



Sirius Minerals Foundation Limited

**Report of the Trustees and
Audited Financial Statements
for the year ended**

31 May 2020

**Registered Company Number: 08087609 (England and Wales)
Registered Charity Number: 1163127**

Ashby Berry Coulsons

**Chartered Accountants
*Two Belgrave Crescent
Scarborough***

WEDNESDAY



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Sirius Minerals Foundation Limited

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for the Year Ended 31 May 2020**

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Sirius Minerals Foundation Limited

**Reference and Administrative Details
for the Year Ended 31 May 2020**

| | | |
|----------------------------------|--|----------------------------|
| Trustees | D Archer | |
| | G Edmunds | resigned 23 November 2020 |
| | R Hunt | |
| | N Irving | |
| | L Swain | resigned 21 October 2020 |
| | P J E Woods | resigned 19 May 2020 |
| | I C Swales | |
| | J Flynn | appointed 20 May 2020 |
| | J Samuel | appointed 23 November 2020 |
| Registered office | Resolution House Lake View Scarborough North Yorkshire YO11 3ZB | |
| Registered company number | 08087609 (England and Wales) | |
| Registered charity number | 1163127 | |
| Auditors | Ashby Berry Coulsons Limited Statutory Auditor 2 Belgrave Crescent Scarborough North Yorkshire YO11 1UB | |
| Bankers | CAF Bank 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ | |

Sirius Minerals Foundation Limited

Chairman's Foreword for the Year Ended 31 May 2020

I am pleased to present the Financial Statements and Accounts for the year ending 31st May 2020 on behalf of the Trustees of the Sirius Minerals Foundation. The Foundation aims to create a legacy from the polyhalite mining project for this and future generations, and to achieve this we are increasingly working with a range of agencies, other funders and local community organisations to build up a picture of community needs and how these can best be met. This has been another year of substantial progress including the delivery of a £300,000 grants programme for local sports clubs and organisations which are at the heart of our communities and contribute to local health and well-being. This brings the total grants awarded to date to £800 000 for projects throughout Redcar and Cleveland, Whitby, Scarborough and the North York Moors National Park.

We have also been quick to help our local communities through the coronavirus crisis with an emergency package of funding for foodbanks, and a new round of grants to help charities and community groups through the crisis and beyond into the recovery phase. The year has also been a momentous one with the takeover of Sirius Minerals by Anglo American PLC who will continue to fund the Foundation in the years ahead. We are still very much in the early years of our journey, but we are steadily and confidently building a real momentum as we develop stronger links with local people and communities who are at the heart of everything we do. We look back on a successful year and look forward to the next.

David Archer

Sirius Minerals Foundation Limited

Report of the Trustees for the Year Ended 31 May 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 May 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).

This report includes the directors' report required by company law.

Objectives and activities

The Foundation's objects are for the public benefit particularly in the area of benefit to:

- 1) advance education including by supporting projects and training that benefit people from the area of benefit by enhancing their skills;
- 2) promote the general health of the community;
- 3) advance environmental protection and improvement including by enhancing the local landscape;
- 4) provide and improve facilities in the interests of social welfare and leisure time occupation with the objective of improving the conditions of life for the residents; and
- 5) relieve those in need because of financial hardship by virtue of being out of work, particularly the long term unemployed, by helping them to gain skills.

The area of benefit is the area south of the river Tees and within the boundaries of Redcar and Cleveland Borough Council, Scarborough Borough Council and the North York Moors National Park.

The trustees are obliged to:

- exercise a preference for applying the charity's funds close to Sirius Minerals PLC's area of operations in the area of benefit; and
- only apply funds outside the area of benefit if the trustees pass a unanimous resolution in support of such an application of funds, and not to apply more than 25% of its annual budget in any one year outside the area of benefit.

At present, the trustees are fulfilling these objects by making grants to local organisations.

The Foundation does not raise funds from the general public.

The trustees confirm that they have had regard to the Charity Commission's guidance on public benefit when reviewing the charity's aims and objectives, in planning future activities, and setting the grant making policy for the year.

The 2019/20 year commenced with the Trustees seeking new grant-making opportunities having selected the small grants recipients for sums below £1,000. Staying with the theme of sports activities invitations were made for submission of applications for between £20,000 and £50,000 for capital expenditure by sports clubs. The Foundation employed the services of a consultant to assess the applications against set criteria and report to the Board. This fourth round of grant-making was underway when the Covid-19 pandemic first took effect but the grant payments were made on the basis of expenditure that had occurred prior to restrictions coming into force.

Sirius Minerals Foundation Limited

Report of the Trustees for the Year Ended 31 May 2020

The Trustees acknowledged the difficulties that were becoming apparent in the first quarter of 2020 and identified seven organisation who would benefit from 'emergency' funding. These organisations were provided with total funding, split geographically, of £20,300.

The trustees are happy to receive ideas on how and where the Foundation's grants and programmes could be best utilised to inform future decision making. However, at the present time, the trustees are only considering grant requests as part of future grants programmes published on the Foundation's website.

Achievement and performance

The Trustees consider that the Foundation is operating effectively and there are strong structures in place in terms of the Articles of Association and the adopted 10 year Plan. It is understood that the pace of development, which in turn determines the date at which mine production will provide further funding, would always fluctuate. This situation has altered during the reporting period due to the generous 'ex gratia' payments that have been, and are due to be, made by Anglo American Crop Nutrients, outside of the existing production period commitments. However, the Trustees consider that they have struck a balance between the distribution of funds and the period of time remaining before future predicted funds, during the post-production period, will become available. The ex gratia payments have enabled an acceleration and increase in value of the grants being made.

The Trustees have continued to exercise a degree of scrutiny over the effectiveness of the grants that have been made but recognise that this needs to occur in a more formal manner.

Overall, the Trustees are pleased with the level of interest that is expressed in each of the advertised grant-making rounds and consider that the apportionment of grants is both fair and in keeping with the objects of the Foundation.

Financial review

Summary

The Foundation held reserves of £2,080,716 at 31 May 2020. All funds were unrestricted. These funds are held in line with the ten year plan outlined in the Objectives and Achievements section of this report.

The Foundation's work is entirely reliant on income from Anglo American Crop Nutrients Ltd and income and capital returns from its investment portfolio. A further major payment to the Foundation of £1 million was received during the year, bringing the total contributions from the Woodsmith Mine project to £3 million. Due to the uncertainty around the 2020 pandemic and Brexit, investment funds were held in a cash deposit account during the period.

Main events

At the commencement of the accounting period the Foundation held the following funds;

| | |
|--------------------|-------------|
| General Account | £ 945 |
| Investment Account | £ 1,435,024 |

During the year the company with whom the Foundation enjoys a grant making agreement was taken over by Anglo American plc and a new company, Anglo American Crop Nutrients, was formed. Following the takeover, the new company honoured their public statements that the Foundation would continue to receive funds and have made a payment of £1,000,000 in March 2020. This payment/donation is 'ex gratia' as it sits outside the formal grant agreement. On this basis there is no commitment for a percentage of the monies to be invested in medium term, low-risk funds.

Sirius Minerals Foundation Limited

Report of the Trustees for the Year Ended 31 May 2020

The CCLA is a not-for-profit organisation that invests on behalf of public bodies and charities. It was decided to place £100,000 with them and to monitor the performance of the investment. Not all of the funds operated by CCLA are currently open to the Sirius Minerals Foundation.

At the end of the period total cash plus investments amounted to £2,242,960. These balances are held in line with the ten year plan outlined above.

Future activities

As noted above, the ten year plan developed by the trustees envisages the Foundation making grants totalling around £250,000 per year until 2025, whilst at the same time researching, developing and preparing for a more substantial grants programme for future years to support a small number of large, strategic and impactful projects or programmes, alongside an ongoing programme of small and medium grants. The ten year plan remains valid and the interruption caused by the Covid-19 pandemic has affected the shorter term aims of the Foundation due to the stresses that have occurred on the viability of many grant receiving parties in the area of benefit.

The fourth round funding process was commenced with some publicity. It focusses on the provision of medium size capital grants (between £20,000 and £50,000) to increase the participation of local people in amateur sport.

The Trustees will continue to seek projects and deserving causes for the receipt of grants that are in alignment with the Foundation's objectives.

Structure, governance and management

Sirius Minerals Foundation Limited was incorporated as a company limited by guarantee on 29 May 2012. It is governed under its Memorandum and Articles of Association and was registered as a charity on 13 August 2015.

Under the Articles of Association, the membership of the charitable company comprises Sirius Minerals Ltd and two Independent Members.

As set out in the Articles, the charity is managed by seven trustees, who are also directors of the company. Four of these trustees are appointed by the Independent Members and three by Sirius Minerals Ltd. On appointment trustees are provided with information on the Foundation and on their role as charity trustees and company directors.

The accounting period opened with a full complement of Trustees and this situation remained relatively stable throughout the accounting period although some succession planning was considered through the acknowledgement that some Trustees were part way through their second permitted four-year period of appointment. Carried over from earlier comments, it was again noted through this discussion that the ethnic diversity of the Board does not reflect a national ratio but remains representative of the local area. There also remains a gender imbalance which may affect the decision-making and when changes occur this should be redressed.

At the end of the accounting period Peter Woods stepped down as one of the Sirius Minerals appointed Trustees and his recommended replacement, Jackie Flynn was accepted as a new company appointed Trustee by the Board. Jackie is a qualified accountant, working for Anglo American Crop Nutrients and brings a level of internal regulatory financial scrutiny that was previously missing.

Sirius Minerals Foundation Limited

Report of the Trustees for the Year Ended 31 May 2020

The 10 year plan approved and adopted by the Trustees was revisited and the Trustees felt that it is not necessary to make changes to the overall strategy although the Covid-19 situation and new regular pre-production donations from Anglo American Crop Nutrients will have had a temporary influence on the Trustees actions and the quantum of funding.

The Trustees held five formal Board meetings that were supplemented by email discussions throughout the year. These were held on;

4th June 2019

17th September 2019

20th November 2019

7th February 2020

2nd April 2020

The reports received at meetings enable the trustees to monitor major risks to which the Foundation is exposed so that necessary steps can be taken to manage those risks.

Statement of compliance with prevailing laws and regulations

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014 (as amended by Update Bulletin 1 published on 2 February 2016).

Statement of trustees' responsibilities

The trustees (who are also the directors of Sirius Minerals Foundation Limited 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;
- 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.

Sirius Minerals Foundation Limited

**Report of the Trustees
for the Year Ended 31 May 2020**

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.

Statement of compliance with prevailing laws and regulations

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014 (as amended by Update Bulletin 1 published on 2 February 2016).

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 26.2.2021 and signed on its behalf by:



.....
R Hunt - Trustee

**Report of the Independent Auditors to the Members of
Sirius Minerals Foundation Limited
for the Year Ended 31 May 2020**

Opinion

We have audited the financial statements of Sirius Minerals Foundation Limited (the 'charitable company') for the year ended 31 May 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 May 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

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

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

Other information

The 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Report of the Independent Auditors to the Members of
Sirius Minerals Foundation Limited
for the Year Ended 31 May 2020**

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.

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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

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.

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

**Report of the Independent Auditors to the Members of
Sirius Minerals Foundation Limited
for the Year Ended 31 May 2020**

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.

Ashby Berry Coulsons Limited

Anne Mead BSc FCA (Senior Statutory Auditor)
for and on behalf of Ashby Berry Coulsons Limited
Statutory Auditor
2 Belgrave Crescent
Scarborough
North Yorkshire
YO11 1UB

Date: *16 March 2021*.....

Sirius Minerals Foundation Limited

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 May 2020**

| | | 2020 Unrestricted fund £ | 2019 Total funds £ |
|--|-------|---|---------------------------------------|
| Income and endowments from | Notes | | |
| Donations and legacies | 2 | 1,006,782 | - |
| Investment income | 3 | <u>566</u> | <u>16,455</u> |
| Total | | 1,007,348 | 16,455 |
| Expenditure on | | | |
| Raising funds | 4 | 78 | 9,001 |
| Charitable activities | 5 | | |
| General activities | | 2,971 | 3,728 |
| Grant making | | <u>329,205</u> | <u>259,957</u> |
| Total | | 332,254 | 272,686 |
| Net gains/(losses) on investments | | <u>-</u> | <u>(38,873)</u> |
| NET INCOME/(EXPENDITURE) | | 675,094 | (295,104) |
| Reconciliation of funds | | | |
| Total funds brought forward | | 1,405,622 | 1,700,726 |
| Total funds carried forward | | <u>2,080,716</u> | <u>1,405,622</u> |

The notes form part of these financial statements

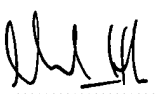
Sirius Minerals Foundation Limited (Registered number: 08087609)

**Balance Sheet
31 May 2020**

| | Notes | 2020 Unrestricted fund £ | 2019 Total funds £ |
|--|-------|-----------------------------------|-----------------------------|
| Fixed assets | | | |
| Investments | 11 | 100,874 | 100,308 |
| Current assets | | | |
| Debtors | 12 | 6,781 | - |
| Cash at bank | | <u>2,142,086</u> | <u>1,435,975</u> |
| | | 2,148,867 | 1,435,975 |
| Creditors | | | |
| Amounts falling due within one year | 13 | (169,025) | (96,126) |
| Net current assets | | <u>1,979,842</u> | <u>1,339,849</u> |
| Total assets less current liabilities | | 2,080,716 | 1,440,157 |
| Provisions for liabilities | 14 | - | (34,535) |
| NET ASSETS | | <u>2,080,716</u> | <u>1,405,622</u> |
| Funds | | | |
| Unrestricted funds | | <u>2,080,716</u> | <u>1,405,622</u> |
| Total funds | | <u>2,080,716</u> | <u>1,405,622</u> |

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 26.2.2021 and were signed on its behalf by:


.....
R Hunt - Trustee

The notes form part of these financial statements

Sirius Minerals Foundation Limited

**Cash Flow Statement
for the Year Ended 31 May 2020**

| Notes | 2020 £ | 2019 £ |
|---|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| Cash generated from operations 1 | <u>706,111</u> | <u>(145,945)</u> |
| Net cash provided by/(used in) operating activities | <u>706,111</u> | <u>(145,945)</u> |
| Cash flows from investing activities | | |
| Purchase of fixed asset investments | (566) | (2,643,172) |
| Sale of fixed asset investments | - | 4,150,954 |
| Interest received | 566 | 407 |
| Dividends received | <u>-</u> | <u>16,048</u> |
| Net cash provided by investing activities | <u>-</u> | <u>1,524,237</u> |
| Change in cash and cash equivalents in the reporting period | 706,111 | 1,378,292 |
| Cash and cash equivalents at the beginning of the reporting period | <u>1,435,975</u> | <u>57,683</u> |
| Cash and cash equivalents at the end of the reporting period | <u><u>2,142,086</u></u> | <u><u>1,435,975</u></u> |

The notes form part of these financial statements

Sirius Minerals Foundation Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 May 2020**

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

| | 2020 £ | 2019 £ |
|---|-----------------------|-------------------------|
| Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities) | 675,094 | (295,104) |
| Adjustments for: | | |
| Losses on investments | - | 38,873 |
| Interest received | (566) | (407) |
| Dividends received | - | (16,048) |
| Increase in debtors | (6,781) | - |
| Increase in creditors | <u>38,364</u> | <u>126,741</u> |
| Net cash provided by/(used in) operations | <u>706,111</u> | <u>(145,945)</u> |

2. Analysis of changes in net funds

| | At 1.6.19 £ | Cash flow £ | At 31.5.20 £ |
|-----------------|-------------------------|-----------------------|-------------------------|
| Net cash | | | |
| Cash at bank | <u>1,435,975</u> | <u>706,111</u> | <u>2,142,086</u> |
| | <u>1,435,975</u> | <u>706,111</u> | <u>2,142,086</u> |
| Total | <u>1,435,975</u> | <u>706,111</u> | <u>2,142,086</u> |

3. Cash and cash equivalents

The amounts disclosed on the Cash flow statement in respect of cash and cash equivalents are in respect of these Balance sheet amounts:

| | 2020 £ | 2019 £ |
|-------------------------------|-------------------|-------------------|
| Year ended 31 May 2019 | | |
| Cash at bank and in hand | <u>-</u> | <u>57,683</u> |
| | <u>2019 £</u> | <u>2018 £</u> |
| Year ended 31 May 2018 | | |
| Cash at bank and in hand | <u>57,683</u> | <u>7,022</u> |

The notes form part of these financial statements

Sirius Minerals Foundation Limited

Notes to the Financial Statements for the Year Ended 31 May 2020

1. Accounting policies

General information

Sirius Minerals Foundation Limited is a charitable company limited by guarantee and registered in England / Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are to make grants towards projects and individuals/organisations which meet the criteria set out in the charity's objects.

Basis of preparing the financial statements

The charity constitutes a public benefit entity as defined by FRS 102. 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) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Judgements and key sources of estimation uncertainty

The trustees consider that no judgements, apart from those involving estimates, have been made in the process of applying the above accounting policies which have had a significant effect on amounts recognised in the financial statements.

The trustees consider that no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date have been made which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Fund comparatives

The charity has had only one, unrestricted, fund during the current and previous year therefore comparative information is available from the primary financial statements.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Sirius Minerals Foundation Limited

Notes to the Financial Statements - continued for the Year Ended 31 May 2020

1. Accounting policies - continued

Donated services and facilities

No amount is included in the financial statements for volunteer time, including time spent by trustees in assessing and monitoring grants, in line with the SORP (FRS 102). Administrative support, for which no charge is made, is provided by Anglo American Crop Nutrients. Further detail is given in the Trustees' Annual Report.

Investment income receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

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 settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities.

Expenditure on charitable activities includes the costs of activities undertaken to further the purposes of the charity and their associated support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administrative and governance costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Foundation. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the Foundation.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount of grant payable.

Irrecoverable VAT

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

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 mid-market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Sirius Minerals Foundation Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 May 2020**

1. Accounting policies - continued

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Taxation

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

Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. In their view the budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

2. Donations and legacies

| | 2020 £ | 2019 £ |
|---|------------------|-----------|
| Donations from Anglo American Services (UK) Ltd | 1,000,000 | - |
| Other donations | <u>6,782</u> | <u>-</u> |
| | <u>1,006,782</u> | <u>-</u> |

Sirius Minerals Foundation Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 May 2020**

3. Investment income

| | 2020 | 2019 |
|-------------------------|-------------------|----------------------|
| | £ | £ |
| Dividends | - | 16,048 |
| Interest on investments | <u>566</u> | <u>407</u> |
| | <u><u>566</u></u> | <u><u>16,455</u></u> |

4. Raising funds

Investment management costs

| | 2020 | 2019 |
|----------------------|-----------|--------------|
| | £ | £ |
| Portfolio management | <u>78</u> | <u>9,001</u> |

5. Charitable activities costs

| | Grant funding of activities (see note 6) £ | Support costs (see note 7) £ | Totals £ |
|--------------------|---|---------------------------------------|-----------------------|
| General activities | - | 2,971 | 2,971 |
| Grant making | <u>318,078</u> | <u>11,127</u> | <u>329,205</u> |
| | <u><u>318,078</u></u> | <u><u>14,098</u></u> | <u><u>332,176</u></u> |

Comparatives for charitable activities costs

| | | | |
|--------------------|----------------------|---------------------|----------------------|
| General activities | - | 3,728 | 3,728 |
| Grant making | <u>258,082</u> | <u>1,875</u> | <u>259,957</u> |
| | <u><u>58,082</u></u> | <u><u>5,603</u></u> | <u><u>63,685</u></u> |

Sirius Minerals Foundation Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 May 2020**

6. Grants payable

| | 2020 | 2019 |
|--------------|----------------|----------------|
| | £ | £ |
| Grant making | <u>318,078</u> | <u>258,082</u> |

Grants paid during the year were made under the Foundation's 3rd round - small sports grants and 4th round - capital sports grants programmes. In addition, a number of special grants were made in April and May 2020 in response to the Covid 19 pandemic. Grants awarded are summarised below.

| Amount of grant | Number of recipients | Aggregate amounts awarded £ | Aggregate instalments paid in year £ |
|--|----------------------|--------------------------------|---|
| Capital sports grants programme | | | |
| £50,000 | 3 | 150,000 | 31,600 |
| £40,000 to £49,999 | 1 | 45,631 | 45,631 |
| £30,000 | 1 | 30,000 | 15,000 |
| £5,000 to £9,999 | 2 | 19,044 | 9,113 |
| Small sports grants programme | | | |
| £500 - £1,000 | 55 | 51,617 | 51,617 |
| Special grants - Covid 19 | | | |
| £10,000 | 1 | 10,000 | 10,000 |
| £1,000 to £3,500 | <u>5</u> | <u>11,786</u> | <u>11,786</u> |
| Total | <u>68</u> | <u>318,078</u> | <u>174,747</u> |

Further details of the grants made during the year can be found on the charity's website at <https://www.siriusmineralsfoundation.co.uk/>.

Sirius Minerals Foundation Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 May 2020**

7. Support costs

| | Management £ | Governance costs £ | Totals £ |
|---------------------------------------|-----------------|--------------------------|---------------|
| General activities | 500 | 2,471 | 2,971 |
| Grant making | <u>11,127</u> | <u>-</u> | <u>11,127</u> |
| | <u>11,627</u> | <u>2,471</u> | <u>14,098</u> |
| Comparatives for support costs | | | |
| General activities | 557 | 3,171 | 3,728 |
| Grant making | <u>1,875</u> | <u>-</u> | <u>1,875</u> |
| | <u>2,432</u> | <u>3,171</u> | <u>5,603</u> |

Independent examiner's remuneration

| | 2020 £ | 2019 £ |
|---|--------------|--------------|
| Audit and accounts preparation current year | 2,400 | |
| Independent examination and accounts preparation current year | - | 1,620 |
| Audit and accounts preparation previous year | <u>-</u> | <u>840</u> |
| | <u>2,400</u> | <u>2,460</u> |

8. Analysis of support costs

Management

| | General activities £ | Grant making £ | 2020 Total activities £ | 2019 Total activities £ |
|--|----------------------------|----------------------|----------------------------------|----------------------------------|
| Grant publicity, assessment & monitoring | 366 | 10,794 | 11,160 | 1,875 |
| Travel and meetings | - | 333 | 333 | 395 |
| Bank charges | <u>134</u> | <u>-</u> | <u>134</u> | <u>162</u> |
| | <u>500</u> | <u>11,127</u> | <u>11,627</u> | <u>2,432</u> |

Sirius Minerals Foundation Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 May 2020**

8. Analysis of support costs - continued

Governance costs

| | 2020 General activities £ | 2019 Total activities £ |
|----------------------------|------------------------------------|----------------------------------|
| Auditors' remuneration | 2,400 | 840 |
| Independent examination | - | 1,620 |
| Travel and subsistence | 58 | 698 |
| Sundry governance expenses | <u>13</u> | <u>13</u> |
| | <u><u>2,471</u></u> | <u><u>3,171</u></u> |

9. Net income/(expenditure)

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

| | 2020 £ | 2019 £ |
|-------------------------|-----------|--------------|
| Audit | 2,400 | 840 |
| Independent examination | <u>-</u> | <u>1,620</u> |

10. Trustees' remuneration and benefits

No trustee received any remuneration, or other benefits during the year. (2019 - Nil)

Trustees' expenses

Travel and subsistence expenses totalling £58 were reimbursed to 1 Trustee (2019: £698 to three Trustees).

11. Fixed asset investments

| | Cash and settlements pending £ |
|---------------------|---|
| Market value | |
| At 1 June 2019 | 100,308 |
| Additions | <u>566</u> |
| At 31 May 2020 | <u><u>100,874</u></u> |

Sirius Minerals Foundation Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 May 2020**

12. Debtors: amounts falling due within one year

| | 2020 | 2019 |
|---------------|---------------------|-----------------|
| | £ | £ |
| Other debtors | <u>6,781</u> | <u>-</u> |

13. Creditors: amounts falling due within one year

| | 2020 | 2019 |
|------------------|-----------------------|----------------------|
| | £ | £ |
| Trade creditors | 10,794 | - |
| Grant creditors | 155,831 | 94,506 |
| Accrued expenses | <u>2,400</u> | <u>1,620</u> |
| | <u>169,025</u> | <u>96,126</u> |

14. Provisions for liabilities

| | 2020 | 2019 |
|---|-----------------|------------------------|
| | £ | £ |
| Provision for outstanding grants | <u>-</u> | <u>34,535</u> |
| | | £ |
| Balance brought forward - grant offers subject to receipt of a satisfactory first monitoring report | | 34,535 |
| Provision released in year - conditions met | | <u>(34,535)</u> |
| Balance carried forward | | <u>-</u> |

15. Related party disclosures

Following the takeover of Sirius Minerals PLC by Anglo American, a donation of £1,000,000 was made to the Foundation.