

Company Number: 01829004
HCA Registration: 4688
Registered Charity Number: 515517

FOUNDATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020

FOUNDATION

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COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2020

Management Committee

Chair Claire Vilarrubi

Other Trustees:

David Powell – Independent Trustee - Foundation
Lisa Bradley – Independent Trustee – Foundation (appointed 28th June 2019)
Christopher Welch – Independent Trustee – Foundation

Damian Pocknell — Inspire North Group Trustee (Vice Chair)
Philip Turnpenny – Inspire North Group Trustee
Richard Parry – Inspire North Group Trustee
Cornelle Parker – Inspire North Group Trustee
David Strachan – Inspire North Group Trustee
Cielo Cartwright – Inspire North Group Trustee (resigned 27/03/2020)
Mark Simpson – Inspire North Group Trustee (resigned 1st April 2019)

Executive Officers

Chief Executive Ruth Kettle
Director of Operations Viki Whelan (resigned 13/9/2019); Faye Oldroyd (appointed 16/09/2019)
Director of Development and Innovation Paul Hardman (resigned 12/4/2019); Sinead Cregan (appointed 08/7/2019)
Director of Finance and Corporate Services Caroline Watson
Director of People and Culture Donna Gooby

Company Secretary & Registered Office

Ruth Kettle
3 Limewood Way
Seacroft
Leeds
West Yorkshire
LS14 1AB

Registration Numbers

Company number 01829004
HCA registration number 4688
Registered charity number 515517

FOUNDATION

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2020

External Auditor	RSM UK Audit LLP Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL
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Solicitors	Wrigleys 19 Cookridge Street Leeds LS2 3AG
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Claire Murphy Legal
Fairfax House
38 The Grove
Ilkley
LS29 9EE

Bankers	Santander Bridle Road Bootle Merseyside L30 4GB
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FOUNDATION

CHAIR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Having been Chair of the Inspire North Group since its establishment, it gives me pleasure to present a review of Foundation for the 2019 to 2020 period.

Foundation's previous year's merger with Community Links (Northern Ltd) to create the Inspire North group has begun to bring about significant benefits to Foundation in this period.

Operational direction and management for Foundation has been centralised within Inspire North, with the transfer of employment of all Operational Managers across the group and the creation of one Director of Group Operations for both Foundation and Community Links. Centralised operational direction and management has enabled greater sharing of best practice, expertise and experience, for the benefit of Foundation's services and employees. It also offers more flexibility and access to operational resource, supporting business continuity and helping to overcome resource constraints.

In October, our new five-year Inspire North Strategy (2019 to 2024) was launched, which provides strategic direction for the whole group, whilst celebrating the distinct strengths of Foundation and its sister organisation.

Every aspect of Foundation's work is now guided by our group-wide values of People, Integrity, Passion and Collaboration. This is demonstrated by some of Foundation's key achievements in the period which include:

Foundation's new Horizons Service commenced in May 2019, commissioned by the Ministry of Justice (MOJ) and Ministry of Housing, Communities and Local Government (MHCLG) as part of the nationwide Offender Accommodation Pilot initiative. Adopting a through the gate approach to support, the service works with men prior to release from prison and supports their transition back into the community, importantly providing a safe and decent place for them to live. The service has afforded Foundation the opportunity to work closely with the MOJ, MHCLG, HMP Leeds, and partner organisations. The excellent results achieved to-date affirm Foundation's commitment to collaboration and passion.

In July 2019, Foundation secured SafeLives Leading Lights Accreditation for its Domestic Abuse Refuge in Redcar. Leading Lights is the mark of quality for domestic abuse services. Assessors reported that we demonstrated excellence across all standards, with particular areas of strength in multi-agency working and active participation within the local community.

As part of the Inspire North group, this year saw Foundation secure Best Companies and retain Investors in People status. Showcasing the group's commitment to its people, these awards are further supported by Foundation becoming a Living Wage Employer. These accolades are telling signs that Foundation upholds and lives our core values.

Foundation's wholly owned subsidiary, Foundation Stone Enterprises Ltd, has undergone a year of review to reflect on achievements to date and establish a roadmap for its future. This has led its Social Lettings Agency, Foundation Living, to come under new management within our Operational Management Team.

The challenges Foundation has faced as a result of the COVID-19 pandemic have been met with speed, integrity and passion by employees, fellow Trustees, and partners. This not only demonstrates the excellence and flexibility of our services but also evidences the robust governance and excellent support infrastructure provided by Inspire North.

Over the coming months, we expect to be tested further, however, I have every confidence that the group will be able to meet the challenges that arise with the level of passion, innovation and integrity that I have come to expect.

As I look back over the last 12 months and reflect on all that has been accomplished, I would like to take the opportunity to share my thanks. My sincere gratitude goes to our Trustees for their commitment and the time freely given to help make our group a success. Their diverse yet complementary expertise and experience continues to provide Foundation and the whole Inspire North group with vital specialist advice and strategic governance.

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CHAIR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

To close, I offer my thanks and admiration to those who enable us to achieve our charitable objectives - our senior management team, employees, volunteers, partners, funders and commissioners. During Foundation's first full year since the merger, I have seen our group-wide values come to life. As the true impact of the COVID-19 pandemic is realised over the next year, our work to support people across our communities will be even more critical. I know that all our stakeholders can be relied on to ensure that Foundation continues to sustainably provide life-changing services across the North of England.



Claire Vilarrubi
Chair

1 OCTOBER 2020

FOUNDATION

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The Management Committee presents its report and the audited financial statements of Foundation ("the Company") for the year ended 31 March 2020.

Organisational Overview

Principal Activities

Foundation was established as a registered charity limited by guarantee, incorporated on 29 June 1984 and registered as a charity on 4 September 1984. The company became a Registered Social Landlord in January 2012. The Company is governed under its Memorandum and Articles of Association, revised and approved by the Charity Commission and subsequently adopted by the Charity on 17 October 2018. The charitable objects are set out in Article 3 of the Memorandum of Association and remained unchanged throughout the year:

"Educate and train and relieve poverty and sickness amongst persons in conditions of need, hardship and distress, particularly such persons who are in housing need within the Yorkshire and Humberside region and neighbouring districts by such charitable means as the Trustees may from time to time determine."

Foundation provides life-changing housing, support and domestic abuse services across the North of England, working with people who require a helping hand to establish a full and independent life in their local community. Foundation's support is personalised and focused upon the life journey of each clients/tenant. It can include help to access and manage a tenancy, look for work, tackle addictions, improve family relationships and access basic services, such as a GP or setting up a bank account. Foundation operates a wide variety of services across Yorkshire, Greater Manchester and in the North East working closely with local authorities and other key partners from the statutory and Third Sectors to deliver outstanding services and achieve positive outcomes for our clients.

In discharging its duties, the Management Committee seeks to set a clear strategic framework for achieving these aims and to clarify the long- and short-term objectives of the charity. In particular, the Management Committee considers the guidance contained in the Charity Commission's general guidance on public benefit and how planned activities will contribute to the aims and objectives set.

Organisational Structure

Foundation Trustees ratified the merger with Community Links (Northern) Limited on 17 October 2018. This was achieved through the formation of a group structure, with the parent company (and registered charity) Inspire North being formed. Foundation now sits within a family of organisations. Inspire North is Foundation's sole parent company, with Community Links (Northern Ltd) its sister organisation.

The Inspire North governance structure ensures that there is a quorate of independent Trustees for Foundation (minimum of three) to protect its assets and ensure continued delivery of its charitable objectives.

The Inspire North Group's Head Office is in Leeds and provides Foundation with Senior Leadership, Operational Management and Professional Services.

Through the adoption of a group structure Foundation can maintain its own identity and continue to deliver its frontline services, whilst the creation of a parent company affords the opportunity to create more comprehensive and efficient infrastructure and support services. This includes increased opportunity to access new markets and fully realise its potential.

Business Review

Details of the Company's performance for the year and its future plans are set out in the following sections of this report.

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REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Objectives & Strategy

In October 2019, our first Inspire North Strategy (group-wide) was launched at our first group-wide Annual Conference. The Conference was held at the prestigious Headingley Stadium in Leeds and was attended by over 300 employees.

The five-year Strategy (2019 to 2024) was created following a series of nine roadshows across the North of England which saw the CEO engage with over 250 employees, trustees and volunteers to gain their views and ideas for the future of the group. Employees also engaged directly with their clients to gather feedback which informed the development of the Strategy.

Alongside the Strategy, a new and co-produced Group Vision, Purpose and Values have been created and consistently adopted across the group.

Group Vision - Creating a World Where Everyone Matters

Group Purpose - Building Brighter Futures

Values –

- **People** are the heart of everything we do at Inspire North, and we strive every day to build brighter futures for the people who use our services. We engage our colleagues and people who use our services to build a sense of community and shared success. We want everyone to play a part in creating our vision.
- **Integrity** is our cornerstone; we will always do the right thing. We work hard to make sure our services offer the highest quality and professional standards, and that people are treated fairly and honestly.
- **Passion** is what fuels us. There's no better feeling in the world than making a positive difference, and that spurs us on to always go the extra mile – for the people who use our services, for each other, and for our vision of creating a world where everyone matters. We have the brightest and best innovative minds working every day to do more, and to do it better.
- **Collaboration** is how we came to be Inspire North. We were born out of the idea that working together, we can achieve more. Across our services we work with many partners, bringing together our expertise to meet varied needs in exceptional ways.

Our new group-wide approach creates a consistent ethos for our work and employees, which complements the objectives outlined within Foundation's Memorandum of Association. Contributing towards the achievement of our group purpose, Foundation has its own charitable purpose: **to provide life-changing housing, support and domestic abuse services.**

Annual plans, developed by each service or department within the group, enables the Management Committee to monitor progress against strategic goals, alongside monitoring against the Corporate Performance Framework. Together, Annual Plans and the Corporate Performance Framework provide a robust mechanism for organisational accountability and challenge, whilst placing our values at the heart of our strategic objectives.

Achievement and performance

This year (April 2019 to March 2020), Foundation has worked with a total of 1,249 individual clients or tenants to assist them in achieving their goals for a better life.

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For the 148 clients leaving the service during this period, data has been collected to identify what kinds of support each client required from the service and whether a positive outcome was achieved in each area by the end of their time with the service.

Some examples of our clients/tenants' achievements on leaving Foundation's services are:

- 81% of our clients/tenants maintained their accommodation.
- 98% of our clients/tenants maximised their income.
- 76% of our clients/tenants managed to reduce their debts.
- 36% of our clients/tenants obtained paid work.
- 71% of our clients/tenants participated in education and training.
- 90% of our clients/tenants managed their mental health better.
- 69% of our clients/tenants were supported to improve the management of their substance misuse.
- 82% of our clients/tenants complied fully with their statutory court orders.
- 96 % of our clients/tenants were helped to stay safe.
- 92% of our clients/tenants managed their physical health better.
- 95% of our clients/tenants undertook leisure/cultural or informal learning opportunities.
- 96% of our clients/tenants developed their confidence & ability to have greater choice and control of their lives.
- 83% of our clients/tenants had a planned move on from our support and accommodation.

Foundation Performance against targets for 2019/20

Following Foundation's merger with Community Links (Northern Ltd), a core aim for the 2019 to 2020 period has been to co-produce a new group wide strategy, vision, purpose, values and branding, which has been fully achieved and implemented.

In addition, merger metrics have been in place for the group, with the overarching aim being to improve the quality and effectiveness of the services we deliver to our clients/tenants by sharing best practice across the group. As detailed below, the Inspire North group has succeeded in performing well against its merger metrics:

Retain Contracts

- Development have retained 100% of contracts across the Inspire North group that have been re-tendered since the merger (1st December 2018)
- One newly re-tendered contract has been secured during Quarter 3. Foundation has secured its place on the Our Way Leeds consortium (formerly Flagship) to deliver an enhanced Accommodation and Support Service for Young People in Leeds. The new Our Way Leeds contract is almost double the annual value of our original Flagship contract, pre-merger.
- Total annual value of re-tendered contracts now stands at more than £4 million, an increase of approximately £1.2 million since the merger took place.

Retain Talent

- Personal Development Review policy has been reviewed and a group wide rating system was rolled out from April 2020.
- Staff retention rates remain stable.

Productive Culture

- Inspire North Group rated as a 2-star Best Company
- Inspire North Group placed 29th at Top 100 Sunday Times award and received a special award for Learning and Development.

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REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Evidence of Learning and Sharing

- A new role of Group Director of Operations was created in September 2019 to expedite joint learning and sharing of best practice.
- Our first ever group-wide conference was held in October 2019.

Joined-Up Processes

- Joint system implementation is progressing well for the Client Management, Finance and HR Systems with Data Migration Plans in place
- The Inspire North Performance Framework is 80% complete
- Group Management Committee meetings are in place with separate but common reporting frameworks for each organisation within the group to enable oversight of individual company performance
- Phase 1 of the Group Intranet was launched in October 2019.

New Markets and New Models

- New Business Strategy will be launched in Autumn 2020, outlining detailed plans – including, housing markets, business partnerships, innovation grants and community fundraising.
- New Fundraising & Grants Lead post was created and appointed to in February 2020.

Following the launch of the new group five-year strategy in October 2019, the CEO gave a Call to Action for all services and departments within the group to develop their Annual Plan for 2020-21. By March 2020, every service and department had developed its own Annual Plan.

Service Contracts

Throughout 2019 to 2020, we were successful in retaining all our contracts which were re-tendered during the period, including Child Therapeutic Services and Action Towards Inclusion in North Yorkshire, Young People's Accommodation and Support Services in Leeds, Adult Accommodation and Support Services in Kirklees and Domestic Abuse Navigator Services in Durham and Redcar & Cleveland.

We saw growth in Foundation's portfolio through an enhanced role in the delivery of the new Leeds Young People's Accommodation and Support Service (Our Way Leeds) and in securing grants and add-on provision for existing service, including securing funding for the appointment of two Dual Diagnosis Workers for the Darlington and Durham regions.

The year did see a re-prioritisation of some commissioner priorities with some smaller contracts brought to a close at the end of the contract, including our Female Offenders and Foundation 4 Change services in Redcar and Cleveland.

Tendering activity slowed towards the end of the year as a result of uncertainties arising from the COVID-19 pandemic. Consequently, this has led to some of Foundation's key services being granted extensions up until at least 2021, including the Offenders Support and Accommodation Service and Mental Health Supported Housing Service in North Yorkshire, the Complex Needs Service in Tameside, and Complex Needs Services in Durham and Darlington.

Employees

Foundation's employees are its primary asset. 2019 to 2020 has been a period of consolidation and continuous improvement, with investment in skills and active participation of employees throughout the year.

Key achievements have been:

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REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

- The appointment of a Group Director of Operations in September 2019, and the transfer of Operational Managers into Inspire North, has enabled a whole group culture to begin to develop across our Operational Teams in both Foundation and Community Links. Our group-wide Leadership Forums and Operational Forums have also been pivotal in this. The Leadership Forum meets quarterly and has a programme of training and development based around the concept of transformational leadership and innovative ways of working. The forum enables the sharing of good practice and consistency across the group.
- An agreed mandatory training package has been rolled out across the group which includes Safeguarding Adults and Children, Diversity & Inclusion, Co-production, Health & Safety and Professional Boundaries. In addition, Housing Management training and Trauma Informed training has been made widely available to employees. Additional service specific core training has been agreed alongside mandatory managerial training including such topics as Recruitment and Selection and Disciplinary Procedures.

Group-wide accreditations during 2019-20 show how much progress has been made in employee engagement through the year achieving Investors in People and Best Company 2* Accreditation. Inspire North were 29th in the Sunday Times list of 100 Best Not for Profit Company's to Work For in 2020 and won the Sunday Times Special Learning & Development Award 2020 (Not for Profit Company's to Work For) In relation to employment practices, Inspire North are a Disability Confident Leader, a Mindful Employer and a Living Wage Employer.

Furthermore, the Group has a comprehensive and well used employee assistance scheme available to all employees, providing advice and support on a wide range of employment, health and legal concerns.

Health and safety

Foundation has a moral and legal responsibility to ensure, so far as is reasonably practicable, that it provides for the health, safety and welfare of its employees, clients/tenants and anyone coming into contact with its business activity who may be affected by the way in which it carries out its work. Foundation attaches the greatest importance to Health and Safety matters which are part of each employee's induction and e-learning and prioritises compliance with current legislation. Inspire North's Estates and Facilities Manager leads on Health and Safety and is supported by a network of volunteer Health and Safety Champions across all offices and services.

The Company remains committed to the provision and maintenance of:

- A safe and healthy working environment
- A safe and healthy living environment for clients/tenants
- Supervision, advice and procedures as necessary for the safe performance of its operations
- Instructions, information and procedures, for safe systems of work
- Equipment fit for purpose and bespoke adaptations for staff who need them
- Appropriate training for employees within job requirements

COVID-19 has presented specific challenges in relation to the Health & Safety of all our employees but particularly those working in front line services, including our residential services.

We responded promptly to the Government call for people to work from home wherever possible. The challenge of rapid office closures was dealt with efficiently and safely. Furthermore, our large investment in both IT infrastructure and equipment in 2018 to 2019, has enabled employees, as far as possible, to effectively work from home, minimising disruption and ensuring business continuity.

The group continues to follow Government guidelines in relation to the COVID-19 pandemic. Where possible, our employees work from home, have access to Personal Protective Equipment (PPE) as appropriate and we have initiated the process of undertaking COVID-19 specific risk assessments to enable us to safely and effectively continue to deliver Foundation's work.

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REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Future Plans

Ambitions for 2020-21

The new Inspire North Strategy (2019 to 2024) is an ambitious strategy which sets out how the group, including Foundation, will make a real difference to those it supports throughout the strategy period, making best use of its assets and the unique specialisms of its subsidiary companies.

Our four key aims are to:

- **Create Together:** We know the way to excellence is through sharing expertise. We will create our services with the people who use them to get the best possible outcomes. Our clients are the leading voice in everything we do, as they are experts in what they need.
- **Be a Great Place to Work:** We bring together a diverse workforce with a wealth of skills and decades of experience. We empower our colleagues to make decisions using their specialist knowledge of the communities they serve, always putting our values front and centre.
- **Innovate and Influence:** We will drive innovation and influence and be a catalyst for change. We will share best practice with colleagues, trustees, partners and local communities to develop high-quality services that reflect the increasingly varied and complex needs of our clients
- **Build Sustainable Futures:** We will use an evidence-based approach to inform what we do and develop more effective practices that deliver better outcomes. We will seek out new funding sources and partners. We will lead the way on sustainable approaches to working and providing services.

In 2019 to 2020, the new strategy was rolled out across the group and it was a priority for Services and Departments to begin to develop their own planning to support delivery of the strategy.

In 2020-2021, it is the intention to further embed the strategy, initiate key activities and begin to monitor progress at team and organisational levels. Priorities for the next year include:

- Further embedding an inclusive, values-led culture across the group, supported by robust, joined-up governance arrangements.
- Drive innovation and new ways of working across our work focused on co-production and strategic partnerships.
- Set out clear plans for the group's long-term sustainability, factoring in social, environmental and financial considerations.

Principal Risks and Uncertainties

The Management Committee assume responsibility for on-going review of the risks facing the Company. In this context, we define risk as the potential to fail to achieve our objectives and for loss, whether financial or reputational, inherent in the environment in which we operate.

The Management Committee note the following specific areas that give rise to the potential major risk areas for the forthcoming financial year:

- Implementation of on-going cuts to Local Authorities arising from the policies of the Government and the cumulative impact of gradual, ongoing cuts to service budgets resulting in service closure or inability to re-tender for services.
- The current economic situation within the UK, largely but not exclusively as a result of the COVID-19 global pandemic, leading to a rise in demand for services coupled with cutbacks in spending and procurement plans from statutory agencies.
- The impact of another set of changes in accounting for the SHPS pension scheme on the company's balance sheet.
- The impact of BREXIT on both public services and employment opportunities for clients/tenants.
- The impact of COVID-19 on the safety, health and wellbeing of our employees and clients/tenants.

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REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

As noted in the statement of internal control on page 17 the Management Committee considers that Foundation has procedures in place to maintain strong internal controls.

The major risks identified within the Risk Register are those associated with the effects of COVID-19: namely, the possibility of a deep recession, an accompanying period of austerity and an increased and wider need for our charitable work. Continuing excessive levels of competition within the marketplace also remains. These risks are managed carefully, and planning continues to mitigate the yet unknown impact of COVID-19.

Co-production

Foundation aims to co-produce all aspects of its work. We strive to involve stakeholders from all areas of the organisation (from clients to members of the Management Committee). There is currently a good level of co-production activity and several ways in which clients and tenants can be actively involved across the company:

- Local informal feedback from and through Support Workers
- Responding to text-based questions on quality and performance
- Annual satisfaction survey and report
- Tenant voice (representatives on our Board)
- Local co-production and activities groups
- Contributing to various working groups on quality, bidding for contracts and communications
- Clients/tenants involvement in end to end recruitment processes
- Clients/tenants attendance at tender interviews so that they can outline their experience of our services to commissioners
- Clients/tenants progressing to volunteer roles, offering peer support (including paid roles) and gaining employment within the group
- Group-wide Internal Grants Scheme, offering clients/tenants the opportunity to develop innovative ideas which could receive funding through donations given to Foundation.

Co-production training is mandatory for all employees and volunteers across the group. We have established toolkits for both employees and clients/tenants to support effective co-production across our work. Foundation believes clients/tenants bring skills, talents and real assets to the company which can be used for the benefit of their own journey, that of others, and for the wider work on the company.

A new group-wide Co-production Strategy is currently in development, working with employees and clients across the organisation. The Strategy will outline further steps and innovative approaches that the company will adopt to fully embed co-production within every aspect of our business.

Complaints and Suggestions

Foundation has a robust policy and procedure for the reporting and recording of comments, suggestions and complaints, with systems in place for monitoring the outcome, how the complaints has been handled, and details (e.g. timescales) regarding resolution or response.

As a method of continually improving quality service, Foundation records and reviews any Compliments and Complaints that have been received on an annual basis and reports the outcomes to the Management Committee.

Foundation's services have a performance standard of 28 days to resolve complaints. For the 2019 to 2020 period, Foundation received 68 complaints, 86.76% of which were resolved within 28-days.

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REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Financial Review and Resources

Going Concern

These financial statements have been prepared on a going concern basis as the Management Committee have given due consideration to the forecasts, projections and level of resources required for future operations. Our services and funding continue to be at risk from ongoing cuts to Local Authority funding (and funding available from other statutory agencies). Covid-19 has presented operational challenges and some costs to keep our clients and staff safe, the extension of all contract payments to at least 31 March 2021 brings added financial security for the year ahead. The Management Committee recognises that challenges lie ahead with potential local authority cuts but is confident that the reputation and competitiveness of the Company can contribute to modest growth in the next two years. Foundation has already won a major contract in early 2019/20 and Trustees believe the merger will open up further possibilities for new income streams. The development of clear sustainability plans for the Group, alongside investment in dedicated resource for fundraising and grants related activity and the launch of new funding-related initiatives in the 2019-20 period, supports this belief.

Financial Performance and Position at End of Year

At the end of March 2020, the latest valuation of the closed defined benefit accounting Pension Scheme (SHPS) reduced the liability on the statement of financial position to £1.48 million and a gain to total comprehensive income of £2.199 million. The impact of this is that the company finished 2019/20 with a positive statement of financial position of £2.574 million. The increase in rate on the government bond used to value the liabilities and the reduction of members in the scheme by 12 has caused this upturn. The retendering of several contracts combined with continuing cost control across the business resulted in an operating surplus of £517k (2019: £271k.)

Cash flow remains a priority target for the company and is monitored regularly to ensure Foundation can meet its liabilities.

Reserves

The Trustees regularly review the reserves of the charity, giving consideration to the nature of the income and expenditure streams, the need to match variable levels of income with fixed and planned commitments and the make-up of the reserves. Whilst the Trustees and management do not wish to hold reserves unnecessarily, in view of the current high risk of the public sector funding cuts and greater competition for available funding, we believe that a prudent policy is preserving and increasing our unrestricted reserves to a level which provides for three months of operating costs (including designated funds). General and designated reserves for the Company stood at £1 million which is a significant improvement on the previous year. The substantial swings in the pension scheme liability continue to undermine our ability to hold an overall reserves position on a consistent basis.

Investment policies

The Management Committee regularly considers the most appropriate policy for investing the limited funds available within its reserves, informed by regular cash flow forecasts. Deposits are split across a number of institutions. During 2017/18 the sale of the Company's head office was completed. A formal investment policy was adopted by Trustees and Charles Stanley were appointed as professional investment advisers. Investment of the net sale proceeds in a low-moderate risk portfolio commenced in May 2018 with the aim of producing a return sufficient to protect the capital and generate income greater than cash deposit rates. The portfolio had been performing to target during the year but the Covid-19 related stock market falls at the end of March resulted in a moderate loss which was actually smaller than the market average. The portfolio has been making steady progress after the year end as some parts of the market have begun to recover.

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REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Accounting policies

The Company's principal accounting policies are set out on pages 25 to 30 of the financial statements.

Capital structure and treasury policy

Foundation does not have any loan facilities; the Company is supported by the current cash in hand of £909k (2019: £882k).

Pensions

Executive Officers do not have any different pension arrangements to other employees. Those who have joined the Company's pension schemes are members either of the 1/60th Final Salary Social Housing Pension Scheme (SHPS) or if they joined after 1 April 2007, the Career Average Re-valued Earnings scheme also part of SHPS and also using a 1/60th accrual rate. The SHPS defined benefit scheme was closed as at 31 March 2013 and all employees are now eligible to join the defined contribution scheme with SHPS. Auto enrolment was implemented in February 2014.

Donations and Sponsorship

The Company has made no financial donations or sponsorship in the year.

Payment of creditors

In line with government guidance, it is the Company's policy to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Financial instruments

The Company's approach to risk management is set out on pages 13-14 of this report.

Housing property assets

Details of changes to the Company's housing property assets are shown in Note 11 to the financial statements. Housing properties are carried at historic cost.

Financial risk management

The Company's operations may expose it to a variety of financial risks, including the effects of changes in interest rates on debt, credit risk and liquidity risk.

The Company does not have material exposures in any of the areas identified above and, consequently, does not use derivative instruments to manage these.

The Company's principal financial instruments comprise sterling cash and bank deposits and obligations under property leases together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Company's financial instruments can be analysed as follows:

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REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Price Risk

The Company has no exposure to securities price risk, as it holds no listed equity investment. Most of the Company's income is contracted providing pricing visibility and the fixed nature of many of the related costs mitigates associated risk.

Credit Risk

The Company's principal financial assets are bank balances, cash and trade debtors, which represent the Company's maximum exposure to credit risk in relation to financial assets.

The Company's credit risk is primarily attributable to its tenant debtors. Credit risk is managed by monitoring the aggregate amounts and duration of exposure to any other tenant depending upon their credit history. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Company's management based on prior experience.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of tenants.

Liquidity Risk

The Company holds most of its reserve in the form of bank and sterling money market deposits. It is therefore, not exposed to significant liquidity risk.

Interest bearing assets comprise cash and bank deposits, all of which earn interest at variable rates. There are no liabilities for loans or overdrafts.

Business Risk Register

The Company has a Business Risk Register identifying major risks and steps taken to mitigate the impact of likelihood of the risk occurring looking at operational, financial, governance and external risks. Risks are reviewed quarterly at board meetings. In relation to the key strands of our strategic plan, the key risks are:

- Loss of income through loss of contracts or funding cuts
- Inability to recruit suitably qualified or high calibre employees
- General Data Protection Regulation
- Impact of legal challenges
- Impact of changes in accounting treatment of pension scheme
- Potential impact of Covid-19

Value for Money (VFM):

Foundation registered with the Homes and Communities Agency (now Homes England) in January 2012 and a formal VFM strategy and policy was ratified by Trustees in February 2015. Foundation is currently revisiting this and developing an Inspire North group wide policy and strategy to be ratified in 20/21.

Data for 2019/20 are as follows:

- Standard of Accommodation: -
 - 94% Standard of Accommodation Good or Great (2019 Customer Survey)
- Repairs and maintenance standards:
 - 94% Repairs and Maintenance Standards Good or Great (2019 Customer Survey)
 - 1970 Repairs Reported
 - 92% Repairs completed within agreed timescales (2019 Customer Survey)
 - 87% of emergency repairs completed within 24 hours
 - 37 ASB reports received – 100% acknowledged within 24 hours and 83.78% received full response within 28 days

FOUNDATION

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

- Rent collected
 - 97.3% rent collected
- Void loss
 - 5.6%
- Bad debts
 - 235 Debts written off

These statistics represent a significant improvement on the previous year.

In addition to quantifiable financial savings the business has been targeting other areas in which we could improve VFM. During the financial year we completed the migration of all of Foundation's IT systems on to a group wide platform and on to Office 365 which means all of the business is working in the same way. The mobile phone contract was negotiated at Group level and this has produced both savings and better quality handsets for employees.

Value for Money Metrics

The 2018 Value for Money standard introduced seven metrics to be reported on across the sector. These are as follows:

1. Reinvestment (financial investment in acquiring and developing new properties) -none.
2. New Supply Delivered. This measure is not applicable as Foundation does not acquire properties. The number of properties rented can vary in relation to the contracts being delivered.
3. Gearing. Foundation does not have any debt.
4. Earnings before Interest, Tax, Depreciation, Amortisation, Major Repairs Included. This is an interest cover test that is an indicator for liquidity and investment capacity. As Foundation does not pay tax or interest, this is not a relevant measure.
5. Headline Social Housing Cost per Unit includes both owned and managed properties. The costs for Foundation were;

	2020	2019
	£ 5,716	£7,953

The decrease in costs reflects the unusual nature of the size of handbacks with associated costs in 2018/19

6. Operating Margin - this demonstrates the profitability of operating assets before non-recurring expenses are considered.

	2020	2019
➤ Social Housing lettings Only	13.9%	10.3%
➤ Overall	5.1%	2.6%

The reduction in hand back costs has contributed towards the increased returns.

7. Return on Capital employed (ROCE) % measures the efficient investment of capital resources.

	2020	2019
	19.7%	22.1%

FOUNDATION

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Governance

Trustees and Executive Officers

The current Trustees and Executive Officers are set out on page 1. Foundation's Management Committee (at 31 March 2020) comprises nine Trustees (three independent to Foundation; six who represent the Inspire North group) with a range of relevant skills and experience. Individually and collectively they exercise independent and objective judgement.

During 2019, a review of the sub-committee structure took place and Trustees agreed to create three sub-committees to ensure sufficient time could be given to the activities of the group. Each Trustee serves on one of the three sub-committees:

- 1) Resources (chaired by the Treasurer);
- 2) Operations and Development (chaired by the Clinical Governance Lead); and
- 3) People and Culture (chaired by the Employee Well-being Champion).

To support the work of the Senior Leadership Team and adopt best practice, new champion roles have been introduced within the Management Committee:

Champion	Trustee representative
Clinical Lead	Anne Worrall-Davies (Community Links - CL)
Co-production	Fawzia Mir (CL)
Diversity & Inclusion	Cornelle Parker (Inspire North - IN)
Employee Wellbeing	Jaqueline Hallam (CL)
Freedom to Speak Up	Philip Turnpenny (IN)
Safeguarding	Richard Parry (IN)
Value for Money	Lisa Bradley (Foundation - FN)
Volunteer	Christopher Welch (Interim)

A Group Management Committee away day took place in October 2019 which was externally facilitated. This was an opportunity to review how far the group had come since the merger. As part of the day, a Meet and Greet was arranged between Trustees and employees from Foundation's Services. This afforded colleagues the opportunity to share directly with Trustees what they thought was going well, what ideas they had for improvements and what more they hoping to achieve within their services.

Whilst Trustee appraisals are due to be carried out annually, due a review of the group's Performance and Development Review Framework and a delay in rolling out training as a result of COVID-19, these have been delayed until 2020-21. An up to date skills register is maintained and used to support trustee recruitment.

The Management Committee has overall responsibility for the governance and strategic direction of the Company and Foundation's constitution empowers the Management Committee to take such steps as are necessary to achieve the Company's objectives and make appropriate arrangements for the sound management of its business. When necessary, the Management Committee consider the need to take independent professional advice and trustees receive all internal audit reports undertaken through the year.

Day to day management responsibilities are delegated by the Management Committee to the Senior Leadership Team under the direction of the Chief Executive. The Chief Executive is appraised annually by the Chair of the Board including 360-degree feedback from all direct reports, trustees and external stakeholders. Working closely with the Board, the Senior Leadership Team continues to provide leadership and professional support across the group.

FOUNDATION

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Recruitment, Appointment and Training of Trustees

New Trustees are recruited through open advert and interviewed to ensure that collectively the Management Committee maintains a broad range of varied backgrounds, skills and experience. We endeavour to ensure the needs of our beneficiaries are reflected by the diversity of the Management Committee in terms of the skills and interests represented. Following an open recruitment process in the summer of 2019, a new independent trustee of Foundation was appointed this year, Lisa Bradley.

Under Article 3.5 of the Articles of Association, Trustees are elected to serve for a period of three years, after which they must be re-elected at the next Annual General Meeting. Trustees may serve for a maximum of three consecutive terms.

Whilst the Board may include Trustees who are ex-clients, the developing co-production strategy sees two separate roles developing, one of Trustee with lived experience who is recruited to the Management Committee specifically because they have lived experience and one of a "client/tenant voice". The latter role is specifically to give voice to current clients/tenants at Management Committee level without taking up a Trustee position. All Trustees receive the same induction but those with lived by experience would also have access to mentoring support from other Trustees, the Chief Executive and/or Group Director of Operations as required. Inspire North is actively looking to involve clients at Management Committee level.

No Trustees had any other beneficial interest in any contract with the Company during the year. A declaration of interest register is kept, and all Trustees are expected to notify the Executive Assistant of any changes as they occur.

Conflict of interests are identified at the start of each Management Committee or Sub-committee meeting in relation to specific agenda items.

Clients/tenants invited to attend Management Committee meetings or take up other associated duties on behalf of the Company receive a nominal allowance in line with the Memorandum and Articles. Travel and other expenses incurred in the discharge of Trustee duties are reimbursed to all Trustees. No Trustee received any remuneration for services as a member of the Management Committee in 2019 to 2020.

Governance

The Trustees formally adopted the National Council for Voluntary Organisations' Code of Governance as being the most appropriate code to govern the activities of the Company.

Executive Remuneration

The Senior Leadership Team were part of a pay review during the period for Inspire North employees only. The Pay Review did not affect Foundation employees. In addition, where appropriate, the Executive Team have received pay rises in line with NJC pay agreements alongside all relevant employees within Inspire North. Terms and conditions of employment remained unchanged.

Internal controls assurance

The Management Committee acknowledges its overall responsibility for establishing and maintaining the whole system of internal controls and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

In meeting its responsibilities, the Management Committee has adopted a risk-based approach to internal controls, which have been developed and embedded throughout the year through the normal management and governance process.

FOUNDATION

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The Management Committee cannot delegate ultimate responsibility for the system of internal control, but it has delegated authority to the Resources Committee to regularly review the effectiveness of the system of internal control. The Management Committee receives the minutes of all Resources Committee meetings.

The following key procedures are adopted which are designed to achieve effective internal financial control:

Monitoring and corrective action

Risks are monitored regularly by the senior leadership team and significant variances reported to Board committees on a quarterly basis. Should any change in risk levels occur, the reasons for the change are established and the necessary action plans are developed and taken to the Board. In addition to a corporate Group risk register, each company in the group has an additional individual risk register in place to track risks which are specific to that company. A separate risk register has been created in relation to Covid-19.

Environment and control procedures

Foundation believes that environmental protection should form an integral part of standard operating procedures. The Company is concerned not only with its direct impact on the environment, but also any indirect effects caused by the Company's activities affecting its neighbours and the local community.

During the period, Inspire North achieved Environmental Accreditation ISO14001 and plans to roll this out across the group (including Foundation) during 2020-21, monitoring the impact on our carbon footprint. A full environmental strategy will be developed later in the year.

Foundation's current environmental action plan articulates the Company's commitment to sound environmental management.

This action plan will be implemented through the following activity:

- Encouragement of environmental responsibility amongst our stakeholders, including clients/tenants, contractors, suppliers, and colleagues.
- Conducting our Operations in a way that minimises our consumption of natural resources and manages waste through responsible disposal and the reuse and recycling of materials, where economically feasible.

Information and financial reporting systems

Monthly accounts are prepared by the Inspire North Finance Team and distributed to Executive Officers, Senior Managers and Service or Project Managers, who report monthly on significant variances. Accounts are submitted to the Resources Subcommittee for review each quarter and then on to the main Management Committee, also quarterly.

Related parties

No Trustee had any beneficial interest in any contract with the Company in 2019 to 2020. Tenants are also on normal commercial terms. The Company's subsidiary, Foundation Stone Enterprises Limited, was established in February 2014 and began trading in June 2016.

FOUNDATION

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law and registered social housing legislation requires the Trustees to prepare financial statements for each financial period. Under that law Trustees (who are also Directors of the charitable company) have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that year. In preparing these financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing. It is also responsible for taking reasonable steps to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Housing SORP 2018 Statement of Recommended Practice for Social Housing Providers.

The Board is also responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

Annual general meeting

The annual general meeting was held on 27 September 2019 and is scheduled for 1 October 2020.

Statement as to disclosure of information to the auditor

The Management Committee, who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditor is not aware. The Management Committee have confirmed that they have taken all the steps they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

External auditor

The auditor, RSM UK Audit LLP has indicated their willingness to continue in office.

This report including Strategic report was approved by the Board on and signed on its behalf by:

X 

Chair: Claire Vilarrubi
Date: 1 October 2020

FOUNDATION

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FOUNDATION

FOR THE YEAR ENDED 31 MARCH 2020

Opinion

We have audited the financial statements of Foundation for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including 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 charitable company's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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 group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOUNDATION (CONTINUED)

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 19, the Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the company 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 auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Andrew Allchin FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

13 October 2020

FOUNDATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £'000	2019 £'000
Turnover	3	10,229	10,405
Operating costs	3	(9,712)	(10,134)
Operating Surplus		517	271
Interest receivable and other income	5	16	13
Interest payable and similar charges	6	(103)	(82)
Movement in fair value of financial Instruments		(55)	3
Surplus on ordinary activities before taxation		375	205
Tax on surplus on ordinary activities		-	-
Surplus for the financial year		375	205
Actuarial Gain/(loss) in respect of defined benefit pension scheme	23	2,199	(909)
Initial recognition of multi-employer defined benefit pension scheme		-	(1,130)
Total Comprehensive Income/(Loss) for the year		2,574	(1,836)

The notes on pages 25 to 48 form part of these financial statements.

The turnover and operating result for the year arises from continuing operations.

The financial statements on pages 22 to 48 were approved by the Board and authorised for issue on 1 October 2020 and are signed on its behalf by:

X 

Chair: Claire Vilarrubi

X 

Chair of Resources Committee: David Powell

FOUNDATION

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £'000	2019 £'000
Tangible fixed assets			
Intangible Assets	10	1	2
Housing properties	11	857	876
Other tangible fixed assets	12	<u>4</u>	<u>41</u>
Total fixed assets		862	919
Current assets			
Debtors	14	1,321	1,314
Investment	13	560	607
Cash and cash equivalents		<u>909</u>	<u>882</u>
		2,790	2,803
Creditors: Amounts falling due within one year	15	<u>(1,031)</u>	<u>(1,179)</u>
Net current assets		1,759	1,624
Total assets less current liabilities		2,621	2,543
Creditors: Amounts falling due After more than one year	16	(141)	(145)
Provisions for liabilities			
Defined benefit pension scheme liability	23	(1,480)	(3,972)
		<u>(1,621)</u>	<u>(4,117)</u>
Net Assets/(Liabilities)		1,000	(1,574)
Capital and reserves			
Reserves	19	1,000	(1,574)
		<u>1,000</u>	<u>(1,574)</u>

The financial statements on pages 22 to 48 were approved by the Board and authorised for issue on 1 October 2020 and are signed on its behalf by:

Chair: Claire Vilarrubi

Chair of Resources Committee: David Powell

FOUNDATION

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 MARCH 2020

	General reserve £'000	Total £'000
Balance at 1 April 2019	(1,574)	(1,574)
Surplus for the year	375	375
Actuarial Gain	2,199	2,199
	<hr/>	<hr/>
Balance as at 31 March 2020	1,000	1,000
	<hr/>	<hr/>

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

The Company is registered under the Companies Act 2006 and is registered with Homes England (previously the Homes and Communities Agency) as a social landlord. The Company is limited by guarantee and is a registered charity. The address of the Company's registered office and principal place of business is 3 Limewood Way, Seacroft, Leeds, West Yorkshire, LS14 1AB. The Company's principal activities are provided on page 3.

Basis of Preparation

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Accounting Direction for Private Registered Providers of Social Housing 2019, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Reduced disclosure

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – presentation of a statements of cash flow and related notes and disclosures;

The financial statements of the company are consolidated in the financial statements of Inspire North, a charitable company limited by guarantee (company number 11568263) and also a charity registered in England and Wales (charity number 1180693). These consolidated financial statements are available from its registered office, 3 Limewood Way, Leeds, United Kingdom, LS14 1AB.

Basis of consolidation

The company has taken advantage of the exemption in section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the company as a single entity.

Going Concern

The Trustees have prepared these financial statements on the going concern basis. The Trustees have prepared detailed annual forecasts and the company is included in the Group 5-year strategic plan. The Trustees believe that the Charity will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Trustees have further prepared a 5 Year Financial Plan to March 2023. Covid-19 is having a relatively small cost impact with investment in PPE and screens but security has come from having all our contracts extended until at least March 2021. Based on the information currently available in respect of the future, the Trustees consider that the Charity has the plans and resources to manage its business risks successfully

Our services and funding continue to be at risk from cuts to Local Authority funding and Trustees recognise that this risk has increased given the current economic climate and the potential for major local authority spending cuts.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (continued)

Turnover

Turnover comprises rental and service charge income receivable in the period, other services provided at the invoice value (excluding VAT) and revenue grants receivable in the period. Grants and other income are recognised in the year in which entitlement exists and the amount can be measured with reasonable certainty and measurability. Income such as donations and gifts is accounted for as received by the company at the fair value at the time of receipt.

All other turnover is recognised as the service is provided.

Service Charges

The Company reviews the costs of delivering its services to its clients/tenants on an annual basis and sets the charges based on these costs.

Taxation

As a charity the Company is exempt from tax on income and gains falling within Chapter 3 Part II Corporation Tax Act 2010 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

The company's trading subsidiary is liable to corporation tax on its taxable profits.

Value Added Tax

Although Foundation is partially exempt from VAT, the amount of taxable income is so small relative to overall turnover, VAT is only recovered at 1% of VAT incurred and therefore VAT effectively represents a 20% additional cost to the Company where charged.

Interest Payable

Interest payable is charged to the Statement of Comprehensive Income in the period it falls due.

Pensions

Defined contribution scheme costs are accounted for in the period in which they are incurred. Any differences between costs incurred and cash payments made are included as accruals or prepayments. Foundation is a member of the Social Housing Pension scheme administered by The Pensions Trust. The current scheme is a Defined Contribution scheme as the Defined Benefit scheme was closed as at 31 March 2013. The company is required to contribute to the deficit recovery plan for the defined benefit scheme and the adoption of FRS102 had created a negative position on the statement of financial position. The improvement in the government bond rate plus a reduction in the number of pensioners in the scheme has contributed to a significant reduction in the liability and returned the balance sheet to positive territory. It was previously not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. However, sufficient information is now available to identify this for 31 March 2019 and, consequently, the SHPS can now be accounted for as a defined benefit scheme. The FRC issued FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multiemployer defined benefit plans) which provides proposed changes to FRS 102 on the issue.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting Policies (continued)

Social Housing and Other Grants

Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate. Grants in respect of capital expenditure are credited to liabilities and released over the life of the associated asset.

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

Contract Income

Charges for support services are recognised as they fall due under the contractual arrangements with Administering Authorities.

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The holiday year ends at the reporting date and employees are entitled to carry forward up to five days of unused leave at that date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for the termination of benefits is recognised immediately as an expense when Foundation is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Housing Properties

Housing properties which are carried on the statement of financial position at cost.

The estimated useful lives applied to the components of these, which are detailed below.

Building	100 years
Roof Tile	50 years
Windows and doors	30 years
Boiler and fire	15 years
Kitchen	20 years
Bathroom	30 years
Radiators	30 years
Wiring	30 years
Grant	25 years

Management have considered the impairment review rules and concluded that there are no indicators of impairment at this time. Accordingly, no detailed impairment review has been performed. Only three properties are let for social housing, the remaining six properties are managed by Foundation Stone and let to non-social housing tenants.

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit.

Completed housing properties are principally properties available for rent and are stated at historical cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings and development costs.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting Policies (continued)

Housing Properties (continued)

Works to existing properties, which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Investments

Investments in subsidiaries are recorded at cost less any provision for impairment losses.

Investments in quoted investments are carried at valuation based on the market price at the year end date.

Management of liquid resources

Liquid resources are readily disposable current asset investments and cash at bank and in hand. In the event that the Company has money market deposits held for more than 24 hours, they can be withdrawn without penalty on maturity or by giving notice of more than one working day.

Intangible Fixed Assets

Intangible assets purchased other than in a business combinations are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased computer software	3 years
-----------------------------	---------

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis, at rates considered appropriate to write off the assets over their effective working lives as follows:

Freehold Properties	over 25 years
Fixtures, fittings and equipment	over 10 years or over life of the lease
Other tangible fixed assets	over 3 years

Operating Leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting Policies (continued)

Reserves

The Company establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves are earmarked for a particular purpose.

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Other financial assets, including investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

Financial liabilities

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Critical accounting judgements and estimation uncertainty

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible assets

The annual depreciation charge for tangible fixed assets is sensitive to the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 11 and 12 for the carrying amount of tangible fixed assets and note 1 for the useful economic lives of each class of assets.

Financial instruments

The Company enters into basic financial instrument transactions that meet the criteria of a basic financial instrument as defined in FRS102 Section 11, and that result in the recognition of financial assets and liabilities such as trade and other debtors and trade and other creditors. Where cash levels permit, the company invests in short term quoted investments. These instruments are initially recorded at the transaction price less any transaction cost (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however, the Company has calculated that the difference between the historical cost and amortised cost is not material and therefore these financial instruments are stated on the statement of financial position at historical cost.

Provision for bad and doubtful debts

The provision is calculated to cover the likelihood of rental income due from tenants not being received. The provision takes into account the age of the outstanding balance and whether it is payable through Housing Benefit or client contributions. Details of the provision are disclosed at note 14.

Defined benefit pension scheme

The present value of the Social Housing Pension Scheme (SHPS) defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. During the prior period, the SHPS is now able to be accounted for as a defined benefit scheme and the accounting has been changed from defined contribution scheme in the previous period.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3 Turnover, cost of sales, operating costs and operating Surplus/(Deficit)

Continuing activities

	Turnover £'000	2020 Operating Costs £'000	Operating Surplus/(Deficit) £'000	Turnover £'000	2019 Operating Costs £'000	Operating Surplus/(Deficit) £'000
Social housing activities						
Income and expenditure from lettings	4,555	(3,881)	674	4,735	(4,247)	488
Other social housing activities						
Supporting people contract income	5,358	(5,511)	(153)	5,196	(5,390)	(194)
Other social housing income and expenditure	-	-	-	4	(4)	0
Non-social housing activities	316	(320)	(4)	470	(493)	(23)
Total	10,229	(9,712)	517	10,405	(10,134)	271

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3 Turnover, cost of sales, operating costs and operating surplus/(deficit) (continued)

Particulars of income and expenditure from social housing lettings

	2020 Supported Housing £'000	2019 Supported Housing £'000
Turnover from social housing lettings		
Rent receivable	3,117	3,311
Void Costs	(276)	(312)
Service Charges Receivable	1,768	1,959
Debts written off	(54)	(223)
Net rental income	4,555	4,735
Other revenue grants	-	-
Turnover from social housing lettings	4,555	4,735
Expenditure on social housing lettings		
Rent	(2,276)	(2,460)
Costs relating to tenants	(17)	(20)
Light and heat	(55)	(68)
Routine maintenance	(139)	(135)
Planned maintenance	(692)	(624)
Staff costs	(626)	(765)
Other Costs	(34)	(206)
Bad Debts Provision	(42)	31
Operating Costs on social housing Lettings	(3,881)	(4,247)
Operating Surplus on social housing lettings	674	488

4 Accommodation in management and development

At the end of the year, accommodation in management was as follows:

	2020 Units	2019 Units
Supported housing-owned	10	10
Supported housing managed	557	524
Total units	567	534

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

5 Interest receivable and other income

	2020 £'000	2019 £'000
Net finance income	-	-
Bank interest	16	13
	<u>16</u>	<u>13</u>

6 Interest payable and similar charges

	2020 £'000	2019 £'000
Pension scheme – net finance charge	103	82
	<u>103</u>	<u>82</u>

7 Operating Surplus/(deficit)

This is arrived at after charging/(crediting):

	2020 £'000	2019 £'000
Release of capital grant	(3)	(2)
Depreciation of tangible fixed assets	76	75
Amortisation of Intangible fixed assets	1	3
Operating lease rentals		
- land and buildings	225	229
- office equipment	3	10
External Auditor's remuneration (including VAT)		
- external audit services	15	21
- accountancy and taxation services	1	3
	<u>1</u>	<u>3</u>

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

8 Employees

The average monthly number of persons employed during the year was:

	2020 Average Number	2019 Average Number
Charitable work	171	204
Support services	-	26
	171	230

Support staff all TUPE'D in to the parent company Inspire North. All staff employed in Foundation are considered front line workers delivering its charitable objectives.

The average monthly number of people employed during the year expressed as full-time equivalents was:

	2020 Average FTEs	2019 Average FTEs
Charitable work	140	161
Support services	-	24
	140	185

Employee costs:

	2020 £'000	2019 £'000
Wages and salaries	4,041	4,614
Social security costs	271	345
Other pension costs	102	122
	4,414	5,081

The Company's employees were eligible to be members of the Social Housing Pension Scheme. Further information on the scheme is given at note 23.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9 Executive Officers' and senior staff emoluments

	2020 £'000	2019 £'000
Aggregate emoluments paid to all Executive Officers, excluding pension contributions	-	147
Aggregate amount of all Executive Officers' pensions	-	7
Aggregate amount of all Executive Officers' Employer's NI Contribution		17
Emoluments of the Chief Executive, who was also the highest paid employee, excluding pension contributions	-	46
Pension Contributions	-	3

Emoluments for the Officers fall into the following bands:

	2020 Number	2019 Number
More than £60k but not more than £70k	-	1
More than £70k but not more than £80k	-	1

No employee received emoluments of more than £60,000.

Executive officers are entitled to the same company pension contributions into a defined contribution scheme as all other employees. The Chief Executive and Executive Officers are deemed to be the key management personnel of the Charity. Executive remuneration has decreased following the transfer of the team to Inspire North during the previous year.

The Memorandum and Articles of the Charity allow the payment of reasonable reimbursed expenses to Board Trustees and a nominal allowance to Board Trustees drawn from our customer base for the undertaking of additional tasks to inform the internal systems of the Charity. The expenditure for the year is made up of:

	2020 Number	2019 Number
Number of Trustees who were paid expenses	1	3

Trustee expenses of £133 (2019: £409) comprise travel and sundry expenses attendance allowances.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10 Intangible fixed assets

	Purchased computer software £'000
Cost	
At 1 April 2019	234
Additions	-
Disposals	(65)
	<hr/>
At 31 March 2020	169
	<hr/>
Amortisation	
At 1 April 2019	232
Charge for year in operating costs	1
Disposals	(65)
	<hr/>
At 31 March 2020	168
	<hr/>
Net book value	
At 31 March 2020	1
	<hr/>
At 31 March 2019	2
	<hr/>

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Tangible fixed assets – housing properties

	Social housing properties held for letting £'000
Cost	
At 1 April 2019	1,166
Additions	19
Disposals	(6)
	<hr/>
At 31 March 2020	1,179
	<hr/>
Depreciation	
At 1 April 2019	290
Charge for year	35
Disposals	(3)
	<hr/>
At 31 March 2020	322
	<hr/>
Net book value	
At 31 March 2020	<hr/> 857
At 31 March 2019	<hr/> 876

Included in the above is a property in Scarborough with a net book value of £127,090 (2019: £129,367). There is a 30-year charge on the property that is being used to house vulnerable people.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Other tangible fixed assets – Other

	Office/Leasehold Fixtures £'000	Furniture Equipment £'000	Computer & Accessories £'000	Total £'000
Cost				
At 1 April 2019	165	27	36	228
Additions	3	4	-	7
Disposals	(3)	(2)	(10)	(15)
At 31 March 2020	165	29	26	220
Depreciation				
At 1 April 2019	129	24	34	187
Depreciation charge for the year	36	3	2	41
Disposals	(1)	(1)	(10)	(12)
At 31 March 2020	164	26	26	216
Net book value				
At 31 March 2020	1	3	-	4
At 31 March 2019	36	3	2	41

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Investments

	Quoted investments £'000 Valuation	Investment in subsidiary £ Cost
1 April 2019	607	1
Fees and Charges	(5)	-
Income received	14	-
Market movement	(55)	-
At 31 March 2020	561	1

The investment in subsidiary represents the 100% holding of the issued share capital of Foundation Stone Enterprises Limited, registered office 3 Limewood Way, Seacroft, Leeds, LS14 1AB. The company delivers housing related legal services and a social lettings agency. Quoted investments includes investment loss and income received of £55k and £14k respectively and charges incurred of £5k. They consist of a portfolio of low risk equity and debt holdings managed by Charles Stanley.

14 Debtors

	2020 £'000	2019 £'000
Rent and service charges receivable	491	483
Less: provision for bad and doubtful debts	(167)	(125)
	324	358
Amounts due from group undertakings	184	614
Other debtors	516	186
Prepayments and accrued income	297	156
	1,321	1,314

15 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	199	177
Other taxes and social security	65	60
Other creditors	159	111
Accruals	313	411
Deferred income	291	417
Deferred government grant (note 17)	4	3
	1,031	1,179

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

15 Creditors: amounts falling due within one year (continued)

Deferred income includes £15,556 of underspend (2019: £15,556) relating to a project in North Yorkshire working with disadvantaged young people funded by the Big Lottery Reaching Communities Scheme. The project finished on 2 October 2018.

16 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Deferred government grant (note 17)	141	143

17 Deferred government grant

	2020 £'000	2019 £'000
Balance at 1 April	146	-
Additions	-	148
Released during the year	(3)	(2)
Balance at 31 March	143	146

18 Financial instruments

	2020 £'000	2019 £'000
Carrying amount of financial assets		
Measured at fair value	561	607
Measured at amortised cost	1,181	1,201
Carrying amount of financial liabilities		
Measured at amortised cost	1740	762

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

19 Reserves

	Undesignated Reserve £'000	Designated Reserve £'000	General Reserve £'000
At 1 April 2019	(2,029)	455	(1,574)
Surplus for the year	375	-	375
Actuarial Gain	2,199	-	2,199
Transfers to general reserve	12	(12)	-
At 31 March 2020	557	443	1,000

Designated Reserves	1 April 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	31 March 2020 £'000
St Peter's Building	321	-	(6)	-	315
Innovation and Project Development	4	-	(4)	-	-
Scarborough Property Fund	130	-	(2)	-	128
Total designated reserves	455	-	(12)	-	443

While the amounts included in Designated reserves are not contractually committed at the year end, the Trustees have earmarked the funds for the purposes listed below:

The **St Peters Building Fund** has been designated by the Trustees in respect of the five properties gifted by St Peter's Christian Project.

The **Innovation and Project Development Fund** comprises a specific legacy for a North Yorkshire team and is being used for specialised training and related activities.

The **Scarborough Property Fund** is a property comprising three flats which was donated to Foundation.

20 Capital commitments

The Company had no capital commitments as at 31 March 2020 (2019: none).

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

21 Other commitments

At 31 March 2020 the Company had total future minimum payments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Expiry Date:				
Within one year	177	216	1	3
Between two and five years	188	354	1	2
	365	570	2	5

The notice period required for termination of agreement on tenant accommodation, rented by the charity, is less than one year with the majority requiring one month. Therefore, the rental cost of tenant accommodation is not included in the operating lease commitments.

22 Contingent liabilities

The company had no contingent liabilities at the balance sheet date.

23 Pension Obligations

	31 March 2020 £'000	31 March 2019 £'000	31 March 2018 £'000
Present value of provision	1,480	3,972	2,222

The company participates in the Social Housing Pension Scheme (the Scheme), a multiemployer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme. For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Pension Obligations (continued)

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

Reconciliation of opening and closing provisions

	Period Ending 31 March 2020 £'000	Period Ending 31 March 2019 £'000	Period Ending 31 March 2018 £'000
Provision at start of year	3,972	2,222	2,580
Interest Expense	88	82	32
Expenses	15	15	-
Deficit contribution paid	(396)	(386)	(360)
Remeasurements	(2,199)	909	(30)
Adjustment on recognition as DB scheme	-	1,130	-
Provision at end of year	1,480	3,972	2,222

Income and expenditure impact

	Period Ending 31 March 2020 £'000	Period Ending 31 March 2019 £'000	Period Ending 31 March 2018 £'000
Interest expense	88	82	32
Remeasurements – impact of any change in assumptions	-	-	(30)
Expenses	15	15	-
Costs recognised in income and expenditure account	103	97	2

ASSUMPTIONS

	31 March 2020 % per annum	31 March 2019 % per annum	31 March 2018 % per annum
Rate of discount	2.37	2.31	1.72

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Pension Obligations (continued)

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The liabilities set out in this note have been calculated by an independent actuary based on the most recent full actuarial valuation. The results of the calculations and the assumptions that have been adopted are shown below.

Key assumptions

	2020 %
Discount rate	2.37
Inflation (RPI)	2.60
Inflation (CPI)	1.60
Salary growth	2.6

Mortality assumptions

Assumed life expectations on retirement at age 65:

	2020 Years
Retiring today	
Male	21.5
Female	23.3
Retiring in 20 years	
Male	22.9
Female	24.5

Amounts recognised in the income statement:

	2020 £'000
Expenses	15
Net interest on defined benefit liability	88
	103

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Pension Obligations (continued)

Amounts taken to other comprehensive income

	2020 £'000
Experience gain on plan assets	47
Experience gain on plan liabilities	192
Effect of changes in demographic assumptions	128
Effect of changes in the financial assumptions	1,832
	<hr/>
Total actuarial gain	2,199
	<hr/>

The amounts included in the statement of financial position arising from the group's obligations in respect of defined benefit plans are as follows:

	2020 £'000
Present value of defined benefit obligation	12,860
Fair value of plan assets	11,380
	<hr/>
Deficit in scheme	(1,480)
	<hr/>

Movements in the present value of defined benefit obligations:

	2020 £'000
Liabilities at 1 April 2019	14,964
Expenses	15
Interest cost	343
Actuarial losses due to scheme experience	(192)
Actuarial losses due to changes in demographic assumptions	(128)
Actuarial losses due to changes in financial assumptions	(1,832)
Benefits paid	(310)
	<hr/>
At 31 March 2020	12,860
	<hr/>

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Pension Obligations (continued)

Movements in the fair value of plan assets:

	2020 £'000
Fair value of assets at 1 April 2019	10,992
Interest income	255
Experience on plan assets	47
Contributions by the employer	396
Benefits paid	(310)
	<hr/>
At 31 March 2020	11,380
	<hr/>

The actual return on plan assets was £302,000

The analysis of the scheme assets at the reporting date were as follows:

	2020 £'000
Global equity	1,664
Absolute return	593
Distressed opportunities	219
Credit relative value	312
Alternative risk premia	796
Fund of hedge funds	7
Emerging markets debt	345
Risk sharing	384
Insurance-linked securities	349
Property	251
Infrastructure	847
Private debt	229
Opportunistic Liquid Credit	275
Corporate bond fund	649
Liquid Credit	5
Long lease property	197
Secured income	432
Liability driven investment	3,777
Net current assets	49
	<hr/>
	11,380
	<hr/>

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

24 Results of the subsidiary company

The wholly owned trading subsidiary, Foundation Stone Enterprises Limited (company number 08895921) is incorporated in England and Wales and has a registered office of 3 Limewood Way, Seacroft, Leeds, LS14 1AB.

The summary financial performance of the subsidiary is as follows:

	2020 £'000	2019 £'000
Income	191	256
Expenditure	(307)	(420)
	—	—
Loss for the period	(116)	(164)
	==	==

The net liabilities of Foundation Stone Enterprises Limited at 31 March 2020 were (£443K) (2019: £327k).

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

25 Related parties

There were no related party transactions during the year other than those already disclosed in note 9.

26 Parent Company and Controlling Party

Inspire North, a company registered in England and Wales, is the immediate and ultimate parent company. This is the parent of the smallest and largest group for which consolidated accounts including Foundation are prepared. In the opinion of the directors, there is no single ultimate controlling party. The consolidated accounts of Inspire North can be obtained from the charity's registered office: 3 Limewood Way, Seacroft, Leeds, LS14 1AB.