

**REGISTERED COMPANY NUMBER: 07715471 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 1145084**

**HUMAN CAPABILITY FOUNDATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2020**

Berringers LLP  
Chartered Accountants  
and Statutory Auditors  
Lygon House  
50 London Road  
Bromley  
Kent  
BR1 3RA

# HUMAN CAPABILITY FOUNDATION

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# HUMAN CAPABILITY FOUNDATION

## REPORT OF THE TRUSTEES for the year ended 31 December 2020

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

### OBJECTIVES AND ACTIVITIES

#### Objectives and aims

The Human Capability Foundation (HCF) is a grant-making foundation with the objective of promoting such purposes as are exclusively charitable in accordance with the laws of England and Wales as the trustees may from time to time determine. The Foundation's primary focus is in India and on the issues of:

- Women and girls' rights and empowerment
- Sexual and reproductive health rights
- Gender equality
- Rights of economically and socially marginalised people
- Mental health and disability rights
- Labour and migration rights
- Environmental protection and climate change mitigation

The HCF seeks to build long-term funding relationships with non-governmental organisations (NGOs) and community-based organisations (CBOs) which share these values. Support of NGOs and CBOs will enhance the capability of individuals and communities to manifest self-sustaining and rewarding lives for themselves, their communities and future generations. It will foster local knowledge and expertise so that communities themselves are better able in the long-term to demand their rights.

The HCF uses a number of different measures to assess success. The HCF should:

- Ensure grantees have been able to carry out their work effectively and in line with what was agreed between themselves and the HCF.
- Ensure that work done by grantees can lead to the realisation of people's rights, and can challenge and transform the societal structures that marginalise people.
- Ensure that our grantees strive to transfer knowledge and power to the marginalised people that they work with.
- Receive regular progress reports from our grantees which detail the achievements the organisation have had, what feedback the grantees have received from the people they work with, and new ideas for how to develop and refine their work.
- Receive continued donations and income in order to secure stability and the ability to provide multi-year grants.
- Maintain low costs in order to maximise the funds available for carrying out charitable activities.

The short-term aims of the HCF are to continue supporting organisations and identify new organisations who are working at the grassroots level in the most marginalised communities. The HCF wishes to remain an agile organisation that can respond quickly to emerging needs and requirements. Our medium-term aim is to ensure that we provide space for our grantees to innovate within their work, trying new initiatives and ideas. A long-term goal is to significantly increase our annual level of funding. We class this as a long-term goal because we want to increase our funding at a pace that means we continue to find exemplar organisations to fund.

#### Public benefit

The trustees have had regard to Charity Commission guidance on public benefit and consider that the objectives, aims and achievements of the charity described in the report enable it to meet its duty to the Charity Commission as per section 17 of the Charities Act 2011, and to the benefit of the public.

# HUMAN CAPABILITY FOUNDATION

## REPORT OF THE TRUSTEES for the year ended 31 December 2020

### STRATEGIC REPORT

#### Achievement and performance

##### Charitable activities

This year HCF have continued to support a significant number of NGO's, with grants approved during the year totalling £1,104,567 (2019: £777,151). The grants have been distributed in accordance with the charitable objectives as below:

- Women and girls' rights and empowerment	198,134
- Sexual and Reproductive Health Rights	244,085
- Gender equality	161,373
- Rights of economically and socially marginalised groups	158,056
- Mental health and disability rights	74,821
- Labour & migration rights	121,195
- Environmental protection and climate change mitigation	101,946
- Covid Emergency	44,956
	<hr/>
	1,104,567
	<hr/> <hr/>

HCF continued its support to the majority of the organisations we had supported in the previous year. HCF's grantees were substantially affected by COVID-19 and subsequent lockdowns. Many of our grantees rely on large, in-person meetings to do their work, and from April 2020 this was mostly not possible. Moreover, many of the communities that our grantees work with were hugely impacted by job losses resulting from lockdowns which meant that many of our grantees needed to pivot to providing emergency relief to people. This was in the form of cooking oil, food, soap and PPE. HCF took the decision to send specific funds to organisations for them to provide emergency relief to their communities. HCF had to acknowledge that some of the work that had been planned and agreed with grantees would be delayed. HCF continued support to these organisations so that they could pay staff salaries and make plans to adapt their work rather than being weakened organisationally by the pandemic. HCF wanted our grantees to survive the pandemic, and flourish beyond it.

Towards the end of 2020, the Indian government brought in changes to the laws concerning foreign funding. This has prompted an overhaul in the way that HCF's grantees function and HCF will need to continue to monitor the situation and make the necessary adjustments to ensure our activities abide by all of the new requirements.

Despite the year's challenges there have been numerous achievements by our organisations, for example:

- Shifted in-person learning for adolescent girls to online and continued educating out-of-school adolescent girls.
- Challenged and counselled families to prevent early marriages of young women. This was increasingly important due to the negative effects of the pandemic. As families' incomes became more precarious, early marriage was seen as a prudent decision.
- Provided emergency relief to thousands of people affected by lockdowns and job losses.
- Provided essential support to migrants travelling back to villages from cities after lockdowns were announced. Also ensuring that wages were paid to workers in cases of attempted wage theft and business closures.
- Researched the effects of the pandemic and lockdown on various communities so that grantees' work could be adapted to community needs.
- Substantially increased our funding of environmental causes.
- Provided early intervention solutions to babies born with disabilities, supporting families to get appropriate care for their young babies.

HCF's work benefits the wider society in countless different ways. For example, one of our partner organisations, Anjali, works with long-term residents at mental health hospitals in West Bengal. But their work also helps to change societal attitudes to psychosocial disabilities, helps to reintegrate residents into their families and communities, and operates counselling sessions within communities so that mental health treatment is accessible to more people. HCF's investments performed as expected and generated steady income in 2020.

## HUMAN CAPABILITY FOUNDATION

### REPORT OF THE TRUSTEES for the year ended 31 December 2020

#### STRATEGIC REPORT

##### Achievement and performance

##### Financial Review

Total grants approved by the foundation in 2020 were £1,104,567 (2019: £777,151). Total donations received by the Charity in 2020 amounted to £4,399,770 (2019: £20,983,667). This included a gift of 90% of shares in Trigon Snacks Trading Ltd, valued at £3,800,000 which has been eliminated on preparation of the Group accounts. HCF accepted this gift of shares as it would be another source of income for the charity. One of HCF's trustees is the director of the company and therefore we will receive transparent and consistent reporting into the company's performance.

In 2019 donations included three gifted properties valued at £19,540,000 on the dates of transfer. The three properties donated during 2019 were revalued to reflect the market average 5% investment yield of the annual rent received. The trustees are not qualified surveyors but believe that this valuation method represents a sufficiently accurate estimation without the need to spend any of the charity's funds on professional valuations. The valuations for the already owned two properties have not, in the trustees opinion, changed in value materially since the last valuations were carried out.

During the year rental income received from the properties owned by HCF amounted to £1,248,792 (2019: £1,205,435). These properties provide on-going monthly sources of income from the rent.

The HCF seeks to maintain low costs, and using two forex foreign exchange specialists is a key way in which we minimise the exchange rate costs of sending funds to India.

The HCF holds reserves because we plan to be a long-term funder in India providing small-medium-sized grants to organisations. At the year end total reserves held were £34,040,242 (2019: £29,502,474). We hold reserves to ensure that we can commit to multi-year funding for grantees. In 2020 an additional £1,545,346 was invested in a renewable energy investment bond. We assessed that it was a low-risk investment but one that would provide a satisfactory return and put our cash reserves to good use, while retaining the necessary funds in order to meet our grants-making commitments. We have judged that a renewable energy portfolio is in line with our charity's ethics as the funds are used to create green energy resources. At the end of the year, this investment was performing as we had intended and no issues had arisen.

Our long-term financial plans are to significantly increase the level of funds we have in order to be able to make grants to a larger number of organisations. HCF will continue to provide long-term, core grants of unrestricted funds to NGOs as this allows the organisations to have stability and do the work that they truly feel is important.

##### Future plans

Due to the new Indian laws and the uncertainty of the COVID pandemic, 2021 will be a year of change. HCF will be seeking more local Indian advice and expertise to ensure that we stay abreast of the new regulations and that our work in India can be effective as possible. We will of course be continuing our grant-making model and identifying new grantees. HCF plans to increase the amount of funding we give to organisations working on environmental protection. In 2021 we are expecting that our grantees will continue to be affected by the COVID pandemic and its repercussions.

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

##### Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

## HUMAN CAPABILITY FOUNDATION

### REPORT OF THE TRUSTEES for the year ended 31 December 2020

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

##### Organisational structure

The Human Capability Foundation is a charitable company limited by guarantee, incorporated in December 2011. The three trustees are:

Luke Pagarani  
Davinder Pagarani  
Natasha Pagarani

The trustees are also company directors. Under the requirements of the Memorandum and Articles of Association, the directors retire on an annual basis and, being eligible, offer themselves for re-election.

Natasha Pagarani is the Foundation's Secretary and the three trustees jointly manage the foundation, meeting informally on a regular basis to discuss grants, funding and other activities.

In 2020, the HCF received a total of £nil (2019: £1,443,667) in donations from Windsor Investment Holdings Limited, Giant Exports Services Ltd £399,770 (2019: £355,000), NATCO Foods Ltd £200,000 (2019: £nil), Landfield Investment Holding Ltd £nil (2019: £506,310) and Mystical Worldwide Trust £nil (2019: £65,834).

T.Choithram & Sons (London) Ltd is the parent company of Natco Foods Limited, of which Luke Pagarani is Managing Director, Natasha Pagarani is also employed and Davinder Pagarani is engaged as a consultant. Natco Foods Limited is a company based in the UK whose core business is the sourcing, processing and selling of foods from around the world to consumers primarily in the UK. It is the intention of T.Choithram & Sons (London) Ltd and its subsidiaries to continue financial support of the HCF indefinitely.

#### REFERENCE AND ADMINISTRATIVE DETAILS

##### Registered Company number

07715471 (England and Wales)

##### Registered Charity number

1145084

##### Registered office

c/o Natco Cash & Carry  
Silverdale Industrial Estate  
Silverdale Road  
Hayes  
London  
UB3 3BL

##### Trustees

N Pagarani  
L Pagarani  
D Pagarani

##### Company Secretary

N Pagarani

##### Auditors

Berringers LLP  
Chartered Accountants  
and Statutory Auditors  
Lygon House  
50 London Road  
Bromley  
Kent  
BR1 3RA

## HUMAN CAPABILITY FOUNDATION

### REPORT OF THE TRUSTEES for the year ended 31 December 2020

#### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Human Capability Foundation for the purposes of company law) are responsible for preparing the Report of the trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

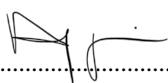
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### AUDITORS

The auditors, Berringers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a Strategic report, approved by order of the board of trustees, as the company directors, on ~~22nd September 2021~~..... and signed on the board's behalf by:



.....  
N Pagarani - Trustee

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HUMAN CAPABILITY FOUNDATION**

### **Opinion**

We have audited the financial statements of Human Capability Foundation (the 'charitable company') for the year ended 31 December 2020 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Report of the independent auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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



## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HUMAN CAPABILITY FOUNDATION**

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the trustees.

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

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

### **Responsibilities of trustees**

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

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

### **Our responsibilities for the audit of the financial statements**

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

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and error, we considered the following:

- the nature of the industry, control environment and business performance;
- results of our enquiries to management about their own assessment of the risks of fraud and error;
- the matters discussed among the audit engagement team regarding how and where fraud may occur in the financial statements and any potential indicators of fraud.

Our procedures to respond to risk include the following:

- reviewing the financial statement disclosures and testing to supporting documentation;
- performing analytical procedures to identify any unusual or unexpected areas that may indicate risks of material misstatement due to fraud or error;
- addressing the risk of fraud and error through management override of controls, testing the appropriateness of journals, assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HUMAN CAPABILITY FOUNDATION**

**Use of our report**

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

Paul Allan BSocSc FCA (Senior Statutory Auditor)  
for and on behalf of Berringers LLP  
Chartered Accountants  
and Statutory Auditors  
Lygon House  
50 London Road  
Bromley  
Kent  
BR1 3RA

Date: .....

**HUMAN CAPABILITY FOUNDATION**

**STATEMENT OF FINANCIAL ACTIVITIES  
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)  
for the year ended 31 December 2020**

	Notes	2020 Unrestricted fund £	2019 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	3	4,399,770	20,983,668
Other trading activities	4	11,422	9,291
Investment income	5	1,399,203	1,317,800
<b>Total</b>		<b>5,810,395</b>	22,310,759
 <b>EXPENDITURE ON</b>			
<b>Charitable activities</b>			
Grants	6	1,104,567	777,151
Other		136,213	120,313
<b>Total</b>		<b>1,240,780</b>	897,464
 <b>NET INCOME</b>		 <b>4,569,615</b>	21,413,295
 <b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>		<b>29,470,627</b>	8,057,332
 <b>TOTAL FUNDS CARRIED FORWARD</b>		 <b>34,040,242</b>	29,470,627

**CONTINUING OPERATIONS**

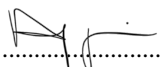
All income and expenditure has arisen from continuing activities.

**HUMAN CAPABILITY FOUNDATION**

**BALANCE SHEET**  
**31 December 2020**

	Notes	2020 Unrestricted fund £	2019 Total funds £
<b>FIXED ASSETS</b>			
Tangible assets	12	400,149	441,105
<b>Investments</b>			
Investments	13	4,270,581	240,581
Investment property	14	22,680,000	22,680,000
		27,350,730	23,361,686
<b>CURRENT ASSETS</b>			
Debtors	15	81,323	223,634
Investments	16	4,845,346	3,300,000
Prepayments and accrued income		35,861	72,144
Cash at bank		1,810,505	2,579,816
		6,773,035	6,175,594
<b>CREDITORS</b>			
Amounts falling due within one year	17	(83,523)	(66,653)
		6,689,512	6,108,941
<b>NET CURRENT ASSETS</b>			
		34,040,242	29,470,627
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		34,040,242	29,470,627
<b>NET ASSETS</b>			
		34,040,242	29,470,627
<b>FUNDS</b>			
Unrestricted funds	18	34,040,242	29,470,627
		34,040,242	29,470,627
<b>TOTAL FUNDS</b>			
		34,040,242	29,470,627

The financial statements were approved by the Board of Trustees and authorised for issue on .....22nd September 2021..... and were signed on its behalf by:

  
 .....  
 N Pagarani - Trustee

## HUMAN CAPABILITY FOUNDATION

### CASH FLOW STATEMENT for the year ended 31 December 2020

	Notes	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>(350,550)</u>	<u>245,997</u>
Net cash (used in)/provided by operating activities		<u>(350,550)</u>	<u>245,997</u>
<b>Cash flows from investing activities</b>			
Purchase of fixed asset investments		(230,000)	-
Purchase of current asset investments		(1,545,346)	(3,300,000)
Rents from investments		1,248,792	1,205,435
Interest received		<u>107,793</u>	<u>72,143</u>
Net cash used in investing activities		<u>(418,761)</u>	<u>(2,022,422)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(769,311)</u>	<u>(1,776,425)</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>2,579,816</u>	<u>4,356,241</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>1,810,505</u></u>	<u><u>2,579,816</u></u>

The notes form part of these financial statements

**HUMAN CAPABILITY FOUNDATION**

**NOTES TO THE CASH FLOW STATEMENT  
for the year ended 31 December 2020**

**1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2020	2019
	£	£
<b>Net income for the reporting period (as per the Statement of financial activities)</b>	<b>4,569,615</b>	21,413,295
<b>Adjustments for:</b>		
Depreciation charges	40,956	40,956
Interest received	(107,793)	(72,143)
Rent from investments	(1,248,792)	(1,205,435)
Donated asset	(3,800,000)	(19,540,000)
Decrease/(increase) in debtors	178,594	(433,749)
Increase in creditors	16,870	43,073
<b>Net cash (used in)/provided by operations</b>	<b>(350,550)</b>	245,997

**2. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.20	Cash flow	At 31.12.20
	£	£	£
<b>Net cash</b>			
Cash at bank	2,579,816	(769,311)	1,810,505
	<u>2,579,816</u>	<u>(769,311)</u>	<u>1,810,505</u>
<b>Liquid resources</b>			
Deposits included in cash	-	-	-
Current asset investments	3,300,000	1,545,346	4,845,346
	<u>3,300,000</u>	<u>1,545,346</u>	<u>4,845,346</u>
<b>Total</b>	<b><u>5,879,816</u></b>	<b><u>776,035</u></b>	<b><u>6,655,851</u></b>

The notes form part of these financial statements

## HUMAN CAPABILITY FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

#### 1. STATUTORY INFORMATION

The Charity is a private limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is Natco Cash & Carry, Silverdale Industrial Estate, Silverdale Road, Hayes, London UB3 3BL.

#### 2. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

##### **Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

The following specific policies are applied to particular categories of income:

- Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- Rental income from investment property and leased out assets are recognised when receipt is probable and entitlement is established. Solar electricity income relates to electricity generated by solar panels owned by HCF and sold to related parties per note 19. All income for the year excludes VAT.
- Other trading activities relate to the realised sale of food products and consumer goods donated by related parties at nil cost as per note 19. No VAT is charged on these products and minimal levels of stock are held at the year end.

##### **Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure includes any VAT which can not be fully recovered and is accounted for on an accruals basis. Expenditure has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

##### **Grants**

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

##### **Other Expenditure**

Solar panel fixed assets used to generate electricity income is depreciated over the 15 year anticipated life on a straight line basis.

Leased out fixed assets used to generate rental income is depreciated over the 10 year anticipated life on a straight line basis

##### **Bank Charges**

Foreign exchange specialists are used to minimise the cost of transfers to India. Transfer costs are not disclosed to the charity; however better rates, which include the transfer costs, are offered to alternative transfer options.

## HUMAN CAPABILITY FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2020

#### 2. ACCOUNTING POLICIES - continued

##### Allocation and apportionment of costs

All income and expenditure is unrestricted. Support costs have been wholly allocated to the main charitable activity and relate to legal and professional, consultancy, accounting and audit fees.

##### Investment property

Investment properties include donated properties at fair value and are shown at most recent valuation. Any aggregate surplus or deficit arising from changes in valuation is recognised in the Statement of financial activities.

##### Taxation

The charity is exempt from corporation tax on its charitable activities.

##### Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

There are no unrestricted funds.

##### Current asset investments

Current asset investments are investments that are easy to access when required and have a maturity of within 12 months of the year end.

In 2019 and 2020, HCF invested in a renewable energy bond, that is in line with the charities ethics and objective of supporting worthy causes.

In 2020, HCF invested in Downing Renewables & Infrastructure Trust PLC (DORE) which is in line with the charities ethics as it is designed to deliver stable and sustainable returns by investing in a diversified portfolio of hydro, solar, wind and other infrastructure assets.

#### 3. DONATIONS AND LEGACIES

	2020	2019
	£	£
Gifts	-	19,540,000
Donations	4,399,770	1,443,668
	<u>4,399,770</u>	<u>20,983,668</u>

#### 4. OTHER TRADING ACTIVITIES

	2020	2019
	£	£
Sales of donated products	<u>11,422</u>	<u>9,291</u>



**HUMAN CAPABILITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2020**

**5. INVESTMENT INCOME**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Rents received	<b>1,248,792</b>	1,205,435
Solar Electricity Income	<b>42,618</b>	40,222
Deposit account interest	<b>9,252</b>	24,414
Bond interest	<b>98,541</b>	47,729
	<b>1,399,203</b>	1,317,800
	<b>1,399,203</b>	1,317,800

**6. CHARITABLE ACTIVITIES COSTS**

		Grant funding of activities (see note 7)
		<b>£</b>
Grants		<b>1,104,567</b>
		<b>1,104,567</b>

**7. GRANTS PAYABLE**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Grants	<b>1,104,567</b>	777,151
	<b>1,104,567</b>	777,151

The total grants paid to institutions during the year was as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
	<b>1,104,567</b>	777,151
	<b>1,104,567</b>	777,151

**8. SUPPORT COSTS**

	Finance	Other	Totals
	<b>£</b>	<b>£</b>	<b>£</b>
Other resources expended	<b>27,335</b>	<b>67,922</b>	<b>95,257</b>
	<b>27,335</b>	<b>67,922</b>	<b>95,257</b>

**HUMAN CAPABILITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2020**

**8. SUPPORT COSTS - continued**

The breakdown of support costs costs is shown in the table below:

<b>Cost type</b>	<b>2020</b>	2019
	<b>£</b>	£
<b>Finance</b>		
Foreign exchange losses	27,335	1,700
<b>Other</b>		
Web site costs	-	116
Audit & accountancy	8,350	2,200
Legal and professional fees	31,725	10,591
Bank charges	2,107	1,075
Consultancy fees	25,740	63,675
	<u>67,922</u>	<u>77,657</u>

**9. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging/(crediting):

	<b>2020</b>	2019
	<b>£</b>	£
Depreciation - owned assets	<u>40,956</u>	<u>40,957</u>

**10. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 December 2020 nor for the year ended 31 December 2019.

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 31 December 2020 nor for the year ended 31 December 2019.

**11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund £
<b>INCOME AND ENDOWMENTS FROM</b>	
Donations and legacies	20,983,668
Other trading activities	9,291
Investment income	1,317,800
<b>Total</b>	<u>22,310,759</u>
<b>EXPENDITURE ON</b>	
<b>Charitable activities</b>	
Grants	777,151
Other	120,313

**HUMAN CAPABILITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2020**

**11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued**

	Unrestricted fund £
<b>Total</b>	897,464
<b>NET INCOME</b>	21,413,295
<b>RECONCILIATION OF FUNDS</b>	
<b>Total funds brought forward</b>	8,057,332
<b>TOTAL FUNDS CARRIED FORWARD</b>	29,470,627

**12. TANGIBLE FIXED ASSETS**

	Plant and machinery £
<b>COST</b>	
At 1 January 2020 and 31 December 2020	530,395
<b>DEPRECIATION</b>	
At 1 January 2020	89,290
Charge for year	40,956
At 31 December 2020	130,246
<b>NET BOOK VALUE</b>	
At 31 December 2020	400,149
At 31 December 2019	441,105

**13. FIXED ASSET INVESTMENTS**

	Listed investments £	Unlisted investments £	Totals £
<b>MARKET VALUE</b>			
At 1 January 2020	-	240,581	240,581
Additions	230,000	3,800,000	4,030,000
At 31 December 2020	230,000	4,040,581	4,270,581
<b>NET BOOK VALUE</b>			
At 31 December 2020	230,000	4,040,581	4,270,581
At 31 December 2019	-	240,581	240,581

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

**HUMAN CAPABILITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2020**

**13. FIXED ASSET INVESTMENTS - continued**

**Trigon Snacks Trading Limited**

Registered office: Inside the United Kingdom

Nature of business: Retail

Class of share:	%
Ordinary	holding <b>100</b>

The investment held at the year end is a 100% holding in Trigon Snacks Trading Limited; 10% of the shares were transferred as a gift at the calculated market value as at the 30th November 2018, with the remaining shares transferred at the calculated market value as at 31st December 2020.

**14. INVESTMENT PROPERTY**

**FAIR VALUE**

At 1 January 2020

and 31 December 2020

£  
  
22,680,000

**NET BOOK VALUE**

At 31 December 2020

22,680,000

At 31 December 2019

22,680,000

The valuations for all properties have not, in the Trustee's opinion, changed in value materially since the last valuations were carried out.

**15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Other debtors	<u>81,323</u>	<u>223,634</u>

**16. CURRENT ASSET INVESTMENTS**

	2020	2019
	£	£
Unlisted investments	<u>4,845,346</u>	<u>3,300,000</u>

In 2020, HCF had investments of £4,845,346 (2019: £3,300,000) in a regular access renewable energy investment bond, after reinvesting the matured bonds from 2019.

**HUMAN CAPABILITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2020**

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Accruals	6,450	3,500
VAT	60,573	46,653
Other creditors	16,500	16,500
	<b>83,523</b>	<b>66,653</b>
	<b>83,523</b>	<b>66,653</b>

**18. MOVEMENT IN FUNDS**

	At 1.1.20	Net movement in funds	At 31.12.20
	£	£	£
<b>Unrestricted funds</b>			
General fund	29,470,627	4,569,615	34,040,242
	<b>29,470,627</b>	<b>4,569,615</b>	<b>34,040,242</b>
<b>TOTAL FUNDS</b>	<b>29,470,627</b>	<b>4,569,615</b>	<b>34,040,242</b>

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

	Incoming resources	Resources expended	Movement in funds
	£	£	£
<b>Unrestricted funds</b>			
General fund	5,810,395	(1,240,780)	4,569,615
	<b>5,810,395</b>	<b>(1,240,780)</b>	<b>4,569,615</b>
<b>TOTAL FUNDS</b>	<b>5,810,395</b>	<b>(1,240,780)</b>	<b>4,569,615</b>

**Comparatives for movement in funds**

	At 1.1.19	Net movement in funds	At 31.12.19
	£	£	£
<b>Unrestricted funds</b>			
General fund	8,057,332	21,413,295	29,470,627
	<b>8,057,332</b>	<b>21,413,295</b>	<b>29,470,627</b>
<b>TOTAL FUNDS</b>	<b>8,057,332</b>	<b>21,413,295</b>	<b>29,470,627</b>

**HUMAN CAPABILITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2020**

**18. MOVEMENT IN FUNDS - continued**

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	22,310,759	(897,464)	21,413,295
<b>TOTAL FUNDS</b>	<u>22,310,759</u>	<u>(897,464)</u>	<u>21,413,295</u>

**19. RELATED PARTY DISCLOSURES**

<b>Entities with trustees/directors in common</b>	<b>2020</b>	2019
	£	£
Income investment properties	<b>1,043,750</b>	1,030,159
Solar electricity	<b>42,618</b>	40,222
Sales of donated products	<b>8,700</b>	8,946
Interest	-	-
Donations	<b>200,000</b>	-
Gifts of shares	<b>3,800,000</b>	-
	<u>(5,095,068)</u>	<u>(1,079,327)</u>
<b>Entities with key management in common</b>	<b>2020</b>	2019
	£	£
Donations	<b>399,770</b>	1,443,667
Gifts of property	-	19,540,000
	<u>(399,770)</u>	<u>(20,983,667)</u>

**20. GRANTS**

Total grants in 2020 approved by the Foundation were £1,104,567 (2019: £777,151).

These were made up as follows:

<b>Institution</b>	<b>Amount</b>
	£
Global Greengrants	<b>75,000</b>
Anjali	<b>51,984</b>
Tarshi	<b>48,322</b>
Action India	<b>46,345</b>
Disha Trust	<b>45,726</b>
Aajeevika Bureau	<b>39,429</b>
SAMA	<b>38,448</b>
Aman Public Charitable Trust	<b>36,207</b>
Nirantar	<b>32,296</b>
Kotra Adivasi Sansthan	<b>29,499</b>
Charkha	<b>29,367</b>
Gramin Avam Samajik Vikas	<b>29,183</b>
Nirantar	<b>28,383</b>

## HUMAN CAPABILITY FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2020

#### 20. GRANTS - continued

Vishakha	27,980
BUDS	27,547
SAKAR	27,512
Jeevika Development Society	26,946
Prayas	25,706
Sappho for Equality	25,040
Thoughtshop Foundation	24,523
Kislay	24,356
Shishu Sarothi Centre for Rehabilitation and Training for Multiple Disability	22,837
Centre for Workers' Management	21,242
SANGRAM	20,000
Yakshi	18,932
iPartner India	18,272
Society for Informal Education and Development Studies	15,127
Others	248,357

**HUMAN CAPABILITY FOUNDATION**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES  
for the year ended 31 December 2020**

	2020 £	2019 £
<b>INCOME AND ENDOWMENTS</b>		
<b>Donations and legacies</b>		
Gifts	-	19,540,000
Donations	<b>4,399,770</b>	1,443,668
	<hr/>	<hr/>
	<b>4,399,770</b>	20,983,668
 <b>Other trading activities</b>		
Sales of donated products	<b>11,422</b>	9,291
 <b>Investment income</b>		
Rents received	<b>1,248,792</b>	1,205,435
Solar Electricity Income	<b>42,618</b>	40,222
Deposit account interest	<b>9,252</b>	24,414
Bond interest	<b>98,541</b>	47,729
	<hr/>	<hr/>
	<b>1,399,203</b>	1,317,800
 <b>Total incoming resources</b>	 <b>5,810,395</b>	 22,310,759
 <b>EXPENDITURE</b>		
<b>Charitable activities</b>		
Grants to institutions	<b>1,104,567</b>	777,151
 <b>Other</b>		
Plant and machinery	<b>40,956</b>	40,956
 <b>Support costs</b>		
<b>Finance</b>		
Foreign exchange losses	<b>27,335</b>	1,700
 <b>Other</b>		
Web site costs	-	116
Auditors' remuneration	<b>8,350</b>	2,200
Legal & professional	<b>31,725</b>	10,591
Bank charges	<b>2,107</b>	1,075
Consultancy fees	<b>25,740</b>	63,675
	<hr/>	<hr/>
	<b>67,922</b>	77,657
 <b>Total resources expended</b>	 <b>1,240,780</b>	 897,464
 <b>Net income</b>	 <b>4,569,615</b>	 21,413,295
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This page does not form part of the statutory financial statements