

Charity number: 1151978
Registered number: 08492424

PETER SOWERBY FOUNDATION
TRUSTEES REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED
30 SEPTEMBER 2016

PETER SOWERBY FOUNDATION
(A company limited by guarantee)

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PETER SOWERBY FOUNDATION
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES
AND ADVISERS**
FOR THE YEAR ENDED 30 SEPTEMBER 2016

Trustees Mr D B H Aspinall, Chairman
Mr N Acomb (resigned 3 March 2015)
Professor C M Longson (appointed 16 May 2017)
Mrs S Poullos
Dr P R Sowerby
Dr D L Stables
Aspinalls Fiduciary Limited

Company registered number 08492424

Charity registered number 1151978

Registered office Oxnead Hall
Oxnead
Norfolk
NR10 5HP

Independent auditors Creaseys Group Limited
Chartered Accountants
Statutory Auditors
Brockbourne House
77 Mount Ephraim
Tunbridge Wells
Kent
TN4 8BS

Bankers Unity Trust Bank plc
Nine Brindleyplace
Birmingham
B1 2HB

Investment advisors Quilter Cheviot Limited
One Queensway
London
WC2B 6AN

Seven Investment Management LLP
55 Bishopsgate
London
EC2N 3AS

PETER SOWERBY FOUNDATION

(A company limited by guarantee)

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

The trustees present their annual report together with the audited financial statements of Peter Sowerby Foundation for the year ended 30 September 2016.

Since the charity qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Objectives and Activities

Policies and objectives

The charity operates as a grant making foundation having been substantially endowed by 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) Medical/health/sickness
- b) Relief of poverty
- c) Community and environment

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 and the charity does not directly manage any other volunteers at the present time.

Internal controls

It is the trustees' opinion that internal controls have been established that are appropriate for the level of activity carried out by the charity during the period. The trustees approve all grants awarded, and payments are only made with the written authority of two trustees. All expenditure is also approved by a minimum of two of the trustees before payment is made.

Achievements and performance

The period 2015/16 represents the fourth year of significant grant-making activity for the Peter Sowerby Foundation and its predecessor legal entity. 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.

PETER SOWERBY FOUNDATION

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TRUSTEES' REPORT (continued) **FOR THE YEAR ENDED 30 SEPTEMBER 2016**

For the time being it is the trustees' policy not to solicit requests for funding or to operate any open access programmes (this policy will be reviewed in the next period). Rather, the trustees obtain grant programme advice from their independent grant advisors, Cause4, and also use their networks to seek out suitable funding opportunities for the Foundation which fall within the agreed criteria.

During the year, further work was undertaken to refine these criteria to better reflect the passions and ethos of the Settlor and to create programmes that are distinctive and generate real impact within their fields of activity. Formal applications are then invited from chosen organisations which are assessed in detail and the relative merits considered against the agreed criteria before any grants are awarded.

The trustees have reason to be satisfied with the performance of the charity which has maintained a high level of activity in close 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.

The market value of the Foundation's financial investments at the end of September 2016 (which excludes bank deposit balances) was £34,208,993 (2015: £30,464,964), an increase of £3,744,029 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.

A full list of the grants awarded during the period is shown in note 7 to these accounts. Notable grants awarded during 2015/16 have included:

Aesop

The Foundation awarded a follow-on grant of £31,472 towards the next stage of the 'Dance to Health' programme, which trains professional dancers in activities and routines in care and community settings, with the aim of working with elderly people to prevent falls that end up in sustained hospital stays. This next stage of activity will see groups set up at various locations around the country.

Economist Educational Foundation

A follow-on grant of £40,350 was awarded to the Economist Educational Foundation to support the expansion of the Burnet News Club and piloting the Policy League, helping school children in England to think critically and philosophically about issues of world importance.

Fields in Trust

A £20,000 grant was made to protect public access and enjoyment of five green spaces in North Yorkshire, alongside the holding of five community events.

Multiple Sclerosis Society

Based at MS Society's Cambridge Centre for Myelin Repair, a four-year £334,155 (This is reflected within note 7 of the accounts as £319,453 as it has been discounted back to its present value) research project has been funded into the impact of whole-body physiology on myelin repair, focusing on the impacts of exercise and food on the progression and stabilisation of Multiple Sclerosis.

The Reading Agency

To conclude the Foundation's involvement in the creation of a new national Framework to evaluate the impact of reading for pleasure, the Foundation made a grant of £45,000 for the Evaluation Officer's post, which is tasked with rolling out the framework nationally.

PETER SOWERBY FOUNDATION

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

SAPERE

A grant of £65,160 (This is reflected within note 7 of the accounts as £63,485 as it has been discounted back to its present value) was awarded to SAPERE to support the training of teachers in rural Yorkshire in the Philosophy for Children approach, which is designed to encourage children to think critically, creatively and collaboratively, and also to commission a university-led evaluation.

Target Ovarian Cancer

A £50,000 grant was made to support Pathfinder 2016, an extensive research and analysis project into the diagnosis, treatment and experiences of women with ovarian cancer across the UK's regions.

Shared Assets

Following a successful research and development scoping exercise, Shared Assets was awarded a follow-on grant of £39,800 to prototype an online platform helping community and charity groups research land usage, characteristics and risks.

Small grants

To The Crescent, a small grant of £10,000 was provided towards an HIV self-help and counselling service in St Albans, Hertfordshire. A £6,000 grant was made to the National Youth Choirs of Great Britain towards the National Youth Girls' Choir North's programme of events in Giggleswick and Settle, North Yorkshire.

Future plans

The trustees will continue to seek out new opportunities within the Foundation's stated areas of interest. In particular, the Foundation will be looking to support innovative and challenging projects in the field of primary healthcare, which remains the Foundation's principal area of interest. Over time, the Foundation will gain more insight into the long-term impact of the supported projects and will seek to replace the grants that have concluded with new initiatives of the same scope and quality.

Financial Review

Financial 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 2016 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 £794,960 (2015: £582,837) and donations of £250,040 (2015: £nil) from which grants were awarded of £611,719 (2015: £646,634). The charity had a surplus before revaluations of £327,033 (2015: £253,318). At the year end the market value of the investments had risen giving rise to an unrealised revaluation gain of £4,273,701 (2015: loss £1,143,032). This left a net movement in funds for the year of £4,600,734 (2015: (£889,714)). Total funds carried forward at 30 September 2016 were £33,848,478 (2015: £29,247,744).

PETER SOWERBY FOUNDATION

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

Investment policy and performance

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 no ethical or environmental restrictions currently 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.

Reserves Policy

It is the trustees' policy that unrestricted funds which have not been designated for a specific use should be maintained at a minimum level of £500,000 plus the value of all existing forward grant commitments. 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 annually by the Trustees.

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the charity 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. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Structure, governance and management

The charity was originally established by a charitable trust deed on 19 August 2008 as The Peter Sowerby Charitable Foundation but was then dormant until January 2011 when charitable registration was secured (Charity No 1139854) and the first donation was made by the settlor. During 2012, the trustees agreed that the charity should become incorporated as a charitable company limited by guarantee. The Foundation was registered as a charitable company at Companies House on 17 April 2013 (Company no. 08492424, Charity no. 1151978).

The trustees who served during the period are shown on page 1 of the accounts.

The members are trustees of the charity and directors of the company and new members are approved by resolution of the existing trustees.

PETER SOWERBY FOUNDATION

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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.

One of the trustees, Dr Peter Sowerby, is the Settlor of the Foundation and, in prior years, has generously made significant gifts of publicly listed shares to the charity which are reflected in note 2 to the accounts.

The trustees have assessed, and regularly review, the risks to which the charity is exposed and are satisfied that systems are in place to mitigate exposure to the major risks identified.

As required, advice and support is obtained from the charity's professional advisers, including investment managers, solicitors and accountants. The day to day management of the charity's affairs, along with the implementation of its policies, is 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.

Trustees' responsibilities statement

The trustees (who are also directors of Peter Sowerby Foundation 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.

PETER SOWERBY FOUNDATION
(A company limited by guarantee)
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2016

Disclosure of information to auditors

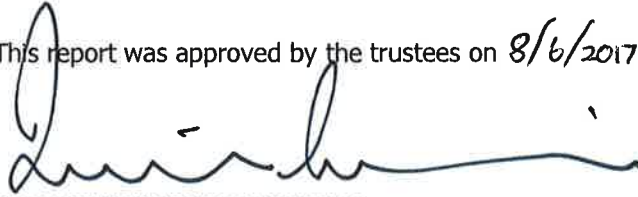
Each of the persons who are trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

Auditors

The auditors, Creaseys Group Limited, have indicated their willingness to continue in office. The Designated trustees will propose a motion re-appointing the auditors at a meeting of the trustees.

This report was approved by the trustees on 8/6/2017 and signed on their behalf by:



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Mr D B H Aspinall
Chairman

PETER SOWERBY FOUNDATION

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PETER SOWERBY FOUNDATION

We have audited the financial statements of Peter Sowerby Foundation for the year ended 30 September 2016 set out on pages 10 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the charity 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

PETER SOWERBY FOUNDATION
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PETER SOWERBY
FOUNDATION**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



James Pearce BA (Hons) FCA (Senior statutory auditor)

for and on behalf of

Creaseys Group Limited

Chartered Accountants
Statutory Auditors

Brockbourne House
77 Mount Ephraim
Tunbridge Wells
Kent

TN4 8BS

Date: 22/6/17

PETER SOWERBY FOUNDATION

(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT

(Incorporating Income and Expenditure Account)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	Unrestricted funds 2016 £	Unrestricted funds 2015 £
Income from:			
Donations and legacies	2	250,040	-
Investments	3	794,960	582,837
Total income		<u>1,045,000</u>	<u>582,837</u>
Expenditure on:			
Raising funds		149,019	162,175
Charitable activities:			
Other charitable activities		726,822	780,465
Governance		48,463	51,003
Total expenditure	4	<u>924,304</u>	<u>993,643</u>
Net income / (expenditure) before investment gains/(losses)		120,696	(410,806)
Net gains/(losses) on investments	11	206,337	664,124
Net income before other recognised gains and losses		<u>327,033</u>	<u>253,318</u>
Gains/(losses) on revaluations of fixed assets		4,273,701	(1,143,032)
Net movement in funds		<u>4,600,734</u>	<u>(889,714)</u>
Reconciliation of funds:			
Total funds brought forward		<u>29,247,744</u>	<u>30,137,458</u>
Total funds carried forward		<u><u>33,848,478</u></u>	<u><u>29,247,744</u></u>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 14 to 25 form part of these financial statements.

PETER SOWERBY FOUNDATION
(A company limited by guarantee)
SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	Unrestricted funds 2016 £	Unrestricted funds 2015 £
Income		1,045,000	582,837
Gains on investments		206,337	664,124
Gross income in the reporting period		<u>1,251,337</u>	<u>1,246,961</u>
Less: Total expenditure		924,304	993,643
Net income for the year		<u>327,033</u>	<u>253,318</u>
Net income for the financial year	15	<u><u>327,033</u></u>	<u><u>253,318</u></u>

The notes on pages 14 to 25 form part of these financial statements.



PETER SOWERBY FOUNDATION
(A company limited by guarantee)
REGISTERED NUMBER: 08492424

BALANCE SHEET
AS AT 30 SEPTEMBER 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Investments	11		35,194,316		30,610,955
Current assets					
Debtors	12	52,312		24,812	
Cash at bank and in hand		684,750		1,369,087	
		<u>737,062</u>		<u>1,393,899</u>	
Creditors: amounts falling due within one year	13	(742,657)		(1,079,605)	
Net current (liabilities)/assets			<u>(5,595)</u>		<u>314,294</u>
Total assets less current liabilities			<u>35,188,721</u>		<u>30,925,249</u>
Creditors: amounts falling due after more than one year	14		(1,340,243)		(1,677,505)
Net assets			<u>33,848,478</u>		<u>29,247,744</u>
Charity Funds					
Unrestricted funds	15		<u>33,848,478</u>		<u>29,247,744</u>
Total funds			<u>33,848,478</u>		<u>29,247,744</u>

The financial statements were approved by the trustees on behalf, by: 8 June 2017 and signed on their



.....
Mr D B H Aspinall
Chairman

The notes on pages 14 to 25 form part of these financial statements.

PETER SOWERBY FOUNDATION
(A company limited by guarantee)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash used in operating activities	17	(1,169,637)	(696,716)
Cash flows from investing activities:			
Income from investments		794,960	582,837
Proceeds from sale of investments		4,608,212	10,188,640
Purchase of investments		(4,917,872)	(9,569,777)
Net cash provided by investing activities		485,300	1,201,700
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		1,369,087	864,103
Cash and cash equivalents carried forward	18	684,750	1,369,087

PETER SOWERBY FOUNDATION

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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.

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

Transitional adjustments concern the recalculation of grant commitments, which were not previously discounted to net present value under previous UK GAAP. See note 23 for the restatement of comparatives under FRS 102.

1.3 Company status

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

1.4 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.

1.5 Income

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

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

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

PETER SOWERBY FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. Accounting Policies (continued)

1.6 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. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

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.

All resources expended are inclusive of irrecoverable VAT.

1.7 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 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

1.8 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.

1.9 Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

PETER SOWERBY FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. Accounting Policies (continued)

1.10 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.

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of financial activities incorporating income and expenditure account.

1.12 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.

1.13 Liabilities

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 charity 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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2. Donations

	Unrestricted funds 2016 £	Unrestricted funds 2015 £
Donations	250,040	-

PETER SOWERBY FOUNDATION
(A company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. Investment income

	Unrestricted funds 2016	Unrestricted funds 2015
	£	£
Dividends receivable	731,727	509,235
Interest receivable	63,233	73,602
	<u>794,960</u>	<u>582,837</u>

4. Analysis of resources expended by expenditure type

	Other costs 2016	Total 2015
	£	£
Expenditure on investment management (note 5)	149,019	162,175
Costs of generating funds	<u>149,019</u>	<u>162,175</u>
Grants awarded (note 6)	611,719	646,634
Support costs (note 9)	115,103	133,831
Charitable activities	<u>726,822</u>	<u>780,465</u>
Expenditure on governance (note 9)	<u>48,463</u>	<u>51,003</u>
	<u>924,304</u>	<u>993,643</u>

5. Investment management costs

	2016	2015
	£	£
Investment management costs	158,429	157,501
Foreign exchange movement	(9,409)	4,674
Total	<u>149,020</u>	<u>162,175</u>

Grants payable include the value of grant agreements signed in the period as well as the remaining commitments not previously recognised in the accounts of the Peter Sowerby Foundation. These commitments are scheduled for payment over a number of years and commitments still to be paid at the end of the year are included in amounts outstanding and are shown in the note below.

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6. Analysis of grants

	Total 2016	Total 2015
	£	£
Grants awarded	611,719	646,634

Reconciliation of grants payable

	2016	2015
	£	£
Accrued as at 1 October 2015	2,723,898	3,287,391
Grants payable for the year (Note 7)	611,719	646,634
Grants paid during the year (Note 8)	(1,345,800)	(1,278,532)
Interest released on discounting	57,699	68,405
	<u>2,047,516</u>	<u>2,723,898</u>
Accrued at 30 September 2016	<u>2,047,516</u>	<u>2,723,898</u>

Payable as follows

	2016	2015
	£	£
Grants payable <1 year	(707,273)	(1,046,393)
Grants payable >1 year	(1,340,243)	(1,677,505)
	<u>(2,047,516)</u>	<u>(2,723,898)</u>

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7. List of grants awarded in the year

Name of institution/grant	Grant description	2016 £	2015 £
The Reading Agency (3 grants)	Community and Environment	45,234	66,824
AESOP	Medical	31,472	91,880
Autism Plus	Medical	-	8,610
University of Cape Town	Medical	-	249,868
Renewable World	Community and Environment	-	45,000
Goathland Community Hub	Community and Environment	-	10,000
Royal Botanical Gardens, Kew	Community and Environment	-	200,000
Grants to be refunded	Community and Environment	(26,075)	(25,548)
The Economist Education Foundation	Community and Environment	40,350	-
Target Ovarian Cancer	Medical	50,000	-
SAPERRE	Medical	63,485	-
Field in Trust	Community and Environment	20,000	-
Shared Assets (2 grants)	Community and Environment	51,800	-
National Youth Choirs of Great Britain	Community and Environment	6,000	-
Multiple Sclerosis Society	Medical	319,453	-
The Crescent		10,000	-
		611,719	646,634
Total grants awarded during the year		611,719	646,634

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8. List of grants paid in the year

	2016	2015
	£	£
Imperial College	465,379	624,586
Local Giving Foundation	-	35,802
Marie Curie Cancer Care	114,000	114,000
Help the Hospices	65,000	-
Kings College London & Kings Health Practitioners	119,712	-
Royal College of General Practitioners	-	(6,349)
Royal Horticultural Society	70,653	68,325
Royal College of Music	-	69,540
The Economist Education Foundation	40,350	30,000
The Reading Agency	57,000	-
Rural Action Yorkshire	-	62,892
Multiple Sclerosis Society	27,364	-
Choir of the Year	-	75,000
National Youth Choirs of Great Britain	6,000	-
Shared Assets	12,000	-
SAPERRE	19,015	-
Field in Trust	20,000	-
Target Ovarian Trust	50,000	-
AESOP	36,880	55,000
Autism Plus	-	8,610
University of Cape Town	166,580	83,288
Renewable World	26,456	15,000
Goathland Community Hub	-	10,000
Royal Botanical Gardens, Kew	49,411	32,838
	<u>1,345,800</u>	<u>1,278,532</u>
Total grants paid in the year (note 6)	<u>1,345,800</u>	<u>1,278,532</u>

Grants payable include the value of grant agreements signed in the period as well as the remaining commitments not previously recognised in the accounts of the Peter Sowerby Foundation. These commitments are scheduled for payment over a number of years and commitments still to be paid at the end of the year are included in amounts outstanding and are shown in the note 6 above.

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9. Analysis of resources expended by activity

	Governance costs	Support costs	2016	2015
	£	£	£	£
Auditors' remuneration	3,996	-	3,996	3,880
Auditors' non-audit costs	8,730	-	8,730	5,582
Professional fees	34,401	-	34,401	40,148
Trustee insurance	1,336	-	1,336	1,393
Bank charges	-	422	422	316
Professional fees in support of grant programme	-	56,980	56,980	65,110
Interest on discounting of grant commitments	-	57,700	57,700	68,405
Total 2016	48,463	115,102	163,565	184,834
Total 2015	51,003	133,831		184,834

10. Net incoming resources/(resources expended)

This is stated after charging:

	2016	2015
	£	£
Auditors' remuneration - audit	3,996	3,880

During the year, no trustees received any remuneration (2015 - £NIL).

During the year, no trustees received any benefits in kind (2015 - £NIL).

1 trustee received reimbursement of expenses amounting to £767 in the current year, (2015 - no trustee - £NIL).

11. Fixed asset investments

	UK listed securities	Cash	Total
	£	£	£
Market value			
At 1 October 2015	30,464,964	145,991	30,610,955
Additions	2,149,505	2,768,367	4,917,872
Disposals	(2,679,177)	(1,938,444)	(4,617,621)
Foreign exchange movement	-	9,409	9,409
Revaluations	4,273,701	-	4,273,701
At 30 September 2016	34,208,993	985,323	35,194,316
Historical cost	30,493,760	985,324	31,479,084

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11. Fixed asset investments (continued)

Investments at market value comprise:

	UK	Overseas	2016	2015
	£	£	£	£
Listed investments	16,908,339	17,300,654	34,208,993	30,464,964
Cash	985,324	-	985,324	145,991
Total market value	<u>17,893,663</u>	<u>17,300,654</u>	<u>35,194,317</u>	<u>30,610,955</u>

Valuation

All investment assets are shown at market value on the balance sheet date.

Material investments

	30	30
	September	September
	2016	2015
	£	£
ZIM AAP Adventurous Fund	17,440,436	14,753,306
ETFs Metal Securities Ltd ETFs Physical Gold (USD)	667,265	356,592
GLG Investments	454,503	498,675
Fundsmith EMG MKTS	368,775	316,800
FIL Investment Services (UK) Limited Fidelity Moneybuilder Income Fund Y Inc.	380,473	348,225
Ishares Core FTSE 100 UCITS ETF GBP Dis	1,417,361	1,263,323
Ishares FTSE 250 shares	517,500	-
Ishares II MSCI Europe Ucits Etf (Dist)	691,889	597,983
Newriver Retail LTD	495,375	526,500
Pimco Funds GIS	422,700	401,400
Polar Capital Funds	552,412	472,509
Royal Dutch Shell PLC	385,421	301,659
Starwood European Real Estate Finance	403,125	388,125
Tritax Big Box Reit	460,945	423,114
Vulcan Global Value Fund Value Equity USD II Acc	736,600	587,008
	<u>25,394,780</u>	<u>21,235,219</u>

12. Debtors

	2016	2015
	£	£
Grants to be refunded	-	22,500
Tax recoverable	52,312	2,312
	<u>52,312</u>	<u>24,812</u>

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13. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Accruals	35,384	33,212
Grants accrued (see Note 6)	707,273	1,046,393
	<u>742,657</u>	<u>1,079,605</u>

**14. Creditors:
Amounts falling due after more than one year**

	2016	2015
	£	£
Grants accrued (see Note 6)	1,340,243	1,677,505
	<u>1,340,243</u>	<u>1,677,505</u>

15. Statement of funds

	Brought Forward	Income	Expenditure	Gains/ (Losses)	Carried Forward
	£	£	£	£	£
Unrestricted funds					
General Funds - all funds	29,247,744	1,045,000	(924,304)	4,480,038	33,848,478
	<u>29,247,744</u>	<u>1,045,000</u>	<u>(924,304)</u>	<u>4,480,038</u>	<u>33,848,478</u>

The general fund is held for the charity to use for future grants which the trustees find to be in line with the aims and objectives as set out in the trustees report.

16. Analysis of net assets between funds

	Unrestricted funds 2016	Unrestricted funds 2015
	£	£
Fixed asset investments	35,194,316	30,610,956
Current assets	737,062	1,393,899
Creditors due within one year	(742,657)	(1,079,606)
Creditors due in more than one year	(1,340,243)	(1,677,505)
	<u>33,848,478</u>	<u>29,247,744</u>

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

	2016	2015
	£	£
Net income for the year (as per Statement of financial activities)	327,033	253,318
Adjustment for:		
Decrease/(increase) in debtors	(27,500)	204,037
(Decrease)/increase in creditors	(674,210)	(571,234)
Returns on investments and servicing of finance	(794,960)	(582,837)
Net cash used in operating activities	<u>(1,169,637)</u>	<u>(696,716)</u>

18. Analysis of cash and cash equivalents

	2016	2015
	£	£
Cash in hand	684,750	1,369,087
	<u>684,750</u>	<u>1,369,087</u>

19. Related party transactions

The trustee Mr D Aspinall is a Member of Aspinalls Family Office LLP, to which the charity paid £126,441 (2015: £135,284) for professional fees relating to the provision of financial planning, book keeping, grant administration and payments, and general administration during the period.

There are no assets or liabilities held by related parties at the balance sheet date.

20. Controlling party

The charity is controlled by the trustees.

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21. First time adoption of FRS 102

It is the first year that the charity has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 30 September 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 October 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

Reconciliation of total funds	Notes	30 September 2014	30 September 2015
		£	£
Total funds under previous UK GAAP		29,882,349	29,047,972
Movement due to retrospective discounting of grant commitments		255,109	199,772
		<u>30,137,458</u>	<u>29,247,744</u>
Total funds reported under FRS 102		<u>30,137,458</u>	<u>29,247,744</u>
Reconciliation of net income	Notes		30 September 2015
			£
Net income previously reported under UK GAAP			308,655
Movement due to retrospective discounting of grant commitments			(55,337)
			<u>253,318</u>
Net movement in funds reported under FRS 102			<u>253,318</u>

The movements in funds and net income above relates to the retrospective adjustment of grant commitments brought forward. Due to grant commitments being recognised at net present value under FRS 102, the grant expense recognised through the income and expenditure account in the year of grant commencement is lower than that recognised under previous UK GAAP. However, in proceeding years, the grant commitment is unwound, and interest is charged to the income and expenditure account.

