

Charity registration No. 277964 (England and Wales)

**THE FRANCES AND AUGUSTUS  
NEWMAN FOUNDATION**

**TRUSTEES' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2021**

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## OFFICERS AND PROFESSIONAL ADVISORS FOR THE YEAR ENDED 31 MARCH 2021

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The Trustees of The Frances and Augustus Newman Foundation are pleased to present their report and audited financial statements for the year ended 31 March 2021. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) second edition – October 2019. The accounts have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to give a true and fair view. The accounts have also been prepared in accordance with the Declaration of Trust of the Foundation.

### Reference and administrative details:

Charity Number: 277964

Principal Office: Hartwell House, 55-61 Victoria Street, Bristol, BS1 6AD

### Trustees

The following served as the charity's trustees and professional advisors during 2020/21, and since the end of the period under review:

Trustees: Mr S R Cannon MBE, MCh, FRCS  
Mr D I S Sweetnam FRCS  
Mr J L Williams, CBE, FRCS, FDSRCS  
Mr M J W Rushton

Administrator: Ben Haines

Banker: CAF Bank Ltd  
Kings Hill  
West Malling  
Kent  
ME19 4JQ

Auditor: MHA Monahans  
Fortescue House  
Court Street  
Trowbridge  
Wiltshire  
BA14 8FA

Investment Manager: Sarasin & Partners LLP  
Juxon House  
100 St Paul's Churchyard  
London  
EC4M 8BU

Custodian Trustee: The Bank of New York Europe Limited

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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### **Structure, governance and management**

The Frances and Augustus Newman Foundation ("the Foundation") was set up under a Declaration of Trust dated 8 December 1978 and varied by scheme dated 19 February 1998 and is a registered charity, number 277964. Full administrative details are given on page 1 of these accounts.

### **Objectives and activities**

The objects of the Foundation are to support medical research projects and other medically related charitable endeavours.

The Declaration of Trust permits the Trustees to administer the Foundation for the benefit of such objects and purposes which are exclusively charitable according to the law of England and Wales.

The Trustees continued with their policy of supporting various projects of public benefit in the main related to medical research by the Foundation awarding research grants to individuals, as detailed in note 6.

The Trustees comply with the duty in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit when considering the Foundation's aims and objectives.

The charity does not actively solicit donations from the public and has no need to develop formal policies on its fundraising approach.

### **Organisation**

The Foundation is governed by a board of trustees (referred to as "Trustees") and is a registered charity within the meaning of the Charities Act 2011, which places on the Trustees the responsibility for the effective management of the Foundation and the stewardship and care of the funds.

### **Trustees and governance**

The Trustees are appointed by the Board of Trustees. The Trust Deed provides for a maximum of 5 Trustees and a minimum of 3. At the biannual Trustees' Meetings, the Trustees agree the broad strategy and areas of activity of the Foundation including consideration of grants, investment performance, reserves and risk management. The day to day administration of grants and the processing and handling of grant applications is delegated to the Administrator who consults with the Chairman on a regular basis.

The Board keeps the skill requirements for the Trustee Body under review and in the event that a Trustee permanently retires or additional Trustees are required, the current Board of Trustees considers potential candidates. No new Trustees have been identified in the current period.

### **Trustee induction and training**

The induction process for any newly-appointed Trustee comprises an initial meeting with the Chairman and the Board, followed by a series of short meetings with the Administrator on investments, the grant making process, powers and responsibilities of the Trustee Board and the sub committees. The welcome pack includes a brief history of the Foundation, copy Board minutes, copies of the last three years of Trustees' Report and Financial Statements, a copy of the Governing Trust Deed and a copy of the Charity Commission's guidance 'The Essential Trustee: What You Need to Know, What you Need to Do'.

### **Key management personnel remuneration**

The Trustees consider the board of Trustees to be the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All Trustees give their time freely and no Trustee remuneration was paid in the year. There were no Trustee expenses during the year.

### **Grant making policy**

The Trustees invite applications for research grants from individuals. Applicants submit a summary of their proposals to the Trustees in a specific format; applications made in the correct format are reviewed against the research criteria established by the Trustees and the research objectives.

Research posts are funded on an annual basis to undertake an agreed programme of research and continuation of the grants is subject to the annual assessment by the Trustees.

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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The Trustees give substantial support to peer reviewed submissions from academic institutions. In respect of the limited number of other grants made, they favour projects submitted from major research centres. Grants made can be for one to three years.

### Investment policy

The charity's investment advisors, Sarasin & Partners LLP, are instructed to invest to maximise total return within the constraints of a lower level risk portfolio.

This year saw recovery in global markets after the falls seen last year due to the impact of the COVID-19 pandemic. During the year a gain before investment costs of £2,913,599 (2020: loss of £759,897) has been recorded. The fund generated investment income of £616,513 (2020: £612,188) to support the objectives of the Foundation.

### Reserves policy

In respect of the unrestricted fund, the income of one year is distributed in the following year. The Trustees' policy is to retain a minimum of £50,000 against future commitments to grants given for 2 or 3 years. This retention may vary depending on the availability of suitable applications and is held at the discretion of the Trustees. For grant commitments which cover a period of more than 12 months, the total commitment is recognised in the period agreed while ensuring the minimum retention level of reserves is maintained. The unrestricted distribution fund at 31 March 2021 was £1,126,364 (2020: £1,077,972)

### Charitable commitments

At 31 March 2021 the Trustees have accrued commitments of £185,116 payable in future years (2020: £331,181).

### Achievements and performance

The objectives of the Foundation are to support medical research and other medically related charitable endeavours. The Foundation has been successful in this aim during the year. During the year a grant of £264,000 was made to the University of Cambridge to fund research into the advancement of the treatment of dementia through cross-disciplinary development. A further 7 (2020: 5) grants were awarded for projects in the field of medical research or medically related purposes. The total awarded for 2021, including support costs, was £545,997 compared with £482,526 in 2020.

The investments have made a significant gain this year as global markets recovered from the impact of the global pandemic. The decline last year did not impact on the short term ability to award grants however it is a key external factor that may impact the ability of the Foundation to continue to deliver its objectives in the longer term.

Full details of grants made appear in note 6 to the accounts. Support costs of £16,216 (2020: £15,900) have been allocated against these grants, this is made up of one half of the total secretarial and accountancy fees and trustees' expenses.

### Criteria and measures used to assess success

		2021	2020
Number of awards granted	Note 6	10	6
Total awards	Note 6	529,781	£466,626
Total investment value	Note 9	17,319,378	£14,524,122

### Plans for the future

The Trustees will continue to award grants in support of the Foundation's objects as detailed above. The Foundation will continue to support medical research projects and other medically related charitable endeavours. In the next 12 months the Trustees anticipate:

- Awards to continue being granted at levels comparable to comparative financial year depending on the quality of applications and income received.
- The continuation of Trustees within their roles and their continuing support of the Foundation contribution to stability in the future.

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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### Financial review

The Foundation is reliant on the income from its investments, the income from which was £616,513 (2020: £612,188). There was an increase in unrestricted resources expended in the year to £568,348 (2020: £508,086), with £545,997 payable in furtherance of the Foundation's objects (2020: £482,526).

At the balance sheet date there were grants payable of £185,116 (2020: £331,181).

There was a gain on unrestricted funds before investment gains and losses in the year of £48,392 (2020: £108,680).

The Expendable Endowment fund increased by £2,835,574 in the year (2020: decrease of £835,708) to £16,081,378 at 31 March 2021 (2020: £13,245,804).

### Principal risks and uncertainties

The Trustees have examined the principal areas of the Foundation's operations and considered the major risks faced in each of those areas. The key risks and uncertainties identified are:

- Reputational damage from award of grants to an inappropriate party.

In the opinion of the Trustees, the Foundation has established review systems for award of grants which, under normal circumstances, should allow those risks to be mitigated to an acceptable level in its day to day operations.

- Value of investment funds being eroded by unpredictable market conditions.

The Trustees consider the volatility of investment returns on the endowment fund to represent the major risk particularly as a result of the COVID-19 pandemic. However, the risk is mitigated by the appointment of third party investment managers.

### Auditor

MHA Monahans have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors.

### Statement of disclosure to the auditor

So far as the trustees are aware, there is no relevant audit information of which the charity's auditor is unaware and the trustees have taken all the steps they ought to have taken in order to make them aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

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



Mr D I S Sweetnam FRCS  
On behalf of the Trustees

Date: 13 January 2022

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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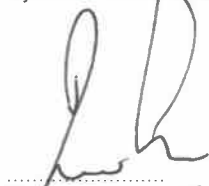
The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under charity law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Foundation and of the incoming resources and application of resources, including the income and expenditure, of the Foundation for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 presume that the Foundation will continue in business.

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

By Order of the Trustees



Mr D I S Sweetnam FRCS  
On behalf of the Trustees

Date: 13 January 2022



# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

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## Opinion

We have audited the financial statements of The Frances & Augustus Newman Foundation (the 'charity') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 trustees 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.

## Matters on which we are required to report by exception

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding of management's internal controls designed to prevent and detect irregularities, and fraud;
- Reviewing the minutes of Board of Trustees meetings;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of expenses;
- Performing analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud;
- Reviewing of the financial statements disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- Testing transactions entered into outside of the normal course of the charitable company's business; and
- Identifying and testing journal entries, in particular any journal entries with fraud characteristics such as journals with round numbers.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

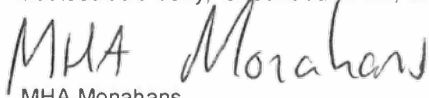
This description forms part of our auditor's report.



## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



MHA Monahans  
Statutory Auditor  
Chartered Accountants  
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006  
Fortescue House  
Court Street  
Trowbridge  
Wiltshire  
BA14 8FA

Date: 24 January 2022

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2021

		Unrestricted Distribution Fund 2021 £	Expendable Endowment Fund 2021 £	Total 2021 £	Unrestricted Distribution Fund 2020 £	Expendable Endowment Fund 2020 £	Total 2020 £
<b>Income from:</b>							
Investments	2	616,513	-	616,513	612,188	-	612,188
Other	2	227	-	227	4,578	-	4,578
<b>Total</b>		<u>616,740</u>	<u>-</u>	<u>616,740</u>	<u>616,766</u>	<u>-</u>	<u>616,766</u>
<b>Expenditure on:</b>							
Raising funds	3	-	78,025	78,025	-	75,811	75,811
Charitable activities	4	568,348	-	568,348	508,086	-	508,086
<b>Total</b>		<u>568,348</u>	<u>78,025</u>	<u>646,373</u>	<u>508,086</u>	<u>75,811</u>	<u>583,897</u>
<b>Net income/ (expenditure) before gains/(losses)</b>		48,392	(78,025)	(29,633)	108,680	(75,811)	32,869
Net gains/(losses) on investments		-	2,913,599	2,913,599	-	(759,897)	(759,897)
<b>Net income/ (expenditure) and net movement in funds</b>	13	<u>48,392</u>	<u>2,835,574</u>	<u>2,883,966</u>	<u>108,680</u>	<u>(835,708)</u>	<u>(727,028)</u>
<b>Reconciliation of funds:</b>							
Total funds brought forward	13	1,077,972	13,245,804	14,323,776	969,292	14,081,512	15,050,804
<b>Total funds carried forward</b>	13	<u>1,126,364</u>	<u>16,081,378</u>	<u>17,207,742</u>	<u>1,077,972</u>	<u>13,245,804</u>	<u>14,323,776</u>

The notes on pages 12 to 23 form part of these accounts.

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## BALANCE SHEET AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Investments	9	17,319,378	14,524,122
<b>Current assets</b>			
Debtors	10	31,937	27,255
Cash at bank and in hand		13,438	1,333
Cash held by investment managers		67,229	133,236
		112,604	161,824
<b>Creditors:</b> amounts falling due within one year	11	(130,240)	(177,054)
<b>Net current liabilities</b>		(17,636)	(15,230)
<b>Total assets less current liabilities</b>		17,301,742	14,508,892
<b>Creditors:</b> amounts falling due after one year	11	(94,000)	(185,116)
<b>Total net assets</b>		17,207,742	14,323,776
<b>Funds of the charity</b>			
Unrestricted funds	13	1,126,364	1,077,972
Expendable endowment funds	13	16,081,378	13,245,804
		17,207,742	14,323,776

13 January 2022

Approved by the Board of Trustees and authorised for issue on ..... and signed on their behalf by:

  
.....  
M D I S Sweetnam FRCS  
Trustee

The notes on pages 12 to 23 form part of these accounts.

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
<b>Cash flow from operating activities:</b>			
Net cash used in operating activities	16	(788,985)	(257,398)
<b>Net cash used in operating activities</b>		<u>(788,985)</u>	<u>(257,398)</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		616,740	616,766
Proceeds from sale of investments		576,000	-
Purchase of investments		(457,657)	(774,041)
<b>Net cash provided by investing activities</b>		<u>735,083</u>	<u>(157,275)</u>
<b>Change in cash and cash equivalents in the year</b>		<u>(53,902)</u>	<u>(414,673)</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		134,569	549,242
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>80,667</u>	<u>134,569</u>

Proceeds from sale of investments as noted above include £576,000 (2020: £nil) in relation to the sale of expendable endowment investments.

The notes on pages 12 to 23 form part of these accounts.

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Principal accounting policies

#### Foundation information

The Frances and Augustus Newman Foundation is a registered Charity which operates throughout the UK. The principal office is Hartwell House, 55-61 Victoria Street, Bristol, BS1 6AD.

The Foundation meets the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy.

The principal objectives of the Foundation are detailed in the Trustees' report found on page 2 of these accounts.

#### Basis of accounting

The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) second edition – October 2019 issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2019. The accounting policies as disclosed have been applied consistently throughout the current and preceding year.

The charity has adopted the Charities SORP (FRS 102) issued in October 2019 rather than applying the Charities 2005 SORP which has been withdrawn but is still referred to in the extant Charities (Accounts and Reports) Regulations 2008. This departure has been necessary for the financial statements to show a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice effective for accounting periods beginning on or after 1 January 2015.

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

#### Going concern

The trustees have reviewed the expected cash outflows for the Foundation against expected cash inflows and assets held for 12 months from the approval of these financial statements. The trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern, and therefore have concluded that it is appropriate to use the going concern basis in the preparation of these accounts. In making this assessment the trustees have taken account of the ongoing COVID-19 situation and the associated uncertainties in financial markets. Any resultant decrease in investments, or investment revenue, can be mitigated by reducing future grant awards in order to protect the going concern status of the charity.

#### Funds

Funds consist of an unrestricted distribution fund and an expendable endowment fund. Grants and governance costs are paid out of the unrestricted funds and the expendable endowment fund. Investment management fees are charged to the expendable endowment fund.

Unrestricted funds are available to spend on activities that further any of the purposes of the Foundation.

Further details of each fund are disclosed in note 13.

#### Gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year.

Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (*continued*) FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Principal accounting policies (*continued*)

#### **Income recognition**

Income is recognised when the Foundation has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. Interest on fixed interest securities is accrued on a day to day basis and dividends on equity investments are included when receivable.

#### **Grants payable**

Grants payable are agreed by the trustees, as detailed in the Trustees' Report. The liability is included in the accounts once a commitment has been made and communicated to the beneficiary.

Grants payable are charged against the income of the year in which they relate.

#### **Expenditure**

Costs are recognised in the period in which there is a legal or constructive obligation to make a payment to a third party. They have been classified under headings that aggregate all costs relating to that activity. In accounts prepared on the accruals basis, liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Foundation to the expenditure.

Cost of raising funds comprises costs incurred in relation to investment management costs.

Charitable activities are costs incurred in furthering the objectives of the charity and include support costs.

Governance costs include those costs incurred in the governance of the Foundation and its assets and are primarily associated with constitutional and statutory requirements.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

#### **Allocation of support costs**

Support costs are those functions that assist the work of the Foundation but do not directly undertake charitable activities. Support costs consist of bank charges and interest paid and losses/(gains) on foreign currency, which are wholly allocated to grants payable, and secretarial and accountancy fees and trustees' expenses, which are allocated equally to grants payable and governance costs.

#### **Investments**

Investments are a form of basic financial instrument and are initially measured at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The market value of investments held in the endowment portfolios are represented within the expendable endowment fund and the income portfolio is included within the unrestricted distribution fund. The realised and unrealised gains/losses are allocated in accordance with the classification of the underlying portfolio. Investment fees are deducted from the endowment fund.

#### **Financial Instruments**

As the Foundation only has basic financial instruments it has applied the provisions of Section 11 'Basic Financial Instruments' of FRS 102, to all of its financial instruments.

Financial instruments are recognised when the Foundation becomes party to the contractual provisions of the instrument.

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



# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (*continued*) FOR THE YEAR ENDED 31 MARCH 2021

### 1 Principal accounting policies (*continued*)

#### Cash and cash equivalents

Cash and cash equivalents includes cash and short term highly liquid investments with a short maturity period.

#### Taxation

The Foundation is a registered charity and HM Revenue and Customs have confirmed that it is not liable to pay tax on its income or gains properly applied for charitable purposes.

#### Risk management

The main form of financial risk faced by the Foundation is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk and changes in sentiment concerning equities and within particular sectors or sub sectors.

#### Exchange translations

Investments and income in non-sterling securities are translated into sterling at rates ruling on the date of settlement in the case of investments and the date of receipt or payment in the case of income or payments. Investments held at the year-end denominated in foreign currency are translated into sterling at rates ruling at the year end.

#### Judgements and key sources of estimation uncertainty

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

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

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Investment valuation

The Foundation makes an estimate of the fair value of investments held at each balance sheet date. The balance presented in the accounts is based upon reports provided by the fund managers who are engaged by the Foundation to manage the investments held.

### 2 Investment income

	Unrestricted Distribution Fund £	Total 2021 £	Unrestricted Distribution Fund £	Total 2020 £
Dividends received	616,513	616,513	612,188	612,188
Interest received	227	227	4,517	4,517
Other investment income	-	-	61	61
	<u>616,740</u>	<u>616,740</u>	<u>616,766</u>	<u>616,766</u>

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* FOR THE YEAR ENDED 31 MARCH 2021

### 3 Expenditure – cost of raising funds

	Expendable Endowment Fund £	Total 2021 £	Expendable Endowment Fund £	Total 2020 £
Investment management fees	77,922	77,922	75,717	75,717
Bank charges	103	103	94	94
	<u>78,025</u>	<u>78,025</u>	<u>75,811</u>	<u>75,811</u>

### 4 Expenditure – cost of charitable activities

	Grants to institutions £	Support costs £	Total 2021 £	Grants to institutions £	Support costs £	Total 2020 £
Funded from unrestricted distribution fund	529,781	38,567	568,348	466,626	41,460	508,086
	<u>529,781</u>	<u>38,567</u>	<u>568,348</u>	<u>466,626</u>	<u>41,460</u>	<u>508,086</u>

### 5 Allocation of support costs

The breakdown of support costs allocated to expenditure on charitable activities is shown in the table below:

	Other support costs £	Governance costs £	Total allocated 2021 £	Other support costs £	Governance costs £	Total allocated 2020 £
Accountancy	16,216	16,216	32,432	15,900	15,900	31,800
Audit fees	-	6,135	6,135	-	5,880	5,880
Other costs	-	-	-	-	3,780	3,780
	<u>16,216</u>	<u>22,351</u>	<u>38,567</u>	<u>15,900</u>	<u>25,560</u>	<u>41,460</u>

Accountancy costs relate to administrative and accountancy services provided to assist the trustees in the performance of their responsibilities.

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (*continued*) FOR THE YEAR ENDED 31 MARCH 2021

### 6 Analysis of grants payable

	Research costs £	Other charitable endeavours £	Buildings and equipment £	Total 2021 £	Total 2020 £
<b>Reconciliation of grants payable:</b>					
Commitments at 1 April	331,181	-	-	331,181	-
Commitments made during the year:					
Antibiotic Research UK	15,000	-	-	15,000	15,000
Bloodwise	-	-	-	-	10,000
University of Cambridge	264,000	-	-	264,000	235,000
King's College London	-	-	-	-	110,521
The Royal Marsden Cancer Charity	-	-	-	-	92,105
The Row UK Foundation	-	-	-	-	4,000
Royal College of Surgeons	75,000	-	-	75,000	-
Royal College of Anaesthetists	53,220	-	-	53,220	-
Northamptonshire Rape Crisis	-	10,000	-	10,000	-
INSPIRE Foundation	22,252	-	-	22,252	-
Stroke Association	38,309	-	-	38,309	-
The Royal Hospital for Neuro Disability	30,000	-	-	30,000	-
DKMS (Delete Blood Cancer)	2,000	-	-	2,000	-
Care for Veterans	-	20,000	-	20,000	-
Total commitments made in year	499,781	30,000	-	529,781	466,626
Total commitments made	830,962	30,000	-	860,962	466,626
Grants paid during the year	(645,846)	(30,000)	-	(675,846)	(135,445)
<b>Commitments at 31 March</b>	<b>185,116</b>	<b>-</b>	<b>-</b>	<b>185,116</b>	<b>331,181</b>

Research costs relate to costs granted to institutions to fund the research of individual medical professionals.

Buildings and equipment grants are given to institutions towards the purchase of assets to be used for the pursuance of medical research.

A grant relating to other charitable endeavours was given to The Row UK Foundation, a charitable organisation which provides recreational programmes and events for young people throughout the UK to promote wellbeing and encourage progression to further education.

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* FOR THE YEAR ENDED 31 MARCH 2021

### 6 Analysis of grants payable (continued)

During the year the Foundation has agreed to provide three grants for research projects which cover more than one year. The funding will be provided in line with the progress of the underlying research project.

Commitments at 31 March are to be funded by investment revenue and are payable as follows:

	2021 £	2020 £
Within one year	91,116	146,065
Between two and five years	94,000	185,116
	<u>185,116</u>	<u>331,181</u>

The above commitments are subject to the provision of satisfactory annual progress reports.

### 7 Analysis of staff costs and remuneration of key management personnel

The Foundation considers the Board of Trustees as comprising the key management personnel of the charity. The Foundation did not have any employees, nor made pensions or retirement benefit contributions in the current or preceding year. No remuneration was paid to the Trustees during the year (2020: £nil).

No expenses were reimbursed to trustees during the year (2020: £nil).

### 8 Net income/(expenditure)

This is stated after charging:

	2021 £	2020 £
Auditors' remuneration	6,135	5,880

### 9 Investments

	2021 £	2020 £
Market value at 1 April	14,524,122	14,509,978
Acquisitions at cost	457,657	774,041
Disposal proceeds	(576,000)	-
Net realised and unrealised gains/(losses) in the year	2,913,599	(759,857)
Market value at 31 March	<u>17,319,378</u>	<u>14,524,122</u>
Historic cost value at end of year	<u>13,111,085</u>	<u>13,210,455</u>

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* FOR THE YEAR ENDED 31 MARCH 2021

### 9 Investments (continued)

#### Investments at fair value

The fair value of investments has been determined using the following hierarchy:

Level 1 – The adjusted quoted price for an identical asset in an active market at the reporting date.

Level 2 – When adjusted quoted prices are unavailable, observable market data such as the price of a recent transaction for an identical asset will be used and adjusted if necessary.

Level 3 – Where a quoted price is not available and observable market data is not a good estimate of fair value, the fair value is determined by using a valuation technique that uses non-observable data for the asset.

The Foundation's investment assets have been included at fair value as follows:

	Level 1 £	Total £
Investments listed on stock exchange	17,243,664	17,243,664
Cash held in the portfolio	75,714	75,714
	<u>17,319,378</u>	<u>17,319,378</u>

The analysis at 31 March 2020 was as follows:

	Level 1 £	Total £
Investments listed on stock exchange	14,478,350	14,478,350
Cash held in the portfolio	45,772	45,772
	<u>14,524,122</u>	<u>14,524,122</u>

#### Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks:

Credit risk – the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk – this comprises currency risk, interest rate risk and other price risk:

- Currency risk – the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk – the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk – the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees determine their investment strategy after taking advice from their professional advisers. The Foundation has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustees manage investment risks, including credit risk and market risk, within what they believe are appropriate risk limits which are set taking into account the Foundation's strategic investment objectives. These investment objectives and risk limits are implemented through the agreements in place with Sarasin & Partners LLP and monitored by the Trustees through reviews of the investment manager's reports.

Further information on the Trustees' approach to risk management, credit and market risk is set out below.

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* FOR THE YEAR ENDED 31 MARCH 2021

### 9 Investments (continued)

#### Investment strategy

The investment objective of the Foundation is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to fund, together with future contributions, grants awarded to support medical research projects and other medically related charitable endeavours.

The range of investments and their high level exposure to each type of risk can be summarised as follows:

INVESTMENTS	2021 £	2020 £	Direct	Indirect
Fixed Income	2,621,746	2,655,934	Credit	Other, Interest
UK Equities	11,788,785	2,414,618	Credit	Other
Global Equities	-	6,694,978	Credit	Other, Currency
Property	386,552	427,147	Credit	Other
Alternative Investments	1,384,429	1,393,666	Credit	Other
Liquid Assets	1,205,095	937,779	Credit	Interest

#### Credit risk

The Foundation is exposed to direct credit risk as its holdings under Sarasin & Partners LLP are held in a nominee account. Therefore there is a direct counterparty risk with Sarasin.

This direct credit risk is mitigated by being subject to FCA regulatory oversight.

The value of the assets subject to direct credit risk is £17,319,378 (2020: £14,524,122).

Indirect credit risk arises in relation to underlying investments held in the government and non-government bonds noted in the table above. This risk is mitigated by the fund being invested in a broad range of asset classes, and the fact that credit risk for individual underlying counterparties is spread across all investors who invest in the fund.

#### Currency risk

The Foundation is subject to currency risk because some of the Foundation's underlying investments in the funds summarised in the table above are invested in international markets and denominated in overseas currencies.

Currency risk is mitigated by diversification with a significant proportion of the underlying assets being in sterling denominated investments, and managed to some extent by the expertise of the professionals who run the funds, and advise on the total portfolio composition for the Foundation.

#### Interest rate risk

The Foundation is subject to interest rate risk because some of the Foundation's underlying investments in the funds summarised in the table above are invested in bonds.

Interest rate risk is mitigated by diversification with a significant proportion of the underlying assets being in investments which are not directly affected by interest rate risk, and managed to some extent by the expertise of the professionals who run the funds, and advise on the total portfolio composition for the Foundation.



# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (*continued*) FOR THE YEAR ENDED 31 MARCH 2021

### 9 Investments (*continued*)

#### Other price risk

Other price risk arises principally in relation to the underlying equity investments held within the equity funds summarised in the table above.

Other price risk is mitigated because the funds are very large and hold a diversified portfolio of equities, which can lessen the impact of changes which are specific to individual companies or industries. It is also managed to some extent by the expertise of the professionals who run the funds, and advise on the total portfolio composition for the Foundation.

In the year to 31 March 2021, the Foundation as permitted by its constitution, disposed of investments within its expendable endowment fund for proceeds of £576,000 (2020: no disposals were made).

### 10 Debtors

	2021 £	2020 £
Accrued income	31,937	27,255
	<u>31,937</u>	<u>27,255</u>

### 11 Creditors

	2021 £	2020 £
Amounts falling due within one year:		
Accruals	39,124	30,989
Grants payable (note 6)	91,116	146,065
	<u>130,240</u>	<u>177,054</u>
Amounts falling due after one year:		
Grants payable (note 6)	94,000	185,116
Total creditors	<u>224,240</u>	<u>362,170</u>

### 12 Financial instruments

	2021 £	2020 £
Financial assets measured at fair value through statement of financial activities (note 9)	17,319,378	14,524,122

Investments that are listed on a regulated stock exchange are measured at fair value using observable market inputs. The inputs used in valuing the investments include indexes provided by these regulated markets.

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* FOR THE YEAR ENDED 31 MARCH 2021

### 13 Funds

	Balance b/fwd 2021 £	Income 2021 £	Expenditure 2021 £	Gains 2021 £	Balance c/fwd 2021 £
<b>Expendable endowment funds</b>					
Expendable endowment funds	13,245,804	-	(78,025)	2,913,599	16,081,378
Total expendable endowment funds	13,245,804	-	(78,025)	2,913,599	16,081,378
<b>Unrestricted distribution funds</b>					
Unrestricted distribution funds	1,077,972	616,740	(568,348)	-	1,126,364
Total unrestricted distribution funds	1,077,972	616,740	(568,348)	-	1,126,364
Total funds	14,323,776	616,740	(646,373)	2,913,599	17,207,742

	Balance b/fwd 2020 £	Income 2020 £	Expenditure 2020 £	Losses 2020 £	Balance c/fwd 2020 £
<b>Expendable endowment funds</b>					
Expendable endowment funds	14,081,512	-	(75,811)	(759,897)	13,245,804
Total expendable endowment funds	14,081,512	-	(75,811)	(759,897)	13,245,804
<b>Unrestricted distribution funds</b>					
Unrestricted distribution funds	969,292	616,766	(508,086)	-	1,077,972
Total unrestricted distribution funds	969,292	616,766	(508,086)	-	1,077,972
Total funds	15,050,804	616,766	(583,897)	(759,897)	14,323,776

The expendable endowment funds represent the original capital of the Foundation, realised and unrealised gains/(losses) on investments, the related investment management fees incurred and any charitable expenditure since the fund was set up.

The unrestricted funds are available to be spent for any of the purposes of the Foundation.

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* FOR THE YEAR ENDED 31 MARCH 2021

### 14 Analysis of net assets between funds

	Fixed assets 2021 £	Net current assets/ (liabilities) 2021 £	Non-current liabilities 2021 £	Total 2021 £
Expendable endowment funds	16,407,731	(326,353)	-	16,081,378
Unrestricted distribution funds	911,647	308,717	(94,000)	1,126,364
	<u>17,319,378</u>	<u>(17,636)</u>	<u>(94,000)</u>	<u>17,207,742</u>

The analysis at 31 March 2020 was as follows:

	Fixed assets 2020 £	Net current assets/ (liabilities) 2020 £	Non-current liabilities 2020 £	Total 2020 £
Expendable endowment funds	13,722,255	(476,451)	-	13,245,804
Unrestricted distribution funds	801,867	461,221	(185,116)	1,077,972
	<u>14,524,122</u>	<u>(15,230)</u>	<u>(185,116)</u>	<u>14,323,776</u>

### 15 Related party transactions

There were no transactions with related parties in the year to 31 March 2021 (2020: £nil).

### 16 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2021 £	2020 £
Net income/(expenditure) for the year (as per the statement of financial activities)	2,883,966	(727,028)
<b>Adjustments for:</b>		
Dividends, interest and rents from investments	(616,740)	(616,766)
Net realised and unrealised gains/(losses) in the year	2,913,599	(759,857)
	<u>(646,373)</u>	<u>(583,897)</u>
(Increase)/decrease in debtors	(4,682)	-
(Decrease)/ Increase in creditors	(137,930)	326,499
Net cash used in operating activities	<u>(788,985)</u>	<u>(257,398)</u>

# THE FRANCES AND AUGUSTUS NEWMAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* FOR THE YEAR ENDED 31 MARCH 2021

### 17 Analysis of changes in net funds

	1 April 2020 £	Cash flows £	31 March 2021 £
Cash at bank and in hand	1,333	12,105	13,438
Cash held by investment managers	133,236	(66,007)	67,229
	<u>134,569</u>	<u>(53,902)</u>	<u>80,667</u>