

Charity Registration Number: 1049044

THE HILBORNE FOUNDATION
Report and Financial Statements
For the year ended 31 July 2021

The Hilborne Foundation
Annual report and financial statements
For the year ended 31 July 2021
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The Hilborne Foundation
Annual report and financial statements
Report of the Trustees
For the year ended 31 July 2021

The Trustees present their annual report and the audited financial statements for the year ended 31 July 2021.

The financial statements comply with the Charities Act 2011, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016).

Constitution

The Hilborne Foundation is a charity (charity no 1049044) and is governed by a Trust Deed dated 1 September 1995. The Hilborne Foundation is the principal beneficiary of Kenneth Edward Hilborne's estate which is in turn the principal beneficiary of Joan Aileen Hilborne's estate.

Trustees

D G Crawford

P T Fraser

M A George (Chair)

The Society of Merchant Venturers (represented by D J Marsh)

Structure and Governance

The Board of Trustees meets at least once a year to determine strategy, set objectives and targets, agree policies and review progress.

Recruitment and Training of Trustees

New Trustees are recruited for their appropriate specialist skills, experience and eligibility and are appointed by existing Trustees.

New Trustees are inducted into the workings of the Foundation by the Chairman and Solicitors. Trustees are kept up to date with legislation and other factors through external training courses and briefings from the solicitors.

Registered office

Colston's School

Bell Hill

Stapleton

Bristol BS16 1BJ

Professional Advisers

Bankers	Auditor	Solicitors	Investment managers
NatWest	Saffery Champness LLP	Womble Bond Dickinson (UK) LLP	Smith & Williamson
PO Box 238	St Catherine's Court	3 Temple Quay	Portwall Place
32 Corn Street	Berkeley Place	Bristol	Portwall Lane
Bristol	Bristol	BS1 6DZ	Bristol
BS99 7UG	BS8 1BQ		BS1 6NA

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Objectives

The object of the charity is to apply the income and all or such part or parts of the capital as the Trustees may decide for the advancement of education by the creation of bursaries, scholarships or prizes to be awarded to pupils at Colston's School and the provision of financial assistance towards the maintenance and development of the School.

Achievements and performance

The trustees continue to instruct an agent to market and sale the investment property.

Investment income in the early part of the year was significantly impacted by the pandemic resulting in investment income falling to £155,588 (2020: £159,563). However, the financial recovery later in the year resulted in the investment value increasing to £5.0m by the year end (2020: £3.9m). Despite this fluctuation, the Foundation supported the equivalent of 8 full bursaries with a donation of £117,000 (2020: £117,000) providing support for 25 pupils who otherwise may not be able to attend the school.

Public benefit

The Trustees confirm that they have referred to the guidance contained within the Charity Commission's general guidance on public benefit when reviewing the Charity's objectives and activities.

The Foundation started supporting bursaries for new and existing pupils at Colston's School with effect from September 2012. In addition, it has made other contributions to improve the facilities and experience for existing and future pupils at the School.

Financial review

The results for the financial year are set out in the statement of financial activities on page 8

The main source of income for the Foundation is investment income. Gross yields have averaged 2.8% (2020: 3.4%) for the year and the portfolio is benchmarked against the FT All Share Index and Wealth Management Association Balanced Index. The Foundation has again supported bursaries at Colston's School equivalent to eight full fee places. Gains on investment assets represent the profit on realisation of shares and the share portfolio at year-end less a reduction in value of the investment property to its current estimated realisable value.

Future plans

The Trustees' aim for the next year is to ensure that:

- the Foundation maintains its bursarial support for pupils at Colston's School
- all surplus funds are invested to secure a balance between capital growth and investment return

Going concern

The Trustees are of the opinion that the charity has adequate resources to continue in operational existence for the foreseeable future and therefore these accounts have been prepared on a going concern basis. Investments in a managed portfolio have been made in the year to ensure that there is a sustainable income stream going forward and the expenses are being managed to ensure that net resources will be generated going forward.

Related parties

Colston's School is the sole beneficiary of the Hilborne Foundation. During the year the Foundation continued to provide bursarial support to the school totalling £117,000 (2020: £117,000).

Investment policy

It is the intention of the Trustees to continue to invest surplus funds in a managed portfolio with Smith & Williamson. The portfolio will be managed on a discretionary basis to provide a balanced return between longer-term capital growth and current income with a medium level of risk. In view of the requirement to pay bursaries there is a need to provide a sustainable income stream which is capable of growing in real terms. Whilst there is no formal benchmark, investment performance is monitored by reference to the FT All Share Index and the APCIMS Balanced Index.

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Risk management

Principal risks and uncertainties

The principal risks facing the Foundation are the inability to realise the investment property and investment risk relating to the value of investments.

The Board of Trustees assesses the risks facing the Foundation and reviews the effectiveness of the controls to monitor and manage the risks. The key controls used by the Foundation include:

- Appointment of appropriate professional advisers
- Clear authorisation and approval levels

Reserves policy

The unrestricted funds balance at 31 July 2021 was £5,985,401 (2020: £5,021,934). It is then the intention of the Trustees to formalise an appropriate reserves policy to ensure that the Foundation has sufficient reserves and income to be able to commit to providing bursarial support to new and existing pupils at the School for the indefinite future.

Auditor

Each of the persons who is a Trustee at the date of approval of this report confirms that:

- so far as the Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- the Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Approved by the Trustees on 26 January 2022 and signed on their behalf by:



**D J Marsh
Trustee**

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Trustees responsibility statement
For the year ended 31 July 2021

Under charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements for each financial year which show a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period. The trustees have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- uses the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping adequate accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

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Independent auditor's report to the Trustees
For the year ended 31 July 2021

Opinion

We have audited the financial statements of The Hilborne Foundation for the year ended 31 July 2021 which comprise The Statement of Financial Activities, Balance Sheet and notes to the financial statements, including significant accounting policies. 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 charity's affairs as at 31 July 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in respect of which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept proper and sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 4, the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charity's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charity by discussions with trustees and updating our understanding of the sector in which the charity operates.

Laws and regulations of direct significance in the context of the charity include the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Charities (Accounts and Reports) Regulations 2008, the Charities Accounts (Scotland) Regulations 2006 (as amended) and guidance issued by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.

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Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charity's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charity's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. A further description of our responsibilities is available 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 charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the trustees 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 charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Strong
for and on behalf of Saffery Champness LLP, Statutory Auditor

Chartered Accountants
St Catherine's Court
Berkeley Place
Clifton
Bristol
BS8 1BQ
Date: 10/2/22

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

The Hilborne Foundation
Annual report and financial statements
Statement of financial activities
For the year ended 31 July 2021

	Note	2021 £	2020 £
Incoming resources			
Donation income		-	144,657
Investment income	2	155,588	159,563
		<hr/>	<hr/>
Total incoming resources		155,588	304,220
		<hr/>	<hr/>
Expenditure			
Cost of raising funds:			
Fundraising costs		(26,190)	(55,291)
Expenditure on other charitable activities:			
Donations		(117,000)	(117,000)
Administration costs		-	(5,816)
		<hr/>	<hr/>
Total resources expended	3	(143,190)	(178,107)
		<hr/>	<hr/>
Net incoming / (outgoing) resources before other recognised gains and losses		12,398	126,113
		<hr/>	<hr/>
Gains and losses			
Realised gain / (loss) on investment assets		149,135	137,534
Unrealised gain / (loss) on investment assets	5	801,934	(559,570)
		<hr/>	<hr/>
Net movement in funds		963,467	(295,923)
Total funds brought forward		5,021,934	5,317,857
		<hr/>	<hr/>
TOTAL FUNDS CARRIED FORWARD	10	5,985,401	5,021,934
		<hr/>	<hr/>

All the activities derive from continuing operations.

All income and expenditure is unrestricted.

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Balance sheet
As at 31 July 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Investments	5	5,249,323	4,227,618
Debtors after more than one year	6	584,250	250,000
CURRENT ASSETS			
Debtors due within one year	7	51,234	356,287
Cash at bank	8	108,514	195,949
CURRENT LIABILITIES			
Creditors due within one year	9	(7,920)	(7,920)
		<u>151,828</u>	<u>544,316</u>
TOTAL NET ASSETS		<u>5,985,401</u>	<u>5,021,934</u>
Represented by:			
UNRESTRICTED FUNDS	10	<u>5,985,401</u>	<u>5,021,934</u>

All assets of material value are used for direct charitable purposes.

These financial statements were approved by the Trustees on 26 January 2022 and signed on their behalf by:



D J Marsh
Trustee

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Notes to the financial statements
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1. Accounting policies

The particular accounting policies adopted by the Trustees are described below. They have been applied consistently through the current and preceding year.

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments to market value, in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the 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) (Charities SORP (FRS 102)), and the Charities Act 2011.

Going concern

The Trustees have prepared the financial statements on a going concern basis which they consider is appropriate for the following reasons. The business model of the charity is such that its charitable activities are limited to those which it has sufficient funds to support from the excess of funding received over the costs of administering the charity. The charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 3.

The Trustees have reviewed cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. The Trustees have also considered the implications of COVID-19 on those cash flow forecasts and consider that as a result of the charity's operating model explained above, even if no further funding is received in the 12 months period, the charity has sufficient cash reserves to pay all committed costs. As a result, the Trustees consider it appropriate for the financial statements to be prepared on a going concern basis.

Fund accounting

Donations and income received for the general purposes of the Charity are included as unrestricted funds.

Investment properties

Investment properties are shown at professional estimates of open market value where obtainable.

Investments

Investment activities will be managed in line with the requirements of the Trustee Act 2000. The investment value of the investments managed by fund managers is at the prevailing market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals of investments under the direct control of the Foundation throughout the year.

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1. Accounting policies (continued)

Incoming resources

Incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be measured reliably.

Residuary legacies are recognised as receivable once probate has been granted provided that sufficient information has been received to enable valuation of the charity's entitlement.

Resources expended

Resources expended are accounted for on an accruals basis. The irrecoverable element of VAT is included with the item of expense to which it relates. Administration costs comprise the costs of running the charity including external audit, any legal advice and all the costs of complying with constitutional and statutory requirements.

Cash flow statement

The Hilborne Foundation is included in the consolidated financial statements of Colston's School. The financial statements are available to the public and may be obtained from the address given on page 1. The Foundation has therefore taken advantage of the disclosure exception in FRS 102 not to prepare a cash flow statement and related notes.

Taxation

The Hilborne Foundation is a registered charity. As such its sources of income and gains, received under Chapter 3 of Part 11 to the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, are exempt from taxation to the extent that they are applied exclusively to its charitable objectives. No tax charge has arisen for the charity in the year.

2. Investment income

	2021	2020
	£	£
Bank interest received	4	308
Loan interest received	10,750	10,750
Income from investments	144,834	148,505
	155,588	159,563

3. Resources expended

Net income is stated after charging £1,000 (2020: £1,500), excluding irrecoverable VAT, for audit services.

4. Information regarding employees and trustees

The Foundation has no employees. No Trustee received remuneration or were reimbursed for expenses (2020: £nil) during the year.

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5. Investments

	2021	2021	2021	2020	2020	2020
	Investment	Securities and	Total	Investment	Securities and	Total
	properties	other		properties	other	
		investments			investments	
Market value	£	£	£	£	£	£
At 1 August	351,468	3,876,150	4,227,618	351,468	4,474,057	4,825,525
Additions	-	831,623	831,623	-	631,253	631,253
Transfer	-	-	-	-	-	-
Disposals	-	(611,852)	(611,852)	-	(669,590)	(669,590)
Revaluation	-	801,934	801,934	-	(559,570)	(559,570)
	351,468	4,897,855	5,249,323	351,468	3,876,150	4,227,618

The investment property is in Spain and is currently being marketed for sale. It is stated at its expected realisable value.

Investments with a market value of £4,897,855 (2020: £3,876,150) are managed on behalf of the Hilborne Foundation by Smith & Williamson. The portfolio is spread across distinct classes of investment as follows:

	2021	2020
	£	£
UK Listed Equity	1,627,132	1,183,396
UK Alternative Investments Market	204,188	543,655
UK Fixed Interest	310,153	458,870
Overseas Listed Equity	1,918,980	1,539,340
UK Specialist Credit	-	63,000
Multi Asset	95,384	33,638
Overseas Fixed Interest	158,793	54,251
Property	583,225	-
Market value at 31 July	4,897,855	3,876,150

6. Debtors due after more than one year

	2021	2020
	£	£
Loan repayable	584,250	250,000

On 1st May 2019, the Hilborne Foundation made an unsecured loan of £250,000 to Colston's School which is repayable in full on 1st May 2028. The interest rate increases annually by the inflationary increase in school fees. The rate of interest applicable in the year was 4.3% (2020: 4.3%).

On 27 March 2020, the Hilborne Foundation made an additional loan of £300,000 to Colston's School. The loan is unsecured, interest free and due for repayment in 2031.

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7. Debtors due within one year

	2021	2020
	£	£
Accrued investment income	51,134	32,687
Owed by related party	-	323,500
Other debtors	100	100
Debtors	51,234	356,287

8. Cash

	2021	2020
	£	£
Bank deposits	108,514	195,949

9. Creditors due within one year

	2021	2020
	£	£
Accruals	7,920	7,920

10. Movement in unrestricted funds

Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objects. These include all assets and liabilities of the charity.

	Balance at 1 August 2020	Income	Expenditure	Investment asset gain/(loss)	Balance at 31 July 2021
	£	£	£	£	£
Unrestricted funds	5,021,934	155,588	(143,190)	951,069	5,985,401

11. Related parties

The Hilborne Foundation has been included within the consolidated financial statements of Colston's School since both charities share a common beneficiary. Under the provisions of FRS 102, related party transactions between members of a group are exempt from disclosure. Copies of the financial statements of Colston's School are available from its registered office at Bell Hill, Stapleton, Bristol BS16 1BJ.

12. Ultimate controlling party

The Society of Merchant Venturers is the ultimate controlling party as it would be the sole Trustee in the event of the other Trustees retiring.