



THE HEART OF ENGLAND COMMUNITY FOUNDATION

(A company limited by guarantee)

REGISTERED CHARITY NO. 1117345
COMPANY REGISTERED NO. 5999452

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

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YEAR ENDED 31 MARCH 2023

TRUSTEES AND STAFF

Registered Office: Stellantis
 Pinley House, Sunbeam Way
 Coventry CV3 1ND

Corporate Patron: Stellantis
Patron: Mrs Sally Carrick

Presidents: Tim Cox, the Lord Lieutenant of Warwickshire
 Sir John Crabtree OBE, the Lord Lieutenant of the West Midlands

Trustees:	
Mr Phil Ewing	Retired 9 th June 22
Ms. Michelle Vincent	Treasurer
Mr Paul Belfield	
Mr. Amrik Bhabra MBE	
Ms. Lucie Byron	
Mr Christopher West	Chair
Ms Jude Jennison	
Mr John Taylor	Deceased 25 th May 2022
Mr Daniel Worthing	
Mr Russell Bailey	Resigned 5 th October 2022
Mr Calum Nisbet	
Ms Jasmin Koasha	Resigned 4 th October 2023
Ms Alethea Fuller	
Ms Cleo Morris	
Mr Richard Port	Appointed on 5 th October 2022

Staff:	Tina Costello	Chief Executive Officer
	Helen Kendrick*	Senior Manager Operations
	Shamiela Ahmed	Senior Manager Grants
	Jayne Taylor-Farren*	Senior Manager Finance
	Ryan Boyce	Senior Manager Communications
	Jenny Whateley	Grants Officer
	Sarah Lafford*	Grants Officer
	Freya Crichton	Grants Officer
	Aunjna Jani	Grants Officer
	Charleene Jefferson	Executive Officer
	Paramjit Kaur	Finance officer
	Zain Khan	Systems and Data Officer

**Part-Time*

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PROFESSIONAL ADVISORS

Auditors:	Dafferns LLP One Eastwood, Harry Weston Road Binley Business Park Coventry, West Midlands CV3 2UB		
Investment Managers:	Quilter Cheviot Three Temple Quay Temple Way Bristol BS1 6DZ	CCLA Senator House 85 Queen Victoria Street London EC4V 4ET	Rathbones Temple Point 1 Temple Row Birmingham B2 5LG
	James Hambro & Partners LLP 45 Pall Mall London SW1Y 5JG	EFG Harris Allday 33 Great Charles Street Birmingham B3 3JN	M and G Investments PO Box 9039 Chelmsford CM99 2XG
Bankers:	CAF Bank 25 Kings Hill Ave Kings Hill West Malling, Kent ME19 4JQ	Santander Bank Bootle Merseyside L30 4GB	
Solicitors:	Wright Hassall LLP Olympus Avenue Leamington Spa Warwickshire		

THE HEART OF ENGLAND COMMUNITY FOUNDATION
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YEAR ENDED 31 MARCH 2023
TRUSTEES' REPORT including DIRECTOR'S REPORT

The Trustees have pleasure in presenting their Annual Report along with the financial statements of the charity for the year ending 31 March 2023.

The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS102) in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the Charity's Memorandum and Articles of Association, the Charities Act 2011, and Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Ireland as amended for accounting periods commencing on or after 1 January 2019 and the Companies Act 2006.

1. Structure, Governance and Management

1.1 Objects and Activities

The objects of the Community Foundation are defined in its Memorandum and Articles of Association. The Community Foundation manages a diverse portfolio of grant programmes working with a range of donors to provide charitable and philanthropic services across the geographical areas of Birmingham, Black Country, Coventry, Solihull, and Warwickshire. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the current aims and objectives and in planning future strategies and setting grant making policies.

Our activities are determined by our charitable objectives:

- The promotion of any charitable purposes for the benefit of communities within the County of West Midlands and Warwickshire, United Kingdom and the advancement of education, the protection of good health and the relief of poverty and sickness
- Any other exclusively charitable purposes, which are, in the opinion of the Trustees, beneficial to the community in benefit.

The Foundation exists to support the local voluntary and community sector across the West Midlands and Warwickshire. We work with a range of donors to offer bespoke, tailored philanthropic services. We aim to inspire and encourage local giving; we are advocates for smaller organisations who are often under the radar of national funders but making a huge difference at the heart of their communities.

The Foundation primarily supports not for profit organisations with grants which make an impact at a local level. We endeavour to have a balanced portfolio of grant programmes which enables us to fund a wide cross section of organisations supporting those most in need.

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1.1 Objects and activities (continued)

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission in determining the activities undertaken by the Heart of England Community Foundation and in planning future activities. The benefits of our activities are described in this Annual Report and relate directly to our aims and objectives.

1.2 Board Appointments

At each AGM, one third of the Trustees must retire, those longest in office retiring first. The Board of Trustees meet on a quarterly basis.

Our AGM was held on 5th October 2022, in which Russell Bailey retired from the board. Chris West thanked Russell for his integral role in supporting the development of our Building Better Lives Programme.

We were delighted to appoint Richard Port MBE as a new Trustee to the foundation. Richard is a partner and family law solicitor at George Green LLP, he received an MBE for his fantastic work supporting women fleeing domestic abuse and is already an integral part of the Trustee board.

The names of the Trustees who have served throughout the financial year and to the date of this report are shown on page 3. All Trustees have a full induction and are regularly updated on the operational running of the Foundation.

Following the recommendations from Quality Accreditation 5, we will be undertaking a governance review, looking at the current size and skills on our board, with a view to reducing the number of Trustees and establishing advisory panels.

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1.3 Board Subcommittees

The Foundation has four main sub-committees:

Finance and Investment Committee, responsible for:

- Budgets and overseeing investment performance.
- Quarterly investment returns and endowment performance.
- Comparison of Investment Managers
- Maximisation of interest rate returns
- Reviewing investment strategy
- Annual meetings with all Investment Managers
- Reviewing asset class investments
- Considering appropriate avenue for unrestricted core income
- Reviewing quarterly management accounts
- Analysing forecast against actual performance
- Monitoring and review finance resources

Management Committee, responsible for:

- Management of governance and operational risks
- Approval of new and revisions to policies and procedures
- Maintaining oversight of the risk register
- Maintaining oversight of the charity's operations
- Oversight and monitoring of operational projects and programmes
- Maintaining oversight of operational decision making on HR changes include-disciplinaries, performance management and recruitment.
- Approval of formal HR changes such as staffing re-structures.
- Approval of pay awards as the charity's remuneration committee.
- Approval of recommendations for new tenders/contracts and grant programmes in line with the delegation of authority policy.

Grant Sub-Committees, responsible for:

- responsible for decision making on non-donor-directed funds across all our areas of benefit including:
- Strategic overview of grant making to ensure equitable and fair distribution of funds.
- Profiling annual grant budgets.
- Review of impact of grants awarded.

We have two independent decision-making committees, the Coventry, Solihull and Warwickshire Panel and the Birmingham and Black Country Panel. Both panels have representation from key stakeholders, community activists, and chaired by a Foundation Trustee.

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1.3 Board Subcommittees (continued)

Learning from the pandemic, we've continued to hold hybrid meetings which works well for our volunteer panels.

The Trustees would like to thank our fantastic volunteers who give their valuable time and commitment to support our decision making.

1.4 Business Planning

We are now in the final year of our 3-year strategy and operational plan. The foundation had several key priorities:

- Ensure all our communities recognise we are open and willing to support them.
- Maintain strong relationships with existing donors.
- Continually seek to attract new donors to increase our social investment.
- To be an equitable, diverse, and inclusive funder.
- Continually review our own organisation through strong finance and governance.

We are a charity committed to learning and reflection, we understand our role locally and it's of vital importance that all communities recognise our funding is available and we are open and willing to support them.

This year we embarked on several key priorities, the first to implement our 'single front door'. This approach aimed to negate the need for voluntary organisations to choose a particular fund to apply for but simply apply through a single portal. We undertook user testing with local voluntary groups, we tested it continuously with the staff team and we launched it last year. After trialling our front door for 6 months, it presented problems as some of our funds were not suitable for the portal, some decision-making panels met at different times, so it became more complex than we envisaged.

We have now reverted to our traditional route of applying for grants but are working on several short video content to help groups decide which fund, what makes a good application and general hints and tips.

A huge success was our Foundation Roadshows, holding events in every area we serve across the West Midland and Warwickshire. The roadshows were well attended, we had mini workshops for advice and guidance on governance, social media, and financial planning, we are planning a series of roadshows in 2023.

We strive to ensure our donors have an exceptional service, each donor receives a bespoke impact report according to their wishes and with the development of our existing customer relationship management system, donors will have their own log in to monitor their fund in terms of spend and grants against specific priorities.

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1.4 Business Planning (continued)

As we grow as a charity, our focus in this financial year has been to analyse gaps in the current team and recruit new posts to strengthen the foundation and ensure capacity within the wider staff team.

Strong finance and governance are imperative to ensure the sustainability and viability of our organisation. Our Finance and Investment committee meet quarterly to monitor our forecast budget and investments. During the year a selection of underperforming investments were moved to a new investment house with a strong focus on ethical investment.

As reported last year, the Foundation undertook an external evaluation of our grant making to create a narrative about our places rooted in evidence and support evidenced based priorities. We have used this data and intelligence to prioritise particular communities of interest with the funds we manage. We have also recruited a Data and Systems officer who will look at our impact annually and identify gaps in both geography and communities of interest, enabling us to prioritise our funds accordingly.

In October 2023 the senior staff team and the full Board of Trustees have met to plan and develop our next 3-year strategy, reflecting on our successes, challenges and learning over the previous 3 years.

1.5 Risk Management

The principal identified risks to which the Foundation are exposed are integrated into the business plan to ensure they are regularly reviewed. The Foundation also maintains a risk register which is reviewed on a half-yearly basis by the Management Committee.

As part of QA5 and in light of the pandemic, we have reviewed and amended our risk register accordingly, the risks are predominantly the same but in particular loss of income and loss of tenants in our commercially rented barns have been rated higher.

1.6 Pay Policy for Senior Staff

The Trustees consider the senior management team to comprise the key personnel of the Charity in charge of directing, running, and operating the Charity on a day-to-day basis. The pay of senior staff is reviewed annually by the Management Committee and is based on performance and average earnings across the sector.

1.7 Fundraising Regulator Statement of Compliance

Heart of England Community Foundation does not contract to a third party to undertake any fundraising on its behalf. The charity does employ a Marketing Manager who initiates campaigns and supports fundraising activities. We have received no fundraising complaints during the year.

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The charity only makes fundraising approaches to contacts who have given explicit consent to receive such campaign documentation under GDPR guidelines.

2. Achievements and Financial Performance for 2022-23

The foundation is fortunate to have had another successful year, building on relationships with existing donors, securing new donors, and growing our long-term investments.

Working in partnership with the West Midlands Combined Authority (WMCA) we have delivered a fantastic programme, supporting projects to improve green spaces in urban areas, developing local food growing in community centres and larger scale projects focus on improving biodiversity and existing places of natural habitat. The Green Grants programme will end in September 2023 and reflecting on this programme the WMCA will be tendering for a similar programme for our region but with extended principles and priorities.

Our partnerships with both Birmingham City Council and Solihull Metropolitan Borough Council continue to grow, working with us to deliver further programmes on their behalf.

In relation to Birmingham City Council, we are currently delivering a Cost-of- Living Impact Fund, a fund supporting local foodbanks, a programme for young adults and a city-wide programme. We are always grateful for donors who continue to work with us and see the benefit of outsourcing grant making to a place-based foundation.

In relation to Solihull MBC, we delivered a Resilience Fund in addition to the Well Being and Recovery Fund. We've recently launched new programmes and again, a huge thank you to Solihull MBC for continuing to work with us.

Our donors see the benefit of working with the foundation, we demonstrate agility, effectiveness and a knowledge of our region and the plethora of organisations that represent our voluntary and community sector. Through the generosity of one of our corporate donors, Coventry Building Society set up an emergency fund through us to support warm spaces throughout the challenging winter months.

We are also pleased to be delivering a West Midlands wide fund on behalf of the Dulverton Trust, a fantastic programme which we will deliver over a 3-year period.

Working with UKCF, we are currently delivering Know Your Neighbourhood on behalf of the Department for Digital, Culture, Media, and Sport (DCMS). This programme is specifically for Wolverhampton, an area highlighted for chronic loneliness within its communities.

In terms of endowment, we successfully transferred the dormant assets of Coventry City Council, a new long-term investment for communities across Coventry. The funds have not been received in this financial year, but the signed legal agreement is in place.

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2. Achievements and Financial Performance for 2022-23 (continued)

Part of the role of a Community Foundation is to revitalise dormant charities or take over the administration of a charity with succession planning. Over the past 5 years we have been working with a Birmingham based charity, South Birmingham Friends Institute (SBFI), a Quaker charity with a long history of serving communities across the West Midlands.

In February 2023 the transfer of SBFI took place, some of the trustees will remain involved and will form the South Birmingham Friends Fund decision making panel. The benefits of transferring assets to the foundation are the original donor can still be involved but without the administrative burden.

SBFI also transferred 5 residential properties in Birmingham. We have employed a managing agent to oversee the general management of the properties as this is a new area for us and we want to be exemplary landlords. Our CEO has met with all current tenants to alleviate any concerns they may have had.

Key Performance Measures

Our operational plan and financial pipeline are regularly reviewed at the relevant committee meetings, and we are now at the stage of planning our next 3-year strategy to 2027.

Human Resources

It has been a challenging time for recruitment, this seems to be across all sectors. We have increased our staff team to include a Grants Administrator and a Data and Systems officer who will be integral in analysing our data and intelligence.

Sadly, our existing Senior Finance Manager has resigned but we have successfully recruited to the position.

Incoming Resources

The Foundation's total incoming resources for 2022-23 were £6,635,825 and the overall funds of the foundation increased by £2,115,049 to £23,582,405.

Endowed Donations

We have secured the transfer of the South Birmingham Friend's Institute Charity and the dormant assets held with Coventry City Council.

We will always have a focus on endowment growth so are currently developing a plan to raise our profile with regional financial and wealth advisors.

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2. Achievements and Financial Performance for 2022-23 (continued)

Investments

The Foundation's investment policy, updated and reviewed every three years, is for a balanced portfolio which produces reasonable income for grant making whilst growing the value of the assets to protect them against the effects of inflation or other defining factors in the longer term. This is considered a relatively low risk approach.

Our stock market investments are managed by James Hambro, CCLA and Rathbones. Performance is bench marked against the FTSE APCIMS (Association of Private Client Investment Managers) Index.

Investment performance over the 12-month period ending 31st March 2023 continued to be impacted by equity market volatility linked to the COVID-19 pandemic. Prior to the aggressive sell-off we saw in February and March 2020 global capital markets had been broadly positive, recovering the losses made.

Grants

The total grant income for 2022-23 was £2,708,965 which was a decrease of £476,476 from the previous fiscal year. Our total grant expenditure was £2,866,131, a full report on the foundation's discretionary grant making will be available on our website.

Restricted Core Income

Restricted core income in 2022-23 was £66,714 compared to £59,305 in the previous fiscal year.

Unrestricted Core Income

Our unrestricted core income this year is derived from several sources, our investments, general donations, and our commercially rented properties. The delivery of programmes on behalf of donors such as Wesleyan Assurance, Coventry Building Society, West Midlands Combined Authority, Solihull MBC and Birmingham City Council support our operating costs.

The balance of our unrestricted income is, at present, used to meet core expenditure which is not covered by restricted income. Unrestricted income for 2022-23 was £495,789 compared with £447,222 in the previous fiscal year.

We are eternally grateful to all of the donors who choose to work with us but a huge thank you to 29th May 1961 Charitable Trust for their annual unrestricted donation.

Expenditure

The Foundation made an operating gain on unrestricted general funds of £70,493 (excluding gain on investment assets) which compares with a budgeted gain for the year of £34,681 and an operating gain in the previous year of £3,256.

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Designated Funds

Our designated funds as of 31st March 2023 totalled £1,225,008. These include the current value of £704,551 from the Youell Legacy plus funds of £520,457 for the delivery of grant programmes in 2023-24, which are not regarded as free reserves by the Trustees.

3. Reserves Policy

A considerable part of the Foundation's income is derived from unrestricted core donations of which there is no certainty and management fees for the delivery of flow through grant programmes which are usually time bound. The Trustees believe it to be necessary to retain sufficient free reserves to maintain the Foundation operationally between the times such schemes end, and new programmes come on board. New funding streams are often subject to competitive tendering and cannot be relied upon with certainty. Free reserves must also be retained to cover statutory obligations to our staff should that prove necessary.

It is therefore the policy of the Foundation to maintain, always, free reserves of no less than the equivalent of six months core (support and governance) costs. At the 31 March 2023, total reserves were £23,582,405 of which endowed funds were £19,465,474 and restricted funds were £2,141,526. Of the remaining unrestricted funds totalling £1,975,405, £1,225,008 has been designated by Trustees. The actual free reserves at the end of the fiscal year equate to £750,397. However, £342,069 of these free reserves represent non-liquid fixed assets. The balance of £408,328 is 8 months of budgeted core costs for 2023-24.

4. Trustees' Responsibilities Statement for Charitable Companies

The Trustees (who are also Directors of the Heart of England Community Foundation for the purposes of company law) are responsible for the 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 fiscal year, which give a true and fair view of the 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 2019.
- 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.

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4. Trustees' Responsibilities Statement for Charitable Companies (continued)

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.

5. Auditors

A resolution to re-appoint Dafferns LLP as the Charity's auditor will be proposed at the forthcoming Annual General Meeting. The report of the Trustees has been prepared taking advantage of the small companies' exemption in the Companies Act 2006. This report was approved by the Board of Trustees and authorised for issue on 19th October 2023 and is signed on its behalf by:



Chris West
Chair

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)**

Opinion

We have audited the financial statements of The Heart of England Community Foundation (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, Balance Sheet, the Statement of Cashflows 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, 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 2023 and of its profit 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 Auditors' 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 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.

[continued ...]

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE HEART OF ENGLAND COMMUNITY FOUNDATION
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Other information

The Trustees are responsible for the other information. The other information comprises the information in the Report of the Trustees, but does not include the financial statements and our Report of the Auditors thereon.

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.

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

Matters on which we are required to report by exception

In the light of the 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 Report of the Trustees.

We have nothing to report in respect of the following matters where 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

[continued ...]

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
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- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page thirteen 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 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management around actual and potential litigation and claims;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

[continued ...]

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
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Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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.

Signed: 
Geoffrey Cox BA FCA (Senior Statutory Auditor)

For and on behalf of Dafferns LLP,
Chartered Accountants, Registered Auditors
One Eastwood, Harry Weston Road
Binley Business Park, Coventry, CV3 2UB

Date: 19 October 2023

HEART OF ENGLAND COMMUNITY FOUNDATION
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STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

	Unrestricted		Restricted Funds			2023 £
	General Funds £	Designated Funds £	Core Costs £	Distributable Grants £	Endowment Funds £	
Income and Endowments						
Donations and legacies						6,049,674
Rental Income	349,791	-	66,714	2,708,965	2,924,204	90,277
Investment Income	88,445	1,832	-	-	-	371,235
Bank Interest	-	-	-	-	-	55,811
Other Income	55,803	8	-	-	-	68,828
Total Income and Endowments	495,789	67,078	66,714	2,708,965	3,295,439	6,635,825
Expenditure						
Raising Funds						58,664
Investment Management Costs	58,664	-	-	-	43,096	47,710
Charitable Activities - Grants	-	4,614	-	-	-	2,866,131
Charitable Activities - Support costs	-	8,000	-	2,858,131	-	528,034
Big Lottery Fund, European Social Fund, Building Better Opportunities Partners	431,083	30,098	66,714	139	-	9,650
Governance	-	-	9,650	-	-	12,912
Total Expenditure	12,912	-	-	-	-	3,523,101
	502,659	42,712	76,364	2,858,270	43,096	1,997,675
Net Gain/(loss) on investment assets	68,744	(28,640)	-	-	(1,037,779)	2,115,049
Net Income/(expenditure)	61,874	(2,434)	(9,650)	(149,305)	2,214,564	2,115,049
Transfers between funds	77,363	(93,685)	-	(376,614)	392,936	-
Net Movement in Funds	139,237	(96,119)	(9,650)	(525,919)	2,607,500	21,467,356
Funds at 31 March 2022	611,160	1,321,127	33,201	2,643,894	16,857,974	23,582,405
Funds at 31 March 2023	750,397	1,225,008	23,551	2,117,975	19,465,474	

Note: For Companies Act purposes the deficit for the year (excluding the net movement of Endowment Funds) was £492,451 (2022: surplus £229,447). There were no discontinued activities during the year. The Statement of Financial Activities includes all gains and losses recognised during the year. Prior year comparatives are shown on page 20, please continue overleaf.

HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022

	Unrestricted		Restricted Funds			2022 £
	General Funds £	Designated Funds £	Core Costs £	Distributable Grants £	Endowment Funds £	
Income and Endowments						
Donations and legacies	351,266	42,035	59,170	3,185,441	116,618	3,754,530
Rental Income	88,668	-	-	-	-	88,668
Investment Income	-	-	-	-	339,971	339,971
Bank Interest	4,938	-	135	-	-	5,073
Other Income	2,350	-	-	-	-	2,350
Total Income and Endowments	447,222	42,035	59,305	3,185,441	456,589	4,190,592
Expenditure						
Raising Funds	55,352	-	-	-	-	55,352
Investment Management Costs	-	4,532	-	-	54,871	59,403
Charitable Activities - Grants	-	57,599	-	3,255,917	-	3,313,516
Charitable Activities - Support costs	452,061	-	58,971	115	-	511,147
Big Lottery Fund, European Social Fund, Building Better Opportunities Partners	-	-	-	-	-	-
Governance	10,560	-	-	-	-	10,560
Total Expenditure	517,973	62,131	58,971	3,256,032	54,871	3,949,978
Net Gain/(loss) on Investment assets	11	59,911	-	-	862,064	921,975
Net Income/(expenditure)	(70,751)	39,815	334	(70,591)	1,263,782	1,162,589
Transfers between funds	9	74,007	(4,015)	260,648	(330,640)	-
Net Movement in Funds	3,256	35,800	334	190,057	933,142	1,162,589
Funds at 31 March 2021	607,904	1,285,327	32,867	2,453,837	15,924,832	20,304,767
Funds at 31 March 2022	611,160	1,321,127	33,201	2,643,894	16,857,974	21,467,356

HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee) Company Registration no. 5999452

BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	31 March 2023	£	31 March 2022	£
Fixed Assets					
Tangible fixed assets	10	1,186,545		1,472	
Investments					
Investment properties	11	1,582,000		1,005,000	
Listed investments	11	17,485,415		15,716,627	
Cash at Investment Managers		<u>162,763</u>		<u>388,681</u>	
		19,230,178		17,110,308	
Current Assets					
Cash at Bank and In hand		3,145,134		5,391,099	
Debtors	12	532,368		223,266	
		3,677,502		5,614,365	
Creditors: amounts falling due within one year	13	<u>511,820</u>		<u>1,258,789</u>	
Net Current Assets		3,165,682		4,355,576	
Net Assets					
Funds of the Charity					
Capital Funds					
Endowment Funds	14	19,465,474		16,857,974	
Income Funds					
Restricted Funds	15	2,141,526		2,677,095	
Unrestricted Funds (Designated)	15	1,225,008		1,321,127	
Unrestricted Funds (General)	16	<u>750,397</u>		<u>611,160</u>	
Total unrestricted Funds		1,975,405		1,932,287	
Total Funds		<u>23,582,405</u>		<u>21,467,356</u>	

These financial statements have been prepared in accordance with the special provisions applicable to small companies subject to the small companies' regime. The financial statements were approved by the trustees and authorised for issue on 19th October 2023 and are signed on their behalf by

Chris West - Chairman

Michelle Vincent- Trustee



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HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Cashflow from operating activities	18	(1,383,369)	309,309
Net cash flow from operating activities		<u>(1,383,369)</u>	<u>309,309</u>
Cash flow from investing activities			
Payments to acquire investments	11	(7,607,410)	(2,392,437)
Receipts from sales of investments	11	4,263,947	1,881,428
Payments to acquire tangible fixed assets		(1,186,578)	-
Interest received		55,811	5,073
Dividends received		371,235	339,971
Rents received from investment properties		90,277	88,668
Net cash flow from investing activities		<u>(4,012,718)</u>	<u>(77,297)</u>
Cash flow from financing activities			
Receipt of permanent endowments		2,924,204	116,618
Net cash flows from financing activities		<u>2,924,204</u>	<u>116,618</u>
Net Increase/(decrease) in cash and cash equivalents		(2,471,883)	348,630
Cash and cash equivalents at 1 April 2022		5,779,780	5,431,150
Cash and cash equivalents at 31 March 2023		<u>3,307,897</u>	<u>5,779,780</u>
Cash and cash equivalents consist of:			
Cash at bank and in hand		3,145,134	5,391,099
Short term deposits		162,763	388,681
Cash and cash equivalents at 31 March 2023		<u>3,307,897</u>	<u>5,779,780</u>

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2023

1. Accounting policies

Basis of preparation

Heart of England Community Foundation is a company limited by guarantee in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the charity's operations and principal activities are to act as a conduit for philanthropy, linking private and public funders with small community projects across the county of West Midlands.

The charity constitutes a public benefit entity as defined by FRS 102. 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) as amended for accounting periods commencing on or after 1 January 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and are rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income and after performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Donated facilities are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably, and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example, the amount the charity would be willing to pay in the open market for such facilities. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Reports.

For legacies entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2023

1. Accounting policies (continued)

Incoming Resources (continued)

Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Resources expended and irrecoverable VAT

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Foundation. The grants are accounted for where either the Trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant, or any condition attaching to the grant is outside the control of the Foundation.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Allocation of overhead and support costs

Overhead and support costs have been allocated between charitable activity and governance costs. Overhead and support costs relating to charitable activities have been apportioned on a basis consistent with the use of resources.

Charitable activities

Costs of charitable activities include grants made and support costs as shown in note 5.

Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Support cost allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resource.

Fundraising Costs

Fund-raising costs are those which are incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of charitable activities.

The analysis of these costs is included in note 3.

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2023

1. Accounting policies (continued)

Endowment funds

These funds include expendable endowments which arose from grants and donations given specifically to be held as capital unless the Trustees resolve they may be spent. It is the intention of the Trustees that these funds be maintained for the foreseeable future. Grants are funded from the income generated from the capital investments. There can be an initial period of income accumulation in accordance with the donor's wishes.

Restricted funds

These funds are received for specific purposes set by the grant funders or donors. These include funds received to enable grants to be paid to beneficiaries and meet the cost of projects and, in addition, funds received towards the Foundation's operating costs in managing those grants and projects.

Designated funds

These funds are unrestricted funds set aside by the Trustees for specific purposes.

Investments

Investments in listed securities and properties are shown on the balance sheet at their open market value. Profits and losses on sales of investments and the movements in market value are taken to the Statement of Financial Activities. Property in course of construction is valued at cost.

Fixed assets and depreciation

No depreciation is provided against the cost of land. Operational assets costing less than £1,000 are written off in full through the Statement of Financial Activities in the year of purchase. Depreciation is provided by the Foundation to write off the cost less the estimated residual value of other operational fixed assets by equal instalments over their useful economic lives as follows:

Office and computer equipment - 4 years

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any loss arising from impairment are recognised in expenditure.

Pension schemes

The charity operates defined contribution pension schemes. Contributions payable in the year are charged in the Statement of Financial Activities.

Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The trustees have considered the level of funds and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2023

1. Accounting policies (continued)

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price.

Other financial assets, including investments in equity instruments and which are not subsidiaries, associates or joint ventures, are initially measured at fair value which is normally transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit and loss.

Financial liabilities

Basic financial liabilities, including trade and other payables, and bank loans that are classified as debt are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2023

2. Donations and Legacies

Donors contributed to the following restricted funds during the period:

	Core Costs	Distributable Grants	Total 2023	Total 2022
	£	£	£	£
29th May 1961 Charitable Trust	-	28,000	28,000	16,500
Alan Edward Higgs Fund	-	-	-	330,787
BRC Fund	-	12,186	12,186	-
Bullring and Grand Central Fund	-	-	-	1,800
Community Energy Warwickshire	-	7,047	7,047	6,918
Coronavirus Resilience Fund	-	-	-	(40)
Cost of Living Fund	-	697	697	-
Coventry Building Society	-	81,892	81,892	70,000
Coventry City of Culture Fund	-	25,000	25,000	90,000
Coventry Warm Space Fund	-	100,000	100,000	-
DCMS Cost of Living Fund	-	60,588	60,588	-
Deutsche Bank	-	-	-	31,500
Dulverton Trust	-	99,299	99,299	-
Edgbaston Emergency Food & Essential Supplies Fund	-	-	-	2,860
Esme Fairbairn Foundation	-	-	-	56,250
Graham Griffiths Fund	-	45,000	45,000	115,000
Harrison Beale & Owen	-	-	-	(5)
Heart of England	-	-	-	25,000
Helping Hearts	-	50,000	50,000	50,000
High Sheriff of Warwickshire	-	2,325	2,325	31,009
JLR Solihull Employees Charity Fund	-	321	321	56,861
John Taylor	-	2,860	2,860	-
Know Your Neighbourhood	-	135,333	135,333	-
Leamington Fund	-	2,767	2,767	3,293
Made by Sport	-	-	-	9,746
Mayflex UK Ltd	-	9,200	9,200	9,200
M and G Fund	-	13,011	13,011	-
NNS Birmingham City Council	-	388,310	388,310	287,000
NNS Food Bank	-	-	-	100,000
NNS Track and Trace	-	-	-	50,000
Orbit Individual Grants	-	550	550	-
Orbit First Year Tenancy	-	21,000	21,000	49,000
Orbit Hardship fund	-	212,731	212,731	172,727
PSA Peugeot Citroen	66,714	-	66,714	59,170
Pedimore	-	27,000	27,000	27,000
Positive futures	-	90,000	90,000	45,000
Solihul Celebrating Communities	-	-	-	121,440
Solihul Resilience Fund	-	50,600	50,600	-
Stellantis Employee Fund	-	-	-	21,004
The David East Fund	-	-	-	91,840
The Freemason's Charity	-	45,000	45,000	-
Tipton Education fund	-	10,800	10,800	10,800
Torrington House fund	-	-	-	579

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2023

2. Donations and Legacies (Continued)

	Core Costs £	Distributable Grants £	Total 2023 £	Total 2022 £
Torrington House fund	-	-	-	579
Vital EV Solutions	-	4,500	4,500	-
Warwickshire County Council	-	343,748	343,748	1,000,000
Wesleyan	-	839,200	839,200	50
Solihull Winter Wellbeing	-	-	-	302,322
	<u>66,714</u>	<u>2,708,965</u>	<u>2,775,679</u>	<u>3,244,611</u>

Donations in kind

During the financial year PSA Peugeot Citroen (Stellantis) again provided office accommodation and facilities free of charge to the Foundation. The estimated value of these benefits is £66,714 (2022: £59,170) has been reflected in the Statement of Financial Activities as gifts and as support costs within the restricted core cost fund.

3. Fundraising Costs

	Unrestricted £	Restricted £	Total 2023 £
Staff Costs	40,752	-	40,752
Other Costs	<u>17,912</u>	<u>-</u>	<u>17,912</u>
	<u>58,664</u>	<u>-</u>	<u>58,664</u>
	Unrestricted £	Restricted £	Total 2022 £
Staff Costs	40,825	-	40,825
Other Costs	<u>14,527</u>	<u>-</u>	<u>14,527</u>
	<u>55,352</u>	<u>-</u>	<u>55,352</u>

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2023

4. Grants

	Total 2023 £	Total 2022 £
Grants awarded	<u>2,866,131</u>	<u>3,313,516</u>

For full details of grants awarded during the year please visit our website to download our 'Grants Making & social Investment Report 2022/23' at www.heartofenglandcf.co.uk

Grants awarded were wholly attributable to restricted funds in both the current and preceding year.

5. Support Costs

Items marked * are based on actual expenses, all others are pro-rated based on salary spread.

	Grants £	Administration £	2023 £
Staff costs (see note 6)*	155,315	189,818	345,133
Recruitment*	3,360	9,740	13,100
PR and advertising	4,080	4,997	9,077
Training and conferences	1,653	2,025	3,678
Subscriptions*	-	10,915	10,915
Travel and Subsistance	3,176	3,891	7,067
Staff welfare	480	588	1,068
Meetings	273	335	608
Printing and stationary	850	1,041	1,891
Postage and telephone	2,511	3,076	5,586
Office equipment	12,023	14,728	26,751
Legal costs	12,011	14,714	26,725
Professional fees*	-	9,234	9,234
Rent and rates *	-	4,307	4,307
Fixed asset depreciation	602	737	1,339
Office accommodation and facilities (see note 2)	26,685	32,690	59,375
Sundry expense*	312	110	422
Insurance	790	968	1,758
	<u>224,121</u>	<u>303,913</u>	<u>528,034</u>

The Support costs are incurred from the following funds:

	£
Unrestricted General Fund	431,083
Unrestricted Designated Fund	30,098
Restricted Core Fund	66,714
Restricted Grant Fund	<u>139</u>
	<u>528,034</u>

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2023

6. Staff Numbers and Costs

The average number of persons employed by the Foundation during the period was 11 (2022: 11), the full -time equivalent number of employees was 9.7 (2022: 9.5) and the aggregate payroll costs were as follows:

	Total 2023 £	Total 2022 £
Salaries	343,382	333,555
Casual staff costs	2,100	20,530
Social security costs	29,360	29,000
Other pension costs	11,043	11,529
	<u>385,885</u>	<u>394,614</u>
Support costs (see note 5)	345,133	353,789
Fundraising costs (see note 3)	40,752	40,825
	<u>385,885</u>	<u>394,614</u>

The number of employees earning over £60,000 per year (including benefits) in the period is as follows

	No.	No.
£80,001 - £90,000	<u>1</u>	<u>1</u>

7. Trustees' and key management personnel remuneration and expenses

The charity considers its key management personnel as Tina Costello.

The total amount of employee benefits (including employers NI) received by key management personnel is £83,049 (2022: £81,649).

The Trustees did not receive any remuneration during the year (2022: £nil). No expenses were claimed during the year (2022: Nil).

7.1 Third party related transactions

The charity paid £16,356 (2022: £8,444) to Adecs Limited, a company related to Amrik Bhabra, a Trustee, for IT services. The charity paid £11,116 (2022: £476) to Wright Hassall LLP, a company related to Lucie Byron. The charity paid £1,200 (2022: £nil) to Leaders By Nature Ltd, an organisation related to Jude Jenson.

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2023

8. Governance Costs

	Unrestricted	Restricted	Endowment	Total 2023	Total 2022
	£	£	£	£	£
Statutory audit fees	12,912	-	-	12,912	10,560
	<u>12,912</u>	<u>-</u>	<u>-</u>	<u>12,912</u>	<u>10,560</u>

The auditors' remuneration amount to an audit fee of £12,612 (2022: £10,320) and other services of £300 (2022: £240).

9. Transfer between funds

	General	Designated	Core costs	Distributable grants	Endowment funds
	£	£	£	£	£
Endowment income	122,121	-	-	239,560	(361,681)
Trustee allocation of unrestricted surplus to grant pots	(100,000)	-	-	100,000	-
Transfer of discretionary fund for running costs	45,242	(45,242)	-	-	-
Transfer of grant fund to Endowment				(754,617)	754,617
Transfer of Cost of Living Fund to grant fund	-	(47,952)	-	47,952	-
Transfer of Young at Heart Fund to unrestricted	10,000	(491)	-	(9,509)	-
	<u>77,363</u>	<u>(93,685)</u>	<u>-</u>	<u>(376,614)</u>	<u>392,936</u>

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2023

10. Tangible Fixed Assets

	Computer Equipment £	Freehold Property £	Total 2023 £	Total 2022 £
Cost				
1 April 2022	25,893	-	25,893	25,893
Additions	1,578	1,185,000	1,186,578	-
Disposals	-	-	-	-
31 March 2023	<u>27,471</u>	<u>1,185,000</u>	<u>1,212,471</u>	<u>25,893</u>
Depreciation				
1 April 2022	24,421	-	24,421	20,176
Charge for year	1,505	-	1,505	4,245
31 March 2023	<u>25,926</u>	<u>-</u>	<u>25,926</u>	<u>24,421</u>
Net Book value 31 March 2023	<u>1,545</u>	<u>1,185,000</u>	<u>1,186,545</u>	<u>1,472</u>

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2023

11. Fixed Asset Investments

11.1 Listed Investments

	Managed by Quilter £	Managed by CCLA £	Managed by Rathbones £	Managed by James Hambro £	Managed by Harris Allday £	Managed by M and G	Total 2023 £
Market value at 1 April 2022	4,227,345	6,530,734	4,958,548	-	-	-	15,716,627
Additions at cost	273,022	1,937,248	2,013,290	2,187,665	795,454	60,731	7,267,410
Disposal proceeds	(3,848,768)	-	(224,050)	(191,129)	-	-	(4,263,947)
Gains/(losses)	(651,599)	(332,640)	(225,433)	5,242	(31,127)	882	(1,234,675)
Market value at 31 March 2023	-	8,135,342	6,522,355	2,001,778	764,327	61,613	17,485,415
Historical cost	-	5,156,654	5,683,737	1,996,536	795,454	60,731	13,693,112
Investments over 5% of portfolio value							
COIF Charities investment fund	-	5,143,976	-	-	-	-	5,143,976
Listed Investments at fair value comprise							
Equities	-	5,872,904	534,770	1,285,270	436,431	61,613	8,190,987
Securities	-	2,262,439	5,987,585	716,508	327,896	-	9,294,428
	-	8,135,342	6,522,355	2,001,778	764,327	61,613	17,485,415

The fair value of listed investments is determined by reference to the mid-market quoted price from F.T. Interactive Data at the balance sheet date.

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11.2 Investment Properties

	Small Barn	Large Barn	South Birmingham Properties	Total 2023	Total 2022
	£	£	£	£	£
Valuations					
1 April 2022	155,000	850,000	-	1,005,000	1,005,000
Gain on revaluation	22,000	215,000	-	237,000	-
Additions	-	-	340,000	340,000	-
31 March 2023	<u>177,000</u>	<u>1,065,000</u>	<u>340,000</u>	<u>1,582,000</u>	<u>1,005,000</u>
Historical cost	<u>90,511</u>	<u>908,650</u>	<u>340,000</u>	<u>1,339,161</u>	<u>999,161</u>

Two barn buildings and the land they stand on were donated to the Foundation for development into office buildings for letting when complete. The original value of the underdeveloped land and properties donated was estimated by the Trustees at £85,000.

Both barns were revalued at 31 March 23 on 30 June 2023 by Roger Stanway FRICS of Holt Commercial, Chartered Surveyors on the basis of fair value.

The South Birmingham Investment Property was transferred to the Foundation at a valuation of £340,000 on 28th February 2023.

12. Debtors

	Total 2023	Total 2022
	£	£
Grants and donations receivable	484,313	169,519
Bank interest receivable	9,622	1,151
Investment income receivable	-	16,566
Barn rent receivable	25,044	24,890
Other debtors	<u>10,276</u>	<u>9,946</u>
	529,255	222,072
Prepayments	<u>3,113</u>	<u>1,194</u>
	<u>532,368</u>	<u>223,266</u>

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13. Creditors

	Total 2023	Total 2022
	£	£
Trade Creditors	44,244	13,248
Unpaid Grants	362,214	1,095,900
Deferred Income	20,733	21,162
Employee tax and social security	7,929	7,437
VAT	8,770	8,770
Staff Pension scheme contribution	1,775	3,529
	<u>445,665</u>	<u>1,150,046</u>
Accruals	66,155	108,743
	<u>511,820</u>	<u>1,258,789</u>

Deferred income has arisen as a result of rental income being received in advance.

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14. Endowment Funds

	31 March 2022	Net incoming/ (outgoing) resource	Investment Gains/(losses)	Transfers	31 March 2023
	£	£	£	£	£
Ambassadors	92,678	(268)	(14,019)	(78,391)	-
Alan Higgs Fund	512,769	-	(19,404)	-	493,365
Annie Bettman Fund	337,562	(1,751)	(48,515)	-	287,296
AXA	240,440	(696)	(39,611)	-	200,133
Birmingham fund	382,755	(2,390)	(15,835)	-	364,530
Birmingham Mail Charity Fund	58,086	(369)	(2,536)	-	55,181
Coventry Lord Mayor	25,807	(75)	(3,904)	(21,829)	-
Coventry Nursing trust	412,549	(1,097)	(58,397)	-	353,055
DBOI Grassroots Fund	161,732	(1,027)	(7,061)	-	153,644
Friends Provident	14,123	(41)	(2,327)	-	11,755
Building Better Lives	2,817,920	(17,552)	(121,369)	1,489,617	4,168,616
George & Vera Bryan Grassroots fund	228,223	(1,449)	(9,964)	-	216,810
Harry Weston Fund	59,664	-	(2,352)	6,000	63,312
Harry Payne Fund	3,728,662	-	(227,165)	-	3,501,497
Heart of England Fund	518,324	(1,500)	(83,390)	270,567	704,001
High Sheriff of Warwickshire	216,573	(100)	(11,885)	15,000	219,588
James Kenning	61,477	-	(2,326)	-	59,151
Jumping Through Hoops	1,281,268	(4,786)	(51,068)	2,439	1,227,853
Kingscliffe Fund	196,957	(1,022)	(28,307)	-	167,628
Midlands Heart	127,564	(369)	(19,296)	(107,899)	-
Mills & Reeve Grassroots Fund	75,603	(480)	(3,301)	-	71,822
Mike Holland fund	167,948	-	(6,355)	-	161,593
National Grid	84,533	(245)	(12,787)	(71,500)	-
Orbit Heart of England Fund	185,768	(538)	(30,604)	-	154,626
Property for Kids Grassroots Fund	29,705	(189)	(1,297)	-	28,219
PSA Peugeot Citroen	417,828	(2,168)	(60,051)	-	355,609
Rolls Royce	78,481	(227)	(11,872)	(66,382)	-
Sandwell Community Fund	399,835	-	(15,130)	-	384,705
South Birmingham Friends		2,770,064	(30,606)	-	2,739,458
Solihull Community Foundation	301,295	-	(11,401)	-	289,894
Torrington House	239,660	(694)	(39,482)	50,000	249,485
Trustees' New Deal	103,188	-	(3,978)	81,071	180,281
Warwick Lying -in -trust	49,026	(311)	(2,140)	-	46,575
Willenhall Community Trust	77,505	-	(2,933)	-	74,572
Youell Family Fund 1	1,681,998	(3,752)	(210,038)	-	1,468,208
Youell Family Fund 2	733,220	-	168,256	-	901,476
Donor Control Accounts	757,248	168,368	4,672	(818,750)	111,538
Investment Income/Investment costs		357,007		(357,007)	-
	<u>16,857,974</u>	<u>3,252,343</u>	<u>(1,037,779)</u>	<u>392,936</u>	<u>19,465,474</u>

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14. Endowment Funds (continued)

The investment income is allocated, on an annual basis, to unrestricted core funds £122,121 (2022: £129,992) and Grants for distribution £239,560 (2022: £200,648). Endowment funds include unrealised valuation losses of £997,675 (2022: gains of £921,976).

The previous table includes the following funds relating to the Community First Programme

	31 March 2022	Net incoming Resources	Investment Gains/(losses)	Transfers	31 March 2023
	£	£	£	£	£
Coventry Nursing trust	33,618	320,514	(1,077)	-	353,055
Harry Payne Fund	3,728,661	-	(227,164)	-	3,501,497
High Sheriff of Warwickshire	182,076	44,179	(6,667)	-	219,588
James Kenning	61,477	-	(2,326)	-	59,151
Solihull Community Foundation	301,295	-	(11,401)	-	289,894
Trustees' New Deal	103,189	81,070	(3,978)	-	180,281
Willenhall Community Trust	77,505	-	(2,933)	-	74,572
Youell Family Fund 1	385,519	1,096,609	(13,920)	-	1,468,208
	<u>4,873,340</u>	<u>1,542,372</u>	<u>(269,466)</u>	<u>-</u>	<u>6,146,246</u>

15. Restricted Funds

	31 March 2022	Income	Expenditure	Transfers	31 March 2023
	£	£	£	£	£
Core					
Big Lottery Fund, European Social Fund, Building Better Opportunities	33,201	-	9,650	-	23,551
PSA Peugeot Citroen (in Kind)	-	66,714	66,714	-	-
	<u>33,201</u>	<u>66,714</u>	<u>76,364</u>	<u>-</u>	<u>23,551</u>

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15. Restricted Funds (continued)

	31 March 2022	Income	Expenditure	Transfers	31 March 2023
	£	£	£	£	£
Distributable grants					
29th May 1961 Charitable Trust	8,429	28,000	18,950	-	17,479
Alan Edward Higgs Charity	12,916	-	12,293	9,217	9,840
Annie Bettman Fund	5,272	-	-	1,502	6,774
AXA	2,646	-	2,645	2,165	2,166
Band Hatton Button	2,311	-	-	(2,311)	-
Birmingham Funds	81,797	-	43,895	53,679	91,581
Birmingham Mail Charity Fund	3,492	-	2,444	521	1,569
Birmingham Sports	15,948	-	7,765	-	8,183
BRC Grant Fund	-	12,186	12,186	-	-
Building stronger Britain together (BSBT)	(2)	-	-	-	(2)
Building better lives	564,385	-	-	(453,631)	110,754
Community Energy Warwickshire	19,171	7,047	20,925	-	5,293
Coronavirus Resilience Fund	2,961	-	1,611	(1,350)	-
Cost of Living Fund	-	697	-	(697)	-
Coventry Building Society	69,289	81,892	69,119	-	82,062
Coventry City of Culture Fund	7,546	25,000	7,895	12,618	37,269
Coventry Nursing Trust	2,063	-	2,063	4,472	4,472
Coventry Warm Space	-	100,000	47,067	-	52,933
DCMS Fund	-	60,588	43,834	-	16,754
Deutsche Bank	35,057	-	14,416	644.00	21,285
Drayton Manor Park	16,343	-	2,000	-	14,343
Dulverton Trust	-	99,299	91,628	-	7,671
Esme Fairbairn Foundation	62,573	-	8,420	-	54,153
GB Partnership	1	-	-	-	1
Get Ready Fund	2,296	-	-	(2,296)	-
Graham Griffiths Fund	104,170	45,000	108,560	-	40,610
Harrison Beale & Owen	10,895	-	10,895	-	-
Harry Payne Fund	26,206	-	112,239	101,510	15,477
Harry Weston Fund	1,044	-	-	1,127	2,171
Heart of England co-operative Society	25,168	50,000	24,725	-	50,443
Heart of England Fund	58,481	-	46,383	81,682	93,780
High Sheriff's Fund	35,866	2,325	20,000	(11,273)	6,918
JLR Solihul Employees Charity Fund	41,861	321	11,214	-	30,968
James Kenning	-	-	-	-	-
John Taylor	-	2,860	-	-	2,860
Jumping Through Hoops	15,245	-	-	14,974	30,219
Kingscliffe Fund	835	-	-	(835)	-
Know Your Neighbourhood	-	135,333	135,000	-	333
Sub total carried Forward	<u>1,234,265</u>	<u>650,548</u>	<u>878,172</u>	<u>(188,282)</u>	<u>818,359</u>

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15. Restricted Funds (Continued)

	31 March 2022	Income	Expenditure	Transfers	31 March 2023
	£	£	£	£	£
Distributable grants					
Sub Total Brought Forward	1,234,265	650,548	878,172	(188,282)	818,359
Leamington	6,774	2,767	5,301	-	4,240
Longleigh	19,084	-	-	-	19,084
Love my Keresley Community	18,200	-	-	-	18,200
M and G Fund	-	13,011	13,011	-	-
Mayflex UK Fund	8,000	9,200	8,000	-	9,200
Mike Holland Trust	2,848	-	2,800	3,019	3,067
NNS Birmingham City Council	29,058	388,310	277,902	-	139,466
NNS Food Bank	100,000	-	100,000	-	-
NNS Track & Trace	50,000	-	3,400	-	46,600
Orbit Heart of England Fund	119,980	234,281	240,559	1,607	115,309
Positive Futures	5,640	90,000	42,345	-	53,295
Pedimore fund	26,485	27,000	9,300	-	44,185
PSA Peugeot Citroen	10,830	-	10,829	2,904	2,905
Recom Fund	-	-	5,000	25,000	20,000
Road to 21	5,321	-	(5,000)	(10,321)	-
Sandwell Community Fund	26,095	-	-	7,188	33,283
SEGRO	422	-	-	-	422
Solihull Community Foundation	5,565	-	5,565	3,909.00	3,909
Solihull Celebrating Communities	83,821	-	80,559	-	3,262
Solihull Resilience Fund		50,600	50,600	-	-
Solihull Winter Welbeing	108,349	-	108,281	-	68
Stellantis Employee Fund	17,919	-	5,750	-	12,169
Tipton Education Fund	51,398	10,800	16,000	-	46,198
The David East Fund	59,720	-	50,145	-	9,575
The Freemasons Fund	-	45,000	45,000	-	-
Torrington House	19,262	-	4,009	2,075	17,328
Vital Ev Solutions	-	4,500	-	-	4,500
Warwickshire Country Council	-	343,748	343,748	-	-
Wesleyan fund	37,829	839,200	438,504	-	438,525
Women and Girls	15	-	-	(15)	-
Youell family fund	65,894	-	65,452	29,490	29,932
Young at Heart	531,120	-	53,038	(253,188)	224,894
	<u>2,643,894</u>	<u>2,708,965</u>	<u>2,858,270</u>	<u>(376,614)</u>	<u>2,117,975</u>

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16. Designated Funds

	31 March 2022	Income	Expenses	Gains/ (losses)	Transfers	31 March 2023
	£	£	£	£	£	£
Arts Council	7,939	-	-	-	(7,939)	-
Building Better Lives	110,833	-	-	-	(110,833)	-
BBO Provision	120,463	-	-	-	-	120,463
Birmingham City Council	12,620	-	-	-	(9,970)	2,650
Cadbury Fund	6,250	-	-	-	(6,250)	-
Community Energy	-	-	-	-	698	698
Coventry Building Society	7,000	-	-	-	1,190	8,190
City of Culture	9,000	-	-	-	(9,000)	-
Heart of England Fund	242,401	-	8,000	-	62,390	296,791
David East Fund	5,000	-	-	-	(5,000)	-
Esme Fairbairn Fund	6,250	-	-	-	(6,250)	-
IM Development	-	-	-	-	13,000	13,000
Jaguar Fund	4,944	-	-	-	(4,944)	-
Made by Sport	-	-	-	-	-	-
Mayflex Fund	800	-	-	-	-	800
Orbit	8,445	-	-	-	(300)	8,145
Pandemic Recovery Fund	-	-	-	-	-	-
South Birmingham Friends	-	68,918	30,098	-	-	38,820
Solihull Fund	14,281	-	-	-	(14,281)	-
Warwickshire County Council	27,096	-	-	-	(26,596)	500
Wesleyan	-	-	-	-	30,400	30,400
Youell Family Fund	737,805	-	4,614	(28,640)	-	704,551
	<u>1,321,127</u>	<u>68,918</u>	<u>42,712</u>	<u>(28,640)</u>	<u>(93,685)</u>	<u>1,225,008</u>

The Youell Family Fund is a Legacy from the late Alfred Youell MBE. Building Better Lives fund is a capital grants programme. The BBO Provision fund represents an amount set aside to cover any clawback from the BBO programme in the future.

The Cadbury fund, Coventry Building Society, Arts Council, City of Culture David East fund, Esme Fairbairn Fund, Jaguar Fund, Mayflex Fund, Orbit Fund, Solihull Fund, Warwickshire County Council and Wesleyan represent amounts set aside for the running of the grant funds in future years.

The Heart of England Fund is a fund set up by the Trustees that can be used for immediate need in the community that the Charity could support.

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17. Analysis of fund balances between the net assets

	General Funds £	Designated Funds £	Restricted Funds £	Endowment funds £	Total funds 2023 £
Tangible Fixed Assets	1,545			1,185,000	1,186,545
Investments	340,524	704,551		18,185,103	19,230,178
Bank and Cash Balances	407,540	541,007	2,101,216	95,371	3,145,134
Debtors	75,425	642	456,301		532,368
Creditors	(74,638)	(21,192)	(415,990)		(511,820)
	<u>750,396</u>	<u>1,225,008</u>	<u>2,141,527</u>	<u>19,465,474</u>	<u>23,582,405</u>

18. Reconciliation of net income to net cash flow from operating activities

	2023 £	2022 £
Net income for year	2,115,049	1,162,589
Dividend received	(371,235)	(339,971)
Rents received from investment properties	(90,277)	(88,668)
Interest receivable	(55,811)	(5,073)
Depreciation and impairment of tangible fixed assets	1,505	4,245
(Gains)/Losses on investments	997,675	(921,975)
Receipt of endowment	(2,924,204)	(116,618)
(Increase)/decrease in debtors	(309,102)	(42,448)
Increase /(decrease) in creditors	(746,969)	657,228
Net cash flow from operating activities	<u>(1,383,369)</u>	<u>309,309</u>

Analysis of Net Debt

	1/4/2022	Cashflow	31/3/2023
Cash and cash equivalents	£5,779,780	£ (2,471,883)	£3,307,897

19. Control Relationships

The Board of Trustees is ultimately responsible for the control of the Charitable Foundation.

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20. Taxation

The Foundation is a registered charity and its activities are such that no liability to Corporation tax arises on its results for the year.

21. Members' guarantee

Every member has agreed that, if the charity is dissolved, while he or she remains a member or within twelve months afterwards, to contribute up to £10 towards the cost of dissolution and the liabilities of the charity.

22. Pensions and Post Retirement Benefits

a) Defined contribution pension plans –

The charity contributes to the money purchase pension plan for certain of its employees. The amount recognised as an expense in the period was £11,043 (2022: £11,529).

23. Financial instruments

The carrying value of the charity's Financial instruments

	2023	2022
	£	£
Financial Assets		
Measured at fair value through net income/expenditure:		
Fixed asset investments (note 11)	17,485,415	15,716,627
Measured at amortised cost:		
Barn rent receivable (note 12)	25,043	24,890

The income, expenditure, net gains and net losses attributable to the charity 's financial instruments are as follows:

	2023	2022
	£	£
Net gains and losses		
Financial assets measured at fair value through net income/expenditure	(997,675)	921,975

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24. Operating Leases – Lessor

Total future minimum lease payments collectable under non-cancellable operating leases:

	2023	2022
	£	£
Within one year	63,200	87,700
1-5 years	8,661	15,886
Total	<u>71,861</u>	<u>103,586</u>

The Foundation lets the large and small Youell Barns, the small barn lease was renewed during 2019-20 and ends in February 2025. The large barn lease was updated in 2022 and ends in February 2024.

