

The Joseph and Lilian Sully Foundation
Registered Charity No. 1014823

**Annual Report and Consolidated Financial Statements for
the Year Ended 31 March 2021**

**The Joseph and Lilian Sully Foundation
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**The Joseph and Lilian Sully Foundation
Trustees Annual Report for the Year Ended 31 March 2021**

1. Reference & Administrative Details

- (a) Name: The Joseph and Lilian Sully Foundation
- (b) Charity no: 1014823
- (c) Principal Office: Devonshire House, 60 Goswell Road, London EC1M 7AD
- (d) Names of Trustees on the date this report was approved:

Peter Timms
John Mortimer
Alastair Collett
Dionne Dixon
Anthony Behrens (died 8 May 2021)

- (e) The Governing document of the Charity is the Trust Deed dated 25 September 1992 as amended by deed dated 2 February 2002.
- (f) Principal advisers:
 - Independent auditor – Moore Kingston Smith LLP
 - Investment managers – Quilter Cheviot and Close Brothers
 - Bankers – HSBC plc
- (g) The Objects of the Charity are as follows:
 - 1) the relief of suffering, distress, disease and poverty among children and the provision of education, assistance for children, their families and their communities;
 - 2) the conservation and other activities for the preservation of Epping Forest as a public amenity; and
 - 3) to support such other general charitable purposes as the trustees may in their absolute discretion determine.

2. Explanation of the Work of the Charity, grant awarding policy and future plans

The charity, although set up in 1992, only became adequately funded after the death of Lilian Sully in 2015. The residuary beneficiary of her will was the charity and nearly £13 million was bequeathed from her estate.

The major part of Lilian Sully's estate comprised 100% of the shares in the family investment company. This company is now a subsidiary of the charity and has funds of nearly £13 million comprising investments that are managed by investment advisors and 2 commercial properties.

The charity regularly receives appeals for assistance which, if the appeals are within its objects, are considered and, if approved, sums are donated. A major grantee of the charity is Voluntary Action Epping Forest (VAEF) which helps older people in the area in numerous ways. VAEF is a beneficiary of substantial grants from the Lottery Fund and this charity committed in 2020 that support will continue to be forthcoming for the next 5 years of at least £20,000 per annum. In pursuit of its charitable objectives several payments have also been made to other individual charities and organisations who provide direct benefit to the wider public. Details of grants made are shown in note 5 to the financial statements.

All decisions are made by the trustees and it is they who decide which grants should be awarded primarily through meetings held throughout the year.

The long term strategy, and hence the plan for the future, is to continue making payments at an increasing amount within the objects as defined by the Trust Deed. The Trustees have had regard to Charity Commission guidance on public benefit including the guidance 'public benefit: running a charity (PB2),' when reviewing the aims and objectives and in planning the future activities of the charity. The charity does not undertake fundraising activities and has received no complaints in relation to fundraising in the reporting period.

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3. Effect of Covid-19 Pandemic

The trustees are well aware of the effect of this pandemic on our finances. There was a reduction of value of our investments between 31 December 2019 and 31 March 2020 of £2.3M or 18.2% of our value. However at 31 March 2021 investments had recovered to their pre-pandemic level and in most cases increased beyond pre-pandemic levels.

The trustees have agreed that we will continue to support those organisations supported in the past but not look for new charities to support until we can see income returning to earlier levels. We will continue to help our supported charities even if that means we will need to pay from reserves.

4. Reserves Policy

The policy of the Trustees towards reserves of the Foundation is that any part of the capital or income of the charitable funds which may not for the time being be immediately required for the purposes of the Foundation may be invested by the Trustees. It is the intention of the Trustees to sustain funds at a level which will provide sufficient investment income to increase the level of donations paid, cover the management and administration costs and to be able to respond to any emergency applications which may arise. In 2018 the Foundation recognised a significant endowment from the Estate of Lilian Sully as the charity is the principal beneficiary of her residuary estate.

The estate of Lilian Sully was fully administered during 2019 and no further amounts have been received from the estate since. As all the funds in the charity are an expendable endowment the trustees do not consider it necessary to identify a particular level of free reserves. As at 31st March 2021 the charitable group had expendable endowment funds of £16,044,422 and unrestricted funds of £304,909.

5. Financial Review & Main Achievements

The charity generated net income (excluding any addition of endowment and gains and losses) of £125,723 in the year (2020: £93,221) and also had net investment gains of £2,490,590 (2020: losses of £976,733). Grants awarded in the year were £274,750 (2020: £376,500). It is the aim of the trustees to distribute each year approximately the net income to worthwhile causes within the objects of the charity.

Unspent income at 31st March 2021 is £304,909 (£179,186 at 31 March 2020). The definition of unspent income is the combined net income of the Foundation (excluding endowments) and the Company before any adjustment of movements in the value of investments and investment manager fees since 1st April 2018.

The lockdown that occurred in March 2020 as a result of the Covid infection had the effect of reducing the market value of our investments at 31st March 2020 by nearly £1.8M but in the year to 31st March 2021, this fall has been recovered and the value of investments at 31st March 2021 is now 23% higher than the value at 31st March 2019. However, for the same reason investment income from our portfolio fell by 12% in 2020/21; there are strong signs that there is a recovery in dividend income but the trustees do not expect to reach the 2019/20 level for at least 2 years.

6. Investment Policy

The aim of the charity's investment policy is to produce a mix of income and capital growth to balance the needs of current and future beneficiaries, with a moderate risk profile. Of the £1,032,403 cash at bank shown in the balance sheet some £566,497 is with the investment advisors waiting to be invested. £750,000 was invested during the year in order to produce higher income figures and sustain capital growth.

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Trustees Annual Report for the Year Ended 31 March 2021**

7. Risk Management

Although the charity does not currently maintain a risk register, the trustees consider the principal risks to the achievement of the charity's objectives at each meeting. The main risk is an unexpected drop in the level of investment income leading to a requirement to curtail the charity's grant awarding programme. This is mitigated by the management of the investment portfolio by professional investment managers based on a moderate risk profile.

8. Related parties

The Joseph and Lilian Sully Foundation has one wholly owned trading subsidiary; Joseph Sully Holdings Limited, which generates income from two rental properties and an investment portfolio. Joseph Sully Holdings Limited distributes its taxable profits to the Foundation. There are occasionally other related party transactions entered into knowingly by the Foundation and details of these can be seen in note 15.

9. Trustees – Induction and training

The Trustees have acted as such for a number of years and are well aware of the responsibilities of their role and of its importance. The Trustees review the accounts annually and take advice from Moore Kingston Smith LLP who act as independent auditors for the charity.

10. Trustees – Going concern

The financial statements have been prepared on a going concern basis. The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the entity to continue as a going concern. The trustees has considered the impact of Covid-19 on the investment portfolio and investment income generation to be short term. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. The trustees conclude there is a reasonable expectation that the Foundation has adequate resources and unrestricted reserves/cash balances to continue in operational assistance for the foreseeable future. The Foundation therefore continues to adopt the going concern basis in preparing its financial statements.

11. Statement of Trustees Responsibilities for the Financial Statements

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 the resources and application of resources, including income and expenditure for that period.

In preparing those 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 judgments and estimates that are reasonable and prudent;

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Trustees Annual Report for the Year Ended 31 March 2021**

- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charity will continue in business.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any audit information and to establish that the auditor is aware of that information.

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 the financial statements comply with the Charity's Settlement Deed, the Charities Act 2011 and the reviewed Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2015). The Trustees 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.

Approved by the Trustees and signed on their behalf by:



Trustee: John Mortimer

Date: 23rd November 2021

Independent Auditor's Report to the Trustees of The Joseph and Lilian Sully Foundation

Opinion

We have audited the financial statements of The Joseph and Lilian Sully Foundation for the year ended 31 March 2021 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Foundation Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a 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 Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable foundation's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, including the income and expenditure 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. 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 charitable company's ability to continue as a going concern for a period of at least twelve 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.

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Trustees of The Joseph and Lilian Sully Foundation

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 Act 2011 requires 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
- the charity has not kept adequate accounting records; or
- the financial records are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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 the trustees either intend to liquidate the charity or to cease operations, or have 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 regulations made under section 154 of that Act.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Independent Auditor's Report to the Trustees of The Joseph and Lilian Sully Foundation

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charity.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity considered that the most significant are, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charity company complies with these requirements by discussions with management.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and obtaining additional corroborative evidence as required

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

**Independent Auditor's Report to the Trustees of
The Joseph and Lilian Sully Foundation**

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Moore Kingston Smith LLP

**James Cross, Statutory auditor
Moore Kingston Smith**

**Devonshire House
60 Goswell Road
London EC1M 7AD
Date: 15 December 2021**

Moore Kingston Smith is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

The Joseph and Lilian Sully Foundation
Consolidated Statement of Financial Activities
for the year ended 31 March 2021

	Note	Unrestricted Funds	Expendable Endowment Funds	Total 2021	Total 2020 as restated
		£	£	£	£
Income and endowments from:					
Investment income	3	522,342	-	522,342	602,354
Total		522,342	-	522,342	602,354
Expenditure on:					
Raising funds					
Investment management fees	5	-	77,008	77,008	75,289
Trading subsidiary costs		116,095	-	116,095	114,617
Charitable activities					
Grants awarded	5	280,524	-	280,524	394,516
Total		396,619	77,008	473,627	584,422
Realised gain on disposals	4	-	312,805	312,805	280,896
Unrealised gain/(loss)	4	-	2,177,785	2,177,785	(1,797,629)
Gain in revaluation of investment property	9	-	-	-	540,000
Net income/(expenditure)	7	125,723	2,413,582	2,539,305	(958,801)
Transfer between funds	13	-	-	-	-
Net movement in funds		125,723	2,413,582	2,539,305	(958,801)
Fund balances at 1 April 2020	13	179,186	13,630,840	13,810,026	14,768,827
Fund balances at 31 March 2021	13	304,909	16,044,422	16,349,331	13,810,026

**The Joseph and Lilian Sully Foundation
Balance Sheets
as at 31 March 2021**

	Group		The Joseph and Lilian Sully Foundation		
	2021	2020 as restated	2021	2020	
	£	£	£	£	
Fixed assets					
Investments	4	13,606,263	10,371,723	13,861,888	12,613,850
Investment Property	9	1,800,000	1,800,000	-	-
Current assets					
Debtors	10	11,328	5,018	12,777	656,977
Cash at bank		1,032,403	1,756,318	337,097	664,398
		<u>1,043,731</u>	<u>1,761,336</u>	<u>349,874</u>	<u>1,321,375</u>
Creditors: amounts falling due in less than one year	11	<u>(60,663)</u>	<u>(63,033)</u>	<u>(34,250)</u>	<u>(38,600)</u>
Net Current Assets		983,068	1,698,303	315,624	1,282,775
Creditors: amounts falling due in more than one year	12	(40,000)	(60,000)	(40,000)	(60,000)
Total Assets Less Total Liabilities		<u>16,349,331</u>	<u>13,810,026</u>	<u>14,137,512</u>	<u>13,836,625</u>
Total Net Assets		<u><u>16,349,331</u></u>	<u><u>13,810,026</u></u>	<u><u>14,137,512</u></u>	<u><u>13,836,625</u></u>
Funds					
Unrestricted Income fund	13	304,909	179,186	-	-
Expendable Endowment fund	13	16,044,422	13,630,840	14,137,512	13,836,625
Total Funds		<u><u>16,349,331</u></u>	<u><u>13,810,026</u></u>	<u><u>14,137,512</u></u>	<u><u>13,836,625</u></u>

The financial statements were approved by the Trustees and authorised for issue on 23/11/21 and were signed on their behalf by:


Trustee: P J Timms


Trustee: J Mortimer

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**The Joseph and Lilian Sully Foundation
Consolidated Statement of Cash Flows
for the year ended 31 March 2021**

	2021	2020
	£	as restated £
Net cash (used in)/provided by operating activities (note a)	(425,299)	(479,414)
Cash flow provided by investing activities		
Dividends and interest from investments	522,342	602,354
Fund manager fees	(77,008)	(75,289)
Payments to acquire fixed asset investments	(2,550,763)	(1,997,687)
Proceeds received from investments	<u>1,806,813</u>	<u>1,127,966</u>
Net cash used in capital investment transactions	(743,950)	(869,721)
Net cash (used in)/provided by investing activities	(298,616)	(342,656)
Change in cash and cash equivalents	(723,915)	(822,070)
Cash and cash equivalents at the beginning of the year	1,756,318	2,578,388
Cash and cash equivalents at the end of the year (note b)	<u>1,032,403</u>	<u>1,756,318</u>
a. Net cash from operating activities	2021	2020
	£	£
Net income/(expenditure)	2,539,305	(958,801)
Adjustments for:		
- Net (loss)/gain on investments	(2,490,590)	1,516,733
- Gain on revaluation of property	-	(540,000)
- Dividends and interest from investments	(522,342)	(602,354)
- Fund manager fees	77,008	75,289
- (Increase) / decrease in debtors	(6,310)	845
- (Decrease) / increase in creditors	(22,370)	28,874
Cash flow (used in)/provided by operating activities	<u>(425,299)</u>	<u>(479,414)</u>
b. Cash and cash equivalents at year end	2021	2020
	£	£
Cash held in operational bank account	465,906	1,133,695
Cash held within investment portfolio (note c)	566,497	622,623
Cash and cash equivalents at year end	<u>1,032,403</u>	<u>1,756,318</u>
c. Reconciliation of cash held in investment portfolio	2021	2020
	£	£
Cash held in investment portfolio at 1 April	622,621	919,695
Net cash from dividends less management fees	141,836	230,233
Net cash used to purchase investments	(743,953)	(869,721)
Cash from operating accounts to fund investments	750,000	626,296
Cash transfer to fund operational activities	(204,007)	(283,870)
Cash held in investment portfolio at 31 March	<u>566,497</u>	<u>622,633</u>

**The Joseph and Lilian Sully Foundation
Notes to the Financial Statements
for the year ended 31 March 2021**

1. Accounting Policies

a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention modified for the revaluation of investment assets to their market value at the balance sheet date.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The charity is a public benefit entity for the purposes of FRS 102 and therefore the charity prepares its financial statements in accordance with the 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 (The FRS 102 Charities SORP) and the Charities Act 2011. The consolidated statements comprise the financial statements of the Joseph and Lilian Sully Foundation and its trading subsidiary Joseph Sully Holdings Limited.

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

The Charity is a Public Benefit Entity as defined by FRS 102.

The consolidated financial statements comprise the financial statements of the Foundation and its trading subsidiary "Joseph Sully Holdings Limited" Company Number 01276376 made up to 31 March 2021. The total income and expenditure of these entities is shown in the Statement of Financial Activities ("SOFA"). The statements are consolidated on a line by line basis. The Foundation has taken advantage of the exemption from disclosing its individual SOFA. The Foundation only surplus (net movement in funds) was £300,887 (2020: deficit of £628,750).

b) Going concern

The financial statements have been prepared on a going concern basis. There are no material uncertainties about the company's ability to continue as a going concern. The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the entity to continue as a going concern. The trustees have considered the impact of Covid-19 on the investment portfolio and investment income generation to be short term. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. The trustees conclude there is a reasonable expectation that the Foundation has adequate resources and unrestricted reserves/cash balances to continue in operational existence for the foreseeable future. The Foundation therefore continues to adopt the going concern basis in preparing its financial statements.

c) Expenditure and its basis of allocation

Expenditure is included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered. Expenditure is recognised once there is legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

**The Joseph and Lilian Sully Foundation
Notes to the Financial Statements
for the year ended 31 March 2021**

1. Accounting policies

c) Expenditure and its basis of allocation (continued)

Expenditure includes direct costs of activities and those costs of an indirect nature necessary to support those activities. Grants are recognised when the recipient has been notified of the grant awarded.

d) Income

Donations and legacies are recognised when there is evidence of entitlement, the receipt is probable and the amount can be measured reliably. Dividends are recognised when the charity is entitled to the income. Rental income in relation to the investment properties held by the subsidiary is recognised once the payment becomes due. All income is recognised net of VAT.

e) Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the Statement of Financial Activities.

f) Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured are cost net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost of valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	3 years straight line
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g) Taxation

The charity has suffered no tax charge, as it is not subject to UK Corporation tax on its charitable activities. No liability to current or deferred tax is considered necessary in the trading subsidiary as the directors have resolved to make charitable donations equivalent to the taxable profits to the Foundation.

h) Cash and Cash Equivalents

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

i) Fund accounting

The unrestricted income fund is for the objectives of the charity without further specified purpose, available as general funds.

The endowment fund represents expendable capital funds which have been bequeathed or donated to the charity. Transfers are made to the unrestricted income fund when necessary to support the charitable expenditure.

**The Joseph and Lilian Sully Foundation
Notes to the Financial Statements
for the year ended 31 March 2021**

j) Financial Instruments

The Group 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 Foundation and company balance sheet when the Foundation or company becomes party to the contractual provisions of the instruments.

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 debtors 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. Listed investments are a basic financial asset and are accounted according to the policy outlined in note 11.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments 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.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

k) Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**The Joseph and Lilian Sully Foundation
Notes to the Financial Statements
for the year ended 31 March 2021**

1. Accounting policies

l) Investments

Investment are stated at market value rather than at historical cost. Any unrealised or realised gains or losses arising from this policy are disclosed in the statement of financial activities.

m) Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events and are believed to be reasonable under the circumstances, as follows:

- Valuation of investment property

The carrying value of the investment property as at 31 March 2021 is based on a valuation carried out by the Foundation's property managers Strettons Limited in July 2020. The investment properties were not inspected as part of the valuation and as such the valuation has not been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards, incorporating the International Valuation Standards (IVS) 2017 (The Red Book). The valuation was made on an open market basis drawing upon comparable market transactions of most relevance. As a result of the outbreak of Covid-19 and uncertainty in the property sector the report included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global.

2) Results from subsidiary

The Joseph and Lilian Sully Foundation has one wholly owned trading subsidiary: Joseph Sully Holdings Limited, which generates income from two rental properties and an investment portfolio. Joseph Sully Holdings Limited distributes its taxable profits to the Foundation. The registered office of the subsidiary is Devonshire House, 60 Goswell Road, London. Unaudited financial statements for the subsidiary are filed annually with the Registrar of Companies. A summary of the results of Joseph Sully Holdings Limited for 2021 and 2020 are detailed on the next page.

The Joseph and Lillian Sully Foundation
Notes to the Financial Statements
for the year ended 31 March 2021

2) Results from subsidiary (continued)

Profit and Loss

	2021	2020
	£	£
Turnover	466,823	524,114
Administrative expenses	<u>(172,798)</u>	<u>(168,833)</u>
Operating profit	294,025	355,281
Increase in the fair value of investment property	-	540,000
Profit/(Loss) on disposal of listed investments	246,204	282,401
(Loss)/Profit on revaluation of listed investments measured at fair value	1,698,189	(1,830,516)
Profit before taxation	<u>2,238,418</u>	<u>(652,834)</u>
Taxation	-	-
Net result	<u>2,238,418</u>	<u>(652,834)</u>
Distribution to the Foundation	<u>-</u>	<u>-</u>

Balance Sheet

Fixed Assets

Investment properties	1,800,000	1,800,000
Investments	<u>10,419,890</u>	<u>8,110,605</u>
	12,219,890	9,910,605

Current Assets

Debtors	4,818	4,308
Cash and cash equivalents	<u>695,306</u>	<u>1,091,920</u>
	700,124	1,096,228

Creditors: amount falling due within one year	(32,682)	(680,700)
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Net Current Assets	<u>667,442</u>	<u>415,528</u>
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Total assets less total liabilities	<u>12,887,332</u>	<u>10,326,133</u>
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Capital and Reserves

Called up Share capital	1,000,000	1,000,000
Revaluation Reserve	556,531	233,750
Capital redemption reserve	3,900,100	3,900,100
Retained earnings	7,430,701	5,192,283

Total equity	<u>12,887,332</u>	<u>10,326,133</u>
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The Joseph and Lillian Sully Foundation
Notes to the Financial Statements
for the year ended 31 March 2021

3. Investment Income

	Unrestricted Funds £	Expendable Endowment Funds £	Total 2021 £
Year to 31 March 2021			
Investment Income			
Dividends and bank interest	377,614	-	377,614
Rental income	144,728	-	144,728
	<u>522,342</u>	<u>-</u>	<u>522,342</u>

	Unrestricted Funds £	Expendable Endowment Funds £	Total 2020 £
Year to 31 March 2020			
Investment Income			
Dividends and bank interest	457,636	-	457,636
Rental Income	144,718	-	144,718
	<u>602,354</u>	<u>-</u>	<u>602,354</u>

4. Fixed Asset Investments

	2021 £	2020 £ as restated
a. Group		
Market value at 1 April 2020	10,371,723	11,018,735
Additions	2,550,763	1,997,687
Disposal proceeds	(1,806,813)	(1,127,966)
Unrealised gain/(loss)	2,177,785	(1,797,629)
Realised gain	312,805	280,896

Market value at 31 March 2021	<u>13,606,263</u>	<u>10,371,723</u>
Historic cost of investments of the Group	<u>10,996,177</u>	<u>10,350,670</u>

	2021 £	2020 £
Market value of investments by type for the Group		
UK listed investments	13,546,238	10,371,723
Offshore bonds	60,025	-
	<u>13,606,263</u>	<u>10,371,723</u>

Significant investment holdings for the Group based on market value at 31 March were:

There were no significant holdings at 31 March 2021 or 31 March 2020.

b. The Joseph and Lillian Foundation

	2021 £	2020 £
Market value at 1 April 2020	1,938,337	2,194,802
Additions	1,165,325	195,651
Disposal proceeds	(463,484)	(160,716)
Unrealised gain/(loss)	479,596	(289,895)
Realised gain/(loss)	66,601	(1,505)

Market value at 31 March 2021	<u>3,186,375</u>	<u>1,938,337</u>
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Investment in Subsidiary (at fair value on acquisition)	10,675,513	10,675,513
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Total	<u>13,861,888</u>	<u>12,613,850</u>
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Historic cost of investments of the Foundation (excluding trading subsidiary)	<u>2,863,933</u>	<u>2,232,730</u>
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The Joseph and Lillian Sully Foundation
Notes to the Financial Statements
for the year ended 31 March 2021

5. Total Expenditure

	Total	Total
	2021	2020
	£	£
Raising funds		
Investment management fees	72,510	69,645
Property Management fees	4,498	5,644
	<u>77,008</u>	<u>75,289</u>
Charitable activities	Total	Total
Grants to Institutions:	2021	2020
	£	£
Clapton Common Boys Club	1,000	2,500
Crisis UK	10,000	5,000
Parkinsons UK	10,000	5,000
Holy Innocents Church	5,000	5,000
Great Ormond Street Hospital	10,000	10,000
NSPCC	10,000	10,000
The Salvation Army	10,000	10,000
Alzheimer's Research UK	10,000	40,000
St Clare Hospice	10,000	10,000
Macmillan Cancer Support	10,000	5,000
Children with Cancer UK	-	10,000
Voluntary Action Epping Forest	7,750	133,250
Maxability	10,000	10,000
The Royal British Legion	5,000	-
ELHAP	5,000	5,000
Misgav	5,000	-
Oncourse Foundation	10,000	10,000
Essex Community fund	15,000	20,000
Barnardo's	5,000	5,000
Orpheus Centre	10,000	10,000
MusicAll	10,000	10,000
Town Council of Loughton Mayors Appeal	10,000	20,000
Race against Dementia	5,000	15,000
Carers UK	10,000	5,000
1st Chigwell Scout group	-	750
Kidney Research UK	5,000	7,500
The Joshua Tree	-	2,500
Open Road	5,000	5,000
Chess Homeless	10,000	5,000
Action for Children	2,500	-
Age UK	10,000	-
Haringey Law Centre	10,000	-
Teenage Cancer Trust	2,500	-
Blind Veterans UK	5,000	-
Coopers Charity CIO	5,000	-
Maggies	2,500	-
Marie Currie	5,000	-
New Directions	5,000	-
Prostate Cancer UK (Research Project)	5,000	-
Royal National Institute Blind	2,500	-
High Beech Church of England Primary School	5,000	-
Music for my Mind	1,000	-
	<u>274,750</u>	<u>376,500</u>

The Joseph and Lillian Sully Foundation
Notes to the Financial Statements
for the year ended 31 March 2021

5. Total Expenditure (continued)

Governance costs		
Audit fees	9,150	13,200
Prior year (over)/under accrual	(3,753)	3,476
Trustee expenses	215	-
Bank charges	162	140
Legal fees	-	1,200
	<u>5,774</u>	<u>18,016</u>
Total charitable expenditure	<u><u>280,524</u></u>	<u><u>394,516</u></u>

6. Group tangible fixed assets

	2021	2020
	£	£
Cost at 1 April 2020 and 31 March 2021	<u>1,114</u>	<u>1,114</u>
Depreciation at 1 April 2020 and 31 March 2021	<u>1,114</u>	<u>1,114</u>
Net book value at 1 April 2020 and 31 March 2021	<u>-</u>	<u>-</u>

7. Net Income

	2021	2020
	£	£
This is stated after charging:		
External auditors:		
Audit fees	9,150	13,200
Prior year (over)/under audit accrual	(3,753)	3,476
Accounting services for Joseph Sully Holdings Ltd	23,295	21,455

Accounting services for Joseph Sully Holdings Ltd includes fees paid to the external auditors relating to accounting fees, tax compliance, payroll and other advice. The subsidiary has two employees (2020: 2) , both employees are directors of the company and trustees of the Foundation.

8. Salaries and Wages

	2021	2020
	£	£
Wages and salaries	84,000	84,000
Social Security costs	6,167	6,209
Pension costs	1,253	1,403
	<u>91,420</u>	<u>91,612</u>
Average number of employees	<u>2</u>	<u>2</u>

The charity has no employees in the current or preceding year. The trustees of the charity are considered to be the key management personnel. 2 (2020: 0) trustees were reimbursed £215 for travelling expenses during 2021. No trustees received any reimbursement in 2020.

The subsidiary has two 2 employees (2020: 2) , both employees are directors of the company and trustees of the Foundation. Their remuneration was as follows:

	2021	2020
	£	£
J Mortimer	48,000	48,000
PJ Timms	36,000	36,000
	<u>84,000</u>	<u>84,000</u>

The Joseph and Lilian Sully Foundation
Notes to the Financial Statements
for the year ended 31 March 2021

9. Investment Property	2021	2020
	£	£
Fair value		
Brought forward	1,800,000	1,260,000
Revaluation	-	540,000
Carried forward	<u>1,800,000</u>	<u>1,800,000</u>

The directors took formal advice from the managing agents of the property investments as to their open market value at 17 July 2020. The managing agents undertook a desktop valuation and based their valuation on their knowledge of properties as managing agents. This was not a full valuation in accordance with the RICS Appraisal and Valuation Manual. The valuation report included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. A significant judgement has been included in the accounting policies in relation to this. The historic cost of the properties at the balance sheet date was £1,486,681 (2020: £1,486,681).

10. Debtors

	Group		Foundation	
	2021	2020	2021	2020
	£	£	£	£
Other Debtors	2,412	-	-	-
Trade Debtors	510	-	-	-
Amounts owed by Joseph Sully Holdings Ltd	-	-	6,267	656,267
Prepayments and accrued income	8,406	5,018	6,510	710
	<u>11,328</u>	<u>5,018</u>	<u>12,777</u>	<u>656,977</u>

11. Creditors: Amounts falling due in less than one year

	Group		Foundation	
	2021	2020	2021	2020
	£	£	£	£
Accruals	28,858	33,764	14,250	18,600
Trade creditors	1,276	-	-	-
Grant creditor	20,000	20,000	20,000	20,000
Other taxation and social security	10,529	9,269	-	-
	<u>60,663</u>	<u>63,033</u>	<u>34,250</u>	<u>38,600</u>

12. Creditors: Amounts falling due in more than one year

	Group		Foundation	
	2021	2020	2021	2020
	£	£	£	£
Grant creditors	<u>40,000</u>	<u>60,000</u>	<u>40,000</u>	<u>60,000</u>

The Joseph and Lilian Sully Foundation
Notes to the Financial Statements
for the year ended 31 March 2021

13. Allocation of Reserves

a. Group reserves

Year to 31 March 2021

	As at April 2020	Income	Expenditure	Net investment gains	Property revaluation	Transfers	At 31 March 2021
	£	£	£	£		£	£
Unrestricted Fund	179,186	522,342	(396,619)	-	-	-	304,909
Expendable Endowment Fund	13,630,840	-	(77,008)	2,490,590	-	-	16,044,422
Total funds	13,810,026	522,342	(473,627)	2,490,590	-	-	16,349,331

**Year to 31 March 2020
as restated**

	As at April 2019	Income	Expenditure	Net investment losses	Property revaluation	Transfers	At 31 March 2020
	£	£	£	£		£	£
Unrestricted Fund	-	602,354	(509,133)	-	-	85,965	179,186
Expendable Endowment Fund	14,768,827	-	(75,289)	(1,516,733)	540,000	(85,965)	13,630,840
Total funds	14,768,827	602,354	(584,422)	(1,516,733)	540,000	-	13,810,026

The endowment fund is an expendable endowment based on the wishes of Mrs A H Sully, who died on 12 July 2015. Mrs Sully bequeathed the residue of her estate to the Foundation as a further expendable endowment.

Transfers are made from the Expendable Endowment Fund where necessary to support the charity's grant making activity.

**The Joseph and Lilian Sully Foundation
Notes to the Financial Statements
for the year ended 31 March 2021**

13. Allocation of Reserves (continued)

b. Foundation reserves

Year to 31 March 2021

	As at April 2020	Income	Expenditure	Unrealised gains	Realised gains	Transfers	At 31 March 2021
	£	£	£	£		£	£
Unrestricted Fund	-	55,519	(280,524)	-	-	225,005	-
Expendable Endowment Fund	13,836,625	-	(20,305)	479,596	66,601	(225,005)	14,137,512
Total funds	13,836,625	55,519	(300,829)	479,596	66,601	-	14,137,512

Year to 31 March 2020

	As at April 2019	Income	Expenditure	Unrealised losses	Realised losses	Transfers	At 31 March 2020
	£	£	£	£		£	£
Unrestricted Fund	-	78,240	(394,514)	-	-	316,274	-
Expendable Endowment Fund	14,465,373	-	(21,074)	(289,895)	(1,505)	(316,274)	13,836,625
Total funds	14,465,373	78,240	(415,588)	(289,895)	(1,505)	-	13,836,625

The endowment fund is an expendable endowment based on the wishes of Mrs A H Sully, who died on 12 July 2015. Mrs Sully bequeathed the residue of her estate to the Foundation as a further expendable endowment.

Transfers are made from the Expendable Endowment Fund where necessary to support the charity's grant making activity.

The Joseph and Lillian Sully Foundation
Notes to the Financial Statements
for the year ended 31 March 2021

14. Analysis of net assets by fund

a. Group

	Unrestricted Funds	Expendable Endowment Fund	31 March 2021
Investments	-	13,606,263	13,606,263
Investment Property	-	1,800,000	1,800,000
Debtors	-	11,328	11,328
Cash at bank	304,909	727,494	1,032,403
Current liabilities	-	(60,663)	(60,663)
Long term liabilities	-	(40,000)	(40,000)
Total funds	304,909	16,044,422	16,349,331

b. Foundation

	Unrestricted Funds	Expendable Endowment Fund	31 March 2021
Investments	-	13,861,888	13,861,888
Debtors	-	12,777	12,777
Cash at bank	-	337,097	337,097
Current liabilities	-	(34,250)	(34,250)
Long term liabilities	-	(40,000)	(40,000)
Total funds	-	14,137,512	14,137,512

15. Related Party Transactions

Included in debtors is an amount of £6,267 (2020: £656,267) due from Joseph Sully Holdings Limited, in relation to proceeds of an investment received by the company due to the Foundation.

During the year, Coopers Charity CIO received a £5,000 (2020: £nil) grant. P J Timms and A Behrens, who are trustees of the Foundation, were also trustees of Coopers Charity CIO at the time of the grant.

16. Prior period adjustment

Figures in the Consolidated Statement of Financial Activities, Group Balance Sheet, Group Cash Flow Statement and notes 4a and 13a have been amended for the year ended 31 March 2020.

This is to correct the consolidated investments valuation brought forward.

	£
Consolidated investments value per consolidated 2020 accounts	10,048,941
Prior period adjustment to correct b/f valuation (unrealised gain)	322,782
Consolidated 2020 investments value as restated	10,371,723