

Registered number: 08492424
Charity number: 1151978

Peter Sowerby Foundation

(A company limited by guarantee)

Annual report

30 September 2018

Peter Sowerby Foundation

(A company limited by guarantee)

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Peter Sowerby Foundation

(A company limited by guarantee)

Reference and administrative details Year ended 30 September 2018

Trustees	Mr D B H Aspinall, Chair Professor C M Longson Mrs S Siegel Poullos Dr P R Sowerby (resigned 1 March 2018) Dr D L Stables Aspinalls Fiduciary Limited
Company registered number	08492424
Charity registered number	1151978
Registered office	Oxnead Hall Oxnead Norfolk NR10 5HP
Independent auditor	UNW LLP Citygate St. James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	Unity Trust Bank plc Nine Brindleyplace Birmingham B1 2HB Cater Allen Limited 2 Triton Square Regent's Place London NW1 3AN
Solicitors	Stone King Boundary House 91 Charterhouse Street London EC1M 6HR
Investment advisors	Quilter Cheviot Limited One Queensway London WC2B 6AN Seven Investment Management LLP 55 Bishopsgate London EC2N 3AS

Peter Sowerby Foundation

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Trustees' report

Year ended 30 September 2018

The trustees present their annual report together with the audited financial statements of the company for the year 1 October 2017 to 30 September 2018. The trustees confirm that the annual report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), 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 2015).

Objectives and Activities

Charitable objectives

The charity operates as a grant making foundation having been substantially endowed by retired GP and medical entrepreneur Dr Peter Sowerby. From the proceeds of the endowment income, the charity aims to give expression to the passions and interests of Dr Sowerby and his late wife, Ann, for public benefit.

Under the charity's Articles of Association the trustees have the power to pay or apply the capital and income of the Trust Fund to or for such exclusively charitable objects or purposes in any part of the world as the trustees may in their discretion determine. At the present time the trustees' primary aim is to make grants to other UK registered or exempt charities and in particular charities falling within the categories of:

- a) Healthcare
- b) Education
- c) Community

With regard to the Community domain, trustees have placed an emphasis on youth, arts and Yorkshire-based projects.

In their policies and decision making, the trustees typically favour innovative and catalytic projects, which hold the potential to influence policy and practice elsewhere.

The powers of the charity to make charitable donations have been drawn widely so that a diverse range of worthy charitable recipients are able to benefit. Trustees meet at regular intervals to review the parameters of their grant making policies and programmes and to agree a programme of ongoing grants.

Public benefit

The trustees have paid due regard to Public Benefit guidance issued by the Charity Commission in deciding what activities the charity should undertake. The trustees contribute to the management of the charity on a voluntary basis. The charity has engaged third-party experts to review and monitor projects of a complex or technical nature, who provide advice on an expenses-only basis. The charity does not directly manage any other volunteers at the present time.

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Trustees' report (continued) Year ended 30 September 2018

Achievements and performance

Review of activities

The period 2017/18 represents the sixth year of significant grant-making activity for the Peter Sowerby Foundation. Following on from the major multi-year awards agreed during the first two years - particularly in the field of primary healthcare - a number of new grant awards have been made across all identified grant areas.

For the accounting period in question, it was the trustees' policy not to solicit requests for funding. This will continue to be the case with regard to the majority of the Foundation's grants. However, following a full review of its charitable giving policy in 2018, the trustees agreed that the Foundation should, for the first time, launch an open call for expressions of interest for its new Breakthrough Fund.

The trustees have reason to be satisfied with the performance of the charity which has maintained a high level of activity in adherence to its grant-making policies. Funding levels are in line with budget and high calibre projects have generally achieved the outputs required for public benefit.

A full list of the grants awarded during the period is shown in note 6 to these accounts with further detail below:

Helpforce

A grant of £99,960 supported a new initiative - Helpforce - to explore the design and testing of an End of Life Care intervention in five NHS hospitals, including York Teaching Hospitals. This intervention is intended to support families and patients to ensure that no one dies alone in hospital and, in addition, allows hospital-based patients to be discharged with support, so they may die in the place of their choice. By working with the centres of excellence in this field, HelpForce aims to create a network of safe and reliable volunteers who can befriend and remain with hospital patients in the last days of their lives.

Sheffield Hospitals Charity

A grant of £117,557 for a three year research project to establish the scientific basis of how adipose tissue can repair or reverse contracted scar tissue after severe burns injury. The project will then seek to apply the evidence obtained to support clinical advances in the use of lipoaspirate for the prevention of skin contraction in adult and paediatric burns patients.

Yorkshire Arboretum

The Foundation funded £36,610 towards the cost of architects, business consultants and associated costs to explore the economics of a new Tree Health Centre. It is intended that the Tree Health Centre's work will help address tree diseases and pests which are now having significant economic, ecological and aesthetic impacts in the UK. The Foundation looks forward to working with Yorkshire Arboretum further on the Tree Health Centre in the coming year.

Royal Botanic Gardens, Kew

The Foundation renewed the Ann Sowerby fellowship for Dr Hauke Koch, with a grant of £223,790 over three years, to continue Kew's influential studies into the effect on bees of plant chemicals in nectar and pollen.

Action for Stammering Children

A grant of £26,900 over one year was made to support 'Talking Out', a residential programme for 20 children with moderate to severe stammering at Beverley Park, North Yorkshire. This project was co-funded within a larger Comic Relief grant with the aim of investigating the effect of building a child's confidence to 'have a go' over technical speech therapy in the overall improvement of speech.

AESOP

In January 2018, the Peter Sowerby Foundation sponsored the 'Arts in Health Conference and Showcase', in partnership with the Guildhall School of Music & Drama and the College of Medicine. The event was attended by 200 health professionals and generated nationwide health sector profile for arts providers delivering health outcomes.

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Trustees' report (continued) Year ended 30 September 2018

Spare Tyre

The Foundation provided a small grant of £21,500 to support the charity to take its production, The Garden, on tour to care organisations in West Yorkshire. The production is an interactive, sensory artistic performance for older people with dementia.

Marsden Jazz Festival

Marsden Jazz Festival is a long-established jazz festival, hosted in the Yorkshire Pennines in October each year. A small grant of just under £24,000 was awarded to support the delivery of the 2018 festival.

Financial review

Overview

The assets of the charity comprise investments, the returns from which are used to finance the grants awarded in accordance with its objectives.

The net incoming resources of the charity for the year ended 30 September 2018 and the financial position at that date are set out in the financial statements which follow. During the year the charity received investment income of £1,107,397 (2017: £845,630) and donations of £nil (2017: £775,290) from which grants were awarded of £577,889 (2017: £1,061,442). The charity had a surplus before revaluations of £130,230 (2017: £180,860). At the year end the market value of the investments had risen giving rise to an unrealised revaluation gain of £5,080,042 (2017: £2,422,727). This left a net movement in funds for the year of £1,607,579 (2017: £2,929,840).

Total funds carried forward at 30 September 2018 were £38,385,897 (2017: £36,778,318).

Results for the year

The market value of the Foundation's financial investments at the end of September 2018 (which excludes bank deposit balances) was £34,177,279 (2017: £36,983,511), a decrease of £2,806,232 after market movements, grants made, fees and operational expenses.

There were no significant changes in the Foundation's investment objectives, constraints or policies in the course of the year, although these are regularly reviewed.

Reserves policy

As at 30 September 2018, the Foundation holds reserves of £38,385,897, of which £34,177,279 have been invested for the longer term to provide a return for the Foundation in future years. Remaining total 'free' unrestricted reserves total £4,208,618. It is the trustees' policy that unrestricted funds which have not been designated for a specific use should be maintained in free reserves at a minimum level of the value of all forward grant commitments payable in the following eighteen months. The level of free reserves held at 30 September 2018 is in excess of this, with total forward grant commitments being £2,010,937. The trustees consider that reserves at this level would enable the Foundation to maintain its level of desired activities in the event of a significant reduction in income. This level of reserve has been maintained throughout the period and the policy is reviewed regularly by the trustees.

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

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Trustees' report (continued) Year ended 30 September 2018

Grant making policy

During the financial year 2017/18, the trustees' policy was to invite applications for funding on a solicitation only basis from registered charities, unregistered charities and registered healthcare providers .

Investments policy

Management of the charity's investments is delegated to Quilter Cheviot Ltd and Seven Investment Management LLP under discretionary agreements, with independent investment consultancy provided to the trustees by Aspinalls Family Office LLP. The investment strategy is agreed between the trustees, their consultants and the investment managers and is set out in a detailed Investment Policy Statement which forms an integral part of the agreement with the investment managers. This policy is reviewed annually by the trustees. The trustees are guided by their consultants and the portfolio is invested with a long term time horizon in order to protect the Foundation's grant making ability into the future. The aim of the strategy is to achieve the trustees' target return taking into account current market conditions. During the year, the trustees adopted a 'total return' strategy for the investment portfolio and adjusted the balance of cash and equity holdings. Fixed interest investments and equities are the principal instruments held, but other asset classes may be used. There are presently no ethical or environmental restrictions imposed by the investment policy.

The investment managers provide quarterly reports including analysis of returns compared to the agreed benchmarks and general market issues and meet with the trustees at regular intervals. The trustees' investment consultants report to them independently of the investment managers.

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Trustees' report (continued) Year ended 30 September 2018

Structure, governance and management

Constitution

The charity was originally established as a charitable trust in January 2011 and in April 2013 registered as a charitable company (Company no. 08492424, Charity no. 1151978). The Foundation is governed by its Memorandum and Articles of Association as adopted on 16 April 2013.

Trustees

As set out in the Articles of Association, the members are trustees of the charity and directors of the company, and new members are approved by resolution of the existing trustees. The minimum number of trustees required is three.

The names of the trustees who served during the period are set out below with brief biographical details:

Mr David Aspinall

David Aspinall has been Chairman of the Peter Sowerby Foundation since its establishment. David is also founder and Executive Chairman of Aspinalls, an advisory firm delivering personal financial planning and wealth management services to private clients. He is a trustee of the National Youth Choirs of Great Britain as well as acting as executor and trustee to many clients, their trusts and charities.

Dr Carole Longson

Carole is Chief Scientific Officer at The Association of the British Pharmaceutical Industry. She was previously Director of the Centre for Health Technology Evaluation at NICE. She contributes to a number of international policy forums, including the WHO advisory group on Priority Medical Devices and the Scientific Committee of the Innovative Medicines Initiative. She is Honorary Professor of Health Technology Assessment at the University of Manchester.

Mrs Sara Siegel Poullos

Sara is a lead partner in Deloitte's Healthcare Strategy practice and has worked with the NHS and the Department of Health for the last eleven years on major policy implementations. Sara leads Deloitte's analytics work for healthcare including the dashboards they provide nationally to the NHS providing data on workforce metrics and quality performance at an organisational level.

Dr David L Stables

David has over 25 years' experience in healthcare IT. Having qualified in Medicine at Dundee University in 1981, he entered general practice in 1984 at Egton Surgery in North Yorkshire working as a Partner in that practice from 1987 to 1991 alongside Dr Peter Sowerby. Together they developed the patient records management software that subsequently formed the basis of the business of EMIS.

David is a Trustee of the Endeavour Health Charitable Trust whose objectives are to enable the design of, and research the effectiveness of, new forms of healthcare information technology and healthcare provision with particular emphasis on patients as users of IT.

Aspinalls Fiduciary Ltd

Dr Peter Sowerby

As stated in last year's Review, Dr Peter Sowerby stepped down as a trustee on 1 March 2018. The trustees again wish to place on record their great appreciation of Dr Sowerby's seminal contribution to, and generosity towards, the Foundation and an acknowledgement of his considerable achievements in a distinguished career in primary care and health informatics. The trustees continue to further review the Foundation's structure to ensure the passions and ethos of Dr Sowerby, not only in his central field of primary care innovation but also in other areas such as the arts, communities and horticulture, are properly reflected in the charity's future direction.

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Trustees' report (continued) Year ended 30 September 2018

Policies adopted for the induction and training of trustees

The skills and composition of the Board are kept under review and, if additional trustees are required, steps are taken via open recruitment to seek new members with relevant skills and experience. Newly appointed trustees are provided with all relevant information appertaining to the charity and its affairs in order that they have a sufficient level of knowledge to enable them to perform their roles effectively. This includes an induction programme, meetings with individual trustees along with updates, briefing papers and the charity's policies, annual reports and financial statements for the previous three years. Trustees are encouraged to meet regularly with prospective and existing beneficiaries of the Foundation's grants.

All trustees are kept up to date with ongoing developments in charity law and practice, and there are opportunities to attend training in charity management and to attend meetings and conferences related to the charity's main grant making areas.

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet on a regular basis to review developments with regard to the charity, its grant giving and operations, and make all key decisions. The trustees review the proposals for grants and approve as appropriate. They also review progress on all ongoing grant programmes.

The trustees obtain grant programme advice from their independent advisors, Cause4 Limited, and also use their networks to seek out suitable funding opportunities for the Foundation which fall within the agreed criteria. Formal applications are then invited from chosen organisations and these are assessed in detail with the relative merits considered against the agreed criteria before any grants are awarded. The trustees have reviewed their risk-based processes for assessing new grants in order to free up capacity to invite and examine more innovative programmes in healthcare.

Advice and support is obtained as required from the charity's professional advisers, including investment managers, solicitors and accountants. During the reporting period, the day to day management of the charity's affairs, along with the implementation of its policies, was delegated to Cause4 Limited, a philanthropy and social enterprise consultancy (grant making and strategy development), and Aspinalls Family Office LLP (financial planning, book keeping, grant administration and payments, and general administration). Aspinalls Family Office LLP also provides independent investment consultancy services to the trustees.

Risk management

The principal risk is considered to be the management and performance of the investment assets, which is mitigated through the use of professional investment managers who report regularly to the trustees.

The trustees approve all grants awarded and all grant and general expenditure payments above £500 are only made by authority of a minimum of two trustees.

The trustees have assessed - and regularly review - the risks to which the charity is exposed and are satisfied that systems and controls are in place to mitigate exposure to the major risks identified and that these are appropriate for the level of activity carried out by the charity during the period.

Plans for future periods

In early 2019 the Foundation rolled out the Breakthrough strategy aimed specifically at encouraging innovative and ambitious proposals for primary healthcare innovation. The Foundation has made up to £2m available for the first wave of winning Breakthrough proposals. If the initiative is successful, the Foundation may make up to £20m available over a 10-year horizon. Trustees believe the strategy could play an important role in galvanising improvements in primary healthcare.

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Trustees' report (continued) Year ended 30 September 2018

Trustees' responsibilities statement

The trustees (who are also directors of 08492424 for the purposes of company law) are responsible for preparing the trustees' 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. 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 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 accounting 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 operation.

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.

Disclosure of information to auditor

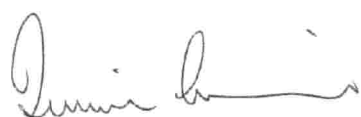
Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Auditor

Following the year end the external audit was retendered and a new audit firm selected. UNW LLP have indicated their willingness to continue in office. The Designated trustees will propose a motion re-appointing the auditor at a meeting of the trustees.

This report was approved by the trustees on 26 June 2019 and signed on their behalf by:



Mr D B H Aspinall, Chair



Independent auditor's report to the members of Peter Sowerby Foundation

Opinion

We have audited the financial statements of Peter Sowerby Foundation (the 'charitable company') for the year ended 30 September 2018 set out on pages 12 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2018 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 'Auditor's 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 United Kingdom, including the Financial Reporting Council'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.



Independent auditor's report to the members of Peter Sowerby Foundation

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 auditor's report 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.

Opinion 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 trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 Trustees' report.

We have nothing to report in respect of the following matters in relation to which 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.



Independent auditor's report to the members of Peter Sowerby Foundation

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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.

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

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 auditor's report.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Anne Hallowell'.

Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor

Chartered Accountants
Newcastle upon Tyne
NE1 4JE
Date: 26 June 2019

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Statement of financial activities incorporating income and expenditure account Year ended 30 September 2018

	Note	Total funds 2018 £	Total funds 2017 £
Income from:			
Donations	2	-	775,290
Investments	3	1,107,397	845,630
Total income		1,107,397	1,620,920
Expenditure on:			
Investment management costs		192,295	224,303
Charitable activities	4	784,872	1,215,757
Total expenditure		977,167	1,440,060
Net income before investment gains/(losses)		130,230	180,860
Net gains/(losses) on investments		1,477,349	2,748,980
Net income before other recognised gains and losses		1,607,579	2,929,840
Net movement in funds		1,607,579	2,929,840
Reconciliation of funds:			
Total funds brought forward		36,778,318	33,848,478
Total funds carried forward		38,385,897	36,778,318

The notes on pages 15 to 22 form part of these financial statements.

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Balance sheet At 30 September 2018

	Note	£	2018 £	As restated 2017 £
Fixed assets				
Investments	8		39,242,172	37,949,946
Current assets				
Debtors	9	260,302		279,791
Cash at bank and in hand		922,544		687,797
		<u>1,182,846</u>		<u>967,588</u>
Creditors: amounts falling due within one year	10	<u>(885,439)</u>		<u>(596,084)</u>
Net current assets			<u>297,407</u>	<u>371,504</u>
Total assets less current liabilities			<u>39,539,579</u>	<u>38,321,450</u>
Creditors: amounts falling due after more than one year	11		<u>(1,153,682)</u>	<u>(1,543,132)</u>
Net assets			<u>38,385,897</u>	<u>36,778,318</u>
Charity funds				
Total funds	12		<u>38,385,897</u>	<u>36,778,318</u>
Total funds			<u>38,385,897</u>	<u>36,778,318</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the trustees on 26 June 2019 and signed on their behalf, by:



Mr D B H Aspinall, Chair

Company registered number: 08492424

The notes on pages 15 to 22 form part of these financial statements.

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Statement of cash flows Year ended 30 September 2018

	Note	2018 £	As restated 2017 £
Cash flows from operating activities			
Net cash used in operating activities	13	<u>(1,059,773)</u>	<u>(835,934)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,107,397	845,630
Proceeds from sale of investments		25,090,295	2,841,429
Purchase of investments		<u>(24,903,172)</u>	<u>(2,848,078)</u>
Net cash provided by investing activities		<u>1,294,520</u>	<u>838,981</u>
Change in cash and cash equivalents in the year		<u>234,747</u>	<u>3,047</u>
Cash and cash equivalents brought forward		<u>687,797</u>	<u>684,750</u>
Cash and cash equivalents carried forward	14	<u><u>922,544</u></u>	<u><u>687,797</u></u>

The notes on pages 15 to 22 form part of these financial statements.

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Notes to the financial statements Year ended 30 September 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Peter Sowerby Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared in pounds sterling and are rounded to the nearest £1.

1.2 Company status

The company is a company limited by guarantee, incorporated and domiciled in England. The members of the company are the trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

1.3 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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Notes to the financial statements Year ended 30 September 2018

1. Accounting policies (continued)

1.4 Expenditure

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

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of resources.

Charitable activities include direct costs incurred on the company's grant-making operations and support costs incurred in running the charitable operations.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

The provision for multi-year grants is recognised at present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the charity that would permit it to avoid making the future payments, and settlement is probable. The discount rate applied is regarded by the trustees as the most current available estimate of the opportunity cost of money and is based on the rate of inflation.

Support costs are those costs incurred directly in support of expenditure on the objects of the company, including those incurred in connection with the administration of the company and compliance with constitutional and statutory requirements.

All expenditure is inclusive of irrecoverable VAT.

1.5 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains/(losses) on investments' in the statement of financial activities incorporating income and expenditure account.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the bank.

1.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

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Notes to the financial statements Year ended 30 September 2018

1. Accounting policies (continued)

1.8 Cash at bank and in hand

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

1.9 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.10 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 company and which have not been designated for other purposes.

1.11 Critical accounting estimates and areas of judgment

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

Estimates within these financial statements include the rate applied to discount grant liabilities payable. The initial liability recognised is based on actual amounts awarded, but where an award is to be paid out over a number of years, this value is discounted based on expected future cash outflows. The rate applied is based on the current rate of inflation. This estimate is not considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

In preparing these financial statements the directors do not consider there were any significant areas of judgment that were required in applying the company's accounting policies as set out above.

2. Income from donations

	Total funds 2018 £	Total funds 2017 £
Donations	-	775,290
	<hr/> <hr/>	<hr/> <hr/>
Total 2017	775,290	
	<hr/> <hr/>	

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Notes to the financial statements Year ended 30 September 2018

3. Investment income

	Total funds 2018 £	Total funds 2017 £
Dividend income	1,050,036	784,962
Interest on investments	57,361	60,668
	<u>1,107,397</u>	<u>845,630</u>
Total 2017	<u>845,630</u>	

4. Analysis of expenditure by activities

	Grant giving 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Grants	668,638	116,234	784,872	1,215,757
Total 2017	<u>1,101,756</u>	<u>114,001</u>	<u>1,215,757</u>	

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Notes to the financial statements Year ended 30 September 2018

5. Direct costs - analysis of grants

	2018 £	2017 £
Grants awarded (note 6)	577,889	1,061,442
Interest on discounting	90,749	40,314
Total	<u>668,638</u>	<u>1,101,756</u>

All grants awarded were to institutions or to projects the trustees consider support the objectives of the Foundation.

Reconciliation of grants payable

	2018 £	2017 £
Accrued as at 1 October 2017	2,107,733	2,047,516
Grants awarded in the year	577,889	1,061,442
Grants paid in the year	(765,434)	(1,041,539)
Interest released on discounting	90,749	40,314
Accrued at 30 September 2018	<u>2,010,937</u>	<u>2,107,733</u>

6. Grants awarded in the year

	2018 £	2017 £
Action for Stammering Children	26,900	-
AESOP	37,617	-
Autistica	-	415,567
CLIC Sargent	-	202,501
Friends of Kipkelion	-	10,000
Goathland Community Hub	-	16,690
Help the Hospices	-	184,750
HelpForce Community Trust	99,960	-
Kew Foundation	223,790	-
Marsden Jazz Festival	23,964	-
National Youth Choirs of Great Britain	-	18,500
National Youth Jazz Orchestra	-	14,764
Royal Papworth Hospital	-	80,000
Shared Assets	-	104,275
Sheffield Hospital Charity	117,557	-
Spare Tyre Theatre Company	21,500	-
Yorkshire Arboretum	36,610	14,395
Grants to be refunded	(10,009)	-
Total	<u>577,889</u>	<u>1,061,442</u>

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Notes to the financial statements Year ended 30 September 2018

7. Support costs

	Total 2018 £	Total 2017 £
Professional fees in support of grant programme	67,107	63,925
Administration and other professional fees	38,243	37,602
Sundry costs	2,784	1,782
Auditor's remuneration	7,200	4,116
Auditor's non-audit costs	900	6,576
	<u>116,234</u>	<u>114,001</u>
Total 2017	<u>114,001</u>	

The charity has no employees other than the trustees, who did not receive any remuneration (2017: £nil).

Expenses totalling £346 were paid to 1 trustee (2017: £710 to 1 trustee).

8. Fixed asset investments

	Listed securities £	Cash £	Total £
Market value			
At 1 October 2017	36,983,511	966,435	37,949,946
Additions	20,804,714	4,098,458	24,903,172
Disposals	(28,690,988)	-	(28,690,988)
Revaluations	5,080,042	-	5,080,042
	<u>34,177,279</u>	<u>5,064,893</u>	<u>39,242,172</u>
At 30 September 2018	<u>34,177,279</u>	<u>5,064,893</u>	<u>39,242,172</u>
Historical cost	<u>31,940,399</u>	<u>5,064,893</u>	<u>37,005,292</u>

9. Debtors

	2018 £	As restated 2017 £
Prepayments and accrued income	260,302	171,229
Tax recoverable	-	108,562
	<u>260,302</u>	<u>279,791</u>

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Notes to the financial statements Year ended 30 September 2018

10. Creditors: Amounts falling due within one year

	2018 £	2017 £
Grants awarded but not yet paid	857,255	564,601
Accruals and deferred income	28,184	31,483
	<u>885,439</u>	<u>596,084</u>

11. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Grants awarded but not yet paid	<u>1,153,682</u>	<u>1,543,132</u>

12. Statement of funds

Statement of funds - current year

	Balance at 1 October 2017 £	Income £	Expenditure £	Gains £	Balance at 30 September 2018 £
Unrestricted funds					
General funds	<u>36,778,318</u>	<u>1,107,397</u>	<u>(977,167)</u>	<u>1,477,349</u>	<u>38,385,897</u>

Statement of funds - prior year

	Balance at 1 October 2016 £	Income £	Expenditure £	Gains £	Balance at 30 September 2017 £
Unrestricted funds					
General funds	<u>33,848,478</u>	<u>1,620,920</u>	<u>(1,440,060)</u>	<u>2,748,980</u>	<u>36,778,318</u>

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Notes to the financial statements Year ended 30 September 2018

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

	2018 £	As restated 2017 £
Net income for the year (as per Statement of Financial Activities)	1,607,579	2,929,840
Adjustment for:		
Gains on investments	(1,477,349)	(2,748,980)
Dividends, interest and rents from investments	(1,109,397)	(845,630)
Decrease/(increase) in debtors	19,489	(227,479)
(Decrease)/increase in creditors	(100,095)	56,315
Net cash used in operating activities	(1,059,773)	(835,934)

14. Analysis of cash and cash equivalents

	2018 £	As restated 2017 £
Cash in hand	922,544	687,797
Total	922,544	687,797

15. Prior year adjustment

Included within the prior year cash balance was £171,229 relating to accrued investment income. This has been reclassified to accrued income within debtors. This adjustment has no impact on the reported result.

16. Related party transactions

Trustee Mr D Aspinall is a Member of Aspinalls Family Office LLP, to which the charity paid £149,767 (2017: £161,298) for professional fees relating to the provision of financial planning, book keeping, grant administration and payments, room hire, and general administration during the period. Aspinalls Family Office LLP also provides independent investment consultancy to the trustees.

Mr D Aspinall in his capacity as trustee was reimbursed for trustee expenses in the year totalling £346 (2017: £710).

During the year a grant of £nil (2017: £18,500) was awarded to the National Youth Choirs of Great Britain, a charity of which Mr D Aspinall is a trustee.

At the balance sheet date, £16,500 (2017: £11,071) was due to Aspinalls Family Office LLP and £nil (2017: £710) was due to Mr D Aspinall in relation to trustee expenses, both included within creditors.