

**THE DONALD GORDON SECOND FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

THE DONALD GORDON SECOND FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

W Appelbaum
G Gordon
J Rossouw
D Reynolds
A Sternberg
H I Appelbaum

Charity number

1122865

Registered office

c/o Stonehage Fleming
6 St James's Square
London
United Kingdom
SW1Y 4JU

Auditor

Azets Audit Services
Ashcombe Court
Woolsack Way
Godalming
Surrey
United Kingdom
GU7 1LQ

THE DONALD GORDON SECOND FOUNDATION

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THE DONALD GORDON SECOND FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2023

The Trustees present their report and the financial statements of the charity for the year ended 28 February 2023. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" in preparing the annual report and financial statements of the charity

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Trust's governing document, the Trust Deed dated 14 August 2007, the Charities Act 2011 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 2019).

Objectives and activities

The Donald Gordon Second Foundation is a charitable trust with its main objects being the advancement and promotion of scientific, medical and technological research, education, relief of poverty, promotion and support of the arts and other charitable causes. The Trustees believe that the Foundation can make a meaningful impact on society through strategically allocating the resources of the Foundation over the medium to long term and the Foundation is committed to making a positive and lasting impact on society by supporting various charitable and philanthropic initiatives and projects for the public benefit.

In accordance with the wishes of the Late Sir Donald Gordon, much of the charitable activity will be undertaken through the Foundation's registered Public Benefit Organisation (PBO) in South Africa, where the Trustees have been focusing their initial efforts in relation to considering future public benefit activities.

Achievements and performance

The Foundation is a beneficiary of the Estate of the Late Sir Donald Gordon. The principal activity within the Foundation during the financial year under review has been the receipt of initial distributions from the Estate, which took place shortly before the end of the financial year. As such all of the impact of the Foundation's charitable giving will be felt and reported on in further detail in future years and hence no specific discussion around the performance of the Foundation is made here.

Further distributions were received from the Estate during the current financial year (ending 29 February 2024), which are reflected in these financial statements, and the Trustees have recently commenced charitable activity as well as the consideration and implementation of appropriate governance structures and policies, including Distribution, Reserves, Investment and Board Composition policies and the consideration of the handling of potential conflicts of interests.

In outline terms, the Foundation expects in future to allocate up to 75% of its current net income for charitable initiatives and projects annually, once the Foundation's assets have been fully invested. The allocation percentage can be adjusted depending on financial performance and available resources. The Foundation expects to maintain a reserve fund to safeguard against unexpected financial challenges and provide funding for any emergency charitable giving. The Trustees will also be able to approve specific capital distributions at their discretion to support agreed charitable initiatives and projects. The implementation of the Distribution and Reserves policies will be reviewed annually.

Financial review

The Foundation is a beneficiary of the Estate of the Late Sir Donald Gordon and has, during and since the end of the financial year under review, benefited from substantial distributions made by the Estate. This has resulted in unrestricted reserves at the 28 February 2023 of £91,782,060.

The Foundation has engaged suitable and experienced advisers, bankers and custodians to safeguard and manage these funds, and the funds are and will be managed and deployed in line with the Distribution, Reserves and Investment policies agreed subsequent to the financial year end. The implementation and impact of these policies will be reported on in more detail in future years.

THE DONALD GORDON SECOND FOUNDATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

The Distribution and Reserves policies will provide the framework for allocating funds to ensure effectiveness, and accountability in the Foundation's charitable endeavours and to determine the level of reserves the Foundation should maintain to balance the needs of current and future beneficiaries and adapt and respond to evolving needs, while also ensuring that the Foundation's activities fall within one or more of its charitable objects and comply with all required rules and regulations in the relevant jurisdictions.

The Trustees consider that the principal risks and uncertainties currently facing the Foundation relate to the achievement of sufficient investment returns so as to be able to generate sufficient resources for charitable beneficiaries, without putting the capital of the Foundation at undue risk either from investment losses or from the impact of ongoing inflation over the medium to long term. To this end the Trustees have consulted with investment experts who have considered the various return and risk parameters identified by the Trustees and who will construct an appropriate long-term investment portfolio(s) for the Foundation. The Trustees will carefully monitor and review the portfolio(s) on a regular basis. The Trustees are also concerned with the custodianship of the Foundation's assets and regularly monitor this, taking into account the strength and stability of counterparties and appropriate diversification.

Plans for future periods

As highlighted above, the Foundation has now received substantial funding from the Estate of the Late Sir Donald Gordon and its activities will increase materially in future years, in order to implement and achieve its objectives and safeguard the assets for future public benefit.

The Foundation will in future consider distributions to charitable activities that fall within one or more of the charitable objects (as defined in the Trust Deed) and that are exclusively charitable in accordance with the Charities Act. All projects will be carefully evaluated based on their potential for positive impact, sustainability, and efficiency. A thorough evaluation process will be conducted for each project to assess its viability, effectiveness and potential risks. The Foundation will maintain appropriate levels of accountability, tracking the progress and outcomes of funded activities.

The Foundation may also collaborate with other charitable organisations to maximize the impact of its activities and encourage collective efforts towards common goals.

Structure, governance and management

The Trust is a charitable trust and was registered with the Charity Commission on 19 February 2008 (charity registration number 1122865). It is governed by a Trust Deed dated 14 August 2007.

The Trustees who served during the year and up to the date of signature of the financial statements were:

W Appelbaum
G Gordon
J Rossouw
D Reynolds
A Sternberg
H I Appelbaum

The Foundation is required have at least three trustees and a maximum of ten trustees. Trustees are reappointed annually and the power to appoint new additional trustees is vested in the existing Trustees. The existing Trustees are responsible for the induction of new Trustees.

The Trustees manage and administer the Foundation in line with its objectives. As explained above, there has been limited activity within the Foundation to date other than the recent receipt of distributions from the Estate of the Late Sir Donald Gordon and the consideration and implementation of the key policies and governance mechanisms, which is ongoing. The Trustees have (since the end of the financial year) considered a Board Composition policy so that the Trustees can ensure that the Foundation will have the requisite skills, abilities and independent input to be able to fulfil its objectives. If the Trustees identify an area where the existing Trustees have limited experience or knowledge, they would consider appointing a new trustee to fill that knowledge gap.

THE DONALD GORDON SECOND FOUNDATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

The Trustees have also been considering their approach to dealing with potential conflicts of interest, to be able to respond appropriately should such conflicts be identified and to ensure that in practice the requisite number of unconflicted trustees are able to act for the Foundation.

The Trustees are aware of their duty to act in the best interests of the Foundation and its beneficiaries and that, in line with Charity Commission requirements and the Deed of the Foundation, Trustees should not place themselves in a position where they have, or may have, a direct or indirect interest that conflicts with their duties as Trustee. This could potentially be relevant given that certain trustees are related to the Estate of the Late Sir Donald Gordon and/or other charitable entities established by him during his lifetime.

Statement of Trustees' responsibilities

The Trustees 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).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the incoming resources and application of resources of the Trust for that year.

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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have regard to the Charity Commission's general guidance on public benefit.

The Trustees' report was approved by the Board of Trustees.



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A Sternberg
Trustee



.....
H I Appelbaum
Trustee

Date: 21 December 2023
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THE DONALD GORDON SECOND FOUNDATION

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE DONALD GORDON SECOND FOUNDATION

Opinion

We have audited the financial statements of The Donald Gordon Second Foundation (the 'Trust') for the year ended 28 February 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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 28 February 2023 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; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 Trust 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 Trust'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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and 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.

Matters on which we are required to report by exception

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

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

THE DONALD GORDON SECOND FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE DONALD GORDON SECOND FOUNDATION

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, 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 Trust'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 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 auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

THE DONALD GORDON SECOND FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE DONALD GORDON SECOND FOUNDATION

Other matters

The balances corresponding to the previous period are unaudited.

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. Our audit work has been undertaken so that we might state to the charity's 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 charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Debra Saunders Bsc FCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

21 December 2023
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Chartered Accountants
Statutory Auditor

Ashcombe Court
Woolsack Way
Godalming
Surrey
United Kingdom
GU7 1LQ

Azets Audit Services is eligible for appointment as auditor of the Trust by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

THE DONALD GORDON SECOND FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 28 FEBRUARY 2023

	Notes	Unrestricted funds 2023 £	Unrestricted funds 2022 £
<u>Income from:</u>			
Donations and legacies	3	94,904,085	2,534
Investments	4	6,115	-
Total income		<u>94,910,200</u>	<u>2,534</u>
<u>Expenditure on:</u>			
Charitable activities	5	<u>13,675</u>	<u>6,096</u>
Net income/(expenditure) for the year		94,896,525	(3,562)
Other recognised gains and losses			
Other gains or losses	10	<u>(313,470)</u>	<u>(115,266)</u>
Net movement in funds		94,583,055	(118,828)
Fund balances at 1 March 2022		<u>(2,800,895)</u>	<u>(2,682,067)</u>
Fund balances at 28 February 2023		<u><u>91,782,160</u></u>	<u><u>(2,800,895)</u></u>

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

All income and expenditure derive from continuing activities.

THE DONALD GORDON SECOND FOUNDATION

BALANCE SHEET

AS AT 28 FEBRUARY 2023

	Notes	2023 £	£	2022 £	£
Current assets					
Debtors	11	67,743,870		30	
Cash at bank and in hand		24,049,090		538	
		<u>91,792,960</u>		<u>568</u>	
Creditors: amounts falling due within one year	13	(10,800)		(2,801,463)	
Net current assets/(liabilities)		<u>91,782,160</u>		<u>(2,800,895)</u>	
Income funds					
<u>Unrestricted funds</u>					
General unrestricted funds		91,782,060		(2,800,995)	
Trust capital		<u>100</u>		<u>100</u>	
		<u>91,782,160</u>		<u>(2,800,895)</u>	
		<u>91,782,160</u>		<u>(2,800,895)</u>	

The financial statements were approved by the Trustees on 21 December 2023



A Sternberg
Trustee



H I Appelbaum
Trustee

THE DONALD GORDON SECOND FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	16		26,840,360		(115,318)
Investing activities					
Investment income received		6,115		-	
Net cash generated from/(used in) investing activities			6,115		-
Financing activities					
Repayment of borrowings		(2,797,893)		115,278	
Net cash (used in)/generated from financing activities			(2,797,893)		115,278
Net increase/(decrease) in cash and cash equivalents			24,048,582		(40)
Cash and cash equivalents at beginning of year			508		548
Cash and cash equivalents at end of year			24,049,090		508
Relating to:					
Cash at bank and in hand			24,049,090		538
Bank overdrafts included in creditors payable within one year			-		(30)

THE DONALD GORDON SECOND FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies

Charity information

The Donald Gordon Second Foundation is an unincorporated charitable foundation governed by a deed dated 14 August 2007 and registered in England & Wales on 19 February 2008.

The registered office of the charity is c/o Stonehage Fleming, 6 St James's Square, London, SW1Y 4JU.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Trust's governing document, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 2019). The Trust is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the Trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Trust has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Trust has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

THE DONALD GORDON SECOND FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies

(Continued)

1.5 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 are allocated on the portion of the asset's use.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Trust's balance sheet when the Trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

THE DONALD GORDON SECOND FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies

(Continued)

1.8 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Critical accounting estimates and judgements

In the application of the Trust's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Donations and gifts	94,904,085	2,534

4 Other income

	Unrestricted funds	Total
	2023	2022
	£	£
Interest receivable	6,115	-

THE DONALD GORDON SECOND FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

5 Charitable activities

	Charitable activities 2023 £	Charitable activities 2022 £
Donations paid	1,751	1,756
Share of governance costs (see note 6)	11,924	4,340
	<u>13,675</u>	<u>6,096</u>

6 Support costs

	Support costs £	Governance costs £	2023 £	Support costs £	Governance costs £	2022 £
Accountancy	-	4,506	4,506	-	4,109	4,109
Secretarial fees	-	-	-	-	89	89
Bank charges	-	515	515	-	142	142
Interest payable	-	3	3	-	-	-
Auditor remuneration	-	6,900	6,900	-	-	-
	<u>-</u>	<u>11,924</u>	<u>11,924</u>	<u>-</u>	<u>4,340</u>	<u>4,340</u>
Analysed between Charitable activities	<u>-</u>	<u>11,924</u>	<u>11,924</u>	<u>-</u>	<u>4,340</u>	<u>4,340</u>

7 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Trust during the year.

There were no trustees' expenses paid for the year ended 28 February 2023 nor for the year ended 28 February 2022.

8 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Total	<u>-</u>	<u>-</u>

There were no employees whose annual remuneration was more than £60,000.

THE DONALD GORDON SECOND FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

9 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

10 Other gains or losses

	Unrestricted funds	Unrestricted funds
	2023 £	2022 £
Foreign exchange gains/(losses)	(313,470)	(115,266)

11 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	-	30
Other debtors	67,743,870	-
	<u>67,743,870</u>	<u>30</u>

12 Loans and overdrafts

	2023 £	2022 £
Bank overdrafts	-	30
Loans from related parties	-	2,797,893
	<u>-</u>	<u>2,797,923</u>
Payable within one year	-	2,797,923

The loan was unsecured and interest free.

The loan was designated in foreign currency. The foreign value owed at year end is \$nil (2022:\$3,750,000).

THE DONALD GORDON SECOND FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

13 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank overdrafts	12	-	30
Other borrowings		-	2,797,893
Accruals		10,800	3,540
		<u>10,800</u>	<u>2,801,463</u>

14 Contingent asset

The charity is due further income from the estate, however there is uncertainty over the amount to be distributed and so this has not been recognised as income. The further amount receivable will be less than £500,000.

15 Related party transactions

At the year end, the Foundation owed \$nil (2022: \$3,750,000) to The Greencap Trust, a trust settled by Sir Donald Gordon.

During the year, the Foundation has paid donations of £1,751 (2022: £nil) to The Donald Gordon Foundation during the year, a Foundation with Trustees in common.

During the year the Foundation has received donations of £27,156,675 (2022: £2,504) from the Estate of the late Sir Donald Gordon.

Furthermore, the Foundation has received donations of £67,743,870 from the Estate of the Late Sir Donald Gordon post year end which are reflected in income for the year ended 28 February 2023. The other debtor balance of £67,743,870 (2022: £nil) is due from the Estate of the Late Sir Donald Gordon at 28 February 2023. There are executors of the Estate of the Late Sir Donald Gordon who are Trustees of the Foundation.

16 Cash generated from operations

	2023 £	2022 £
Surplus/(deficit) for the year	94,896,525	(3,562)
Adjustments for:		
Investment income recognised in statement of financial activities	(6,115)	-
Foreign exchange differences	(313,470)	(115,266)
Movements in working capital:		
(Increase) in debtors	(67,743,840)	(30)
Increase in creditors	7,260	3,540
Cash generated from/(absorbed by) operations	<u>26,840,360</u>	<u>(115,318)</u>

THE DONALD GORDON SECOND FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

17 Analysis of changes in net funds/(debt)

	At 1 March 2022	Cash flows	At 28 February 2023
	£	£	£
Cash at bank and in hand	538	24,048,552	24,049,090
Bank overdrafts	(30)	30	-
	<u>508</u>	<u>24,048,582</u>	<u>24,049,090</u>
Loans falling due within one year	(2,797,893)	2,797,893	-
	<u>(2,797,385)</u>	<u>26,846,475</u>	<u>24,049,090</u>