

Parabola Foundation
(A charitable company limited by guarantee)

Trustees' Report and Financial Statements

For the year ended 31 March 2019

Charity number: 1156008

Company number: 08812870

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Parabola Foundation

Report of the Trustees for the year ending 31st March 2019

The Trustees' are pleased to present their report together with the financial statements for the charitable company for the year ended 31 March 2019. The financial statements have been prepared in accordance with the accounting policies set out on page 10 and 11 of the financial statements and comply with their Articles of Association, the Charities Act 2011, the Companies Act 2006 and the requirements 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 (FRS102).

Reference and administrative details

Charity number	1156008
Company registration number	08812870
Principal office and principal place of business	Broadgate Tower 20 Primrose Street London EC2A 2EW
Trustees	Peter John Millican (Chair) Anne Deborah Millican Deborah Jude
Auditor	RSM UK Audit LLP 1 St James' Gate Newcastle upon Tyne NE1 4AD

Directors

The directors of the charitable company (the charity) are its Trustees for the purpose of charity law. The Trustees and officers serving during the year and since the year end are listed above.

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Structure, governance and management

Governing Document

Parabola Foundation is a company limited by guarantee governed by its Memorandum and Articles of Association dated 12 December 2013. It is registered as a charity with the Charity Commission.

Organisation Structure

The charity has a minimum of three Trustees. Accounting is performed by Parabola Real Estate Investment Management LLP and is a charitable donation. Each board member agrees to contribute an amount not exceeding £1 in the event of the charitable company winding up.

Trustee Recruitment and Training

New Trustees are appointed by Peter John Millican and the existing trustees and are chosen based on skills they have to offer to ensure the development of the charity's activities. Training will be made available to the trustees when it is required.

Parabola Foundation

Report of the Trustees for the year ending 31st March 2019 (continued)

Related parties

Peter John Millican, chair of the Board of Trustees, is a director of Parabola Estate Holdings Limited and Parabola Edinburgh Park Centre Limited who donated to the charity during the year. Peter John Millican is also a director of Poverty Relief Foundation Limited, Kings Place Music Foundation and Ruwenzori Sculpture Foundation who received donations from the charity during the year. Peter John Millican is also a Director of Green & Fortune Limited who provided services to charitable causes during the year. Further details of transactions with related parties are given in note 11 to the financial statements.

Objectives and activities

The objects of the charity are to further charitable and cultural projects that will bring benefit to the public. It has been particularly keen to support music and the arts in a way that benefits the community. The charity carefully evaluates all applications for funds based on merit.

Public Benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on the public benefit when reviewing its aims and objectives and in planning its future support.

Strategic Report

Achievements and performance

During the period the charity supported Kings Place Music Foundation, Aurora Orchestra, Core (Guts) UK, Friends of Hawthorn School, Ruwenzori Sculpture Foundation, Poverty Relief Foundation, Blessed Sacrament school, Hexham Book Festival, Music in Detention, Sistema Scotland and Oor Wullie's Big Bucket Trail. The charity measures its success by the good that it has achieved over the year.

Financial Review

Operations in the period resulted in a deficit of £278,366 (2018: £186,302 deficit) representing the excess of committed expenditure over income. Charitable expenditure decreased during the year due to the commitment to fund bowel cancer research having been committed in the previous year. The charity received income donations during the year of £725,000 (2018: £2,000,000). Other income of £271 is a receipt from a trustee to cover an interest payment to HMRC for tax from previous years.

Net liabilities have increased from £373,864 in 2018 to £652,230 in 2019 as a result of a deficit in the period. Further details on the going concern of the charity are given in the accounting policies. Cash at bank has decreased to £676,681 as at 31 March 2019 and, commitments are in place for accounts payable over the next 5 years.

Reserves Policy

The Trustees' policy is to hold circa 12 months income as reserves. Cash at bank at the reporting date is sufficient to cover current liabilities and budgeted expenditure for 12 months. There was a deficit at the end of the period of £652,230 (2018: £373,864 deficit). The common director of the Parabola Group of companies, Peter John Millican intends to donate from the Parabola Group in the coming years to meet the obligations of future donations. The trustees regard this to be adequate to support the charitable company's year end deficit and future obligations.

Parabola Foundation

Report of the Trustees for the year ending 31st March 2019 (continued)

Going Concern

The Trustees are satisfied that the organisation is able to operate for the foreseeable future on the basis of known and reasonable projected levels of income and therefore the going concern basis of accounting is appropriate.

Risk management

The trustees have examined the major strategic business and operational risks that the charity faces to ensure that systems are in place to monitor them. The principal risk that the charity faces is the commercial success of its primary donor Parabola Land Limited, or other Parabola entities.

Plans for Future Periods

The charity aims to continue to support projects that bring benefit to the wider public. The charity has entered an agreement with Core (Guts) UK to make funds available over a five year period to fund ongoing bowel cancer research.

Trustees' Responsibilities

The trustees (who are also directors of Parabola 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 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 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 Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed subject to any 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.

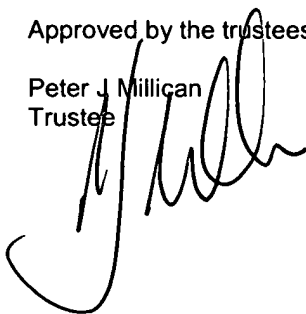
The trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

Independent Examiner

RSM UK Tax and Accounting Limited were appointed as Independent Examiner for the year ended 31 March 2019.

Approved by the trustees on 23 July 2019 and signed on their behalf by:

Peter J Millican
Trustee



Parabola Foundation

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF PARABOLA FOUNDATION

I report to the trustees on my examination of the accounts of Parabola Foundation ('the company') for the year ended 31 March 2019, which are set out on pages 7 to 17.

Responsibilities and basis of report

As the trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145 (5)(b) of the 2011 Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the accounts. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently, I express no opinion as to whether the accounts present a 'true and fair view' and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of The Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me reasonable cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Ireland (FRS 102).

Parabola Foundation

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed: *L Robson*

Name: *WILL ROBSON*

Name of applicable listed body: The Institute of Chartered Accountants in England and Wales

Relevant professional qualification or membership of professional body: FCA

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF PARABOLA FOUNDATION

ON BEHALF OF RSM UK TAX AND ACCOUNTING LIMITED

Chartered Accountants

Address: *1 St James' Gate, Newcastle upon Tyne, NE1 4AG*

Date: *30/07/19*

Parabola Foundation

Statement of Financial Activities (incorporating income and expenditure account) for the year ending 31 March 2019

	Note	Total Unrestricted Funds Year ended 31 March 2019 £	Total Unrestricted Funds Year ended 31 March 2018 £
Income from:			
Other Income	1	271	60,000
Donations and legacies	1	725,000	2,000,000
Interest and Investments	1	951	227
Total income		726,222	2,060,227
Expenditure on:			
Charitable activities:			
Support other charitable objectives to benefit the wider public	2	1,004,317	2,236,529
Other Expenditure	3	271	-
Total expenditure		1,004,588	2,236,529
Tax payable	4	-	(10,000)
Net movement in funds		(278,366)	(186,302)
Reconciliation of funds			
Total deficit brought forward	8	(373,864)	(187,562)
Total deficit carried forward		(652,230)	(373,864)

All incoming resources and resources expended are derived from continuing activities.

The statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 10 to 17 form part of these financial statements

Parabola Foundation

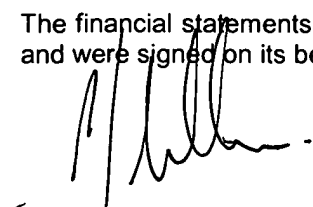
Company Number: 08812870

Balance Sheet at 31 March 2019

	Note	Unrestricted funds 2019 £	Unrestricted funds 2018 £
Current assets			
Cash at bank		676,681	1,027,233
		676,681	1,027,233
Liabilities			
Creditors - amounts falling due within one year	6	333,911	326,097
		333,911	326,097
Net current assets		342,770	701,136
Creditors – amounts falling due in more than one year	7	995,000	1,075,000
Net liabilities		(652,230)	(373,864)
The funds of the charity			
Unrestricted (deficit)/ funds	8	(652,230)	(373,864)
Total charity (deficit)/ funds		(652,230)	(373,864)

For the financial year in questions the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 7 to 17 were approved by the Board of Trustees on 23 July 2019 and were signed on its behalf by:



Peter J Millican
Trustee

Parabola Foundation

Statement of Cash Flows for the year ending 31 March 2019

		2019	2018
	Note	£	£
Cash flows from operating activities:			
Cash generated from operations		(351,503)	1,024,568
Tax paid		-	(10,000)
Net cash provided by/ (used in) operations	10	(351,503)	1,014,568
Cash flows from financing activities:			
Interest received		951	227
Net cash provided by financing activities		951	227
Increase/ (Decrease) in cash and cash equivalents in the year		(350,552)	1,014,795
Cash and cash equivalents at the start of the year		1,027,233	12,438
Cash and cash equivalents at the end of the year		676,681	1,027,233
Relating to:			
Cash at bank		676,681	1,027,233
Total cash and cash equivalents		676,681	1,027,233

Parabola Foundation

Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS102) – Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK (FRS102) and the Companies Act 2006.

Parabola Foundation is a Charitable Company limited by Guarantee, registered in England. The address of the Charity's registered office and principal place of business is Broadgate Tower, 20 Primrose Street, London, EC2A 2EW. The charity meets the definition of public benefit entity under FRS102.

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

The financial statements are presented in sterling which is also the functional currency of the charitable company.

Monetary amounts in these statements are rounded to the nearest £ except where otherwise indicated.

Going concern

Financial Reporting Standard 102 requires, if appropriate, the charity's financial statements are prepared on the going concern basis, which means that the charity is able to operate for the foreseeable future on the basis of known and reasonable projected resources. There are no material uncertainties in respect of the charity's ability to continue as going concern. Although the nature of donations is difficult to forecast, the trustees believe there is sufficient support to the charity to enable the charity to continue to meet its liabilities as they fall due. The entity is in a deficit position at the year ended 31 March 2019, however it has net current assets, and expects to receive income in the next reporting period to cover non-current liabilities and budgeted future expenditure. As a result the going concern basis of accounting is appropriate.

Incoming resources

Income is recognised in the period in which the charitable company has entitlement to the funds, any conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donation Income

Donation Income is included in the Statement of Financial Activities when receivable.

Interest 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.

Resources expended

Expenditure is all considered as expenditure on charitable activities. Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party; it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of VAT.

Parabola Foundation

Accounting policies (continued)

Expenditure on charitable activities including grants payable

Grants payable are recognised when an unconditional offer has been made by the Foundation. Grants offered which are subject to conditions are recognised when the trustees have reason to believe that the conditions have been met. Where the trustees approve a grant that is payable in instalments over a period of a number of years without specific conditions attached, the total amount of that grant is charged in the accounts during the year of approval.

Fund accounting

General funds are unrestricted funds which 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.

Financial instruments

The charity has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS102, in full to all of its financial instruments.

All of the charities financial assets and financial liabilities qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Cash at bank and in hand

Cash at bank and cash in hand includes cash held at bank and cash in hand.

Creditors

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

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under circumstances.

Parabola Foundation

Notes to the financial statements for the year ended 31 March 2019

1. Income

Donations and Legacies / Other Income

	Total Unrestricted Funds Year ended 31 March 2019 £	Total Unrestricted Funds Year ended 31 March 2018 £
Donations	725,000	2,000,000
Other Income (as disclosed below)	271	60,000
	725,271	2,060,000

Investment Income

	Total Unrestricted Funds Year ended 31 March 2019 £	Total Unrestricted Funds Year ended 31 March 2018 £
Bank interest receivable	951	227
	951	227

Other income

Other Income is a receipt from a trustee (£271), personally paid in to the charity and treated as Other Income, to offset interest payable to HMRC (treated as Other Expenditure) on a tax liability paid in the previous year.

In 2018, other income is a refund of a prior year donation that was paid from the charity in error (£50,000). This was refunded by the beneficiary and fully disclosed to the Charity Commission. A tax liability crystallised on this donation, which was then personally paid in to the charity by one of the Trustees, and treated as Other Income (£10,000).

2. Expenditure on charitable activities

	Total Unrestricted Funds Year ended 31 March 2019 £	Total Unrestricted Funds Year ended 31 March 2018 £
Governance costs	11,663	14,606
Other expenditure	154	3,423
Donations	992,500	2,218,500
	1,004,317	2,236,529

Parabola Foundation

Other expenditure represents amounts paid to Green & Fortune for services provided to charitable organisations.

Notes to the financial statements for the year ended 31 March 2019

2. Expenditure on charitable activities (continued)

Governance costs are made up as follows:

	Total Unrestricted Funds Year ended 31 March 2019 £	Total Unrestricted Funds Year ended 31 March 2018 £
Fees paid to RSM entities:		
Audit fees	-	4,800
Accountancy services	2,400	780
Legal and professional fees	9,263	9,026
	11,663	14,606

Donations:

	Total Unrestricted Funds Year ended 31 March 2019 £	Total Unrestricted Funds Year ended 31 March 2018 £
Amounts paid to institutions:		
Creative Arts	906,000	886,000
Other	86,500	1,332,500
	992,500	2,218,500

	£	£
Institutions:		
Kings Place Music Foundation	600,000	845,000
Bowel Cancer Research (a)	-	1,250,000
Sistema Scotland	250,000	-
Poverty Relief Foundation	51,800	50,000
Other	90,700	73,500
	992,500	2,218,500

(a) In 2018 a memorandum of understanding was signed with Core (Guts) UK that donations will be made over 5 years to March 2023. The funds will be provided to South Tyneside NHS Foundation, Newcastle University or any other institutions as identified by the Core (Guts) UK trustees to fund the continuing research into finding a cure for bowel cancer.

Parabola Foundation

Notes to the financial statements for the year ended 31 March 2019

3. Other Expenditure

	Total Unrestricted Funds Year ended 31 March 2019 £	Total Unrestricted Funds Year ended 31 March 2018 £
Interest payable to HMRC	271	-
	271	-

A tax charge arose in a previous year due to a non-charitable donation having been paid in 2017. This was corrected in 2018, however an interest payment to HMRC was payable in the year ended 2019 for £271. This payment has been offset by other income received from a trustee.

4. Taxation

	Total Unrestricted Funds Year ended 31 March 2019 £	Total Unrestricted Funds Year ended 31 March 2018 £
Corporation tax – prior year	-	10,000
	-	10,000

The charity is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or Section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charge for the year (2018: £10,000).

A £10,000 tax charge arose due to a non-charitable donation having been paid in 2017 which is disallowable under the Charities Commission SORP. This was corrected in 2018 (charity funds returned as other income), however a corporation tax liability was still payable within the year ended 2018.

Parabola Foundation

Notes to the financial statements for the year ended 31 March 2019

5. Staff costs, Trustees' remuneration, benefits and expenses

The company has no employees.

There were no trustees' remuneration or other benefits or expenses paid for the year ending 31 March 2019 (2018: £nil).

6. Creditors: amounts falling due within one year

	At 31 March 2019 £	At 31 March 2018 £
Trade Payables	6,511	6,297
Accruals and deferred income	2,400	4,800
Accruals for grants payable	325,000	315,000
	333,911	326,097

7. Creditors: amounts falling due in more than one year

	At 31 March 2019 £	At 31 March 2018 £
Accruals for grants payable:		
Due within 2 - 5 years	995,000	1,075,000
	995,000	1,075,000

8. Analysis of charitable funds

	At 31 March 2019 £	At 31 March 2018 £
Unrestricted funds		
As at 1 st April	(373,864)	(187,562)
Unrestricted funds movement	(278,366)	(186,302)
As at 31 st March	(652,230)	(373,864)

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

	Incoming Resources £	Resources Expended £	Movement in funds £
Unrestricted funds			
General Fund	726,222	(1,004,588)	(278,366)
Total funds	726,222	(1,004,588)	(278,366)

Parabola Foundation

General funds are held in order to further the objects of the charity.

Notes to the financial statements for the year ended 31 March 2019

8. Analysis of charitable funds (continued)

Net Asset by fund

2019

	Unrestricted funds £	Total funds £
Net current assets	342,770	342,770
Long term liabilities	(995,000)	(995,000)
	(652,230)	(652,230)

2018

	Unrestricted funds £	Total funds £
Net current liabilities	701,136	701,136
Long term liabilities	(1,075,000)	(1,075,000)
	(373,864)	(373,864)

9. Financial instruments

	31 March 2019 £	31 March 2018 £
Carrying amount of financial liabilities		
Measured at amortised cost	1,328,911	1,401,097

10. Reconciliation of net movement in funds to net cash from operating activities

	31 March 2019 £	31 March 2018 £
Net movement in funds	(278,366)	(186,302)
Deduct interest receivable	(951)	(227)
Add back tax charge	-	10,000
Increase / (Decrease) in creditors	(71,186)	1,201,097
Net cash (used)/provided by operating activities	(351,503)	1,024,568

Parabola Foundation

Notes to the financial statements for the year ended 31 March 2019

11. Related party transactions

Peter John Millican, chair of the Board of Trustees, is a director of Poverty Relief Foundation, Kings Place Music Foundation, and Ruwenzori Sculpture Foundation who received donations from the charity during the year. The charity regards these institutions to be related parties. In addition Peter is a Director of Parabola Estates Holdings Limited and Parabola Edinburgh Park Centre Limited who paid donations to the charity during the year. Peter John Millican is also a Director of Green & Fortune Limited who provided services to charitable causes during the year.

The charity had the following transactions/balances with related parties:

	Ruwenzori Sculpture Foundation		Kings Place Music Foundation		Poverty Relief Foundation		Parabola Group*		Green & Fortune Limited	
	£	£	£	£	£	£	£	£	£	£
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Income – donations	-	-	-	-	-	-	725,000	2,000,000	-	-
Expenditure - donations	36,000	36,000	600,000	845,000	51,800	50,000	-	-	-	-
Expenditure - Other	-	-	-	-	-	-	-	-	154	3,423
Debtor balances at year end	-	-	-	-	-	-	-	-	-	-
Creditor balances at year end	-	-	-	-	-	-	-	-	-	-

* Parabola Group - Parabola Real Estate Holdings Limited £650k (2018: £1m); Parabola Edinburgh Park Centre Limited £75k (2018: £nil) & Parabola Land Limited £nil (2018: £1m).

Further, Other Income includes £271 (2018: £10,000) received by one of the Trustees to cover the interest on previous year tax liability (2018: tax liability):

	31 March 2019 £	31 March 2018 £
Other Income	271	10,000

12. Legal status of charity

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.