



Cloudesley

Support in Islington for 500 years



**Annual Report
and Accounts
2020/21**

TRUSTEE – RICHARD CLOUDESLEY TRUSTEE LTD

Directors of the Trustee	Finance & Endowment Committee	Staffing Committee	Grants Committee
Ex-officio			
The Mayor of Islington			
Archdeacon of Hackney appointed			
Revd Ben Bell – resigned 13/9/21			✓
London Borough of Islington nominated			
Denise Ward – Vice Chair		✓	✓
Tanya Parr			✓
Cllr Janet Burgess MBE - Vice Chair from 10/3/21			✓
Cllr Flora Williamson			✓
Deanery Synod nominated			
Susan Sorensen			✓
Sam Prabhu Rubandhas – until 21/7/20			✓
Seun Olateju			✓
Jean Willson OBE		✓	✓
Elected			
Mary-Therese Barton	✓		
Margaret Elliott – Chair until 9/12/20	✓	✓	✓
Adam Jenner	✓		
Delyth Richards – Vice Chair until 9/12/20 – Chair from 10/12/20	✓	✓	
Sharon White			✓

Peter Roscrow was a co-opted member of the Finance & Endowment Committee throughout the year

ADMINISTRATION & ADVISORS

REGISTERED OFFICE & OPERATIONAL ADDRESS	Office 1.1 Resource for London 356 Holloway Road London N7 6PA		
BANKER	CAF Bank Limited Kings Hill West Malling Kent ME19 4TA	ESTATE MANAGERS	Daniel Watney LLP 165 Fleet Street London EC4A 2DW
INVESTMENT MANAGERS	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU		
LEGAL ADVICE (Structural/Charity)	Bates Wells 10 Queen Street Place London EC4R 1BE	LEGAL ADVICE (Property/Estate management)	Charles Russell Speechlys 5 Fleet Place London EC4M 7RD
AUDITOR	Sayer Vincent LLP Invicta House 108-114 Golden Lane London EC1Y 0TL		
CHARITY NUMBER	205959	TRUSTEE COMPANY NUMBER	7425897

Registered with the Charity Commission as Charity of Richard Cloudesley, the charity uses the working name Cloudesley. Richard Cloudesley Trustee Limited is the related Trustee Company

KEY MANAGEMENT PERSONNEL

Melanie Griffiths	Director and Company Secretary
Yvonne Amar	Grants Manager (until 18 May 2021)
Catherine Sorrell	Grants Manager (from 12 July 2021)
Kevin Turner	Grants Manager (from 12 July 2021)
Phillip Everett	Finance Manager

CLOUDESLEY

The Trustee of the Charity of Richard Cloudesley, which operates under the name Cloudesley, has pleasure in presenting the report and accounts for the charity's activities in the year to 30 June 2021.

The reference and administrative information set out on pages 2 and 3 form part of this report. The financial statements comply with current statutory requirements, the trust deed and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Achievements and Performance

Grants Awarded

During the year the charity awarded grants totalling £1,732,704. These include grants totalling £388,146 which were directly in response to the COVID-19 crisis.

Response to COVID-19

The COVID-19 pandemic significantly affected the charity's activities throughout the financial year. A summary of the charity's response to this unprecedented situation is detailed below:

- **Operations**

The charity has continued to operate efficiently and effectively throughout the crisis. Staff have worked from home while Board, Committee and other meetings have been held remotely. Contact has been maintained with beneficiaries, other local contacts and funders, and advisors and professional bodies have provided support as required

- **Initial Grant Programmes**

As reported in last year's trustee report, the charity's initial responses to the crisis provided additional support to its beneficiaries in the following ways:

- a) Initial grants totalling £35,060 were awarded during the year ended 30 June 2020 to four health and welfare organisations to provide additional staffing, enable remote working and otherwise help them maintain their services.
- b) Initial grants totalling £63,850 were awarded during the year ended 30 June 2020 to sixteen churches to enable the streaming of services of worship and congregational participation in these services. Three further initial grants totalling £7,701 were made in July 2020.
- c) Under the Cloudesley Partners programme the charity provides support to people who are in need in the Borough of Islington. In September 2019, awards for distribution during 2020 were made to Cloudesley Partners organisations which allocate these crisis funds on behalf of the charity. In the period from March to June 2020 the charity made seven top-up awards – i.e. increases in the amounts for distribution during 2020 - totalling £33,000 in response to the unprecedentedly high demand for these grants being reported by the partner organisations. During the period July to November 2020 six further top-up awards totalling £21,000 were awarded.

- **Further Grant Programmes**

Following the initial grant programmes detailed above, the charity developed a number of grant funding streams to assist its beneficiaries to deal with the ongoing effects of the crisis. These funding streams were developed after consultation with beneficiaries and during the current financial year grants totalling £359,445 were awarded as follows:

- a) Grants of up to £10,000 each were awarded to fourteen health organisations to enable them to cope with increased demand, reinstate projects/activities and/or embed new ways of working. Grants totalling £139,500 were awarded under this funding stream. These grants funded various projects to support a wide range of disadvantaged residents, who had been adversely affected by the crisis, including fitness and wellbeing, therapy provision and to address digital exclusion.
- b) A grant of £22,000 was awarded to Islington Refugee and Migrant Forum to help boost the capacity building support it provides to member organisations, so that in turn they can better respond to the health and other needs of the people they support
- c) A grant of £87,405 was awarded to The Margins Project over three years to contribute to the costs of providing its services to homeless people following an increase in demand
- d) Grants totalling £72,100 were awarded to fifteen of the beneficiary churches to enable them to adapt their buildings and/or services in response to the crisis. The majority of these grants were used to further improve the live streaming of services.
- e) A grant of £33,440 was awarded to Christ Church Highbury to contribute to the costs of pinnacle works. This grant enabled the project, which had been planned for some time, to proceed despite the crisis having significantly reduced the church's income.
- f) Awards for 2021 were made to Cloudesley Partners in September 2020. In response to high demand a top up grant of £5,000 was made to one organisation in June 2021.

- **Financial position**

The charity is pleased that its endowment continues to perform very well and has increased in value during the year by £5,345,723 from £53,361,342 at 30 June 2020 to £58,707,065 at 30 June 2021. The charity recognises the cyclical nature of investment performance and intends to continue to manage the endowment prudently while seeking to increase the value of the grants awarded over time.

- **Plans for year ended 30 June 2022**

The charity recognises that, despite the recent easing of restrictions, the additional needs of local residents, organisations and churches created by the pandemic will continue for some time to come. It will take these needs into account when awarding grants in the year ended 30 June 2022 and has allocated grants budgets accordingly.

Staff are beginning to return to the charity's office and resume in person meetings with local organisations, churches and other contacts and some face-to-face Committee meetings have been held since the year end. Going forward it is planned to have a mixture of office based and virtual working by staff, together with face to face and virtual Board and Committee meetings.

Health & Welfare Programmes

The charity's Scheme specifies that half of the residue of its income is for '*relief in sickness for the purpose of relieving in cases of need persons who are sick, convalescent, disabled, handicapped or infirm*', and the charity seeks to address this through its Health and Welfare programmes.

Over the years, the charity has taken on a number of small funds, known as Exclusive Medical Funds, from the Richard Cloudesley Charity Convalescent Homes Fund, Islington Relief in Need, Islington Relief in Sickness, Finsbury Dispensary Relief in Sickness, Dame Sarah Temple Foundation and Brand's Gift Charity. The income generated from these invested funds is only applicable towards the charity's Health and Welfare Grants programmes (see notes 2 and 16 for further information).

- **Grants for individuals**

During 2020/21, the charity continued to operate its Cloudesley Partners' programme of crisis/welfare grant awards for individuals. Through this programme, the charity gives grants to local voluntary organisations (Cloudesley Partners) which are working with a range of different people in Islington. The Partners then distribute this money by making grants of up to £500 to individuals who have health needs and/or disabilities and are in need of financial support. A grant as a contribution to administration costs of 10% is made to each of the organisations as recognition of the time involved in administering and monitoring these grants.

In response to the additional needs created by the COVID-19 crisis the charity considerably increased its funding to the Cloudesley Partners awarding a total of £145,000 to 16 partners for distribution during the year ended 31 December 2020. During the year 2,057 grants (2019 – 1,407) were made to individuals by the Cloudesley Partners to help residents in a wide variety of ways, including for emergency expenses (such as food, clothing, accommodation and travel costs), 'white goods' (for example, cookers and washing machines), furniture and furnishings, medical reports, legal documents and fees, disability equipment and Debt Relief Orders. The charity has to date awarded a total of £143,000 to 15 Cloudesley Partners for distribution during the year ended 31 December 2021. A breakdown of the organisations awarded Cloudesley Partner grants during the current and previous financial year are set out in note 22 to the accounts. Further information about the programme is available on the charity's website.

During 2020/21 the charity continued to work in partnership with Cripplegate Foundation on the Catalyst Programme which is a creative grant-making programme that gives partner support organisations the ability to provide small grants to help vulnerable residents to meet personal goals and to connect to opportunities and services. In September 2019 funding of £70,000 was agreed by Cloudesley. This was divided equally across seven organisations and covered the period of 24 months to 31 December 2021, split evenly between the two calendar years in question. During the year the charity awarded a further Catalyst grant of £5,000 to cover the period to 31 December 2021 as a pilot grant to Age UK Islington. A breakdown of the organisations receiving these grants is set out in note 22 to the accounts. Further details about the Catalyst programme are available on the charity's website.

During the year to 31 December 2020, over 150 grants were made to vulnerable residents under the Catalyst Programme. These included the costs of training courses to improve employment opportunities and funding activities which both increase skills and provide opportunities for social interaction, for example, music and painting courses.

During the year the charity conducted a review of its programme of grants for individuals, which was overseen by a group of trustees. As part of the review, feedback on the programme was gathered from a range of external agencies, including the local organisations which distribute the Cloudesley Partners and Catalyst funding, and telephone interviews were carried out with a number of individual grant recipients. The review proposed that a number of minor changes be made to the programme but concluded that, overall, it is appropriate and effective. The findings of the review were approved by the Board at its meeting in June 2021.

- **Grants for organisations**

The charity's Health and Welfare funding also provides grants to organisations that offer support to people with health needs and/or who are disabled and living in poverty in the area of benefit. The charity addresses its 'Sickness Object' by supporting sustainable organisations that demonstrate initiative in tackling health issues.

The Board has agreed a Health Grants to Organisations programme which runs from 2019 until 2024. The programme aims to reduce health inequalities in Islington by improving health outcomes amongst people who are living in poverty and experiencing multiple disadvantages. The programme comprises of a Principal Grants Fund, a Development Fund and a Grants Support Fund. In addition, the charity continues to provide a number of strategic grants.

- **Principal Grants Fund**

The Principal Grants Fund provides a small number of larger, multi-year grant awards for core or project costs to organisations that have been identified by the charity and invited to apply. These grantees are established voluntary sector organisations with a track record of delivering positive health outcomes for local residents. The first awards from this fund were made in June 2019 with a total of £315,000 being awarded to four organisations as grants covering a three-year period. The projects covered by these grants are:

Centre 404 - Support to people with learning disabilities and their families

The Manna - Supporting vulnerable adults affected by homelessness, addiction, poor health and poverty

The Maya Centre - Counselling service for women who have experienced trauma and abuse

Solace Women's Aid - Support service to survivors of childhood and adult sexual violence (including refuges)

The projects have progressed well during the financial year and the charity looks forward to continuing to monitor their progress over the remaining year of the grant programmes. In September 2020 four further awards were made from this fund with a total of £360,000 being awarded as grants covering a three-year period. The projects covered by these grants are:

Holloway Neighbourhood Group – Mental health and wellbeing projects for local residents

Islington Centre for Refugees and Migrants – Practical support to access health services and tackle multiple disadvantages

St Luke's Parochial Trust – Improving the health and wellbeing of vulnerable older people

Stuart Low Trust – Addressing health inequalities through a socially therapeutic arts and nature programme

As stated earlier in the report, a fifth principal grant was awarded to The Margins Project directly in response to the COVID-19 crisis.

- **Development Fund**

The Development Fund aims to provide local organisations with the flexibility and initial funding to develop specific projects, to test a new approach in tackling health inequalities or address an identified gap in local service provision. An award from this fund of £45,000 was made to Manor Gardens Welfare Trust in September 2020. The grant is for a new Health Connector role to help provide efficient and individualised support to Manor Garden's clients.

- **Grants Support Fund**

The first awards from the Charity's Grants Support Fund were made during the year. A grant of £2,000 was awarded to Manor Gardens Welfare Trust to fund an evaluation of the development grant detailed above once the grant term has been completed. A grant of £6,500 was awarded to Help On Your Doorstep – with whom the charity has worked closely for many years – to cover the costs of an internal review.

As stated earlier in the report, a further COVID-19 Support Grant was awarded to Islington Refugee and Migrant Forum directly in response to the pandemic.

- **Strategic Grant to Islington Giving**

Islington Giving was launched in September 2010 with the aim of raising £3 million over three years by asking local residents and businesses to give money or time to support local people in need. The campaign initially identified three areas for support - tackling poverty, combating isolation and investing in young people, with volunteering underpinning this campaign. The original commitment was that Islington Giving would invest £1 million over five years in each of these three areas for support. Cloudesley was one of the original coalition members supporting Islington Giving, along with Cripplegate Foundation and the Morris Charitable Trust.

In 2015, the Board of Islington Giving (which includes Cloudesley representation) agreed that Islington Giving should move from being a time limited campaign to having a permanent role in the borough. Today, Islington Giving continues as a coalition of funders, businesses, voluntary organisations and residents and is working to:

- Connect people who are isolated
- Support families who are experiencing difficulties
- Improve mental health for everyone
- Make sure young people have the best chance in life

Since its inception, Islington Giving has raised c. £9.8 million.

In September 2020 Cloudesley renewed its commitment to Islington Giving by awarding a grant of £100,000 to cover the two years to 31 December 2022 and split equally between the two years. This grant is being used in line with Cloudesley's charitable object for the 'relief of sickness' of vulnerable people in Islington.

- **Other Strategic Grants**

In September 2019, the charity renewed its longstanding grant support for both Islington Law Centre and Help on your Doorstep to provide advice and outreach services for vulnerable people in financial need by providing each organisation with funding of £107,000 to cover the three-year period to 31 December 2022.

Since May 2017, the charity has supported a Welfare Benefits Project which aims to address long waiting lists for welfare benefits advice being experienced by Islington residents and focuses on Personal Independence Payment and Employment & Support Allowance. The project has been successfully run by the Islington Law Centre, with Cloudesley's grants being used towards the volunteer form filling clinic supervised by the Law Centre. In September 2019, the charity agreed a further grant of £61,000 to cover the three-year period to 31 December 2022.

As stated earlier in the report, the charity also awarded small grants totaling £139,500 directly in response to the COVID-19 crisis.

A breakdown of the recipients of all health and welfare grants made to organisations in the current and previous financial years is included in note 22 to the accounts and further details are available on the charity's website.

Church Grants Programme

- **Main Church Grants Fund**

In January 2019, the charity set up a Church Grants Review Group, comprised of trustees, local church representatives and staff to review the charity's Church Grants Programme and develop a funding programme to apply from 2020 to 2025. During the review, a formal consultation with all the beneficiary churches was undertaken and in addition a number of other parties were consulted including Diocese of London Parish Property Support Team. In December 2019, the Board agreed a Church Grants Funding Programme to apply from 2020 to 2025. The programme consists of a Main Church Grants Fund and an Urgent Repairs Grants Fund.

The following funding priorities apply to the Main Church Grants Fund:

- Major works and building projects
- Preventative works and/or simple repairs
- Project development and feasibility studies
- Developing church capacity to deal with building issues and/or maintenance of services

The Urgent Repairs Grants Fund provides grants of up to £10,000 intended to deal with urgent and unforeseen repairs quickly resulting in an immediate improvement to the fabric of the church building(s).

During 2020/21, under its main church grants and urgent repairs grants programme the charity awarded a total of 30 grants to 21 of the 27 churches in the Islington Deanery. The total amount awarded was £709,058. The grants awarded covered a wide variety of projects including:

- a) Various repairs to church spires, roofs, porches, windows etc.
- b) Installation of ramps to improve access for disabled people
- c) New sound system
- d) New radiant heating panels
- e) Refurbishment of church hall toilets and kitchen
- f) Chairs for new auditorium

Two small grants totalling £9,400 were awarded under the Urgent Repairs Grants Fund

- **Other Church Grants**

As reported in previous years, the Sustainable Church Buildings Project (SCBP) was an innovative partnership project aiming to increase the energy efficiency of church buildings, cutting their running costs, and helping the environment. Most of the grants awarded under this project were approved in the years ended 30 June 2018 and 30 June 2019; the final two small grants totalling £5,458 were awarded in the year ended 30 June 2020.

As stated earlier in the report, the charity also awarded grants totaling £113,241 to assist churches during the COVID-19 crisis.

A breakdown of the recipients of all main church grants made in the current and previous financial years is included in note 21 to the accounts and further details are available on the charity's website.

Finance and endowment review

Total Return Accounting

In December 2018 Trustees resolved to adopt total return accounting as from 1 July 2019. The endowment was valued at £21,600,453 as at 31 December 1998, this being the earliest date at which a reliable valuation could be obtained. The value of the endowment at 30 June 2019 was £53,136,236. Therefore, the adoption of total return accounting created an initial trust for investment of £21,600,453 and an unapplied total return of £31,535,783.

Total return accounting permits the charity to allocate from the unapplied total return to unrestricted funds such sums as the Trustees think appropriate in furtherance of its work. In making these transfers the charity will seek both to be even-handed as between current and future beneficiaries and to maintain the balance of the unapplied total return at an appropriate level considering the volatility of investment markets. The level of the initial unapplied total return made it clear that there was scope for the charity prudently to increase its level of grant awards considerably. Accordingly the charity considerably increased the level of grants during the current year. The total grants awarded during the year were £1,732,704 which represents 3.0% of the value of the endowment at 30 June 2021 of £58,707,065. The charity's aim is to continue to annually award grants which equate to approximately 3.0% of the value of the endowment.

Trustees wish to maintain the real value of the trust for investment going forward and, therefore, a transfer from the unapplied total return has been made at the year end in line with the increase in the Retail Prices Index during the year.

Summary of Financial Performance

The charity is reporting net expenditure before gains on investments of £1,174,169, based on income of £1,490,511 and expenditure of £2,664,680. This compares with net income before gains/losses on investments in 2019/20 of £19,325, income of £1,758,201 and expenditure of £1,738,876. During the year, the total value of church grants awarded – net of write backs - was £822,299 (2019/20 - £444,789) and of health and welfare grants was £910,405 (2019/20 - £536,853).

There were net gains on investments of £5,052,092 and a gain on revaluation of properties of £1,467,800 in 2020/21 making a net increase in funds for the year of £5,345,723. The net losses on investments for 2019/20 were £64,805 and the gain on revaluation of properties was £270,586 making a net increase in funds in 2020/21 of £225,106.

Endowment

The charity holds and manages a permanent endowment of almost £59 million consisting of property on the historic Cloudesley Estate and a securities portfolio. Income decreased in this financial year from £1,758,501 in 2019/20 to £1,490,511 in 2020/21. The majority of this decrease - £240,546 – was due to lower investment income as many companies reduced their dividends due to the economic effects of COVID-19 and the appreciation of sterling lead to lower overseas income. However, this reduction in investment income was offset by gains on investments of £5,052,092. Rental income from the charity's properties decreased slightly by £27,020 but this was offset by a gain of £1,467,800 on revaluation of the properties. The charity is pleased that both elements of the endowment have performed so strongly during the year.

Overall Investment Policy

The charity has an Overall Investment Policy covering both its property estate and its securities portfolio. The main elements of the policy are:

- The charity adopts a conservative approach to risk
- The charity may actively manage its property portfolio by selling or, possibly, buying units
- The charity adopted total return accounting as from 1 July 2019
- The charity adopts a responsible approach to investment and regularly reviews its environmental, social and governance (ESG) investment policy.

Property Portfolio

During the year, Daniel Watney LLP continued to act as the charity's estate managers. Following a comprehensive review of the charity's property portfolio Daniel Watney have produced a planned maintenance programme. This programme includes internal and external redecoration of the three Cloudesley Mansions blocks and refurbishments to properties let as protected and assured shorthold tenancies. Significant works have already been conducted – including works to six properties during the year ended 30 June 2021 at a total cost of £262,554 - and further maintenance

works are planned for 2021/22. The charity will evaluate future refurbishment opportunities as they arise and seek to further increase the revenue and capital returns from its property portfolio. Daniel Watney carried out a desk top valuation of the charity's properties as at 30 June 2021 and, accordingly, the Trustees valued the charity's property at £29,900,650 as at 30 June 2021. In Autumn 2019 the charity conducted a review of its contract for estate management and Daniel Watney LLP were confirmed in post. The charity intends to conduct a further review in 2024.

Investment Portfolio

At 30 June 2021 the market value of the charity's investments was £29,460,024. The vast majority of the investments are held in a discretionary portfolio which is actively managed on the charity's behalf by Sarasin & Partners LLP. The investment objective is to maintain the real value of capital over the long-term whilst generating a growing stream of income above inflation. The long-term investment objective is to outperform inflation – as measured by the Consumer Prices Index – by 4% per annum. Since its inception in May 2015 the portfolio has considerably outperformed both its peer group – as measured by the Asset Risk Consultants Steady Growth Index - and the long-term investment objective. During the year the Finance and Endowment Committee – whose members include investment professionals – met virtually with the charity's investment managers on two occasions and the charity received detailed quarterly reports.

The Trustees regularly review the charity's environmental, social and governance (ESG) investment policy. The current policy is not to invest in companies involved in the manufacture of tobacco or in companies which have more than 5% of their turnover from any of the following:

- a) Alcohol manufacture
- b) Armaments manufacture
- c) Gambling operations
- d) High interest lending
- e) Pornography
- f) Either the production of oil from tar sands or the extraction of thermal coal.

Trustees believe that this ESG policy is in line with the charity's ethos and objectives and the investment managers have confirmed that its adoption has not had a significantly adverse impact on investment returns.

In early 2020 the charity conducted a review of its contract for investment management and Sarasin & Partners LLP were confirmed in post. The charity intends to conduct a further review in 2023.

During the year the charity has commenced a detailed review of its current investment practices and policies against the recommended practice set out in the report published by the Association of Charitable Foundations (ACF) as part of its Stronger Foundations Project. The review is initially beginning undertaken by the Finance and Endowment Committee with regular reports being made to the Board. The ACF report sets out seven pillars of best investment practice. Cloudesley has reviewed its current practices against these pillars and concluded that for three it is "at a fairly advanced stage" and for the other three it has "made some progress". The charity is currently considering whether there are opportunities to invest its endowment more intentionally and has consulted with its investment and estate managers regarding this. It is planned to present proposals to the Board at some point during the current financial year.

Expenditure

The charity's expenditure falls into several categories, the main one of these being its grant-making activities. The charity also incurs expense in maintaining its estate, administering the charity and in investment management fees. Total expenditure during the year was £2,664,680 which is an increase of £925,804 on the expenditure for 2019/20 of £1,738,876. This increase is mainly due to (a) an increase of £676,037 in grants awarded – net of write backs – and (b) an increase of £219,987 in investment property costs. Details of grants awarded and a summary of property costs are given earlier in the report.

Remuneration policy

The Trustees have agreed a remuneration policy to underpin the charity's commitment to ensuring that its staff are paid and treated fairly. The charity gives a level of salary and other benefits to ensure that staff with an appropriate level of skills and experience can be recruited and retained so that the charity's objects can be delivered with the greatest possible impact. The Staffing Committee reviews salaries and benefits of all staff against other charitable trusts taking into account relevant factors and makes recommendations to the Finance and Endowment Committee and the Board.

Risk review

The risk register is reviewed annually by the Finance & Endowment Committee and the Board. In accordance with best practice the charity has throughout the COVID-19 crisis maintained and updated a detailed risk assessment on COVID-19. This is maintained as a supplement to the main risk register and has also been reviewed by the Board.

The charity considers that its current key risks are:

- Unsatisfactory income and/or capital growth on investments. This risk is being addressed by regular monitoring of the performance of the actively managed discretionary portfolio in comparison to the agreed long-term investment strategy.
- Unsatisfactory income and/or capital growth from investment properties. This risk is being addressed by regular liaison with the estate managers and appropriate investment in refurbishment and maintenance projects.
- Possible major policy change(s) by government and their potential effect on the charity's grant making. This risk is being addressed by keeping fully informed of policy changes and by comprehensive reviews of all of the charity's grant making activities.

In May 2021, the co-opted member of the Finance and Endowment Committee, the Director and Finance Manager undertook an internal audit. The review covered the charity's financial controls and procedures and no significant issues were highlighted by this audit. A spot check on payments was also conducted by two trustees and there were no issues arising from this. The charity has written 'Financial Procedures' and these were last updated and approved by the Board in December 2020. The charity also has a Business Continuity Plan to enable it to respond effectively to a number of possible scenarios with the minimum impact possible on its activities. In accordance with best practice, during the year the charity developed and formally adopted a Counter-fraud policy, a Whistleblowing policy and a fraud response plan.

Fundraising Policy

The trustees are aware of their obligations under the Charities Act to report the charity's fundraising policy. The charity very occasionally engages with other trusts and foundations in order to raise income but does not engage in public fundraising.

Objectives and activities for the public benefit

The objects of the charity as set out in the Charity Commission Scheme of 1980 were to help those who are sick and poor within the Ancient Parish of Islington and to support the Church of England churches in the Ancient Parish and St Silas, Pentonville. In December 2016 the Charity Commission agreed the Trustees request that the area of benefit be extended so that it is coterminous with the Islington Borough boundary.

The Trustees confirm that they have read and understood the guidance of the Charity Commission on public benefit and meet these requirements in the charity's current activities and take account of it when planning future grant-making activities.

The charity seeks to be strategic and creative in its grant-making, using its knowledge of the area of benefit to support individuals who have health and financial needs (Health and Welfare grants for individuals), local organisations working with people in this situation (Health and Welfare grants for organisations) and Islington's Church of England churches (Church Grants). As set out in the charity's Scheme, in each year, half of the charity's grant funding goes to the Health and Welfare grants programmes and the other half to the Church Grants programme available to the eligible churches, each of which is itself a registered or excepted charity.

In December 2018, in line with the Governance Code's leadership principle, the charity adopted the following set of values and guiding principles to underpin its work:

Cloudesley seeks to be an approachable, focused, responsive, fair and accountable organisation.

It aims to be a relational rather than transactional funder, recognising that developing relationships and trust with those organisations and churches that it supports is mutually beneficial.

Cloudesley will be transparent and open about its decision-making and processes, unless it is impossible or not appropriate.

As an engaged place-based funder, Cloudesley is keen to:

- Make the most of all of its resources, providing other types of support where possible, such as, sharing information, facilitating networking, learning from its funding and sharing this learning where appropriate
- Work in partnership with others to co-ordinate and improve impact

During 2020/21, the charity reviewed the updated Governance Code for larger charities. It also responded to the Institute for Voluntary Action Research's call for more open and trusting grant making practice, signing up to the Flexible Funders initiative.

Diversity, Equity and Inclusion

Between 2018 and 2020, the Association of Charitable Foundations ran a Stronger Foundations Project which identified 40 'pillars of stronger foundation practice'. During 2020/21, Cloudesley set up its own Stronger Foundations Working Group to review these best practice recommendations, focusing initially on three areas for development – diversity, equity and inclusion (DEI); impact and learning; and investments. In relation to DEI, during the year, the charity has adopted and published the following statement of intent:

Cloudesley is committed to valuing diversity, promoting equity and equal access, and ensuring inclusion in all it does. We recognise that we need to do more but are strongly committed to combatting racism, discrimination and inequality and ensuring that we work in order to achieve this.

We recognise the power, resources and advantages that Cloudesley has as an independent, endowed charitable trust and strive to act responsibly and fairly in line with our stated values.

We seek to develop and retain a staff team and Board that reflect the Islington community within which we work. We will identify and take positive steps to remove any barriers to participation and recruitment of people who are currently underrepresented as staff or Trustees.

An initial audit of Trustees was undertaken in late 2020 which highlighted the need to diversify Board membership. In the first instance, this will be addressed by recruiting a number of additional co-opted committee members.

Cloudesley has also used the audit tool in ACEVO's 'Hidden Leaders - briefing for external audience' to identify actions the charity can take to support disabled people in the workforce.

Funder Commitment on Climate Change

In December 2019 the charity joined with several other UK charitable foundations in signing up to a Funder Commitment on Climate Change. The commitment recognises that the growing climate emergency is a serious risk to the pursuit of all foundations' charitable aims and commits its signatories to a number of actions.

The commitment requires the charity to report annually on progress in the areas detailed. The pandemic has meant that progress on these areas has not been as great as originally intended but these areas will be prioritised in the year ahead.

- Educate and learn - the charity has provided opportunities for the churches to find out more about energy efficient heating options
- Commit resources - As part of Cloudesley's Church Grants programme 2020-25 churches can apply for funding of up to £50,000 for eligible sustainability and environmental improvement projects that fall within scope of the Church Object.

- Integrate – the charity has continued to move more of its activities – including grant application processes - online
- Stewarding investments for a post-carbon future - as part of the charity’s response to the Association of Charitable Foundation’s Stronger Foundations Project, the Finance and Endowment Committee is undertaking a full review of the charity’s policies to establish if there are opportunities to further improve its stewardship of both the property and investment elements of its endowment
- Decarbonising our operations - in line with other organisations, the remote working arrangements resulting from COVID-19 resulted in a swift transition to electronic communications, with committee and Board papers now provided in digital format only

Plans for the future

Activities planned for 2021/22 include the following:

- The charity anticipates that many of the needs of its beneficiaries which have been created by the COVID-19 pandemic will continue to exist for the foreseeable future and has set its grants budget for 2021/22 accordingly.
- Further work with Daniel Watney LLP on a major maintenance and redecoration programme for the charity’s estate.
- Continuing to closely monitor the performance of the charity’s investments in conjunction with the investment managers, Sarasin & Partners LLP.
- As part of its response to the ACF’s Stronger Foundations Project the charity will:
 - consider whether there are opportunities to invest its endowment in a more intentional manner in the hope of achieving favourable climate and other impacts;
 - seek to recruit new co-opted members in order to further diversify its committees;
 - review its impact and learning practice, in particular by considering how it monitors and evaluates the grants that it makes and shares lessons learnt.
- The charity will continue to consider how it can best respond to the growing climate emergency by considering other opportunities to implement its recent commitment as a signatory to the Association of Charitable Foundation’s Funder Commitment on Climate Change.
- Continuing to review its communications to ensure that they are appropriate and effective.
- Hold an Awayday for all trustees and staff to identify other priority areas for action.
- As part of its commitment to implement the highest standards of governance, the charity will review its conflicts of interests’ policies.

Over the coming years, it is hoped that the charity will continue to meet the framework of the wishes set out in Richard Cloudesley’s will, by working strategically and creatively in the area of benefit.

Structure, governance and management

Cloudesley is a registered charity and is constituted under a Charity Commission Scheme dated 2 July 1980. On 15 November 2010, Richard Cloudesley Trustee Limited became Trustee of the charity, and now all the Trustees are directors of the Trustee Company. The directors are referred to as Trustees in line with their ongoing roles.

The charity was formed as the result of a gift of land (a 'Stoney Field' of 14 acres) from the will of Richard Cloudesley dated 1517. In his will it was stipulated that the proceeds from the rental of the land were to be used to bestow good deeds of charity and to fund masses at St Mary's Church for his and his wife's souls. During the Reformation, the proportion of the bequest allocated to fund masses was taken by the Crown and, in subsequent years, the charitable trusts have been amended several times and are now contained within the 1980 Scheme referred to above.

Today, Cloudesley is a significant grant-making charity in the borough of Islington. Half of the charity's grant-making focuses on its Health & Welfare programmes that support people with health and financial needs in the borough, while the other half supports the Church of England churches in the borough.

The charity's Board has up to 15 Trustees as follows:

- Four Synod Nominees nominated by the Church of England Islington Deanery Synod
- Four London Borough of Islington Nominees
- Five Elected Trustees – selected through an open selection process by the Trustees as a whole
- An Archdeacon's Trustee appointed by the Archdeacon of Hackney
- An Ex-officio Trustee - the Mayor of Islington

There are currently two trustee vacancies which the charity, the Archdeacon and Deanery will seek to fill as soon as possible. All Trustees have undergone an induction to understand the objects of the charity and the methods by which it meets those objects. Other training and support is offered to all Trustees, as required.

Delyth Richards replaced Margaret Elliott as Chair of the charity on 10 December 2020. Trustees would like to record their thanks to Margaret, who remains as a trustee, for her long period as Chair during which the charity's activities and processes were further developed and modernised enabling the charity to serve its beneficiaries even more effectively. Denise Ward served as Vice-Chair of the charity throughout 2020/21 and was joined by Janet Burgess as the second Vice-Chair on 10 March 2021.

The charity's administration is undertaken by a small staff team: a Director, two Grants Managers, a Finance Manager, and an Administrator.

During the financial year Trustees worked with the staff through the Board and three standing Committees: the Grants Committee (chair - Denise Ward), the Finance and Endowment Committee (co-chairs Delyth Richards until 8 June 2021, Adam Jenner thereafter, and Mary-Therese Barton) and Staffing Committee (chair – Margaret Elliott until 10 December 2020, Delyth Richards thereafter). The Grants Committee and the Finance and Endowment Committee each met formally four times during the year while the Board met three times. The Staffing Committee met in the spring in order to discuss pay levels for all staff for the following financial year.

During 2020/21 the charity also operated an Individual Grants Review Group which was chaired by Denise Ward and a Stronger Foundations Working Group, chaired by Sharon White.

In the year all Trustees gave freely of their time and no remuneration was paid to Trustees. During the year the charity paid £204 (2020-£1,010) to enable trustees to attend training courses and conferences which were directly relevant to their office. During the year the charity purchased IT equipment for trustees to enable remote working and full participation in trustee duties at a cost of £798 (2020-£nil).

The charity continues to ensure that it is fully compliant with the General Data Protection Regulations which were published in May 2018.

Statement of the responsibilities of the Trustee Company

The Directors of the Trustee Company are responsible for preparing the report of the Trustee and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Directors of the Trustee Company 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 Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (Statement of Recommended Practice: Accounting and Reporting by Charities);
- make judgements and 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 a going concern basis unless it is inappropriate to presume the Charity will continue to operate.

The Directors of the Trustee Company are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and comply with the Charities Act 2011. 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.

The Directors of the Trustee Company are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Sayer Vincent LLP were re-appointed as the Charity's auditors during the year and have expressed their willingness to act in that capacity.

Approved by the Trustee

Delyth Richards, Chair

21 October 2021

Independent auditor's report to the Trustee of the Charity of Richard Cloudesley (known as Cloudesley)

Opinion

We have audited the financial statements of Cloudesley (the 'charity') for the year ended 30 June 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 30 June 2021 and of its incoming resources and application of resources, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Charities Act 2011

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Trustee's annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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:

- The information given in the Trustee's annual report is inconsistent in any material respect with the financial statements;
- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit

Responsibilities of the Trustee

As explained more fully in the statement of the Trustee's responsibilities set out in the Trustee's annual report, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Capability of the audit in detecting irregularities

We enquired of management and the Finance & Endowment Committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:

- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
 - We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
 - We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
 - We reviewed any reports made to regulators.
 - We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
 - We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
 - In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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 charity's Trustee as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

9 December 2021

Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Cloudesley

Statement of financial activities

For the year ended 30 June 2021

	Note	Unrestricted £	Endowment £	2021 Total £	Unrestricted £	Endowment £	2020 Total £
Income from:							
Investments		-	602,153	602,153	-	842,699	842,699
Properties		-	888,158	888,158	-	915,178	915,178
Other income		200	-	200	324	-	324
Total income	2	<u>200</u>	<u>1,490,311</u>	<u>1,490,511</u>	<u>324</u>	<u>1,757,877</u>	<u>1,758,201</u>
Expenditure on:							
Cost of raising funds							
Investment management costs		-	162,572	162,572	-	153,227	153,227
Property related costs		-	594,922	594,922	-	375,108	375,108
Charitable activities							
Health and Welfare		1,000,651	-	1,000,651	663,029	-	663,029
Churches		906,535	-	906,535	547,512	-	547,512
Total expenditure	3	<u>1,907,186</u>	<u>757,494</u>	<u>2,664,680</u>	<u>1,210,541</u>	<u>528,335</u>	<u>1,738,876</u>
Net income/(expenditure) before net (losses)/gains on investments and total return transfer between funds	4	(1,906,986)	732,817	(1,174,169)	(1,210,217)	1,229,542	19,325
Gains/(losses) on revaluation of properties	10	-	1,467,800	1,467,800	-	270,586	270,586
Net (losses)/gains on investments	11	-	5,052,092	5,052,092	-	(64,805)	(64,805)
Total return transfer between funds		1,906,986	(1,906,986)	-	1,210,217	(1,210,217)	-
Net movement in funds		-	5,345,723	5,345,723	-	225,106	225,106
Reconciliation of funds:							
Total funds brought forward		-	53,361,342	53,361,342	-	53,136,236	53,136,236
Total funds carried forward		<u>-</u>	<u>58,707,065</u>	<u>58,707,065</u>	<u>-</u>	<u>53,361,342</u>	<u>53,361,342</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16 to the financial statements.

Cloudesley

Balance sheet

As at 30 June 2021

		2021		2020
	Note	£	£	£
Fixed assets:				
Tangible assets	9		3,147	4,585
Investment properties	10		29,900,650	28,434,850
Endowment fund investments	11		29,460,024	25,302,391
			<u>59,363,821</u>	<u>53,741,826</u>
Current assets:				
Debtors	12	101,903	84,342	
Cash at bank and in hand		846,447	867,786	
		<u>948,350</u>	<u>952,128</u>	
Liabilities:				
Creditors: amounts falling due within one year	13	1,410,076	1,084,737	
			<u>(461,726)</u>	<u>(132,609)</u>
Net current liabilities				
Total assets less current liabilities			<u>58,902,095</u>	<u>53,609,217</u>
Creditors: amounts falling due after one year	14		195,030	247,875
Total net assets	15		<u>58,707,065</u>	<u>53,361,342</u>
Permanent Endowment Funds:				
16				
Trust for investment:				
Churches		11,212,913	10,792,024	
Health and Welfare		11,476,830	11,046,034	
			<u>22,689,743</u>	<u>21,838,058</u>
Unapplied Total Return				
Churches		17,853,151	15,630,762	
Health and Welfare		18,164,171	15,892,522	
			<u>36,017,322</u>	<u>31,523,284</u>
Total endowment funds			<u>58,707,065</u>	<u>53,361,342</u>

Approved by the trustees on 21 October 2021 and signed on their behalf by

Delyth Richards
Chair

Statement of cash flows

For the year ended 30 June 2021

	Note	2021 £	£	2020 £	£
Cash flows from operating activities					
Net cash used in operating activities	17	(2,407,311)		(1,917,512)	
Cash flows from investing activities:					
Investment Income		1,490,311		1,757,877	
Proceeds of leasehold extension and property disposals		2,000		49,086	
Purchase of tangible fixed assets		(798)		(4,257)	
Increase/(decrease) in cash held in investment portfolio		527,103		(296,343)	
Proceeds from sale of investments		9,824,688		19,592,184	
Purchase of investments		(9,457,332)		(18,818,660)	
Net cash provided by investing activities			<u>2,385,972</u>		<u>2,279,887</u>
Change in cash and cash equivalents in the year			(21,339)		362,375
Cash and cash equivalents at the beginning of the year			<u>867,786</u>		<u>505,411</u>
Cash and cash equivalents at the end of the year	18		<u><u>846,447</u></u>		<u><u>867,786</u></u>

1 Accounting policies

a) Statutory information

Cloudesley is a registered charity. The registered office is Office 1.1, Resource for London, 356 Holloway Road, London, N7 6PA.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)– (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Interest and rental income receivable

Interest on funds held on deposit is included on an accruals basis. Rental income is included when receivable.

f) Fund accounting

Endowment funds are to be used for the specific purposes laid down by the donor.

Unrestricted funds are other incoming resources received or generated for the charitable purposes.

Section 4 of the Trusts (Capital and Income) Act 2013 amended the Charities Act 2011 to give permanently endowed charities in England and Wales the power to adopt a total return approach to investment. Trustees resolved to adopt total return accounting as from 1 July 2019. The endowment was valued at £21,600,453 as at 31 December 1998 being the earliest date at which a valuation could be obtained. Under total return accounting, the charity is permitted to allocate from the total return element of permanent endowment to unrestricted funds such sums as it thinks appropriate in furtherance of its work. In making these transfers the charity will seek both to be even-handed as between current and future beneficiaries and to maintain the balance of the unapplied total return at an appropriate level considering the volatility of investment markets.

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

1 Accounting policies (continued)

h) Allocation of support and governance costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

● Property	15.0%
● Investment management	5.0%
● Health and welfare	40.0%
● Churches	40.0%

i) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

j) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Computer Equipment	3 years
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k) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the statement of financial activities. The valuation method used to determine fair value is stated in the notes to the accounts.

l) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities.

Where the charity has identified specific amounts to be drawn down within the next 12 months, these are classified as current assets on the balance sheet.

m) Debtors

Debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Accounting policies (continued)

o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

p) Pensions

The pension cost charge represents contributions payable under the terms of a defined contribution pension scheme established by the charity. The charity has no liability under the scheme other than for the payment of those contributions.

q) Grants payable

Grants payable are made to third parties in accordance with the charity's governing scheme. These grants are charged to the statement of financial activities in the year in which the offer is conveyed to the recipient. Provision for grants is made once the intention to make a grant has been communicated to the recipient although there may be uncertainty about either the timing of the grant or the amount payable. Where a grant is payable in instalments any instalments falling due more than twelve months after the balance sheet date are classified as a creditor due after more than one year. Many of the grants awarded are in respect of building projects which can take considerable periods of time to complete. Since these grants are not subject to instalments they are classified as current liabilities; however, experience has shown that in many cases such grants will not be paid within twelve months of the balance sheet date.

Cloudesley

Notes to the financial statements

For the year ended 30 June 2021

2 Income

	Churches £	Health and Welfare £	2021 Total £	Churches £	Health and Welfare £	2020 Total £
Investment income from main portfolio	292,673	292,673	585,346	409,589	409,589	819,178
Investment income from medical funds	–	16,807	16,807	–	23,521	23,521
Total investment income	<u>292,673</u>	<u>309,480</u>	<u>602,153</u>	<u>409,589</u>	<u>433,110</u>	<u>842,699</u>
Property income	444,079	444,079	888,158	457,589	457,589	915,178
Other income	100	100	200	162	162	324
	<u>736,852</u>	<u>753,659</u>	<u>1,490,511</u>	<u>867,340</u>	<u>890,861</u>	<u>1,758,201</u>

3a Analysis of expenditure (current year)

	Cost of raising funds		Charitable activities		Support costs £	Governance costs £	2021 Total £	2020 Total £
	Investment management £	Property £	Health & Welfare £	Churches £				
Staff costs (Note 5)	7,418	13,621	79,417	63,346	54,781	15,359	233,942	203,742
Investment property costs	-	561,284	-	-	-	-	561,284	341,297
Grants to churches (Note 21)	-	-	-	789,817	-	-	789,817	444,789
Health and Welfare grants (Note 22)	-	-	867,862	-	-	-	867,862	536,853
Other staff costs	-	-	-	-	2,992	-	2,992	5,986
Legal and professional fees	-	-	-	-	-	8,880	8,880	8,760
Office costs	-	-	-	-	51,421	-	51,421	58,107
Investment management fees	148,482	-	-	-	-	-	148,482	139,342
	155,900	574,905	947,279	853,163	109,194	24,239	2,664,680	1,738,876
Support costs	5,460	16,380	43,677	43,677	(109,194)	-	-	-
Governance costs	1,212	3,637	9,695	9,695	-	(24,239)	-	-
Total expenditure 2021	162,572	594,922	1,000,651	906,535	-	-	2,664,680	
Total expenditure 2020	153,227	375,108	663,029	547,512	-	-		1,738,876

3b Analysis of expenditure (prior year)

	Cost of raising funds		Charitable activities			Support costs £	Governance costs £	2020 Total £	2019 Total £
	Investment management £	Property £	Health & Welfare £	Churches £	Anniversary £				
Staff costs (Note 5)	6,983	13,106	70,719	46,656	-	51,920	14,358	203,742	172,270
Investment property costs	-	341,297	-	-	-	-	-	341,297	270,305
Grants to churches (Note 21)	-	-	-	444,789	-	-	-	444,789	706,904
Health and Welfare grants (Note 22)	-	-	536,853	-	-	-	-	536,853	504,859
Other staff costs	-	-	-	-	-	5,986	-	5,986	2,597
Legal and professional fees	-	-	-	-	-	-	8,760	8,760	8,640
Anniversary	-	-	-	-	-	-	-	-	2,365
Office costs	-	-	246	856	-	57,005	-	58,107	68,864
Investment management fees	139,342	-	-	-	-	-	-	139,342	132,624
	146,325	354,403	607,818	492,301	-	114,911	23,118	1,738,876	1,869,428
Support costs	5,746	17,237	45,964	45,964	-	(114,911)	-	-	-
Governance costs	1,156	3,468	9,247	9,247	-	-	(23,118)	-	-
Total expenditure 2020	153,227	375,108	663,029	547,512	-	-	-	1,738,876	
Total expenditure 2019	144,999	315,005	599,786	806,891	2,747	-	-		1,869,428

Notes to the financial statements

For the year ended 30 June 2021

4 Net income for the year

This is stated after charging / crediting:

	2021 £	2020 £
Depreciation	2,236	1,896
Operating lease rentals:		
Property	19,906	19,979
Auditors' remuneration (excluding VAT):		
Audit	7,400	7,300
Trustee training	-	500
	<u> </u>	<u> </u>

5 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	200,256	174,981
Social security costs	17,665	14,762
Employer's contribution to defined contribution pension schemes	16,021	13,999
	<u>233,942</u>	<u>203,742</u>

During the year ended 30 June 2021 one member of staff was paid a salary of between £70,000 and £80,000. In the year ended 30 June 2020 one member of staff was paid a salary between £60,000 and £70,000.

The total employee benefits including pension contributions and employer's national insurance of the key management personnel were £158,096 (2020: £142,296). Three members of staff employed during 2020/21 are considered to be key management personnel (2020: 3).

During the year the charity paid £204 (2020: £1,010) to enable trustees to attend training courses and conferences which were directly relevant to their office. During the year the charity purchased IT equipment for trustees to enable remote working and full participation in trustee duties at a cost of £798 (2020: £nil). The charity trustees were not paid or received any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

6 Staff numbers

The average number of employees is detailed below in terms of both head-count and full-time equivalent (FTE).

	2021 FTE	2020 FTE	2021 No.	2020 No.
Support and administration	<u>4.3</u>	<u>3.9</u>	<u>4.9</u>	<u>4.5</u>

Notes to the financial statements

For the year ended 30 June 2021

7 Related party transactions

It is a condition of appointment of 14 of the 15 directors of the Trustee that they have knowledge of Islington and its voluntary sector.

It is therefore inevitable that directors may be, and are, officeholders, service users, worshippers or beneficiaries of and at the entities the Charity funds. The potential for conflict in practice is addressed by declarations of interest and reticence.

Given the procedures and the breadth of support the Charity offers to all qualifying entities in its area of benefit, the Trustee does not consider that there is a single recipient body of whom it could be said that the awarded grant could have been influenced by interests other than those of the Charity.

Accordingly the Trustee takes the view that no awarded grants (or other transactions) fall within the definition of related party transactions.

8 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

9 Tangible fixed assets

**Computer
Equipment
£**

Cost

At the start of the year
Additions in year

**11,533
798**

At the end of the year

12,331

Depreciation

At the start of the year
Charge for the year

**6,948
2,236**

At the end of the year

9,184

Net book value

At the end of the year

3,147

At the start of the year

4,585

All of the above assets are used for charitable purposes.

10 Investment properties

	Freehold Properties		2021	2020
	Interest in long leaseholds	Rental and commercial properties		
	£	£	£	£
Fair value at the start of the year	1,114,850	27,320,000	28,434,850	28,213,350
Proceeds of leasehold extension and disposals in year	(2,000)	-	(2,000)	(49,086)
Gain/(loss) on revaluation during the year	(187,200)	1,655,000	1,467,800	270,586
Fair value at the end of the year	925,650	28,975,000	29,900,650	28,434,850

Desk top valuation of the properties were conducted by independent valuers, Daniel Watney LLP as at 30 June 2021 and 30 June 2020. The most recent full Red Book valuation was conducted by Daniel Watney LLP as at 30 June 2018.

Notes to the financial statements

For the year ended 30 June 2021

11 Endowment fund investments	Combined Range £	Exclusive Medical £	2021 £	2020 £
Fair value at the start of the year	23,789,200	514,627	24,303,827	25,142,156
Additions at cost	9,193,359	263,973	9,457,332	18,818,660
Disposal proceeds	(9,550,461)	(274,227)	(9,824,688)	(19,592,184)
Net (loss)/ gain on investments	4,911,078	141,014	5,052,092	(64,805)
	<u>28,343,176</u>	<u>645,387</u>	<u>28,988,563</u>	<u>24,303,827</u>
Cash held by investment broker pending reinvestment	458,302	13,159	471,461	998,564
	<u>28,801,477</u>	<u>658,547</u>	<u>29,460,024</u>	<u>25,302,391</u>
Fair value at the end of the year				
Historic cost at the end of the year	<u>23,458,226</u>	<u>795,087</u>	<u>24,253,313</u>	<u>23,291,173</u>
Investments comprise:			2021 £	2020 £
UK Common investment funds			28,988,563	24,303,827
Cash			471,461	998,564
			<u>29,460,024</u>	<u>25,302,391</u>
12 Debtors			2021 £	2020 £
Rent receivable			55,630	52,323
Other debtors			29,201	11,585
Prepayments			17,072	20,434
			<u>101,903</u>	<u>84,342</u>
13 Creditors: amounts falling due within one year			2021 £	2020 £
Church grants			741,755	568,851
Health and welfare grants			540,350	389,435
Trade creditors			6,844	9,937
Taxation and social security			3,732	4,567
Accruals and other creditors			117,395	111,947
			<u>1,410,076</u>	<u>1,084,737</u>
14 Creditors: amounts falling due after one year			2021 £	2020 £
Health and welfare grants			195,030	247,875
15 Analysis of net assets between funds as at 30 June 2021 and 30 June 2020				

Net assets at both 30 June 2021 and 30 June 2020 consisted entirely of endowment funds.

Notes to the financial statements

For the year ended 30 June 2021

16a Year ended 30 June 2021 movements in funds

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers – see note below £	At the end of the year £
Trust for investment					
Churches	10,792,024	–	–	420,889	11,212,913
Health and welfare	11,046,034	–	–	430,796	11,476,830
	<u>21,838,058</u>	<u>–</u>	<u>–</u>	<u>851,685</u>	<u>22,689,743</u>
Unapplied total return					
Churches	15,630,762	3,926,191	(376,478)	(1,327,324)	17,853,151
Health and welfare	15,892,522	4,084,012	(381,016)	(1,431,347)	18,164,171
	<u>31,523,284</u>	<u>8,010,203</u>	<u>(757,494)</u>	<u>(2,758,671)</u>	<u>36,017,322</u>
Total endowment funds	<u>53,361,342</u>	<u>8,010,203</u>	<u>(757,494)</u>	<u>(1,906,986)</u>	<u>58,707,065</u>
General funds					
Churches	–	100	(906,535)	906,435	–
Health and welfare	–	100	(1,000,651)	1,000,551	–
Total unrestricted funds	<u>–</u>	<u>200</u>	<u>(1,907,186)</u>	<u>1,906,986</u>	<u>–</u>
Total funds	<u>53,361,342</u>	<u>8,010,403</u>	<u>(2,664,680)</u>	<u>–</u>	<u>58,707,065</u>

In addition to the total return transfer between funds detailed in the statement of financial affairs a transfer from the unapplied total return funds to the trust for investment has been made in order to maintain the real value of the later.

16b Year ended 30 June 2020 movements in funds

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers – see note below £	At the end of the year £
Trust for investment					
Churches	10,674,603	–	–	117,421	10,792,024
Health and welfare	10,925,850	–	–	120,184	11,046,034
	<u>21,600,453</u>	<u>–</u>	<u>–</u>	<u>237,605</u>	<u>21,838,058</u>
Unapplied total return					
Churches	15,586,589	1,002,471	(293,527)	(664,771)	15,630,762
Health and welfare	15,949,194	1,025,992	(299,613)	(783,051)	15,892,522
	<u>31,535,783</u>	<u>2,028,463</u>	<u>(593,140)</u>	<u>(1,447,822)</u>	<u>31,523,284</u>
Total endowment funds	<u>53,136,236</u>	<u>2,028,463</u>	<u>(593,140)</u>	<u>(1,210,217)</u>	<u>53,361,342</u>
General funds					
Health and welfare	–	162	(663,029)	662,867	–
Churches	–	162	(547,512)	547,350	–
Total unrestricted funds	<u>–</u>	<u>324</u>	<u>(1,210,541)</u>	<u>1,210,217</u>	<u>–</u>
Total funds	<u>53,136,236</u>	<u>2,028,787</u>	<u>(1,803,681)</u>	<u>–</u>	<u>53,361,342</u>

In addition to the total return transfer between funds detailed in the statement of financial affairs a transfer from the unapplied total return funds to the trust for investment has been made in order to maintain the real value of the later.

16 Movements in funds (continued)

Trustees resolved to adopt total return accounting as from 1 July 2019. The endowment was valued at £21,600,453 as at 31 December 1998 this being the earliest date at which a reliable valuation could be obtained. Following the adoption of total return accounting it is no longer necessary to designate reserves for specific purposes and the amounts designated at 30 June 2019 have been credited to the unapplied total return funds. The grants reserves at that date have also been credited to the unapplied total return funds.

Allocation of income between the two unrestricted funds is set out in Note 2 to the accounts. Expenditure on charitable activities is allocated directly to the activity involved. Property related costs and gains/(losses) on revaluation of properties are allocated equally between the two charitable activities. The allocation of investment management costs and net gains/(losses) on investments takes into account the exclusive medical funds referred to below.

Exclusive medical funds – the charity has assumed over the years funds from the following sources:

Richard Cloudesley Charity Convalescent Homes Fund
Islington Relief in Need
Islington Relief in Sickness
Finsbury Dispensary Relief in Sickness
Dame Sarah Temple Foundation
Brand's Gift Charity

All of these funds have been aggregated and are held and applicable in the Health and Welfare part of the charity's funds.

The exclusive medical funds are the subject of a permanent appropriation of the charity's investment (but not property) portfolio. The current rate of appropriation is 2.7912% (2020: 2.7912%) but this will vary depending on any future capital contributions to or withdrawals from the investment portfolio. This rate of appropriation is also applied to the allocation of investment management charges and gains/(losses) on investments.

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

	2021 £	2020 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	5,345,723	225,106
Losses/(gains) on investments	(5,052,092)	64,805
(Gains)/losses on property assets	(1,467,800)	(270,586)
Depreciation	2,236	1,886
Investment income	(1,490,311)	(1,757,877)
(Increase)/Decrease in debtors	(17,561)	9,962
Increase/(decrease) in creditors	272,494	(190,808)
Net cash used in operating activities	(2,407,311)	(1,917,512)

18 Analysis of cash and cash equivalents

	At 1 July 2020 £	Cash flows £	At 30 June 2021 £
Cash at bank and in hand	867,786	(21,339)	846,447
Total cash and cash equivalents	867,786	(21,339)	846,447

Notes to the financial statements

For the year ended 30 June 2021

19 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property 2021 £	2020 £
Less than 1 year	<u>5,235</u>	<u>5,235</u>

20 Capital commitments

At 30 June 2021 the charity was not contractually committed to any expenditure (2020 – £119,607) on maintenance works to its properties in addition to minor routine items.

21 Grants to Churches

	2021 £	2020 £
Church grants awarded in the year		
St Mary's Islington	70,000	7,000
St Andrew's, Thornhill Square	34,333	50,000
The Church on the Corner	13,322	–
St Augustine, Highbury New Park	47,308	24,513
Christ Church, Highbury	60,836	85,080
St James, Prebend Street	5,000	–
St Jude & St Paul, Mildmay Grove	59,806	23,122
St Luke, West Holloway	60,000	45,700
Emmanuel Church, Hornsey Road	7,500	8,780
St Saviour's, Hanley Road	85,000	61,950
St Mark's, Tollington	13,256	5,000
St Mary, Hornsey Rise	25,000	22,850
St John, Upper Holloway	26,400	54,390
St Andrew, Whitehall Park	70,000	19,500
Hope Church Islington – St Mary Magdalene	28,000	31,200
Hope Church Islington – St David	7,500	–
St Silas, Pentonville	1,400	5,000
St Stephen, Canonbury	60,000	10,000
St Thomas, Finsbury Park	5,000	5,000
St James, Clerkenwell	44,800	42,900
Our Most Holy Redeemer, Clerkenwell	54,600	165
St Mark Clerkenwell	2,500	–
St Clement, King Square	5,000	–
Kings Cross Church	35,738	4,400
Total grants awarded in the year	<u>822,299</u>	<u>506,550</u>
Grants written back	(32,482)	(61,761)
Total church grants in the year	<u>789,817</u>	<u>444,789</u>

Notes to the financial statements

For the year ended 30 June 2021

22 Grants for Health and Welfare Needs

	2021	2020
	£	£
Health and Welfare grants made to organisations		
<i>Strategic grants</i>		
Help on Your Doorstep	–	107,000
Islington Giving	100,000	50,000
Islington Law Centre	–	168,000
Total strategic grants awarded in the year	100,000	325,000
<i>Small grants</i>		
ALAG/Autism Hub Islington	10,000	–
Centre 404	–	10,000
Elfrida Society	10,000	–
Healthwatch Islington	10,000	–
Healthy Generations	10,000	–
Help on Your Doorstep	–	10,000
Home Start Islington	9,500	–
Islington Mind	10,000	–
Islington People's Rights	10,000	–
Life Chances in partnership with AFLAH	10,000	–
Manor Gardens Welfare Trust	10,000	–
Mencap Islington	10,000	–
MER-IT Digital	10,000	–
One True Voice	10,000	–
Prospex	10,000	–
Single Homeless Project	10,000	–
The Manna	–	10,000
The Maya Centre	–	5,060
Total small grants awarded in the year	139,500	35,060
<i>Principal Grants</i>		
Holloway Neighbourhood Group	90,000	–
Islington Centre for Refugees and Migrants	90,000	–
St Luke's Parochial Trust	90,000	–
Stuart Low Trust	90,000	–
The Margins Project	87,405	–
Total principal grants awarded in the year	447,405	–
<i>Development and Support Grants</i>		
Help on Your Doorstep	6,500	–
Islington Refugee and Migrant Forum	22,000	–
Manor Gardens Welfare Trust	47,000	–
Total development and support grants awarded in the year	75,500	–
Total grants to organisations awarded in the year	762,405	360,060

22 Grants for Health and Welfare Needs (cont'd)

Health and Welfare grants made to individuals	2021	2020
	£	£
<i>Grants to individuals via Cloudesley Partners</i>		
Age UK Islington	5,000	–
Consonant	–	6,000
Centre 404	13,000	13,000
Community Language Support Services	3,000	3,000
Help on Your Doorstep	15,000	12,000
Islington Centre for Refugees and Migrants	20,000	18,000
Islington Law Centre	12,000	12,000
Islington Mind	19,000	12,000
Islington People's Rights	12,000	12,000
London Borough of Islington	–	5,000
Manor Gardens Welfare Trust	10,000	13,000
Peter Bedford Housing Association	6,000	6,000
Solace Women's Aid	8,000	8,000
St Luke's Parochial Trust	5,000	10,000
St Mungo's Broadway	8,000	8,000
The Manna	5,000	5,000
The Margins Project	2,000	2,000
Total grants via Cloudesley Partners awarded in the year	143,000	145,000
Grants written back	(28,264)	(28,535)
Total grants via Cloudesley Partners in the year	114,736	116,465
<i>Grants to individuals via Catalyst Programme</i>		
Age UK Islington	5,000	–
Help on Your Doorstep	–	10,000
Humankind Charity	–	10,000
Islington Centre for Refugees and Migrants	–	10,000
Manor Gardens Welfare Trust	–	10,000
Peter Bedford Housing Association	–	10,000
Solace Women's Aid	–	10,000
St Mungo's Broadway	–	10,000
Total grants via Catalyst Programme awarded in the year	5,000	70,000
Grants written back	(14,279)	(9,672)
Total grants via Catalyst Programme in the year	(9,279)	60,328
Total Health and Welfare grants awarded to individuals in the year	148,000	215,000
Total grants written back	(42,543)	(38,207)
Total Health and Welfare grants to Individuals in the year	105,457	176,793
Total Health and Welfare grants in the year	867,862	536,853

23 Ultimate controlling party

The charity's ultimate parent undertaking and controlling party is Richard Cloudesley Trustee Limited a company limited by guarantee (number: 07425897). Consolidated accounts are not prepared as the parent is dormant. Dormant accounts are filed with Companies House. There are no financial transactions between Cloudesley and Richard Cloudesley Trustee Limited in the year.