

**WALCOT FOUNDATION**

tackling poverty by creating opportunity

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## **Report of the Governors and Accounts 2022/2023**

The Walcot & Hayle's Trustee is a limited not-for-profit company (6133849) registered in England and recognised by the Charity Commission as the sole trustee of The Walcot Educational Foundation (312800), The Hayle's Charity (312800-1), The Walcot Non-Educational Charity (312800-2) and the Lady Cynthia Charity (312800-3). The Governors are Directors of The Walcot & Hayle's Trustee.

[walcotfoundation.org.uk](http://walcotfoundation.org.uk)

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# INTRODUCTION

We welcome the opportunity to report on the work of the Foundation for 2022/23, supporting low income communities from the London Borough of Lambeth to overcome economic, social and educational structural and systemic disadvantage.

Having operated for some four hundred years, as Governors we remain mindful of our benefactors' original intention to support those in need in Lambeth in perpetuity. The Foundation works hard to ensure we remain connected and responsive to the challenging endemic issues low-income communities face today.

The context of today is one of ever-increasing disadvantage. In 21<sup>st</sup> Century Lambeth, the challenges loom. As low-income families look to move on from the Covid-19 pandemic, communities are still dealing with its after-effects, and through our work we are needing to provide support in response to increasing mental health issues in Lambeth's young people.

We have seen communities, families and individuals affected by low incomes face further challenges in the cost of living crisis. We have seen double-digit inflation, with low-income households having to adapt to food inflation being at its highest for 45 years.

Within this context of a tsunami of need, the Foundation is focused on ensuring its support brings positive impact to the low-income communities in Lambeth. It is more important than ever to understand our role in the community, not just as funder, but as partner and as convenor, amplifying the voices of those we support to ensure that structures and systems really work for them.

Towards the end of this year, we started to prepare to wish the best to our current Chair, Teresa Clay, and Governors Richard Allnutt and Frances Greenburgh who all left WF in July 2023, after 10 years of service, having successfully (and generously) completed an extended term of governorship.

To the many people who help us in our role as Governors – our beneficiaries, our staff, our advisers, encouragers and providers of all kinds of services – *thank you*.

The Governors

November 2023

## A BRIEF WORD FROM OUR EXECUTIVE DIRECTOR

This has been a year of positive transition and change for the Foundation as we have started to work on developing our first organisational strategy.

Although we have only just started to work on the strategy with trustees, staff and the wider community, it has been wonderful to be re-inspired and re-energised by the commitment of colleagues, to find ways to do even more in and across Lambeth.

We have taken the opportunity to get much clearer on our values and our approaches to being a geographically place-based foundation that is truly 'in and of Lambeth communities'.

We all look forward to completing this strategy and moving into an implementation phase that transitions us to better amplify the voices of Lambeth's young people.

## WHAT WE PLANNED TO DO, WHAT WE DID

In last year's report we listed these plans	This is what we achieved
To achieve a smooth transition in the change of Director.	New Director Marcia Asare started in April 2022
To ensure the effective implementation of the second year of the BounceBack programme.	A successful second year of BounceBack draws to an end in September 2023. A third year has been approved by Governors which will focus on supporting those furthest removed from the jobs markets.
To implement improvements in systems and communications arising from the triennial 'listening exercise'.	We simplified our application processes in response to the listening exercise in April 2022. Also we plan to launch a 'core funding' programme later in 2023/24.
To obtain an acceptable planning decision on the Bishop's Terrace development.	We are yet to receive a planning decision on the development, and continue in the application process.
To move, post-pandemic, to greater in-person attendance of staff and to resume in-person visits to funded projects.	In-person attendance of staff at our office and to projects has resumed.
To undertake a comprehensive review of the Foundation's commercial properties, so that opportunities and costs can be identified.	Facilitating key tenancy issues with the commercial portfolio has taken up much of this year. We now intend to review the Foundation's commercial portfolio in the coming year.
To run the delayed anonymised biennial survey of Governor views about the effectiveness of the Board.	This was completed, and information gathered has helped inform future Board effectiveness.
To conclude the biennial review of our Strategic Investment Policy.	Challenging markets have led Governors to focus on Fund Managers' performance. The strategic investment policy will now be reviewed in the coming year.
To support the induction of two new Governors appointed in March 2022.	The two new Governors have been successfully inducted into the Foundation work and both play an active role within the governance function.
For the Board to plan for the succession of the Chair in July 2023 when the current Chair and two other Governors stand down.	The succession plan was implemented and new Chair, Alice Chapple, was appointed in July 2023.

## GRANTMAKING 2022/2023

The foundation primarily supports young people who are resident in the London borough of Lambeth. It makes grants directly to individual beneficiaries and to schools, projects and organisations who work with these young people.

### THE YEAR'S HEADLINES

- **We fully spent our grants budget** of £4,040,000. This is an increase of 43% compared to last year (£2,820,000). This is primarily attributable to funds deployed as part of a new funder collaboration.
- **We made 509 grant assessments** (385 approvals and 124 declines) and continued 142 existing multi-year grants. This total grant volume of 527 is an increase of 22% compared to the previous year. It included 304 grants directly to individual applicants, totalling £380,891, and 223 grants to organisations, projects and schools to fund work with the individuals we exist to serve. This total was £3,663,552.
- **As part of our measuring the impact of our grants**, we received and evaluated 121 monitoring reports.
- **Phase 2 Covid-19 response: BounceBack** – Year 2 of the programme is nearing completion and a third year has been approved for 2023/24. More details below.
- **Walcot's Cost of Living Crisis Response** – Governors allocated an additional £300,000 to support individuals and organisations during the Cost of Living Crisis this year. More details below.
- **'Healthy Schools Fund' partnership** – Our partnership with Impact on Urban Health created the 'Healthy Schools Fund' grant programme which resulted in an additional £875,000 awarded to Lambeth schools in 2022/23.
- **Grantee Listening Exercise** – Every three years, we receive systematic feedback on the views of our grantees – both individuals and organisations – about our grant-making systems. This is to help us review and improve our service to them. This exercise was carried out for us by IVAR and the final report was presented in April 2022. Overall the response was very positive, with the application process viewed as straightforward and flexible and staff viewed as very supportive. Following this report various changes were identified and actioned and the results have been published on our website.
- **Foundations Practice Rating** – We were really pleased that Walcot Foundation was one of the seven foundations – out of over 100 reviewed – that received an A rating in the 2023 results. The Foundation Practice Rating initiative aims to improve grant-making practice on accountability, transparency and diversity.

### 'BOUNCEBACK' – OUR PHASE 2 COVID-19 RESPONSE

BounceBack, the Foundation's £2,000,000 access to jobs programme, which was developed in response to Covid, entered its second year in October 2022. The aim was to fund a varied group of 18 local partner organisations who can offer support to Lambeth young people looking for work. In year two, we actively responded to changes in the labour market and recruited four new organisations which have provided additional services (including therapeutic support and mentoring) to help build the pipeline of job-ready young people. During this time BounceBack has supported over 850 Lambeth young people, with nearly 40% moving into employment or full-time education. 34% of registered young people were long term unemployed, 25% had a special educational need or a disability, and 14 % were involved in the criminal justice system, with a significant number having more than one of these characteristics.

Over the course of the programme, we have piloted a new approach to grant-making which involves working with partners to shape a common agenda and shared vision for the work. Walcot has convened six partnership learning days, coffee mornings and various other events and networking opportunities helping to build trust and collaboration across the network. This has led to some exciting new initiatives, such as joint recruitment drives and a BounceBack social media takeover.

The Foundation has asked the social impact experts 'Rocket Science' to evaluate these initiatives and in early 2023 they produced a year 1 update report outlining progress so far. They commended the flexible framework of the Foundation's programme. The Foundation has now recruited new organisations to meet shifting needs and to achieve significant success in reaching those who have the greatest barriers to employment. The report highlighted that the partnership and networking opportunities had been successful with the Job Transition Grants – a £500 bonus paid to those who secure work to help with some of the initial costs of starting a new job – highly valued.

In January 2023, a third and final year of BounceBack was authorised by the Walcot Governors, using a mix of underspend from the original £2,000,000 budget and funds from the 2023/24 grant budget. This final year will allow us to go even further in adapting the programme to ensure we are meeting the needs of young people who continue to be impacted by the repercussions of the pandemic. We will fund a smaller group of some 10 specialist organisations, who will work even more closely to help people who are furthest removed from the labour market. This funding will ensure the continuation of the BounceBack project until September 2024. A celebration and learning event, to review what has been achieved, is now planned for early 2025.

## **COST OF LIVING CRISIS – OUR RESPONSE**

The cost of living crisis has been causing significant hardship to many Lambeth residents, and local organisations are facing the twin struggles of their own rising costs coupled with increased demands for services.

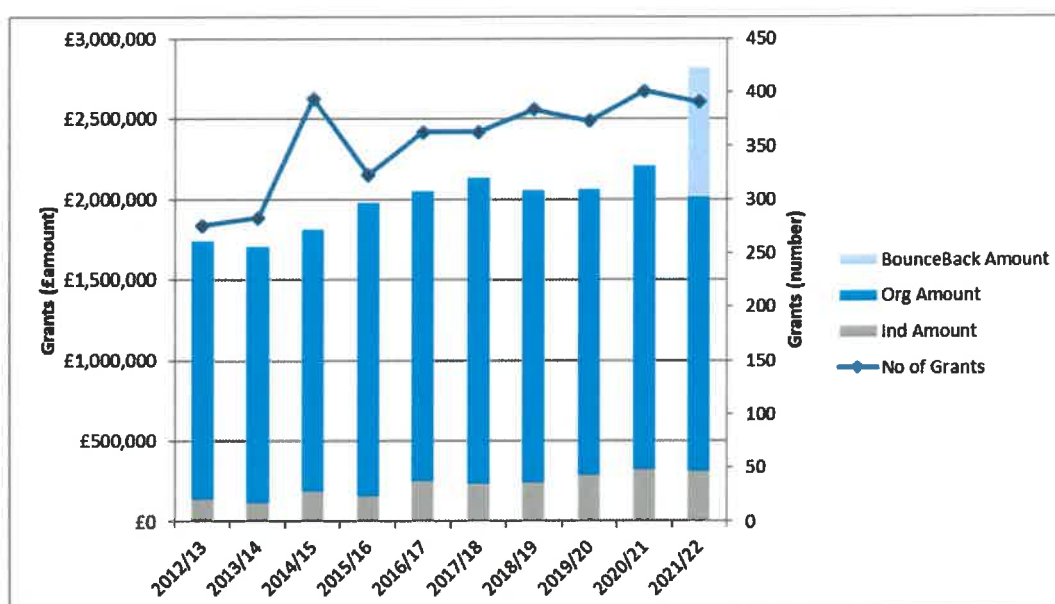
In response to this, the Governors of the Walcot Foundation in the 2022/23 financial year added an additional £300,000 to our grants budget in order to provide some assistance. Other local charities took similar steps.

The Foundation's help included:

- *Support for Lambeth residents in crisis:* A £50,000 grant was made to Norwood and Brixton Foodbank to enable the four Lambeth Trussell Trust foodbanks to provide supermarket vouchers and energy top-up payments to foodbank guests.
- *Increased support to individual grantees:* Walcot university student grants were increased from £1,500 per year to £1,800 per year. All new applicants can apply for that increased maximum (additional total cost - £60,000).
- *Support to local organisations:* Cost of living crisis top-up grants were made to local organisations with currently funded projects – total top-up costs £190,000. This was to help organisations (in a small way) with the increased costs over the winter. The size of these grants was linked to the turnover of the organisation as follows: under £50,000 turnover – £1,500 grant; £50,000-£500,000 turnover – £3,000 grant; £500,000-£1,000,000 turnover – £5,000 grant. These grants were unrestricted and the results did not need to be reported on by the recipients.

## GRANTMAKING BUDGET

Information in blue shows the sums paid to organisations. Light blue relates to BounceBack and dark blue to other organisations/schools. Information in grey shows the sums paid directly to individual grantees.



### Grants by value and recipient type

Grants to	Smallest	Largest	Average
Individuals	£90 (£30)	£4,300 (£4,000)	£1,344 (£1,252)
Organisations (Small Grant Stream)	£585 (£690)	£10,000 (£10,000)	£4,101 (£6,128)
Organisations (Large Grant Stream)	£11,000 (£11,830)	£61,173 (£53,873)	£27,958 (£28,760)

The amounts shown in brackets are the corresponding amounts in the year 2021/22.

## GRANTS WE MADE DIRECTLY TO INDIVIDUALS

- Last year, grants paid directly to individuals increased by 21% in volume and 22% in total value. We made 304 awards in 2022/23 compared with 252 in the year before.
- The number of grants to individuals for vocational courses continued to increase – 42% of student grant approvals compared to 34% in 2021/22. We will continue to promote this service through Lambeth College, local grantee organisations and Centre 70 student advisor community sessions.
- We made fewer rehousing grants in 2022/23 – 21 compared with 39 in 2021/22. Of these grants, three went to young people in need of independent accommodation and 18 to those who needed alternative accommodation because of domestic violence.
- Grants to cover bankruptcy fees remained static. We awarded five grants (five in 2021/22).
- Grant recipients by gender were 67% female and 33% male. The percentages in 2021/22 were 65% female and 35% male.
- Grant recipients by ethnicity were 65% (63%) Black/Black British; 15% (16%) White/White British; 11% (9%) Mixed; 3% (5%) Asian/Asian British; 6% (8%) Other. The percentages for these groups in 2021/22 are stated in brackets after the figure for 2022/23.

## EXAMPLES OF GRANTS TO INDIVIDUALS AND WHAT INDIVIDUAL GRANTEES SAID

- **'R'** (Grant towards the costs of studying for a degree in Children's Nursing)  
*"This grant has given me the chance to not worry about the expenses whilst on placement. My travel expenses and expenses including food at hospitals were covered. It has given me a smooth transition into university. Whilst also being academically focused I also had the chance to enjoy my first year at university by joining societies and attending events."*
- **'M'** (Grant towards the costs of studying for a degree in Criminology)  
*"It took a massive financial burden off my shoulders. I wouldn't have had as much time to focus on my studies and I would be worrying about having a job to fund me for university essentials while also currently dealing with the family situation of my mother being ill."*
- **'S'** (Grant towards the costs of studying for a degree in Diagnostic Radiotherapy)  
*"The student bursary and childcare grant has enabled me to purchase the necessary resources and equipment required for me to achieve a very good grade. It equally prevented me from having an early drop-out that could occur if I was not adequately supported with childcare cost to maintain a great attendance both while at university and on placement."*
- **'P'** (Grant towards the costs of studying for a degree in History and French)  
*"The Walcot grant enabled me to have more time dedicated towards my studies. Previously I had worked part-time which had negatively impacted my grades but I was able to significantly improve because the grant supported me in providing for basic necessities."*

## GRANTS TO SCHOOLS, PROJECTS AND ORGANISATIONS

We make grants to schools, projects and organisations as a means of reaching individuals who are at the heart of our charitable purpose. Our grant-making priorities are:

- 1 To directly support academic achievement, particularly projects that help close the attainment gap between pupil premium<sup>1</sup> children/young people and their peers.
- 2 To address student (re)engagement with school, particularly in transition years and for students at risk of exclusion.
- 3 To respond to the mental health needs of children, young people and their parents/carers.
- 4 To help young people (under 30) into employment.
- 5 To improve access by our target group (low-income Lambeth households) to advice services, particularly in the fields of debt, housing, and employment.

### Of our grants this year to schools, projects, and organisations

Age range of beneficiaries (2021/2022 distributions bracketed)

- 0-4 years: 2% (2%)
- 5-11 years: 30% (16%)
- 11-18 years: 19% (17%)
- 18-29 years: 37% (46%)
- 30+ years: 3% (3%)
- Undefined: 10% (15%)

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<sup>1</sup> Pupil premium pupils are those who have been recorded as eligible for free school meals (FSMs) at any time in the past 6 years. Pupil Premium also includes children of families who have no recourse to public funds and children who are looked after by a local authority, or have been in the past.

The decrease in the 18-29 age-range percentage is attributable to the Foundation securing additional funds for school age children via our collaboration with Impact on Urban Health's Healthy Schools programme (and the majority of this was focused on primary schools). This broadly matched our increased spending for people 18-29 years via our BounceBack programme which is targeted at under-30 youth employment.

Our funding continues to be focused on our strategic priorities: 93% of grants (90% in 2021/22) was spent on removing barriers in education, maximising learning, building employability and providing advice (the remaining 7% was spent on educational field trips and the immediate relief of need).

Of grants to schools, 70% went to primary schools (62% in 2021/22), 23% went to secondary schools (30% in 2021/22) and 7% to special schools (8% in 2021/22). This weighting to primary schools is partly the result of past decisions. It is also attributable to primary schools having smaller budgets, making their need for external support greater than in secondary schools.

## EXAMPLES OF GRANTS TO SCHOOLS AND ORGANISATIONS

- **MINDHEART CREATIVE THERAPIES**

**Dramatherapy: Creating Wellbeing Together in Schools | £75,000 over three years**

This project will fund creative therapeutic interventions in Lambeth schools providing a mix of 1:1 therapy and small groups focusing on pupil premium pupils. Sessions could involve indirect play, art, music or traditional talking therapy techniques with the aim of building resilience, developing positive behaviour and improving school participation.

- **THE CHILDREN'S LITERACY CHARITY**

**Expert Literacy Lab Programme | £57,584 over three years**

This is continuation funding to help CLC provide dedicated 'Literacy Labs' in both Heathbrook Primary School and Julian's Primary School. In total, the project will help up to 36 children each year with literacy support sessions delivered by senior literacy tutors. This is focused on helping children catch up when they are up to 24 months behind their age-expected literacy levels.

- **CROSSLIGHT ADVICE**

**Crosslight – Lambeth | £73,095 over three years**

Due to increased demand from Lambeth residents, Crosslight will open a new Lambeth branch based in Clapham Park. It will provide debt advice to residents (the equivalent of 2.5 days) and manage a team of trained volunteers. The volunteers' job will be to supplement the advice given and also to provide preventative budgeting advice and courses.

- **RESPEITO**

**Safe Domestic Environment for Portuguese-speaking Families | £88,979 over three years**

The project will employ an Advice Worker to support low-income Lambeth residents from Portuguese-speaking communities who are experiencing domestic violence. Areas of focus include mitigation measures for those who have already been struggling with domestic abuse, preventive actions to deal with domestic tension amongst household members and welfare advice and advocacy.

- **CODE 7**

**'Behind The Scenes' – Family Intervention Project | £79,248 over three years**

The Family Intervention Scheme Worker will work intensively with 12 families over a year in order to create and complete a bespoke support plan. Each plan will be different but is likely to focus on issues such as household finances, housing, education sustainment and employment for immediate family members.

- **SAINT GABRIEL'S COLLEGE**

- Removing Barriers in Education | £25,000 over one year**

- This project will provide counselling services to the school's most deprived pupils with the aim of developing their resilience and well-being and improving their progress in school. The school will also host a Spanish speaking Counsellor for the first time.

- **STOCKWELL PRIMARY SCHOOL**

- Therapy/Outreach Support | £15,752 over one year**

- The project offers art psychotherapy, counselling and outreach family support. Pupils will be identified by school staff as showing particular signs of distress, anxiety, low self-esteem and/or disengagement.

- **JUVENIS**

- Engage & DIVERT | £30,000 over one year**

- This project will offer an additional therapeutic intervention (including family/domestic violence support) to the young people and families with whom Juvenis engage through their existing police custody diversion programme for 10-17 year olds. This 12-week intervention will be in addition to the core work and provide at least 1 extra hour a week of family support/therapy.

For more examples see [walcotfoundation.org.uk](http://walcotfoundation.org.uk)

## EXAMPLES OF THE BENEFITS TO INDIVIDUALS OF OUR FUNDING OF ORGANISATIONS

- **Our grant to Options 4 Change's Family Welfare Officer enabled them to work with 'C'**

- "C is in Year 6 and attends one of the schools worked with. She is very talented and a high achiever in most subjects and school activities. The School's Inclusion Officer referred C's mother to our Drop-In service for a housing matter as it had started to affect C's school attendance, class and study engagement and her grades were falling. The Family Welfare Officer (FWO) undertook an assessment and an action plan was devised. The issues identified included: - inadequate living conditions with serious mice and bed bugs infestation; the family of 7 was living on £250 per month in two rooms on top of a pub, with the older children (aged 14 to 16yrs) living separately elsewhere; mother having to walk most mornings to take the children to two different schools as she was unable to afford the bus fares. Following the intervention of our FWO and the advocacy support provided: the family's No Recourse to Public Funding allowance was increased to £750 and eventually £1,000 per month. The legal referral resulted in the family being rehoused to a 3-bedroom property and are all now living together. Since our interventions C is a lot more settled in school and her grades and attendance have improved and she is more actively engaged in the school."*

- **Our grant to St Stephen's C/E Primary School's Homework Club enabled them to work with 'A'**

- "Child A joined Y4 mid-year under Child Protection. She lives close to school in overcrowded conditions. She has been exposed to domestic violence and her mother is a recovering alcoholic. She was a child whose behaviour was unpredictable and she'd occasionally lashed out at other children, yet often showing a gentle and vulnerable side. Her attendance and participation to Homework club is 100%. Here she has the space, time and support to help her with Homework (English as an Additional Language). Despite the challenges at home, she has made good progress in Reading (6 points), Writing (8 points) and Maths (7 points). She is getting emotional support/counselling via another external agency."*

- **Our grant to Lilian Baylis Technology School's Early Intervention project enabled them to work with 'K'**

- "K concerns: Home issues, school refuser and low mood. Working within a largely task orientated*

*approach the mentor completed direct work with K on the highlighted areas of need which were attendance and homework. Within her initial sessions, the mentor was able to identify the root causes of K's anxieties related to attending school and how these anxieties could be best managed through a number of techniques and achievable goals. The mentor was able to link K's chaotic relationship with her sister to some of the issues that she was facing at school. The mentor not only worked with K but also made contact within the family home as she believed that a different approach from mum and sister would help support her work with K. Over the following weeks and months the school noticed a real improvement in both K's emotional wellbeing and her attendance, to the point where she now has 95% attendance for the summer terms compared with 60% for the autumn term."*

- ◆ **Our grant to Toucan Employment's Lambeth NEET Project enabled them to work with 'N'**  
*"N was referred by the homeless team at the Salvation Army in Lambeth because of her learning difficulty. She also found herself on the street after a fallout with her family. Toucan created an Action Plan to address her immediate and long-term needs. The Toucan adviser liaised with the housing option team to secure a safe accommodation for N and supported with her benefit application. N referred to her local food bank so she could have a stock of food and personal hygiene items from a local charity while waiting for her application to be processed. Each week with her Toucan adviser, N's confidence and self-esteem grew and she was able to communicate much better with her adviser and expressed her passion and long-term dream to get a career in modelling/fashion. With her Toucan Advisor's support N created a CV and attended workshops and job search/training sessions. With her adviser's help, N applied for a mentoring and work placement scheme with Gucci and was shortlisted for an interview. N was referred by her adviser to Smart Works, an organisation which support unemployed women with smart clothes for interview; in addition, she undertook an interview skills workshop with her adviser which gave her more knowledge and confidence to succeed at interview. As a result, N was offered a mentoring /placement with Gucci, as well as support to create her own portfolio. She has been so delighted with her journey from being homeless to now a promising future in her long-term dream career."*
- **Our grant to fund Christ Church Streatham Primary School's Access to Literacy (A2L) Project enabled them to work with 'Z'**  
*"Child Z is a Year 3 girl who was given a diagnosis of dyslexia and then received support through the A2L programme. Her reading and spelling skills were very low at that time. She was reading at the age of a year 1 child, 2 years behind her age-related expectations. She has since received 8 months of literacy support and is starting to make really good progress with her reading and writing skills. She has improved 4 book bands for reading in this time. She is now able to both read and spell all 100 of her high frequency words. She met 5/6 of her targets that had been set. In the initial diagnostic assessment, language difficulties were observed and these have been also noted in the 1:1 teaching sessions, particularly in relation to understanding of a text, general understanding of language and instructions and also through her use of grammar in her writing. The school have now referred Z to the Speech and Language Therapy Service for an assessment. Her teacher notes that, 'Z has become more independent in her literacy learning and is able to construct simple sentences. She has started to write longer pieces and will sometimes use a conjunction to make longer sentences.' Z will continue to have specialist literacy support next year in order to build on her success this year."*

For more examples visit [walcotfoundation.org.uk](http://walcotfoundation.org.uk)

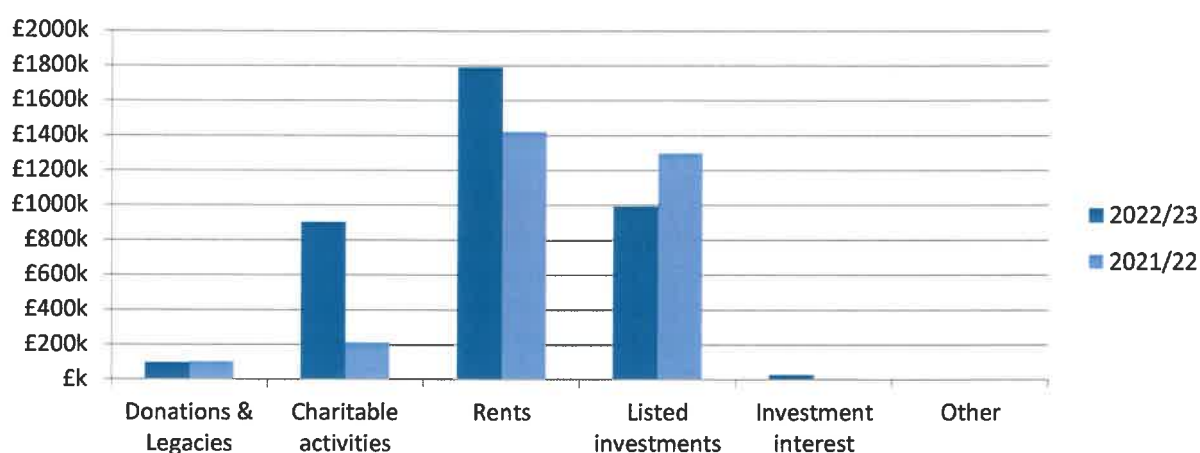
## FINANCIAL REVIEW 2022/23

We are a permanently endowed Foundation. Most of our income is generated by historic assets. We are required to preserve the capital value and to ensure it grows to protect it against the effect of inflation. In this way the charity can assist today's beneficiaries *and* those of the future.

### INCOME

Our income in 2022/23 amounted to **£3,806,347** (2021/22: £3,041,760) a 25.1% increase. Income from our investments, including directly held property, continues to be our primary income source.

2022/23 Income compared with prior year



- **Donations**  
Donations form a small element of our income and vary year by year. This year we received £96,198. £79,674 of this came from Walcot Projects Limited's Gift Aid (2021/2022: £103,101).
- **Charitable activities**  
The Foundation received £902,107 (2021/22: £212,656) from external funders for agreed joint funding of specific projects.
- **Rental income**  
Our largest source of income is in the form of rents from our properties on the Walcot Estate. This year, these amounted to £1,789,964 (2021/22 £1,420,368).
- **Listed investments (equities and stocks)**  
We received £990,605 in dividend income from listed investments (2021/22 £1,298,155).
- **Investment interest**  
Investment interest in 2022/23 amounted to £24,202.
- **Other income**  
£3,271 was received as bank interest and other income.

## EXPENDITURE

Total expenditure was **£5,512,742** (2021/22 £4,182,894: 31.8% increase).

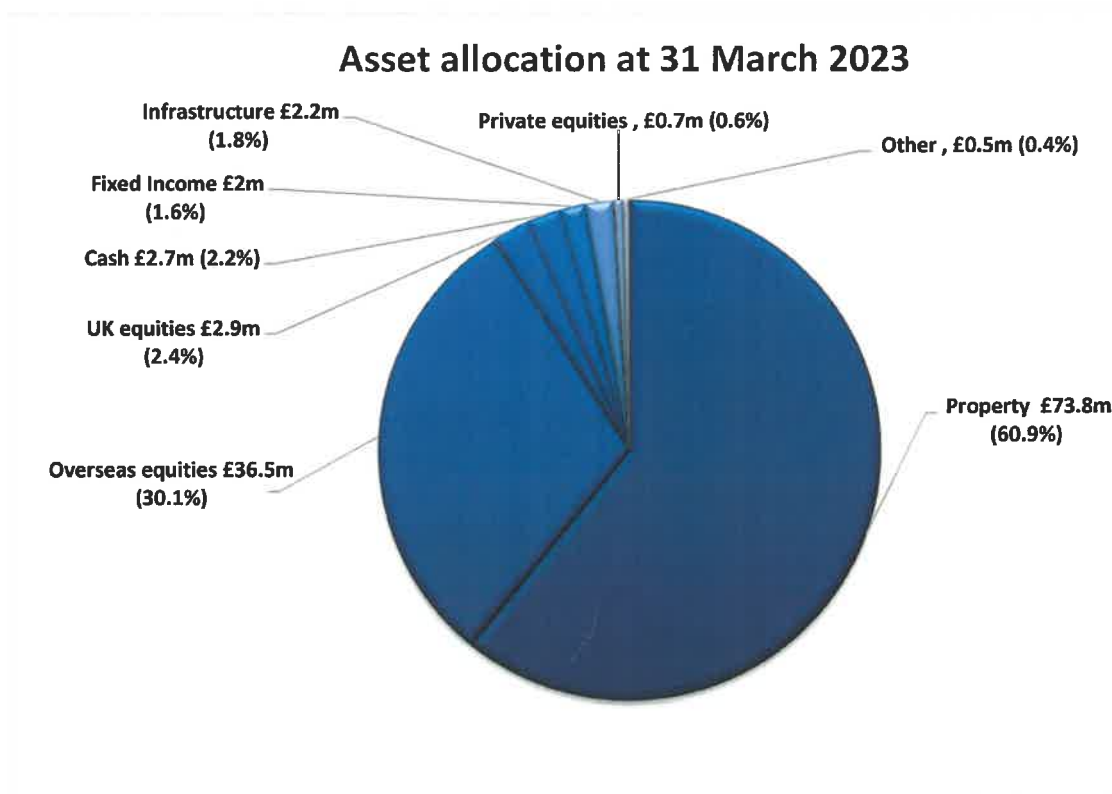
- We spent £4,044,444 in grants (2021/22 £2,821,503: 43.2% increase). This included £857,107 received from Guy's & St Thomas' Charity, and £45,000 from Winn & Coales (Denso) Ltd.
- Our expenditure on generating income was £1,112,839 (2021/22 £1,042,397: 6.8% increase). This includes the full cost of managing our financial investments and property portfolio. The increase over the previous year reflects heightened inflation and its effects on property and other costs.
- Support costs, which include the cost of governance, salaries and other running costs, were £355,460 (2021/22 £318,994: 11.4% increase).

## FUND BALANCES

At the end of the year, our total funds stood at **£122,390,276** (2021/22: £127,043,332: 3.7% decrease). This figure includes the Foundation's investments, the Foundation's tangible fixed assets and the short-term cash at the bank.

## INVESTMENTS

At 31 March 2023, the Foundation's investments (property, stocks and long-term cash at the bank) were valued at **£121,241,156** (2021/22: £125,569,530: 3.4% decrease). 60% of investments is in property, specifically, the Walcot Estate, which includes around 115 mostly residential properties in and around Walcot Square, London SE11. The remaining 40% was represented by a mixture of financial investments made on the advice of the Foundation's investment managers Baillie Gifford and CCLA. The asset allocation is shown below.



### Monitoring investment performance

The Investment Committee reviews the performance of the portfolio every quarter and reports to the Board. Financial investments are benchmarked against the FTSE All Share Index (UK Equities), FTSE All Gilts Index (Fixed Interest), and MSCI All Countries World Index (Overseas Equities). Our property investments are historical and specialised, and we have not found a suitable index against which to benchmark them, although we do review the income and yields informally against internet rental income indices such as [lendinvest.com](http://lendinvest.com) and [londonpropertywatch.co.uk](http://londonpropertywatch.co.uk).

Across all investments and property, the total return (income plus capital growth) for the year was -£141,890 (-0.12%) and the yield, as measured by income for the past twelve months divided by valuation at 31 March 2023, was 2.31%. Our practice is to undertake a full valuation of our property portfolio every five years, a desktop valuation annually, and individual 'top-up' valuations as needed (for example, where residential properties revert from registered rent status and are significantly refurbished and then let at market rents). The last full valuation was as at 31 March 2021 and the next will be in 2026. The yield on the property portfolio (as measured by rental income for the year divided by valuation at 31 March 2023) was 2.4%, the relatively low yield being a function of the relatively high value of London property and of the number of registered rent tenancies.

Our financial investments were valued at £48,202,599 (2021/22: £52,686,543). The decrease in value is mostly attributable to the fall in equity markets. The total return for the year on financial investments was -4% and the yield on the portfolio was 2.1%.

### LONG-TERM INVESTMENT POLICY

Our investment goals are –

- to generate enough income from our investments to meet the needs of current beneficiaries
- to ensure our investments grow in value to meet the needs of future beneficiaries
- to maintain the integrity of the Walcot Estate and to maximise rental income
- to align our investment strategy to our values. This means –
  - being as rigorous in our selection of investment products as we are in our grant-making, and not to invest in any products or funds that we do not understand
  - investing responsibly
  - providing a high-quality service to reliable tenants, so maximising rental income in the long term by bringing the benefit of well-maintained property, low tenant turnover and a minimum of voids.

The portfolio is currently divided as indicated in column 2 below, the target range of minimum and maximum values of each class of asset being as shown in columns 3 and 4.

ASSET	PORTFOLIO	MIN	MAX
Property	60.9%	30%	66%
Equities	32.5%	30%	70%
Alternatives and fixed income	4.4%	0%	10%
Cash and short-term investments	2.2%	0%	20%
Total	100%		

## RISK

We keep under review the risks facing the Foundation. These are set out in a Risk Register which adopts a measured approach and identifies material risks, considers their severity and probability and identifies the measures needed to limit or avoid them. The Foundation is less vulnerable to many of the risks faced by other third sector (charity) bodies. Our income is more secure and we do not provide services that carry inherently higher risk levels (for example, direct services to vulnerable groups or running charity retail outlets). The Governors collectively use their expertise and skill to help us continually review this position.

We see the principal risk facing the Foundation as being loss of income (and the erosion of spending power as inflation rises) and the consequent effect on our ability to fulfil our present charitable goals.

Our policy is to

- review our Investment Policy (which applies to both financial investment and management of our property portfolio) as needed and at least biennially
- keep the nature and amount of grants under review
- diversify our listed investments – geographically, by asset type, and between investment managers
- pro-actively manage our properties to minimise voids
- have an active Investment Committee with governor-members who embody a range of relevant skills
- take professional specialist advice as required

## RESERVES POLICY

At 31 March 2023, the Foundation's funds were –

	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total £
Walcot Educational Foundation	97,466,144	5,742,150	7,505,516	110,713,811
Hayle's Charity	8,760,852		1,254,695	10,015,547
The Lady Cynthia Charity	1,496,012		164,907	1,660,918
	<b>107,723,008</b>	<b>5,742,150</b>	<b>8,925,118</b>	<b>122,390,276</b>

The unrestricted funds represent our available reserves. Our policy had been to hold reserves sufficient to ensure the full continuity of our operations for up to 15 months (equal to £4,661,710). We explain the need for reserves in these terms: to stabilise grant-making at times when investment income is below expectation; to set aside sufficient funds for future property maintenance and development; and to retain capacity to respond to unexpected opportunities.

Liquidity and cash needs are reviewed every quarter and reserves every six months.

## OTHER ACTIVITY

During the year, Marcia Asare took up the post of Director in April 2022

### Honorary Advisers

We appoint Honorary Advisers to give a perspective from their area of expertise. They attend meetings of the committees to which they are appointed. During this year one Honorary Adviser, Rowena White, was appointed to the Investment Committee.

## PLANS 2023/2024

- To launch an organisational place-based strategy.
- To develop a financial strategy.
- To ensure the effective implementation of the third and final year of the BounceBack programme.
- To obtain an acceptable planning decision on the Bishop's Terrace development.
- To run a successful Governor recruitment campaign.
- To undertake a comprehensive review of the Foundation's structure and framework for its property management.
- To review and further build the operational capacity of the team, to successfully deliver against the Foundation's aims.
- To conduct a biennial review of our Strategic Investment Policy.
- To appoint and successfully induct two new Governors.
- To successfully induct a new Chair (from July 2023).

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### CONSTITUENT CHARITIES

We have four constituent charities: **The Walcot Educational Foundation** (312800), **The Hayle's Charity** (312800-1), **The Walcot Non-Educational Charity** (312800-2) and **The Lady Cynthia Charity** (312800-3) – formerly the Cynthia Mosley Memorial Fund, renamed during the year. Our charities, notably the Hayle's Charity, subsumed numerous other smaller charities over the years including those of Roger Jeston (1622), Noel Caron (1623), Alice Easton (1640), William Hind (1655), Margaret Oakley (1672), Thomas Rich (1672), John Scaldwell (1678), Thomas Cooper (1695), Jacob Vanderlin (1704), Ralph Snow (1707), Bryan Turberville (1718), Countess of Gower (1721), Hayes Fortee (1783), Jane Wakeling (1786), John Course (1786), Richard Robert (1807), Mary Oakley (1812), Elizabeth Lambert (1814), John Pickton (1821), Grace Fenner (1828), Mary Chapman (1831), Eleanor Dodson (1847), Elizabeth Edridge (1848), Robert Frost (1860) and Harry Clapham (1948).

### TRUSTEE BODY

The Walcot & Hayle's Trustee (registered at Companies House as 6133849) is recognised by the Charity Commission as the sole trustee of our four constituent charities.

## WALCOT PROJECTS LIMITED

This is a company limited by guarantee and registered in 2018. It is owned by Walcot Educational Foundation and manages the development of new property holdings. Its profits are gifted to the Foundation.

## POLICY ON GOVERNOR EXPENSES

There is a policy on Governor expenses which was adopted by the Board on 17 November 2015.

## GOVERNORS, OFFICE HOLDERS AND MEETINGS

The following served as Governors of the Foundation during 2022/2023.

GOVERNOR	YEAR APPOINTED	NOTES
Michelle Agdomar	2015	Grants Committee. On leave from December 2022.
Richard Allnutt	2013	Investment Committee; F&GP Committee.
Thomas Anderson	2020	Formerly Hon Adviser. Investment & F&GP Committees.
Donatus Anyanwu	2020	Lambeth Council nominee.
Angus Boag	2022	Appointed 15 March 2022.
Michelle Bogle	2020	F&GP Committee.
Alice Chapple	2016	F&GP Committee (Lead Governor Audit); Grants Committee.
Rezina Chowdhury	2018	Lambeth Council nominee.
Teresa Clay	2013	Chair of Governors; Investment, F&GP (Chair) & Grants Committee.
Helen George	2016	Grants Committee (Chair).
Frances Greenburgh	2013	Grants Committee.
Andrien Meyers	2020	Investment Committee.
Michael Marshall	2022	Appointed 15 March 2022.
Glencora Senior	2016	Investment Committee (Chair); F&GP Committee.
Simon Taylor	2016	Investment Committee.

Governors serve a term of three years and, subject to re-election, may serve a maximum of three such terms. Governors agreed that Richard Allnutt, Teresa Clay and Frances Greenburgh should extend their service for one year as provided for in the Articles, in order to provide continuity in a time of transition.

Fitness to serve, trustee disqualification, third-party links and actual or potential conflict of interest declarations were made by Governors and key staff and the results reported to the Board. This is an annual exercise.

### *Meetings: Board and Committees*

In 2022-2023 the following met –

<b>Board</b>	Six meetings
<b>Finance &amp; General Purposes Committee</b>	Three meetings
<b>Grants Committee</b>	Five meetings
<b>Investment Committee</b>	Four meetings

During the year Teresa Clay served as Chair of the Governors; Helen George served as Chair of the Grants Committee. Glencora Senior served as Chair of the Investment Committee. Alice Chapple continued to serve as Lead Governor on audit matters and Michelle Bogle continued to serve as Lead Governor on risk matters.

## RECRUITMENT, APPOINTMENT AND INDUCTION OF NEW GOVERNORS

We have in place established methods of supporting the induction of new Governors. These include structured meetings with staff, a Governors' Handbook and briefings on key aspects of the role and the Foundation, assets, financial systems and controls, grant-making practices, policies, governance structures and other relevant information.

## STAFF PAY

For all staff except the Director, pay is directly linked to an external salary structure, one used by many charities and elements of the public sector. Each role (Finance Manager, Grants Administrator, Grants Manager, Grants Officer and Property and Estate Manager) is linked to a range of incremental spinal points on that scale. Staff may progress one spinal point on each anniversary of their appointment subject to a positive appraisal, until the top of their range is reached. Cost of living increases, when adopted by the external index, are paid by the Foundation to all staff. In 2014/15 the Director's pay was unhitched from this arrangement and is reviewed annually by the Chair of the Governors and every five years by the Finance and General Purposes Committee (F&GP). For all staff, the Foundation contributes 10% of gross pay to a recognised pension scheme chosen by the employee (legacy percentages apply to some staff).

## ADMINISTRATIVE

### REGISTERED ADDRESS AND WWW DOMAIN

127 Kennington Road London SE11 6SF | [www.walcotfoundation.org.uk](http://www.walcotfoundation.org.uk)

### STAFF

As at 31 March 2023 we employed seven members of staff of whom six were full time and one part-time (full time equivalent: 6.6):

Marcia Asare	Executive Director
Techia Braveboy *	Grants Administrator
Daniel Chapman	Grants Manager
Daniel Hogan	Grants Officer
Leigh Ogden	Grants Officer
David Paterson	Property and Estate Manager
Djilali Teffah	Finance Manager

*\*Part-time*

## PUBLIC BENEFIT

We are required to show that the Foundation's charitable objects or aims are for the public benefit, known as the 'public benefit requirement'. Ours fall within the first two descriptions set out in the Charities Act 2011: (a) the prevention or relief of poverty, and (b) the advancement of education.

We confirm that in exercising our powers we have complied with the duty to have due regard to the guidance on public benefit published by the Charity Commission. The identifiable public benefit provided by the Walcot Foundation is in the making of grants for the relief of poverty amongst those residents within our area of benefit who meet our eligibility criteria. The focus of awards made from the Walcot Educational Foundation is that of advancing the education (broadly defined) of beneficiaries in such ways as are likely to permanently improve their prospects of employment and to break cycles of deprivation.

### Statement of the Board's Responsibilities

The Board is responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The law applicable to charities in England & Wales requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Governors 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 accounting standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charities and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the charity's governing instrument.

The Governors are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

*The Governors*

**Approved by The Walcot & Hayle's Trustee Board on 15 November 2023 and signed on its behalf by**

  
\_\_\_\_\_

Chair

*Case studies are cited with the consent of beneficiaries. Initials are used in place of names.*

**WALCOT FOUNDATION**  
**INDEPENDENT AUDITOR'S REPORT**  
**YEAR ENDED 31 MARCH 2023**

**Independent Auditor's Report to the Trustees of Walcot Foundation**

**Opinion**

We have audited the financial statements of Walcot Foundation for the year ended 31 March 2023, which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 March 2023, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

Our responsibilities and the responsibilities of the trustee 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 trustee is 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 there is 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.

**WALCOT FOUNDATION**  
**INDEPENDENT AUDITOR'S REPORT (Continued)**  
**Year Ended 31 MARCH 2023**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

**Responsibilities of trustee**

As explained more fully in the trustee's responsibilities statement set out on page 19, the trustee is 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 trustee determines 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 trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Conclude on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

**WALCOT FOUNDATION**  
**INDEPENDENT AUDITORS REPORT (Continued)**  
**Year Ended 31 MARCH 2023**

disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.

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

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

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

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

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

Our approach was as follows:

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

**WALCOT FOUNDATION**  
**INDEPENDENT AUDITORS REPORT (Continued)**  
**Year Ended 31 MARCH 2023**

**Use of our report**

This report is made solely to the charity's trustee, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustee as a body for our audit work, for this report, or for the opinion we have formed.

*Moore Kingston Smith LLP*

.....  
**Statutory auditor**

Date: 20 November 2023

6<sup>th</sup> Floor  
9 Appold Street  
London  
EC2A 2AP

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

**WALCOT FOUNDATION  
GLOSSARY  
YEAR ENDED 31 MARCH 2023**

<b>Term</b>	<b>Definition</b>
WEF	Walcot Educational Foundation
WNEC	Walcot Non-Educational Charity
TLCC	The Lady Cynthia Charity

**WALCOT FOUNDATION  
STATEMENT OF FINANCIAL ACTIVITIES  
YEAR ENDED 31 MARCH 2023**

	Notes	Unrest- ricted Funds £000	Rest- ricted Funds £000	Endow- ment Funds £000	Total 2022/23 £000	Unrest- ricted Funds £000	Rest- ricted Funds £000	Endow- ment Funds £000	Total 2021/22 £000
<b>INCOME AND ENDOWMENTS FROM:</b>									
Donations and legacies	3	96	0	0	96	103	0	0	103
Charitable activities	4	0	902	0	902	0	213	0	213
Investments	5	2,786	22	0	2,808	2,705	21	0	2,726
<b>TOTAL</b>		<b>2,882</b>	<b>924</b>	<b>0</b>	<b>3,806</b>	<b>2,808</b>	<b>234</b>	<b>0</b>	<b>3,042</b>
<b>EXPENDITURE ON:</b>									
<b>Raising Funds</b>	6								
Investment management costs		46	61	275	382	54	68	320	442
Property costs		378	335	18	731	337	263	0	600
		<b>424</b>	<b>396</b>	<b>293</b>	<b>1,113</b>	<b>392</b>	<b>131</b>	<b>320</b>	<b>1,042</b>
<b>Charitable Activities</b>	7								
Grants payable	19	4,035	9	0	4,044	2,806	15	0	2,821
Grant-making support costs		356	0	0	356	319	0	0	319
		<b>4,391</b>	<b>9</b>	<b>0</b>	<b>4,400</b>	<b>3,125</b>	<b>15</b>	<b>0</b>	<b>3,140</b>
<b>TOTAL</b>		<b>4,814</b>	<b>405</b>	<b>293</b>	<b>5,513</b>	<b>3,517</b>	<b>346</b>	<b>320</b>	<b>4,183</b>
Net gains on investments		(321)	(206)	(2,419)	(2,947)	(550)	490	235	175
<b>NET INCOME</b>		<b>(2,253)</b>	<b>313</b>	<b>(2,713)</b>	<b>(4,653)</b>	<b>(1,259)</b>	<b>378</b>	<b>(85)</b>	<b>(966)</b>
<b>TRANSFER BETWEEN FUNDS</b>		897	(897)	0	0	668	(668)	0	0
Net movement in funds		(1,355)	(585)	(2,713)	(4,653)	(591)	(290)	(85)	(966)
Reconciliation of funds:									
<b>TOTAL FUNDS brought forward at 1 April 2022</b>		<b>10,281</b>	<b>6,327</b>	<b>110,436</b>	<b>127,043</b>	<b>10,871</b>	<b>6,617</b>	<b>110,521</b>	<b>128,009</b>
<b>TOTAL FUNDS carried forward at 31 March 2023</b>		<b>8,925</b>	<b>5,742</b>	<b>107,723</b>	<b>122,390</b>	<b>10,281</b>	<b>6,327</b>	<b>110,436</b>	<b>127,043</b>

**WALCOT FOUNDATION  
BALANCE SHEET  
YEAR ENDED 31 MARCH 2023**

	Notes	2023 £000	2022 £000
<b>FIXED ASSETS</b>			
Tangible assets	10	1,617	1,569
Investments	11	<u>121,241</u>	<u>125,569</u>
		<b><u>122,858</u></b>	<b><u>127,138</u></b>
<b>CURRENT ASSETS</b>			
Debtors	12	324	335
Cash at bank and in hand		<u>641</u>	<u>673</u>
		<b><u>965</u></b>	<b><u>1,008</u></b>
<b>CREDITORS: amounts falling due within one year</b>	13	1,432	1,103
<b>NET CURRENT LIABILITIES</b>		<u>(468)</u>	<u>(95)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>122,390</u></b>	<b><u>127,043</u></b>
<b>FUNDS</b>			
<b>ENDOWMENT FUNDS</b>		107,723	110,436
<b>RESTRICTED FUNDS</b>		5,742	6,327
<b>UNRESTRICTED FUNDS</b>		8,925	10,281
		<u>122,390</u>	<u>127,043</u>

These financial statements were approved by the Board of Trustees on 15 November 2023 and signed on its behalf by:

Chair *Ancethapple*  
Date: *15/11/2023*

**WALCOT FOUNDATION  
STATEMENT OF CASH FLOWS  
YEAR ENDED 31 MARCH 2023**

	2022/23 £000	2021/22 £000
<b>Cash flows from operating activities:</b>		
<i>Net cash used in operating activities</i>	<u>(3,751)</u>	<u>(3,881)</u>
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments	2,808	2,726
Purchase of property, plant and equipment	0	0
Proceeds from sale of investments	2,000	0
Purchase of investments	(1,166)	(2,160)
Investment management fees paid	(123)	(156)
<i>Net cash provided by investing activities</i>	<u>3,519</u>	<u>410</u>
<b>Increase in cash and cash equivalents</b>	<u><u>(232)</u></u>	<u><u>(3,471)</u></u>
<i>Change in cash and cash equivalents in the reporting period</i>	(232)	(3,471)
Cash and cash equivalents at the beginning of the reporting period	<u>2,004</u>	<u>5,475</u>
<i>Cash and cash equivalents at the end of the reporting period</i>	<u><u>1,772</u></u>	<u><u>2,004</u></u>

**Reconciliation of net income/(expenditure) to net cash flow from operating activities**

<i>Net income for the reporting period (as per the statement of financial activities)</i>	<u>(4,653)</u>	<u>(966)</u>
<b>Adjustments for:</b>		
Depreciation charges	2	2
Investment manager fees paid	123	156
Movement in the market value of investments	3,244	(175)
Dividends, interest and rents from investments	(2,808)	(2,726)
(Increase)/decrease in debtors	11	61
Increase/(decrease) in creditors	329	(233)
<i>Net cash used in operating activities</i>	<u>(3,751)</u>	<u>(3,881)</u>

**ANALYSIS OF CASH AND CASH EQUIVALENTS**

Cash in hand	641	673
Cash held as investments	1,000	1,200
Notice deposits (less than 30 days)	<u>131</u>	<u>131</u>
Total cash and cash equivalents	<u><u>1,772</u></u>	<u><u>2,004</u></u>

**WALCOT FOUNDATION  
ANALYSIS OF CHANGES IN NET CASH  
YEAR ENDED 31 MARCH 2023**

	<b>At start of year</b>	<b>Cashflows</b>	<b>At end of year</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash	673	(32)	641
Cash held as investments	1,200	(200)	1,000
Cash held with notice less than 30 days	131	0	131
<b>TOTAL</b>	<b>2,004</b>	<b>(232)</b>	<b>1,772</b>

**WALCOT FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2023**

**1 CHARITY INFORMATION**

The charities are registered with The Charity Commission (registration numbers 312800, 312800-1, 312800-2, 312800-3), are domiciled in the UK and are public benefit entities. The address of the registered office is 127 Kennington Road, London SE11 6SF. Further information is given in the accounting policies below.

**2 ACCOUNTING POLICIES**

**a) Going concern**

The Governors have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Foundation to continue as a going concern. They have made this assessment for a period of at least one year from the date of approval of these financial statements. In particular, the Governors have considered the Foundation's forecasts and projections and have taken account of pressures on property values and investment income, especially in the light of the impact of the COVID-19 pandemic. After making enquiries they have concluded that there is a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. The Foundation therefore continues to adopt the going concern basis in preparing its financial statements.

**b) Basis of preparation**

Walcot Foundation is the working name for the group of four charities administered by the Walcot and Hayle's Trustee Company, which is the corporate trustee for each of the four charities. Three of the charities: the Walcot Educational Foundation (WEF), the Walcot Non-Educational Charity (WNEC) and the Hayle's Charity, were united by a Charity Commission uniting order dated 26 March 2007. A fourth charity, The Lady Cynthia Charity (TCLL), joined the group when its trusteeship was transferred to the Walcot & Hayle's Trustee Company by a Charity Commission Scheme on 23 June 2009. These financial statements are the aggregated accounts for the four separate charities and include all the funds of the four charities.

The funds of the Walcot Educational Foundation (WEF) are regulated by the Scheme of 6th February 1991, as amended by the Order of 24 August 2004, by the Resolution of 5 October 2004, by the Scheme dated 26 March 2007, and by the Scheme dated 14 October 2015. The funds of the Hayle's Charity are regulated by the Scheme of 31 January 1990, as amended by the Scheme of 26 March 2007. The funds of the Walcot Non-Educational Charity (WNEC) are regulated by a Scheme of 1974, as amended by the Scheme of 26 March 2007. The funds of The Lady Cynthia Charity (TCLL) are regulated by the Declaration of Trust dated 1 January 1936, as amended by schemes of 23 January 1951, 6 December 1965, 27 September 1995, and 23 June 2009.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014.

The accounts have been prepared under the historical cost convention, except for investments and property fixed assets which are at market value at the balance sheet date, and in accordance with applicable accounting standards and the Statement of Recommended Practice '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), and the Charities Act 2011.

**WALCOT FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2023**

The Walcot Foundation's subsidiary, Walcot Projects Limited, has been excluded from consolidation as its inclusion is not material for the purposes of giving a true and fair view.

The Walcot Educational Foundation, the Hayle's Charity and The Lady Cynthia Charity have permanent endowments, which they must retain intact as the charities' capital. These permanent endowments are invested in fixed assets either used by the charities or to provide income for the charities' activities.

After making enquiries, the Governors have a reasonable expectation that the Walcot Foundation has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Governors' Responsibilities above.

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 thousand pounds.

**c) Investments**

Investment assets are stated at their market value at the balance sheet date. Gains and losses on revaluations and on investment asset disposals are taken to the accounts in which the investments are held, as disclosed in the statement of financial activities.

Investment properties desktop valuation takes place every year as per the new requirement and a full external re-valuation is conducted every five years. When governors believe there has been a significant change in the property market value, a new external valuation can be conducted. The last external desktop valuation was carried out on 31 March 2023 and the last external full valuation was carried out on 31 March 2021, both by Cluttons LLP. The results have been reflected in these financial statements and the Governors are of the opinion that this method of valuation is appropriate for the purpose of these financial statements.

**d) Tangible Fixed Assets and Depreciation**

Operational property assets are part of the endowment of the Walcot Educational Foundation (WEF) and are included in tangible fixed assets of the charity and shown at their current value at the balance sheet date, with regular revaluations. They are maintained in such a condition that their residual value is at least equal to their carrying value and the Governors carry out an annual impairment review to ensure that this is so. As a result, no depreciation is charged on them. Computers and equipment costing more than £2,000 are capitalised and included at cost, and are written off over the estimated useful life of three years through the Statement of Financial Activities.

**e) Fund Accounting**

**Endowment funds**

The Walcot Educational Foundation (WEF), the Hayle's Charity and The Lady Cynthia Charity have permanently endowed assets, which provide unrestricted income to the WEF General Fund, the Hayle's General Fund and The Lady Cynthia Charity General Fund respectively.

**Restricted funds**

The application of WEF's income is governed by the Charity Commission Scheme, which permits WEF to allocate up to 18% of its income to a Rebuilding and Repairs Fund (R&R fund). This fund is treated as a restricted fund and has its own investment assets, but income generated from its assets is now credited to the WEF General Fund, as permitted by the Scheme, as the R&R fund is judged to be large enough for the charity's present needs.

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

In addition, WEF has the St Thomas' Fund, and the Townsend fund, restricted capital funds arising from gifts to WEF in 1995 and 2015 respectively. Both The St Thomas' fund and the Townsend Fund have their own investment assets, the income from which is credited to the St Thomas' Income Fund, and the Townsend Income Fund respectively.

**Unrestricted funds**

All four charities have their own general funds, which are applied according to the Schemes governing the charities.

**f) Income**

Income from listed investments, unit trusts and common investment funds is accounted for by reference to the date on which distributions are receivable. Investment interest and rental income is accounted for on an accruals basis.

Donations and voluntary income are applied to the purposes expressed by the donor, if applicable, and are accounted for when receivable.

**g) Resources Expended**

Costs incurred by each charity directly are assigned to that charity and all expenditure is accounted for on an accruals basis. Almost all the operational costs of the four charities, including the employment of all staff are borne by the Walcot Educational Foundation (WEF) unless otherwise stated.

Apart from grants paid, the Hayle's Charity and The Lady Cynthia Charity incur directly only investment management fees and some other small costs. Each pays an annual service charge to the Walcot Educational Foundation (WEF) as a contribution towards the costs of grant-making and governance. The Walcot Non-Educational Charity (WNEC) incurs no direct costs, other than grants paid.

The following headings are used for the analysis of expenditure:

**Cost of Raising Funds** – Costs relating to the management of investments – e.g. valuation fees, investment managers' and surveyors' fees, management, maintenance and improvement of investment properties.

**Charitable Expenditure** - Grants are recognised when conditions attaching to their payment have been fulfilled. Grants for which Governors still have further actions to take before releasing them for payment are not recognised in the financial statements but the total value of such grants is disclosed in note 14.

**h) Allocation of Support Costs**

Support costs are allocated to the two areas above on the basis of staff time spent on work in these areas. Included in support costs are the staff costs for those staff who work across the different areas together with the costs of running the office, and governance. Support costs are allocated as follows:

Cost of generating funds	60%
Charitable expenditure	40%

**i) Pensions**

The pension charge represents contributions payable by the Foundation on behalf of employees to independent money purchase pension schemes.

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**j) Significant Judgements and Estimates**

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Valuation of land and buildings and valuation of investment properties. The charities' land and buildings, whether held as investment properties or as tangible fixed assets, are stated at their estimated fair value based on professional valuations as disclosed in Note 11.

The latest professional valuation was carried out in March 2021.

**k) Financial instruments**

The Walcot Foundation has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost).

Financial assets held at amortised cost comprise cash at bank and in hand, short term cash deposits and the group's debtors excluding prepayments. Financial liabilities held at amortised cost comprise the group's short term creditors excluding deferred income and taxation payable. No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 3. DONATION AND LEGACIES**

	2022/23 Unrestricted Funds £000	2022/23 Restricted Funds £000	2022/23 TOTAL £000	2021/22 TOTAL £000
<b>Walcot Educational Foundation</b>				
Donations	14	0	14	7
Gift aid from Walcot Projects Limited	80	0	80	94
	<u>94</u>	<u>0</u>	<u>94</u>	<u>101</u>
<b>Hayle's Charity</b>				
Grants	2	0	2	2
	<u>2</u>	<u>0</u>	<u>2</u>	<u>2</u>
<b>Total Donations and Legacies</b>	<u>96</u>	<u>0</u>	<u>96</u>	<u>103</u>

**Note 4. INCOME FROM CHARITABLE ACTIVITIES**

	2022/23 Unrestricted Funds £000	2022/23 Restricted Funds £000	2022/23 TOTAL £000	2021/22 TOTAL £000
<b>Walcot Educational Foundation</b>				
Grants	0	902	902	213
	<u>0</u>	<u>902</u>	<u>902</u>	<u>213</u>

**Note 5. INVESTMENT INCOME**

	2022/23 Unrestricted Funds £000	2022/23 Restricted Funds £000	2022/23 TOTAL £000	2021/22 TOTAL £000
<b>Walcot Educational Foundation Investment Income</b>				
Rents	1,790	0	1,790	1,420
Listed investments	756	21	777	1,090
Investment interest	24	1	25	7
Bank deposit interest	3	0	3	0
	<u>2,573</u>	<u>22</u>	<u>2,595</u>	<u>2,517</u>
<b>Hayle's Charity Investment Income</b>	184	0	184	180
<b>The Lady Cynthia Charity Investment Income</b>	29	0	29	29
<b>Total Investment Income</b>	<u>2,786</u>	<u>22</u>	<u>2,808</u>	<u>2,726</u>

Restricted income refers to income from the Townsend Fund and the St Thomas' Fund.

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 6 EXPENDITURE ON RAISING FUNDS**

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2022/23 £000	Total 2021/22 £000
<b><i>Walcot Educational Foundation (WEF)</i></b>					
<b><i>Expenditure on Raising Funds</i></b>					
<b><i>WEF Property Investment Expenditure</i></b>					
Staff costs	2	0	0	2	2
Property costs (inc. Insurance & Utilities)	83	0	0	83	80
Surveyors' Fees	3	0	0	3	0
Other Professional Fees	77	0	18	95	64
Routine Walcot Estate maintenance	0	136	0	136	116
Improvement of properties	0	199	0	199	147
	165	335	18	518	409
Support Expenditure (see Note 8)	213	0	0	213	191
<b><i>Total WEF Property Investment Expenditure</i></b>	<b>378</b>	<b>335</b>	<b>18</b>	<b>731</b>	<b>600</b>
<b><i>WEF Investment Management Fees for Financial Investments</i></b>	<b>39</b>	<b>60</b>	<b>198</b>	<b>297</b>	<b>345</b>
<b><i>WEF Total Expenditure on Raising Funds</i></b>	<b>417</b>	<b>396</b>	<b>216</b>	<b>1,028</b>	<b>945</b>
<b><i>Hayle's Charity Investment Management Fees</i></b>	<b>7</b>	<b>0</b>	<b>66</b>	<b>73</b>	<b>84</b>
<b><i>The Lady Cynthia Charity Investment Management Fees</i></b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>11</b>	<b>13</b>
<b><i>Total Expenditure on Raising Funds</i></b>	<b>424</b>	<b>396</b>	<b>293</b>	<b>1,113</b>	<b>1,042</b>

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 7. CHARITABLE EXPENDITURE**

	2022/23 Number	2022/23 £000	2021/22 Number	2021/22 £000
<b><i>Walcot Educational Foundation (WEF) Grants Awarded</i></b>				
Grants to individuals	201	275	159	231
Grants to institutions	210	3,295	114	2,068
<b>WEF total grants awarded</b>	<b>411</b>	<b>3,570</b>	<b>273</b>	<b>2,299</b>
<b><i>Hayle's Charity Grants Awarded</i></b>				
Grants to individuals	4	0	4	0
Grants to institutions	2	50	2	50
<b>Hayle's Charity total grants awarded</b>	<b>6</b>	<b>50</b>	<b>6</b>	<b>50</b>
<b><i>Walcot Non-Educational Charity (WNEC) Grants Awarded</i></b>				
Grants to individuals	99	105	89	81
Grants to institutions	11	319	23	391
<b>WNEC total grants awarded</b>	<b>110</b>	<b>424</b>	<b>112</b>	<b>472</b>
<b><i>The Lady Cynthia Charity (TLCC) Grants Awarded</i></b>				
Grants to individuals	0	0	0	0
Grants to institutions	0	0	0	0
<b>CMMF total grants awarded</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total grants awarded</b>	<b>527</b>	<b>4,044</b>	<b>391</b>	<b>2,821</b>

**Grant-making support costs**

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2022/23 £000	Total 2021/22 £000
Direct grant-making staff costs	207	0	0	207	179
Other direct costs	6	0	0	6	12
	213	0	0	213	191
Support costs (see Note 8)	142	0	0	142	128
	<b>355</b>	<b>0</b>	<b>0</b>	<b>355</b>	<b>319</b>

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 8. SUPPORT COSTS**

	<b>Cost of Generating Funds £000 60%</b>	<b>Charitable Activities £000 40%</b>	<b>2022/23 TOTAL £000</b>	<b>2021/22 TOTAL £000</b>
Management & Finance Staff costs	157	105	261	251
Premises costs	8	6	14	17
Office expenses	22	14	36	20
Legal & Professional	4	3	7	3
Irrecoverable VAT	5	4	9	9
Audit fees	13	9	22	16
Governance & Annual Review	4	2	6	2
	<b>213</b>	<b>143</b>	<b>355</b>	<b>319</b>

**Note 9. STAFF COSTS**

	<b>2022/23 TOTAL £000</b>	<b>2021/22 TOTAL £000</b>
Wages & salaries	379	342
National insurance costs	46	35
Accrued holiday pay	3	0
Pension & Life insurance costs	41	32
Recruitment & Staff expenses	2	23
	<b>471</b>	<b>432</b>

The average number of employees employed throughout the year was 8. Two employees work part-time, and the full-time equivalent basis (FTE) is 7.4, (2021-22 – average 7, FTE 6.6).

The key management of the charity are the Director, Finance Manager, Grants Manager and Estate & Property Manager.

Their total remuneration (gross pay, employer NI, employer pension and benefits/life insurance) was £307,545 (2021-22: £262,168)

There were two employees whose salary plus pension contribution fell in the £60,001-£70,000 band (2021-22: 2), no employee whose salary plus payment in lieu of an employer pension contribution fell in the £80,001-£90,000 band (2021-22: 0) and one employee whose salary plus payment in lieu of an employer pension contribution fell in the £90,001-£100,000 band (2021-22:1). No other staff exceeded earnings of £60,000.

Pension payable to these means all employees amounted to £21,986 (2021-22: £12,532)

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 10. TANGIBLE FIXED ASSETS**

***Walcot Educational Foundation (WEF) Tangible Fixed Assets***

	<b>Freehold Property £000</b>	<b>Furniture &amp; Equipment £000</b>	<b>Total £000</b>
<b>Cost or Valuation</b>			
As at 1 April 2022	1,565	41	1,606
Additions	0	0	0
Revaluation	50	0	50
Disposal	0	(9)	(9)
At 31 March 2023	<u>1,615</u>	<u>32</u>	<u>1,647</u>
<b>Depreciation</b>			
As at 1 April 2022	0	(37)	(37)
Charge for period	0	(2)	(2)
Disposal	0	9	9
At 31 March 2023	<u>0</u>	<u>(30)</u>	<u>(30)</u>
<b>Net book values</b>			
At 31 March 2023	1,615	2	1,617
As at 1 April 2022	1,565	4	1,569
Historic cost of property (stated as valuation at 1 January 1980, see note 11)	116	0	0

Investment property held within with the Walcot Foundation at 1<sup>st</sup> January 1980 is included in cost at the valuation at that date, and was revalued in March 2023 by Cluttons LLP. All valuations are on an open market basis in accordance with the Royal Institution of Chartered Surveyors' Valuation – Professional Standards, 2014 Edition.

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 11. INVESTMENTS AT  
VALUATION**

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2022/23 £000	Total Funds 2021/22 £000
	£000	£000	£000		
Market value at 1 April 2022 (Restated)	10,332	6,341	108,897	125,569	125,534
Additions at cost	0	0	1,166	1,166	2,160
Disposals at market value	(1,034)	0	(1,166)	(2,200)	(2,300)
Investment management fees deducted from portfolio	(23)	(67)	(207)	(298)	(327)
Net loss on revaluation	(321)	(206)	(2,469)	(2,997)	502
Movement in Investment Assets allocation between funds	397	(319)	(78)	0	0
<b>Market value at 31 March 2023</b>	<b>9,351</b>	<b>5,748</b>	<b>106,142</b>	<b>121,241</b>	<b>125,569</b>

**Analysis of Investments held at 31 March 2023**

Directly held freehold land & buildings	0	0	73,038	73,038	72,883
UK equities	508	348	2,009	2,866	3,363
Overseas equities	6,473	4,433	25,587	36,493	40,355
Fixed income	360	247	1,424	2,031	743
Alternatives	733	502	2,897	4,132	4,332
Cash with investment managers	275	188	1,087	1,551	2,562
Cash on deposit as investment	1,002	30	99	1,131	1,331
<b>TOTAL</b>	<b>9,351</b>	<b>5,748</b>	<b>106,142</b>	<b>121,241</b>	<b>125,569</b>

Freehold property held within with the Walcot Foundation at 1<sup>st</sup> January 1980 is included in cost at the valuation at that date, and was revalued in March 2023 by Cluttons LLP. All valuations are on an open market basis in accordance with the Royal Institution of Chartered Surveyors' Valuation – Professional Standards, 2014 Edition.

Investments held by the charity include a £100 investment (2022: £100) in the subsidiary company, Walcot Projects Limited, and represents 100% of the issued share capital. Walcot Projects Limited was incorporated on 2 August 2018 (registration number 1149713) and its registered office is at 127 Kennington Road, London, United Kingdom, SE11 6SF. The principal activity of Walcot Projects Limited is the provision of design and build services to the Walcot Educational Foundation.

At 31 March 2023 Walcot Projects Limited had no fixed assets, net current assets of £100 and shareholder's funds of £100. Its turnover for the year was £210,107 (2021/22 £1,670,792) and it made a profit of £79,674 (2021/22 £93,835) prior to an accrued Gift Aid distribution of £79,674 (2021/22 £93,835) to the Walcot Educational Foundation.

Net losses on revaluation for 2022/2023, as shown above, are different to the total in the SOFA because the SOFA includes a £50,000 revaluation of freehold property which is included in tangible fixed assets. See Note 10 for details.

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 12. DEBTORS**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<i>Walcot Educational Foundation Debtors</i>		
Rental debtors	29	20
Walcot Projects debtors	80	94
Prepayments	16	23
Accrued income	199	198
	<u>324</u>	<u>335</u>

**Note 13. CREDITORS**

Creditors: amounts falling due within one year

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<i>Walcot Educational Foundation Creditors and Accruals</i>		
Trade creditors	179	135
Deferred income	0	0
Deferred rental income	92	76
Accruals	85	21
Accrued grants	872	713
Other creditors	20	35
	<u>1,248</u>	<u>980</u>
<i>Hayle's Charity Accruals</i>	5	6
<i>WNEC Accruals</i>	178	116
<i>The Lady Cynthia Charity Accruals</i>	1	1
	<u>1,432</u>	<u>1,103</u>

**Note 14. GRANT COMMITMENTS**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Due for payment in 2022-23	969	716
Due for payment in 2023-24	1,109	1,633
Due for payment in 2024-25	398	649
	<u>2,477</u>	<u>2,998</u>

The amounts above have been provisionally approved as grants to be made by the Governors up to the 31 March 2023. As the Governors have further actions to take on them (mostly carrying out progress reviews on each one against performance conditions) before releasing them for payment, they have not been recognised in this year's accounts. No discounting has been applied to grant commitments due in more than one year on the basis that the period over which amounts will be settled are such that any discounting would be immaterial.

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 16. ANALYSIS OF FUNDS MOVEMENTS**

	Balance at 31 Mar 22	Income	Expenditure	Gains/ (losses)	Transfers between Funds	Balance at 31 Mar 23
	£000	£000	£000	£000	£000	£000
<b>Unrestricted Funds</b>						
WEF General Fund	8,980	2,667	(4,358)	(286)	503	7,506
Hayle's General Fund	1,165	186	(57)	(35)	(4)	1,255
WNEC General Fund	0	0	(399)	0	399	0
The Lady Cynthia Charity	136	29	0	0	0	165
<b>Sub-total unrestricted Funds</b>	<b>10,281</b>	<b>2,882</b>	<b>(4,814)</b>	<b>(321)</b>	<b>897</b>	<b>8,925</b>
<b>Restricted Funds</b>						
WEF R & R Fund	5,188	0	(389)	(171)	0	4,628
WEF St Thomas' Income Fund	115	17	0	0	0	132
WEF St Thomas' Capital Fund	846	0	(6)	(31)	0	809
WEF Townsend Income Fund	0	4	(9)	0	5	0
WEF Townsend Capital Fund	178	0	(1)	(4)	0	172
WNEC W&C & Guy's & St Thomas	0	902	0	0	(902)	0
<b>Sub-total restricted Funds</b>	<b>6,327</b>	<b>924</b>	<b>(405)</b>	<b>(206)</b>	<b>(897)</b>	<b>5,742</b>
<b>Endowment Funds</b>						
WEF Endowment fund	99,880	0	(216)	(2,198)	0	97,466
Hayle's Endowment fund	8,983	0	(66)	(156)	0	8,761
The Lady Cynthia Charity	1,573	0	(11)	(65)	0	1,496
<b>Sub-total endowment Funds</b>	<b>110,436</b>	<b>0</b>	<b>(293)</b>	<b>(2,419)</b>	<b>0</b>	<b>107,723</b>
<b>Total Funds</b>	<b>127,043</b>	<b>3,806</b>	<b>(5,513)</b>	<b>(2,947)</b>	<b>0</b>	<b>122,390</b>

The Walcot Educational Foundation (WEF) Scheme directs the allocation of WEF's income: this includes payment of between 10% and 20% of net income after management expenses to the Walcot Non-Educational Charity. In 2022/23, a total of £399,239 (2021/22 £259,627) was transferred from WEF General Fund for this purpose.

Hayle's Charity (Hayle's) and The Lady Cynthia Charity Fund (TLCC) pay an annual service charge to WEF to reflect a contribution to costs of grant-making and office administration. The service charge is based on proportion of grants each charity pays. In 2022/23 Hayle's paid £4,421 (2021/22 £5,684) and TLCC paid £0 (2021/22 £0).

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 16 (continued). ANALYSIS OF FUNDS MOVEMENTS 2021/22**

	Balance at 31 Mar 21	Income	Expenditure	Gains/ (losses)	Transfers between Funds	Balance at 31 Mar 22
	£000	£000	£000	£000	£000	£000
<b><i>Unrestricted Funds</i></b>						
WEF General Fund	9,714	2,598	(2,987)	(547)	202	8,980
Hayle's General Fund	1,050	182	(58)	(3)	(6)	1,165
WNEC General Fund	0	0	(472)	0	472	0
The Lady Cynthia Charity	107	28	0	0	0	136
<b><i>Sub-total unrestricted Funds</i></b>	<b>10,871</b>	<b>2,808</b>	<b>(3,517)</b>	<b>(550)</b>	<b>668</b>	<b>10,281</b>
<b><i>Restricted Funds</i></b>						
WEF R & R Fund	5,510	0	(322)	466	(466)	5,188
WEF St Thomas' Income Fund	99	16	0	0	0	115
WEF St Thomas' Capital Fund	843	0	(7)	10	0	846
WEF Townsend Income Fund	0	4	(15)	0	11	0
WEF Townsend Capital Fund	165	0	(2)	14	0	178
WNEC Trust For London & Battersea Power Station	0	213	0	0	(213)	0
<b><i>Sub-total restricted Funds</i></b>	<b>6,617</b>	<b>233</b>	<b>(346)</b>	<b>490</b>	<b>(668)</b>	<b>6,327</b>
<b><i>Endowment Funds</i></b>						
WEF Endowment fund	99,970	0	(230)	141	0	99,880
Hayle's Endowment fund	8,948	0	(76)	112	0	8,984
The Lady Cynthia Charity	1,603	0	(14)	(18)	0	1,572
<b><i>Sub-total endowment Funds</i></b>	<b>110,521</b>	<b>0</b>	<b>(320)</b>	<b>235</b>	<b>0</b>	<b>110,436</b>
<b><i>Total Funds</i></b>	<b>128,009</b>	<b>3,042</b>	<b>(4,183)</b>	<b>175</b>	<b>0</b>	<b>127,043</b>



**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 19**

**Grants of £10,000 or more awarded to institutions working with financially disadvantaged Lambeth residents**

<b>Name of Institution</b>	<b>Charity</b>	<b>Description</b>	<b>£000</b>
Groundwork London	WEF	BounceBack to Rework	61
Centre 70 Advice Centre	WNEC	Walcot Advice Worker	57
Power2	WEF	Walcot Student Advance Programme - Power2 Aspire	53
Construction Youth Trust	WEF	Bridging the gap to construction employment	50
Norwood And Brixton Foodbank	WNEC	Cost of Living Crisis Grant - Emergency Vouchers for Foodbank Clients	50
Platanos College	WEF	Platanos Healthy School Grant	50
Rathbone Society	WEF	Rathbone Education and Employment Programme	50
School of Hard Knocks	WEF	School of Hard Knocks - At Black Prince Community Hub	50
Slade Gardens Community Play Association	WEF	Lambeth Play and Early Years Training for employment	50
Spiral Skills CIC	WEF	Spiral Skills BounceBack programme	50
Streatham Youth and Community Trust	WEF	Road To Success	50
Walworth Garden	WEF	Walworth Garden Level 2 Work Based Horticulture	50
High Trees Community Development Trust	WEF	Bounceback Tulse Hill	50
Ripe Learning	WEF	Better Skills, Better Jobs	50
Unity Works Social Enterprises	WEF	Unity Lambeth	50
198 Contemporary Arts and Learning	WEF	The Factory : Fast Forward into the Creative and Cultural Industries	50
Creative Sparkworks	WEF	Steps and Sparks to Work	50
MI Community Enterprise Limited	WEF	Motivate and Lead: Employment	50
Indoamerican Refugee and Migrant Organisation IRMO	WEF	Readiness Support for 18 to 30 year olds	50
Larkhall Primary School and Children's Centre	WEF	BounceBack IRMO	48
Lilian Baylis Technology School	WEF	Larkhall Healthy School Grant	40
Loughborough Primary School	WEF	Lilian Baylis Healthy School Grant	40
Toucan Employment	WEF	Loughborough Healthy School Grant	40
Rising Stars Support	WEF	Toucan Hospitality Project	37
Allen Edwards Primary School	WEF	Fight For Your Future (BounceBack)	35
Archbishop Tenison's School	WEF	Allen Edwards Healthy School Grant	30
Ark Evelyn Grace Academy	WEF	Archbishop Tenison's Healthy School Grant	30
	WEF	Ark Evelyn Grace Healthy School Grant	30

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 19 (continued)**

**Grants of £10,000 or more awarded to institutions working with financially disadvantaged Lambeth residents**

<b>Name of Institution</b>	<b>Charity</b>	<b>Description</b>	<b>£000</b>
Boundless Theatre	WEF	OUTSIDE THE BOX - Creative Entrepreneurs Project	30
Bright Centres	WEF	Bright Live and Learn Well project	30
Doorstep Library	WEF	Lambeth Doorstep Library projects	30
Fenstanton Primary School	WEF	Fenstanton Healthy School Grant	30
Granton Primary School	WEF	Granton Healthy School Grant	30
Henry Fawcett Primary School	WEF	Henry Fawcett Healthy School Grant	30
High Trees Community Development Trust	WEF	Lambeth Peer Action Collective	30
Hill Mead Primary School	WEF	Hill Mead Healthy School Grant	30
Institute Of Imagination	WEF	Lambeth Digital Heroes	30
IntoUniversity	WEF	IntoUniversity Kennington	30
Juvenis	WEF	Engage & DIVERT	30
Oasis Academy South Bank	WEF	Oasis Healthy School Grant	30
Trinity Academy	WEF	Trinity Healthy School Grant	30
Van Gogh Primary School	WEF	Van Gogh Healthy School Grant	30
Wyvil Primary School	WEF	Wyvil Healthy School Grant	30
St Matthews Project	WEF	Moving On Year 2	30
Katakata	WNEC	The One-Stop-Shop: Tackling root causes of food poverty and insecurity	30
Disability Advice Service Lambeth	WNEC	Access to Advice	29
Respeito	WEF	A Safe Domestic Environment for Portuguese-speaking Families in Lambeth	29
Code 7 Ltd	WEF	'Behind The Scenes' - Family Intervention Project	26
Carers Hub Lambeth	WEF	Young Carers Project	25
CEF - Community Education Foundation & Lyncx	WEF	Virtual Community After-School Study Support Club	25
Chance UK	WEF	Secondary Transition Empowerment Programme (STEP)	25
Citizens Advice Merton And Lambeth	Hayles	Advice for Lambeth	25
Commons Law CIC	WNEC	Crisis Navigation Service	25
Community TechAid	WNEC	Chief Operating Officer	25
Future Men	WEF	Boys Development Programme	25
Holy Trinity CE Primary School	WEF	Holy Trinity Healthy School Grant	25
Iqra Primary School	WEF	Iqra Healthy School Grant	25
Lifelong Family Links	WEF	On the right track	25
Lilian Baylis Technology School	WEF	Early-Intervention Lead	25
Mindheart Creative Therapies CIC	WEF	Dramatherapy: Creating Wellbeing Together in Schools	25
Norwood And Brixton Foodbank	WNEC	Electric Delivery Van for Norwood Foodbank	25
Options 4 Change	WEF	Family Welfare	25
Orchard Primary	WEF	The Orchard Healthy School Grant	25
Reay Primary School	WEF	Mind the 'word' gap!	25
Saint Gabriel's College	WEF	Removing Barriers in Education	25

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 19 (continued)**

**Grants of £10,000 or more awarded to institutions  
working with financially disadvantaged Lambeth  
residents**

<b>Name of Institution</b>	<b>Charity</b>	<b>Description</b>	<b>£000</b>
St Mark's CE Primary School	WEF	St Mark's Healthy School Grant	20
St Stephen's CE Primary School	WEF	St Stephen's Healthy School Grant	20
The Kids Network	WEF	Lambeth Connecting for Change	20
Vauxhall Primary School	WEF	Vauxhall Healthy School Grant	20
YourStory	WEF	Living with Long Term Health Conditions	19
Young Futures	WEF	Therapy for young female care leavers at Yvonne House	19
The Children's Literacy Charity	WEF	Expert Literacy Lab Programme in Lambeth	19
Lambeth Nursery Schools Federation	WEF	Music Therapy across 5 nursery schools - Extension	18
Lambeth Somali Community Association	WEF	Learning after Covid-19 (LAC) Project Building Young Aspirations	18
Alford House	WEF		18
Richard Atkins Primary School	WEF	Creative Therapy & NOPA: a programme of mental health support at Richard Atkins Primary	16
Stockwell Primary School	WEF	Therapy and Outreach Support to tackle Pupil Premium Children's Mental Health.	16
Coin Street Centre Trust	WEF	Upgrade Yourself tutoring programme. Closing the attainment gap	15
Heron Academy	WEF	The Michael Tippett Healthy School Grant	15
Pegasus Opera Company	WEF	Opera Mentoring Programme	15
South London Refugee Association	WEF	Lambeth youth club and support for vulnerable young refugees and asylum seekers	15
The Livity School	WEF	The Livity Healthy School Grant	15
Christ Church Streatham Primary	WEF	Mental health & wellbeing, a holistic approach to supporting disadvantaged pupils	15
Art4Space	WEF	Creative Arts Preparation For Adulthood and Employment	15
Archbishop Sumner C.E. Primary School	WEF	Child psychotherapy. Removing barriers in education.	14
Step Now Global CIC	WEF	Inspire to Aspire Programme	14
St Saviours CE Primary School	WEF	Creative Arts Therapy Services	14
Future Frontiers	WEF	Supporting disadvantaged pupils from Lambeth to fulfil their potential at school and beyond	14
Wyvil Primary School	WEF	Improving oracy skills in MAGT pupils & Emotional welfare support for PP pupils	13

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 19 (continued)**

**Grants of £10,000 or more awarded to institutions  
working with financially disadvantaged Lambeth  
residents**

<b>Name of Institution</b>	<b>Charity</b>	<b>Description</b>	<b>£000</b>
Leadership Through Sport And Business	WEF	More Than An Apprentice, Lambeth	12
St Jude's CE Primary School	WEF	Closing the gap: Access 2 Literacy programme	12
Sunnyhill Primary School	WEF	Health Mentor	11
Harris Academy Clapham	WEF	Harris Academy Clapham Healthy School Grant	20
Oasis Academy Johanna	WEF	Oasis Johanna Healthy School Grant	20
Turney School	WEF	Turney Healthy School Grant	15
Exceed Reading Stars Ltd	WEF	ABC - Achieving Beyond Capabilities	10
Hitherfield Primary School	WEF	Recovery Through Gardening and the Great Outdoors	10
Brixton Community Base	WEF	Brixton Youth Theatre - Young Refugees	10
Elm Court School	WEF	Elm Court Healthy School Grant	10
Kennington Park Academy	WEF	Kennington Healthy School Grant	10
Lambeth Larder Community Food Resource CIC	WNEC	Paper Directory of Services 2023-25	10
Lansdowne School	WEF	Lansdowne Healthy School Grant	10
Loughborough Junction Action Group	WEF	Platform Café Employability Programme	10
Station Hall Herne Hill	WEF	Lambeth Book Creation Club	10
Walnut Tree Walk Primary School	WEF	Early Intervention Therapy for Vulnerable Children	10
		<b>Subtotal of Grants Listed Above</b>	<b>3,399</b>
<b>Smaller grants to organisations working with financially disadvantaged Lambeth residents (not listed above)</b>			<b>264</b>
		<b>Grants to Individuals</b>	<b>381</b>
		<b>Total Grants Paid in Year</b>	<b>4,044</b>



**WALCOT FOUNDATION**

tackling poverty by creating opportunity

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## **Report of the Governors and Accounts 2022/2023**

The Walcot & Hayle's Trustee is a limited not-for-profit company (6133849) registered in England and recognised by the Charity Commission as the sole trustee of The Walcot Educational Foundation (312800), The Hayle's Charity (312800-1), The Walcot Non-Educational Charity (312800-2) and the Lady Cynthia Charity (312800-3). The Governors are Directors of The Walcot & Hayle's Trustee.

[walcotfoundation.org.uk](http://walcotfoundation.org.uk)

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# INTRODUCTION

We welcome the opportunity to report on the work of the Foundation for 2022/23, supporting low income communities from the London Borough of Lambeth to overcome economic, social and educational structural and systemic disadvantage.

Having operated for some four hundred years, as Governors we remain mindful of our benefactors' original intention to support those in need in Lambeth in perpetuity. The Foundation works hard to ensure we remain connected and responsive to the challenging endemic issues low-income communities face today.

The context of today is one of ever-increasing disadvantage. In 21<sup>st</sup> Century Lambeth, the challenges loom. As low-income families look to move on from the Covid-19 pandemic, communities are still dealing with its after-effects, and through our work we are needing to provide support in response to increasing mental health issues in Lambeth's young people.

We have seen communities, families and individuals affected by low incomes face further challenges in the cost of living crisis. We have seen double-digit inflation, with low-income households having to adapt to food inflation being at its highest for 45 years.

Within this context of a tsunami of need, the Foundation is focused on ensuring its support brings positive impact to the low-income communities in Lambeth. It is more important than ever to understand our role in the community, not just as funder, but as partner and as convenor, amplifying the voices of those we support to ensure that structures and systems really work for them.

Towards the end of this year, we started to prepare to wish the best to our current Chair, Teresa Clay, and Governors Richard Allnutt and Frances Greenburgh who all left WF in July 2023, after 10 years of service, having successfully (and generously) completed an extended term of governorship.

To the many people who help us in our role as Governors – our beneficiaries, our staff, our advisers, encouragers and providers of all kinds of services – *thank you*.

The Governors

November 2023

## **A BRIEF WORD FROM OUR EXECUTIVE DIRECTOR**

This has been a year of positive transition and change for the Foundation as we have started to work on developing our first organisational strategy.

Although we have only just started to work on the strategy with trustees, staff and the wider community, it has been wonderful to be re-inspired and re-energised by the commitment of colleagues, to find ways to do even more in and across Lambeth.

We have taken the opportunity to get much clearer on our values and our approaches to being a geographically place-based foundation that is truly 'in and of Lambeth communities'.

We all look forward to completing this strategy and moving into an implementation phase that transitions us to better amplify the voices of Lambeth's young people.

## WHAT WE PLANNED TO DO, WHAT WE DID

In last year's report we listed these plans	This is what we achieved
<b>To achieve a smooth transition in the change of Director.</b>	New Director Marcia Asare started in April 2022
<b>To ensure the effective implementation of the second year of the BounceBack programme.</b>	A successful second year of BounceBack draws to an end in September 2023. A third year has been approved by Governors which will focus on supporting those furthest removed from the jobs markets.
<b>To implement improvements in systems and communications arising from the triennial 'listening exercise'.</b>	We simplified our application processes in response to the listening exercise in April 2022. Also we plan to launch a 'core funding' programme later in 2023/24.
<b>To obtain an acceptable planning decision on the Bishop's Terrace development.</b>	We are yet to receive a planning decision on the development, and continue in the application process.
<b>To move, post-pandemic, to greater in-person attendance of staff and to resume in-person visits to funded projects.</b>	In-person attendance of staff at our office and to projects has resumed.
<b>To undertake a comprehensive review of the Foundation's commercial properties, so that opportunities and costs can be identified.</b>	Facilitating key tenancy issues with the commercial portfolio has taken up much of this year. We now intend to review the Foundation's commercial portfolio in the coming year.
<b>To run the delayed anonymised biennial survey of Governor views about the effectiveness of the Board.</b>	This was completed, and information gathered has helped inform future Board effectiveness.
<b>To conclude the biennial review of our Strategic Investment Policy.</b>	Challenging markets have led Governors to focus on Fund Managers' performance. The strategic investment policy will now be reviewed in the coming year.
<b>To support the induction of two new Governors appointed in March 2022.</b>	The two new Governors have been successfully inducted into the Foundation work and both play an active role within the governance function.
<b>For the Board to plan for the succession of the Chair in July 2023 when the current Chair and two other Governors stand down.</b>	The succession plan was implemented and new Chair, Alice Chapple, was appointed in July 2023.

## GRANTMAKING 2022/2023

The foundation primarily supports young people who are resident in the London borough of Lambeth. It makes grants directly to individual beneficiaries and to schools, projects and organisations who work with these young people.

### THE YEAR'S HEADLINES

- **We fully spent our grants budget** of £4,040,000. This is an increase of 43% compared to last year (£2,820,000). This is primarily attributable to funds deployed as part of a new funder collaboration.
- **We made 509 grant assessments** (385 approvals and 124 declines) and continued 142 existing multi-year grants. This total grant volume of 527 is an increase of 22% compared to the previous year. It included 304 grants directly to individual applicants, totalling £380,891, and 223 grants to organisations, projects and schools to fund work with the individuals we exist to serve. This total was £3,663,552.
- **As part of our measuring the impact of our grants**, we received and evaluated 121 monitoring reports.
- **Phase 2 Covid-19 response: BounceBack** – Year 2 of the programme is nearing completion and a third year has been approved for 2023/24. More details below.
- **Walcot's Cost of Living Crisis Response** – Governors allocated an additional £300,000 to support individuals and organisations during the Cost of Living Crisis this year. More details below.
- **'Healthy Schools Fund' partnership** – Our partnership with Impact on Urban Health created the 'Healthy Schools Fund' grant programme which resulted in an additional £875,000 awarded to Lambeth schools in 2022/23.
- **Grantee Listening Exercise** – Every three years, we receive systematic feedback on the views of our grantees – both individuals and organisations – about our grant-making systems. This is to help us review and improve our service to them. This exercise was carried out for us by IVAR and the final report was presented in April 2022. Overall the response was very positive, with the application process viewed as straightforward and flexible and staff viewed as very supportive. Following this report various changes were identified and actioned and the results have been published on our website.
- **Foundations Practice Rating** – We were really pleased that Walcot Foundation was one of the seven foundations – out of over 100 reviewed – that received an A rating in the 2023 results. The Foundation Practice Rating initiative aims to improve grant-making practice on accountability, transparency and diversity.

### 'BOUNCEBACK' – OUR PHASE 2 COVID-19 RESPONSE

BounceBack, the Foundation's £2,000,000 access to jobs programme, which was developed in response to Covid, entered its second year in October 2022. The aim was to fund a varied group of 18 local partner organisations who can offer support to Lambeth young people looking for work. In year two, we actively responded to changes in the labour market and recruited four new organisations which have provided additional services (including therapeutic support and mentoring) to help build the pipeline of job-ready young people. During this time BounceBack has supported over 850 Lambeth young people, with nearly 40% moving into employment or full-time education. 34% of registered young people were long term unemployed, 25% had a special educational need or a disability, and 14 % were involved in the criminal justice system, with a significant number having more than one of these characteristics.

Over the course of the programme, we have piloted a new approach to grant-making which involves working with partners to shape a common agenda and shared vision for the work. Walcot has convened six partnership learning days, coffee mornings and various other events and networking opportunities helping to build trust and collaboration across the network. This has led to some exciting new initiatives, such as joint recruitment drives and a BounceBack social media takeover.

The Foundation has asked the social impact experts 'Rocket Science' to evaluate these initiatives and in early 2023 they produced a year 1 update report outlining progress so far. They commended the flexible framework of the Foundation's programme. The Foundation has now recruited new organisations to meet shifting needs and to achieve significant success in reaching those who have the greatest barriers to employment. The report highlighted that the partnership and networking opportunities had been successful with the Job Transition Grants – a £500 bonus paid to those who secure work to help with some of the initial costs of starting a new job – highly valued.

In January 2023, a third and final year of BounceBack was authorised by the Walcot Governors, using a mix of underspend from the original £2,000,000 budget and funds from the 2023/24 grant budget. This final year will allow us to go even further in adapting the programme to ensure we are meeting the needs of young people who continue to be impacted by the repercussions of the pandemic. We will fund a smaller group of some 10 specialist organisations, who will work even more closely to help people who are furthest removed from the labour market. This funding will ensure the continuation of the BounceBack project until September 2024. A celebration and learning event, to review what has been achieved, is now planned for early 2025.

## **COST OF LIVING CRISIS – OUR RESPONSE**

The cost of living crisis has been causing significant hardship to many Lambeth residents, and local organisations are facing the twin struggles of their own rising costs coupled with increased demands for services.

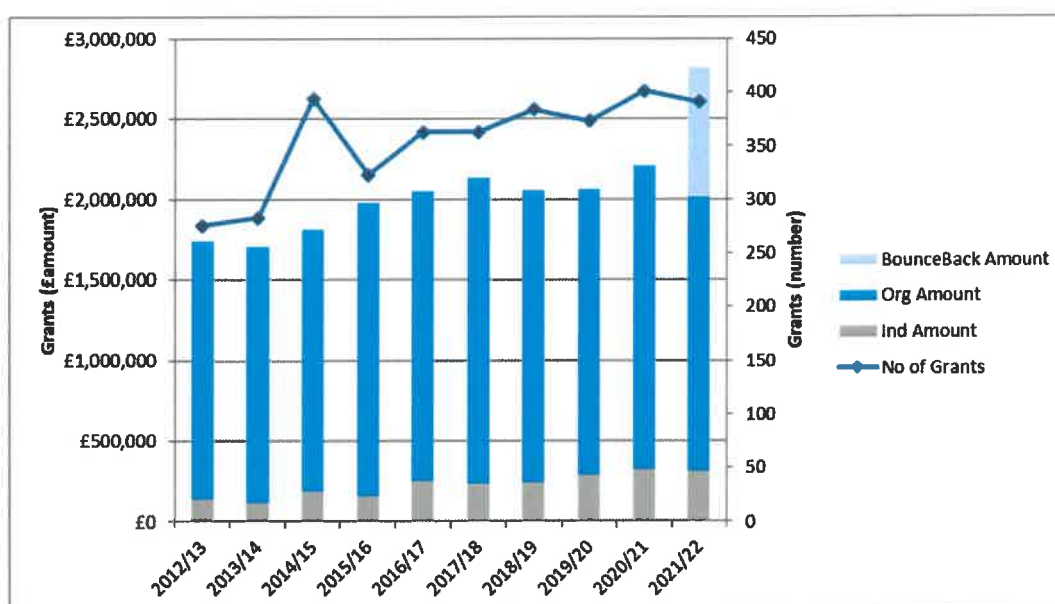
In response to this, the Governors of the Walcot Foundation in the 2022/23 financial year added an additional £300,000 to our grants budget in order to provide some assistance. Other local charities took similar steps.

The Foundation's help included:

- *Support for Lambeth residents in crisis:* A £50,000 grant was made to Norwood and Brixton Foodbank to enable the four Lambeth Trussell Trust foodbanks to provide supermarket vouchers and energy top-up payments to foodbank guests.
- *Increased support to individual grantees:* Walcot university student grants were increased from £1,500 per year to £1,800 per year. All new applicants can apply for that increased maximum (additional total cost - £60,000).
- *Support to local organisations:* Cost of living crisis top-up grants were made to local organisations with currently funded projects – total top-up costs £190,000. This was to help organisations (in a small way) with the increased costs over the winter. The size of these grants was linked to the turnover of the organisation as follows: under £50,000 turnover – £1,500 grant; £50,000-£500,000 turnover – £3,000 grant; £500,000-£1,000,000 turnover – £5,000 grant. These grants were unrestricted and the results did not need to be reported on by the recipients.

## GRANTMAKING BUDGET

Information in blue shows the sums paid to organisations. Light blue relates to BounceBack and dark blue to other organisations/schools. Information in grey shows the sums paid directly to individual grantees.



### Grants by value and recipient type

Grants to	Smallest	Largest	Average
Individuals	£90 (£30)	£4,300 (£4,000)	£1,344 (£1,252)
Organisations (Small Grant Stream)	£585 (£690)	£10,000 (£10,000)	£4,101 (£6,128)
Organisations (Large Grant Stream)	£11,000 (£11,830)	£61,173 (£53,873)	£27,958 (£28,760)

The amounts shown in brackets are the corresponding amounts in the year 2021/22.

## GRANTS WE MADE DIRECTLY TO INDIVIDUALS

- Last year, grants paid directly to individuals increased by 21% in volume and 22% in total value. We made 304 awards in 2022/23 compared with 252 in the year before.
- The number of grants to individuals for vocational courses continued to increase – 42% of student grant approvals compared to 34% in 2021/22. We will continue to promote this service through Lambeth College, local grantee organisations and Centre 70 student advisor community sessions.
- We made fewer rehousing grants in 2022/23 – 21 compared with 39 in 2021/22. Of these grants, three went to young people in need of independent accommodation and 18 to those who needed alternative accommodation because of domestic violence.
- Grants to cover bankruptcy fees remained static. We awarded five grants (five in 2021/22).
- Grant recipients by gender were 67% female and 33% male. The percentages in 2021/22 were 65% female and 35% male.
- Grant recipients by ethnicity were 65% (63%) Black/Black British; 15% (16%) White/White British; 11% (9%) Mixed; 3% (5%) Asian/Asian British; 6% (8%) Other. The percentages for these groups in 2021/22 are stated in brackets after the figure for 2022/23.

## EXAMPLES OF GRANTS TO INDIVIDUALS AND WHAT INDIVIDUAL GRANTEES SAID

- **'R'** (Grant towards the costs of studying for a degree in Children's Nursing)  
*"This grant has given me the chance to not worry about the expenses whilst on placement. My travel expenses and expenses including food at hospitals were covered. It has given me a smooth transition into university. Whilst also being academically focused I also had the chance to enjoy my first year at university by joining societies and attending events."*
- **'M'** (Grant towards the costs of studying for a degree in Criminology)  
*"It took a massive financial burden off my shoulders. I wouldn't have had as much time to focus on my studies and I would be worrying about having a job to fund me for university essentials while also currently dealing with the family situation of my mother being ill."*
- **'S'** (Grant towards the costs of studying for a degree in Diagnostic Radiotherapy)  
*"The student bursary and childcare grant has enabled me to purchase the necessary resources and equipment required for me to achieve a very good grade. It equally prevented me from having an early drop-out that could occur if I was not adequately supported with childcare cost to maintain a great attendance both while at university and on placement."*
- **'P'** (Grant towards the costs of studying for a degree in History and French)  
*"The Walcot grant enabled me to have more time dedicated towards my studies. Previously I had worked part-time which had negatively impacted my grades but I was able to significantly improve because the grant supported me in providing for basic necessities."*

## GRANTS TO SCHOOLS, PROJECTS AND ORGANISATIONS

We make grants to schools, projects and organisations as a means of reaching individuals who are at the heart of our charitable purpose. Our grant-making priorities are:

- 1 To directly support academic achievement, particularly projects that help close the attainment gap between pupil premium<sup>1</sup> children/young people and their peers.
- 2 To address student (re)engagement with school, particularly in transition years and for students at risk of exclusion.
- 3 To respond to the mental health needs of children, young people and their parents/carers.
- 4 To help young people (under 30) into employment.
- 5 To improve access by our target group (low-income Lambeth households) to advice services, particularly in the fields of debt, housing, and employment.

### Of our grants this year to schools, projects, and organisations

Age range of beneficiaries (2021/2022 distributions bracketed)

- 0-4 years: 2% (2%)
- 5-11 years: 30% (16%)
- 11-18 years: 19% (17%)
- 18-29 years: 37% (46%)
- 30+ years: 3% (3%)
- Undefined: 10% (15%)

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<sup>1</sup> Pupil premium pupils are those who have been recorded as eligible for free school meals (FSMs) at any time in the past 6 years. Pupil Premium also includes children of families who have no recourse to public funds and children who are looked after by a local authority, or have been in the past.

The decrease in the 18-29 age-range percentage is attributable to the Foundation securing additional funds for school age children via our collaboration with Impact on Urban Health's Healthy Schools programme (and the majority of this was focused on primary schools). This broadly matched our increased spending for people 18-29 years via our BounceBack programme which is targeted at under-30 youth employment.

Our funding continues to be focused on our strategic priorities: 93% of grants (90% in 2021/22) was spent on removing barriers in education, maximising learning, building employability and providing advice (the remaining 7% was spent on educational field trips and the immediate relief of need).

Of grants to schools, 70% went to primary schools (62% in 2021/22), 23% went to secondary schools (30% in 2021/22) and 7% to special schools (8% in 2021/22). This weighting to primary schools is partly the result of past decisions. It is also attributable to primary schools having smaller budgets, making their need for external support greater than in secondary schools.

## EXAMPLES OF GRANTS TO SCHOOLS AND ORGANISATIONS

- **MINDHEART CREATIVE THERAPIES**

**Dramatherapy: Creating Wellbeing Together in Schools | £75,000 over three years**

This project will fund creative therapeutic interventions in Lambeth schools providing a mix of 1:1 therapy and small groups focusing on pupil premium pupils. Sessions could involve indirect play, art, music or traditional talking therapy techniques with the aim of building resilience, developing positive behaviour and improving school participation.

- **THE CHILDREN'S LITERACY CHARITY**

**Expert Literacy Lab Programme | £57,584 over three years**

This is continuation funding to help CLC provide dedicated 'Literacy Labs' in both Heathbrook Primary School and Julian's Primary School. In total, the project will help up to 36 children each year with literacy support sessions delivered by senior literacy tutors. This is focused on helping children catch up when they are up to 24 months behind their age-expected literacy levels.

- **CROSSLIGHT ADVICE**

**Crosslight – Lambeth | £73,095 over three years**

Due to increased demand from Lambeth residents, Crosslight will open a new Lambeth branch based in Clapham Park. It will provide debt advice to residents (the equivalent of 2.5 days) and manage a team of trained volunteers. The volunteers' job will be to supplement the advice given and also to provide preventative budgeting advice and courses.

- **RESPEITO**

**Safe Domestic Environment for Portuguese-speaking Families | £88,979 over three years**

The project will employ an Advice Worker to support low-income Lambeth residents from Portuguese-speaking communities who are experiencing domestic violence. Areas of focus include mitigation measures for those who have already been struggling with domestic abuse, preventive actions to deal with domestic tension amongst household members and welfare advice and advocacy.

- **CODE 7**

**'Behind The Scenes' – Family Intervention Project | £79,248 over three years**

The Family Intervention Scheme Worker will work intensively with 12 families over a year in order to create and complete a bespoke support plan. Each plan will be different but is likely to focus on issues such as household finances, housing, education sustainment and employment for immediate family members.

- **SAINT GABRIEL'S COLLEGE**

- Removing Barriers in Education | £25,000 over one year**

- This project will provide counselling services to the school's most deprived pupils with the aim of developing their resilience and well-being and improving their progress in school. The school will also host a Spanish speaking Counsellor for the first time.

- **STOCKWELL PRIMARY SCHOOL**

- Therapy/Outreach Support | £15,752 over one year**

- The project offers art psychotherapy, counselling and outreach family support. Pupils will be identified by school staff as showing particular signs of distress, anxiety, low self-esteem and/or disengagement.

- **JUVENIS**

- Engage & DIVERT | £30,000 over one year**

- This project will offer an additional therapeutic intervention (including family/domestic violence support) to the young people and families with whom Juvenis engage through their existing police custody diversion programme for 10-17 year olds. This 12-week intervention will be in addition to the core work and provide at least 1 extra hour a week of family support/therapy.

For more examples see [walcotfoundation.org.uk](http://walcotfoundation.org.uk)

## EXAMPLES OF THE BENEFITS TO INDIVIDUALS OF OUR FUNDING OF ORGANISATIONS

- **Our grant to Options 4 Change's Family Welfare Officer enabled them to work with 'C'**

- "C is in Year 6 and attends one of the schools worked with. She is very talented and a high achiever in most subjects and school activities. The School's Inclusion Officer referred C's mother to our Drop-In service for a housing matter as it had started to affect C's school attendance, class and study engagement and her grades were falling. The Family Welfare Officer (FWO) undertook an assessment and an action plan was devised. The issues identified included: - inadequate living conditions with serious mice and bed bugs infestation; the family of 7 was living on £250 per month in two rooms on top of a pub, with the older children (aged 14 to 16yrs) living separately elsewhere; mother having to walk most mornings to take the children to two different schools as she was unable to afford the bus fares. Following the intervention of our FWO and the advocacy support provided: the family's No Recourse to Public Funding allowance was increased to £750 and eventually £1,000 per month. The legal referral resulted in the family being rehoused to a 3-bedroom property and are all now living together. Since our interventions C is a lot more settled in school and her grades and attendance have improved and she is more actively engaged in the school."*

- **Our grant to St Stephen's C/E Primary School's Homework Club enabled them to work with 'A'**

- "Child A joined Y4 mid-year under Child Protection. She lives close to school in overcrowded conditions. She has been exposed to domestic violence and her mother is a recovering alcoholic. She was a child whose behaviour was unpredictable and she'd occasionally lashed out at other children, yet often showing a gentle and vulnerable side. Her attendance and participation to Homework club is 100%. Here she has the space, time and support to help her with Homework (English as an Additional Language). Despite the challenges at home, she has made good progress in Reading (6 points), Writing (8 points) and Maths (7 points). She is getting emotional support/counselling via another external agency."*

- **Our grant to Lilian Baylis Technology School's Early Intervention project enabled them to work with 'K'**

- "K concerns: Home issues, school refuser and low mood. Working within a largely task orientated*

*approach the mentor completed direct work with K on the highlighted areas of need which were attendance and homework. Within her initial sessions, the mentor was able to identify the root causes of K's anxieties related to attending school and how these anxieties could be best managed through a number of techniques and achievable goals. The mentor was able to link K's chaotic relationship with her sister to some of the issues that she was facing at school. The mentor not only worked with K but also made contact within the family home as she believed that a different approach from mum and sister would help support her work with K. Over the following weeks and months the school noticed a real improvement in both K's emotional wellbeing and her attendance, to the point where she now has 95% attendance for the summer terms compared with 60% for the autumn term."*

- ◆ **Our grant to Toucan Employment's Lambeth NEET Project enabled them to work with 'N'**  
*"N was referred by the homeless team at the Salvation Army in Lambeth because of her learning difficulty. She also found herself on the street after a fallout with her family. Toucan created an Action Plan to address her immediate and long-term needs. The Toucan adviser liaised with the housing option team to secure a safe accommodation for N and supported with her benefit application. N referred to her local food bank so she could have a stock of food and personal hygiene items from a local charity while waiting for her application to be processed. Each week with her Toucan adviser, N's confidence and self-esteem grew and she was able to communicate much better with her adviser and expressed her passion and long-term dream to get a career in modelling/fashion. With her Toucan Advisor's support N created a CV and attended workshops and job search/training sessions. With her adviser's help, N applied for a mentoring and work placement scheme with Gucci and was shortlisted for an interview. N was referred by her adviser to Smart Works, an organisation which support unemployed women with smart clothes for interview; in addition, she undertook an interview skills workshop with her adviser which gave her more knowledge and confidence to succeed at interview. As a result, N was offered a mentoring /placement with Gucci, as well as support to create her own portfolio. She has been so delighted with her journey from being homeless to now a promising future in her long-term dream career."*
- **Our grant to fund Christ Church Streatham Primary School's Access to Literacy (A2L) Project enabled them to work with 'Z'**  
*"Child Z is a Year 3 girl who was given a diagnosis of dyslexia and then received support through the A2L programme. Her reading and spelling skills were very low at that time. She was reading at the age of a year 1 child, 2 years behind her age-related expectations. She has since received 8 months of literacy support and is starting to make really good progress with her reading and writing skills. She has improved 4 book bands for reading in this time. She is now able to both read and spell all 100 of her high frequency words. She met 5/6 of her targets that had been set. In the initial diagnostic assessment, language difficulties were observed and these have been also noted in the 1:1 teaching sessions, particularly in relation to understanding of a text, general understanding of language and instructions and also through her use of grammar in her writing. The school have now referred Z to the Speech and Language Therapy Service for an assessment. Her teacher notes that, 'Z has become more independent in her literacy learning and is able to construct simple sentences. She has started to write longer pieces and will sometimes use a conjunction to make longer sentences.' Z will continue to have specialist literacy support next year in order to build on her success this year."*

For more examples visit [walcotfoundation.org.uk](http://walcotfoundation.org.uk)

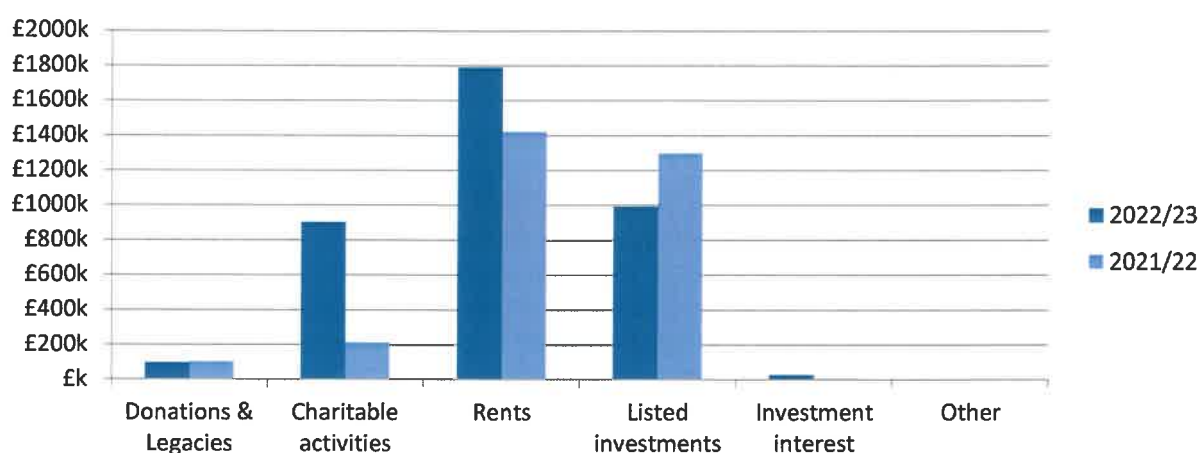
## FINANCIAL REVIEW 2022/23

We are a permanently endowed Foundation. Most of our income is generated by historic assets. We are required to preserve the capital value and to ensure it grows to protect it against the effect of inflation. In this way the charity can assist today's beneficiaries *and* those of the future.

### INCOME

Our income in 2022/23 amounted to **£3,806,347** (2021/22: £3,041,760) a 25.1% increase. Income from our investments, including directly held property, continues to be our primary income source.

2022/23 Income compared with prior year



- **Donations**  
Donations form a small element of our income and vary year by year. This year we received £96,198. £79,674 of this came from Walcot Projects Limited's Gift Aid (2021/2022: £103,101).
- **Charitable activities**  
The Foundation received £902,107 (2021/22: £212,656) from external funders for agreed joint funding of specific projects.
- **Rental income**  
Our largest source of income is in the form of rents from our properties on the Walcot Estate. This year, these amounted to £1,789,964 (2021/22 £1,420,368).
- **Listed investments (equities and stocks)**  
We received £990,605 in dividend income from listed investments (2021/22 £1,298,155).
- **Investment interest**  
Investment interest in 2022/23 amounted to £24,202.
- **Other income**  
£3,271 was received as bank interest and other income.

## EXPENDITURE

Total expenditure was **£5,512,742** (2021/22 £4,182,894: 31.8% increase).

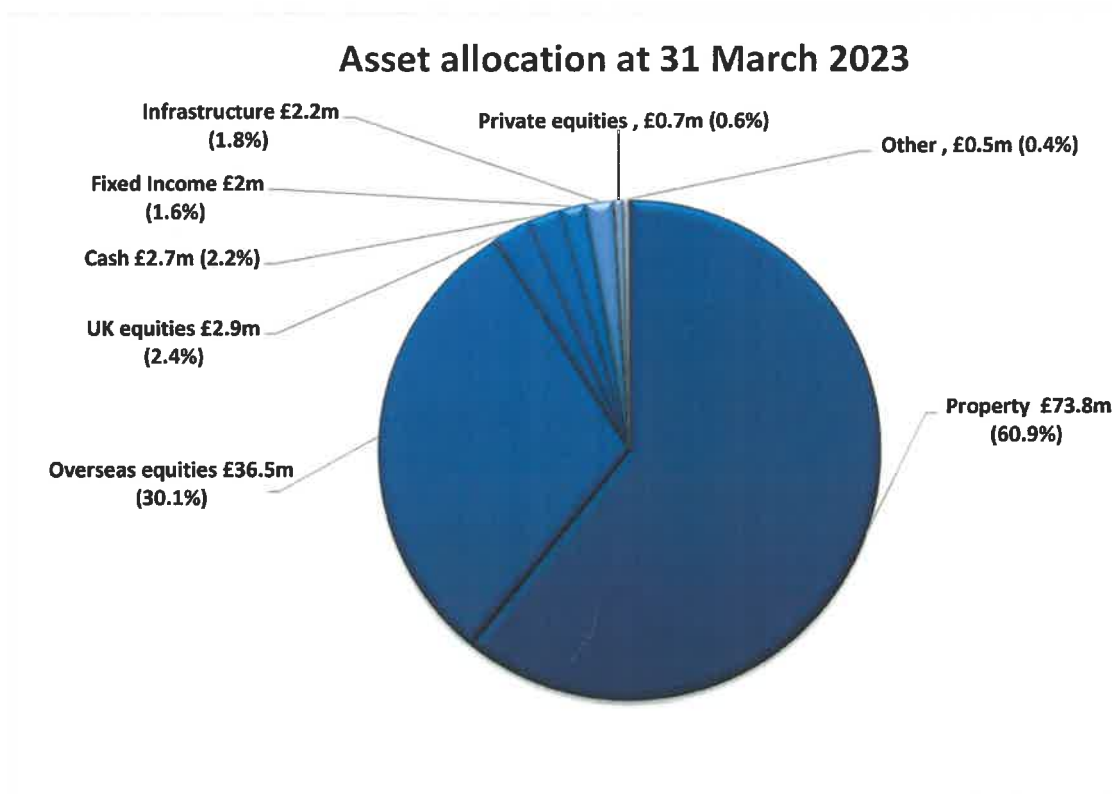
- We spent £4,044,444 in grants (2021/22 £2,821,503: 43.2% increase). This included £857,107 received from Guy's & St Thomas' Charity, and £45,000 from Winn & Coales (Denso) Ltd.
- Our expenditure on generating income was £1,112,839 (2021/22 £1,042,397: 6.8% increase). This includes the full cost of managing our financial investments and property portfolio. The increase over the previous year reflects heightened inflation and its effects on property and other costs.
- Support costs, which include the cost of governance, salaries and other running costs, were £355,460 (2021/22 £318,994: 11.4% increase).

## FUND BALANCES

At the end of the year, our total funds stood at **£122,390,276** (2021/22: £127,043,332: 3.7% decrease). This figure includes the Foundation's investments, the Foundation's tangible fixed assets and the short-term cash at the bank.

## INVESTMENTS

At 31 March 2023, the Foundation's investments (property, stocks and long-term cash at the bank) were valued at **£121,241,156** (2021/22: £125,569,530: 3.4% decrease). 60% of investments is in property, specifically, the Walcot Estate, which includes around 115 mostly residential properties in and around Walcot Square, London SE11. The remaining 40% was represented by a mixture of financial investments made on the advice of the Foundation's investment managers Baillie Gifford and CCLA. The asset allocation is shown below.



### Monitoring investment performance

The Investment Committee reviews the performance of the portfolio every quarter and reports to the Board. Financial investments are benchmarked against the FTSE All Share Index (UK Equities), FTSE All Gilts Index (Fixed Interest), and MSCI All Countries World Index (Overseas Equities). Our property investments are historical and specialised, and we have not found a suitable index against which to benchmark them, although we do review the income and yields informally against internet rental income indices such as [lendinvest.com](http://lendinvest.com) and [londonpropertywatch.co.uk](http://londonpropertywatch.co.uk).

Across all investments and property, the total return (income plus capital growth) for the year was -£141,890 (-0.12%) and the yield, as measured by income for the past twelve months divided by valuation at 31 March 2023, was 2.31%. Our practice is to undertake a full valuation of our property portfolio every five years, a desktop valuation annually, and individual 'top-up' valuations as needed (for example, where residential properties revert from registered rent status and are significantly refurbished and then let at market rents). The last full valuation was as at 31 March 2021 and the next will be in 2026. The yield on the property portfolio (as measured by rental income for the year divided by valuation at 31 March 2023) was 2.4%, the relatively low yield being a function of the relatively high value of London property and of the number of registered rent tenancies.

Our financial investments were valued at £48,202,599 (2021/22: £52,686,543). The decrease in value is mostly attributable to the fall in equity markets. The total return for the year on financial investments was -4% and the yield on the portfolio was 2.1%.

### LONG-TERM INVESTMENT POLICY

Our investment goals are –

- to generate enough income from our investments to meet the needs of current beneficiaries
- to ensure our investments grow in value to meet the needs of future beneficiaries
- to maintain the integrity of the Walcot Estate and to maximise rental income
- to align our investment strategy to our values. This means –
  - being as rigorous in our selection of investment products as we are in our grant-making, and not to invest in any products or funds that we do not understand
  - investing responsibly
  - providing a high-quality service to reliable tenants, so maximising rental income in the long term by bringing the benefit of well-maintained property, low tenant turnover and a minimum of voids.

The portfolio is currently divided as indicated in column 2 below, the target range of minimum and maximum values of each class of asset being as shown in columns 3 and 4.

ASSET	PORTFOLIO	MIN	MAX
Property	60.9%	30%	66%
Equities	32.5%	30%	70%
Alternatives and fixed income	4.4%	0%	10%
Cash and short-term investments	2.2%	0%	20%
Total	100%		

## RISK

We keep under review the risks facing the Foundation. These are set out in a Risk Register which adopts a measured approach and identifies material risks, considers their severity and probability and identifies the measures needed to limit or avoid them. The Foundation is less vulnerable to many of the risks faced by other third sector (charity) bodies. Our income is more secure and we do not provide services that carry inherently higher risk levels (for example, direct services to vulnerable groups or running charity retail outlets). The Governors collectively use their expertise and skill to help us continually review this position.

We see the principal risk facing the Foundation as being loss of income (and the erosion of spending power as inflation rises) and the consequent effect on our ability to fulfil our present charitable goals.

Our policy is to

- review our Investment Policy (which applies to both financial investment and management of our property portfolio) as needed and at least biennially
- keep the nature and amount of grants under review
- diversify our listed investments – geographically, by asset type, and between investment managers
- pro-actively manage our properties to minimise voids
- have an active Investment Committee with governor-members who embody a range of relevant skills
- take professional specialist advice as required

## RESERVES POLICY

At 31 March 2023, the Foundation's funds were –

	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total £
Walcot Educational Foundation	97,466,144	5,742,150	7,505,516	110,713,811
Hayle's Charity	8,760,852		1,254,695	10,015,547
The Lady Cynthia Charity	1,496,012		164,907	1,660,918
	<b>107,723,008</b>	<b>5,742,150</b>	<b>8,925,118</b>	<b>122,390,276</b>

The unrestricted funds represent our available reserves. Our policy had been to hold reserves sufficient to ensure the full continuity of our operations for up to 15 months (equal to £4,661,710). We explain the need for reserves in these terms: to stabilise grant-making at times when investment income is below expectation; to set aside sufficient funds for future property maintenance and development; and to retain capacity to respond to unexpected opportunities.

Liquidity and cash needs are reviewed every quarter and reserves every six months.

## OTHER ACTIVITY

During the year, Marcia Asare took up the post of Director in April 2022

### Honorary Advisers

We appoint Honorary Advisers to give a perspective from their area of expertise. They attend meetings of the committees to which they are appointed. During this year one Honorary Adviser, Rowena White, was appointed to the Investment Committee.

## PLANS 2023/2024

- To launch an organisational place-based strategy.
- To develop a financial strategy.
- To ensure the effective implementation of the third and final year of the BounceBack programme.
- To obtain an acceptable planning decision on the Bishop's Terrace development.
- To run a successful Governor recruitment campaign.
- To undertake a comprehensive review of the Foundation's structure and framework for its property management.
- To review and further build the operational capacity of the team, to successfully deliver against the Foundation's aims.
- To conduct a biennial review of our Strategic Investment Policy.
- To appoint and successfully induct two new Governors.
- To successfully induct a new Chair (from July 2023).

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### CONSTITUENT CHARITIES

We have four constituent charities: **The Walcot Educational Foundation** (312800), **The Hayle's Charity** (312800-1), **The Walcot Non-Educational Charity** (312800-2) and **The Lady Cynthia Charity** (312800-3) – formerly the Cynthia Mosley Memorial Fund, renamed during the year. Our charities, notably the Hayle's Charity, subsumed numerous other smaller charities over the years including those of Roger Jeston (1622), Noel Caron (1623), Alice Easton (1640), William Hind (1655), Margaret Oakley (1672), Thomas Rich (1672), John Scaldwell (1678), Thomas Cooper (1695), Jacob Vanderlin (1704), Ralph Snow (1707), Bryan Turberville (1718), Countess of Gower (1721), Hayes Fortee (1783), Jane Wakeling (1786), John Course (1786), Richard Robert (1807), Mary Oakley (1812), Elizabeth Lambert (1814), John Pickton (1821), Grace Fenner (1828), Mary Chapman (1831), Eleanor Dodson (1847), Elizabeth Edridge (1848), Robert Frost (1860) and Harry Clapham (1948).

### TRUSTEE BODY

The Walcot & Hayle's Trustee (registered at Companies House as 6133849) is recognised by the Charity Commission as the sole trustee of our four constituent charities.

## WALCOT PROJECTS LIMITED

This is a company limited by guarantee and registered in 2018. It is owned by Walcot Educational Foundation and manages the development of new property holdings. Its profits are gifted to the Foundation.

## POLICY ON GOVERNOR EXPENSES

There is a policy on Governor expenses which was adopted by the Board on 17 November 2015.

## GOVERNORS, OFFICE HOLDERS AND MEETINGS

The following served as Governors of the Foundation during 2022/2023.

GOVERNOR	YEAR APPOINTED	NOTES
Michelle Agdomar	2015	Grants Committee. On leave from December 2022.
Richard Allnutt	2013	Investment Committee; F&GP Committee.
Thomas Anderson	2020	Formerly Hon Adviser. Investment & F&GP Committees.
Donatus Anyanwu	2020	Lambeth Council nominee.
Angus Boag	2022	Appointed 15 March 2022.
Michelle Bogle	2020	F&GP Committee.
Alice Chapple	2016	F&GP Committee (Lead Governor Audit); Grants Committee.
Rezina Chowdhury	2018	Lambeth Council nominee.
Teresa Clay	2013	Chair of Governors; Investment, F&GP (Chair) & Grants Committee.
Helen George	2016	Grants Committee (Chair).
Frances Greenburgh	2013	Grants Committee.
Andrien Meyers	2020	Investment Committee.
Michael Marshall	2022	Appointed 15 March 2022.
Glencora Senior	2016	Investment Committee (Chair); F&GP Committee.
Simon Taylor	2016	Investment Committee.

Governors serve a term of three years and, subject to re-election, may serve a maximum of three such terms. Governors agreed that Richard Allnutt, Teresa Clay and Frances Greenburgh should extend their service for one year as provided for in the Articles, in order to provide continuity in a time of transition.

Fitness to serve, trustee disqualification, third-party links and actual or potential conflict of interest declarations were made by Governors and key staff and the results reported to the Board. This is an annual exercise.

### *Meetings: Board and Committees*

In 2022-2023 the following met –

<b>Board</b>	Six meetings
<b>Finance &amp; General Purposes Committee</b>	Three meetings
<b>Grants Committee</b>	Five meetings
<b>Investment Committee</b>	Four meetings

During the year Teresa Clay served as Chair of the Governors; Helen George served as Chair of the Grants Committee. Glencora Senior served as Chair of the Investment Committee. Alice Chapple continued to serve as Lead Governor on audit matters and Michelle Bogle continued to serve as Lead Governor on risk matters.

## RECRUITMENT, APPOINTMENT AND INDUCTION OF NEW GOVERNORS

We have in place established methods of supporting the induction of new Governors. These include structured meetings with staff, a Governors' Handbook and briefings on key aspects of the role and the Foundation, assets, financial systems and controls, grant-making practices, policies, governance structures and other relevant information.

## STAFF PAY

For all staff except the Director, pay is directly linked to an external salary structure, one used by many charities and elements of the public sector. Each role (Finance Manager, Grants Administrator, Grants Manager, Grants Officer and Property and Estate Manager) is linked to a range of incremental spinal points on that scale. Staff may progress one spinal point on each anniversary of their appointment subject to a positive appraisal, until the top of their range is reached. Cost of living increases, when adopted by the external index, are paid by the Foundation to all staff. In 2014/15 the Director's pay was unhitched from this arrangement and is reviewed annually by the Chair of the Governors and every five years by the Finance and General Purposes Committee (F&GP). For all staff, the Foundation contributes 10% of gross pay to a recognised pension scheme chosen by the employee (legacy percentages apply to some staff).

## ADMINISTRATIVE

### REGISTERED ADDRESS AND WWW DOMAIN

127 Kennington Road London SE11 6SF | [www.walcotfoundation.org.uk](http://www.walcotfoundation.org.uk)

### STAFF

As at 31 March 2023 we employed seven members of staff of whom six were full time and one part-time (full time equivalent: 6.6):

Marcia Asare	Executive Director
Techia Braveboy *	Grants Administrator
Daniel Chapman	Grants Manager
Daniel Hogan	Grants Officer
Leigh Ogden	Grants Officer
David Paterson	Property and Estate Manager
Djilali Teffah	Finance Manager

*\*Part-time*

## PUBLIC BENEFIT

We are required to show that the Foundation's charitable objects or aims are for the public benefit, known as the 'public benefit requirement'. Ours fall within the first two descriptions set out in the Charities Act 2011: (a) the prevention or relief of poverty, and (b) the advancement of education.

We confirm that in exercising our powers we have complied with the duty to have due regard to the guidance on public benefit published by the Charity Commission. The identifiable public benefit provided by the Walcot Foundation is in the making of grants for the relief of poverty amongst those residents within our area of benefit who meet our eligibility criteria. The focus of awards made from the Walcot Educational Foundation is that of advancing the education (broadly defined) of beneficiaries in such ways as are likely to permanently improve their prospects of employment and to break cycles of deprivation.

### Statement of the Board's Responsibilities

The Board is responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The law applicable to charities in England & Wales requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Governors 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 accounting standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charities and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the charity's governing instrument.

The Governors are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

*The Governors*

**Approved by The Walcot & Hayle's Trustee Board on 15 November 2023 and signed on its behalf by**

  
\_\_\_\_\_

Chair

*Case studies are cited with the consent of beneficiaries. Initials are used in place of names.*

**WALCOT FOUNDATION**  
**INDEPENDENT AUDITOR'S REPORT**  
**YEAR ENDED 31 MARCH 2023**

**Independent Auditor's Report to the Trustees of Walcot Foundation**

**Opinion**

We have audited the financial statements of Walcot Foundation for the year ended 31 March 2023, which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 March 2023, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

Our responsibilities and the responsibilities of the trustee 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 trustee is 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 there is 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.

**WALCOT FOUNDATION**  
**INDEPENDENT AUDITOR'S REPORT (Continued)**  
**Year Ended 31 MARCH 2023**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

**Responsibilities of trustee**

As explained more fully in the trustee's responsibilities statement set out on page 19, the trustee is 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 trustee determines 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 trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Conclude on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

**WALCOT FOUNDATION**  
**INDEPENDENT AUDITORS REPORT (Continued)**  
**Year Ended 31 MARCH 2023**

disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.

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

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

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

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

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

Our approach was as follows:

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

**WALCOT FOUNDATION**  
**INDEPENDENT AUDITORS REPORT (Continued)**  
**Year Ended 31 MARCH 2023**

**Use of our report**

This report is made solely to the charity's trustee, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustee as a body for our audit work, for this report, or for the opinion we have formed.

*Moore Kingston Smith LLP*

.....  
**Statutory auditor**

Date: 20 November 2023

6<sup>th</sup> Floor  
9 Appold Street  
London  
EC2A 2AP

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

**WALCOT FOUNDATION  
GLOSSARY  
YEAR ENDED 31 MARCH 2023**

<b>Term</b>	<b>Definition</b>
WEF	Walcot Educational Foundation
WNEC	Walcot Non-Educational Charity
TLCC	The Lady Cynthia Charity

**WALCOT FOUNDATION  
STATEMENT OF FINANCIAL ACTIVITIES  
YEAR ENDED 31 MARCH 2023**

	Notes	Unrest- ricted Funds £000	Rest- ricted Funds £000	Endow- ment Funds £000	Total 2022/23 £000	Unrest- ricted Funds £000	Rest- ricted Funds £000	Endow- ment Funds £000	Total 2021/22 £000
<b>INCOME AND ENDOWMENTS FROM:</b>									
Donations and legacies	3	96	0	0	96	103	0	0	103
Charitable activities	4	0	902	0	902	0	213	0	213
Investments	5	2,786	22	0	2,808	2,705	21	0	2,726
<b>TOTAL</b>		<b>2,882</b>	<b>924</b>	<b>0</b>	<b>3,806</b>	<b>2,808</b>	<b>234</b>	<b>0</b>	<b>3,042</b>
<b>EXPENDITURE ON:</b>									
<b>Raising Funds</b>	6								
Investment management costs		46	61	275	382	54	68	320	442
Property costs		378	335	18	731	337	263	0	600
		<b>424</b>	<b>396</b>	<b>293</b>	<b>1,113</b>	<b>392</b>	<b>131</b>	<b>320</b>	<b>1,042</b>
<b>Charitable Activities</b>	7								
Grants payable	19	4,035	9	0	4,044	2,806	15	0	2,821
Grant-making support costs		356	0	0	356	319	0	0	319
		<b>4,391</b>	<b>9</b>	<b>0</b>	<b>4,400</b>	<b>3,125</b>	<b>15</b>	<b>0</b>	<b>3,140</b>
<b>TOTAL</b>		<b>4,814</b>	<b>405</b>	<b>293</b>	<b>5,513</b>	<b>3,517</b>	<b>346</b>	<b>320</b>	<b>4,183</b>
Net gains on investments		(321)	(206)	(2,419)	(2,947)	(550)	490	235	175
<b>NET INCOME</b>		<b>(2,253)</b>	<b>313</b>	<b>(2,713)</b>	<b>(4,653)</b>	<b>(1,259)</b>	<b>378</b>	<b>(85)</b>	<b>(966)</b>
<b>TRANSFER BETWEEN FUNDS</b>		897	(897)	0	0	668	(668)	0	0
Net movement in funds		(1,355)	(585)	(2,713)	(4,653)	(591)	(290)	(85)	(966)
Reconciliation of funds:									
<b>TOTAL FUNDS brought forward at 1 April 2022</b>		<b>10,281</b>	<b>6,327</b>	<b>110,436</b>	<b>127,043</b>	<b>10,871</b>	<b>6,617</b>	<b>110,521</b>	<b>128,009</b>
<b>TOTAL FUNDS carried forward at 31 March 2023</b>		<b>8,925</b>	<b>5,742</b>	<b>107,723</b>	<b>122,390</b>	<b>10,281</b>	<b>6,327</b>	<b>110,436</b>	<b>127,043</b>

**WALCOT FOUNDATION  
BALANCE SHEET  
YEAR ENDED 31 MARCH 2023**

	Notes	2023 £000	2022 £000
<b>FIXED ASSETS</b>			
Tangible assets	10	1,617	1,569
Investments	11	<u>121,241</u>	<u>125,569</u>
		<b><u>122,858</u></b>	<b><u>127,138</u></b>
<b>CURRENT ASSETS</b>			
Debtors	12	324	335
Cash at bank and in hand		<u>641</u>	<u>673</u>
		<b><u>965</u></b>	<b><u>1,008</u></b>
<b>CREDITORS: amounts falling due within one year</b>	13	1,432	1,103
<b>NET CURRENT LIABILITIES</b>		<u>(468)</u>	<u>(95)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>122,390</u></b>	<b><u>127,043</u></b>
<b>FUNDS</b>			
<b>ENDOWMENT FUNDS</b>		107,723	110,436
<b>RESTRICTED FUNDS</b>		5,742	6,327
<b>UNRESTRICTED FUNDS</b>		8,925	10,281
		<u>122,390</u>	<u>127,043</u>

These financial statements were approved by the Board of Trustees on 15 November 2023 and signed on its behalf by:

Chair *Ancethapple*  
Date: *15/11/2023*

**WALCOT FOUNDATION  
STATEMENT OF CASH FLOWS  
YEAR ENDED 31 MARCH 2023**

	2022/23 £000	2021/22 £000
<b>Cash flows from operating activities:</b>		
<i>Net cash used in operating activities</i>	<u>(3,751)</u>	<u>(3,881)</u>
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments	2,808	2,726
Purchase of property, plant and equipment	0	0
Proceeds from sale of investments	2,000	0
Purchase of investments	(1,166)	(2,160)
Investment management fees paid	(123)	(156)
<i>Net cash provided by investing activities</i>	<u>3,519</u>	<u>410</u>
<b>Increase in cash and cash equivalents</b>	<u><u>(232)</u></u>	<u><u>(3,471)</u></u>
<i>Change in cash and cash equivalents in the reporting period</i>	(232)	(3,471)
Cash and cash equivalents at the beginning of the reporting period	<u>2,004</u>	<u>5,475</u>
<i>Cash and cash equivalents at the end of the reporting period</i>	<u><u>1,772</u></u>	<u><u>2,004</u></u>

**Reconciliation of net income/(expenditure) to net cash flow from operating activities**

<i>Net income for the reporting period (as per the statement of financial activities)</i>	<u>(4,653)</u>	<u>(966)</u>
<b>Adjustments for:</b>		
Depreciation charges	2	2
Investment manager fees paid	123	156
Movement in the market value of investments	3,244	(175)
Dividends, interest and rents from investments	(2,808)	(2,726)
(Increase)/decrease in debtors	11	61
Increase/(decrease) in creditors	329	(233)
<i>Net cash used in operating activities</i>	<u>(3,751)</u>	<u>(3,881)</u>

**ANALYSIS OF CASH AND CASH EQUIVALENTS**

Cash in hand	641	673
Cash held as investments	1,000	1,200
Notice deposits (less than 30 days)	<u>131</u>	<u>131</u>
Total cash and cash equivalents	<u><u>1,772</u></u>	<u><u>2,004</u></u>

**WALCOT FOUNDATION  
ANALYSIS OF CHANGES IN NET CASH  
YEAR ENDED 31 MARCH 2023**

	<b>At start of year</b>	<b>Cashflows</b>	<b>At end of year</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash	673	(32)	641
Cash held as investments	1,200	(200)	1,000
Cash held with notice less than 30 days	131	0	131
<b>TOTAL</b>	<b>2,004</b>	<b>(232)</b>	<b>1,772</b>

**WALCOT FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2023**

**1 CHARITY INFORMATION**

The charities are registered with The Charity Commission (registration numbers 312800, 312800-1, 312800-2, 312800-3), are domiciled in the UK and are public benefit entities. The address of the registered office is 127 Kennington Road, London SE11 6SF. Further information is given in the accounting policies below.

**2 ACCOUNTING POLICIES**

**a) Going concern**

The Governors have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Foundation to continue as a going concern. They have made this assessment for a period of at least one year from the date of approval of these financial statements. In particular, the Governors have considered the Foundation's forecasts and projections and have taken account of pressures on property values and investment income, especially in the light of the impact of the COVID-19 pandemic. After making enquiries they have concluded that there is a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. The Foundation therefore continues to adopt the going concern basis in preparing its financial statements.

**b) Basis of preparation**

Walcot Foundation is the working name for the group of four charities administered by the Walcot and Hayle's Trustee Company, which is the corporate trustee for each of the four charities. Three of the charities: the Walcot Educational Foundation (WEF), the Walcot Non-Educational Charity (WNEC) and the Hayle's Charity, were united by a Charity Commission uniting order dated 26 March 2007. A fourth charity, The Lady Cynthia Charity (TCLL), joined the group when its trusteeship was transferred to the Walcot & Hayle's Trustee Company by a Charity Commission Scheme on 23 June 2009. These financial statements are the aggregated accounts for the four separate charities and include all the funds of the four charities.

The funds of the Walcot Educational Foundation (WEF) are regulated by the Scheme of 6th February 1991, as amended by the Order of 24 August 2004, by the Resolution of 5 October 2004, by the Scheme dated 26 March 2007, and by the Scheme dated 14 October 2015. The funds of the Hayle's Charity are regulated by the Scheme of 31 January 1990, as amended by the Scheme of 26 March 2007. The funds of the Walcot Non-Educational Charity (WNEC) are regulated by a Scheme of 1974, as amended by the Scheme of 26 March 2007. The funds of The Lady Cynthia Charity (TCLL) are regulated by the Declaration of Trust dated 1 January 1936, as amended by schemes of 23 January 1951, 6 December 1965, 27 September 1995, and 23 June 2009.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014.

The accounts have been prepared under the historical cost convention, except for investments and property fixed assets which are at market value at the balance sheet date, and in accordance with applicable accounting standards and the Statement of Recommended Practice '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), and the Charities Act 2011.

**WALCOT FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2023**

The Walcot Foundation's subsidiary, Walcot Projects Limited, has been excluded from consolidation as its inclusion is not material for the purposes of giving a true and fair view.

The Walcot Educational Foundation, the Hayle's Charity and The Lady Cynthia Charity have permanent endowments, which they must retain intact as the charities' capital. These permanent endowments are invested in fixed assets either used by the charities or to provide income for the charities' activities.

After making enquiries, the Governors have a reasonable expectation that the Walcot Foundation has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Governors' Responsibilities above.

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 thousand pounds.

**c) Investments**

Investment assets are stated at their market value at the balance sheet date. Gains and losses on revaluations and on investment asset disposals are taken to the accounts in which the investments are held, as disclosed in the statement of financial activities.

Investment properties desktop valuation takes place every year as per the new requirement and a full external re-valuation is conducted every five years. When governors believe there has been a significant change in the property market value, a new external valuation can be conducted. The last external desktop valuation was carried out on 31 March 2023 and the last external full valuation was carried out on 31 March 2021, both by Cluttons LLP. The results have been reflected in these financial statements and the Governors are of the opinion that this method of valuation is appropriate for the purpose of these financial statements.

**d) Tangible Fixed Assets and Depreciation**

Operational property assets are part of the endowment of the Walcot Educational Foundation (WEF) and are included in tangible fixed assets of the charity and shown at their current value at the balance sheet date, with regular revaluations. They are maintained in such a condition that their residual value is at least equal to their carrying value and the Governors carry out an annual impairment review to ensure that this is so. As a result, no depreciation is charged on them. Computers and equipment costing more than £2,000 are capitalised and included at cost, and are written off over the estimated useful life of three years through the Statement of Financial Activities.

**e) Fund Accounting**

**Endowment funds**

The Walcot Educational Foundation (WEF), the Hayle's Charity and The Lady Cynthia Charity have permanently endowed assets, which provide unrestricted income to the WEF General Fund, the Hayle's General Fund and The Lady Cynthia Charity General Fund respectively.

**Restricted funds**

The application of WEF's income is governed by the Charity Commission Scheme, which permits WEF to allocate up to 18% of its income to a Rebuilding and Repairs Fund (R&R fund). This fund is treated as a restricted fund and has its own investment assets, but income generated from its assets is now credited to the WEF General Fund, as permitted by the Scheme, as the R&R fund is judged to be large enough for the charity's present needs.

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

In addition, WEF has the St Thomas' Fund, and the Townsend fund, restricted capital funds arising from gifts to WEF in 1995 and 2015 respectively. Both The St Thomas' fund and the Townsend Fund have their own investment assets, the income from which is credited to the St Thomas' Income Fund, and the Townsend Income Fund respectively.

**Unrestricted funds**

All four charities have their own general funds, which are applied according to the Schemes governing the charities.

**f) Income**

Income from listed investments, unit trusts and common investment funds is accounted for by reference to the date on which distributions are receivable. Investment interest and rental income is accounted for on an accruals basis.

Donations and voluntary income are applied to the purposes expressed by the donor, if applicable, and are accounted for when receivable.

**g) Resources Expended**

Costs incurred by each charity directly are assigned to that charity and all expenditure is accounted for on an accruals basis. Almost all the operational costs of the four charities, including the employment of all staff are borne by the Walcot Educational Foundation (WEF) unless otherwise stated.

Apart from grants paid, the Hayle's Charity and The Lady Cynthia Charity incur directly only investment management fees and some other small costs. Each pays an annual service charge to the Walcot Educational Foundation (WEF) as a contribution towards the costs of grant-making and governance. The Walcot Non-Educational Charity (WNEC) incurs no direct costs, other than grants paid.

The following headings are used for the analysis of expenditure:

**Cost of Raising Funds** – Costs relating to the management of investments – e.g. valuation fees, investment managers' and surveyors' fees, management, maintenance and improvement of investment properties.

**Charitable Expenditure** - Grants are recognised when conditions attaching to their payment have been fulfilled. Grants for which Governors still have further actions to take before releasing them for payment are not recognised in the financial statements but the total value of such grants is disclosed in note 14.

**h) Allocation of Support Costs**

Support costs are allocated to the two areas above on the basis of staff time spent on work in these areas. Included in support costs are the staff costs for those staff who work across the different areas together with the costs of running the office, and governance. Support costs are allocated as follows:

Cost of generating funds	60%
Charitable expenditure	40%

**i) Pensions**

The pension charge represents contributions payable by the Foundation on behalf of employees to independent money purchase pension schemes.

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**j) Significant Judgements and Estimates**

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Valuation of land and buildings and valuation of investment properties. The charities' land and buildings, whether held as investment properties or as tangible fixed assets, are stated at their estimated fair value based on professional valuations as disclosed in Note 11.

The latest professional valuation was carried out in March 2021.

**k) Financial instruments**

The Walcot Foundation has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost).

Financial assets held at amortised cost comprise cash at bank and in hand, short term cash deposits and the group's debtors excluding prepayments. Financial liabilities held at amortised cost comprise the group's short term creditors excluding deferred income and taxation payable. No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 3. DONATION AND LEGACIES**

	2022/23 Unrestricted Funds £000	2022/23 Restricted Funds £000	2022/23 TOTAL £000	2021/22 TOTAL £000
<b>Walcot Educational Foundation</b>				
Donations	14	0	14	7
Gift aid from Walcot Projects Limited	80	0	80	94
	<u>94</u>	<u>0</u>	<u>94</u>	<u>101</u>
<b>Hayle's Charity</b>				
Grants	2	0	2	2
	<u>2</u>	<u>0</u>	<u>2</u>	<u>2</u>
<b>Total Donations and Legacies</b>	<u>96</u>	<u>0</u>	<u>96</u>	<u>103</u>

**Note 4. INCOME FROM CHARITABLE ACTIVITIES**

	2022/23 Unrestricted Funds £000	2022/23 Restricted Funds £000	2022/23 TOTAL £000	2021/22 TOTAL £000
<b>Walcot Educational Foundation</b>				
Grants	0	902	902	213
	<u>0</u>	<u>902</u>	<u>902</u>	<u>213</u>

**Note 5. INVESTMENT INCOME**

	2022/23 Unrestricted Funds £000	2022/23 Restricted Funds £000	2022/23 TOTAL £000	2021/22 TOTAL £000
<b>Walcot Educational Foundation Investment Income</b>				
Rents	1,790	0	1,790	1,420
Listed investments	756	21	777	1,090
Investment interest	24	1	25	7
Bank deposit interest	3	0	3	0
	<u>2,573</u>	<u>22</u>	<u>2,595</u>	<u>2,517</u>
<b>Hayle's Charity Investment Income</b>	184	0	184	180
<b>The Lady Cynthia Charity Investment Income</b>	29	0	29	29
<b>Total Investment Income</b>	<u>2,786</u>	<u>22</u>	<u>2,808</u>	<u>2,726</u>

Restricted income refers to income from the Townsend Fund and the St Thomas' Fund.

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 6 EXPENDITURE ON RAISING FUNDS**

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2022/23 £000	Total 2021/22 £000
<b><i>Walcot Educational Foundation (WEF)</i></b>					
<b><i>Expenditure on Raising Funds</i></b>					
<b><i>WEF Property Investment Expenditure</i></b>					
Staff costs	2	0	0	2	2
Property costs (inc. Insurance & Utilities)	83	0	0	83	80
Surveyors' Fees	3	0	0	3	0
Other Professional Fees	77	0	18	95	64
Routine Walcot Estate maintenance	0	136	0	136	116
Improvement of properties	0	199	0	199	147
	165	335	18	518	409
Support Expenditure (see Note 8)	213	0	0	213	191
<b><i>Total WEF Property Investment Expenditure</i></b>	<b>378</b>	<b>335</b>	<b>18</b>	<b>731</b>	<b>600</b>
<b><i>WEF Investment Management Fees for Financial Investments</i></b>	<b>39</b>	<b>60</b>	<b>198</b>	<b>297</b>	<b>345</b>
<b><i>WEF Total Expenditure on Raising Funds</i></b>	<b>417</b>	<b>396</b>	<b>216</b>	<b>1,028</b>	<b>945</b>
<b><i>Hayle's Charity Investment Management Fees</i></b>	<b>7</b>	<b>0</b>	<b>66</b>	<b>73</b>	<b>84</b>
<b><i>The Lady Cynthia Charity Investment Management Fees</i></b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>11</b>	<b>13</b>
<b><i>Total Expenditure on Raising Funds</i></b>	<b>424</b>	<b>396</b>	<b>293</b>	<b>1,113</b>	<b>1,042</b>

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 7. CHARITABLE EXPENDITURE**

	2022/23 Number	2022/23 £000	2021/22 Number	2021/22 £000
<b><i>Walcot Educational Foundation (WEF) Grants Awarded</i></b>				
Grants to individuals	201	275	159	231
Grants to institutions	210	3,295	114	2,068
<b>WEF total grants awarded</b>	<b>411</b>	<b>3,570</b>	<b>273</b>	<b>2,299</b>
<b><i>Hayle's Charity Grants Awarded</i></b>				
Grants to individuals	4	0	4	0
Grants to institutions	2	50	2	50
<b>Hayle's Charity total grants awarded</b>	<b>6</b>	<b>50</b>	<b>6</b>	<b>50</b>
<b><i>Walcot Non-Educational Charity (WNEC) Grants Awarded</i></b>				
Grants to individuals	99	105	89	81
Grants to institutions	11	319	23	391
<b>WNEC total grants awarded</b>	<b>110</b>	<b>424</b>	<b>112</b>	<b>472</b>
<b><i>The Lady Cynthia Charity (TLCC) Grants Awarded</i></b>				
Grants to individuals	0	0	0	0
Grants to institutions	0	0	0	0
<b>CMMF total grants awarded</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total grants awarded</b>	<b>527</b>	<b>4,044</b>	<b>391</b>	<b>2,821</b>

**Grant-making support costs**

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2022/23 £000	Total 2021/22 £000
Direct grant-making staff costs	207	0	0	207	179
Other direct costs	6	0	0	6	12
	213	0	0	213	191
Support costs (see Note 8)	142	0	0	142	128
	<b>355</b>	<b>0</b>	<b>0</b>	<b>355</b>	<b>319</b>

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 8. SUPPORT COSTS**

	<b>Cost of Generating Funds</b>	<b>Charitable Activities</b>	<b>2022/23 TOTAL</b>	<b>2021/22 TOTAL</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	60%	40%		
Management & Finance Staff costs	157	105	261	251
Premises costs	8	6	14	17
Office expenses	22	14	36	20
Legal & Professional	4	3	7	3
Irrecoverable VAT	5	4	9	9
Audit fees	13	9	22	16
Governance & Annual Review	4	2	6	2
	<b>213</b>	<b>143</b>	<b>355</b>	<b>319</b>

**Note 9. STAFF COSTS**

	<b>2022/23 TOTAL</b>	<b>2021/22 TOTAL</b>
	<b>£000</b>	<b>£000</b>
Wages & salaries	379	342
National insurance costs	46	35
Accrued holiday pay	3	0
Pension & Life insurance costs	41	32
Recruitment & Staff expenses	2	23
	<b>471</b>	<b>432</b>

The average number of employees employed throughout the year was 8. Two employees work part-time, and the full-time equivalent basis (FTE) is 7.4, (2021-22 – average 7, FTE 6.6).

The key management of the charity are the Director, Finance Manager, Grants Manager and Estate & Property Manager.

Their total remuneration (gross pay, employer NI, employer pension and benefits/life insurance) was £307,545 (2021-22: £262,168)

There were two employees whose salary plus pension contribution fell in the £60,001-£70,000 band (2021-22: 2), no employee whose salary plus payment in lieu of an employer pension contribution fell in the £80,001-£90,000 band (2021-22: 0) and one employee whose salary plus payment in lieu of an employer pension contribution fell in the £90,001-£100,000 band (2021-22:1). No other staff exceeded earnings of £60,000.

Pension payable to these means all employees amounted to £21,986 (2021-22: £12,532)

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 10. TANGIBLE FIXED ASSETS**

***Walcot Educational Foundation (WEF) Tangible Fixed Assets***

	<b>Freehold Property £000</b>	<b>Furniture &amp; Equipment £000</b>	<b>Total £000</b>
<b>Cost or Valuation</b>			
As at 1 April 2022	1,565	41	1,606
Additions	0	0	0
Revaluation	50	0	50
Disposal	0	(9)	(9)
At 31 March 2023	<u>1,615</u>	<u>32</u>	<u>1,647</u>
<b>Depreciation</b>			
As at 1 April 2022	0	(37)	(37)
Charge for period	0	(2)	(2)
Disposal	0	9	9
At 31 March 2023	<u>0</u>	<u>(30)</u>	<u>(30)</u>
<b>Net book values</b>			
At 31 March 2023	1,615	2	1,617
As at 1 April 2022	1,565	4	1,569
Historic cost of property (stated as valuation at 1 January 1980, see note 11)	116	0	0

Investment property held within with the Walcot Foundation at 1<sup>st</sup> January 1980 is included in cost at the valuation at that date, and was revalued in March 2023 by Cluttons LLP. All valuations are on an open market basis in accordance with the Royal Institution of Chartered Surveyors' Valuation – Professional Standards, 2014 Edition.

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 11. INVESTMENTS AT  
VALUATION**

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2022/23 £000	Total Funds 2021/22 £000
	£000	£000	£000		
Market value at 1 April 2022 (Restated)	10,332	6,341	108,897	125,569	125,534
Additions at cost	0	0	1,166	1,166	2,160
Disposals at market value	(1,034)	0	(1,166)	(2,200)	(2,300)
Investment management fees deducted from portfolio	(23)	(67)	(207)	(298)	(327)
Net loss on revaluation	(321)	(206)	(2,469)	(2,997)	502
Movement in Investment Assets allocation between funds	397	(319)	(78)	0	0
<b>Market value at 31 March 2023</b>	<b>9,351</b>	<b>5,748</b>	<b>106,142</b>	<b>121,241</b>	<b>125,569</b>

**Analysis of Investments held at 31 March 2023**

Directly held freehold land & buildings	0	0	73,038	73,038	72,883
UK equities	508	348	2,009	2,866	3,363
Overseas equities	6,473	4,433	25,587	36,493	40,355
Fixed income	360	247	1,424	2,031	743
Alternatives	733	502	2,897	4,132	4,332
Cash with investment managers	275	188	1,087	1,551	2,562
Cash on deposit as investment	1,002	30	99	1,131	1,331
<b>TOTAL</b>	<b>9,351</b>	<b>5,748</b>	<b>106,142</b>	<b>121,241</b>	<b>125,569</b>

Freehold property held within with the Walcot Foundation at 1<sup>st</sup> January 1980 is included in cost at the valuation at that date, and was revalued in March 2023 by Cluttons LLP. All valuations are on an open market basis in accordance with the Royal Institution of Chartered Surveyors' Valuation – Professional Standards, 2014 Edition.

Investments held by the charity include a £100 investment (2022: £100) in the subsidiary company, Walcot Projects Limited, and represents 100% of the issued share capital. Walcot Projects Limited was incorporated on 2 August 2018 (registration number 1149713) and its registered office is at 127 Kennington Road, London, United Kingdom, SE11 6SF. The principal activity of Walcot Projects Limited is the provision of design and build services to the Walcot Educational Foundation.

At 31 March 2023 Walcot Projects Limited had no fixed assets, net current assets of £100 and shareholder's funds of £100. Its turnover for the year was £210,107 (2021/22 £1,670,792) and it made a profit of £79,674 (2021/22 £93,835) prior to an accrued Gift Aid distribution of £79,674 (2021/22 £93,835) to the Walcot Educational Foundation.

Net losses on revaluation for 2022/2023, as shown above, are different to the total in the SOFA because the SOFA includes a £50,000 revaluation of freehold property which is included in tangible fixed assets. See Note 10 for details.

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 12. DEBTORS**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<i>Walcot Educational Foundation Debtors</i>		
Rental debtors	29	20
Walcot Projects debtors	80	94
Prepayments	16	23
Accrued income	199	198
	<u>324</u>	<u>335</u>

**Note 13. CREDITORS**

Creditors: amounts falling due within one year

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<i>Walcot Educational Foundation Creditors and Accruals</i>		
Trade creditors	179	135
Deferred income	0	0
Deferred rental income	92	76
Accruals	85	21
Accrued grants	872	713
Other creditors	20	35
	<u>1,248</u>	<u>980</u>
<i>Hayle's Charity Accruals</i>	5	6
<i>WNEC Accruals</i>	178	116
<i>The Lady Cynthia Charity Accruals</i>	1	1
	<u>1,432</u>	<u>1,103</u>

**Note 14. GRANT COMMITMENTS**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Due for payment in 2022-23	969	716
Due for payment in 2023-24	1,109	1,633
Due for payment in 2024-25	398	649
	<u>2,477</u>	<u>2,998</u>

The amounts above have been provisionally approved as grants to be made by the Governors up to the 31 March 2023. As the Governors have further actions to take on them (mostly carrying out progress reviews on each one against performance conditions) before releasing them for payment, they have not been recognised in this year's accounts. No discounting has been applied to grant commitments due in more than one year on the basis that the period over which amounts will be settled are such that any discounting would be immaterial.

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 16. ANALYSIS OF FUNDS MOVEMENTS**

	Balance at 31 Mar 22	Income	Expenditure	Gains/ (losses)	Transfers between Funds	Balance at 31 Mar 23
	£000	£000	£000	£000	£000	£000
<b>Unrestricted Funds</b>						
WEF General Fund	8,980	2,667	(4,358)	(286)	503	7,506
Hayle's General Fund	1,165	186	(57)	(35)	(4)	1,255
WNEC General Fund	0	0	(399)	0	399	0
The Lady Cynthia Charity	136	29	0	0	0	165
<b>Sub-total unrestricted Funds</b>	<b>10,281</b>	<b>2,882</b>	<b>(4,814)</b>	<b>(321)</b>	<b>897</b>	<b>8,925</b>
<b>Restricted Funds</b>						
WEF R & R Fund	5,188	0	(389)	(171)	0	4,628
WEF St Thomas' Income Fund	115	17	0	0	0	132
WEF St Thomas' Capital Fund	846	0	(6)	(31)	0	809
WEF Townsend Income Fund	0	4	(9)	0	5	0
WEF Townsend Capital Fund	178	0	(1)	(4)	0	172
WNEC W&C & Guy's & St Thomas	0	902	0	0	(902)	0
<b>Sub-total restricted Funds</b>	<b>6,327</b>	<b>924</b>	<b>(405)</b>	<b>(206)</b>	<b>(897)</b>	<b>5,742</b>
<b>Endowment Funds</b>						
WEF Endowment fund	99,880	0	(216)	(2,198)	0	97,466
Hayle's Endowment fund	8,983	0	(66)	(156)	0	8,761
The Lady Cynthia Charity	1,573	0	(11)	(65)	0	1,496
<b>Sub-total endowment Funds</b>	<b>110,436</b>	<b>0</b>	<b>(293)</b>	<b>(2,419)</b>	<b>0</b>	<b>107,723</b>
<b>Total Funds</b>	<b>127,043</b>	<b>3,806</b>	<b>(5,513)</b>	<b>(2,947)</b>	<b>0</b>	<b>122,390</b>

The Walcot Educational Foundation (WEF) Scheme directs the allocation of WEF's income: this includes payment of between 10% and 20% of net income after management expenses to the Walcot Non-Educational Charity. In 2022/23, a total of £399,239 (2021/22 £259,627) was transferred from WEF General Fund for this purpose.

Hayle's Charity (Hayle's) and The Lady Cynthia Charity Fund (TLCC) pay an annual service charge to WEF to reflect a contribution to costs of grant-making and office administration. The service charge is based on proportion of grants each charity pays. In 2022/23 Hayle's paid £4,421 (2021/22 £5,684) and TLCC paid £0 (2021/22 £0).

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 16 (continued). ANALYSIS OF FUNDS MOVEMENTS 2021/22**

	Balance at 31 Mar 21	Income	Expenditure	Gains/ (losses)	Transfers between Funds	Balance at 31 Mar 22
	£000	£000	£000	£000	£000	£000
<b>Unrestricted Funds</b>						
WEF General Fund	9,714	2,598	(2,987)	(547)	202	8,980
Hayle's General Fund	1,050	182	(58)	(3)	(6)	1,165
WNEC General Fund	0	0	(472)	0	472	0
The Lady Cynthia Charity	107	28	0	0	0	136
<b>Sub-total unrestricted Funds</b>	<b>10,871</b>	<b>2,808</b>	<b>(3,517)</b>	<b>(550)</b>	<b>668</b>	<b>10,281</b>
<b>Restricted Funds</b>						
WEF R & R Fund	5,510	0	(322)	466	(466)	5,188
WEF St Thomas' Income Fund	99	16	0	0	0	115
WEF St Thomas' Capital Fund	843	0	(7)	10	0	846
WEF Townsend Income Fund	0	4	(15)	0	11	0
WEF Townsend Capital Fund	165	0	(2)	14	0	178
WNEC Trust For London & Battersea Power Station	0	213	0	0	(213)	0
<b>Sub-total restricted Funds</b>	<b>6,617</b>	<b>233</b>	<b>(346)</b>	<b>490</b>	<b>(668)</b>	<b>6,327</b>
<b>Endowment Funds</b>						
WEF Endowment fund	99,970	0	(230)	141	0	99,880
Hayle's Endowment fund	8,948	0	(76)	112	0	8,984
The Lady Cynthia Charity	1,603	0	(14)	(18)	0	1,572
<b>Sub-total endowment Funds</b>	<b>110,521</b>	<b>0</b>	<b>(320)</b>	<b>235</b>	<b>0</b>	<b>110,436</b>
<b>Total Funds</b>	<b>128,009</b>	<b>3,042</b>	<b>(4,183)</b>	<b>175</b>	<b>0</b>	<b>127,043</b>



**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 19**

**Grants of £10,000 or more awarded to institutions working with financially disadvantaged Lambeth residents**

<b>Name of Institution</b>	<b>Charity</b>	<b>Description</b>	<b>£000</b>
Groundwork London	WEF	BounceBack to Rework	61
Centre 70 Advice Centre	WNEC	Walcot Advice Worker	57
Power2	WEF	Walcot Student Advance Programme - Power2 Aspire	53
Construction Youth Trust	WEF	Bridging the gap to construction employment	50
Norwood And Brixton Foodbank	WNEC	Cost of Living Crisis Grant - Emergency Vouchers for Foodbank Clients	50
Platanos College	WEF	Platanos Healthy School Grant	50
Rathbone Society	WEF	Rathbone Education and Employment Programme	50
School of Hard Knocks	WEF	School of Hard Knocks - At Black Prince Community Hub	50
Slade Gardens Community Play Association	WEF	Lambeth Play and Early Years Training for employment	50
Spiral Skills CIC	WEF	Spiral Skills BounceBack programme	50
Streatham Youth and Community Trust	WEF	Road To Success	50
Walworth Garden	WEF	Walworth Garden Level 2 Work Based Horticulture	50
High Trees Community Development Trust	WEF	Bounceback Tulse Hill	50
Ripe Learning	WEF	Better Skills, Better Jobs	50
Unity Works Social Enterprises	WEF	Unity Lambeth	50
198 Contemporary Arts and Learning	WEF	The Factory : Fast Forward into the Creative and Cultural Industries	50
Creative Sparkworks	WEF	Steps and Sparks to Work	50
MI Community Enterprise Limited	WEF	Motivate and Lead: Employment	50
Indoamerican Refugee and Migrant Organisation IRMO	WEF	Readiness Support for 18 to 30 year olds	50
Larkhall Primary School and Children's Centre	WEF	BounceBack IRMO	48
Lilian Baylis Technology School	WEF	Larkhall Healthy School Grant	40
Loughborough Primary School	WEF	Lilian Baylis Healthy School Grant	40
Toucan Employment	WEF	Loughborough Healthy School Grant	40
Rising Stars Support	WEF	Toucan Hospitality Project	37
Allen Edwards Primary School	WEF	Fight For Your Future (BounceBack)	35
Archbishop Tenison's School	WEF	Allen Edwards Healthy School Grant	30
Ark Evelyn Grace Academy	WEF	Archbishop Tenison's Healthy School Grant	30
	WEF	Ark Evelyn Grace Healthy School Grant	30

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 19 (continued)**

**Grants of £10,000 or more awarded to institutions working with financially disadvantaged Lambeth residents**

<b>Name of Institution</b>	<b>Charity</b>	<b>Description</b>	<b>£000</b>
Boundless Theatre	WEF	OUTSIDE THE BOX - Creative Entrepreneurs Project	30
Bright Centres	WEF	Bright Live and Learn Well project	30
Doorstep Library	WEF	Lambeth Doorstep Library projects	30
Fenstanton Primary School	WEF	Fenstanton Healthy School Grant	30
Granton Primary School	WEF	Granton Healthy School Grant	30
Henry Fawcett Primary School	WEF	Henry Fawcett Healthy School Grant	30
High Trees Community Development Trust	WEF	Lambeth Peer Action Collective	30
Hill Mead Primary School	WEF	Hill Mead Healthy School Grant	30
Institute Of Imagination	WEF	Lambeth Digital Heroes	30
IntoUniversity	WEF	IntoUniversity Kennington	30
Juvenis	WEF	Engage & DIVERT	30
Oasis Academy South Bank	WEF	Oasis Healthy School Grant	30
Trinity Academy	WEF	Trinity Healthy School Grant	30
Van Gogh Primary School	WEF	Van Gogh Healthy School Grant	30
Wyvil Primary School	WEF	Wyvil Healthy School Grant	30
St Matthews Project	WEF	Moving On Year 2	30
Katakata	WNEC	The One-Stop-Shop: Tackling root causes of food poverty and insecurity	30
Disability Advice Service Lambeth	WNEC	Access to Advice	29
Respeito	WEF	A Safe Domestic Environment for Portuguese-speaking Families in Lambeth	29
Code 7 Ltd	WEF	'Behind The Scenes' - Family Intervention Project	26
Carers Hub Lambeth	WEF	Young Carers Project	25
CEF - Community Education Foundation & Lyncx	WEF	Virtual Community After-School Study Support Club	25
Chance UK	WEF	Secondary Transition Empowerment Programme (STEP)	25
Citizens Advice Merton And Lambeth	Hayles	Advice for Lambeth	25
Commons Law CIC	WNEC	Crisis Navigation Service	25
Community TechAid	WNEC	Chief Operating Officer	25
Future Men	WEF	Boys Development Programme	25
Holy Trinity CE Primary School	WEF	Holy Trinity Healthy School Grant	25
Iqra Primary School	WEF	Iqra Healthy School Grant	25
Lifelong Family Links	WEF	On the right track	25
Lilian Baylis Technology School	WEF	Early-Intervention Lead	25
Mindheart Creative Therapies CIC	WEF	Dramatherapy: Creating Wellbeing Together in Schools	25
Norwood And Brixton Foodbank	WNEC	Electric Delivery Van for Norwood Foodbank	25
Options 4 Change	WEF	Family Welfare	25
Orchard Primary	WEF	The Orchard Healthy School Grant	25
Reay Primary School	WEF	Mind the 'word' gap!	25
Saint Gabriel's College	WEF	Removing Barriers in Education	25

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 19 (continued)**

**Grants of £10,000 or more awarded to institutions  
working with financially disadvantaged Lambeth  
residents**

<b>Name of Institution</b>	<b>Charity</b>	<b>Description</b>	<b>£000</b>
St Mark's CE Primary School	WEF	St Mark's Healthy School Grant	20
St Stephen's CE Primary School	WEF	St Stephen's Healthy School Grant	20
The Kids Network	WEF	Lambeth Connecting for Change	20
Vauxhall Primary School	WEF	Vauxhall Healthy School Grant	20
YourStory	WEF	Living with Long Term Health Conditions	19
Young Futures	WEF	Therapy for young female care leavers at Yvonne House	19
The Children's Literacy Charity	WEF	Expert Literacy Lab Programme in Lambeth	19
Lambeth Nursery Schools Federation	WEF	Music Therapy across 5 nursery schools - Extension	18
Lambeth Somali Community Association	WEF	Learning after Covid-19 (LAC) Project Building Young Aspirations	18
Alford House	WEF		18
Richard Atkins Primary School	WEF	Creative Therapy & NOPA: a programme of mental health support at Richard Atkins Primary	16
Stockwell Primary School	WEF	Therapy and Outreach Support to tackle Pupil Premium Children's Mental Health.	16
Coin Street Centre Trust	WEF	Upgrade Yourself tutoring programme. Closing the attainment gap	15
Heron Academy	WEF	The Michael Tippett Healthy School Grant	15
Pegasus Opera Company	WEF	Opera Mentoring Programme	15
South London Refugee Association	WEF	Lambeth youth club and support for vulnerable young refugees and asylum seekers	15
The Livity School	WEF	The Livity Healthy School Grant	15
Christ Church Streatham Primary	WEF	Mental health & wellbeing, a holistic approach to supporting disadvantaged pupils	15
Art4Space	WEF	Creative Arts Preparation For Adulthood and Employment	15
Archbishop Sumner C.E. Primary School	WEF	Child psychotherapy. Removing barriers in education.	14
Step Now Global CIC	WEF	Inspire to Aspire Programme	14
St Saviours CE Primary School	WEF	Creative Arts Therapy Services	14
Future Frontiers	WEF	Supporting disadvantaged pupils from Lambeth to fulfil their potential at school and beyond	14
Wyvil Primary School	WEF	Improving oracy skills in MAGT pupils & Emotional welfare support for PP pupils	13

**WALCOT FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Note 19 (continued)**

**Grants of £10,000 or more awarded to institutions working with financially disadvantaged Lambeth residents**

<b>Name of Institution</b>	<b>Charity</b>	<b>Description</b>	<b>£000</b>
Leadership Through Sport And Business	WEF	More Than An Apprentice, Lambeth	12
St Jude's CE Primary School	WEF	Closing the gap: Access 2 Literacy programme	12
Sunnyhill Primary School	WEF	Health Mentor	11
Harris Academy Clapham	WEF	Harris Academy Clapham Healthy School Grant	20
Oasis Academy Johanna	WEF	Oasis Johanna Healthy School Grant	20
Turney School	WEF	Turney Healthy School Grant	15
Exceed Reading Stars Ltd	WEF	ABC - Achieving Beyond Capabilities	10
Hitherfield Primary School	WEF	Recovery Through Gardening and the Great Outdoors	10
Brixton Community Base	WEF	Brixton Youth Theatre - Young Refugees	10
Elm Court School	WEF	Elm Court Healthy School Grant	10
Kennington Park Academy	WEF	Kennington Healthy School Grant	10
Lambeth Larder Community Food Resource CIC	WNEC	Paper Directory of Services 2023-25	10
Lansdowne School	WEF	Lansdowne Healthy School Grant	10
Loughborough Junction Action Group	WEF	Platform Café Employability Programme	10
Station Hall Herne Hill	WEF	Lambeth Book Creation Club	10
Walnut Tree Walk Primary School	WEF	Early Intervention Therapy for Vulnerable Children	10
		<b>Subtotal of Grants Listed Above</b>	<b>3,399</b>
<b>Smaller grants to organisations working with financially disadvantaged Lambeth residents (not listed above)</b>			<b>264</b>
		<b>Grants to Individuals</b>	<b>381</b>
		<b>Total Grants Paid in Year</b>	<b>4,044</b>



# Walcot Foundation

Post-Audit Management Report  
Year Ended 31 March 2023

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# Post-Audit Management Report

We have completed the audit of Walcot Foundation for the year ended 31 March 2023 and we expect to issue an unqualified audit opinion.

This report covers the findings from our audit, the scope of which was communicated to you prior to commencing the work. It includes some recommendations for improving the accounting and internal control systems as well as highlighting some future developments that may be of interest to the board.

We hope that the recommendations are practical and are able to be implemented. We would be grateful if you could discuss the points as a board and will welcome a written response. Please extend our thanks to Marcia and Djilali for all their help with the audit.

If you have any concerns or questions arising from this report, please contact Neil Finlayson or Samir Chandoo.

Yours faithfully,

*Moore Kingston Smith LLP*

Moore Kingston Smith LLP

Date: 20 November 2023

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This report has been prepared for the sole use of the board of Walcot Foundation and must not be shown to any third parties without our prior consent. No responsibility is accepted by Moore Kingston Smith LLP towards any third party acting or refraining from action as a result of this report.

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## Audit Approach - Risks

As outlined in our audit scoping report dated 15 May 2023 our audit approach is based on an assessment of the audit risk relevant to the individual financial statement areas. Areas of risk are categorised according to their susceptibility to material misstatement, whether through complexity of transactions or accounting treatment. For each area we calculated a level of testing and review sufficient to give comfort that the financial statements are free from material misstatement.

The following table lists any risks identified at the planning stage and during the course of the audit, our approach to mitigate the risk and our conclusions from completing this work.

## Audit approach – Risks (continued)

Risk	Audit Approach	Conclusion
<p><b>Revenue recognition</b> There is a risk that revenue is recognised in the wrong period.</p>	<ul style="list-style-type: none"> <li>• We will review any last-minute adjustments to revenue</li> <li>• We will review books and records for any unsupported or unauthorised adjustment to sales</li> <li>• We will review sales cut off</li> <li>• We will review credit notes issued after the year end</li> <li>• Obtain and review the deferred/accrued revenue reconciliations for any significant unexplained items.</li> <li>• Perform detailed AR on income to see whether there are any unusual trends.</li> </ul>	<p>From the sample testing completed, revenue has been recognised correctly.</p>
<p><b>Segregation of duties &amp; Management Override</b> The size of the finance team means there is a presumed inherent risk that an individual could override control systems in place. This is required to be treated as a significant risk under ISAs.</p>	<p>We will include sample testing of the following:</p> <ul style="list-style-type: none"> <li>• Reviewing unusual transactions and balances, journal entries and miscellaneous payments.</li> <li>• Testing and reviewing journal entries</li> <li>• Performing miscellaneous payments testing.</li> </ul>	<p>From a sample review of the journal transactions and miscellaneous payments samples we reviewed, no instances of management override were identified.</p>

## Audit approach – Risks (continued)

Risk	Audit Approach	Conclusion
<p><b>Valuation of the Investment Properties</b> There is a risk that the value of both the commercial and residential properties held is materially misstated and requires impairment.</p>	<ul style="list-style-type: none"> <li>Review and validate third party report on valuation of Investment properties.</li> <li>Analytically review valuations of properties and investigate any significant differences from prior year.</li> <li>Verify historic cost to purchase agreements.</li> <li>Discuss with Cluttons with respect to the assumptions used in the valuation report</li> </ul>	<p>During the course of the audit, a number of changes and adjustments were made to ensure the fair value of the investment properties was accurately reflected in the financial statements, and that disclosures in Notes 11, 16 and 17 were consistent in regard to the allocation between the various funds/schemes in use by the charity.</p> <p>We have also gained reasonable assurance that the properties are disclosed at fair value.</p>
<p><b>Operation of the various schemes and Funds in use</b> Linked to the above, there is a risk that conditions of the various schemes/funds are not being met.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>Perform testing to gain assurance that income and expenditure (including investments and investment gains and losses) are being allocated to the correct scheme/fund and transfers from one fund to another are being done correctly.</li> </ul>	<p>Following our review on reserves, and sample testing undertaken, income (including gains) and expenditure (including losses), and transfers are being allocated to the various funds/schemes in accordance with the various scheme rules.</p>

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## Audit approach – Risks (continued)

Risk	Audit Approach	Conclusion
<p><b>Going Concern</b> There is a risk that impairment of the properties coupled with voids and decreasing rental yields will have a material negative impact on the revenue, surplus and cash flows of the charity, and possibly on its ability to continue as a going concern.</p>	<p>We will:</p> <ul style="list-style-type: none"><li>• Review forecasts and other information produced by Management to confirm the going concern status of the entity after the assessment of the impact of the cost-of-living crisis.</li><li>• Review investment property valuation documentations for signs of impairment.</li><li>• Consider the potential impact on revenue, expenses, supply chains and funding needs and consider what measures management have taken to mitigate any impacts and how successful these measures are likely to be.</li></ul>	<p>From work performed, and from communications with management, we are satisfied that there are no material uncertainties relating to going concern.</p>

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## Significant findings from the audit

We are required under International Standards on Auditing to request you to correct all misstatements identified during our audit, with the exception of those that are clearly trivial.

### **Corrected misstatements and reclassifications**

Included on page 12 are the corrected misstatements identified from our audit work and on page 13 is the adjustment made by management.

### **Uncorrected immaterial misstatements and reclassifications**

There were no uncorrected misstatements identified by us during the course of our audit work.

### **Observations concerning the operation of the accounting and control systems**

On page 9, we have included details of other matters concerning the operation of the accounting and control systems that should be brought to your attention, along with management's responses to these matters. We have also provide an assessment of how our previous recommendations have been dealt with.

Due to the nature of an audit, we may not have identified all weaknesses within the accounting and internal control systems which may exist, and the contents of this section of our letter and any items disclosed in this report should not therefore be taken as a comprehensive list of such weaknesses.

### **Management representation letter**

A draft of our proposed management representation letter has been sent to you under separate cover. All of the matters included in this letter on which we

seek the Governors' formal confirmation are in respect of routine matters, except paragraph 13 regarding the non depreciation of property.

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## Operating of the accounting and internal control system

We are required to report to you, in writing, significant deficiencies in the internal control environment that we have identified during the course of our audit. These matters are limited to those which we have concluded are of sufficient importance to be reported to you. Our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

We have categorised the internal deficiencies noted via a colour-scale rating system. The key to which follows:



We consider this to be of critical importance and would recommend that it is addressed as a matter of urgent priority




The control should be strengthened to enhance operational efficiency but we do not consider this to be an urgent priority



This is provided for either information only or we do not consider there to be a risk of material loss

## Operating of the accounting and internal control system

Current year observation	Recommendation	Management response
 <p>We noted a difference between the Aged Debtors Report and the balance in the financial statements of £12K. This was due to amounts having been received from debtors during the year not allocated until post year end.</p>	<p>Receipts should be allocated as soon as possible, once received.</p>	

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## Operating of the accounting and internal control system

Prior year observation	Recommendation	Implementation response
During the course of our testing, we noticed that the Aged Debtors report did not agree to prior year signed Accounts by an amount of £4,608. An opening balance adjusting journal has been put through.	It is important to ensure that the opening ledger balances tally back to the prior year signed accounts.	No such instance occurred during this year's audit.  <b>This point has been satisfied.</b>

## Corrected misstatements and reclassifications

	Balance Sheet		SOFA	
	DR	CR	DR	CR
	£	£	£	£
WEF Freehold Properties; Unrealised Gains		900,000		
WEF Endow. Fund Mvt on Unreal. Inv.			900,000	
<b><i>Being the unwinding of the revaluation that was put through in May-22 but should have been reversed following the March 2023 revaluation (for Mews)</i></b>				
WEF Freehold Properties; Unrealised Gains		1,670,792		
WEF Endow. Fund Mvt on Unreal. Inv.			1,670,792	
<b><i>To reduce the revaluation surplus by the construction amount capitalized following the March 2021 revaluation to align the Fair Value to the Cluttons March 2023 Fair Value Report</i></b>				

## Client corrected misstatements and reclassifications

	Balance Sheet			SOFA	
	DR	CR		DR	CR
	£	£		£	£
Net gain on Investment properties				1,054,899	
Investment property		1,054,899			
<i>Being an adjustment to reconcile the accounts value to the external property valuation</i>					

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# Sector Updates

## CHARITIES ACT REFORM

Through the Queen's speech on the 11th of May 2021, the government announced reforms to the Charities Bill that will have the effect of reducing the amount of bureaucracy faced by charities. This became law on 24th February 2022 and the Charities Act 2011 is now the Charities Act 2022. The provisions will be implemented on a staggered basis to allow time for the Charity Commission to update its guidance – see the last page of this sector update point.

The main elements of the Charities Bill, which covers charities in England and Wales, will include:

**Financial Thresholds** - Charity reporting requirements vary according to thresholds that currently exist. It is proposed that these should be reviewed regularly to reflect inflation. This would prevent an increasing number of smaller charities becoming subject to stricter requirements, or acquiring powers, which are not appropriate to their size. The Charity Commission aim to review these in 2022 and every 10 years thereafter.

**Changing purposes and amending governing documents** - Charities should be able to make changes as quickly and efficiently as possible, whilst retaining safeguards to ensure that any amendments are in the best interests of the charity and its beneficiaries.

The processes for amending a charity's governing document vary according to the charity's legal form. The Law Commission's recommendations would simplify those processes and align them across the different types of charity. They would also simplify the criteria which the Charity Commission considers when agreeing significant changes.

**Cy-près schemes and the proceeds of fundraising appeals** - Some charity fundraising appeals raise too much, or too little, money to achieve the appeal's aim. The current law requires charities to contact donors to offer to return their

donation if a fundraising appeal does not achieve its target. The effort to do this can be disproportionate to the size of the individual donations. A £120 threshold (per donor) has been recommended to strike a fair balance between protecting the donors and reducing the administrative burden on a charity.

**Acquisitions, disposals and mortgages of charity land** - The law governing how charities dispose of land requires charities to follow certain rules when they sell, let or mortgage their land. They have agreed to simplify these including how certain universities and colleges dispose of land, aligning it with broader charity and trust law. This includes extending the range of specialist advisers able to provide advice.

**Permanent Endowment** – In an effort to reduce bureaucracy and costs the definition of a permanent endowment is to be reformulated to remove its inconsistencies and lack of clarity. The move to a £25,000 threshold to enable more endowments to be released will be welcomed and the power to spend 25% of the endowment with a 20-year repayment period (without approaching the Charity Commission first) will serve as valuable tools for Trustees.

**Remuneration for the supply of goods and the power to award equitable allowances** - The Act should be updated to allow Trustees to be remunerated for services and goods (currently they can only be remunerated for services). The Charity Commission should have a statutory power to award equitable allowances in situations where charity trustees must account for a benefit that they have received in breach of fiduciary duty.

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## Sector Updates

**Non-Statutory Ex gratia payments out of charity funds** - The introduction of a new statutory power allowing trustees to make small ex gratia payments without having to obtain the prior authorisation of the Charity Commission, the Attorney General or the court; this will apply to ex gratia payments of up to:-

- (a) £1,000, in the case of a charity with a gross income in its last financial year of up to £25,000;
- (b) £2,500, in the case of a charity with a gross income in its last financial year of more than £25,000 and up to £250,000;
- (c) £10,000, in the case of a charity with a gross income in its last financial year of more than £250,000 and up to £1 million; and
- (d) £20,000, in the case of a charity with a gross income in its last financial year of more than £1 million.

**Charity and Trustee Insolvency** - Managing a Charity's finances (CC12) should be revised. There are recommendations to provide more clarity over the availability of trust property. Property included within permanent endowments, special trusts or restricted funds, which can meet the liabilities of an insolvent trustee, is no different whether the trustee is an individual or a charitable company.

**Charity Names** – The Charity Commission already has a framework that enables it to take steps to protect charities from confusion arising from other charities with duplicated or very similar names. This would be extended to cover “working names” of charities as well as the main name of the charity and would extend the Charity Commission's powers to issue directions on charity names to unregistered and exempt charities.

**The identity of a charity's trustees** - The Charity Commission is to be given the power to ratify retrospectively the appointment or election of a person to a charity trustee role.

**The Charity Tribunal and the courts** - The Charity Tribunal should be given the

power to make “authorised costs orders” in respect of proposed or ongoing Tribunal proceedings that would provide charity trustees with advance assurance that 1) costs already incurred or proposed to be incurred; and 2) costs ordered to be paid if the litigation is unsuccessful; can properly be paid from the charity's funds.

This review was to address the issues raised by Lord Hodgson in 2012 and is considered by some as long overdue. Whilst we welcome these changes they will only be implemented if Parliamentary time allows for it.

The full government response to the Law Commission review of the Charities Bill can be found here: <https://www.gov.uk/government/publications/government-response-to-law-commission-report-on-technical-issues-in-charity-law/government-response-to-the-law-commission-report-technical-issues-in-charity-law>

The Charities Act 2022 can be viewed here: <https://bills.parliament.uk/bills/2877>

**Note: Phase 2 of the reforms comes into play on Wednesday 14 June 2023.**

# Sector Updates

## Charities Act 2022 implementation plan

This plan explains how the Department for Digital, Culture, Media and Sport will implement the Charities Act 2022

Provisions of the Act expected to come into force Autumn 2022	Provisions of the Act expected to come into force Spring 2023	Provisions of the Act expected to come into force Autumn 2023
<b>Section 4:</b> Power to amend Royal Charters	<b>Sections 9-14 and 35a:</b> Permanent endowment	<b>Section 1-3:</b> Charity constitutions
<b>Section 5:</b> Orders under section 73 of the Charities Act 2011	<b>Sections 17-23:</b> Charity land	<b>Section 29:</b> Powers relating to appointments of trustees
<b>Sections 6 and 7:</b> Cy-près powers	<b>Section 24 and Sch 1:</b> Amendments of the Universities and College Estates Act 1925	<b>Section 31:</b> Remuneration etc of charity trustees etc
<b>Section 8:</b> Power of the court and the Commission to make schemes	<b>Sections 25-28:</b> Charity names	<b>Sections 33-35:</b> Charity mergers
<b>Sections 15 and 16:</b> Ex gratia payments	<b>Section 38 and 39:</b> Connected persons	<b>Section 37:</b> For remaining purposes
<b>Section 30:</b> Remuneration of charity trustees etc providing goods or services to charity	<b>Part of Section 40 and Schedule 2:</b> Minor and consequential amendments	<b>Section 40 and Schedule 2:</b> For remaining purposes
<b>Section 32:</b> Trustee of charitable trust: status as trust corporation		
<b>Section 36:</b> Costs incurred in relation to Tribunal proceedings etc		
<b>Part of Section 37:</b> Public notice as regards Commission orders etc.		
<b>Part of Section 40 and Schedule 2:</b> Minor and consequential amendments		

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# SECTOR UPDATES

## THE CHARITY SORP

Following the delay to the triennial review of FRS 102 and FRS 105, the next iteration of the Charities Statement of Recommended Practice (SORP) is expected to be implemented from 1 January 2026 (for Walcot, this will be applicable for the first time in the year ended 31 March 2027). Feels like a long way away, but when a new SORP is applied for the first time it is “retrospectively applied” so this will require restatements for the comparative period and an opening balance sheet as at the start of the prior year (so, 1 April 2025). Suddenly, not so far away.

Back in January 2022, the SORP Committee (the body responsible for developing the next iteration) issued an overview document that introduced four drafting aims as “themes” for the next SORP, as follows:

- Considering key readers and explaining social purpose
- Compliance with FRC requirements and changes since the last SORP
- Promoting consistency across the Sector
- Relevant to charities and their socioeconomic context

and then provided more detailed context on eight drafting principles to underpin the next SORP:-

Principle 1 - the majority of preparers using the SORP are volunteers, advisors or practitioners assisting smaller charities and so in writing the SORP we will keep the needs of smaller charities in mind and seek to provide clarity to enable practitioners to understand the requirements of, and good practice recommendations made by, the SORP. As far as practicable and to the extent that accounting standards permit the SORP will be written with language and terminology that is clear and not overly technical to a practitioner who is

otherwise familiar with basic accounting concepts and terms.

Principle 2 - to provide guidance to assist practitioners to prepare accounts that give a ‘true and fair’ view in accordance with current GAAP including addressing any charity specific matters not addressed by GAAP.

Principle 3 - when making changes to the reporting and accounting requirements to have regard to the potential impact of those changes on the public’s continuing support for the legitimate charitable endeavour and to the practical challenges of addressing public perception of charities’ reporting and accounting practices.

Principle 4 – to ensure that the narrative reporting requirements address the interests of the main users of the report and accounts.

Principle 5 - to innovate by introducing or changing reporting requirements where this is necessary to either assist practitioners or meet the needs of the main users of the report and accounts and to reduce the need for additional bespoke requirements by any charity law jurisdiction adopting the SORP.

Principle 6 - to disseminate good practice reporting where the SORP Committee recommends that this is in the best interests of the sector as a means of helping the wider charity sector and practitioners to meet the needs of the main users of the report and accounts.

Principle 7- to reflect the requirements of charity law and company law as they apply to reporting and accounting by charities in those jurisdictions adopting the SORP.

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## SECTOR UPDATES

Principle 8 - to take account in our decision-making on any changes to the reporting and accounting requirements and recommendations of the SORP of both the potential value of the information to the user and the demands placed on the preparer of making those changes or recommendations.

As we move into the period of time where a new draft SORP will be issued for consultation it appears areas such as “a further tiering of charitable organisations by size for reporting” (where smaller Charities could see reduced disclosure, whilst larger entities could experience more PLC type reporting requirements), “future proofing the SORP for ESG, sustainability and digital innovations” and considering “comparability” (will the discussions around a “one page key facts statement for all charities” remain) will all need to come to the forefront and be concluded upon.

### FRS 102 and FRED 82

The financial reporting exposure draft (“FRED”) 82 from the FRC has now completed its consultation period, having closed on 30 April 2023, in relation to its proposed changes to the UK accounting framework including FRS 102.

Underlying the Charities SORP is the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The SORP provides guidance for charities on how to apply FRS 102 in order to ensure that charity accounts are ‘true and fair’. FRS 102 also takes precedence over the Charity SORP.

In relation to Charities, it appears the proposed changes will have three key considerations for the future of the annual Financial Statements:-

- Incoming resources - FRED 82 proposes the introduction of a five-step model for revenue recognition in FRS 102. The model will be based on the

requirements of IFRS 15 'Revenue from Contracts with Customers', but with simplifications aimed at ensuring the requirements remain cost-effective to apply. Many charities have diverse sources of funding, including income from charitable activities, donations and legacies, where funds are given freely. However, some transactions such as contracts and sales in the financial statements could be impacted by the FRED 82 updates. It is hoped that any update here will be accompanied with sector specific guidance for Charities, alongside the SORP.

- Leases - Leasing requirements in FRS 102 are set to change significantly. An IFRS 16 'leases'-based model has been proposed, requiring lessees to recognise all leases on the balance sheet, subject to limited exemptions. This change could be very onerous, with an on-balance sheet “right to use asset” which will then be amortised over the length of the operating lease being the likely outcome here for all Charities to consider.

- Other feedback - The FRED 82 consultation also notes that there may be changes to the length, complexity and detailed nature of the notes to the financial statements (further exemptions may be provided from drafting comparative notes in certain areas for example). This would be welcome news for many Charities (including conversations we have had with many clients regarding the ever increasing length of the financial statements) and particularly those with complex fund structures including unrestricted, designated, restricted and endowment funds.

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## SECTOR UPDATES

### FUNDRAISING AND GOVERNANCE UPDATES

#### Gift acceptance issues for fundraising charities

Charities are obliged to accept donations unless they have a very strong reason not to. This was an issue with the President's Club furore, where it was difficult for some of the charities involved to return donations, even when public opinion believed they should do so.

This can be an issue with ESG considerations in fundraising. A number of Trusts and Foundations have chosen to declare a climate emergency, which will have implications for the types of organisations they will accept donations from and additionally provide donations and grants to. This list of exclusions moves beyond previous exemptions of tobacco and the arms industry. If an oil or gas giant, for example, wished to make a sizeable donation with naming rights, how would the charity deal with the issue? These and other issues relating to gift acceptance can be picked up during one of our [Code of Fundraising Practice compliance reviews](#). We can also work with you to resolve the governance challenges these issues create.

#### Addressing ESG challenges

"ESG", Environment Social and Governance, are three letters with growing significance for the corporate sector and this is starting to be seen across the statutory and nonprofit sectors too. Consumers and employees are increasingly expecting that companies consider purpose as well as profit. These same individuals may be donors of charities and will start to apply the same views to their giving. The Social Value Act already imposes ESG principles into how statutory commissioners contract with providers, so many charities who may also look to provide services under these agreements will already be thinking about ESG matters. Charities also need to start to consider their greenhouse gas emissions in more detail beyond SECR,

including scope 3 emissions that are created through third parties as a result of charitable activities, such as donors driving to a fundraising event, rather than using public transport or cycling.

#### Next Steps for the Charity Governance Code ("CGC")

The [Charity Governance Code is a practical tool to help charities and their trustees develop high standards of governance and we, at Moore Kingston Smith, have worked with a number of Charities in order to use this Code as a framework for a full external governance review of the organisation.](#)

The Charity Governance Code steering group has had a new Chair since the middle of 2022, Radjoka Miljevic. She has recently shared her first blog, where she reflected on the future of the Code. In the blog, she talks about the importance of frameworks, and the value of hearing from a wide range of voices.

Radojka also looks at the future of the Code, which will be reviewed in 2023. She shares her thoughts on key governance challenges, including:

- digital and cyber concerns
- our wider environment
- our engagement with nature and the climate
- social changes from power dynamics to wellbeing.

It would be an excellent governance development if more charities in the sector embraced the CGC and referring to their work (and any changes as a result of the reviews completed) in their trustees annual report.

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## Regulatory Updates

### Minimum standard for Audit Committees Published

The FRC has published a minimum standard for Audit Committees and the External Audit. The need for a standard was highlighted through the Government's Restoring Trust in Audit and Corporate Governance. When the FRC becomes ARGAs (Audit, Reporting and Governance Authority), they will be given the statutory powers to mandate minimum standards for audit committees. Whilst the standard will apply to FTSE 350 companies we would recommend that Audit Committees should refer to the guidelines, consider if they should adopt any or a modified form of any of the requirements, as examples of good governance. The standard will be voluntary until ARGAs has been established. The standard can be found [Audit Committee Minimum Standard \(frc.org.uk\)](https://www.frc.org.uk/audit-committee-minimum-standard)

### FRC launched a consultation on revisions to the UK Corporate Governance Code

The FRC launched a consultation covering its review of the UK Corporate Governance code. Here are five priority areas of focus:

- Aligning the code with the changes to the legal and regulatory requirements, including strengthening reporting on directors' remuneration on malus and clawback arrangements.
- Revising the parts of the Code which cover the framework for prudent and effective controls to provide a stronger basis for reporting and evidencing their effectiveness.
- Including responsibilities for sustainability and ESG reporting and appropriate assurance.
- Reflecting the Minimum Standard for Audit Committees.
- Improving comply or explain functioning where reporting is currently weaker.

The consultation closed on 13 September. The paper can be downloaded from [Consultations | Financial Reporting Council \(frc.org.uk\)](https://www.frc.org.uk/consultations)

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## Regulatory Updates

### The Economic Crime and Corporate Transparency Act 2023 (ECCT Act)

Having received Royal Assent on 26 October 2023, the Act will introduce a transformation of Companies House's role from registrar to regulator. This will impact any charitable company or a charity that has a trading subsidiary or a charity that has a corporate director. The Act includes provision for: Further information about the Act can be found the following series of factsheets produced by the government: [Economic Crime and Corporate Transparency Bill 2022: Factsheets - GOV.UK \(www.gov.uk\)](#).

Significant parts of the ECCT Act are targeted at Companies House reform which will include:

(1) Undertake identity verification for all new and existing company directors, PSCs and those filing documents at Companies House

(i) **New company directors** will need to have their identity verified before notifying Companies House of their appointment as a director.

During a transitional period, existing directors will be required to have their identify verified before the company files its next confirmation statement after the new rules take effect.

(ii) **People with significant control** ("PSCs") will also need to be verified on becoming a PSC. Where a PSC is a company or other entity, one of its officers will need to be verified.

(iii) **Anyone who is delivering documents to Companies House** either on their own behalf or on behalf of another party, will need to have their identity verified unless they are an employee of an Authorised Corporate Service Provider ("ACSP") acting in the course of their employment. It is likely that professional firms such as accountancy firms and law firms will apply to become ACSPs.

When an individual's identity has been verified, that individual will be allocated a unique identifier allowing Companies House to maintain a database of verified individuals. Provided individuals maintain their verified status, they will not need to have their identity re-checked each time they make a Companies House filing.

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## Regulatory Updates

(2) Having wider powers to check, remove, challenge and decline information submitted or already available on the register

(3) Having a wider investigatory and enforcement power to cross-check data with both public and private databases.

Companies House has announced that the wider powers will not be introduced straight away and further notice and guidance will be released in due course. However, some measures are likely to come into force in early 2024 and this may include questioning over information filed with them, stronger checks on company names, new rules for registered office addresses (no ability to use a PO Box), requirement to confirm the company is being formed for lawful purposes on incorporation (every year thereafter, companies will be required to confirm that their future activities will be lawful), sharing data with other government departments and law enforcement agencies and the requirement to supply a registered email address.

Requirements for companies accounts and filing will change, with the introduction of:

- The abridged accounts filing option will be removed.
- All companies will have to file their profit and loss account and Directors' Report. Micro-entities will only need to file a profit and loss account.
- Directors who use the audit exemption rules, including dormant companies, will have to file an exemption statement, identifying the exemption being relied on and to confirm that the company qualifies for the exemption.
- Mandating digital filing and full tagging of financial information in iXBRL format (as noted above), and a reduction of the number of times a company can shorten its Accounting Reference Period.

Other changes being introduced by the ECCT Act include the new criminal offence of failure to prevent fraud. A large (by the Companies Act definition) organisation would be liable where a fraud offence is committed by an employee or agent, for the organisation's benefit, and the organisation did not have reasonable fraud prevention procedures in place.

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## Regulatory Updates

### **FRC publishes outcome of FRS 101 2022/23 Annual Review**

The Financial Reporting Council (FRC) has published the outcome of the 2022/23 Annual Review into FRS 101 Reduced Disclosure Framework. The good news is that no amendments were identified as being required. The FRC's notification can be found [01 Amends to FRS 101-title 1..2 \(frc.org.uk\)](#)

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## Sector Updates

### CC8 – Internal Controls

The Charity Commission has recently updated its guidance on internal controls, known as CC8. This is a longstanding piece of guidance which had not been updated since it was first published in 2012. It provides invaluable guidance to trustees and senior management teams around the operation of a charity's internal controls. Whilst the existing guidance covered many relevant areas, the regulator has acknowledged that there are a number of new issues and threats which were not relevant when the previous guidance was published. The guidance also includes a refreshed checklist which can be used to benchmark systems and processes.

What has changed?

The guidance includes a new section on donations of cryptoassets, such as bitcoin and NFTs. It sets out a number of risks associated with cryptocurrencies, and emphasises the importance of charities understanding those risks before accepting donations of cryptoassets. If such donations are accepted, there are a range of recommendations including having a policy in place on the acceptance of cryptoassets, the need to ensure that any platform used is compliant with UK regulations, the requirement to keep accurate records of donations and the importance of following HMRC guidance around the taxation of cryptoassets.

A further new area addressed is around the risk of cybercrime, an area which become significantly more prominent in recent years. The guidance focuses on the need to ensure there are suitable policies in place, for example in relation to storage and processing of electronic data. As in a number of areas, it cross-refers to more detailed guidance on this topic issued by the Charity Commission.

The guidance has also been updated for other areas which have become relevant since 2012, such as the use of mobile payment systems (for example Google Pay or Apple Pay). In addition to the new areas, the guidance also includes a refresh on advice for more traditional risks – for example, those around fundraising and holding public collections, making payments to related parties and operating internationally. A number of these have been recent areas of focus for the Charity Commission.

What should you do?

We recommend that relevant individuals utilise CC8 to assess how your charity's policies, systems and processes compare to the guidance. The guidance is most relevant for senior members of the finance team and the charity's treasurer, but an awareness of the guidance will be helpful for a range of individuals involved in charity finance. The guidance can also form helpful reading as part of an induction pack.

We suggest using the internal controls checklist to benchmark processes at least annually. Completing the checklist periodically can be a helpful way of focusing on systems and processes; but note the checklist does not assess the underlying quality of the controls in place. However, it is a helpful way to review the core controls in place and an excellent starting point to benchmark what is in place.

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## Sector Updates

### Investment Guidance

The Charity Commission has been reviewing the way it encourages charities to invest in a responsible way. How charities weigh up the need for financial return vs investing ethically and reducing carbon emissions is tricky and Charities have been awaiting updated Guidance from the Charity Commission (following its CC14 consultation and feedback in late 2021 and then a delay to its proposed updates) alongside ESG concepts developing in the NonProfit sector.

In the absence of anything forthcoming, the High Court ruling with the Ashden Trust and The Mark Leonard Trust has confirmed that climate change can be prioritised even if it risks the financial return.

In the Butler-Sloss & Others v Charity Commission (2022) case, the judgement handed down provided clarity in relation to the extent to which charity trustees can permit their objects and wider moral considerations to influence their investment policy. As a result, charities can exclude investments that conflict with their objects – proving the decision is entered into in a proper manner. However, the judge advised against making decisions purely on moral grounds.

Trustees of charities have, in most instances, always tried to review their investment decisions in conjunction with their charitable aims and continue to manage the balancing act with the need to produce investment returns.

Whilst most charities will await the revised guidance from the Charities Commission (and we expect the consultation feedback exercise to restart shortly), Trustees must remember that they are required to act in the best interests of the charity and they should formulate an appropriate investment policy which should deal with direct and indirect conflicts within their

investment portfolio.

Further information regarding CC14 can be found overleaf.

### Property

Sustainability is on the agenda and charities should be reviewing their estates and planning for steps that will make properties more sustainable, so that your Energy Performance Certificate (EPC) ratings are as good as they can be. Below par EPCs will restrict what you can do with your property and advice should be sought on how to improve EPC ratings – especially if your property is listed.

The Building Safety Act has brought in some new and strengthened safety measures in response to the Grenfell Tower fire. There are new rules on carbon monoxide alarms in relation to tenancies.

The MKS Property team can provide further assistance in these areas if you require.

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## Sector Updates

### Investing Charity Money CC14 (revised)

On the 1<sup>st</sup> of August 2023, following a consultation exercise, and the Butler-Sloss & Others case, the Charity Commission updated its guidance on how trustees can invest their charity's cash resources.

In the Butler-Sloss & Others v Charity Commission (2022) case, the judgement handed down provided clarity in relation to the extent to which charity trustees can permit their objects and wider moral considerations to influence their investment policy. As a result, charities can exclude investments that conflict with their objects – providing the decision is entered into in a proper manner. However, the judge advised against making decisions purely on moral grounds.

Overall, the guidance hasn't detracted from the advice that was previously provided, in that trustees must make investment decisions that further the charity's purposes and that these decisions should be kept under continuous review. However, with emerging ESG concepts trustees are now being encouraged to think about ethical investing alongside the desire to enhance the financial returns generated.

The revised guidance dispenses with the words "ethical investing" or "responsible investments" or "programme investments" as these terms have often been confusing, and unclear. Instead, the guidance refers to:

Financial Investments – which are made simply to obtain the most bang for your buck but allowing you to take sustainability and impact into your decision-making processes.

Social Investments – which are those investment primarily designed to further the charity's purposes (and, to a lesser extent, making a financial return).

The revised guidance also makes clear that any charity that invests its available resources must also have a written investment policy in place and that this policy is reviewed on a regular basis to ensure it is being adhered to.

A more detailed read of the new guidance is encouraged, and this can be found here: [Investing charity money: guidance for trustees \(CC14\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/investing-charity-money-guidance-for-trustees-cc14)

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## Sector Updates

### Cyber Defences for Charities – Cyber Essentials accreditation

Confidentiality of information in Charities has always been of paramount importance. A breach affecting records of its data which could involve donors, children, ethnic and religious categories is typically very serious and would invite increased regulatory and public scrutiny with potential severe financial penalties. Uncontrolled disclosure of any sensitive information could severely undermine the trust and confidence of the public engaged with them, as well as compliance issues within the governing structure.

Furthermore, reflecting the general pervasiveness of technology in our lives, charities are much more reliant on IT to both process data, marketing and financial information. An IT outage affecting the computer system may, within quite a short time frame, affect the charity to operate.

The security threat from the simple use of e-mail and the web is very real, with phishing and ransomware attacks commonplace in today's internet-connected world. Successful cyberattacks range from the theft of sensitive information to long-term disruption to the operation of IT systems.

Maintaining a minimum level of cyber compliance across a Charity's IT infrastructure is therefore absolutely key to not falling victim to a cyberattack. As technology constantly evolves becoming more ingrained into daily life, it is often difficult to know what this minimum level looks like in practice. The technical capabilities to strengthen cyber security defences is not always internally available within the Charity. For Trust Governors, it can be challenging to determine whether the Charities its infrastructure is adequately protected against the omnipresent threat of a cyberattack.

This issue facing the sector and other organisations across the country led to the UK Government introducing the Cyber Essentials scheme. The scheme is

designed to protect organisations against 80% of the most common cyber-attacks which can impact businesses of all sizes, industries, and sectors. The 5 controls within the Cyber Essentials scheme are designed to protect your organisation against these types of cyber-attacks and guard your internet connection, devices, data and services.

The government overview: <https://www.gov.uk/government/publications/cyber-essentials-scheme-overview>

Basic Level Cyber Essentials is a self-assessment and provides a basic level of assurance that the controls have been implemented correctly by the organisation. Cyber Essentials Plus covers the same requirements but is based on an on-site audit and therefore provides independent assurance of the effectiveness of these controls.

### How can Moore Kingston Smith help you?

Moore Kingston Smith offer Cyber Security and Data Protection solutions which includes Cyber Essentials, Penetration Testing and Auditing along with GDPR and outsourced Data Protection Officer Solutions to ensure that your charity can demonstrate compliance.

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## Sector Updates

### Fraud in the Charity Sector

Fraud in the charity sector is unfortunately at an all-time high, with recent estimations being a loss of £2.3bn annually to the UK Not for Profit sector (an increase of some £400m from estimates shared in 2016). Alongside our own Moore Kingston Smith specialists in this area, the sector is beginning to develop a suite of tools, guides and blogs which are worth a visit to ensure your Charity is aware of the key fraud considerations, potential pitfalls and suggested controls:

The Fraud Advisory Panel (a registered charity and independent voice of the anti-fraud community) - <https://www.fraudadvisorypanel.org/>

10 questions every Trustee should ask about Fraud and suggested policies - <https://www.gov.uk/guidance/protect-your-charity-from-fraud>

The National Cyber Security Centre - <https://www.ncsc.gov.uk/news/advice-thwart-devastating-cyber-attacks-small-charities>

Action Fraud for reporting - <https://www.actionfraud.police.uk/>

This area is notoriously fast moving, with new areas of attempted fraud arising daily, but some of the prevalent current frauds and potential controls to protect your charity from these, include:

#### “Supplier mandate fraud”

Contact is made from a “supplier” employee who is noting (either by phone or official headed notepaper) a change of bank details. The bank details are fraudulent.

*Control to mitigate the risk* – review and approval of all standing data supplier

changes and calls to confirm BEFORE updates processed.

#### “Batch supplier duplication”

An example of an internal fraud – the details of a supplier are duplicated onto the system and the duplicate given the fraudulent parties bank details. “Real invoices” are paid twice, hidden in the batch run, once real and once fraudulent.

*Controls to mitigate the risk* – Approval of new suppliers and monthly management accounts reviews. The additional payment debit will need to be either to a balance sheet code or will be seen through an inflated expense code on the SOFA.

#### “Fraudulent staff/temp staff costs”

The fraudulent party continues to pay staff after they have left (using updated fraudulent bank details), enrolls ghost employees for payment or processes fake invoices through “busy” nominal codes such as temp staff costs.

*Controls to mitigate the risk* - This fraud is almost always discovered through a review of management accounts vs budgets. Preventive controls would include approval of staff detail changes and “lock down” on leavers details in a timely fashion.

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## Sector Updates

### “Email takeover”

An internet based fraud that is expanding rapidly (and becoming more sophisticated). The finance team receive an email “from” the FD/CEO usually late afternoon, indicating they have forgotten to pay a key supplier and it should be paid immediately.

The email is fraudulent and so are the bank details given.

*Controls to mitigate the risk* – Communication by phone or face to face to confirm details. Do not allow payments to supplier details that do not match those saved on the standing data.

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## Sector Updates

### **CORPORATE CRIMINAL OFFENCE - FAILURE TO PREVENT THE FACILITATION OF TAX EVASION**

#### **Your legal obligation**

All corporate bodies (including charitable companies), regardless of size, have a legal obligation to ensure that 'reasonable prevention measures' are in place to prevent employees and other associates (for example, sub-contractors) criminally facilitating tax evasion while acting on behalf of the organisation. If an associate is discovered to have criminally facilitated another's tax evasion while acting on behalf of the company, the company is criminally liable to unlimited penalties unless the defence can be mounted that reasonable procedures were in place to prevent the criminal facilitation from occurring.

#### **Obtain peace of mind and undertake a risk assessment**

A risk assessment is fundamental to responding to the legislation. If the risk of criminal facilitation of tax evasion is assessed to be low, it may be that no significant additional measures are required. However, without having undertaken and documented a risk review or notified employees of what constitutes criminal facilitation, companies may struggle to mount such a defence.

HMRC has the power to issue unlimited fines for companies that fail to prevent the facilitation of tax evasion.

#### **Compliance is key**

Although company directors should naturally be focused on the potential for any form of criminal prosecution as a matter of course, simply being able to demonstrate awareness of and compliance with the regime is becoming increasingly important, with this now being routinely examined as part of the

due diligence process in sales transactions. Governance boards and non-executive directors are also requiring assurance on compliance as part of their work. Therefore, it is essential that companies adopt a proactive approach to risk management and employee communication. It is worth noting that the new remote way of working could give rise to an increased opportunity for associates to facilitate tax evasion.

#### **Our pragmatic approach**

We can assist the company with a bespoke, and cost effective risk assessment in order to comply with the legislation. Should this be of interest, please contact Andrew Stickland.

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# Sector Updates

## Employment Sector Updates

2023 / 2024 look set to be important years for employment law, with many developments on the horizon.

### Holiday Pay

The landmark Supreme Court case of *Brazel v Harpur Trust* meant that part-year workers on permanent contracts must receive the full 5.6 weeks of paid annual leave per year regardless of the number of weeks they have worked in the leave year and that holiday pay for workers on irregular hours must be calculated using an average of their ordinary remuneration over a 52-week reference period. The Government, concerned that holiday entitlement should be proportionate to hours worked, opened a consultation and proposed that holiday pay should be calculated at the beginning of each leave year using a fixed reference period of the previous 52 weeks and that the multiplier of 12.07% should be restored as a method of calculating holiday entitlement and pay. The consultation has now closed and we await the outcome, though we are cautiously optimistic of good news for employers on the horizon.

We also await the outcome of the Supreme Court case of the Chief Constable of Northern Ireland v *Agnew and Others*, which was heard in December 2023. This is an appeal against a decision of the Northern Ireland Court of Appeal, which ruled that a correct holiday payment does not break a series of unauthorised deductions. Depending on how the court rules, this may mean that making correct payments going forward but not making backdated payments in the hope that the employee does not bring any claim or does not do so in time may no longer be a valid means of reducing the risk of claims. We will update you as soon as possible.

### National Minimum Wage

The National Minimum Wage is calculated using a worker's basic hours over a reference period. But what are a worker's basic hours? In the case of *Lloyd v Elmhurst School Limited*, the Employment Appeal Tribunal ruled that a part year worker's basic hours should be calculated on the basis of the hours set out in her contract and not hours worked. Because her contract entitled her to 'the normal school holidays' as 'holidays with pay' the calculation had to be performed using 52 weeks and not the 40 weeks she actually worked. Employers should review their contracts to ensure the wording does not expose them to National Minimum Wage claims.

### The UK's withdrawal from the European Union

The Retained EU Law (Revocation and Reform) Bill 2022-2023 was introduced into the House of Commons in late 2022. It aims to change the expected approach of reviewing and amending retained EU law slowly via legislation or case law deviating from EU rulings, allowing the UK to enact laws that best fit the country and its economy.

The Bill, as originally proposed, provided that, by default, all retained EU laws would sunset on 31 December 2023. However, the government has reversed that position. The current position is that retained EU laws will remain in place after that date unless they are added to the Bill by way of a list. EU laws that remain in place after that date may be revoked, amended or replaced after proper consideration. At time of writing, none of the major pieces of employment legislation have made it to the list.

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## Sector Updates

### Employment Bill 2022 – Private Members' Bills

Although the Employment Bill did not make it to the Queen's Speech, private members' bills were introduced in Parliament, which aim to implement parts of the Employment Bill. These private members bills all received government backing and are at various stages of the legislative process.

- Legislation to require employers to pass on all tips and gratuities to workers and to ensure that these were distributed on a fair and transparent basis, supported by a statutory Code of Practice. This Bill received Royal Assent on 2 May 2023, and we would expect this to become law in 2024;
- A new right for workers to request a more predictable contract after 26 weeks' service. This Bill has its third reading in the House of Lords on 18 September 2023, so still making its way through the legislative process but we would expect this to receive Royal Assent in 2023 or 2024. We will monitor progress and keep you updated;
- The Worker Protection (Amendment of Equality Act 2010) Bill proposed amendments to the Equality Act 2010. One of the key amendments proposed is to require employers to take all reasonable steps to prevent sexual harassment of their employees and make employers liable for third party harassment with a potential uplift in compensation for failure to comply with the duty to take all reasonable attempts to prevent harassment. The most recent development is that the House of Lords has amended the Bill and removed the third-party harassment provisions. The Bill is now back with the House of Commons and will move forward without any express reference to third-party harassment, so we now need to wait and see whether the House of Commons re-introduces those provisions as the Bill progresses, although commentators seem to believe that this is unlikely. We will keep you updated.

- An extension to the period of redundancy protection for pregnant workers from the point when an employee notifies their employee of their pregnancy until 6 months after the end of their maternity leave. This Bill received Royal Assent on 24 May 2023. No date has been announced for implementation but judging by the progress of similar private members bills, we would expect this to be in force in 2024 or 2025.
- New rights to neonatal leave and pay and a week's leave for unpaid carers. This Bill received Royal Assent on 24 May 2023. It is expected that this will be in force by April 2025.
- Making flexible working a day one right instead of having to wait 26 weeks to be able to request it, introducing a new obligation for employers to consult with employees regarding flexible working requests, reducing the decision period from 3 to 2 months, allowing two requests per annum instead of just one and reducing the requirement for employees to explain to employers the potential impact on the business of a flexible working request. This Bill received Royal Assent on 20 July 2023 and is expected to become law in July 2024.

### Proposals

The Government is consulting about reducing Working Time Regulations burdens on business, in particular:

- Allowing employers to include an amount for holiday pay in an employee's hourly rate rather than having to pay it each time the employee takes leave, which is known as rolled up holiday pay;
- Removing the requirement for employers to keep adequate records to ensure that its employees to not exceed the 48-hour working week;
- Merging but not reducing the EU entitlement to 4 weeks' annual leave with the additional 1.6 weeks provided by UK law to create a single statutory leave entitlement;

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## Sector Updates

The Government is also consulting about making TUPE less burdensome on small businesses by allowing employers with less than 50 employees to consult directly with employees rather than having to elect reps (at the moment this option is only available to employers with less than 10 employees).

The Government has also announced plans to limit the use of non-compete clauses to 3 months post-employment. Whilst this would obviously boost competitiveness and therefore the economy, if this is passed as a blanket provision, employers' protections could be significantly weakened. We will monitor this and update you if there are any developments.

### **Will there be a new protected characteristic for menopause?**

The government has said that it does not plan to make menopause a specific protected characteristic because their view is that it is already covered by sex, age and disability discrimination. However, a July 2022 report by the House of Commons Women and Equalities Committee has recommended that it become a protected characteristic, so we will watch out for any further developments in this area. Employers may however wish to consider drawing up menopause policies if they do not already have one.

### **Diversity and Inclusion**

Efforts to improve diversity and inclusion are very much on the corporate agenda and are expected to remain so in 2023 and 2024.

In the case of *Forstater v CGD Europe*, the Supreme Court decided that an employer discriminated against an employee by not renewing her fixed term contract because she had expressed her belief that individuals cannot change their biological sex. However, in the case of *Makareth v DWP*, it was decided that there was no discrimination where an employee was dismissed for expressing similar views because he had indicated that he did not intend to use peoples' preferred pronouns, thus showing that he had an intention to discriminate.

Balancing the legal rights between employees' freedom to express opinions that may be offensive with diversity and inclusion is an extremely difficult exercise and we expect cases like this to be a growth area in employment disputes in the coming years.

### **Employment Tribunal Claims**

Tribunal statistics have not been published for some time because the data is being migrated onto a new system. However, it is now reported that cases are taking an average of 49 weeks from the date an employee brings a claim to get to their first hearing, which suggests that cases are very much on the rise. We would expect that trend to continue.

### **Ethnicity Pay Gap Reporting**

The Government had considered making ethnicity pay gap reporting compulsory in the same way as gender pay gap reporting is. It ultimately decided not to make this compulsory but to allow employers instead to publish details of their ethnicity pay gap voluntarily.

The long-awaited official guidance has now been published by the Government to enable employers to report their ethnicity pay gap should they choose to do so. The guidance can be found at <https://www.gov.uk/government/publications/ethnicity-pay-reporting-guidance-for-employers/collecting-ethnicity-data> for any employer considering whether they might wish to consider reporting this.

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## Sector Updates

### Does your Charity have a bullying and harassment policy?

The Charity Commission published new guidance for Charities on 11 August 2022, clarifying the roles and responsibilities of charity trustees in relation to tackling bullying and harassment within Charities.

The Commission's guidelines included a specific recommendation that charities have welfare, discipline and whistleblowing policies for staff, including clear policies and procedures on bullying and harassment.

Bullying and harassment in the workplace can affect staff morale, allow unacceptable behaviours to take place and ultimately expose charities to the risk of employment tribunal claims.

Specific claims risks to charities for not taking appropriate action to eliminate bullying and harassment include:

- Employees resigning and claiming constructive unfair dismissal on the basis of the bullying and harassment and any failure by the charity to deal with it appropriately
- Discrimination claims if the bullying and harassment is on account of any characteristic that is protected by the Equality Act 2010 e.g., race, gender, disability, religious and philosophical beliefs
- Civil claims for personal injury (stress at work) and/or under the Protection from the Harassment Act 1997

There is a risk that any failure by charities to implement the Charity Commission's guidance could in itself be relied upon by employees to bolster any claims they may bring.

Charities should ensure that they have the recommended policies and procedures in place and provide regular training to staff about their obligations under these policies. This will help eliminate bullying, demonstrate commitment to doing so and also reduce any risk of claims and regulatory issues.

The policy should, at a minimum, set out the types of behaviour that could be bullying and harassment, explaining clearly the process for making allegations of such behaviour, the process that the company will follow upon receipt of such allegations and the potential consequences for workplace bullies.

### What other policies should charities have in place?

There are other key policies and procedures that charities can implement in order to demonstrate their commitment to treating employees fairly and tackling bullying and harassment.

For example:

- A welfare policy
- A grievance policy
- A raising concerns policy relating to specific types of complaints that have a wider public interest
- A disciplinary policy.

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## Sector Updates

- An equality and diversity policy

These policies, if well drafted, give both parties valuable information about their rights and responsibilities and also give a charity a useful action plan for how to handle any issues that might arise and any timescales that they need to comply with.

In addition, having these policies in place and ensuring that staff receive training on them may give the charity a defence to a claim that they are liable for the acts or omissions of an employee who 'goes rogue' and bullies or discriminates against an employee against company instructions.

These do not have to be standalone policies - they can be included in a Staff Handbook. It is recommended that you do not make them contractual to eliminate the risk of employees claiming that technical breaches of the policies e.g., a missed deadline for responding to a letter, is a breach of contract.

We recommend that charities audit their policies and procedures to ensure that all of the required and helpful policies are in place and updated regularly to comply with the most relevant legal developments.

Should you require any assistance with reviewing, drafting or updating your policies to help you eliminate bullying and harassment and reduce your claims risk, please contact your Audit Engagement Partner.

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## Other matters

### **Engagement & Independence**

Our engagement objective was the audit of Walcot Foundation.

We have implemented policies and procedures to meet the requirements of the Financial Reporting Council's (FRC) Ethical Standards. To this end we considered our independence and objectivity in respect of the audit for the period under review before commencing planning our audit and communicated with you on these matters in our audit scoping report dated 15 May 2023.

No other matters have come to our attention during the audit which we are required to communicate to you and the safeguards adopted were as described in our audit scoping report.

### **Qualitative aspects of accounting practices, accounting policies and financial reporting**

Based on our audit work performed, we believe that the Trustees' Report and financial statements for the period under review comply with United Kingdom Accounting Standards (FRS 102 SORP) and the Charities Act 2011.

During the course of our audit of the financial statements for the period under review, we did not identify any inappropriate accounting policies or practices.

### **Matters specifically required by other Auditing Standards to be communicated to those charged with governance**

Other than as already explained in our Engagement Letter, Audit Scoping Report and this Post-Audit Management Report, there are no other specific matters to communicate as a result of our audit of the financial statements under review.

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