

Charity Registration No. 1164682

Company Registration No. 09802468 (England and Wales)

THE STONE FAMILY FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

THE STONE FAMILY FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr John Stone (Chairman) Mr C H Edwards Mr D J Steinegger Miss S N Edwards	(Resigned 15 September 2020)
Charity number	1164682	
Company number	09802468	
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL	

THE STONE FAMILY FOUNDATION

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THE STONE FAMILY FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2020

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's applicable laws, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)".

Objectives and activities

Charitable objectives

The charity's principal objective is as follows:

To relieve persons, in any part of the world, who are in conditions of need, hardship or distress (including starvation, sickness or any disability or affliction) and primarily, but not exclusively, when such need, hardship, or distress is the result of local, national, or international disaster, war or civil disturbance or by reason of their social and economic circumstances.

In furtherance of the objects the trustees may make grants, donations and social investments to and in such institutions, foundations and trusts as they think fit, that are exclusively charitable according to the law of England and Wales.

When setting the objectives and planning the work of the charity for the period, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Investment policy

There are no restrictions on the charity's power to invest. The investment strategy is agreed between the trustees and the investment managers and is regularly reviewed. This is the subject of a policy statement which has been completed by the trustees and forms an integral part of the agreement with the investment managers to provide investment management services.

The more significant principles in the statement are:

- to invest with a long-term time horizon; and
- to protect the market value of the portfolio as far as possible whilst looking to achieve an acceptable return on a total return basis; and
- to align the Foundation's investments with its underlying purpose.

In order to achieve these objectives, the investment managers agree an appropriate level of risk for the portfolio and determine a suitable asset allocation. For each asset class, there is a range around the proposed allocation to allow the investment managers to take action in light of prevailing or expected economic and market conditions. The performance of the portfolio is assessed against a composite benchmark established utilising the agreed index for each of the asset classes selected.

The fundamental aim of the investment strategy is to achieve a target return agreed with the trustees and allowing for the current economic climate.

The investment managers regularly report to and meet with the trustees to provide information regarding the performance of the portfolio, comparison against the benchmark and general market issues.

THE STONE FAMILY FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

In addition to these asset classes there will be holdings of cash, fixed income, commodities and unconstrained investments. The fundamental aim of the investment strategy is to achieve a target return agreed with the trustees and allowing for the current economic climate.

The investment managers regularly meet with the trustees to provide information regarding the performance of the portfolio, comparison against the benchmark and general market issues.

Grant making policy

In pursuance of its objectives, the charity's income and, if considered appropriate, reserves are applied in making grants to a number of charitable organisations and bodies involved in activities which further the charity's objectives.

The trustees apply funds through grants, loans and social investments. These are directed towards the relief of poverty, hardship or distress in accordance with the charity's objects.

Applications for grants, loans or social investments must be in writing, and trustees seek the completion of formal terms and conditions. These were updated in late 2020 to ensure compliance with the latest relevant legislation and will be used for all new grants from early 2021.

Acknowledgement of receipt of grants are required following the signing of a formal agreement. Additional verification of bank details and, where relevant, common reporting forms are required. Financial reporting of expenditure is common, and trustees and staff will ask for copies of receipts for expenditure to be provided where relevant.

All grants and investments are subject to an ongoing monitoring programme, and further instalments of funds only released subject to milestones and timescales being reached.

Achievements and performance

Review of Activities

During the period under review the trustees continued to support previously identified projects and organisations which had been initiated by the charity, whilst at the same time committing to support a number of new organisations which met the charity's established aims and objectives.

The Foundation has three portfolios – one with an international focus which makes grants and social investments in water and sanitation enterprises and enterprise models in Africa and Asia; and two UK focused portfolios which support organisations working in the mental health and disadvantaged youth sectors. The strategies and approaches for the three portfolios differ and each has continued to implement its strategies to expand activities and impact following revisions in 2017.

In determining the organisations to support, the management team of the Foundation provided investigative work and information on potential beneficiary organisations to the trustees. The services of New Philanthropy Capital were also utilised to support this process in the two UK focused portfolios. In determining grants and commitments to be made the trustees were also able to use the experience gained from working with organisations and deepening knowledge of particular areas of interest, over the lifetime of the charity.

The trustees received reports from the management team and advisors who monitored performance of grantees against milestones and deliverables, included within terms and conditions, which were agreed at the outset of the grant.

THE STONE FAMILY FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Alongside this normal activity, it is important to note that 2020 was an unprecedented year due to the impact of COVID-19. The charity took a considered and measured approach to its response – working with the organisations in the portfolio to understand their positions and needs, providing additional funding and support against clear selection criteria and where impact was possible.

As a result, the charity made a number of emergency grants in the three impact portfolios to support organisations to weather the impact COVID-19 had on operations. Overall, the charity made COVID-19 responsive grants totalling £0.98M (£0.59M in the WASH portfolio, £60,000 in the mental health portfolio and £0.33M in the disadvantaged youth portfolio).

WASH

In the water and sanitation portfolio, the largest of the portfolios, the Foundation's strategy places enterprises at the core and identifies how non-financial support can be provided alongside funding to support the development and scaling of these organisations.

In addition, the Foundation is increasingly making more strategic investments in initiatives which can support the wider sector to develop by supporting research, collaboration and how to enable different types of finance to flow into the sector to achieve the Sustainable Development Goals.

Key grants and investments made in the year include continued support to sanitation marketing programmes in rural Cambodia, safe water enterprises operating in Cambodia, Uganda, Rwanda and Ghana as well as supporting the scale up of container-based sanitation enterprises in Kenya and Ghana.

The Foundation responded proactively to the challenge of Covid – providing additional support to the existing portfolio against specific criteria, being flexible with planned milestones and using its network of similar funders to provide coordinated support. In response to being unable to travel to identify new opportunities, monitor implementation and provide support, the management team switched to remote working and launched an initiative designed to identify new organisations to support, bringing these into the portfolio in a low risk way – resulting in 7 new organisations joining the portfolio.

In 2019, the Foundation worked in partnership with iDE Cambodia and the United States Agency for International Development (USAID) to launch the first Development Impact Bond (DIB) in sanitation in November 2019. The Rural Sanitation in Cambodia DIB aims to eradicate the high rates of open defecation in the country and accelerate the Cambodian government's efforts to reach universal sanitation.

Progress with the DIB in the reporting period has been strong – the programme has delivered against its specific milestone targets, with 500 Cambodian villages claiming open defecation free status and entered 2021 ahead of target. Two milestone payment requests were successfully submitted, and \$3.2M in funds received from USAID as per the contract. These funds have been recycled back to the implementing partner, iDE, for use in further implementation.

THE STONE FAMILY FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

UK Portfolios

The charity made a number of emergency grants in its UK based portfolios in response to COVID-19. In the mental health portfolio, grants included support to Beat, Cellar Trust, The Listening Place, Rethink Mental Illness and Bipolar UK; in the disadvantaged youth portfolio grants included support to Into University, Sport4Life, Empire Fighting Chance, Longford Trust and Positive Futures North Liverpool.

The Foundation also made a donation of £100,000 to the Coronavirus Mental Health Response Fund (CMHRF) set up to mobilise rapid funding to meet growing demand nationally for mental health support.

As an example of impact from the mental health portfolio, the Foundation supported Beat with an unrestricted grant of £141,902 and an emergency grant of £150,000 in 2020. This helped the charity increase the capacity of its helpline supporting people affected by eating disorders in the UK, which saw an 81% increase in contact in the wake of Covid-19. The pandemic has had a disproportionate effect on people with eating disorders, with 73% saying their mental health got worse as a result (National Mind, June 2020: https://www.mind.org.uk/media-a/5929/the-mental-health-emergency_a4_final.pdf). Beat now provides three times as many support sessions each month as they did in 2019, delivering over 90,000 sessions over the course of 2020/21. Service user satisfaction continues to be very high, with 87% rating the service as 'good' or 'excellent' and 100% saying they would recommend the service to a friend.

As an example of impact from the disadvantaged youth portfolio, the Foundation supported Tutor Trust with a grant of £110,000 in 2020. The organisation looks to close the attainment gap by working with university students to deliver tuition in schools, focusing on young people from disadvantaged backgrounds. Tutor Trust played a key role in supporting young people through the disruption of Covid-19, as well as moving its standard tutoring programme online. Tutor Trust was also selected as one of the providers for the National Tutoring Programme (NTP). The NTP focused on supporting students from disadvantaged backgrounds to access single-subject support to mitigate the impact of extended time out of the classroom on learning. Altogether, Tutor Trust expects to reach 6,500 students this academic year.

Financial review

Investment performance for the year to 31 December 2020

Total income from investments in the year amounted to £366,862 (2019 - £528,359). The Foundation realised gains amounting to £832,545 (2019 - £1,430,681) on its investment portfolio and generated unrealised losses of £469,595 (2019 - unrealised gains of £6,458,967) on the movement in fair value (market value).

Given the stock market and economic conditions experienced in the year, the trustees were satisfied with the performance of the investments and that their investment objectives had been met.

Results for the year

A summary of the results can be found under the "Statement of Financial Activities" of this report and financial statements.

The trustees made grants to various institutions totalling £7.8m (2019 - £6.4m) and recognised impairment losses of £381,710 in the year on its social investments. Investment management, administration and governance costs totalled £0.8m (2019 - £0.9m). Gains on the investment portfolio of £0.4m (2019 - £7.9m) and a £62k loss (2019 - £88k loss) on foreign exchange contributed to the overall net expenditure of £4.2m (2019 - £1.1m net surplus) for the year.

THE STONE FAMILY FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Fundraising

The Foundation does not fundraise directly with individuals and therefore is not registered with the Fundraising Regulator. Where donations from individuals are received, the Foundation aims to protect personal data and never sells data or swaps data with other organisations.

In the event of any complaints regarding its fundraising activities being received, the Foundation would undertake to react, investigate, respond and learn from the complaint and improve its service. During 2020, the Foundation received no complaints about its fundraising activities.

Approach to income and reserves

All income derived from the Foundations' investment portfolio is intended for the sole purpose of achieving social impact and therefore all income then forms part of the Foundation's reserves and ultimately distributed using the grant making and social investment approach.

The unrestricted funds of £44.8m represent investments and cash held by the charity in order to meet any liabilities that may fall due for payment and to generate an income return for the future.

Financial Position

The balance sheet shows total unrestricted funds at 31 December 2020 of £44.8m (2019 - £49.0m)

The trustees consider that this level of free reserves meets the charity's reserves policy as outlined above and they, therefore, consider free reserves to be adequate.

FUTURE PLANS

The trustees regularly review their giving strategy based on experience gained of the organisations and sectors supported to date whilst also utilising research and information provided by the management team and New Philanthropy Capital.

The intention is to continue to focus on extending funding into enterprises and market-based models in the water and sanitation sector in Africa, South Asia and South East Asia; maintaining the UK funding streams where appropriate with a focus on mental health and disadvantaged youth sectors. In addition, the trustees will consider one off smaller donations as they see fit.

As noted above, the reporting period has been unprecedented due to the impact of COVID on the charity's operations and core activities of grant making and impact investment.

Following the advice issued by the UK Government in March 2020 regarding employees working from home and other social distancing measures, the management team and its advisors enacted procedures to facilitate this, working remotely for the rest of year (something that continues in 2021).

The charity's systems and processes enabled it to continue to operate effectively whilst employees are not physically present in the charity's offices and restrictions are placed on travel both in the UK and overseas – there was no overseas travel from March 2020.

THE STONE FAMILY FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

The effects of the 2020 outbreak of Covid-19 on the charity's operations were considered through a process of analysis and then response, with additional funding and support provided against clear and specific criteria in each of the portfolios. The charity focused on providing support to its existing portfolios as an initial starting point before considering organisations and initiatives outside of current portfolios.

A plan developed and agreed with the trustees focused on:

- Assessing possible impacts and approaches to take.
- Working with grantees and investees to understand and offer support including additional funding on a case by case basis (as opposed to a fund).
- Offering flexibility with milestones, reporting dates and a commitment to honour financial commitments that were made.

The charity continues to monitor the impact of COVID-19 in the sectors and countries of operations and will respond accordingly should the situation change and require additional funding and support.

Structure, governance and management

The charity is a company limited by guarantee with no share capital.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr John Stone (Chairman)

Mr C H Edwards

Miss S N Edwards

(Resigned 15 September 2020)

Mr D J Steinegger

Governance

The Stone Family Foundation is governed by its Memorandum and Articles of Association, adopted on 30 September 2015.

As set out in the Articles of Association, the directors of the Foundation are the trustees. The minimum number of trustees required is three and the maximum is five.

The names of the trustees who were appointed and served during the period and to the date of this report are given below with brief biographical details:

John K Stone

John Stone is FCII qualified and has spent the majority of his career within the insurance industry, holding various director/chairman positions with a number of organisations.

Charles H Edwards

Charles Edwards qualified as a Chartered Accountant and is currently employed as an investment manager with a major institution.

David J Steinegger

David Steinegger is a Chartered Accountant and has worked for over 30 years in the international financial services industry.

Sophie N Edwards

Sophie Edwards was appointed as a Trustee on 19 February 2019 and has worked in the international development sector for the last 8 years; she currently works as a journalist reporting on international development issues.

THE STONE FAMILY FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Trustees must be appointed by resolution of the trustees. Trustees are entitled to hold office for life. Every trustee must sign a declaration of willingness to act as a trustee of the charitable company before he or she is eligible to vote at any meeting of the trustees.

On agreeing to become a trustee of the charity, the trustees are thoroughly briefed by their co-trustees on the day-to-day management, the responsibilities of the trustees, the current objectives and future plans. The trustees are also encouraged to attend any courses which they feel are relevant to the development of their role, and to keep up-to-date on any changes in legislation.

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet on a regular basis to review the developments with regard to the charity, its grant giving and social investment activities and make any important decisions. The trustees review the proposals for grants and social investments and approve proposals as appropriate. They also review progress on major ongoing grant programmes.

When necessary, the trustees seek advice and support from the charity's professional advisers including investment managers, solicitors and accountants. The day to day management of the charity's activities, and the implementation of policies, is delegated to four members of staff who ensure that grant applications are processed and presented to the trustees as appropriate and keep the books and records of the charity.

Separate meetings take place between the trustees and the investment managers when details of the investment performance and activity are reported and reviewed. This enables the trustees to update the fund managers with regard to funding requirements to meet the grants agreed. Regular liaison also takes place between the two investment managers appointed to ensure that a holistic approach is adopted in respect of the investments held.

Key management personnel

The trustees consider that the board of trustees and its employees, which increased from three at the beginning of the year to five at the year end, comprise the key management personnel in charge of directing and controlling, running and operating the charity on a day to day basis. The trustees give their time freely and no trustee received remuneration in the year. The pay of the employees is reviewed annually by the trustees.

Risk management

The trustees have assessed the major risks to which the charity is exposed, in particular those relating to its investments and its finances. The trustees believe that by ensuring controls exist over key financial systems and by delegating the investment management function to investment managers, subject to regular monitoring, including periodic reviews of performance against benchmarks, they established effective systems to mitigate those risks.

In addition, the trustees have reviewed and re-assessed the controls and protocols over the identification and reporting of potential irregularities and conflicts of interest relating to organisations receiving grants made by the Foundation. The trustees believe that these controls have been effective in the period under review and that appropriate action has been taken to ensure the Foundation's responsibilities have been discharged.

Auditor

In accordance with the company's articles, a resolution proposing that Buzzacott LLP be reappointed as auditor of the company will be put at a General Meeting.

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

THE STONE FAMILY FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020



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Mr John Stone (Chairman)

Trustee

Dated: 19 May 2021.....

THE STONE FAMILY FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

The trustees, who are also the directors of The Stone Family Foundation for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charitable company for that year.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity 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 charitable company's auditors are unaware; and
- the trustees have taken all steps that 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

THE STONE FAMILY FOUNDATION

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE STONE FAMILY FOUNDATION

Opinion

We have audited the financial statements of The Stone Family Foundation (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE STONE FAMILY FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE STONE FAMILY FOUNDATION

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 is also the directors' report 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 trustees' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in 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:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 charitable company or to cease operations, or have no realistic alternative but to do so.

THE STONE FAMILY FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE STONE FAMILY FOUNDATION

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP FRS 102 and the Charities Act 2011.
- We understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of trustee meetings and papers provided to the trustees.
- We assessed the susceptibility of the charitable company's financial statements to material misstatements, including how fraud might occur. Audit procedures performed by the engagement team included:
- Identifying and assessing the design and implementation of controls in place to prevent and detect fraud;
- Challenging assumptions and judgments made by management and the trustees in its significant accounting estimates;
- Identifying and testing journal entries, in particular adjustments made at the year-end for financial statement preparation; and
- Assessing the extent of compliance with relevant laws and regulations by reviewing correspondence with regulators and legal advisors.

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

THE STONE FAMILY FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE STONE FAMILY FOUNDATION

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Katharine Patel (Senior Statutory Auditor)
for and on behalf of Buzzacott LLP

..28 June 2021
.....

Chartered Accountants
Statutory Auditor

130 Wood Street
London
EC2V 6DL

Buzzacott LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

THE STONE FAMILY FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

		Unrestricted funds 2020 £	Unrestricted funds 2019 £
	Notes		
<u>Income from:</u>			
Donations and legacies	2	4,169,978	-
Investments	3	366,862	528,359
Total income		4,536,840	528,359
<u>Expenditure on:</u>			
Charitable activities	4	8,930,438	7,102,691
Investment managers' fees	8	131,913	183,929
Total expenditure		9,062,351	7,286,620
Net gains on investments	9	362,950	7,889,648
Net movement in funds		(4,162,561)	1,131,387
Fund balances at 1 January 2020		49,028,865	47,897,478
Fund balances at 31 December 2020		44,866,304	49,028,865

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE STONE FAMILY FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Investments	10		33,092,571		40,616,992
Programme related investments	11		8,705,393		3,948,950
Mixed motive investments	11		1,779,802		3,713,071
			<u>43,577,766</u>		<u>48,279,013</u>
Current assets					
Debtors	12	612,504		109,894	
Cash at bank and in hand		1,930,994		789,158	
			<u>2,543,498</u>	<u>899,052</u>	
Creditors: amounts falling due within one year	13	(1,254,960)		(149,200)	
Net current assets			<u>1,288,538</u>		<u>749,852</u>
Total assets less current liabilities			<u>44,866,304</u>		<u>49,028,865</u>
Income funds					
Unrestricted funds			<u>44,866,304</u>		<u>49,028,865</u>
			<u>44,866,304</u>		<u>49,028,865</u>

The financial statements were approved by the Trustees on 19 May 2021.....



Mr John Stone (Chairman)
Trustee

Company Registration No. 09802468

THE STONE FAMILY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	£	2020 £	£	2019 £
Cash flows from operating activities					
Cash absorbed by operations	15		(8,352,866)		(7,296,799)
Investing activities					
Purchase of fixed asset investments		(17,684,529)		(12,096,182)	
Purchase of social investments		(1,867,187)		(2,015,308)	
Proceeds on disposal of investments		24,509,339		18,898,173	
Proceeds on disposal of social investments		2,651,207		237,563	
Investment income		366,862		528,359	
Net cash generated from investing activities			7,975,692		5,552,605
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(377,174)		(1,744,194)
Cash and cash equivalents at beginning of year			3,208,275		4,952,469
Cash and cash equivalents at end of year			2,831,101		3,208,275
Relating to:					
Cash at bank and in hand			1,930,994		789,158
Short term deposits included in current asset investments			900,107		2,419,117
			2,831,101		3,208,275

THE STONE FAMILY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Charity information

The Stone Family Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is 130 Wood Street, London, United Kingdom, EC2V 6DL.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)". The charity is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention, modified to include certain financial assets at fair value. The principal accounting policies adopted are set out below.

Critical accounting estimates and areas of judgement

The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the trustees to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the trustees' best knowledge of the amount, event or actions, actual results may differ from those estimates.

Areas requiring the use of estimates and critical judgements that may impact on the charity's financial activities and financial position include:

- Social investments require consideration of the nature of the investment to ensure that the substance of the arrangement is appropriately accounted for as either a "programme related investment" held at cost or a "mixed motive investment" held at fair value. This involves the trustees' judgement on whether:
- The investment is made in order to directly further the charitable purposes of the Foundation and where financial return is not a primary reason for making the investment (programme related); or
- The investment is made to both further the Foundation's charitable purposes but also to generate a financial return (mixed motive investment).
- The trustees use investment managers to provide valuations of the investment portfolio, including the fair value, where appropriate, of its social investments. The valuations are based on mid- market prices, bid prices or recently traded prices.
- Programme related investments are held at cost to the Foundation less any impairment in value as assessed by the trustees based on financial information provided by the investment managers or information available to the trustees on the recoverability of the investment. Impairment provisions are recognised as a cost within the "expenditure on charitable activities" in the statement of financial activities.

THE STONE FAMILY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

1.2 Going concern

The trustees have not identified any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees recognise that the final impact of the coronavirus pandemic on the charity's activities and its beneficiaries is still unknown however consider it to be appropriate for the charity's financial statements on a going concern basis.

1.3 Charitable funds

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

1.4 Income

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

Income from donations and legacies is recognised in the period in which the charity becomes entitled to the donation and where receipt is probable and its amount can be measured reliably.

Investment income comprises dividends and interest on the Foundation's portfolio of investments. Dividends are recognised once the dividend has been declared and the Foundation has received notification that the dividend is due.

Interest is recognised when receipt is probable and the amount can be measured reliably using the effective interest method.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. It includes VAT which cannot be recovered.

Expenditure on charitable activities comprises grants payable, administration expenses and governance costs.

Grants payable

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions. Grants approved but not paid at the end of the financial year are accrued for.

If the beneficiary has not been informed or has to meet certain conditions before the grant is released, the grant is not accrued for in the financial statements but is disclosed as a financial commitment in the notes. Similarly, if the grant obligation is conditional on an annual review process and the discretion to terminate the grant is retained by the trustees, the grant is not accrued in the financial statements but is disclosed as a commitment.

THE STONE FAMILY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Support costs and governance costs

Included within charitable activities expenditure are support costs incurred in assisting the grant making programme of the Foundation. Governance costs include audit costs and legal costs relating to the Foundation's compliance with regulation and good practice.

Investment management fees

Investment management fees are incurred in managing the Foundation's investments and are charged in the statement of financial activities and are stated net of rebates.

1.6 Fixed asset investments

The Foundation's investment in quoted shares and similar investments are initially measured at cost and subsequently at market value. Investment gains and losses, whether realised or unrealised, are recognised in the statement of financial activities in the period in which they arise.

Investments in unlisted equity and similar investments are initially measured at cost and subsequently at market value unless the market value cannot be measured reliably in which case they are valued at cost less impairment. Investment gains and losses, whether realised or unrealised, together with impairment charges, are recognised in the statement of financial activities in the period in which they arise.

Social investments

Social investments include programme related investments and mixed motive investments.

Programme related investments

Programme related investments are made exclusively to further the Foundation's charitable objectives by funding specific activities and where a financial return is not the primary reason for making the investment.

Programme related investments consist of unquoted shares and concessionary loans. Unquoted shares are initially recognised at cost and subsequently at fair value. If fair value cannot be measured reliably, the unquoted shares are measured at cost less impairment. Concessionary loans are initially recognised at the amount paid, with the carrying value being subsequently adjusted for repayments and any impairment.

Mixed motive investments

Mixed motive investments are made to provide funding to organisations in order to generate a financial return for the Foundation but also to contribute to the Foundation achieving its charitable objectives.

Mixed motive investments consist of quoted and unquoted shares and similar financial instruments and are initially recognised at cost and subsequently at fair value. If fair value cannot be reliably measured, the investment is carried at cost less impairment.

Gains on the disposal of social investments, together with impairment losses, are recognised in the statement of financial activities in the period in which they arise.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

THE STONE FAMILY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

1.8 Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Foundation becomes party to the contractual provisions of the instrument.

Basic financial assets

Debtors are initially recognised at their settlement amount and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence, such as significant financial difficulties on the part of the counterparty or default or a significant delay in payment, that the Foundation will be unable to collect all of the amounts due.

Prepayments are valued at the amount prepaid.

Basic financial liabilities

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the Foundation anticipates it will pay to settle the debt, and subsequently at amortised cost

Derecognition of financial liabilities

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

1.9 Taxation

The charity is exempt from corporation tax on its charitable activities.

1.10 Retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

1.11 Foreign exchange

Transactions undertaken in foreign currency during the period are translated into sterling at the spot rate of exchange on the day of the transaction. Exchange differences are taken to the statement of financial activities.

Foreign exchange gains (or losses) arising on the translation of monetary assets and liabilities at the period end date are taken to the statement of financial activities.

2 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Donations and gifts	4,169,978	-

THE STONE FAMILY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Investments

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
UK equities	269,596	401,358
Overseas equities	60,111	81,012
Social investments	35,673	28,178
Interest receivable	1,482	17,811
	<u>366,862</u>	<u>528,359</u>

4 Charitable activities

	Direct costs	Support costs	Total	Total
	2020	2020	2020	2019
	£	£	£	£
Staff wages	275,523	-	275,523	170,002
Staff social security	27,933	-	27,933	16,851
Staff pension costs	13,131	-	13,131	9,630
Staff development	6,487	-	6,487	5,201
Travel expenses	14,619	-	14,619	73,706
Rent and office costs	39,494	-	39,494	41,002
IT costs	7,112	-	7,112	5,896
Portfolio consultancy	13,557	-	13,557	23,435
Grant administration	4,758	-	4,758	25,281
Consultancy	175,108	-	175,108	184,684
Net exchange losses/(gains) on currency	62,314	-	62,314	88,145
Impairment	381,710	-	381,710	-
Bank charges	763	-	763	1,204
Trustees expenses	-	569	569	694
Auditors's remuneration	-	12,000	12,000	7,320
Accountancy costs	-	23,652	23,652	27,441
HR payroll and tax costs	-	7,332	7,332	11,904
Legal expenses	-	37,370	37,370	24,064
	<u>1,022,509</u>	<u>80,923</u>	<u>1,103,432</u>	<u>716,460</u>
Grant funding of activities (see note 5)	<u>7,827,006</u>	<u>-</u>	<u>7,827,006</u>	<u>6,386,231</u>
	<u>8,849,515</u>	<u>80,923</u>	<u>8,930,438</u>	<u>7,102,691</u>

THE STONE FAMILY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Grants payable

	Direct costs 2020 £	Direct costs 2019 £
Grants to institutions:		
1001Fontaines	572,225	541,024
Aerosan Sustainable Sanitation Nepal	92,900	-
Aguaconsult	11,700	10,425
Arcadia Growth Support	-	13,349
Beat	291,902	-
Birmingham Mind	92,432	92,432
Cellar Trust	80,000	-
Clean Team	253,880	-
Container Based Sanitation Alliance	46,482	22,200
Coronavirus Mental Health Response	100,000	-
Dalaberg Global	13,589	-
Delvic	17,552	39,628
Drinkwell Bangladesh	50,000	-
Eau et Vie Bangladesh	92,229	-
Empire Fighting Chance	50,000	50,000
Everflow Africa	10,004	38,459
Evidence Action	396,030	-
Factor E	787,116	386,644
Gret	55,965	135,458
Hillside Clubhouse	134,000	134,000
Hydrologic Social Enterprise	15,873	31,513
IDE	404,033	411,435
Impetus PEF	200,000	200,000
IntoUniversity	100,000	65,000
Jibu	-	69,532
Leap confronting conflict	150,000	150,000
Longford Trust	20,000	15,000
Loowatt	50,000	95,000
Mental Health Innovations	330,000	250,000
Ministry of Rural Development Cambodia	-	32,596
Mosaic Clubhouse	162,990	134,000
National Mind	200,000	100,000
Numa Water	116,314	-
On Purpose Careers	50,000	50,000
Oshun Senegal	94,657	-
Oxfordshire Mind	112,780	138,923
Positive Futures	60,000	50,000
PSI Ethiopia	-	46,525
Redthread	150,000	150,000
Rethink	114,702	106,852
Safe Water Network	590,369	462,720
Safi Sana	309,518	133,428
Samaritans	80,000	140,000
Sanergy	401,056	198,244
Shish Malhotra	13,100	-
SNV	-	262,860
Social Finance	-	134,764

THE STONE FAMILY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Grants payable

Sport 4 Life	65,000	-
The Mix	100,000	-
Tracey Keatman Ltd	-	22,706
Tutor Trust	110,000	110,000
Tutors United	45,000	45,000
Watershed	170,608	172,354
Wheels Project	25,000	25,000
World Bank Global Water Partnership	-	305,159
WSUP	375,000	750,000
Youth Moves	63,000	64,000
	<u>7,827,006</u>	<u>6,386,231</u>

6 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but travelling expenses totalling £569 were reimbursed during the year (2019 - £544).

7 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
	<u>5</u>	<u>4</u>

Employment costs

	2020 £	2019 £
Wages and salaries	275,523	170,004
Social security costs	27,933	16,851
Other pension costs	13,131	9,630
	<u>316,587</u>	<u>196,485</u>

One employee earned between £90,000 - £100,000 (2019 - £80,000 - £90,000) per annum (including taxable benefits but excluding employer pension contributions).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the charity and are represented by the trustees and the Foundation's employees. The total remuneration paid to the key management personnel was £316,587 (2019 - £196,485).

THE STONE FAMILY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Investment managers' fees

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Investment managers' fees	131,913	183,929
	<u>131,913</u>	<u>183,929</u>

9 Net gains/(losses) on investments

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Unrealised gain/(loss) on revaluation of investments	(469,595)	6,458,967
Realised gain/(loss) on sale of investments	832,545	1,430,681
	<u>362,950</u>	<u>7,889,648</u>

10 Fixed asset investments

	Listed and unlisted investments £	Cash in portfolio	Total £
Cost or valuation			
At 1 January 2020	38,197,875	2,419,117	40,616,992
Additions	18,147,397	-	18,147,397
Valuation changes	(428,232)	-	(428,232)
Cash changes	-	(1,519,010)	(1,519,010)
Disposals	(23,724,576)	-	(23,724,576)
At 31 December 2020	<u>32,192,464</u>	<u>900,107</u>	<u>33,092,571</u>
Carrying amount			
At 31 December 2020	<u>32,192,464</u>	<u>900,107</u>	<u>33,092,571</u>
At 31 December 2019	<u>38,197,875</u>	<u>2,419,117</u>	<u>40,616,992</u>

THE STONE FAMILY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Fixed asset investments

	2020 £	2019 £
Investments at comprise:		
Listed on UK stock exchange	3,363,185	11,596,241
Listed on overseas stock exchanges	14,771,555	16,909,337
Gilts and fixed interest	6,414,298	791,398
Property funds	66,336	66,267
Unlisted UK equities	6,522,338	6,509,927
Equity managed funds	761,611	1,006,008
Commodities	293,141	1,318,697
	<u>32,192,464</u>	<u>38,197,875</u>

The following individual holdings had a carrying value in excess of 5% of the entire portfolio at 31 December 2020.

	£
Sway Ventures Accelerate AITV LP	3,693,026
JJ&P (Belvin Franks)	5,996,101
FIL Investment Management (LUX)	3,112,077

THE STONE FAMILY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Social Investments

Programme related investments

	2020	2019
	£	£
At 1 January 2020	3,948,950	1,933,643
Additions	6,281,686	2,015,307
Disposals	(1,143,533)	-
Impairments	(381,710)	-
At 31 December 2020	8,705,393	3,948,950

Financial commitments on programme related investments amounted to \$2m at the 31 December 2020 (2019 - \$1.5m), payment of which is dependent on performance milestones being achieved.

Mixed motive investments

	2020	2019
	£	£
At 1 January 2020	3,713,072	3,830,708
Movement in fair value	(41,363)	84,084
Disposals	(1,891,907)	(201,721)
At 31 December 2020	1,779,802	3,713,071

Social investments, consisting of programme related and mixed motive, can be further broken down as follows:

	2020	2019
	£	£
Loans	2,404,689	2,180,075
UK equities	318,444	325,584
Overseas equities	1,604,107	1,768,875
OEIC and unit trust	1,461,358	3,387,487
Fixed deposits	4,696,597	-
	10,485,195	7,662,021

These investments support:

- The provision of finance for the acceleration of vaccine programmes in the developing world.
- The provision of micro finance loans to investors.
- Water-based projects.
- Environmentally and socially acceptable development.
- Sustainable energy projects.
- Rural sanitation

THE STONE FAMILY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Other debtors	440,391	20,230
Prepayments and accrued income	172,113	89,664
	<u>612,504</u>	<u>109,894</u>

13 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	6,219	2,870
Other creditors	1,143,589	280
Accruals and deferred income	105,152	146,050
	<u>1,254,960</u>	<u>149,200</u>

14 Related party transactions

Mr John Stone, a trustee, made donations of cash and investments amounting to £4,169,978 to the Foundation (2019 – Nil). In addition, the Foundation made grant payments to Impetus - The Private Equity Foundation of £200,000, a charity in which Mr Charles Edward, a trustee, is also a director. (2019 – Nil)

15 Cash generated from operations

	2020 £	2019 £
(Deficit)/surplus for the year	(4,162,561)	1,131,387
Adjustments for:		
Investment income recognised in statement of financial activities	(366,862)	(528,359)
Gain on disposal of investments	(832,545)	(1,430,681)
Fair value gains and losses on investments	469,595	(6,458,967)
Gift of investments	(3,733,778)	-
Impairment of investments	381,710	-
Movements in working capital:		
(Increase) in debtors	(70,596)	(10,115)
(Decrease) in creditors	(37,829)	(64)
Cash absorbed by operations	<u>(8,352,866)</u>	<u>(7,296,799)</u>

16 Analysis of changes in net funds

The charity had no debt during the year. The net movement in funds has decreased because expenditure during the year exceeded realised and unrealised gains on investments.