,185	(3,255,185)	-
At end of period	14,950,125	10,019,483	4,557,577	29,527,185

Unrestricted funds comprise:

	2021 £	2020 £
General funds	29,527,185	21,616,598

15 Related party transactions

Related party transactions in the period were as follows:

Dividend income received in the period from The Carlyle Trust Limited amounted to £5,215,746 (2020: £nil).

Bank deposits held with Julian Hodge Bank, a subsidiary of The Carlyle Trust Limited, at 30 September 2021 amounted to £5,311,551 (2020: £1,825,461).

Amounts owed to Julian Hodge Bank, a subsidiary of The Carlyle Trust Limited, at 30 September 2021 amounted to £nil (2020: £nil).

There were no other related party transactions.