

**THE VARRIER-JONES FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**COMPANY REGISTRATION NO 03377965
REGISTERED CHARITY NO 1064595**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

THE VARRIER-JONES FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

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THE VARRIER-JONES FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	R Norton (Chair) D Lowther (Vice-Chair) M Alexander P Agar S Beach S Lewis (Appointed 27 Aug 2020) C Sheasby (Hon Treasurer, appointed 27 May 2021) J Bugg (Appointed 27 May 2021) D Browne (Appointed 27 May 2021)	
Company Secretary	M Blake	
Registered Office	Upper Pendrill Court Ermine Street North Papworth Everard Cambridge CB23 8UY	
Auditors	Ensors Accountants LLP Warwick House Ermine Business Park Spitfire Close Huntingdon Cambridge PE29 6XY	
Bankers	National Westminster Bank PLC 92 High Street Huntingdon PE29 3DT	
Solicitors	Ellisons Solicitors Headgate Court Head Street Colchester C01 1NP	
Property advisers	Bidwells LLP Trumpington Road Cambridge CB2 9LD	
Investment Managers	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU	
Status	A registered charity A company limited by guarantee	No. 1064595 No. 03377965

THE VARRIER-JONES FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

INTRODUCTION

The Trustees of The Varrier-Jones Foundation ("the Foundation") have pleasure in presenting their report and the audited financial statements of the charity for the year ended 31 March 2021.

The company was incorporated on 29 May 1997. The company registration number is 03377965 and the registered charity number is 1064595.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

DIRECTORS AND TRUSTEES

The Directors of the company are the Trustees of the Foundation for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees serving during the year were as follows:

R Norton (Chair – from 28th May 2020)
A Thompson (Resigned as Chair and Trustee 28th May 2020)
M Alexander
P L Agar
S Beach
D Lowther
S Lewis (Appointed 27th August 2020)
D Atkinson (Resigned 28th May 2020)

The Trustees would like to express their thanks to Andrew Thompson for his service on the Board over a number of years, including 18 months as Chair, where he led a review of the governance of the Foundation. He was always a source of wise counsel for the other Trustees.

OBJECTIVES AND ACTIVITIES

The principal objective of the Foundation is to provide support for the work of the Papworth Trust, whose mission is for disabled people to have equality, choice and independence. The Trust delivers this through the provision of supported housing, care services, support to access employment and a range of day services provision. The Foundation meets its commitment by maintaining investments, in both market investments via its appointed investment managers, and in land and property assets, mostly situated within the village of Papworth Everard, with a view to making a financial return which can be used to support the work of The Papworth Trust.

In addition to its principal objective the Foundation also aims to support disabled people more generally, and achieves this through making financial contributions towards the work of other organisations providing services for disabled people.

In meeting its obligations to provide finance to organisations that deliver benefits to disabled people, the Foundation seeks to manage its investment and property portfolios to generate sufficient return to allow regular contributions to be made whilst also seeking to preserve, in real terms, the long-term capital value of its assets, notwithstanding it is free to distribute any or all of its capital in order to best meet these primary objects.

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TRUSTEES' REPORT

APPOINTMENT AND TRAINING OF NEW TRUSTEES

The Board of Trustees is responsible for the appointment of any new trustees and for ensuring that a broad range of relevant skills and expertise are represented on the Board. In reviewing the membership of the Board, and any nominations for new trustees or for the election of the Chair, the Board seeks to:

1. Ensure a good distribution of skills and experience amongst Trustees;
2. Ensure the timely and effective succession of the Chair of the Board;
3. Implement an induction programme and ensure relevant information is provided to new Trustees, and monitor on any on-going training needs for all Trustees.

In order to carry this out effectively, the Foundation has established an Appointments sub-Committee, who seek to facilitate the above, recognising the need to achieve effective equality and diversity at Board level and ensuring recruitment to the Board is transparent and objective. Following an agreed recruitment process, four new Trustees have been appointed, strengthening the Board's skills in finance, investment management and property development.

The Foundation is also continually developing its induction programme for Board members, and uses resources supplied by its key property and investment advisors to provide incoming Trustees with the information they need to deliver their roles effectively. The Foundation is also seeking to develop its internal systems more fully to provide Trustees with access to information digitally, as well as utilising technology to hold Board and Sub-Committee meetings virtually, which has been particularly important during the pandemic.

PUBLIC BENEFIT

The Trustees confirm they have considered their duties and have regard 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. The Foundation supports work to provide equality, choice and independence for disabled people, ensuring access to facilities and opportunities that may be available to the public in general.

The Foundation fulfils this purpose through the awarding of grant funding, largely but not exclusively, to the Papworth Trust, in support of programmes and activities that improve the lives of disabled people. The trustees consider applications for funding, from the Trust via consideration of its strategic plan and budgets, and from other organisations via a formal applications process, and reviews the outcomes achieved via the submission of regular reports and presentations to the Board. The Trustees are therefore confident that the activities of the Foundation are carried out for the benefit of others, monitored by regular reporting on impact and effectiveness of activities undertaken by beneficiary organisations, and the Trustees have due regard to public benefit tests when making decisions.

FIXED ASSETS

Fixed assets are held in order to achieve the objectives of the Foundation. The movements in fixed assets during the year are set out in notes 10 and 11 to these financial statements.

THE VARRIER-JONES FOUNDATION

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TRUSTEES' REPORT

ACHIEVEMENTS AND PERFORMANCE

In the Trustees' Report for the year ended 31 March 2020, The Foundation set out the following objectives for the year to March 2021 and achievement against these is shown in the table below:

<i>Objective</i>	<i>Achievement</i>
Further develop a long-term business plan, in the light of current events, to take full account of likely impacts on the property portfolio, following Papworth Hospital's relocation, the change in appetite for office accommodation and potential impact on market investment yield, and mitigate appropriately	New leases agreed on key elements of the portfolio at Papworth Business Park. Potential development opportunities reviewed and initial enquiries commenced. Long term plan being developed to support property, investment and distribution strategy
Develop a plan to replace lost income streams across the portfolio as a result of the hospital closure	Addressed by looking at sources of capital generation that could be reinvested to produce a return
Manage the Trust's Property and Investment Assets in order to maximize their long-term value, developing suitable strategies to minimize risk	The general funds of the organisation increased by 25% (£11,217k) in the year, largely driven by a significant improvement in the value of the investment portfolio, both market investments and commercial property, supporting the three-year plan and also our reserves policy.
Maintain the real value of donations to the Papworth Trust	The value of the donation to Papworth Trust was maintained in the year, against a background of low inflation, and we have undertaken to maintain this in 2021-22. The donation has been set following presentation and review of the outcomes planned in the 3-year Business Plan prepared by the Trust, together with the achievements made in 2020/21.

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TRUSTEES' REPORT

FINANCIAL REVIEW

The charity made an operating deficit for the year of £199,865 (2020: deficit of £182,821). The deficit on operations is stated after direct grants of £1,749,112 (2020: £1,710,115).

The value of listed market and property investments still held increased by £11,416,809 in the year (2020: decrease of £1,675,881).

The Foundation made donations as follows:

	£
The Papworth Trust	1,720,000
Disability Huntingdonshire	8,000
Tikva	7,000
Mahadevi Yoga Centre	5,000
Able Kidz	3,000
The Brainwave Centre	3,000
Handicapped Childrens Association Group	3,000
TLC & JL Pinnock	112
Total	1,749,112

Reserves policy

The Trustees hold all of the reserves of the Foundation as unrestricted funds. However, they are conscious of the fact that they wish to ensure sustainability of their ability to make donations and therefore, as far as possible, protect the underlying capital held by the Foundation in order to achieve this. In seeking to do this, the Trustees regularly review the reserves policy of the charity, and currently designate elements of the reserves held as described below, in order to improve the visibility of the resilience of the funds at their disposal.

Designated funds – core capital

The Foundation uses its assets to generate income to support the work of Papworth Trust, and disabled people more generally, and seeks to do this by investing funds in market investments and property holdings to generate a return over the long-term. The Foundation, therefore, seeks to preserve the real value of the estimated original capital and the Trustees have designated funds to reflect this objective. This is calculated from a 2010 baseline, indexed annually by CPI.

Designated funds – volatility risk

The requirement for, and level of, reserves is reviewed regularly by the Trustees, to ensure that they adequately reflect the risks faced by the Foundation. The Trustees consider that volatility in investment and property valuations constitutes the Foundation's most significant financial risk. Accordingly, they seek to hold a reserve amounting to 15% of the total asset valuation at each balance sheet date. The Trustees consider this to be a reasonable reflection of the volatility that has been experienced in recent years, and therefore provides some insulation against asset valuation movements.

Free reserves

Free reserves are the amount of total funds remaining after deducting designated funds and specified reserves. The Trustees regularly review the level of free reserves to satisfy themselves that they are not excessive. These funds are invested in order to produce a return to support beneficiaries. These free reserves enable the Foundation to manage fluctuations in income and expenditure obligations. Free reserves currently stand at 11% of total reserves.

The total unrestricted funds at 31 March 2021 totalled £56,754,055 (2020: £45,537,111). These are analysed as follows:

Reserve Type	Value £'000s
Designated funds – core capital	42,018
Designated funds – volatility risk	8,513
Free reserves	6,223
Total	56,754

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TRUSTEES' REPORT

Comments on events that have affected financial performance

The total income for the year is broadly in line with the prior year despite all the challenges of the last twelve months. Where possible we have worked with our tenants to support the long-term sustainability of ongoing leases but we have had some tenants who have not renewed leases, which will impact income levels in the next financial year due to the current challenging environment in letting small office units. No alternative income streams have yet been identified from sites previously let out to Papworth hospital.

Operational costs have reduced from the prior year, which included significant dilapidations works at Papworth Hall. Underlying operating costs remain higher than previous levels due to the ongoing costs of maintaining and operating sites at Papworth Hall and void units in Pendrill Court. In addition, we have taken the opportunity to complete elements of cyclical repairs and maintenance in the year, including replacing the boilers at Pendrill Court.

The value of the market investment funds held increased by £7,493,861, representing an increase in value of 22% on the previous year, recognising that the investments fell significantly in March of the previous year following the outbreak of the Covid-19 pandemic. This growth has significantly improved the overall reserves levels held.

Investment policy

The Foundation seeks to produce the best risk adjusted financial returns from its financial investments. These are invested both in property assets and listed market investments. The property assets are actively managed, yielding a rental return and surplus which, together with income generated from the listed investment portfolio, is used to meet its charitable objectives by providing grants to the Papworth Trust and to other charities.

The Trustees have discretionary powers to invest the Foundation's monies in the purchase of investments or property of whatever nature. The property portfolio is managed to achieve a commercial rate of return, whilst preserving the long-term value of the assets.

Listed investments are managed on a Total Return basis, whilst recognising the income targets for the Foundation. The investment and distribution objectives, and the asset allocation parameters, are agreed by the Board, through the Investment Committee, and encapsulated in a Statement of Investment Policy, agreed with external investment advisors. The investment objective is to maintain the real value of the assets over the long term, thus preserving the purchasing power of distributions.

The Foundation increased its donation to the Papworth Trust by 2% in the year. A small number of other donations were made, in support of the primary objects of the Foundation.

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TRUSTEES' REPORT

Risk Management

The Foundation manages the risks that it faces by considering the key risks anticipated at each Committee meeting, escalating these to the Board where necessary. The Foundation uses a risk register to identify the key risks faced by the Foundation and the methods that are employed to mitigate those risks. This register is reviewed at least annually by the Trustees.

The Trustees retain oversight of the activities of the Foundation by their day-to-day involvement in the operations of the Foundation, as required, and through a system of internal controls and delegation, designed to manage key risks, to give reasonable assurance as to the accuracy of financial information and to safeguard the Foundation's assets and reputation.

Principal risks faced by the Foundation

The Foundation's key risks are as follows:

Risk	Impact	Mitigation
Continued global financial uncertainty, impacted by the Covid-19 pandemic, Brexit and other political disruptions	Financial uncertainty can lead to a reduction in income from the market investment portfolio, adversely impacting our ability to maintain donations	The Foundation has a broad asset allocation and the Joint Investment Committee closely monitors the performance of its portfolio and market conditions/risks with help from investment professionals. The portfolio is invested with a view to producing the desired return over the long term.
Inability to let currently vacant property.	Reduction in rental income generated as a result of less than target occupancy levels could result in insufficient cash generation to meet planned donations	Steps are being taken to ensure the retention of existing tenants, and consideration is being given to alternative uses for spaces with longer voids. Sources of capital receipts being explored, to yield funds to invest for a return. Ultimately, we may need to reduce the level of donations made in the longer term
Loss of key skills to manage and govern the Foundation.	Failure to retain adequate resource of suitably skilled Trustees and staff, as a result of failing to recruit new trustees, or plan for staff cover, could lead to poor decisions on the property or market investment portfolios, resulting in capital loss	The Board has been strengthened by the addition of four new Trustees with complementary skills and experience over the past twelve months. The Board considers governance and succession planning regularly, to ensure that this skill set is retained, and also ensures it employs appropriate staff to support. Strategic partnerships with key advisors have been established to ensure the Trustees are properly advised. The Foundation also purchases services from external parties to support operations, where required.

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Risk	Impact	Mitigation
Reliance on third party support for key systems and processes	Disruption to services that we do not control could lead to a failure of provision, giving rise to an inability to undertake core requirements	With significant reliance on external systems and third party provision of services, governing these with effective service level agreements, including performance requirements, helps to mitigate risk. We will continue to develop information systems on hosted platforms to enable wide access and increased resilience
Fraud or control risk due to small numbers of staff employed, with significant assets under management.	Material financial loss, impacting the value of capital held by the Foundation, caused by the misappropriation of funds, resulting in a significantly reduced capital base, and therefore reduced ability to make donations in the future	Appropriate delegations of authority drafted, with key payments and investment instructions approved by Trustees. Close monitoring by management via regular management accounts and on-line access to investment reports and transaction information is maintained, and any issues or risks reported to Trustees.
Inability to generate capital receipts from development land currently held	Reduction in potential disposal value of identified development sites, due to failure to secure planning consent for identified development sites could result in failure to build capital adequately to maintain current donation levels	Recruitment of Trustees with property experience, including development experience, coupled with the procurement of professional advice and participation in the call for sites under the Cambridge local plan, positions us appropriately to mitigate this risk.
Public liability risk due to ownership of woodland and open spaces, along with some empty properties	Accident or injury sustained by a Trustee / staff member / member of the public resulting in significant injury could lead to significant damages / compensation claim if we were deemed to be negligent in our management of our property	Risk assessments have been undertaken across the estate, including the woodland, and action plans developed and actioned to mitigate risk. Regular inspections and patrols are maintained to ensure that there is no material deterioration in assets. Appropriate insurance is also maintained

Internal Controls

The Board utilises the support of Papworth Trust for management accounting and Human Resources support, for which it pays an appropriate fee. It is recognised that there are inherent risks with a small staff team, therefore a scheme of delegation has been established to address the difficulty of achieving suitable segregation of duties, and appropriate authorisation levels, which also involves the participation of the Trustees. The Trustees maintain a risk register, which is reviewed periodically, and the Board also regularly receives management accounts reporting, comparing actual results to budget and forecasts, to ensure appropriate budgetary control is being maintained. The Trustees have reviewed the internal controls in operation during the period, and are satisfied that there are no issues leading to any material uncertainty regarding these financial statements.

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PLANS FOR FUTURE PERIODS

In the next financial year, The Foundation plans to:

- Pursue planning enquiries with local authorities to seek to bring potential development sites into being
- Review the offering at Pendrill Court to utilise currently vacant space
- Continue the active marketing of Papworth Hall in order to secure a suitable occupant.
- Build on the Business Plan and Reserves work to develop and embed a long-term strategy for the Foundation, suitably considering returns required over the long-term, and the risks to delivery of these
- Maintain the real value of donations to Papworth Trust

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Foundation is a company limited by guarantee, governed by its Memorandum and Articles of Association. It is a registered charity with the Charity Commission. The Foundation is governed by its Board of Trustees, which consists of the Trustees, as stated on page 1 of the financial statements, which meets quarterly.

The Trustees, assisted by staff, are responsible for formulating the strategy and policies of the charity as a whole, including the approval of budgets and exercising of financial control, through regular financial reporting. In addition, the Foundation commissions external advisors for support and advice in key areas of its operations including investment and property management.

The Trustees also maintain Committees to oversee individual elements of its operation. The Committees currently in operation are as follows:

Property Committee

The Property Committee oversees the property portfolio of the Foundation, working with external advisors to set the strategy, reporting performance and making recommendations to the Board. The terms of engagement of these advisors are reviewed regularly to ensure the primary objectives are being met, and the appointments are re-tendered periodically in line with good governance practice. This Committee reports to the Board at each Board meeting.

Investment Committee

The Joint Investment Committee oversees the investment portfolio of the Foundation, and also that of the Papworth Trust, with the funds invested with similar strategies to maximise synergies and efficiencies. The Committee works with external advisors to set the strategy, to report on performance and to make recommendations to the Board with regard to policy and asset allocation. The terms of engagement of these advisors are reviewed regularly to ensure the primary objectives are being met, and the appointments are re-tendered periodically in line with good governance practice. The Committee monitors the performance of the advisors, and reports on investment performance to the Board at each Board meeting.

Appointments Committee

An Appointments Committee has been established to manage the process of recruiting new Trustees and electing officers for the Foundation. This meets periodically, as required, and brings recommendations to the Board for new appointments, based upon an assessment of skills required and contributions new Trustees may bring.

Fundraising approach

The Foundation's income is generated mainly through returns on its investment and property portfolios that are appropriately managed to fully meet with the objectives of the charitable organisation. No formal fundraising activity is deployed to generate income from members of the public. Whilst members of the public are able to donate contributions voluntarily if they so wish, the trust does not promote fund raising. No professional fundraisers are employed by the Foundation.

THE VARRIER-JONES FOUNDATION

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TRUSTEES' REPORT

Name of the trustee who manages the Foundation on a day to day basis

R Norton was appointed as Chair of the Foundation, succeeding A Thompson, who resigned on 28th May 2020. As Chair, Richard oversees the day to day operations of the Foundation. M Alexander oversees all property matters as Chair of the Property Committee, and D Lowther oversees financial investments as Chair of the Joint Investment Committee. The Trustees are supported by employed staff, as well as outsourced governance and financial management support from the Papworth Trust.

Trustees' responsibilities

The Trustees (who are also directors of The Varrier-Jones Foundation for the purposes of company law) 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).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Ensors Accountants LLP were reappointed as auditors of the charitable company and in accordance with section 485 of the Companies Act 2006 a resolution proposing that they be reappointed will be put at a general meeting.

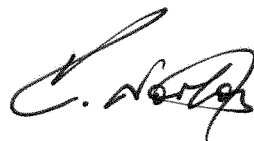
OUR THANKS

Finally, the Trustees would like to thank the staff for their dedication, hard work and commitment to the work of the Foundation.

Registered office:

Upper Pendrill Court
Ermine Street North
Papworth Everard
Cambridge
CB2 3UY

By order of the Board



R Norton
Chair

Date: 26 August 2021

THE VARRIER-JONES FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE VARRIER-JONES FOUNDATION

Opinion

We have audited the financial statements of The Varrier-Jones Foundation for the year ended 31 March 2021 which comprise the Statement of Financial Activities, Balance Sheet and Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021, and of its 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 Companies Act 2006.

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 charitable company 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 Directors' 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 Directors 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 directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE VARRIER-JONES FOUNDATION (continued)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a strategic report.

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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

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.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE VARRIER-JONES FOUNDATION
(continued)**

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/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Francis

**James Francis
for and on behalf of Ensors Accountants LLP**

**Chartered Accountants
Statutory Auditor**

Date: *26th August 2021*

.....
Warwick House
Ermine Business Park
Spitfire Close
Huntingdon
PE29 6XY

THE VARRIER-JONES FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (including income & expenditure account)

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Total Unrestricted Funds 2021 £	Total Unrestricted Funds 2020 £
Income:			
Investment income	2	2,100,135	1,978,643
Other property income	3	-	313,500
Other income	4	11,717	18,979
Total income		<u>2,111,852</u>	<u>2,311,122</u>
Expenditure			
<i>Costs of raising funds:</i>			
Investment management costs	5	544,715	765,846
<i>Expenditure on charitable activities:</i>			
Grants and support costs	6	1,753,835	1,714,735
Other costs	7	13,167	13,362
Total expenditure		<u>2,311,717</u>	<u>2,493,943</u>
Movement in total funds for the year - Net (outgoing) resources for the year before Investments		(199,865)	(182,821)
Gains / (Losses) on investment funds		7,493,861	(1,326,881)
Net income / (expenditure) for the year		7,293,996	(1,509,702)
Revaluation of investment properties		3,922,948	(349,000)
Net movement in funds		11,216,944	(1,858,702)
Reconciliation of funds			
Total funds brought forward at 1 April		45,537,111	47,395,813
Total funds carried forward at 31 March		<u><u>56,754,055</u></u>	<u><u>45,537,111</u></u>

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

All of the above results derive from continuing operations.

The notes on pages 17 to 25 form part of these financial statements.

THE VARRIER-JONES FOUNDATION

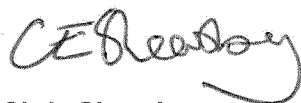
COMPANY REGISTRATION NUMBER 03377965

(A COMPANY LIMITED BY GUARANTEE)

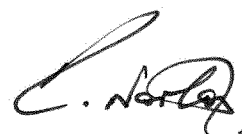
BALANCE SHEET AT 31 MARCH 2021

	Notes	2021 £	2020 £
Fixed assets			
Investment properties	10	16,320,749	12,397,801
Market investments	11	39,667,620	32,673,759
		<u>55,988,369</u>	<u>45,071,560</u>
Current assets			
Debtors:			
Amounts falling due within one year	12	663,318	545,295
Cash at bank and in hand		715,664	494,013
		<u>1,378,982</u>	<u>1,039,308</u>
Creditors – amounts falling due within one year	13	<u>(399,062)</u>	<u>(356,038)</u>
Net current assets		<u>979,920</u>	<u>683,270</u>
Total assets less current liabilities		56,968,289	45,754,830
Creditors – amounts falling due after more than one year	14	<u>(214,234)</u>	<u>(217,719)</u>
Net assets		<u><u>56,754,055</u></u>	<u><u>45,537,111</u></u>
Funds			
Unrestricted funds		<u>56,754,055</u>	<u>45,537,111</u>
Total funds		<u><u>56,754,055</u></u>	<u><u>45,537,111</u></u>

Approved by the Board of Trustees on 26 August 2021 and signed on its behalf by:



Chris Sheasby
Honorary Treasurer



Richard Norton
Chair

The notes on pages 17 to 25 form part of these financial statements.

THE VARRIER-JONES FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Reconciliation of operating deficit to net cash outflow from operating activities		
Operating (deficit)	(199,865)	(182,821)
Increase in debtors	(118,023)	(390,232)
Increase in creditors	45,539	161,003
Deferred income released	(6,000)	(6,000)
	<u>(278,349)</u>	<u>(418,050)</u>
Cash flow		
Net cash outflow from operating activities	(278,349)	(418,050)
Withdrawals from Sarasin Portfolio	500,000	-
	<u>221,651</u>	<u>(418,050)</u>
Increase / (Decrease) in cash		
	<u>221,651</u>	<u>(418,050)</u>
Reconciliation of net cash flow to movement in net funds		
Increase / (Decrease) in cash in the year	221,651	(418,050)
	<u>221,651</u>	<u>(418,050)</u>
Change in net funds	221,651	(418,050)
Net funds brought forward at 1 April	494,013	912,063
Net funds carried forward at 31 March	<u>715,664</u>	<u>494,013</u>

The notes on pages 17 to 25 form part of these financial statements.

THE VARRIER-JONES FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting Policies

Accounting convention and standards

The Varrier-Jones Foundation is a company limited by guarantee incorporated in England & Wales. The registered office is Upper Pendrill Court, Papworth Everard, Cambridge CB23 8UY.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Varrier-Jones Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

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

Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. The Foundation has considered the impact of COVID19 and the impact on its forecasts and working capital requirements for a period of 12 months from the date of these financial statements. Thus, the Trustees have concluded that it is appropriate to adopt the going concern basis of accounting in preparing these financial statements.

Incoming resources

All incoming resources capable of accurate financial measurement are accounted for when receivable.

Deferred income

Where applicable, deferred income is credited to Incoming Resources equally over the period to which it relates.

Resources expended

All expenditure is accounted for on an accruals basis and includes any irrecoverable VAT.

Direct charitable expenditure, management and administration

Direct charitable expenditure comprises all expenditure directly relating to the objects of the charity. When necessary, costs are allocated between direct charitable expenditure, fund raising and management and administration on an actual basis.

Investments

Listed investments are stated at market value. A full professional revaluation of investment properties is conducted every three years as part of a five-year rolling valuation programme of the total property portfolio. The statement of financial activities includes realised and unrealised gains / (losses) on revaluations and disposals throughout the year.

THE VARRIER-JONES FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (continued)

Fixed assets

Fixed assets are included at cost less accumulated depreciation. Fixed assets with a cost of less than £5,000 are written off to the statement of financial activities on acquisition.

Depreciation

Depreciation is provided to write off on a straight-line basis the cost or valuation, less estimated residual value, of all fixed assets over their expected useful lives, calculated on a daily basis from acquisition date.

Investment properties are stated at fair value and are not depreciated. Although this is in accordance with FRS 102 it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. Investment properties are held for their investment potential and therefore their current value is of prime importance. The departure from the provisions of the Act is considered to be necessary in order to present a true and fair view.

Creditors and provisions

Creditors and provisions are recognised where the Foundation has a present obligation resulting from a past event that will result in the transfer of funds to a third party and the amount to settle the obligation can be measured or estimated reliably. These include anticipated future liabilities for repair and maintenance work which is contributed to by current tenants, to reflect their obligation to contribute to the maintenance and upkeep of the infrastructure.

Capitalisation of finance costs

All finance costs that are directly attributable to investment properties are capitalised as part of those assets.

Defined contribution pension scheme

Contributions to a money purchase pension scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Fund accounting

Funds held by the Foundation are unrestricted general funds – these are funds that can be used in accordance with the charitable objects at the discretion of the Trustees.

Company status

The Foundation is a company limited by guarantee and has no share capital. The liability of each member in the event of the Foundation being wound up is limited to £1.

THE VARRIER-JONES FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 Investment income

	2021 £	2020 £
Rent receivable	840,175	1,045,800
Income from investment portfolio	1,259,960	932,843
	<u>2,100,135</u>	<u>1,978,643</u>

3 Other property income

	2021 £	2020 £
Other property income	-	313,500
	<u>-</u>	<u>313,500</u>

In the prior year one off receipts of £263,500 relating to the sale of land assets and rights connected to the Papworth Hospital site were received. In addition, £50,000 of deferred income was released following the completion of works carried out at the hospital site. No amounts were received in the current year.

4 Other income

	2021 £	2020 £
Other income	11,717	18,979
	<u>11,717</u>	<u>18,979</u>

5 Investment management costs

	2021 £	2020 £
Property portfolio	260,516	540,518
Listed Investment portfolio	194,468	137,544
Support costs	89,731	87,784
	<u>544,715</u>	<u>765,846</u>

THE VARRIER-JONES FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

6 Charitable activity costs

	2021 £	2020 £
Support costs	4,723	4,620
Direct grants (as explained in the Trustees' report)	1,749,112	1,710,115
	<u>1,753,835</u>	<u>1,714,735</u>

7 Other costs

	2021 £	2020 £
Audit fees	7,500	7,400
Trustees indemnity insurance	3,320	3,018
Other professional fees	2,347	2,944
	<u>13,167</u>	<u>13,362</u>

8 Staff costs

	2021 £	2020 £
Staff costs:		
Staff salaries	35,580	28,308
Pension costs	1,336	384
	<u>36,916</u>	<u>28,692</u>

Staff numbers

The average number of full-time equivalent employees (including casual and part-time staff) during the year was made up as follows:

	2021	2020
Support & administration	<u>1</u>	<u>1</u>

Defined contribution pension scheme

During the year the Foundation paid contributions into one employee's personal pension scheme. The pension cost charge represents contributions payable by the Foundation to the funds and amounted to £1,336 (2020: £384).

Outstanding contributions to the fund of £224 were due at 31 March 2021 (2020: £176).

THE VARRIER-JONES FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

9 Net expenditure for the year

	2021	2020
	£	£
Stated after charging:		
Auditors' remuneration:		
Audit services	<u>7,500</u>	<u>7,400</u>

THE VARRIER-JONES FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10 Investments

Investment Properties

	2021 £	2020 £
At 1 April	12,397,801	12,746,801
Unrealised gains/(losses) in the year	3,922,948	(349,000)
At 31 March	<u>16,320,749</u>	<u>12,397,801</u>
Included in Fixed assets	<u>16,320,749</u>	<u>12,397,801</u>
	<u>16,320,749</u>	<u>12,397,801</u>

All investments are included in unrestricted funds.

Summary:

	2021 £	2020 £
Property: Freehold	<u>16,320,749</u>	<u>12,397,801</u>

The historical cost of all the investment properties at 31 March 2021 was £13,603,078 (2020: £13,603,078).

Investment properties are re-valued based on a professional valuation by Bidwells LLP on a 3- or 5-year rolling review. Those properties not included in the professional valuation at 31 March 2021, have been reviewed by the trustees who are of the opinion that the valuation included in the accounts is consistent with the current fair value for these properties.

THE VARRIER-JONES FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

11 Market Investments

Market value

	2021 £	2020 £
At 1 April	32,673,759	34,000,639
Realised gains	1,091,358	451,921
Unrealised gains/(losses) in the year	6,402,503	(1,778,801)
Cash withdrawn	(500,000)	-
	<u>39,667,620</u>	<u>32,673,759</u>

Market value represented by:

	2021 £	2020 £
Historical cost of assets	33,108,882	32,050,922
Unrealised gains	6,558,738	622,837
	<u>39,667,620</u>	<u>32,673,759</u>

Investments held as:

	2021 £	2020 £
Cash & cash equivalents	245,354	1,237,847
Fixed Income	4,936,709	4,947,966
UK Equities	8,217,569	5,794,373
Global Equities	22,135,662	15,835,585
Alternative Investments	4,132,326	4,857,988
	<u>39,667,620</u>	<u>32,673,759</u>

Included in		
Fixed assets	39,667,620	32,673,759
	<u>39,667,620</u>	<u>32,673,759</u>

THE VARRIER-JONES FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

12 Debtors

	2021 £	2020 £
Trade debtors	47,855	23,388
Bad Debts provided for	(6,309)	-
Prepayments & Accrued income	15,027	65,468
Taxation	-	23,003
Other debtors	606,745	433,436
	<u>663,318</u>	<u>545,295</u>

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	33,744	105,376
Rents received in advance	110,042	124,538
Other creditors and accruals	106,724	119,536
Taxation and social security	142,552	588
Deferred income (note 15)	6,000	6,000
	<u>399,062</u>	<u>356,038</u>

14 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Deferred income (note 15)	20,000	26,000
Other creditors and accruals	150,800	150,800
Building repair receipts in advance	43,434	40,919
	<u>214,234</u>	<u>217,719</u>

Other creditors and accruals represent potential compensation claims arising from the development of the Papworth bypass.

THE VARRIER-JONES FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

15 Deferred income

	2021	2020
	£	£
Balance at 1 April	32,000	88,000
Amount released in year	(6,000)	(56,000)
Balance at 31 March	<u>26,000</u>	<u>32,000</u>

Deferred income relates to monies received for the granting of a 25-year lease. Amounts have been deferred to spread the income over the remaining term of the lease.

16 Trustees indemnity insurance

During the year insurance was purchased to indemnify the trustees against default on their part. The amount paid was £3,320 (2020: £3,018).

17 Controlling party

The charity is controlled by the Board of Trustees, who are also the members, and the directors under company law.

18 Related party transactions

During the year the charity was charged costs of £43,000 (2020: £43,000) by Papworth Trust in order to provide financial management, HR and IT support, of which £nil (2020: £nil) was outstanding at year end. All of the transactions were carried out on an arm's length basis and no amounts were outstanding as at the year end.

The Foundation charged The Papworth Trust rental costs of £20,167 (2020: £6,250) and other costs of £nil (2020: £590) during the year.

During the year, the Foundation paid grants to Papworth Trust of £1,720,000 (2020: £1,685,004).

19 Transactions with Trustees

During the year no Trustee received any remuneration or expenses. In 2020 a total of £1,300 in expense payments was reimbursed to two Trustees.