

THE BOWLAND CHARITABLE TRUST
REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

Ainsworths Limited
Chartered Accountants
& Statutory Auditors
Charter House
Stansfield Street
Nelson
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BB9 9XY

THE BOWLAND CHARITABLE TRUST

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FOR THE YEAR ENDED 31ST DECEMBER 2020**

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THE BOWLAND CHARITABLE TRUST

REPORT OF THE TRUSTEES - REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31ST DECEMBER 2020

Registered charity number	292027
Registered office	Bowland House Philips Road Blackburn Lancashire BB1 5NA
Trustees and key management personnel	H A Cann CBE C Fahy H D Turner
Bankers	Lloyds Bank Plc Blackburn Lancashire BB2 1JQ
Auditors	Ainsworths Limited Chartered Accountants and Statutory Auditors Charter House Stansfield Street Nelson Lancashire BB9 9XY
Stockbrokers and investment advisers	Redmayne-Bentley 8-10 Victoria Street Harrogate North Yorkshire HG1 1ED

THE BOWLAND CHARITABLE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2020

The trustees present their report and the financial statements of the charity for the year ended 31st December 2020. The information on page one also forms part of this report.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Bowland Charitable Trust (“the charity”) was established on 26th February 1985 and is registered with the Charity Commissioners (registration number 292027). The charity is governed by a trust deed dated 26th February 1985.

The trustees themselves appoint new trustees to their own body. The new trustees are trained by the existing trustees.

ORGANISATIONAL STRUCTURE

The trustees who have served during the year and since the year end are set out on page one. Grant applications are made directly to the trustees, who meet regularly to assess the applications. The trustees then approve or reject the grants.

The charity has no full-time employees, but an employee of a related company is involved in occasional assistance with the administration of the charity. The trustees take care of the day to day running and legal requirements of the charity.

RECRUITMENT AND APPOINTMENT OF NEW TRUSTEES

Trustees are appointed to reflect the skills required to support the charity and its range of activities. The trustees themselves appoint new trustees to the Board and provide appointees with a full orientation of the services provided, the decision-making process of the Trust and the roles and responsibilities of a trustee, including their legal obligations under applicable laws.

RISK MANAGEMENT POLICY

The Trustees review the major risks faced by the charity during their regular meetings and confirm there are systems in place to mitigate them. Internal risks are minimised by segregation of duties and procedures for authorisation of all transactions.

OBJECTIVES AND ACTIVITIES

The objectives of the charity are to support individuals, charities and other charitable organisations, as detailed by the trust deed, supporting general charitable purposes and in particular the promotion of educational and character forming activities for young people and the reduction of inequality by improving the education of all children, in particular the disadvantaged, by way of making grants and gifting educational equipment.

In setting the objectives of the charity, the trustees have considered the guidance issued by the Charity Commission on delivering public benefit. The trustees feel this is achieved through their support of outdoor and character-building activities for young people, the advancement of educational, religious and cultural aims and purposes and through research into the operation of the criminal justice system in particular as it relates to young offenders.

As a significant proportion of the charitable projects which the trustees have been pursuing has already been substantially or totally completed but there remain two substantial projects which the trustees foresee as continuing for some time yet. As at the date of this report the cumulative total of donations made and expenditure on charitable projects by the charity exceeds £40 million. The Coronavirus pandemic effectively suspended the activities being supported by the charity from March 2020. The great majority of the grants made during the year were made before this suspension but the effect was that little progress was made during the year towards the fulfilment of the charity’s objectives.

Grants of £1,012,793 (2019: £1,414,374) have been made during the year and are analysed by purpose in note eight to the accounts.

THE BOWLAND CHARITABLE TRUST

REPORT OF THE TRUSTEES – continued FOR THE YEAR ENDED 31ST DECEMBER 2020

GRANT MAKING POLICY

The charity invites applications for funding of projects from individuals, charities and other charitable organisations in particular for the promotion of education. The applications are made directly to the trustees, who meet regularly to assess the applications. The trustees then approve or reject the grants. Projects may be funded over varying periods of time, but the majority are made as one off payments. The trustees also occasionally make grants to other appeals and charities.

FINANCIAL REVIEW

The Group has recorded net expenditure in the year of £4,726,749 (2019: £2,740,350). The majority of the increase in the deficit is due to the loss made by the Charity's trading subsidiaries. The subsidiaries were affected by the Coronavirus pandemic and they also incurred costs in restructuring so as to save on wage costs in future accounting periods.

The charity itself had net expenditure of £1,137,185 (2019: £1,302,350) arising from charitable activities performed whilst income was comparatively negligible. The net movement in funds of the charity was a deficit of £1,389,710 (2019: £920,043) which is worse than the prior year due to losses suffered on its investments as a result of the pandemic.

The Group's net assets were £2,289,581 at 31 December 2020 (2019: £7,016,330), of which more than £3.5m is held as bank balances and listed investments which are both liquid.

Subsidiaries

The aim of the Charity's subsidiary, Learning By Questions Limited, and its subsidiaries, continues to be that of harnessing generally available computer technology to deliver educational content which, by virtue of the speed of communication, can instantly mark or otherwise provide feedback to the benefit of both teacher and learner in that weaknesses are immediately apparent and can be addressed immediately. This produces a significant improvement in the effectiveness of learning, in the efficiency with which teachers' time is applied and in the satisfaction derived by both learners and teachers.

The costs incurred in developing such software are capitalised and amortised over the period which the Group aims to derive economic benefit from commercialising this content and such income is growing rapidly. The trustees are content to retain their investment in Learning By Questions Limited in view of the intention and ability of the trustees to provide further financial support from the settlor's family trusts in which the trustees are the same as those in the Group. The investment in Learning by Questions Limited is proceeding according to plan and the trustees expect it to achieve its objectives over the next few years. The trustees believe that the project has the potential to provide a very substantial financial return to the Charity and that the commercial success of the project will also produce results wholly consistent with the educational support objects of the Charity.

At the 31 December 2020, the unamortised cost of such software amounted to £1,778,521 (2019: £2,549,315). The trustees are confident that future economic benefits will flow to the Group in future years in excess of this amount and that no impairment is required.

IMPACT OF CORONAVIRUS

Coronavirus had an effect on the Group during the year. The main financial impact of Coronavirus on the charity was that of a reduction in the valuation of its investment portfolio in March 2020, when stocks reduced around the world. However the markets bounced back relatively quickly. Furthermore, a significant proportion of the charity's equities were transferred into cash prior to the fall which mitigated the impact of the decrease but nonetheless losses were realised on some of the Charity's investments.

The charity's subsidiaries have performed well since schools returned in September 2020, with strong growth experienced in the final four months of 2020. The in house software offering of the Group has made it well equipped to service the changing landscape within the education sector.

THE BOWLAND CHARITABLE TRUST

REPORT OF THE TRUSTEES – continued FOR THE YEAR ENDED 31ST DECEMBER 2020

INVESTMENT POLICY

To the extent that the charity's funds have not been used to award grants, they have been held on deposit, invested in shares or other securities to generate a higher return than would otherwise be available on deposit.

Interest and dividends totalling £57,764 (2019: £165,390) has been earned by the charity in this reporting period. This is equivalent to 1.8% of the charity's opening investment value which is considered to be greater than would otherwise have been returned if the funds were held on deposit, therefore the trustees believe they have successfully achieved their investment objective, despite the investment return being lower than previous.

RESERVES POLICY

The charity was established with several large donations from the Cann family. The purpose of these donations was to provide capital from which grants could be made for a number of years to come.

At 31st December 2020 the Charity's total funds carried forward stood at £3,927,568 (2019: £5,317,278). Of this amount, £3,641,219 (2019: £4,624,194) was held as designated funds in respect of intentions made to award grants that have been communicated to beneficiaries.

At 31st December 2020, the charity has free reserves of £286,249 (2019: £692,984). This equates to approximately 2.6 months of expenditure. Although this is below the charity commission's guidance of holding reserves equivalent to 3 to 6 months of expenditure, the trustees are satisfied with the charity holding this level of free reserves given the total funds of the charity equate to almost three years typical expenditure in a year.

The total funds of the Group are £2,289,581 (2020: £7,016,330). A significant deficit has been recorded in the current year as a result of the Coronavirus pandemic and due to restructuring in order to save costs in future years. The deficit has reduced significantly in the following year as a consequence. The general fund of the Group is in deficit due to the Charity's sub-group being insolvent. The sub-group is supported and funded by other Cann family trusts with an interest in advancing education through the use of computer technology.

PRINCIPAL FUNDING SOURCES

The majority of the income of the Charity arises from donations from the settlor, Mr H A Cann CBE, and his family's trusts. Although no such income was received in the current year, the charity has in excess of £3.5m held at bank and in listed investments from which future charitable expenditure can be met. Based on charitable expenditure in 2020, such funds could meet charitable expenditure for a further three years following the year end without a requirement for further funding.

FUTURE PLANS

The charity will continue to support individuals, charities and other charitable organisations in the furtherance of its objects of supporting education, particularly for the benefit of young people.

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THE BOWLAND CHARITABLE TRUST

REPORT OF THE TRUSTEES – continued FOR THE YEAR ENDED 31ST DECEMBER 2020

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the report of the trustees' and the financial statements in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as we are aware, there is no relevant audit information of which the charity's auditors are unaware, and each trustee has taken all steps that he or she ought to have taken as a trustee in order to make himself or herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

AUDITORS

The auditors, Ainsworths Limited, will be proposed for re-appointment.

CHARITY REQUIREMENTS

This report has been prepared in accordance with requirements set down by the SORP 2015.

ON BEHALF OF THE BOARD:



H A Cann - Trustee

Dated 5th July 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE BOWLAND CHARITABLE TRUST

OPINION

We have audited the financial statements of The Bowland Charitable Trust (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31st December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the parent charity Balance Sheet, the Consolidated Cash Flow Statement and notes to the Consolidated Financial Statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31st December 2020 and of the groups incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

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

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

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant section of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the group annual report, including the trustee's report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE BOWLAND CHARITABLE TRUST - 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters in relation to which the *Charities (Accounts and Reports) Regulations 2008* requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity 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.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement [set out on page 7], the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Group's and parent Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent Charity or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE BOWLAND CHARITABLE TRUST - continued

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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

Based on our understanding of the Group and the nature of the sector in which it operates, we have identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to, the Charities Act 2011, the Companies Act 2006 and tax legislation.

We have evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the override of controls) and determined that the principal risks were related to inappropriate journal entries and management bias in accounting estimates and judgements. Our audit procedures designed to address these risks included, but were not limited to:

- Enquiries with management, regarding any known or suspected instances of non-compliance with laws and regulations and fraud;
- Agreement of the financial statements disclosures to the underlying supporting documentation;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risk of material misstatement due to fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to provisions and future performance in light of the impact of Coronavirus;
- Auditing the risk of management override of controls, including through the testing of journal entries and other adjustments for appropriateness;
- Obtaining an understanding of provisions and holding discussions with management to understand the basis of recognition or non-recognition of tax provisions;
- Obtaining an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment by misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Ainsworths Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE BOWLAND CHARITABLE TRUST - continued**

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 151 of the Charities Act 2011 and the regulations made under 154 of that Act. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Ainsworths Limited
Statutory Auditor
Charter House
Stansfield Street
Nelson
Lancashire
BB9 9XY

Dated 5th July 2022

THE BOWLAND CHARITABLE TRUST

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2020**

	Notes	Unrestricted funds	Restricted funds	2020	2019
		£	£	£	£
Income from:					
Donations and legacies	5	162,316	-	162,316	-
Commercial trading operations in support of the charitable group's aims and objectives		1,533,770	-	1,533,770	1,771,149
Investment income	6	57,764	-	57,764	165,390
Total income		1,753,850	-	1,753,850	1,936,539
Expenditure on:					
Commercial trading operations in support of the charitable group's aims and objectives	7	4,908,127	-	4,908,127	3,478,737
Charitable activities	7	1,319,948	-	1,319,948	1,469,833
Total expenditure		6,228,075	-	6,228,075	4,948,570
Net gains/ (losses) on investments	15	(252,524)	-	(252,524)	382,307
Net expenditure and net movement in funds		(4,726,749)	-	(4,726,749)	(2,629,724)
<i>Reconciliation of funds</i>					
Total funds brought forwards		7,016,330	-	7,016,330	9,646,054
Total funds carried forwards	18	2,289,581	-	2,289,581	7,016,330
Net expenditure and movement in funds attributable to:					
Parent charity		(3,953,922)	-	(3,953,922)	(2,332,269)
Non-controlling interest		(772,827)	-	(772,827)	(408,081)
Total		(4,726,749)	-	(4,726,749)	(2,629,724)

All transactions relate to continuing operations.

There are no other recognised gains or losses for the year other than in the Consolidated Statement of Financial Activities.

The notes form part of these financial statements.

THE BOWLAND CHARITABLE TRUST

**CONSOLIDATED BALANCE SHEET
AT 31ST DECEMBER 2020**

	Notes	2020	2019
		£	£
FIXED ASSETS			
Intangible assets	11	1,778,521	2,564,828
Tangible assets	12	<u>10,665</u>	<u>25,078</u>
		1,789,186	2,589,906
CURRENT ASSETS			
Stocks		377,572	678,578
Debtors	14	685,068	906,560
Listed investments	15	3,323,652	3,224,936
Cash at bank and in hand		<u>450,821</u>	<u>1,992,690</u>
		4,837,113	6,802,764
CREDITORS			
Amounts falling due within one year	16	<u>4,122,057</u>	<u>2,376,340</u>
NET CURRENT ASSETS		715,056	4,426,424
TOTAL ASSETS LESS CURRENT LIABILITIES		2,504,242	7,016,330
PROVISIONS FOR LIABILITIES		(214,661)	-
NET ASSETS		2,289,581	7,016,330
FUNDS			
Restricted		-	-
Unrestricted	18	2,681,533	6,635,455
Non-controlling interests	18	<u>(391,952)</u>	<u>380,875</u>
Total		2,289,581	7,016,330

The financial statements were approved by the board of trustees on 5th July 2022 and were signed on its behalf by:

H A Cann - Trustee

The notes form part of these financial statements.

THE BOWLAND CHARITABLE TRUST

**CHARITY BALANCE SHEET
AT 31ST DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
FIXED ASSETS					
Investments	13		-		-
			-		-
CURRENT ASSETS					
Stocks		-		240,516	
Debtors	14	635,000		289,000	
Listed investments	15	3,323,652		3,224,936	
Cash at bank and in hand		321,316		1,901,726	
		<u>4,279,968</u>		<u>5,656,178</u>	
CREDITORS					
Amounts falling due within one year	16	<u>352,400</u>		<u>338,900</u>	
NET CURRENT ASSETS			3,927,568		5,317,278
NET ASSETS			<u>3,927,568</u>		<u>5,317,278</u>
FUNDS					
Restricted	18		-		-
Unrestricted	18		3,927,568		5,317,278
Total			<u>3,927,568</u>		<u>5,317,278</u>

The financial statements were approved by the board of trustees on 5th July 2022 and were signed on its behalf by:



H A Cann - Trustee

The notes form part of these financial statements.

THE BOWLAND CHARITABLE TRUST

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2020**

	Notes	31.12.20	31.12.19
		£	£
Cash flows from charitable activities			
Cash used in operating activities	1	(2,674,957)	(2,583,608)
Tax paid/ (received)		-	-
		<u>(2,674,957)</u>	<u>(2,583,608)</u>
Cash flows from investing activities			
Purchase of current asset investments		(4,501,743)	(392,515)
Purchase of intangible fixed assets		(12,388)	(1,049,390)
Purchase of tangible fixed assets		(5,388)	(11,867)
Sale of current asset investments		4,150,502	1,658,902
Interest received		462	1,596
Issue of ordinary share capital		-	-
Dividends received		<u>57,302</u>	<u>163,794</u>
Net cash from investing activities		<u>(311,253)</u>	<u>370,520</u>
Cash flows from financing activities			
Loan advances received		<u>1,444,341</u>	<u>1,255,975</u>
Net cash from financing activities		<u>1,444,341</u>	<u>1,255,975</u>
Decrease in cash and cash equivalents		(1,541,869)	(957,113)
Cash and cash equivalents at beginning of year	2	<u>1,992,690</u>	<u>2,949,803</u>
Cash and cash equivalents at end of year	2	<u>450,821</u>	<u>1,992,690</u>

THE BOWLAND CHARITABLE TRUST

**CONSOLIDATED CASH FLOW STATEMENT NOTES
FOR THE YEAR ENDED 31ST DECEMBER 2020**

1. RECONCILIATION OF DEFICIT TO CASH GENERATED FROM ACTIVITIES

	31.12.20	31.12.19
	£	£
Net expenditure and net movement in funds	(4,726,749)	(2,629,724)
Finance income	(57,764)	(165,390)
Net losses on disposal of intangible assets	7,511	-
Net (gains)/losses on disposals of investment assets	(26)	9,652
Net losses/(gains) on investments assets	252,551	(391,959)
Depreciation and amortisation	810,985	493,387
Decrease/(Increase) in stocks	301,006	(49,385)
Decrease/(Increase) in trade and other debtors	221,492	(178,661)
Increase in trade and other creditors	516,037	328,472
Cash generated from charitable activities	(2,674,957)	(2,583,608)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st December 2020

	31.12.20	01.01.20
	£	£
Cash at bank and in hand	450,821	1,992,690

Year ended 31st December 2019

	31.12.19	01.01.19
	£	£
Cash at bank and in hand	1,992,690	2,949,803

THE BOWLAND CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

1 STATUTORY INFORMATION

The Bowland Charitable Trust is a charity registered with the Charities Commission in England. The registered charity number and address can be found in the Report of the Trustees on page one.

2 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) issued on 16th July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and United Kingdom Generally Accepted Practice as it applies from 1st January 2015.

The Bowland Charitable Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Basis of consolidation

The consolidated accounts of the group incorporate the accounts of the charity and its subsidiaries. The results of trading activities of the subsidiary have been included in the Consolidated Statement of Financial Activities.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The main area of estimation is in respect of the useful life of fixed assets. The depreciation and amortisation rates can be identified in the tangible and intangible asset accounting policies below.

Income

Donations and legacies are credited to the Statement of Financial Activities as they become due, gross of income tax where applicable.

Assets which have been gifted to the charity or acquired by the charity at an amount that is below their market value are included in the accounts at their fair value, with the excess of the fair value over consideration paid by the charity being recognised as donations received in the Statement of Financial Activities.

Income derived from the Group's commercial trading operations represents income generated by the Charity's four subsidiaries and is shown net of value added tax. This income comprises the sale of computer hardware and software licences, both of which are recognised as revenue at point of sale.

Specific grants receivable are credited to the Statement of Financial Activities as they become due.

Investment income is recognised as income in the Statement of Financial Activities on an accruals basis and represents interest receivable and dividends receivable on the Charity's investments that are held for an investment return.

Expenditure

Expenditure is charged to the Statement of Financial Activities on an accruals basis. To the extent that the expenditure is incurred by the Charity, this expenditure includes irrecoverable value added tax in the category under which the costs relate.

Expenditure on commercial trading operations represents expenditure incurred by the Charity's four subsidiaries, and is shown net of value added tax.

Expenditure on charitable activities represents expenditure incurred in furtherance of the Charity's objects. The majority of the expenditure relates to grants payable. Grants payable are recognised as expenditure in the Statement of Financial Activities once the payment has been made to its intended recipient.

2. ACCOUNTING POLICES (Continued)

Support costs

All support costs are allocated to educational activities on the basis that this is the main activity for which the charity exists and intends to support.

Fund accounting

Unrestricted funds are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Designated funds are funds which the Trustees have set aside with the intention of making specific grant awards. The intended grant award is recognised within designated funds once a decision has been taken by the Trustees to make the award. However such decisions are not contractual nor binding and no obligation is created. The grant is removed from designated funds when either the payment is made to the recipient or the Trustees withdraw their intention to support that particular entity or individual.

Restricted funds are funds that can only be applied for particular purposes as stipulated by the entity or individual that remitted those funds.

Intangible assets

Intangible assets consist of software development costs capitalised at cost within the accounts of certain subsidiaries. The costs are being amortised over four years on a straight line basis from the date the software or significant enhancement thereto is operational, which is the period over which the Group expects economic benefits to flow to it from the release or significant enhancement. Amortisation is included in expenditure on commercial trading operations. Impairment reviews are performed annually and any impairment found to be required is debited to the Statement of Financial Activities.

Tangible assets

Tangible assets represent assets purchased for use in the business whose expected life is greater than two years. Such assets are capitalised at cost. Depreciation is provided at the following annual rates:

Plant and Machinery etc	- 33% on cost
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Investments

Listed investments are classified as current asset investments on the basis that it is the trustees' intention to hold them on a short term basis.

Any funds held on deposit by the charity's investment broker are included within cash in hand and at bank in the Balance Sheet on the basis that these funds are readily available and accessible by the charity.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Stocks held by the parent charity are held to be donated to educational establishments in furtherance of the charity's objects. Stocks held by trading subsidiaries are held for resale.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at transaction price.

2. ACCOUNTING POLICES (Continued)

Inter group balances

All inter group balances are repayable on demand and accordingly disclosed as current assets or creditors due within one year. Such balances are eliminated on consolidation in the Consolidated Balance Sheet.

Taxation

The Charity is exempt from the liability to corporation tax on its charitable activities. The Charity's subsidiaries are liable to corporation tax to the extent that they make taxable profits that exceed tax losses.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

Certain subsidiaries within the group operate defined contribution pension schemes. Contributions payable to the pension schemes are recognised as an expense in the Statement of Financial Activities in the period to which they relate.

Foreign exchange movements

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating results.

3. EMPLOYEES AND DIRECTORS

	31.12.20	31.12.19
	£	£
Wages and salaries	1,724,562	883,708
Social security costs	188,046	76,413
Employer contributions to defined contribution pension schemes	148,161	83,158
	<u>2,060,769</u>	<u>1,043,279</u>
The average number of employees during the year was as follows:		
	31.12.20	31.12.19
Directors	5	8
Staff	48	47
	<u>53</u>	<u>55</u>
Employees earning more than £60,000 during the year:		
	31.12.20	31.12.19
£60,001 - £70,000	3	2
	31.12.20	31.12.19
		£
Key management personnel	243,201	166,573
Key management personnel employer contributions to defined contribution pension schemes	<u>22,565</u>	<u>17,132</u>

Key management personnel are deemed to consist of the trustees of the charity and the directors of all subsidiaries.

THE BOWLAND CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2020

4. FINANCIAL PERFORMANCE OF THE CHARITY

The consolidated statement of financial activities includes the results of the charity's wholly owned direct and indirect subsidiaries, the activities of which are disclosed in note 13.

The summary financial performance of the charity alone is:

	Unrestricted Funds £	Restricted Funds £	2020 £	2019 £
Donations and legacies	125,000	-	125,000	-
Investment income	57,764	-	57,764	165,382
Other income	-	-	-	2,101
	182,764	-	182,764	167,483
Expenditure on charitable activities	(1,319,949)	-	(1,319,949)	(1,469,833)
Net expenditure	(1,137,185)	-	(1,137,185)	(1,302,350)
Net gains/ (losses) on listed investment assets	(252,525)	-	(252,525)	382,307
Net movement in funds	(1,389,710)	-	(1,389,710)	(920,043)
Total funds brought forward	5,317,278	-	5,317,278	6,237,321
Total funds carried forward	3,927,568	-	3,927,568	5,317,278
Represented by:				
Unrestricted income funds	3,927,568	-	3,927,568	5,317,278

5. DONATIONS AND LEGACIES

	Group £	31.12.20 Charity £	Group £	31.12.19 Charity £
Donations received		125,000	125,000	-
Grants received:				
Coronavirus Job Retention Scheme		26,316	-	-
COVID support grants		11,000	-	-
	162,316	125,000	-	-

All of the above, in both the current and preceding year, are unrestricted funds.

THE BOWLAND CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

6. INVESTMENT INCOME

	31.12.20		31.12.19	
	Group	Charity	Group	Charity
	£	£	£	£
Dividends receivable on listed investments		57,302	57,302	163,794
Interest receivable on cash at bank		462	461	1,596
	<u>57,764</u>	<u>57,763</u>	<u>165,390</u>	<u>165,382</u>

All of the above, in both the current and preceding year, are unrestricted funds.

7. TOTAL RESOURCES EXPENDED

	Commercial trading operations	Charitable activities	Total 2020	Total 2019
	£	£	£	£
<i>Costs directly allocated to activities:</i>				
Grants awarded (see note 9)	-	1,012,793	1,012,793	1,414,374
Staff costs (see note 3)	2,060,769	-	2,060,769	1,043,280
Redundancy cost	151,498	-	151,498	-
Promotional costs	163,270	-	163,270	143,482
Product costs	1,287,594	240,516	1,528,110	1,442,405
Professional and consultancy fees	219,458	-	219,458	123,143
Office and administrative costs	207,444	(9,539)	197,905	222,546
Depreciation	27,803	-	27,803	21,570
Amortisation	783,182	-	783,182	471,817
Net losses on disposal of assets	7,109	-	7,109	-
Support costs (Note 8)	-	76,178	76,178	65,953
	<u>4,908,127</u>	<u>1,319,948</u>	<u>6,228,075</u>	<u>4,948,570</u>

All of the above, in both the current and preceding year, are unrestricted funds.

Professional and consultancy fees include auditors remuneration in respect of accountancy services of £4,849 (2019: £2,810).

THE BOWLAND CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2020

8. SUPPORT COSTS

	Commercial trading operations £	Charitable activities £	Total 2020 £	Total 2019 £
<i>Support costs allocated to activities:</i>				
Bank charges	-	73	73	80
Legal and professional fees	-	19,123	19,123	17,333
Management charge	-	43,482	43,482	40,440
Auditor's remuneration – audit services	-	13,500	13,500	8,100
	-	76,178	76,178	65,953

9. ANALYSIS OF CHARITABLE ACTIVITIES

	2020 £	2019 £
Educational activities	912,729	860,024
Religious activities	52,817	30,428
Recreational activities	3,588	50,000
Cultural activities	14,965	373,922
Support for activities of young people	25,000	41,300
Donations to other charities	3,694	58,700
	1,012,793	1,414,374

As permitted by charity law the trustees have elected to apply exemptions from disclosing the names of grant recipients and the amounts of such grants during the lifetime of the settlor who donated the funds.

Grants awarded consist of grants to individuals of £4,876 (2019: £34,879) and grants to institutions of £1,007,916 (2019: £1,365,419).

10. STAFF COSTS

No emoluments or reimbursements of expenses were paid to any trustee during the current nor previous financial years and no indemnity insurance was purchased.

The charity has no employees, however during the year, a related company charged £24,000 (2020: £24,000) for the cost of the charity's administration.

THE BOWLAND CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2020

11. INTANGIBLE FIXED ASSETS

	Development costs £	Computer software £	Total £
COST			
At 1 st January 2020	3,132,720	40,011	3,172,731
Additions	12,388	-	12,388
Disposals	-	(40,011)	(40,011)
At 31 st December 2020	3,145,108	-	3,145,108
AMORTISATION			
At 1 st January 2020	583,405	24,498	607,903
Charge for the year	783,182	8,002	791,184
Eliminated on disposal	-	(32,500)	(32,500)
At 31 st December 2020	1,366,587	-	1,366,587
NET BOOK VALUE			
At 31 st December 2020	1,778,521	-	1,778,521
At 31 st December 2019	2,549,315	15,513	2,564,828

Development costs comprise the creation and subsequent, significant enhancement of a classroom based application to enhance the delivery and effectiveness of education in schools.

At 31 December 2020, the carrying amount of costs capitalised in creating the initial release of the application were £808,036 (2019: £1,271,851). The remaining amortisation period in respect of these costs at the year end is 1 year and 9 months.

A subsequent, significant enhancement to the application has been released in 2020, the carrying amount of which stands at £970,485 (2019: £1,277,464). The remaining amortisation period in respect of these costs at the year end is 3 years.

12. TANGIBLE FIXED ASSETS

	Fixtures & fittings £	Computer equipment £	Total £
COST			
At 1 st January 2020	1,176	69,335	70,511
Additions	-	5,388	5,388
Disposals	-	(2,116)	(2,116)
At 31 st December 2020	1,176	72,607	73,783
DEPRECIATION			
At 1 st January 2020	98	45,335	45,493
Charge for the year	235	19,566	19,801
Eliminated on disposal	-	(2,116)	(2,116)
At 31 st December 2020	333	62,785	63,178
NET BOOK VALUE			
At 31 st December 2020	843	9,822	10,665
At 31 st December 2019	1,078	24,000	25,078

THE BOWLAND CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

13. FIXED ASSET INVESTMENTS- CHARITY

	Shares in group undertakings £
COST	
At 1 st January 2020	-
Impairments	-
At 31 st December 2020	-
NET BOOK VALUE	
At 31 st December 2020	-
At 31 st December 2019	-

Details of the subsidiary undertakings are as follows, the results of which are included in these consolidated financial statements:

<u>Name of company</u>	<u>Proportion of nominal value of issued shares capital</u>	<u>Principal activity</u>
Learning by Questions Limited	77.6% Ordinary Shares	Educational support services
Lancashire Digital Limited	100% Ordinary Shares	Software development
Learning Clip Limited	100% Ordinary Shares	Software development
LEB Partnership Limited	100% Ordinary Shares	Sale of educational products

The registered office address for all of the above subsidiaries is that of the parent charity and can be found on page one.

14. DEBTORS

	31.12.20		31.12.19	
	Group	Charity	Group	Charity
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	492,127	-	436,000	-
Other debtors	167,396	-	304,361	289,000
Prepayments	25,545	-	166,199	-
	<u>685,068</u>	<u>-</u>	<u>906,560</u>	<u>289,000</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	635,000	-	-
Aggregate amounts	<u>685,068</u>	<u>635,000</u>	<u>906,560</u>	<u>289,000</u>

THE BOWLAND CHARITABLE TRUST

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020**

15. LISTED INVESTMENTS- GROUP AND CHARITY

	2020	2019
	£	£
Market value at beginning of year	3,224,936	4,109,016
Additions during the year	4,501,742	392,515
Disposals during the year	(4,150,502)	(1,658,902)
Net gain/(loss) on revaluation	(252,524)	382,307
Market value at end of year	3,323,652	3,224,936

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.20		31.12.19	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors		123,348	-	65,525
Other creditors		825,333	300,000	812,779
Other loans		2,700,316	-	1,255,975
Accruals		127,991	52,400	166,621
Social security and other taxes		345,069	-	75,440
	<u>4,122,057</u>	<u>352,400</u>	<u>2,376,340</u>	<u>338,900</u>

17.a ANALYSIS OF NET ASSETS BETWEEN FUNDS - GROUP

	Total restricted funds £	Total unrestricted funds	Total funds 2020	Total funds 2019 £
Fixed assets	-	1,789,186	1,789,186	2,589,906
Current assets	-	4,837,113	4,837,113	6,802,764
Current liabilities	-	(4,122,057)	(4,122,057)	(2,376,340)
Provisions for liabilities	-	(214,661)	(214,661)	-
	-	<u>2,289,581</u>	<u>2,289,581</u>	<u>7,016,330</u>

17.b ANALYSIS OF NET ASSETS BETWEEN FUNDS - CHARITY

	Total restricted funds £	Total unrestricted funds £	Total funds 2020 £	Total funds 2019 £
Fixed assets	-	-	-	-
Current assets	-	4,279,968	4,279,968	5,656,178
Current liabilities	-	(352,400)	(352,400)	(338,900)
	-	<u>3,927,568</u>	<u>3,927,568</u>	<u>5,317,278</u>

THE BOWLAND CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

18.a MOVEMENT IN FUNDS- GROUP

	At 1.1.20 £ as restated	Net movement in funds £	Transfers between funds £	Changes in equity £	At 31.12.20 £
Restricted funds	-	-	-	-	-
Unrestricted funds:					
General	2,392,036	(3,778,831)	383,808	-	(1,002,987)
Capital	100	-	-	-	100
Designated:					
Grants payable	4,624,194	(947,918)	(383,808)	-	3,292,468
	7,016,330	(4,726,749)	-	-	2,289,581

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Revaluations and gains on disposal of investments £	Net movement in funds £
Restricted funds	-	-	-	-
Unrestricted funds:				
General	1,753,850	(5,273,048)	(252,524)	(3,778,831)
Capital	-	-	-	-
Designated:				
Grants payable	-	(947,918)	-	(947,918)
Total	1,753,850	(6,228,075)	(252,524)	(4,726,749)

Designated funds represent funds set aside from the unrestricted fund in relation to which the trustees have given an indication to the prospective donees of their intention to provide the funds over a period of time. The transfers between funds represent funds set aside for this purpose.

Unrestricted funds represent surplus donations and other incoming resources receivable in excess of grants and other outgoing resources payable and available for use by the trustees in accordance with the charitable objects.

The unrestricted capital fund was established by an initial cash deposit made when the charity was set up.

THE BOWLAND CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2020

18.b MOVEMENT IN FUNDS- CHARITY

	At 1.1.20 £	Net movement in funds £	Transfers between funds £	At 31.12.20 £
Restricted funds	-	-	-	-
Unrestricted funds:				
General	692,984	(441,792)	35,057	286,249
Capital	100	-	-	100
Designated:				
Grants payable	4,624,194	(947,918)	(35,057)	3,641,219
	5,317,278	(1,389,710)	-	3,927,568

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Other gains and losses £	Net movement in funds £
Restricted funds	-	-	-	-
Unrestricted funds:				
General	182,764	(372,031)	(252,525)	(441,792)
Capital				
Designated:				
Grants payable	-	(947,918)	-	(947,918)
Total	182,764	(1,319,949)	(252,525)	(1,389,710)

Designated funds represent funds set aside from the unrestricted fund in relation to which the trustees have given an indication to the prospective donors of their intention to provide the funds over a period of time. The transfers between funds represent funds set aside for this purpose.

Unrestricted funds represent surplus donations and other incoming resources receivable in excess of grants and other outgoing resources payable and available for use by the trustees in accordance with the charitable objects.

The unrestricted capital fund was established by an initial cash deposit made when the charity was set up.

19. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unrestricted funds £	Non- controlling interests £	Total £
Balance at 1 January 2020	6,635,455	380,875	7,016,330
Total comprehensive expenditure for the year	(3,953,922)	(772,827)	(4,726,749)
Balance at 31 December 2020	2,681,533	(391,952)	2,289,581

THE BOWLAND CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2020

20. RELATED PARTY DISCLOSURES

a. During the year, Whitebirk Finance Limited a company in which the trustee H A Cann is the director, recharged costs of £24,000 (2019: £33,451) for the cost of the charity's administration.

At 31st December 2020, the amount owed to this related party was £55,000 (2019: £55,000).

b. During the year, an interest free and unsecured loan subsisted between the charitable group and the Rushton No. 2 Trust, a trust which has mutual trustees with the charity.

At 31st December 2020, the charitable group owed £45,000 (2019: £45,000) to this related party.

c. During the year, an interest free and unsecured loan subsisted between the charitable group and the Rushton No. 3 Trust, a trust which has mutual trustees with the charity.

At 31st December 2020, the charitable group owed £120,000 (2019: £120,000) to this related party.

d. During the year, an interest free and unsecured loan subsisted between the charitable group and the Rushton No. 4 Trust, a trust which has mutual trustees with the charity.

At 31st December 2020, the charitable group owed £90,000 (2019: £90,000) to this related party.

e. During the year interest free and unsecured loans subsisted between the charitable group and the Ketlam Trust, a trust which has mutual trustees with the charity.

At 31st December 2020, the charitable group owed £2,493,542 (2019: £1,255,975) to this related party.

f. During the year, there was an amount owed by the charitable group to Graphic Supply Network Limited, a company in which a director of a subsidiary company is a director.

At 31st December 2020, the charitable group owed £183,591 (2019: £183,591) to this related party.

g. During the year, an interest free and unsecured loan subsisted between the charity and the Brantwood Trust, a charity in which Mr H A Cann is a trustee.

At 31st December 2020, the charitable group was owed £nil (2019: £289,000) by this related party.

h. During the year an interest free and unsecured loan was advanced to the charitable group from the HAC Grandchildren's Trust, a trust which has mutual trustees with the charity.

At 31st December 2020 this related party was owed £300,000 (2019: £nil) by the charitable group.

21. CONTINGENT LIABILITIES

The charity has guaranteed one of the purchase ledger creditors of LEB Partnership Limited, which is one of its subsidiaries. The outstanding liability in respect of this creditor at 31st December 2020 was £nil (2019: £28,960).