

Facet Foundation
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

For the year ended
31 December 2020

Company Registration No. 06618453

Registered Charity No: 1126003

Facet Foundation

CONTENTS

31 December 2020

	Page(s) in Report
Trustees and advisors	1
Trustees' report	2-4
Statement of trustees' responsibilities	5
Independent auditors' report	6-8
Statement of Financial Activities	9
Balance sheet	10
Notes to the financial statements	11-13

Facet Foundation

TRUSTEES AND ADVISORS

TRUSTEES

Laurence Graff
Francois Graff
Nicholas Paine

REGISTERED OFFICE

29 Albemarle Street
London W1S 4JA

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London WC2N 6RH

BANKERS

Barclays Bank plc
Level 25
1 Churchill Place
London E14 5HP
United Kingdom

Absa Capital
Private Bag X18
Johannesburg 2000
South Africa

SOLICITORS

Kerman & Co
200 Strand
London WC2R 1DJ

Company registration number: 06618453

Charity registration number: 1126003

The principal office is the same as the registered office.

Facet Foundation

TRUSTEES' REPORT

The trustees submit their report and audited financial statements of the Facet Foundation for the year ended 31 December 2020.

The organisation is a private charitable company limited by guarantee, and the financial statements have been prepared in accordance with special provisions relating to small companies within Part 15 of the Companies Act 2006, the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP under FRS 102) and the Charities Act 2011. It is a public benefit entity.

OBJECTIVES, STRATEGY AND ACTIVITIES

The charitable company was incorporated on 12 June 2008, and registered with the Charity Commission on 22 September 2008. The charitable company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up, trustees are required to contribute an amount not exceeding £1.

The objectives and strategy of the charitable company are to apply the income and such parts of the capital towards, particularly but not exclusively, the relief of poverty, to advance education, to relieve sickness and to promote and protect the good health of people in Africa and other developing nations.

The trustees confirm that they have complied with their duty under Section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit and seek to meet the charitable company's purposes in following its objectives.

FUTURE DEVELOPMENTS AND FUTURE PLANS

The trustees will continue to apply the income and such parts of the capital towards, particularly but not exclusively, working with local partners to develop targeted programmes designed to improve standards of health, education and well-being among communities in southern Africa. Donations will continue to be made to support the existing projects as required by those projects.

TRUSTEES

The following Trustees have held office throughout the year and up to the date of signing the financial statements and they are also charity trustees for the purpose of charity law:

Laurence Graff
Francois Graff
Nicholas Paine

MANAGEMENT AND GOVERNANCE

All new Trustees are provided with an induction pack which includes the constitution of the charitable company and guidelines on how to perform their duties as a Trustee. Further training is given as and when necessary. The day to day management of the charitable company is carried out by Robert Falk, the charitable company accountant.

RELATED PARTIES

The charitable company has a close relationship with Graff Diamonds Limited which provides funding to the charitable company. Francois Graff is a director of Graff Diamonds Limited, and Laurence Graff is the ultimate controlling shareholder of that company.

LIABILITY OF THE MEMBERS

The charitable company is limited by guarantee and the liability of the members in the event they are required to contribute if called on to do so is limited to £1 each.

Facet Foundation

TRUSTEES' REPORT (Continued)

ACHIEVEMENTS AND PERFORMANCE

The trustees focus the strategy of the charitable company towards a selection of charities in Southern Africa and other developing nations. The trustees made grants during the year of \$955,399 (2019: \$1,308,024) to organisations set out in note 6. The grants were made in accordance with the aims of the charitable company as set out in the Memorandum and Articles of Association.

The foundation has contributed \$209,874 (2019: \$233,636) towards further running costs of Help Lesotho and to fund the Graff Leadership Centre for staffing, programming and operations of the centre. In addition, \$459,818 (2019: \$484,889) has been contributed towards a new leadership centre in the South African wine lands (Pebbles Project Trust). A further contribution was made towards the leadership centre in Botswana (Stepping Stones) for \$84,394 (2019: \$589,499) as set out in note 6. One further grant was made to The Graff Foundation for \$201,313 (2019: \$nil).

The charitable company liaises with each of the projects on a regular basis and receives reports which are reviewed to establish whether its aims and objectives are being achieved. The trustees decide where grants are made based on these reports.

DONATIONS

Donations are principally received from companies in the Graff Group either by direct charitable gifts or through collections at stores such as the Delaire hotel and spa complex in South Africa. No professional fund-raisers are employed by the charitable company.

GRANT MAKING POLICY

The essential purpose of the charitable company is to aid in the generation of funds which will be applied to relieve poverty, provide education and to aid in the promotion of health causes, principally in the African continent and also in other developing nations. It is the objective of the charitable company to pursue this through the grant of funds to suitable charitable organisations on the ground in Africa whose objectives are in line with the charitable company.

FINANCIAL REVIEW

The trustees set out the audited financial statements on pages 9 to page 13. Expenditure exceeded income in the year by £508,708 (2019: Net income of \$572,140) and has been transferred to reserves.

RESERVES POLICY AND INVESTMENT POLICY

It is the policy of the trustees to maintain reserves at a level to enable the charitable company to be administered efficiently to meet its expenditure requirements and to have adequate resources to fund its charitable objectives. Reserves will be maintained to cover commitments made. This policy is reviewed annually. Reserves were \$537,886 at 31 December 2020 (2019: \$1,046,594).

In accordance with the Memorandum and Articles of Association, the current reserves policy is to set aside income as a reserve against future expenditure but only in accordance with a written policy about reserves. At this time the certainty of cash and cash deposits is deemed to be the most appropriate investment strategy.

GOING CONCERN

The trustees consider the charitable company to be a going concern as it is in a net asset position with a very small total of liabilities.

Facet Foundation

TRUSTEES' REPORT (Continued)

PRINCIPAL BUSINESS RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT

The trustees have examined the major risks which the charitable company faces. The trustees confirm that systems have been established to ensure that major risks are identified and as far as practicable adequately mitigated. The management of the charitable company and the execution of the charitable company's strategy are subject to a number of risks that include liquidity and cash flow risk. The charitable company does not have a risk register. Policies relating to the management of these risks and how they are mitigated are described below:

Cash flow risk

Cash flow forecasting is performed on a regular basis which includes rolling forecasts of the Company's liquidity requirements to ensure that the Company has sufficient cash to meet operational needs.

Liquidity risk

The Trustees regularly review the charitable company's financial position and actively discuss matters to ensure that there are sufficient funds available to continue in operational existence and meet liabilities as and when they fall due.

CORONAVIRUS

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and are continuing to be implemented across the United Kingdom and globally. The Charity will pay close attention to the development of the COVID-19 outbreak and assess its ongoing impact on the financial position of the Charity. This may have a detrimental effect on donations received in 2021.

DISCLOSURE OF INFORMATION TO AUDITORS

As far as the trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware, and they have taken all the steps that they ought to have taken as trustees, to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of the information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

The report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and as such no strategic report has been prepared.

On behalf of the trustees



Nicholas Paine

Trustee

Date 20 April 2021

Facet Foundation

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Facet Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 the 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 Statement of Recommended Practice: Accounting and Reporting by *Charities* (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 charitable company will continue in business.
-

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.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Facet Foundation

Independent auditors' report to the members of Facet Foundation

Report on the audit of the financial statements

Opinion

In our opinion, Facet Foundation's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable Company's affairs as at 31 December 2020 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Statement of Financial Activities (incorporating an income and expenditure statement); and the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 charitable Company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the charitable Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Facet Foundation

Independent auditors' report to the members of Facet Foundation (Continued)

Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable Company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also 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.

In preparing the financial statements, the trustees are responsible for assessing the charitable Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the charitable Company, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 in respect of donations and expenditure, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP under FRS 102), applicable accounting standards in the UK and the Charities Act 2011. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed included:

- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. 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 for the audit of the financial statements is located on the Financial

Facet Foundation

Independent auditors' report to the members of Facet Foundation (Continued)

Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 April 2021

Facet Foundation

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2020

		Unrestricted funds	
	<i>Note</i>	2020 \$	2019 \$
Income and endowments from:			
Donations and legacies	2	513,158	1,854,972
Investments	3	4,525	8,284
Grants received		-	10
Other income	4	-	26,065
Total income and endowments		<u>517,683</u>	<u>1,889,331</u>
Expenditure on:			
Raising funds	5	(389)	(2,565)
Charitable activities	6	(955,399)	(1,308,024)
Other expenditure	7	(70,603)	(6,602)
Total expenditure		<u>(1,026,391)</u>	<u>(1,317,191)</u>
NET MOVEMENT IN FUNDS		(508,708)	572,140
RECONCILIATION OF FUNDS			
Total funds brought forward		1,046,594	474,454
Total funds carried forward		<u><u>537,886</u></u>	<u><u>1,046,594</u></u>

All gains and losses recognised in the year are included in the Statement of Financial Activities, for both the current and prior year.

All income and expenditure relates to continuing operations, for both the current and prior year.

Company registration number: 06618453

Charity registration number: 1126003

Facet Foundation

BALANCE SHEET

As at 31 December 2020

	<i>Note</i>	2020 \$	2019 \$
CURRENT ASSETS			
Debtors	9	40,328	28,724
Cash at bank and in hand		505,092	1,024,472
Total current assets		<u>545,420</u>	<u>1,053,196</u>
CREDITORS: Amounts falling due within one year	10	(7,534)	(6,602)
NET ASSETS		<u>537,886</u>	<u>1,046,594</u>
THE FUNDS OF THE CHARITY			
Unrestricted funds	11	537,886	1,046,594
Total charity funds		<u>537,886</u>	<u>1,046,594</u>

The notes on pages 11 to 13 are an integral part of these financial statements.

The financial statements on pages 9 to 13 were approved by the board of trustees on 20 April 2021 and were signed on its behalf by:



Nicholas Paine
Director

Facet Foundation

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

1 ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements have been prepared on a going concern basis and in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006, the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP under FRS 102), applicable accounting standards in the UK and the Charities Act 2011. The principal accounting policies which have been consistently applied with the prior year and adopted in the preparation of the financial statements are as follows:

FUND ACCOUNTING

The charitable company holds an unrestricted general fund. This can be used in accordance with the charitable objectives at the discretion of the Trustees.

DONATIONS AND LEGACIES

Donations are accounted for in the period in which they are receivable or received. The income arises predominantly in the UK.

EXPENDITURE

Expenditure is included in the Statement of Financial Activities on the accruals basis. Grants made by the charitable company to beneficiaries are provided for on approval of the Trustees and upon payment to the recipient.

GRANT POLICY

The charitable company accounts for grants payable on a cash basis. The grant policy is to apply the income and such parts of the capital towards such charitable purposes and to make grants to such charitable institutions at such times and in such manner as the trustees in their absolute discretion think fit. The strategy for achieving these objectives is for the trustees to review various charitable organisations and decide which organisations should receive funding on an annual basis.

FOREIGN CURRENCIES

Within the charitable company, monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into US dollars at the rates of exchange ruling at the date of the transaction. These translation differences are dealt with in the Statement of Financial Activities.

IRRECOVERABLE VAT

Any irrecoverable VAT is charged to the statement of Financial Activities.

TAX

The charity company is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the primary objectives, if these profits and surpluses are applied solely for charitable purposes.

PRESENTATIONAL AND FUNCTIONAL CURRENCY

The financial statements are presented in USD. The functional currency is also USD as the majority of cash held is in USD bank deposit accounts.

Facet Foundation

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 December 2020

2	DONATIONS AND LEGACIES	2020 \$	2019 \$
	Donations received	513,158	1,854,972
3	INVESTMENTS	2020 \$	2019 \$
	Bank interest receivable	4,525	8,284
4	OTHER INCOME	2020 \$	2019 \$
	Foreign exchange gains	-	26,065
5	RAISING FUNDS	2020 \$	2019 \$
	General expenses	230	2,431
	Bank and credit card charges	159	134
		389	2,565
6	CHARITABLE ACTIVITIES	2020 \$	2019 \$
	Grants payable to:		
	Stepping Stones (for Botswana project)	84,394	589,499
	Help Lesotho	209,874	233,636
	Pebbles Project Trust	459,818	484,889
	The Graff Foundation	201,313	-
		955,399	1,308,024
7	OTHER EXPENDITURE	2020 \$	2019 \$
	Governance costs and foreign exchange losses	70,603	6,602

Governance costs comprise administrative services, provided by Robert Falk, the charitable company accountant of \$1,364 (2019: \$1,320). These have been borne by Graff Diamonds Limited in 2020 and are not included in the table above. Audit fees are \$7,500 (2019: \$6,602) for the year. FX losses of \$63,103 have been incurred in 2020 (2019: no losses).

Facet Foundation

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 December 2020

8 DIRECTORS'/TRUSTEES' EMOLUMENTS

No Directors or trustees received any remuneration or reimbursement of expenses for their services to the charitable company during the year (2019: £nil). There are no other employees within the charitable company (2019: none).

9 DEBTORS

	2020 \$	2019 \$
Grants receivable	40,316	28,101
Prepayments and other debtors	12	623
	<u>40,328</u>	<u>28,724</u>

10 CREDITORS: Amounts falling due within one year

	2020 \$	2019 \$
Accruals and deferred income	7,500	6,602
Other Creditors	34	-
	<u>7,534</u>	<u>6,602</u>

11 UNRESTRICTED FUNDS

	2020 \$	2019 \$
Fund balances brought forward as at 1 January 2020	1,046,594	474,454
Income	517,683	1,889,331
Expenditure	(1,026,391)	(1,317,191)
Fund balances carried forward as at 31 December 2020	<u>537,886</u>	<u>1,046,594</u>

12 RELATED PARTY TRANSACTIONS

The charity company received a pledge of \$500,000 (2019: \$1,822,920) in the year from The Graff Foundation. This was separate to the grant paid to The Graff Foundation of \$201,313 (2019: \$nil). The charity company will occasionally receive funds or pay funds to the Graff Foundation for cash flow purposes. Laurence Graff and Francois Graff are also trustees of The Graff Foundation. The trust is a stand-alone entity.

The ultimate controlling party is Mr Laurence Graff.