

Downe House Foundation

Annual report and financial statements

for the period ended 31 August 2017

Registered Number: 9094389

Registered Charity Number: 1159259

SATURDAY



A6JXPY3C

A12

25/11/2017

#196

COMPANIES HOUSE

Downe House Foundation

Annual report and financial statements for the period ended 31 August 2017

Contents	Page
Trustees, officers and advisors	1
Report of the Trustees	2 - 5
Independent auditors' report	6 - 7
Statement of financial activities, including the income and expenditure account	8
Balance sheet	9
Cash flow statement	10
Notes to the financial statements	11 - 15

Trustees, Officers and Advisors

Trustees and Directors

The Trustees and Directors of the Company who were in office during the period and at the date of signing the financial statements were:

Ms AF Hazlitt (Chairman)
Mrs PB Armitage
Mr NA Fenn
Mr JA Hanbury
Mr NM Hornby

Registered office

Downe House Foundation
Cold Ash
Thatcham
Berkshire
RG18 9JJ

Independent Auditors

PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

Solicitors

Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

Bankers

Lloyds Bank plc
5 Bridge Street
Newbury
Berkshire
RG14 5BQ

Report of the Trustees

The Trustees present their annual report and audited financial statements for the period ended 31 August 2017.

The information with respect to Trustees, Officers and Advisors set out on page 1 forms part of this report. The financial statements comply with the Statement of Recommended Practice "Accounting and Reporting by Charities (FRS102)" (revised 2015).

The financial statements have been prepared in accordance with the special provisions relating to Companies subject to the small Companies regime within Part 15 of the Companies Act 2006, 'The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008.'

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status and Administration

Downe House Foundation ("the Foundation") is a charitable company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association dated 19 June 2014, company registered number 9094389 and charity registration number 1159259. The Foundation was incorporated on 19 June 2014. Downe House School is the sole member of Downe House Foundation. The Downe House Foundation is managed independently of the School and has a separate board of Trustees. The Financial results of the Foundation are included in the consolidated financial statements of Downe House School.

Induction and training of Trustees

All new Trustees undertake induction and training the content of which depends on the individual's knowledge of the Foundation and professional experience. Trustees are encouraged to attend appropriate seminars and training courses.

The Trustees, organisational structure and decision making

The Trustees meet at least 3 times per year and more regularly if required. Given the objectives of the Foundation a Sub Committee structure is not required. Trustee meetings consider all appropriate matters but are primarily focused on the fundraising activities of the Foundation.

The Trustees comprise all the directors of the company. The Trustees, all of whom served throughout the period to 31 August 2017, are as listed on page 1.

OBJECTIVES AND ACTIVITIES

Objects

The objects of the Foundation are to advance education by the provision of funding, assistance and support to Downe House School.

Aims and intended impact

The Foundation exists to provide support to Downe House School in furtherance of its objects.

Policy and objectives for the period

The main policies and objectives for the period are to raise funds for educational building projects at Downe House School.

Grant Making Policy

The Foundation will make donations to Downe House School for specific projects at the discretion of the Trustees.

Public Benefit

Having regard to the general guidance on Public Benefit from the Charity Commission, as set out in section 17 of the Charities Act 2011, the objectives of the Foundation include the furtherance of education by the provision of funding, assistance and support to Downe House School.

Fundraising

The principal source of funds consists of donations in support of the Downe House 10 Year vision which seeks to raise funds for capital projects.

Expenditure

All expenditure has been in support of the objects of the Foundation. The majority of costs associated with the fundraising activities of the Foundation are incurred by Downe House School.

Investment Policy

In order to safeguard assets arising from donations the assets of the Foundation are held as cash balances. It is considered inappropriate to expose such assets to possible investment risks and losses.

Financial Review

Achievements and Performance

Review of the period

The Foundation has been successful in the period receiving over £0.5m (2016 £1.3m) in donations. The net assets of the Foundation at 31 August 2017 were £3.2m (2016 £2.7m). The Trustees consider that the level of net incoming resources is appropriate to the objectives of the Foundation.

Accounting reference date

In order to align the year end of the Foundation with Downe House School the Trustees changed the accounting reference date to 31 August. The Financial Statements to 31 August 2017 cover a 14 month period from 1 July 2016 to 31 August 2017.

Reserves Policy

As described in note 7, the Foundation's reserves are fully represented by net current assets. There are no free funds beyond the extent of these assets and commitments. The Trustees consider that the existing level of reserves is appropriate for the needs of the Foundation. This policy is reviewed at least annually.

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the general charitable objectives.

Restricted funds are subject to specific conditions imposed by the donors.

Risk Assessment

In the light of the Corporate Governance guidance contained within the Statement of Recommended Practice "Accounting and Reporting by Charities (FRS102)" (revised 2015), the Trustees have examined the major risks faced by the Foundation. A system of controls has been put in place to monitor and mitigate, where possible, the major risks identified and their impact on the Foundation. Risks are identified and assessed and controls are established throughout the period. A formal review of the risk management process is undertaken on an annual basis. The following key risk areas are considered:

Governance & Management.

Potential missed fundraising opportunities.

Appropriate due diligence regarding acceptance of donations.

Governance & Management.

The day to day management of the Foundation is delegated to the Headmistress, Assistant Headmistress (Foundation) and Finance & Administration Bursar of Downe House School. The Trustees meet at least 3 times per year and more regularly if required. Trustee meetings consider all appropriate matters but are primarily focused on the fundraising activities of the Foundation.

Donation sources

It is anticipated that the primary source of donations will be parents or past parents of the pupils of Downe House School, although fundraising activities include all areas of potential donations that can be identified.

Plans for Future Years

The Foundation intends to continue to raise funds in furtherance of its objects.

Statement of Trustees' responsibilities

The Trustees (who are also directors of Downe House Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial period. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the 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 these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and 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.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement on disclosure of information to the auditors

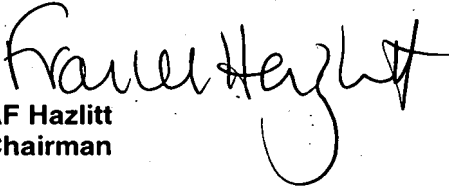
So far as the Trustees are aware:

- 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.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the November 2017 Board Meeting.

Report of the Trustees signed on behalf of the Board of Trustees on 16 November 2017



AF Hazlitt
Chairman

Independent auditors' report to the members of Downe House Foundation

Report on the audit of the financial statements

Opinion

In our opinion, Downe House Foundation's financial statements (the "financial statements"):

give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, and cash flows for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and

have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 August 2017; the statement of financial activities including the income and expenditure account and the cash flow statement for the year then ended; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Report of the Trustees

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.

In addition, in light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Report of the Trustees'. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' responsibilities set out on page 4, the Trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Trustees are also responsible for such internal control as they 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.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

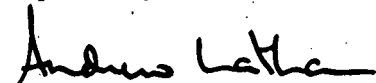
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Trustees' Annual Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors, Bristol

**Statement of financial activities
including the income and expenditure account
for the period ended 31 August 2017**

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
INCOMING RESOURCES					
Donations and legacies	2	-	521	521	1,325
Total income and endowments		-	521	521	1,325
RESOURCES EXPENDED					
Expenditure on charitable activities	3	7	-	7	5
Total expenditure		7	-	7	5
NET INCOME/(EXPENSE)	3	(7)	521	514	1,320
BEFORE TRANSFERS					
Transfers between funds		-	-	-	-
NET MOVEMENT IN FUNDS		(7)	521	514	1,320

All amounts derive from continuing activities. All gains and losses recognised in the period are included in the statement of financial activities.

There is no material difference between the net movement in funds for the period above and their historical cost equivalents.

Balance Sheet as at 31 August 2017

	Notes	2017 £'000	2016 £'000
Current assets			
Debtors	5	-	-
Cash at bank and in hand		3,238	2,723
		3,238	2,723
Creditors: amounts falling due within one year	6	(5)	(4)
Net current assets		3,233	2,719
Total assets less current liabilities		3,233	2,719
Net assets			
Represented by:			
Restricted funds	8	1,749	1,228
Unrestricted funds:			
Retained income	8	1,484	1,491
Total funds		3,233	2,719

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, 'The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008.'

The financial statements on pages 8 to 15 were approved by the Trustees on 16 November 2017 and signed on their behalf by:


AF Hazlitt
Chairman

**Cash flow statement
for the period ended 31 August 2017**

	2017	2016
	£'000	£'000
Net incoming resources	514	1,320
Decrease in Debtors	-	900
Increase in Creditors	1	-
Net cash inflow from operating activities	515	2,220
Increase in cash in the period	515	2,220

Notes to the financial statements for the period ended 31 August 2017

1 Principal accounting policies

Downe House Foundation (The Foundation) is a charitable company limited by guarantee and a UK registered charity governed by its Memorandum and Articles of Association – company registered number 9094389 and charity registration number 1159259. The Foundation is a public benefit entity. The address of its registered office is The Bursary, Downe House School, Cold Ash, Thatcham, Berkshire, RG18 9JJ.

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom including Financial Reporting Standard 102 (FRS 102), Companies Act 2006 and the Charities Act 2011. In preparing the financial statements the Foundation has followed best practice as set out in the Statement of Recommended Practice "Accounting and Reporting by Charities (FRS 102)" (revised 2015). The financial statements have been prepared in accordance with the special provisions relating to Companies subject to the small companies regime within Part 15 of the Companies Act 2006, 'The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008.' A summary of the more important accounting policies of the Foundation, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared on a going concern and accruals basis under the historical cost convention. The functional and presentational currency is £ sterling. The Directors consider it appropriate to adopt the going concern basis and have not identified any material uncertainties in the period of at least 12 months from the date of approval of the financial statements. After making enquiries the Directors have a reasonable expectation that the Foundation has adequate resources to continue in operation for the foreseeable future.

The exemption under s1.12 of FRS 102 has been taken not to disclose full details of the Foundation's financial instruments as these details are included within the consolidated financial statements of Downe House School.

Donations

All donations are shown in the statement of financial activities under incoming resources and are accounted for on a receivable basis when receipt is considered by the Directors to be probable.

Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure.

Governance costs comprise the costs of running the Foundation, including external audit, any legal advice for the Trustees and all the costs of complying with constitutional and statutory requirements such as the costs of Board and Committee meetings.

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

1 Principal accounting policies (continued)

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the general charitable objectives. Restricted funds are funds subject to specific conditions imposed by the donors.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors including expectations of future events that are believed to be reasonable in the circumstances. The Directors do not believe that any critical judgements have been made in preparation of the financial statements but the following significant estimates have been made.

Accruals and Prepayments are primarily a reflection of timing differences. Where estimates are required these are based on historical evidence.

2 Donations and Legacies

	2017 £'000	2016 £'000
Donations	521	1,325
Total donations and legacies	521	1,325

3 Net (expense)/income

	2017 £'000	2016 £'000
Net (expense)/income before transfers are stated after charging:		
Auditors' remuneration		
- for audit services, net of vat	2	2
- for tax compliance services, net of vat	4	2
- vat on audit services	1	1

The average number of employees in the period, calculated on a full time equivalent basis, was Nil (2016 Nil).

4 Taxation

The Foundation was a registered charity throughout the period and, as such, was not liable to corporation tax on the surplus of income over expenditure for the period.

The Foundation is not registered for VAT and accordingly, all its expenditure is recorded inclusive of any VAT incurred.

5 Debtors

	2017 £'000	2016 £'000
Amounts owed by group undertakings	-	-
	-	-

6 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Accruals	5	4
	5	4

7 Analysis of net assets between funds

The net assets are held for the various funds as follows:

	Net current assets £'000	Total £'000
Restricted funds	1,749	1,749
Unrestricted funds	1,484	1,484
	3,233	3,233

8 Funds

	Total 1 July 2016 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Investment gains £'000	Total 31 August 2017 £'000
Restricted funds						
Restricted fund	1,228	521	-	-	-	1,749
Unrestricted funds						
Retained income	1,491	-	(7)	-	-	1,484
Total funds	2,719	521	(7)	-	-	3,233

Both funds seek to raise funds for capital projects at Downe House School.

9 Financial commitments

Operating leases

At 31 August 2017 the Foundation, had no annual commitments under non-cancellable operating leases.

10 Trustees

The Trustees do not receive any remuneration. Expenses reimbursed for travelling undertaken on behalf of the Foundation amounted to £Nil (2016 Nil). No other key management personnel are employed by the Foundation.

11 Capital

The Foundation is a company limited by guarantee. Each member has undertaken to contribute £1 to the assets of the company to meet its liabilities if called on to do so. The total amount guaranteed by members at 31 August 2017 was £5 (2016 £5).

12 Related party transactions

During the period Downe House Trust donated £Nil (2016 £205,000) to the Foundation. Downe House Trust is owned and controlled by Downe House School. Trustees donated a total of £40,000 (2016 £30,000) during the period.

13 Ultimate parent company and controlling party

The directors regard Downe House School, a company limited by guarantee and registered in England and Wales, as the company's ultimate parent undertaking and controlling party. Downe House School is the largest and smallest group of which the company is a member and for which group consolidated financial statements are prepared. The financial statements of Downe House School may be obtained from the Company Secretary at the Company's registered office on page 1.

14 Comparative Statement of Financial activities for the year ended 30 June 2016

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000
INCOMING RESOURCES				
Donations and legacies	2	600	725	1,325
Total income and endowments		600	725	1,325
RESOURCES EXPENDED				
Expenditure on charitable activities	3	5	-	5
Total expenditure		5	-	5
NET INCOME	3	595	725	1,320
BEFORE TRANSFERS				
Transfers between funds		-	-	-
NET MOVEMENT IN FUNDS		595	725	1,320