

Charity Number 1156286

HOWDEN GROUP FOUNDATION

Audited Annual Report and Accounts

For the year ended 30 September 2023

Howden Group Foundation – Charity Number 1156286

Financial Statements

For the year ended 30 September 2023

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Trustees and Advisors

Trustees who served during the period and up to the date of this report were as follows:

L. Muñoz-Rojas Entrecanales (Chair until 8 May 2024)
L. Cable-Alexander (appointed 22 November 2022)
C. Creasey
L. Dormandy
H. Goodhew
D. Howden (appointed 8 May 2024 as Chair)
M. Hudson
A. Mandal
J. Marron (resigned 30 April 2024)
R. Scott

Key management personnel:

Clare Ballantine (Head of Foundation)

Registered office and operational address:

One Creechurch Place
London
EC3A 5AF

Auditor:

Forvis 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, also known by its working name of the Howden Foundation (the Foundation), for the year ended 30 September 2023 (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 with the Charity Commission for England and Wales on 20 March 2014. The Foundation's Constitution establishes the powers and objects of the organisation and was last updated on the 1 December 2023. The Foundation also registered the working name of the Howden Foundation on the 16 November 2023.

Related parties and relationships with other organisations

The Foundation is independent of any other body, however, it continues to be financially and operationally supported by Howden Group Holdings Limited ("Howden"), its subsidiary companies ("Howden Group Companies") and their employees ("Howden employees").

In October 2023, the Howden Group Foundation and Howden signed a Relationship Agreement to formalise the arrangements between the two entities including the services provided to the Foundation by Howden including office space, professional support and information systems.

The Foundation operates its People First Fund which specifically supports the charitable interests of Howden employees, and this is highlighted in the trustees' report.

Please see the Financial Review on page 9 and note 13 for further Related Party transaction details.

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. A trustee may only be re-appointed beyond a maximum term of nine years if the other trustees consider the circumstances to be exceptional and the re-appointment is approved by a resolution of at least 75% of the other trustees.

The Board of Trustees ("the Board") includes three trustees not connected to Howden to ensure a wide range of backgrounds, experiences and skills and to provide an independent quorum where necessary.

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. The last review was held in October 2022 and helped identify skill gaps in order that they could be managed. The review resulted in an action plan to develop the Foundation's expertise on safeguarding and impact measurement which have been actioned throughout the year.

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

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Trustees' Report (*continued*)

Organisational structure and decision making

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 a majority of trustees.

All trustees give their time voluntarily and receive no benefits from the charity. No expenses were reclaimed by trustees from the charity in period.

Key management and remuneration policy

The trustees have delegated authority to the Head of Foundation, Clare Ballantine (appointed November 2021), for the day-to-day management of the Foundation. Clare is assisted by a Partnerships Manager, Hannah Torkington (appointed March 2024). Clare and Hannah are employed by Howden Group Services Limited, the Group's central services subsidiary company, and seconded to the Foundation. The Foundation reimburses Howden Group Services Limited for the remuneration of the Foundation staff. The Foundation staff remuneration is reviewed annually and set with reference to UK foundation sector benchmarks and, where possible, against similar posts in Howden Group Companies. Pay and benefit changes are approved by the full Board.

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. The trustees have conducted a review of the major risks to which the Foundation is exposed. Risks are assessed based on their likelihood and potential impact, and mitigation strategies are put in place to manage them in line with the board's risk appetite. They are recorded in a Risk Register which is regularly reviewed by the trustees and updated and approved annually. Where appropriate, systems or procedures have been established to manage the risks the charity faces. The Head of Foundation continually monitors changes in risk levels or emergence of new risks that may impact upon the organisation and escalates any concerns to the trustees.

The trustees have identified ten risks which fall into five categories: Law / Regulatory Compliance, Governance, Financial, Operational and Environmental / External. The Trustees consider the following to be the key risks that the Foundation faces:

- Failure to comply with legislation and regulatory requirements results in penalties, sanction by regulator and negative publicity. Trustees and Foundation staff regularly monitor regulatory guidance, relevant updates and the Foundation's governing document to maintain compliance. Trustees are provided with training and resources to manage their legal and regulatory responsibilities. The Foundation has policies, systems and procedures in place to further mitigate this risk.
- Failure to maintain capital requirements and manage financial performance leads to inability to meet operational and grant making commitments. Trustees receive accurate and up to date information on the Foundation's financial position on a quarterly basis including its level of liquid assets. A robust Reserves policy ensures an adequate amount of funds remain available to meet operational commitments if recourse to reserves is required.
- Bad PR for the Foundation or one of its grant partners damages Howden Group Foundation and/or Howden by association, leading to funder disengagement. The Foundation conducts thorough due diligence on and ongoing monitoring of all potential and existing partners to mitigate this risk and

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Trustees' Report (*continued*)

includes a grant termination clause in its funding agreements should a grant partner bring the Foundation into disrepute.

- Failure to prevent or monitor Howden Group Foundation being used for financial crime purposes. The Foundation incorporates checks on all potential and existing grantees to mitigate this risk including regular monitoring that charitable funds are being used as intended. Funding agreements include a grant termination clause which can be exercised should financial irregularities occur. In March 2023, the Foundation approved a financial controls policy to further strengthen its external and internal controls.

Purposes and Aims

Purpose

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 1 December 2023. 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.

Public benefit

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.

Strategic aims

Since inception, the Foundation has strived to improve peoples' lives through funding high impact charitable organisations around the world. The trustees have ultimate responsibility for all grant-making decisions in line with agreed priorities.

Trustees assess the suitability of each grant request against many factors including the projected impact of the grant, the location of the grant, the length of the grant and the amount of funding requested. Pre-grant due diligence is an important part of effective and responsible grant-making and is completed on all applicant organisations before considering awarding a grant. Grant amounts and payment terms are

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Trustees' Report (*continued*)

decided on a case by case-by-case basis based on the needs of the applying organisation and to best support the objectives of the Foundation. It is the policy of the trustees to monitor all grants. Before a grant is confirmed, conditions are placed on each grant recipient to monitor progress against agreed targets and milestones.

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.

This year has been the first year of delivering the Foundation's new strategy, based on a strengthened operational and governance framework. As a result of the strategy development work, grant making has continued at a slower pace to allow for the necessary mapping and refinement of focus.

Highlights:

- Learning and adding value: Further clarification of the Foundation's mission to protect people against the social and economic shocks of climate change. Engaging closely with climate networks, bringing together a wealth of knowledge, to understand how the Foundation's impact can be maximised.
- Partnerships: New grant partnerships with the Start Network and Care Channels International.
- People First Fund:
 - Matched Funding
 - £182k distributed in matched funds to charities recognising donations and fundraising efforts of Howden employees.
 - Introduction of Triple Match Campaign for Foundation's ten-year anniversary.
 - Giving Back Celebration Campaign.
 - £51k donated to 21 global charities that were nominated and voted for by Howden employees as part of an annual campaign.

Foundation Strategy

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. Work continued throughout the reporting period and beyond to further clarify the Foundation's funding priorities in line with the new strategy. This included a period of collaboration with Impatience Earth, a team of experienced climate and philanthropy experts who provide pro-bono advisory services to climate donors, and who assisted the Foundation Board and team in deepening their understanding of the systemic causes of the climate emergency and how the Foundation's funding can best be applied to deliver its strategy.

Strategic Partnerships

The mission of the Foundation is to protect people against the social and economic shocks of climate change. Specifically, it funds 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 offered in partnership with Howden employees.

People First Fund

The Foundation also operates its People First Fund supporting the charitable endeavours of Howden employees. The Fund offers matched funding for donations and fundraising efforts up to £750 (or local currency equivalent) raised per employee, per year, when they donate or raise money for causes in line with the Foundation's charitable objects. The Fund also supports Howden's Giving Back Celebration

Trustees' Report (*continued*)

campaign. Through this campaign, the Foundation awards larger donations to non-profits making a big difference, as voted for by Howden employees.

Activities and achievements

Over the course of the year, the Foundation made donations amounting to £556k (last period; £381k). This included £201k for strategic partners aligned with the mission of supporting people most affected by the social and economic shocks of climate change and £88k for legacy partners working under the Foundation's earlier focus areas of education, entrepreneurship and the environment, ensuring adequate time for them to replace the Foundation's funding. It also included People First Fund activities which totalled £234k for the year.

Strategic Partnerships

- ***Start Network***

The climate crisis is one of the defining problems of our time. It is exacerbating humanitarian need, creating new and challenging crisis situations, with increasing frequency. Extreme weather events such as floods, cyclones and droughts are affecting more communities each year.

Start Network is a network made up of over 90 humanitarian agencies with a footprint across five continents. Its vision is for a world in which people receive high quality humanitarian aid when they experience disasters and where communities are prepared and resilient for when crises occur. In 2023, the trustees approved a two-year grant of £401k for Start Network's Start Ready programme. Start Ready is an innovative programme that supports NGOs to understand climate risks, develops risk models to forecasts crises, and pre-positions funding to support communities before the climate crises hit.

The impact is that countries are supported to anticipate those crises and carry out preventative action plans to protect communities. Evidence suggests that around 55% of humanitarian funding goes to crises like these but only 1% of this funding is organised in advance – despite this being a much more effective way of tackling these crises.

- ***The Nature Conservancy***

The Nature Conservancy works to create a world where people and nature can thrive. Our partnership supports The Nature Conservancy's work linking nature and insurance to reduce risk and build resilience to the impacts of climate change.

Specifically, the Foundation is supporting the parametric coral reef insurance policy in Hawaii, one of a growing number of insurance products designed to address the risk of climate impacts—in this case, damage to corals caused by high tropical storms and hurricanes of increasing intensity—and to build the resilience of the reefs and the communities that rely on them for flood risk reduction, livelihoods from tourism, recreation and fisheries, as well as sustenance and other community benefits.

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 Hawaii. 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.

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Trustees' Report (*continued*)

- ***Danish Red Cross***

In March 2023, the Foundation and the Danish Red Cross mutually agreed to terminate the grant for its Ecosystem-based Adaptation (EbA) financing facility while the project scope was reconsidered following the departure of a key member of staff. In line with trustees' duties to safeguard charity funds, trustees requested the return of the US\$250k grant that had been approved and paid in the prior year whilst the pilot programme was reassessed. The funds were returned in May 2023.

Legacy Partnerships

- ***Care Channels International***

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

In 2023, the Foundation approved a one-year grant of SG\$145k (£86k) for the Care Channels Animal Dispersal programme in the Philippines, Thailand, Bangladesh and Pakistan. With the Foundation's support, Care Channels has empowered marginalised families to maintain a regular income through maintaining livestock such as pigs, cows, goats and chickens. This grant will also help complete the development and implementation of the Near Field Communication ("NFC") tracking system for CCI where each animal is tagged with a NFC chip which can be read using an Android phone enabling Care Channels to better manage the animals that have been dispersed.

- ***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, we have supported the Prince's Trust's "Enterprise" and "Achieve" programmes, empowering young entrepreneurs and young people underachieving in education or at risk of exclusion to thrive. 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.

- ***Seven Clean Seas***

Seven Clean Seas is on a mission to combat plastic pollution around the world. Our partnership continues to support the pilot of the HIPPO (High Impact Plastic Pollution remOval): an automatic, solar-powered, and scalable vessel designed to collect riverine plastic at scale. The HIPPO will be located in the Chao Phraya River, Thailand. Thailand is one of the countries contributing to half of the world's ocean plastic. Chao Phraya river ranks first in the country and 15th globally as the top plastic-emitting river. The river transports around four million kg of riverine plastic annually, including serious concerns about microplastic pollution in its surface and sediment.

This partnership has been extended until 2024 due to the impact of Covid19.

People First Fund

The Foundation paid £182k (last period; £157k) in matched funds for Howden employees' donations and personal fundraising efforts over the course of the year.

In addition, the Foundation supported Howden's Giving Back Celebration Campaign, recognising charities that have gone above and beyond to support communities, as nominated by Howden employees. The trustees of the Foundation approved a total figure of £51k for the Campaign which included a principal donation of £10k to Komunitná Nadácia Liptov, a Slovak community charitable foundation

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Trustees' Report (*continued*)

with a mission to enhance the quality of life for vulnerable individuals, and twenty runner-up donations of £2k each to other charities.

All People First Fund donations were 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) who collect, process, and disburse donations on behalf of the Foundation.

Other

In March 2023, the Board elected to donate £34k to the Disasters Emergency Committee to support people affected by the Turkey-Syria Earthquakes that took place in February 2023. This series of earthquakes killed over 56,000 people and destroyed around 300,000 buildings in Turkey and Syria, in the worst earthquakes the region has seen in 20 years.

Funds were used to support DEC charities and their local partners reach over a million people across both countries in the first six months, providing emergency shelter, clean water, food, cash to meet urgent needs and livelihood support to help families rebuild their lives.

Financial Review

Income for the year was £18k (last period; £7.1m). Following sizable donations last year, the Foundation did not receive donations from Howden in the current year. Gains of £2.6m (last period: £4.1m) were also generated through the Foundation's investments. Cashflow is complemented by access to a loan facility (from a Howden Group company) secured against the Foundations' assets to ensure liquidity in the short term and a modest income stream coming from UK-based Howden employees via payroll giving. All donations into the Foundation are unrestricted.

To support the financial sustainability of the Foundation, Howden employees can forego the right to take up incentive shares and allow the Foundation to take up a certain part of their allocation directly in its own name. These incentive shares have a nominal value but if they vest would represent a material contribution to the Foundation's assets.

As at 30 September 2023, the Foundations' investments stood at £17.3m (last period; £16.5m). Cash generated from the gains on investments was utilised to repay £400k of the loan facility. The Foundation does not undertake fundraising from the general public however it does receive donations from Howden employees.

Expenditure for the year totalled £609k (last period; £967k). This relates to strategic partner and legacy grants, People First Fund contributions and other donations that further the Foundation's charitable objects. It also includes support costs and takes into account the return of the Danish Red Cross grant while the project scope is reconsidered.

Investment policy

The Foundation is a shareholder in Howden, and as at 30 September 2023, this investment was valued at £17.3m (last period; £16.5m). The Board continues to monitor the performance of its shares in Howden and regularly reviews the performance of the investment. There are no restrictions on the charity's power to invest.

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Trustees' Report (*continued*)

In line with the growth of the Foundation, the trustees recognise the need to update the investment policy and, in September 2023, appointed a trustee sub-committee as part of their governance structure to lead on this review to ensure that income requirements, risk profile and market prospects are fit for purpose.

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 £250k to provide sufficient funds for its support costs.

Plans for Future Periods

Grant-making: As an ambitious Foundation, we continue to reimagine the role we can have in delivering our mission to support people against the social and economic shocks of climate change. As the defining challenge of our time, the trustees recognise the need for urgent action whilst not losing sight of project quality. Over the next year, the Foundation plans to refine its focus further to increase its effectiveness, impact and contribution to long-term sustainable change.

Non-financial support: The Foundation continues to develop its package of support for strategic partners in collaboration with Howden. This includes leveraging the skills and expertise of Howden employees through volunteering, pro bono support and the provision of office space for our partners' meetings and workshops.

Learning and collaboration: We continue to invest in learning in order to deepen our understanding of how to deliver meaningful impact and remove barriers to progress. We believe that collaboration is key and seek to grow our climate networks to deliver on a common purpose and accelerate action.

Governance, finance and operations: The trustees are committed to the continual strengthening of the Foundation in line with Charity Commission guidance. Over the next year, the Board seeks to prioritise the review of its investment policy and succession planning ensuring we have the right skills, diversity, and experience on our board to deliver our strategy.

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 16th July 2024 and signed on its behalf



David Howden (Chair)

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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 2023 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 2023 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 11, 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.

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.

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

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, 2024 13:45 GMT+1)

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

Jul 18, 2024

Howden Group Foundation – Charity Number 1156286

Statement of Financial Activities

For the year ended 30 September 2023

	<i>Note</i>	Total Funds 2023 £'000	Total Funds 2022 £'000
Incoming resources			
Donations and grants	2	1	7,048
Fundraising events	3	1	87
Interest and dividends		16	-
Foreign exchange gains		-	3
		<hr/>	<hr/>
Total incoming resources		18	7,138
		<hr/>	<hr/>
Resources expended			
Cost of generating funds	4	(100)	(47)
Donations and grants	5	(356)	(800)
Audit fee	6	(20)	(25)
Legal and professional fees		(39)	(43)
Interest on loan		(94)	(52)
		<hr/>	<hr/>
Total resources expended		(609)	(967)
		<hr/>	<hr/>
Net (expense) / income before investment gains		(591)	6,171
Gains on investment assets	9	2,600	4,136
		<hr/>	<hr/>
Surplus for the year		2,009	10,307
Funds brought forward		14,655	4,348
		<hr/>	<hr/>
Total funds carried forward		16,664	14,655
		<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

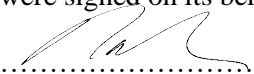
Balance Sheet

As at 30 September 2023

	<i>Note</i>	2023 £'000	2022 £'000
Fixed assets			
Investments	9	17,267	16,512
		<hr/>	<hr/>
		17,267	16,512
Current assets			
Debtors	10	1	3
Cash at bank and in hand		696	446
		<hr/>	<hr/>
		697	449
Creditors: amounts falling due within one year	11	(120)	(680)
		<hr/>	<hr/>
Net Current Assets/(Liabilities)		577	(231)
 Creditors: amounts falling due after one year	 12	 (1,180)	 (1,626)
		<hr/>	<hr/>
Net Assets		16,664	14,655
		<hr/>	<hr/>
Funds of the Charity			
Unrestricted funds		16,664	14,655
		<hr/>	<hr/>
Total funds		16,664	14,655
		<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 16th July 2024 and were signed on its behalf by:


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David Howden (Chair)

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 2023

	2023 £'000	2022 £'000
Reconciliation of net incoming resources to net cash flow from operating activities :		
Net Movement in Funds	2,009	10,307
Decrease in Debtors	2	2
Decrease in Creditors	(606)	(473)
Gains on Investment Assets	(2,600)	(4,136)
Cash Flows from Operating Activities	<u>(1,195)</u>	<u>5,700</u>
Purchase of Investments	-	(6,820)
Proceeds on Disposal of Investments	1,845	-
(Repayment of)/Drawdown on Loan facility	(400)	1,050
Cash Flows from Investing Activities	<u>1,445</u>	<u>(5,770)</u>
Increase/(decrease) in Cash and Cash Equivalents in the Year	250	(70)
Cash and Cash Equivalents at the Beginning of the Year	446	516
Cash and Cash Equivalents at the End of the Year	<u>696</u>	<u>446</u>

Howden Group Foundation – Charity Number 1156286

Notes to the Financial Statements

For the year ended 30 September 2023

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 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 objects 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 2023

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 2023 was £17,267k (2022: £16,512k).

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

	Total 2023 £'000	Total 2022 £'000
HIG Finance 2 Limited	-	3,100
HIG Finance Limited	-	3,720
Howden Group Services Limited	-	2
Individual donations	1	226
	<hr/>	<hr/>
	1	7,048
	<hr/>	<hr/>

All donations received are unrestricted.

Howden Group Foundation – Charity Number 1156286

Notes to the Financial Statements

For the year ended 30 September 2023

3 Incoming resources – Fundraising events

	2023	2022
	Total	Total
	£'000	£'000
Alzheimer's Society Charity Ball	1	20
DUAL Charity Ball	-	37
Global Group Giving Week Quiz	-	15
A Plan Quiz	-	6
Static Triathlon	-	3
Other	-	6
	<hr/>	<hr/>
	1	87
	<hr/>	<hr/>

All income from fundraising events is unrestricted.

4 Resources expended – Cost of generating funds

	Total	Total
	2023	2022
	£'000	£'000
Management charges	99	45
Fees	-	1
Bank charges	1	1
	<hr/>	<hr/>
	100	47
	<hr/>	<hr/>

All costs of generating funds are unrestricted.

Howden Group Foundation – Charity Number 1156286

Notes to the Financial Statements

For the year ended 30 September 2023

5 Resources expended – Donations and grants

	2023	2022
	Total	Total
	£'000	£'000
Start Network	201	-
Charitable Giving	156	119
The Nature Conservancy	-	68
Care Channels International	85	60
UK Online Giving Foundation	56	19
Disasters Emergency Committee	34	-
Australian Online Giving Foundation	17	13
American Online Giving Foundation	5	-
Alzheimer's Society	2	49
Danish Red Cross (see note)	(200)	226
My Name's Doddie Foundation	-	57
The Branch Trust	-	50
Legal Outreach	-	23
Bamberg UA E.v	-	13
Humanosh Foundation	-	13
British-Ukrainian Aid	-	13
Kleine Herzen	-	13
Other	-	64
	<hr/>	<hr/>
	356	800
	<hr/>	<hr/>

Note:

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 grant of US\$250k (£200k) was returned to the Foundation in May 2023.

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.

All donations and grants are unrestricted.

Howden Group Foundation – Charity Number 1156286

Notes to the Financial Statements

For the year ended 30 September 2023

6 Audit Fee

The Audit fee amounts to £19,920 (2022: £24,600).

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

7 Trustee remuneration and expenditure

No trustee 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 2022 and at 30 September 2023 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 17 and their historic cost on acquisition was £8,576k (last period: £8,852k).

	Investments £'000
Market Value:	
At 1 October 2022	16,512
Additions	359
Proceeds on disposal	(1,845)
Revaluations	2,241
	<hr/>
At 30 September 2023	17,267
	<hr/>

Howden Group Foundation – Charity Number 1156286

Notes to the Financial Statements

For the year ended 30 September 2023

10 Debtors

	2023 £'000	2022 £'000
Accrued income - Donations	1	3
	<hr/>	<hr/>
	1	3
	<hr/>	<hr/>

11 Creditors: Amounts falling due within one year

	2023 £'000	2022 £'000
Donations	64	650
Audit fees	20	17
Administration costs	33	7
Consultancy	1	2
Legal fees	-	4
Other	2	-
	<hr/>	<hr/>
	120	680
	<hr/>	<hr/>

12 Creditors: Amounts falling due after one year

	2023 £'000	2022 £'000
Loan	1,180	1,626
	<hr/>	<hr/>
	1,180	1,626
	<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 2023, the loan advance was £1,180,000 and interest incurred in the period amounted to £93,615 (2022: £51,624).

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Notes to the Financial Statements

For the year ended 30 September 2023

13 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	2023 £'000
HIG Finance 2 Limited	Loan drawdown	500
HIG Finance 2 Limited	Loan repayment	(900)
HIG Finance 2 Limited	Interest repayment	(40)
HIG Finance 2 Limited	Interest accrued	94
Howden Group Holdings Limited	Vested shares	359
Howden Group Services Limited	Administrative expenses	100

During the year, six (6) trustees were connected to Howden Group Companies.

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