

Charity Number 1156286

HOWDEN GROUP FOUNDATION

Audited Annual Report and Accounts

For the year ended 30 September 2022

Howden Group Foundation – Charity Number 1156286

Financial Statements

For the year ended 30 September 2022

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Trustees and Advisors

Trustees:

L. Muñoz-Rojas Entrecañales (Chair)
A. Barrett (resigned 8 September 2022)
L. Cable-Alexander (appointed 22 November 2022)
C. Creasey (appointed 24 January 2022)
L. Dormandy (appointed 24 January 2022)
H. Goodhew (appointed 16 December 2021)
M. Hudson
A. Mandal (appointed 24 January 2022)
J. Marron
R. Scott
M. Smale (resigned 3 February 2022)

Key management personnel:

Clare Ballantine (Foundation Manager)

Principal Office:

One Creechurch Place,
London,
EC3A 5AF

Auditor:

Mazars LLP,
Two Chamberlain Square,
Birmingham
B3 2AX

Bankers:

RBS London City Office,
PO Box 412,
62/63 Threadneedle Street,
London,
EC3R 8LA

Lawyers:

Russell Cooke Solicitors,
8 Bedford Row
London
WC1R 4BX

Charity registration number:

1156286

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Trustees' Report

The trustees present their report and the financial statements for the Howden Group Foundation (the Foundation) for the year ended 30 September 2022 (the year).

The financial statements comply with current statutory requirements, the charity's constitution and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Structure, Governance and Management

Governance

The Foundation is a charitable incorporated organisation, incorporated on 20 March 2014. The Foundation's constitution establishes the powers and objectives of the organisation and was last updated on the 5 November 2020 when the Foundation changed its name to Howden Group Foundation.

The Foundation is an independent entity primarily funded through donations from Howden Group Holdings and its subsidiary companies ("Howden Group Companies") and their employees.

Appointment and training of Trustees

The Constitution supports a minimum of three trustees and a maximum of 12 trustees. The trustees are normally appointed to serve for a period of three years and are eligible for reappointment for a further two consecutive terms up to a maximum term of nine years.

In selecting individuals for appointment as trustees, the Board looks for the skills, knowledge and experience needed for the effective management of a charity. The trustee membership is reviewed at least annually to ensure that core responsibilities are held to manage certain key areas of expertise.

On appointment, trustees are provided with external training on their role and responsibilities, a copy of the constitution document, the latest audited accounts and a trustee induction pack to assist them in their role.

Organisational structure and decision making

The trustees who served during the period under review are listed below, together with date of appointment or resignation.

L. Muñoz-Rojas Entrecañales	(Chairman, appointed 17 October 2019)
A. Barrett	(resigned September 2022)
C. Creasey	(appointed 24 January 2022)
L. Dormandy	(appointed 24 January 2022)
H. Goodhew	(appointed 16 December 2021)
M. Hudson	(appointed 4 August 2017)
A. Mandal	(appointed 24 January 2022)
J. Marron	(appointed 9 December 2019)
R. Scott	(appointed 15 July 2021)
M. Smale	(resigned 3 February 2022)

In January 2022, to complement the existing trustee base which was formed of employees from Howden Group Companies, the Foundation elected three independent trustees to expand the range of backgrounds, experiences and skills of the Board. These independent trustees were recruited via an open application process and selected for their extensive experience across grant-making, charities, corporate foundations, governance and legal matters.

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Trustees' Report (*continued*)

One further trustee, an independent non-executive director of a Howden Group subsidiary, was appointed in December 2021. She brings with her substantial experience operating as a trustee on other charity boards.

Since 30 September 2022, the trustees conducted their first Board review considering the skills, experience and approach to supporting equality, diversity and inclusion that currently exist. The following appointments have since been made to expand the trustee membership and experience.

L. Cable-Alexander

(appointed 22 November 2022)

The trustees meet at least quarterly. In the event that there are no urgent matters to address at a formal meeting then they will communicate electronically as outlined and permitted in the Foundation's constitution. Any decision may be taken, either at a formal meeting of the trustees, or by resolution in writing or electronic form agreed by all of the trustees.

All trustees give their time voluntarily and receive no benefits from the charity.

Key management and remuneration policy

The trustees are supported in the day-to-day management by Foundation Manager, Clare Ballantine (appointed November 2021), who ensures the effective running of the Foundation. Clare is employed by Howden Group Services Limited, the Group's central services subsidiary company, and is seconded to the Foundation. The Foundation reimburses Howden Group Services Limited for the remuneration of the Foundation team. The Foundation Manager's pay and remuneration are reviewed annually and set with reference to sector benchmarks and, where possible, against similar posts in Howden Group Companies. Pay and benefit changes are approved by the full Board.

Related parties and relationships with other organisations

The Foundation is funded largely through donations from Howden Group Companies. The trustees recognise their charitable responsibilities and state formally that the charity's activities will always be consistent with achieving its objects. Any benefit which may accrue to Howden Group Companies, from the Foundation's activities will be incidental and outweighed by the contribution to the Foundation's charitable objects. Please see note 13 for further Related Party transaction details.

Principal Risks and Uncertainties

The trustees have a duty to identify, understand and analyse the risks to which the Foundation is exposed and to ensure appropriate and effective controls are in place.

Currently the Foundation keeps the following risks under review as part of its risk management strategy;

- The ability of our grant partners to use funds for the purpose they have been granted. Key to the success of the Foundation is its ability to support organisations that are effective in delivering public benefit in line with its constitution. Due diligence and monitoring processes are incorporated into all Foundation partnerships to ensure impact and accountability.
- The Foundation is reliant on a small number of individuals at board and management level for its success and loss of these key individuals could have significant implications. Trustee membership has been expanded to include three independent trustees to provide guidance to the Foundation as it grows.

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Trustees' Report (*continued*)

- The financial sustainability of the Foundation given its reliance on Howden Group Holdings. The ability to meet current and future commitments is a key focus for the trustees who approve a budget annually and review financial performance quarterly.
- Charitable partners, Foundation representatives and/or volunteers acting outside regulations, policies and procedures. The Board regularly reviews whether its policies, including the Foundation's safeguarding arrangements, are fit for purpose and look to develop these in line with best practice. As part of the Foundation's application and monitoring process, all charities are asked to submit their safeguarding policies and procedures.

Purposes and Aims

The Foundation's objects are set out in its constitution, originally defined upon registration in 2014 and remain in its most recent updated constitution, dated 5 June 2020. Its objects are listed below:

- a) Relief of Sickness – The relief of sickness and the preservation of physical and mental health among people or anyone in the world by providing grants, items and services to individuals in need and/or charities, or other organisations working for the relief of sickness and the preservation of physical and mental health.
- b) Relief of Poverty – The prevention or relief of poverty anywhere in the world by providing: grants, items and services to individuals in need and/or charities, or other organisations working to prevent or relieve poverty.
- c) Relief of Disasters – The relief of financial need and suffering among victims of war, natural or other kinds of disaster or catastrophe in form of money (or other means deemed suitable) for persons, bodies, organisations and/or countries affected including the provision of medical aid.
- d) Relief of Unemployment – The relief of unemployment for the benefit of the public in such ways as may be thought fit, including assistance to find employment and supporting entrepreneurship.
- e) Advancement of Education – To advance the education of the pupils by providing and assisting in the provision of facilities not required to be provided by the local education authority for education at the school.
- f) Environmental Sustainability – To promote for the benefit of the public the conservation, protection and improvement of the physical and natural environment with a focus on energy consumption, waste management and recycling.

Since inception, the Foundation has strived to improve peoples' lives through funding high impact charitable organisations around the world.

The Foundation reviews its aims, objectives and activities annually. This review looks at what it has achieved and the outcomes of its work in the period under review. It also looks at the success of each activity and the benefits that they have brought to those groups of people it is set up to help. In addition, the review helps the Board ensure its aims, objectives and activities remained focused on its stated purposes. The Foundation has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and in planning its future activities. In particular, the trustees consider how any future, planned activities will contribute to the aims and objectives they have set.

This year has been one of great progress as the Foundation developed and launched its new five year strategy, initiated a review of its operations and continued to strengthen its oversight and governance.

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Trustees' Report (*continued*)

Highlights:

- A new strategy and renewed mission: Launch of new five year strategy focused on protecting people against the social and economic effects of climate change.
- Strategic partnerships: Grants made to The Nature Conservancy, Care Channels International, Legal Outreach and the Danish Red Cross to further their work.
- Matched Funding: £157,000 distributed in matched funds for donations and fundraising efforts of employees of Howden Group Companies.
- Investing in the Community Awards: £40,000 donated across eight global charities making a big difference in local communities.
- Ukraine conflict: £50,000 donated to charitable organisations providing critical support on the ground in Ukraine.

Foundation Strategy 2022-2027

In September 2022, the trustees launched a new strategy building on the work that had been done previously, making its focus more relevant to the resources it can offer and further incorporating the interests of the Board. A collaborative process, bringing together trustees, team members, external consultants and its donor, allowed for the development of a strategy that re-focuses the Foundation's attention on climate change. Climate change is the defining challenge of our time – it is happening today with devastating effects around the world.

Strategic partnerships

The mission of the Foundation is to protect people against the social and economic shocks of climate change. Specifically, it supports solutions that drive climate change adaptation and disaster risk reduction with the aim of increasing climate resilience for disproportionately affected communities around the world.

It partners with global organisations providing investment both in the form of financial grants as well as non-financial support such as pro bono risk expertise offered in partnership with colleagues at Howden Group Companies.

People First Fund

The Foundation also operates its People First Fund supporting Howden Group Companies employees' charitable endeavours.

The Fund offers matched funding for Howden Group Companies employees' donations and fundraising efforts up to £750 (or local currency equivalent) raised per employee, per year, when an employee donates to or raises money for causes in line with the Foundation's charitable objects. The Fund also supports the annual Investing in the Community Awards recognising charitable organisations making a big difference in the communities in which Howden Group employees live and work.

Activities and achievements

Strategic partnerships

In line with the Foundation's previous grant making strategy, the Foundation continued to make grants to organisations focusing on education, entrepreneurship and the environment. It has a small number of strategic partners and, over the course of the year made grants amounting to £381k (£1.8m in last period) this included 226k to the Danish Red Cross, 68k to The Nature Conservancy, 60k to Care Channels International Limited, 23k to Legal Outreach and 4k to Fundacion ProEmpleo.

Trustees' Report (*continued*)

- ***The Prince's Trust (UK and Australia)***

The Prince's Trust believes that every young person should have the chance to succeed, no matter what their background or the challenges they are facing.

The Foundation's four-year funding commitment of £2m with the Prince's Trust has been in place since 2020 and will run until 2024. In the UK, its partnership with the charity supports young entrepreneurs and young people underachieving in education or at risk of exclusion via the "Enterprise" and "Achieve" programmes. In addition, it has supported the launch of a new 'Get into' course; a Prince's Trust initiative that aims to help more than 3,000 young people get access to work experience and ideally secure jobs. With support from Howden Group and the London & International Insurance Brokers' Association, the Foundation helped to establish 'Get into Insurance' offering 16 young people (aged 16-30) the chance to further their careers.

In Australia, the Foundation's support for the work of the Prince's Trust has focused on supporting young people through an online version of the "Achieve" education programme and also veterans and family members to move towards self-employment through the enhanced "Enterprise for Veterans" programme.

- ***The Nature Conservancy***

The Nature Conservancy works to create a world where people and nature can thrive. The Foundation furthered its relationship with The Nature Conservancy in September 2022 (funds paid in November 2022) with an initial donation of US\$75,150 and a further US\$75,150 approved for payment in FY24 subject to satisfactory performance as determined by the Trustees. This grant will support the first U.S.-based coral reef insurance policy to preserve Hawai'i's valuable biodiversity and ecosystems.

Each year coral reefs support nearshore fisheries, while providing flood protection to people and helping to avoid direct flood damages to buildings and indirect damages to economic activity; the combined avoided damages are valued at approximately \$836m in Hawai'i. 75% of the world's coral reefs are currently rated as threatened, a number projected to increase to almost 100% by 2050. The continued loss of these ecosystems will compound the impacts of climate change: it has been estimated that the loss of just one metre in the height of coral reefs worldwide would more than double the annual flood damages.

The Foundation also supported The Nature Conservancy's African Forest Carbon Catalyst (a programme set up to reduce carbon emissions, restore and conserve forests, improve livelihoods, and create jobs in Africa) since 2020. This grant partnership came to an end in late 2022.

- ***Care Channels International***

Care Channels International provides health, education and livelihood support to communities across Asia.

Since 2021, the Foundation has supported the Care Channels Animal Dispersal programme in the Philippines, Bangladesh and Pakistan with a two year grant (ends 2023) totalling £120,000. This project empowers marginalised families to maintain a regular income through maintaining livestock. Pigs, cows and goats, depending on the culture of the area, are provided to families with training and regular visits to ensure the healthy growth of the animals provided by the Care Channels team.

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Trustees' Report (*continued*)

- **Legal Outreach**

Legal Outreach is a college preparatory, professional and leadership development non-profit whose mission is to change educational, career and life outcomes for high school urban youth from under-resourced communities in New York City. The organisation implements a coordinated series of educational and skill-building programs - during after-school hours, on Saturdays, and during each summer of the high school years - to prepare high school youth for success at the collegiate and professional levels.

In September 2022, the trustees approved a one year grant of US\$25,000 to support the core costs of Legal Outreach's Professional Exposure Program (PEP) and Professional Training Program (PTP), two important components within the College Bound Program.

- **Danish Red Cross**

Humanitarian impact from climate degradation is worsening in intensity and frequency worldwide. Ecosystems that protect communities from climate change and provide a wide range of ecosystem-services (i.e., livelihoods) are endangered by continuous degradation. Climate adaptation is needed now more than ever.

The Danish Red Cross is at the forefront of disaster relief and is finding new ways to tackle and finance humanitarian challenges around the world. In 2022, the trustees approved a one year donation of US\$250,000 as catalytic capital for a new Ecosystem-based Adaptation (EbA) financing facility that will enable capital markets to contribute to climate adaptation efforts.

The financing facility aims to cover multiple EbA nature-based solutions, such as mangrove forests, that protect communities from natural disasters, whilst at the same time contributing to the restoration of valuable and vulnerable ecosystems.

- **Seven Clean Seas**

Singapore based Seven Clean Seas was founded in 2018 and is on a mission to combat plastic pollution around the world. In 2020, the trustees provided a two year grant of £100,000 to Seven Clean Seas to help fund the pilot of their River Recovery System, now known as the HIPPO (High Impact Plastic Pollution remover). The HIPPO incorporates low-tech, low-cost, and scalable River Plastic Recovery technology, for automating the collection of river plastic waste and powered almost solely by renewable energy.

Due to the impact of Covid19, the grant period has been extended until 2024.

People First Fund

The Foundation paid £157,000 in matched funds for Howden Group Companies employees' donations and personal fundraising efforts over the course of the year.

Its matched funding programme is administered by Benevity Inc, in partnership with vetting partner TechSoup and a global network of non-profit foundations (American Online Giving Foundation/ Australian Online Giving Foundation/ Canadian Online Giving Foundation/ Charitable Giving/ Haus des Stiftens/ Irish Online Giving Foundation/ Online Giving Foundation (India)/ UK Online Giving Foundation). These foundations use donor-advised funds to collect, process, and disburse the Foundations' donations.

In addition, as part of its People First Fund activities, the Foundation hosted the annual 'Investing in the Community' Awards, where employees of Howden Group Companies nominated 36 global charities making a big difference in the communities in which they live and work. This year, the Board selected eight winners and granted an award of £5,000 to each winner.

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Trustees' Report (*continued*)

Ukraine conflict

The Board elected to provide £50,000 to support people suffering from the war and humanitarian crisis in Ukraine. Funding applications were put forward by Howden Group employees and, after careful review by the Board, four grants of £12,500 each were made to Kleine Herzen, Humanosh Foundation, Bamberg U.A e.V and British-Ukrainian Aid.

Alzheimer's Society

Since 2019, the Foundation has been supporting Alzheimer's Society through Howden Group employee donations and fundraising efforts. Due to Covid restrictions, Howden Group fundraising events were limited and, as a result, the partnership with Alzheimer's Society was extended until 31 December 2022. Over the year, £49,000 (£38,000 in last period) was donated to Alzheimer's Society helping them to fund Dementia Advisers (providing information and offer guidance to people affected by dementia), senior researchers and lab technicians.

Other

Additionally, over the year, the Foundation made donations to My Name's 5 Daddie Foundation, a charity committed to helping improve the lives of those affected by Motor Neuron Disease as well as the Branch Trust, a UK charity, which works to support individuals to reach their potential by removing the barriers that stop this from happening such as poor mental health, homelessness and low educational outcomes.

Financial Review

Income for the year was £7.1m (£284k in last period). The increase was largely attributable to two donations made by Howden Group Companies, totalling £6.8m, to the Foundation.

The Foundation principally relies on donations from Howden Group Companies, although this funding source is complemented by access to a loan facility as well as Howden Group employee donations and fundraising efforts. Some UK-based employees of Howden Group Companies also contribute funds to the Foundation via payroll giving which is administered by Charities Trust. Through Charities Trust, Howden Group employees can donate funds to the Foundation. All donations into the Foundation are unrestricted.

This year, the Foundation chose to purchase further shares in Howden Group Holdings based on share performance to date. As at 30 September 2022, its investments stood at £16.5m. As the Foundation grows, the Board recognises the need to consider its investment policy to ensure the balance between risk and return remains appropriate for the charity.

Additional sources of funding included £1.1m from the loan facility and £313k from employee donations and fundraising events.

The Foundation does not undertake widespread fundraising and, this year, fundraising events were predominantly for Howden Group UK employees and the insurance broking community. £86k was raised through these events which was ring-fenced for Alzheimer's Society and My Name's 5 Daddie Foundation. The day to day management of fundraising events is delegated to Howden Group Holdings and its subsidiaries. The Foundation does not use professional fundraisers and no fundraising complaints have been received.

Expenditure for the year totalled £967k (FY21; £2m). This relates to strategic partner grants, People First Fund contributions and other donations that further the Foundation's charitable objects. It also includes support costs.

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Trustees' Report (*continued*)

Investment policy

The Foundation is a shareholder in Howden Group Holdings, and as at 30 September 2022, this investment was valued at £16.5m (FY21; £5.6m). The Board continues to monitor the performance of its shares in Howden Group Holdings and regularly reviews the performance of the investment and the investment strategy. There are no restrictions on the charity's power to invest.

The Board will consider their investment policy in FY23, seeking external advice where appropriate, to ensure that income requirements, risk profile and market prospects are considered in line with the growth of the Foundation.

Reserves policy

The Board has examined the requirement for unrestricted accessible cash reserves sufficient to cover a source of income not being renewed and the need to fund short term deficits in cash flow.

The Foundation had resolved to establish and maintain a level of cash reserves of up to £100,000 to provide sufficient funds for the People First Fund and support costs over three months. In November 2022, the Board elected to increase the level of cash reserves to £250,000 given the growth of the Foundation and its increased expenditure on support costs.

Plans for Future Periods

Under its new strategy, the Foundation will focus on creating new partnerships with high impact charitable organisations that are building resilience to climate change. It will strengthen its impact measurement framework to learn from the grants made. The Foundation will also consider how it can further support grant partners through skills based volunteering offered in partnership with Howden Group colleagues.

The Foundation has experienced significant growth since becoming a shareholder in Howden Group Holdings and is also in the process of strengthening its operations and governance to ensure that it is well positioned to manage this increased responsibility. As part of this review, the trustees will consider its financial position seeking external advice, where appropriate, on its investment policy to ensure the balance between risk and return is suitable for the Foundation.

Trustees' Report (*continued*)

Statement of the responsibility of the Trustees

The Trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of the Foundation's affairs and the surplus or deficit for the year.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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 assume that the Foundation will continue in operation.

The Trustees are responsible for:

- Keeping adequate accounting records, which disclose with reasonable accuracy at any time the financial position of the Foundation and;
- Safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the auditors are unaware and,
- That they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Board of Trustees on 6 July 2023 and signed on its behalf


.....
Luis Muñoz-Rojas Entrecanales

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Independent auditor's report to the members of the Howden Group Foundation

Opinion

We have audited the financial statements of the Howden Group Foundation (the 'charity') for the year ended 30 September 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 30 September 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 there is a material misstatement in the financial statements or a material

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Independent auditor's report to the members of the Howden Group Foundation (continued)

misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page [X], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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

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

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Independent auditor's report to the members of the Howden Group Foundation (continued)

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the charity and its activities, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: the Charities Act 2011, the Charities Statement of Recommended Practice and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the valuation of investments, and income cut off at year end.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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Independent auditor's report to the members of the Howden Group Foundation (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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

Signed:


[David Hoose \(Jul 18, 2023 17:23 GMT+1\)](#)

David Hoose
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
First Floor
Two Chamberlain Square
Birmingham B3 3AX

Jul 18, 2023

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Statement of Financial Activities

For the year ended 30 September 2022

	<i>Note</i>	Unrestricted Funds 2022 £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
Incoming resources				
Donations and grants	2	7,048	7,048	244
Fundraising events	3	87	87	34
Foreign exchange gains		3	3	6
		<hr/>	<hr/>	<hr/>
Total incoming resources		7,138	7,138	284
		<hr/>	<hr/>	<hr/>
Resources expended				
Cost of generating funds	4	(47)	(47)	(2)
Donations and grants	5	(800)	(800)	(1,958)
Audit fee	6	(25)	(25)	(13)
Legal and professional fees		(43)	(43)	-
Interest on loan		(52)	(52)	(24)
		<hr/>	<hr/>	<hr/>
Total resources expended		(967)	(967)	(1,997)
		<hr/>	<hr/>	<hr/>
Net income / (expense) before investment gains		6,171	6,171	(1,713)
		<hr/>	<hr/>	<hr/>
Gains on investment assets	9	4,136	4,136	3,650
		<hr/>	<hr/>	<hr/>
Surplus for the year		10,307	10,307	1,937
		<hr/>	<hr/>	<hr/>
Funds brought forward		4,348	4,348	2,411
		<hr/>	<hr/>	<hr/>
Total funds carried forward		14,655	14,655	4,348
		<hr/>	<hr/>	<hr/>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

The notes on pages 19 to 25 form part of these accounts.

Howden Group Foundation – Charity Number 1156286

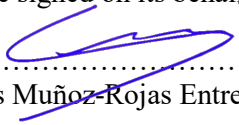
Balance Sheet

As at 30 September 2022

	<i>Note</i>	2022 £'000	2021 £'000
Fixed assets			
Investments	9	16,512	5,556
		<hr/>	<hr/>
		16,512	5,556
Current assets			
Debtors	10	3	5
Cash at bank and in hand		446	516
		<hr/>	<hr/>
		449	521
Creditors: amounts falling due within one year	11	(680)	(705)
		<hr/>	<hr/>
Net Current (Liabilities) / Assets		(231)	(184)
Creditors: amounts falling due after one year	12	(1,626)	(1,024)
		<hr/>	<hr/>
Net Assets		14,655	4,348
		<hr/>	<hr/>
Funds of the Charity			
Unrestricted funds	13	14,655	4,348
		<hr/>	<hr/>
Total funds		14,655	4,348
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies' regime within Part 15 of the Companies Act 2006.

These financial statements were approved and authorised for issue by the Trustees on 6 July 2023 and were signed on its behalf by:


.....
Luis Muñoz-Rojas Entrecanales

The notes on pages 19 to 25 form part of these accounts.

Howden Group Foundation – Charity Number 1156286

Statement of Cash Flows

As at 30 September 2022

	2022 £'000	2021 £'000
Reconciliation of net incoming resources to net cash flow from operating activities :		
Net Movement in Funds	10,307	1,937
Decrease in Debtors	2	28
(Decrease) / Increase in Creditors	(473)	1,093
(Gains) on Investment Assets	(4,136)	(3,650)
Cash Flows from Operating Activities	<u>5,700</u>	<u>(592)</u>
 Purchase of Investments	(6,820)	-
Proceeds on Disposal of Investments	-	351
Drawdown on Loan facility	1,050	500
Cash Flows from Investing Activities	<u>(5,770)</u>	<u>851</u>
 Increase/(decrease) in Cash and Cash Equivalents in the Year	(70)	259
 Cash and Cash Equivalents at the Beginning of the Year	516	257
	<hr/>	<hr/>
Cash and Cash Equivalents at the End of the Year	<u>446</u>	<u>516</u>
	<hr/>	<hr/>

Howden Group Foundation – Charity Number 1156286

Notes to the Financial Statements

For the year ended 30 September 2022

1 Accounting policies

General information

Howden Group Foundation is a charity registered in England and Wales. Its correspondence address is detailed in the Annual Report. As a CIO, the Foundation meets the public benefit entity requirements of FRS102.

The principal activity of the Foundation is to benefit charity institutions with charitable objectives by way of grant making.

The financial statements are prepared in Pounds Sterling as this is the functional currency and currency of the primary economic environment in which the charity operates.

Monetary amounts in these financial statements are rounded to the nearest £'000.

Basis of preparation

The accounts have been prepared in accordance with the Companies Act 2006, the Charities Act 2011, the Charities Statement of Recommended Practice (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and under the historical cost convention in accordance with applicable Accounting Standards as modified by the accounting policy for investments.

Going Concern

These accounts have been prepared on the going concern basis as the trustees consider that there are sufficient reserves available to meet the Foundation's liabilities as they fall due.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in the furtherance of the general objectives of the charity. All the Foundation's funds are classified as unrestricted funds as there is no limitation on the purpose for which they can be used.

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income, it is probable that the income will be received and the amount can be quantified with reasonable accuracy.

Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Grants payable are only recognised in the accounts when a commitment has been approved by the Board and there are no conditions to be met relating to the grant which remain in the control of the charity.

Expenditure includes any VAT which cannot be fully recovered, and is allocated according to the activity to which it relates.

Howden Group Foundation – Charity Number 1156286

Notes to the Financial Statements

For the year ended 30 September 2022

1 Accounting policies continued

Cash and Cash equivalents

Cash and cash equivalents are cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the charity's accounting policies, the trustees may be required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities with the next financial year are discussed below:

The carrying amount of unlisted investments on 30 September 2022 was £16,512k (2021: £5,556k).

The value of the investments is based on the adopted share price of Howden Group Holdings. The share price adopted is based on a report prepared for Howden Group Holdings by an external third party, which values the shares on the basis of precedent transactions, public company valuations, leverage buyout valuation and discounted cash flow. The adopted share price has also been used for a number of recent transactions, including the internal market run by Howden Group Holdings and shares issued in relation to acquisitions. Some of the shares held have a hurdle price, which needs to be achieved for the shares to have value, as set out in the legal documents governing those shares.

2 Incoming resources – Donations

	Unrestricted		
	Funds	Total	Total
	2022	2022	2021
	£'000	£'000	£'000
HIG Finance 2 Limited	3,100	3,100	-
HIG Finance Limited	3,720	3,720	-
Howden Group Services Limited	2	2	210
Individual donations	226	226	34
	<hr/>	<hr/>	<hr/>
	7,048	7,048	244
	<hr/>	<hr/>	<hr/>

Howden Group Foundation – Charity Number 1156286

Notes to the Financial Statements

For the year ended 30 September 2022

3 Incoming resources – Fund raising events

	Unrestricted Funds 2022 £'000	2022 Total £'000	2021 Total £'000
DUAL Charity Ball	37	37	20
Alzheimer's Society Charity Ball	20	20	-
Global Group Giving Week Quiz	15	15	-
A Plan Quiz	6	6	-
Static Triathlon	3	3	-
Reaching India - Covid support	-	-	6
HIBL Countdown to Christmas	-	-	2
Other	6	6	6
	<hr/>	<hr/>	<hr/>
	87	87	34
	<hr/>	<hr/>	<hr/>

4 Resources expended – Cost of generating funds

	Unrestricted Funds 2022 £'000	Total 2022 £'000	Total 2021 £'000
Management charges	45	45	-
Fees	1	1	-
Bank charges	1	1	1
Insurance	-	-	1
	<hr/>	<hr/>	<hr/>
	47	47	2
	<hr/>	<hr/>	<hr/>

Howden Group Foundation – Charity Number 1156286

Notes to the Financial Statements

For the year ended 30 September 2022

5 Resources expended – Donations and grants

	Unrestricted Funds 2022 £'000	2022 Total £'000	2021 Total £'000
Danish Red Cross	226	226	-
Charitable Giving	119	119	42
The Nature Conservancy	68	68	173
Care Channels International	60	60	60
My Name's Doddie Foundation	57	57	-
The Branch Trust	50	50	-
Alzheimer's Society	49	49	38
Legal Outreach	23	23	-
UK Online Giving Foundation	19	19	11
Australian Online Giving Foundation	13	13	-
Bamberg UA E.v	13	13	-
Humanosh Foundation	13	13	-
British-Ukrainian Aid	13	13	-
Kleine Herzen	13	13	-
The Prince's Trust	-	-	501
The Prince's Trust (due Apr-22)	-	-	500
The Prince's Trust (due Apr-23)	-	-	500
Seven Clean Seas	-	-	52
Other	64	64	81
	<hr/>	<hr/>	<hr/>
	800	800	1,958
	<hr/>	<hr/>	<hr/>

Other donations and grants comprise multiple small amounts under £10,000 that have been made to various charities and causes to support them in their work.

6 Audit Fee

The Audit fee amounts to £24,600 (2021: £12,480).

Of the current year fee £17,400 relates to the audit of the 2022 financial statements, with additional fees of £7,200 incurred relating to 2021.

Howden Group Foundation – Charity Number 1156286

Notes to the Financial Statements

For the year ended 30 September 2022

7 Trustee remuneration and expenditure

No trustees or connected person is entitled to any remuneration from the charity as set out in the charity's constitution nor received any reimbursement of expenses.

8 Taxation

As a charity, the Foundation is exempt from tax on income and gains falling within s505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No charges have arisen in the charity in the period.

9 Fixed assets – Investments

All fixed asset investments at 1 October 2021 and at 30 September 2022 were unlisted share investments in Howden Group Holdings. These investments are held at fair value in accordance with the accounting policy as detailed in Note 1 on page 20 and their historic cost on acquisition was £8,852k.

	Investments £'000
Market Value:	
At 1 October 2021	5,556
Additions	6,820
Revaluations	4,136
	<hr/>
At 30 September 2022	16,512
	<hr/>

10 Debtors

	2022 £'000	2021 £'000
Accrued income - Donations	3	5
	<hr/>	<hr/>
	3	5
	<hr/>	<hr/>

Howden Group Foundation – Charity Number 1156286

Notes to the Financial Statements

For the year ended 30 September 2022

11 Creditors: Amounts falling due within one year

	2022 £'000	2021 £'000
Donations	650	693
Audit fees	17	12
Admin costs	7	-
Legal fees	4	-
Consultancy	2	-
	<hr/>	<hr/>
	680	705
	<hr/>	<hr/>

12 Creditors: Amounts falling due after one year

	2022 £'000	2021 £'000
Donations	-	500
Loan	1,626	524
	<hr/>	<hr/>
	1,626	1,024
	<hr/>	<hr/>

The loan relates to a revolving loan facility made in July 2020 with HIG Finance 2 Limited, a Howden Group subsidiary. The total principal amount must not exceed £5,000,000 and must be repaid on or before the fifth year anniversary. Interest rate is equal to 5.75% per annum and the loan is secured by a fixed charge on the shares held in the Group. As at 30 September 2022, the loan advance was £1,550,000 and interest incurred in the period amounted to £51,624 (2021: £24,418).

Howden Group Foundation – Charity Number 1156286

Notes to the Financial Statements For the year ended 30 September 2022

13 Movement in funds

	At 30 Sep-21 £'000	Incoming Resources £'000	Outgoing Resources £'000	Investment Gains £'000	At 30 Sep-22 £'000
Unrestricted Funds					
General Funds	4,348	7,138	(967)	4,136	14,655
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Unrestricted Funds	4,348	7,138	(967)	4,136	14,655
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

14 Related party transactions

The Foundation is independent of any other body however it is primarily funded by Howden Group Companies and their employees. The Foundation had the following transactions with Howden Group Companies over the course of the year.

Name of the trustee or related party	Description of the transaction	2022 £'000
HIG Finance 2 Limited	Donation received	3,100
HIG Finance Limited	Donation received	3,720
HIG Finance 2 Limited	Loan drawdown	1,050
Howden Group Holdings Limited	Purchase of shares	6,820
Howden Group Services Limited	Administrative expenses	45

During the year, eight (8) trustees were affiliated with Howden Group Companies. L. Muñoz-Rojas Entrecanales is a Director of Howden Group Holdings Limited and R. Scott is a Director of Howden Group Services Limited.

None of the trustees have been paid any remuneration or incurred any expenses in the period.

15 Post balance sheet event

In March 2023, the Danish Red Cross asked to terminate the Ecosystem-based Adaptation (EbA) financing facility grant that had been approved and paid in FY22 while the project scope was reconsidered. In line with trustee duties to safeguard the Foundations' assets, the funds (US\$250k) were returned to the Foundation in May 2023.