

ANNUAL REPORT & FINANCIAL STATEMENTS  
31 JULY 2017



A company limited by guarantee

Registered Company Number: 10180187

Registered Charity Number: 1167491

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## Name change

On 30 June 2017, Royal National Children's Foundation merged with the SpringBoard Bursary Foundation and subsequently changed its name to Royal National Children's SpringBoard Foundation.

## Contact and registered office

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If you seek our assistance, please read our criteria first, before emailing [admin@royalspringboard.org.uk](mailto:admin@royalspringboard.org.uk) or calling our caseworker on 020 3405 3630.

## Chairman's report

We entered the year in a new constitutional structure, a company limited guarantee. We exited the year as a much larger charity with new governance and organisational structures. The merger of Royal National Children's Foundation ("RNCF") with the SpringBoard Bursary Foundation ("SpringBoard") to form Royal National Children's SpringBoard Foundation has reconstructed the Charity and served to consolidate the charitable sector that transforms the lives of disadvantaged children through boarding education.

2017 was a year of consolidation and change. We continue to measure our work by four key performance indicators:

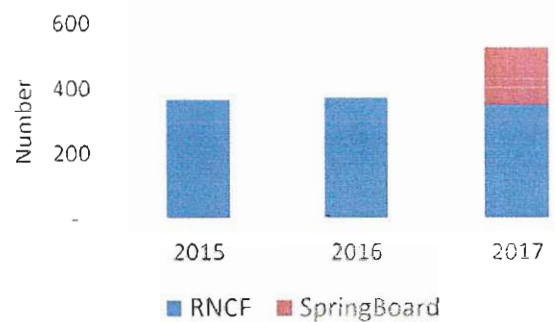
- Children: the aggregate children supported at the year-end was 42% higher at 528, including 177 that were formerly supported by SpringBoard
- Grants: aggregate grants reduced by 9% to £1.16 million due to a shortfall in donations to support our charitable work
- Donations and legacies: excluding the contribution from SpringBoard on the merger, fund raising decreased by 31%
- The total real return deficit reduced slightly to £465,000 from £481,000.

The vision for the merger was that, on a combined basis, we would help more children with a more sophisticated offering. I can already say, some eight months on, this is being achieved.

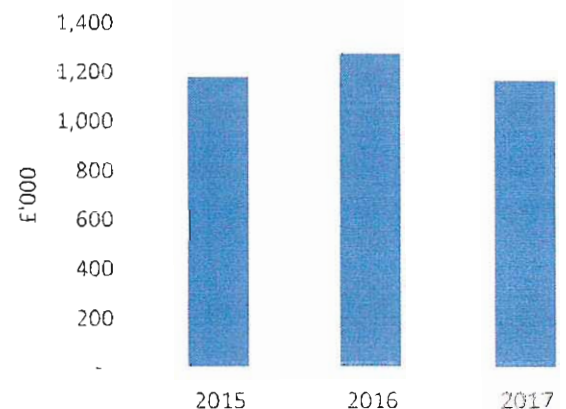
Post-merger, we have increased referrals of children by taking direct referrals (from relatives and the formal and informal infrastructures that care for disadvantaged children) and by indirect referrals (where partner organisations identify and prepare children for our support).

All children come either from backgrounds where their home circumstances are seriously prejudicial to their development or from backgrounds where their social circumstances are highly likely to result in a failure to reach their potential in society.

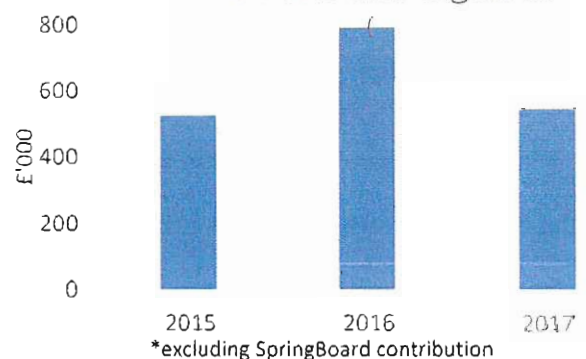
### Children supported



### Grants



### Donations and legacies\*





We take our responsibilities to children incredibly seriously; nothing is more important than their wellbeing. We carry out enhanced disclosure and barring service (DBS) checks on all trustees and staff. Post-merger, we select schools for children and check that the approved schools are compliant with their obligations in accordance with Department for Education requirements.

We have inevitably had a lot of people changes: trustees, area representatives and staff. To rationalise the size of our Board, no less than seven trustees stood down: Alan Bott, Bob Dwyer, Darrell Farrant, Clive Richardson, Mary Seller, John Spinks and June Taylor. Additionally, a number of area representatives decided to retire, some staff moved elsewhere and, for efficiency, a few were made redundant. All, without exception, made an outstanding contribution to the Charity over many years and I should like to thank all my former colleagues for their service, enthusiasm and dedication.

The Board now comprises 12 trustees – six with an RNCF heritage and six with a SpringBoard heritage. All staff are already based in one central London office. The former SpringBoard trustees and staff are already making a difference in the merged Charity.

Our work is dependent on voluntary donations. I should like to thank all our donors for their generous contributions to the Charity. Without such generosity many fewer children would be supported.

To meet the demand for our work, we need more donors and more donations. You can help us transform the lives of more children by giving generously. We shall use the money wisely.

A handwritten signature in black ink that reads 'Kevin Parry'.

Kevin Parry  
Chairman

15 March 2018



## Structure, governance and management

Throughout the year ended 31 July 2017, the name of the charity was Royal National Children's Foundation ("RNCF"). On 30 June 2017, RNCF merged with the Springboard Bursary Foundation and with effect from 19 September 2017, the combined Charity's name is the Royal National Children's SpringBoard Foundation ("the Charity" or "the Foundation").

The Foundation is a registered charity, (number 1167491) and a company limited by guarantee (number 10180187). It was founded in 1827 by Dr Andrew Reed.

The Charity is directed by a Board comprising the Trustees of the Foundation who met five times during the year. The Board is primarily responsible for setting the strategy and policies of the Foundation. It oversees areas of activity such as grant making, fund raising, investments, reserves and risk management which are either delegated to committees of the Board or to the Chief Executive. Regular reports are received from the Chief Executive, who attends Board and Board Committee meetings. Board members (throughout the year except where stated) were:

Kevin Parry OBE, Chairman	Patrick Smulders (joined 1 July 2017)
Andrew Corbett	Robert Swannell CBE (joined 1 July 2017)
Douglas de Brûle	Robert Dwyer (resigned 3 April 2017)
Eraj Shirvani	Alan Bott (stood down 30 June 2017)
Helen Starkie	Darrell Farrant (stood down 30 June 2017)
Clive Marshall (joined 1 December 2016)	Clive Richardson (stood down 30 June 2017)
Tim Bunting, Deputy Chairman (joined 1 July 2017)	Rev'd Professor Mary Seller (stood down 30 June 2017)
William de Winton (joined 1 July 2017)	Rev'd John Spinks (stood down 30 June 2017)
Patrick Derham (joined 1 July 2017)	June Taylor OBE (stood down 30 June 2017)
Richard Lewis (joined 1 July 2017)	

The Board operated three committees during the year.

### Nominations Committee

The members throughout the year were Kevin Parry (Chairman), Andrew Corbett and Douglas de Brûle. Mr Dwyer resigned on 3 April 2017; and Rev'd Professor Mary Seller stood down on 30 June 2017. Mr Bunting and Mr Swannell were appointed on 1 July 2017

The Committee is responsible for selecting the Chief Executive and Trustees. It recommends their appointment to the Board.

The Committee met once during the year and approved the appointment of the Chief Executive and Trustees.

### **Finance, Investment and Risk Management Committee**

The members throughout the year were Douglas de Brûle (Chairman), Alan Bott, Andrew Corbett, Eraj Shirvani and Helen Starkie. Mr Dwyer resigned on 3 April 2017. Mr de Winton was appointed on 1 July 2017. Mr Parry and Mr Bunting are ex officio members. Mr Bott stood down on 9 November 2017 for personal reasons.

The Committee is responsible for ensuring the continuing long term viability of the charity, the establishment of the annual budget and monitoring actual performance against that budget. It also ensures that the investment portfolio is managed in accordance with the charity's long term strategy and selects and monitors the performance of fund managers.

The Committee met four times during the year. Meetings were attended by the Chief Executive, Financial Controller and representatives of the investment managers. Reports were received from each. Management accounts were presented and discussed with explanations provided for significant variances from budget. The annual accounts were reviewed and recommended for approval to the Board after discussion with the auditors.

### **Selection Committee**

The members throughout the year were Darrell Farrant (Chairman), Clive Richardson, Mary Seller, John Spinks and June Taylor. Mr Dwyer resigned as a member on 3 April 2017. Mr Parry was an ex officio member of the Committee.

The Committee was responsible for selecting children to support by means of grants to schools. Reports to support all applications were received from the Charity's staff and area representatives based on checks of background information (including school, medical and social reports) and personal visits.

The Committee met four times during the year. Meetings were attended by the Chief Executive, Director of Operations and area representatives involved in the proposed grants.

The Selection Committee was abolished on 31 July 2017 because the Board determined that selection of children would, in the merged Charity, be an executive responsibility. It was replaced by the **Children and Schools Committee** which oversees the robustness of the selection of children and schools and will commission research to determine the effectiveness of our charitable work. The Committee is chaired by Patrick Derham.

### **Fundraising Committee**

This Committee was established with effect from 1 July 2017 to increase the fundraising needed to support our charitable work. The committee is chaired by Clive Marshall.

### **New trustees**

The Board believes it needs trustees that have a broad mix of skills and this is a prime consideration when making new appointments. Trustees are expected to have a broad empathy with, and knowledge of, the Charity's aims and objectives.

On appointment trustees are provided with training on the Charity's activities and with their responsibilities as Trustees. They are encouraged to keep up to date with developments in charity law, child welfare and education and financial management.

Trustees are appointed for an initial term of three years which can be extended up to two times. Terms of office are deemed to have commenced for all current trustees on 1 August 2017.

The trustees have delegated day to day management of the Charity to the Chief Executive who on-delegates to senior staff. The staff work from offices in central London. Regular meetings of all staff are held to ensure they are kept informed of and contribute to the Charity's activities.

The staff are complemented by partner organisations and volunteer area representatives who assist in the identification of potential beneficiaries and maintain close links with partner schools.

### **Objects, aims and objectives**

For the 11 months to 30 June 2017, the Charity's object was to help fund school education for young people in the United Kingdom whose home, family or school circumstances were seriously prejudicial to their normal development and where no other care was available.

From 1 July 2017, the Charity's objects were amended to embrace social inclusion whilst continuing to support children whose home, family or school circumstances were seriously prejudicial to their normal development.

For the benefit of the public, Royal National Children's SpringBoard Foundation's objects are:

- the advancement of education by assisting in schooling, training or the provision of structured vacations for children and young people
- the promotion of personal security, development, advancement in life, access to education and social inclusion of children and young people who are in need because of two or more of the following reasons:
  - financial hardship
  - family circumstances, including (but not limited to) the death or absence of a parent, physical or mental disability or illness of either themselves or a parent, or the divorce or separation of their parents
  - social and economic disadvantage
- the assistance and promotion of social inclusion of those who financially or psychologically support such children and young people or who form part of the community of which such children and young people are members.

The objects are achieved by providing means tested bursaries and other forms of financial assistance, advice and support to enable the education of children and young people at, state and independent, day and boarding schools and the ongoing development of such children and young people into early adult life.

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Foundation's aims and objectives.

The Foundation has a long term aim to increase the number of vulnerable young people whose lives are transformed.

## Grant making policy

The charity helps disadvantaged children and young people whose development is seriously prejudiced by their home and/or community environment. This is achieved by

- understanding the needs of the child; and
- being certain that a boarding education will be life transforming not life damaging.

The Charity either identifies a full bursary or contributes towards school fees at selected boarding schools. In exceptional circumstances, the Charity pays fees for a child to attend a day school when there is an expectation that he or she will board at an appropriate age.

In practical terms the criteria for providing such assistance includes:

- the child being vulnerable through either bereavement or serious mental or physical health issues of their parents
- the child having suffered from either being an orphan or the divorce or separation of parents or is suffering due to adverse home conditions (such as abuse or neglect)
- the child being aged between 7 and 18 years
- the child having a social need that can benefit from assisted boarding and/or independent education (this does not extend to a parent's educational preference)
- the parents not being able to meet the cost of such education.

Potential cases for support are referred to the Charity by parents or guardians, relatives, medical professionals, community leaders, community partners, schools and local authorities.

In the case of direct referrals to the Charity, as opposed to those children referred through a community group, a full review of each case, including a home visit, is conducted by the Charity's staff or area representatives and put forward to the selection process for final consideration.

It is the charity's practice to help support the well-being of the child for their remaining school years, subject to annual reviews of their circumstances.

All grants are paid directly to schools and are leveraged over five times with bursary assistance from schools and grants from other charities such that an average typical grant of between £4,000 and £5,000 per child is often sufficient to secure a boarding place.



## Review of achievements and performance

### The merger

Discussions with SpringBoard took place throughout the year.

RNCF and SpringBoard had different heritages but with very similar objects:

- RNCF was a well-established charity founded in 1827 as the Infant Orphan Asylum by Dr Andrew Reed with an initial donation from the young Princess Victoria, who, as Queen Victoria, became its first Patron. Over many years, it has offered life-transforming independent and state school bursaries to some 3,000 children who have experienced difficult home circumstances. It has been at the heart of many pioneering initiatives in the sector, most notably the Pathfinder programme of the 1990s, and latterly the Assisted Boarding Network. It has a strong and respected reputation of working with vulnerable children on the edge of care.
- SpringBoard was founded in 2012 and is modelled on the principles of Rugby School's imaginative and innovative bursary programme, the Arnold Foundation. It sought to offer life-transforming bursaries to disadvantaged children in SpringBoard accredited boarding schools. These children were recommended to it by community groups and in the case of Looked After Children, local authorities. The charity worked closely with these organisations to ensure each child had a strong pastoral environment in either state or independent boarding schools. It grew at a rapid rate over its first four years.

Over recent years, the two charities had begun to develop a relationship: the RNCF Chairman was a member of the SpringBoard Advisory Board, the executives of both charities shared platforms and both CEOs worked together as members of the Department for Education Advisory Board.

In 2016/17, the Chairmen of both charities together with the Chief Executive of SpringBoard determined a prospective joint operating model, taking input from trustees and staff.

Both sets of trustees believed the core principles of the two charities were similar, although the approach taken by each varied in detail. There were compelling reasons for the merger. Most importantly it would give many more children the opportunity to access bursaries to transform their lives. This would be achieved through economies of scale which lower the average running costs; and greater school fee leverage through working with a smaller number of highly engaged schools. Further, a larger and more sophisticated charity is in a stronger position to respond to two of the most significant external opportunities to emerge for some time: the increased emphasis by HM Government on social mobility; and the changing dynamics of the boarding sector.

Both boards agreed the merged charity would:

- Provide life transforming opportunities for children by enabling them to attend boarding schools
- Contribute to relevant public policy by supporting vulnerable children on the edge of care; looked after children; and children eligible for free school meals
- Work with both state and independent boarding schools
- Advance social mobility

- Place a high emphasis on pastoral engagement, including the use of holiday courses and partner engagement
- Increase recognition of the need for our work by forging relationships with like-minded organisations (e.g. BSA, HMC, ISC, Teach First, IntoUniversity etc.) and by attendance at relevant conferences and seminars
- Work with the wider donor base of the combined charity to increase aggregate donations.

Following mutual due diligence, the Boards of RNCF and SpringBoard voted for the merger which completed on 30 June 2017 and has created the UK's largest life transforming bursary charity.

### **Operating review**

Prior to the merger, the Charity continued to operate as in prior years, with staff and trustees focussed on child selection and fundraising. The work embraced ongoing reviews of individuals' development and liaison with schools, parents and guardians. The fundraising backdrop was challenging and was held back due to the resignation of RNCF's chief executive. However, by the year end there were signs of an improving fundraising performance as people recognised the benefits of the merger.

Immediately post the merger, work started on finalising new ways of working and the management and administrative aspects of bringing two organisations together.

In addition to ensuring the charity's continued full adherence to the Codes of Practice set by the Fundraising Standards Board and the new Fundraising Regulator, the Director of Marketing and Fundraising continued to ensure the Charity pursued an ethical fundraising programme which embodies sector-best practices. The Charity does not participate in charity street collecting or telemarketing activities which, although proven to be highly lucrative for charities, are unpopular with donors and supporters. The Charity's pursuit of an ethical fundraising programme has meant the Charity has not faced any complaints about its fundraising activities and has not been the subject of any negative media coverage.

We have continued to receive exceptional support and encouragement from our Patron, HRH The Princess Royal. In the past year we have held a major event to launch the merged charity where current and past beneficiaries have told their stories and emphasised the real value of support from the Charity. The Charity's effect on our beneficiaries' lives is truly impressive and life changing.

### **Monitoring performance**

The Foundation provides grants to fund the education of vulnerable and socially disadvantaged children who may be on the edge of being taken in to care. Such education is provided mainly at independent and state boarding schools. Such education significantly improves the life chances of disadvantaged children.

In assessing the success of our grant giving activities we consider not only the academic success of children, but also improvements in their social well-being. To measure this success, we commissioned an Impact Report in 2015 to examine and quantify the benefits accruing to our



beneficiaries, their families and to wider society. The Report involved collecting data from current and past beneficiaries, their families and teachers. Key findings were:

*Increased level of security and self esteem*

Prior to attending boarding school only 14% of respondents described themselves as “secure” or “very secure”. Once at boarding school this rose to 90%.

*Improved relationships*

More than 80% of respondents noted that boarding school had had a positive impact on their relationships with both adults and their peers.

*Heightened aspirations*

Over two thirds of respondents reported that boarding school had positively changed their perception of their futures.

*Impact on the family*

94% of parents and guardians considered that boarding school for their children had had a very positive impact on family life.

In addition to the Impact Report we receive annual school reports on each beneficiary detailing their academic performance and social well-being.

On occasion, beneficiaries leave before completing their full years at a school, and in such cases we investigate the reasons for their leaving to assess whether there are any learning points for the future. We have determined that the selection of schools and the quality of their pastoral care are key determinants of success. Consequently, following the merger, we have adopted the procedures of SpringBoard and will, in the future, only use schools accredited by the Charity. The transition to such schools will take some five years whilst we continue to support children in their current schools.

**Financial review**

The merger was effected by SpringBoard contributing its assets and liabilities to the Charity. Accordingly, our financial statements show a contribution of assets of £340,963.

Our investment policy (see below) is partly to hedge equity markets. The consequential income and expenditure is shown in the net expenditure before investment gains and losses whereas the related losses and gains are shown in the realised and unrealised investment gains.

The Trustees consider net expenditure before the contribution from SpringBoard and before gains and losses on derivatives to be more meaningful in judging the operating performance. These items are excluded in the ratios below and are referred to as adjusted numbers.

The Charity derived 40% (2016: 53%) of its adjusted income from adjusted donations and legacies. 8% (2016: 5%) of its adjusted income was derived from other trading activities and the remainder of the income derived from the investment portfolio.

Income from grants and donations from external sources in the year amounted to £546,372 (2016: £793,342). This includes a legacy of £100,000.

The Charity primarily provides long term funding of school fees for its beneficiaries for the duration of their school years and it is therefore important to secure multi-year funding from donors. Many of our donors are long term supporters of the Charity and we extend to them and all our donors our sincere thanks for their support.

Grants provided to fund beneficiary's education amounted to £1,162,433, representing a 9% decrease on the previous year. This reflected lower donations from, in particular, trusts and foundations, offset in part by higher investment returns.

Adjusted net expenditure before investment gains and losses was £431,702 (2016: £656,864). The deficit is funded by realised and unrealised capital gains in the investment portfolio which is managed to maximise total returns over the long term. Cash withdrawals from the investment portfolio fund the operational cash flow deficit.

The Trustees use, real net return, an alternative performance measure, to judge the sustainability of the financial results. This measure considers the real long term expected return on the investments compared with the actual income and expenditure. The calculation has three changes from last year. First, gains and losses on derivatives are considered to be part of the investment return. The comparative figures have been adjusted accordingly. Second, the assumption of school fee growth has been reduced to 3% (2016: 4%) to recognise that the Charity's bursary contributions are not rising as fast as general school inflation. Third, long term returns on bonds and cash reduced.

	2017 £'000	2016 £'000 (restated)
Equity and real estate	18,844	20,449
Bonds and cash	<u>2,816</u>	<u>1,539</u>
Previous year end balance (excluding restrictive cash and derivative balances)	<u>21,660</u>	<u>21,988</u>
Assumed increase in costs and school fees	3.0%	4.0% pa
Assumed long term return on equity and real estate	7.0%	7.0% pa
Assumed long term return on bonds and cash	0.7%	1.9% pa
Mixed rate of return on investments	<u>6.2%</u>	<u>6.6%</u>
	£'000	£'000
Total long term return on capital account	1,340	1,460
less: net costs (excluding investment return, hedging and SpringBoard donation)	<u>(1,155)</u>	<u>(1,061)</u>
Surplus (deficit) total return	185	399
less: inflationary adjustment	<u>(650)</u>	<u>(880)</u>
Real net return	<u>(465)</u>	<u>(481)</u>

It is the aim of the Trustees to eliminate the deficit in the next two years and subsequently to increase grant making. This practice will ensure the long term sustainability of the Charity.

## **Investment policy and performance**

The Trustees confirm the Charity has a Capital Fund with an original value of £8 million arising from the sale in 1971 of the Royal Wanstead School. The Capital Fund now comprises the original value and unapplied total return at 31 July 2017.

As at 31 July 2017, the Capital Fund (including property and restricted cash) amounted to £24,312,500 (2016: £22,925,187).

### **Investment policy**

The Capital Fund is managed on a total return basis such that it is preserved for the long term over multi-investment cycles in real terms measured against the prospective annual increase in school fees payable by the Charity. When determining the amount of unapplied total return to transfer to income, the trustees have considered the amount of income required to maintain the current level of charitable grants and of future beneficiaries.

The Trustees take professional advice from their investment advisers on:

- the market, investment trends and yield and the prospect for future capital growth
- opportunities to increase the real value of the Capital Fund (after expenditure) by balancing market return with active management to out-perform markets
- spreading risk by avoiding undue concentration of investments vis a vis asset classes, sectors or economies and to pool investments in selected funds
- avoiding currency realisation risk by hedging non-Sterling investments back into Sterling unless either there is an active investment decision to run a currency exposure or it is impractical to hedge
- managing investment liquidity by always keeping 18 to 24 months school fees (to the extent they are funded from the investments) in cash or cash equivalents to ensure no liquidity crisis in the case of sustained poor investment conditions
- reducing volatility in valuations by the partial use of hedging techniques either within funds or by the use of structured products or by overlaying futures.

### **Investment performance**

The Trustees regularly review investment performance with the investment advisers and approve every withdrawal of funds from the unapplied total return.

The Trustees continue to hold a mixed portfolio of equities, cash and other investments designed to provide a total return comprising income and investment gains. The equity component of the investment portfolio is weighted with medium appetite for investment risk and exposure to investments in the leading advanced economies.

The Capital Fund produced a total return before fees of 10.7% (2016: 4.8%). The FTSE100 and FTSE All-share total return for the year to 31 July 2017 was 14.0% (2016: 4.5%) and 15.5% (2016: 3.3%)

respectively. Taking account of the costs of hedging downside risk and investment management fees, the total return outcome was in line with our expectations for this stage of the investment cycle.

## **Reserves policy**

The Charity has reserves of £25.0 million (2016: £23.3 million). The reserves arise from capital contributions intended to provide a return that can be used for charitable purposes.

The Charity makes long term (up to 11 years) moral commitments to fund its beneficiaries through their school years. Grant income is rarely, if ever, guaranteed for this length of time. For this reason the trustees consider it important to maintain a level of reserves sufficient to guarantee completion of a beneficiary's education in the event of a severe diminution in the level of annual income. The investment portfolio would meet this aim in a managed run down scenario which would entail limited or no take on of new cases until the number of children supported is compatible with the return on investments.

We always take account of predicted increases in school fees and administration expenses and investment returns over a complete stock market cycle which means the value of investments fluctuates.

## **Principal risks and uncertainties**

The principal risks faced by the charity are set out below.

### **Investment performance**

The Charity has a portfolio of investments arising from capital gifts intended to provide a return on investments for our charitable purpose. We rely on the returns from this portfolio for a significant proportion of our operational income. The Trustees consider the variability of investment returns and the possible diminution in the capital value of the portfolio to be a major risk.

This risk is mitigated by retaining investment managers with proven expertise to manage the portfolio. The investment managers are given specific investment objectives and manage the portfolio on a total return basis. Investment risk is further minimised by hedging a part of the portfolio at appropriate times.

The investment managers attend all meetings of the Finance, Investment and Risk Management Committee where their performance is critically reviewed against the previously set objectives.

### **Financial risk**

There is a risk that the financial resources of the charity could be mismanaged, thus jeopardising the long term future of the charity.

This risk is mitigated by ensuring strong financial controls are in place which are reviewed both internally and externally on an ongoing basis.

We employ a professionally qualified, experienced financial controller who works part time. He reports regularly to the Finance, Investment and Risk Committee which comprises trustees with financial expertise.

### **Operational and reputational risk**

The Board of Trustees sets the long term strategy of the Charity and it is essential that this strategy is adhered to. Failure to do so could result in reduced donations thus jeopardising the long term future of the Charity.

This risk is mitigated by regular meetings of the Board which are attended, as appropriate, by the Chief Executive and other colleagues

Selection of potential beneficiaries and suitable schools is carried out by an experienced operational team and, in the year, all final decisions were made by the Selection Committee before a grant was awarded. Professional advice from suitably qualified organisations is obtained where necessary. All trustees, staff and volunteers are DBS checked and referenced.

### **Key management personnel**

The trustees consider the Board of Trustees and the Chief Executive to be the key management personnel of the charity.

All Trustees provide their services free of charge and received no remuneration in the year. Details of expenses reimbursed to trustees and related interests are shown in note 6 to the accounts.

All trustees are required to register any relevant interests and transactions which may result in a conflict of interest. In the event of a potential conflict of interest the relevant trustee would be required to withdraw from any decision making process.

The pay of the Chief Executive is reviewed by the Board of Trustees on an annual basis. In determining remuneration, the trustees take account of performance and salaries paid in similar sized charities for comparable roles.

### **Plans for the future**

The Charity has carefully considered practices of the two predecessor organisations and either adopted the better of the two practices, or decided to continue with two ways of working or enhanced previous ways of working.

### **Principles**

In respect of our work, the following key principles have been adopted:

- Every child should be known to the Charity
- There will be a level of pastoral care in the home community or available to the family or carer
- Every child's progress will be tracked and evaluated termly

- There must be some communication with the parent/carer on a regular basis, at the least termly.

### Support

SpringBoard ensured children and young people were supported in their community either through partner organisations, or for Looked After Children by the Virtual school apparatus. This model provides:

- pastoral reach into the community and the family
- a relationship between the school and the partner organisation for the benefit of the school, the family, the partner and most importantly the pupil.

SpringBoard and RNCF receive all the pupil reports as does the partner and, of course, the parents. SpringBoard held three-way annual meetings between the school, the partner and SpringBoard to discuss the progress of the pupil.

SpringBoard has a partnership with the STEER organisation. This organization has produced a bespoke well-being mental health assessment process, which went live in 2017. It is an extremely useful addition to pastoral care because fundamental to the merged Charity is a strong understanding of the “whole” child. The profile that emerges from the STEER review strengthens the ability of the school to provide the life transforming opportunities for the pupils. They are providing their service pro bono.

The merged Charity is largely adopting SpringBoard’s support practices.

### Selection and mentoring

The selection criteria for the Charity will encompass the criteria employed by both former charities i.e. pupils will continue to be recommended by “partners” or direct by parents, guardians, schools or local authorities.

In addition to the direct referral route, the Charity will maintain a stream of partner referred candidates. The pastoral arrangements for these pupils will remain the same as pre-merger. For those who are referred directly to the Charity stronger pastoral arrangements will be introduced; one development will be the increased participation of the area representatives. These committed volunteers will undertake to provide mentoring for which they will receive training. They will

- Engage in the selection process
- Undertake to liaise with the school/family/carer/guardian on school issues
- Gain experience and knowledge of the issues that affect the direct referral pupils
- Act as a pastoral conduit back to the home environment at appropriate times.

In time, area representatives will develop a relationship with our partners, who have considerable expertise in these issues. These representatives will be trained and brought together regularly (including joining the triannual partner forums).

Area representative will play a key role should the pupil have to leave a boarding school early (e.g. for personal circumstances or disciplinary issues). In such circumstances, the Charity will work hard



wschools, the partners and the families to ensure the transition from the boarding school is as well managed as possible. For example by:

- Managed transitions to other boarding schools
- School arranged distance learning
- Liaison with the partner to manage a transition to local state school
- Home support.

### **Emergency cases**

The Charity will continue to make emergency referrals to accredited schools where the circumstances merit an emergency decision.

### **Schools**

All of the Charity's pupils will be placed in state and independent UK boarding schools which have been accredited by the Charity. Each school with which the Charity works shares a commitment to genuine pastoral care and support for children from disadvantaged circumstances, increasing social mobility through widening access to boarding education and learning, adapting and sharing best practice. The Charity's accreditation process is designed to determine whether schools have, and are maintaining, these commitments. Accreditation comprises four stages:

- A review by the Charity of the school's most recent inspection reports
- Completion by the school of a detailed self-assessment form
- A visit to the school from the Chief Executive Officer and/or the Director of School Relationships; and
- Attendance each year by a relevant member of the school's staff at the Charity's annual training day for schools.

As a pre-requisite for a school to maintain accreditation, the Charity reviews a school's most recent inspection reports, requires the school to complete a self-assessment form and visits the school every three years.

The practice of RNCF which permitted parents to select a child's school has been discontinued because the Charity now has the expertise to select the most appropriate school for each child.

### **Impact assessment process**

The Charity will continue the impact assessment project pioneered by SpringBoard, which is carried out by the National Foundation for Educational Research (NFER). The third annual report concluded:

"The findings from the evaluation of SpringBoard remain extremely positive, with pupils and staff reporting a wide range of impacts as a result of pupils moving to boarding schools, and remarkably few negative consequences.

"Even though SpringBoard continues to expand, effective working relationships have been developed and continue to grow between partner organisations, original and member schools, pupils and their families/carers. The unique and comprehensive network of support that the SpringBoard model provides appears to be central to its success and enables pupils to settle quickly in their new school as well as thrive in the longer-term.

“A range of impacts are being realised for pupils including: improved academic progress and attainment; raised aspirations, broadened horizons and enhanced future prospects; improved social skills and interactions and increased awareness of social diversity; and increased confidence and well-being. Many of the above impacts have been achieved as a result of pupils benefitting from a stable and secure school environment.

“Staff have also benefited in terms of, for example: the development of knowledge and skills as a tutor and key worker; personal satisfaction; increased collaboration; and improved communication and skills in working with parents. Furthermore, impacts are beginning to be seen in SpringBoard pupils’ home communities where they are acting as positive role models and inspiring others to follow in their footsteps.”

“This [the SpringBoard bursary programme] has not just impacted significantly on their life chances [SpringBoard pupils’] but also this community. There is a sense of self-belief and confidence spreading across this community and this is as a consequence of the collaborative work of SpringBoard and the school.”

(Headteacher, SpringBoard feeder school, Chester, 2015)

“Today I received my A-level results, following the two most enjoyable years of my life (so far). I achieved A grades...meaning I have made my offer to read medicine! [This is a]... life changing opportunity you provided me with: I have not only received a top class education, but grown as a person and made lifelong friends along the way. Two years ago I could only dream of being in the position I am in today.”

(SpringBoard pupil 2016)

## **Donors**

As part of our strategic development, we have sought to secure a number of new long term donor partnerships, particularly with trusts and foundations, where the emphasis is on securing funding commitments for three to five years. The solid financial position of the Charity allows us to guarantee that all beneficiaries will be supported to the end of their school education.

The Charity has obtained a grant from Credit Suisse, which, in part, will provide resources to continue the objective evaluation of the impact assessment process by NFER for the next two years. This will provide a mechanism for the new charity to evaluate the model as it develops. This process of continual reflection is at the heart of the charity’s core philosophy because it ensures the best outcomes for the children in the schools and for those about to start.

## **Future ambitions**

The Charity has three short-term, medium term and long term objectives.

### *Short term ambitions*

1. To draw together the two operational teams

2. To establish a coherent and sustainable model for placing children in accredited schools, by emphasising the whole child agenda
3. To analyse the direct referral retention rates and to put measures in place to ensure a stronger consistency.

*Medium term ambitions*

1. To reduce the average cost per pupil of the Charity and to reduce the average fee commitment paid to accredited schools
2. To have a thousand children in boarding schools at any one time
3. To play a more significant role in social mobility thus helping the boarding sector future proof itself.

*Long term ambitions*

1. To increase the capital fund
2. To commit all schools to fully fund the children
3. To build a day school bursary model.

To meet our ambitions, it is a priority to increase our fund raising: through annual donations; through medium and long-term commitments to donate; and capital fund additions. We value each form of donation and recognise that individuals, corporates, trusts and endowments have their own preferred way of giving. We will continue to increase our efforts to raise donations whilst continuing to manage our financial affairs (including our capital fund) in a manner that is consistent with our sustainable financial resources.

We normally work with school bursary funds and partner charities to establish bespoke financial packages to support our beneficiaries. Whilst continuing to work with our established charity partners, we will seek to broaden our partner charities so as to increase the efficiency of the use of our resources. We are open to wider discussions including sharing of administrative and management resource to reduce overhead expenditure. We are open to mergers with charities that have broadly similar objectives to our own.

We plan to strengthen links with our alumni, supporters, introducers, volunteers and schools incrementally in the years ahead so as to benefit from their skill sets in the development of our work.

**Conclusion**

Exciting challenges lie ahead for the sector as a whole and the merger will create a charity better placed to address these challenges and opportunities.

**Statement of Trustees' responsibilities**

Law applicable to charities in England and Wales requires Trustees to prepare financial statements for each financial year, which give a true and fair view of the Foundation's financial activities during the year and of its financial position at the end of the year. In preparing financial statements that give a true and fair view, the Trustees should follow best practice and

- select suitable accounting policies and apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards and Statements of Recommended Practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Foundation will be able to continue in operation.

The Trustees of the Foundation, as the directors of the Foundation, are responsible for safeguarding the assets of the Foundation, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities. They are also responsible for keeping accounting records which disclose, with reasonable accuracy, the financial position of the Foundation at any time, and which enable them to ascertain the financial position of the Foundation and ensure that the financial statements comply with the Charities Act 2011.

On behalf of the Board

A handwritten signature in black ink that reads 'Kevin Parry'.

Kevin Parry  
Chairman

A simple horizontal line drawn in black ink, positioned below the name 'Kevin Parry'.

15 March 2018

## Independent auditor's report to the members of Royal National Children's SpringBoard Foundation

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### Opinion

We have audited the financial statements of Royal National Children's SpringBoard Foundation for the year ended 31 July 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2017 and of the charitable company's net movement in funds, including the 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 charitable company 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.

### Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 18 and 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### **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.

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

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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.

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

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report (which incorporates the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (which incorporates the directors' report) 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 (which incorporates the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.



*Tracey Young (Senior statutory auditor)  
for and on behalf of haysmacintyre, Statutory Auditor*

*10 Queen Street Place  
London  
EC4R 1AG*

*Date: 15 March 2018*

**STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31 JULY 2017**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
<b>INCOME FROM:</b>					
Donations and legacies	2	518,172	28,200	546,372	793,342
Donation from Springboard Bursary Foundation	3	340,963	-	340,963	-
<b>Other trading activities:</b>					
Fundraising income		74,117	-	74,117	23,744
Bursary support programme		41,025	-	41,025	40,325
Investments	4	723,054	-	723,054	403,645
<b>Other income:</b>					
Gain on derivative financial instruments		-	-	-	241,527
<b>Total</b>		<b>1,697,331</b>	<b>28,200</b>	<b>1,725,531</b>	<b>1,502,583</b>
<b>EXPENDITURE ON:</b>					
<b>Raising funds:</b>					
Investment management fees	5	126,459	-	126,459	130,650
Fundraising costs	5	38,958	-	38,958	39,743
<b>Charitable activities</b>					
School fee grants and associated support costs	5	1,621,387	29,466	1,650,853	1,747,527
<b>Other expenditure:</b>					
Loss on derivative financial instruments	5	752,484	-	752,484	-
<b>Total</b>		<b>2,539,288</b>	<b>29,466</b>	<b>2,568,754</b>	<b>1,917,920</b>
<b>Net expenditure before investment gains and losses</b>		<b>(841,957)</b>	<b>(1,266)</b>	<b>(843,223)</b>	<b>(415,337)</b>
<b>Other recognised gains/(losses):</b>					
Realised (loss)/gain on investments	9	160,326	-	160,326	(80,322)
Unrealised gains on investments	9	2,096,383	-	2,096,383	533,686
Unrealised gains on investment property	8	247,000	-	247,000	-
<b>Net movement of funds</b>		<b>1,661,752</b>	<b>(1,266)</b>	<b>1,660,486</b>	<b>38,027</b>
<b>Total funds brought forward</b>		<b>23,288,227</b>	<b>4,669</b>	<b>23,292,896</b>	<b>23,254,869</b>
<b>Total funds carried forward</b>		<b>24,949,979</b>	<b>3,403</b>	<b>24,953,382</b>	<b>23,292,896</b>

There have been no recognised gains or losses other than those included above. All amounts relate to continuing activities. The prior year Statement of Financial Activities is included in Note 18. The accompanying notes form part of these financial statements.





**BALANCE SHEET**

**AS AT 31 JULY 2017**

**COMPANY REGISTRATION NUMBER 10180187**

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	2,133	3,877
Investment property	8	485,000	238,000
Investments	9	23,053,440	21,660,643
		<u>23,540,573</u>	<u>21,902,520</u>
<b>CURRENT ASSETS</b>			
Debtors	11	261,551	80,816
Cash at bank		520,464	369,212
Restricted Cash	10	774,060	1,026,544
		<u>1,556,075</u>	<u>1,476,572</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(143,266)</u>	<u>(86,196)</u>
<b>NET CURRENT ASSETS</b>		<u>1,412,809</u>	<u>1,390,376</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>24,953,382</u>	<u>23,292,896</u>
<b>FUNDS</b>			
General Fund	14	24,479,629	23,064,877
Designated Fund:			
Property revaluation reserve	14	470,350	223,350
Restricted Fund	14	3,403	4,669
		<u>24,953,382</u>	<u>23,292,896</u>
<b>TOTAL FUNDS</b>	15	<u>24,953,382</u>	<u>23,292,896</u>

Approved by the Trustees and authorised for issue, and signed on their behalf by:

Kevin Parry  
Chairman

15 March 2018

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 JULY 2017**

	Note	2017 £	2016 £
<b>Net cash used in operating activities</b>	17	<u>(1,688,198)</u>	<u>(829,752)</u>
<b>Cash flows from investing activities</b>			
Investment income		723,054	403,645
Purchase of fixed assets		-	(3,243)
Purchase of investments		(7,034,855)	(5,535,951)
Proceeds from sales of investments		<u>7,898,767</u>	<u>6,317,081</u>
<b>Net cash provided by investing activities</b>		<u>1,586,966</u>	<u>1,181,532</u>
<b>Change in cash and cash equivalents in the year</b>		(101,232)	351,780
Cash and cash equivalents brought forward		<u>1,395,756</u>	<u>1,043,976</u>
<b>Cash and cash equivalents carried forward</b>		<u>1,294,524</u>	<u>1,395,756</u>
<b>Analysis of cash and cash equivalents</b>			
Cash at bank		520,464	369,212
Restricted cash		<u>774,060</u>	<u>1,026,544</u>
		<u>1,294,524</u>	<u>1,395,756</u>

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 JULY 2017

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#### 1. ACCOUNTING POLICIES

##### Statement of compliance

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments. The format of the financial statements has been presented to comply with the Companies Act 2006, the Charities Act 2011, FRS102 the Financial Reporting Standard applicable in the UK and Ireland and the Statement of Recommended Practice Accounting and Reporting by Charities ("SORP 2015"). The Charity is a Public Benefit Entity as defined by FRS102.

Judgements made by the Trustees, in the application of these accounting policies, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the valuation of the investment property. The valuation is dependent on market factors.

The Trustees are satisfied that the Charity has sufficient reserves to continue as a going concern for the foreseeable future.

The incorporated charitable organisation, Royal National Children's Foundation ("charitable company") was incorporated on 13 May 2016. Royal National Children's Foundation ("unincorporated charity") transferred its activities, assets and liabilities to the charitable company on 1 August 2016 and in accordance with SORP 2015 guidance on accounting for charity reconstructions, this arrangement has been treated as a merger. The charitable company started operations from 1 August 2016 and the comparative figures for the year-ended 2016 relate to the unincorporated charity.

On 30 June 2017 SpringBoard Bursary Foundation merged with Royal National Children's Foundation, the charitable company. On 19 September 2017, the name of the organisation was changed to Royal National Children's SpringBoard Foundation. SpringBoard Bursary Foundation prepared its financial statements to 30 June 2017 and transferred its assets and liabilities at fair value to the charitable company as at that date. The net transfer of funds (assets and liabilities) has been included as donation received by the charitable company in these financial statements. The merger has been treated as an acquisition for 'accounting purposes' and only includes income and expenditure for the month of July 2017.

##### Income

All income is recognised once the charity has entitlement to income, it is probable that income will be received and the amount of income receivable can be measured reliably.

Dividend income is accounted for in the statement of financial activities in the period in which the charity is entitled to receipt.

##### Expenditure

Raising funds costs comprise those costs directly attributable to managing the investment portfolio and fundraising and publicity costs which are those incurred in seeking voluntary contributions for the Foundation.

Charitable expenditure comprises direct expenditure including direct staff costs attributable to the Foundation's activity. Where costs cannot be directly attributed they have been allocated on a basis consistent with the amount of staff time spent on each activity. Support costs comprise all services supplied centrally, which are identifiable as wholly or mainly in support of the Foundation's work and include an appropriate proportion of overheads.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

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### 1. ACCOUNTING POLICIES (continued)

#### School fee grants

Grants towards the school fees of Foundationers are recognised in the financial year to which they relate. Grants towards school fees relating to future years are not recognised as all future grants are subject to an annual review of each Foundationer's circumstances. Estimated future costs of existing Foundationers are disclosed in note 13.

#### Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity, and include its audit fees and other costs linked to strategic management of the charity. These are allocated in line with other support costs.

#### Tangible fixed assets

Depreciation is provided at 25% per annum on computer and office equipment in order to write off each asset over its estimated useful life. All items with a value greater than £500 have been capitalised.

#### Investment assets

All investments in shares, securities and investment properties are valued at their market value.

Both realised and unrealised gains and losses on the disposal and/or revaluation of the investment assets are included in the Statement of Financial Activities.

#### Fund accounting

General funds are available for use at the discretion of the Trustees in furtherance of the objects of the Foundation.

Designated funds comprise the property revaluation reserve. This represents the difference between the year-end valuation of real estate and the original purchase cost.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor.

#### Pension costs

Pension costs represent contributions payable to employees' personal pension schemes and are charged to the Statement of Financial Activities as they are incurred.

#### Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes.

#### Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

#### Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 JULY 2017

### 1. ACCOUNTING POLICIES (continued)

#### Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### Derivatives

Futures are used to manage the risks to the value of the investment portfolio associated with decreases in leading equity market indices. Futures are not entered into for trading purposes and no other derivatives are used.

Realised profits and losses arising from these contracts are credited and charged respectively to the statement of financial activities.

#### Statement of cash flows

The charitable company's cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1. In addition, the cash flow statement reconciles cash and cash equivalents whereas under previous UK GAAP the statement reconciled to cash.

#### Employee benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received. Termination benefits are accounted for on an accrual basis and in line with FRS 102.

### 2. DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	2017 £	2016 £
Major charitable donations	50,000	-	50,000	445,000
Other donations, including gift aid	367,972	28,200	396,172	-
Legacies	100,200	-	100,200	348,342
	<u>518,172</u>	<u>28,200</u>	<u>546,372</u>	<u>793,342</u>

The major charitable donations are all to be applied towards making grants to Foundationers.

### 3. DONATIONS FROM SPRINGBOARD BURSARY FOUNDATION

On 30 June 2017 the SpringBoard Bursary Foundation merged with Royal National Children's Foundation and donated the following assets and liabilities.

	2017 £
Cash	209,681
Debtors and accrued income	<u>171,290</u>
<b>Current assets</b>	380,971
Creditors and accruals	<u>(40,008)</u>
<b>Net assets</b>	<u>340,963</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2017**

4. INVESTMENT INCOME	2017	2016
	£	£
Property rents	9,038	10,540
Interest on cash deposits and bank accounts	1,173	431
Dividends and interest from investment portfolio	712,843	392,674
	<u>723,054</u>	<u>403,645</u>

**5. EXPENDITURE**

	Grants	Support costs	Other costs	2017 Total	2016 Total
	£	£	£	£	£
<b>Raising funds:</b>					
Investment management fees	-	-	126,459	126,459	130,650
Fundraising costs	-	-	38,958	38,958	39,743
<b>Charitable activities:</b>					
Grants payable	1,162,433	488,420	-	1,650,853	1,747,527
<b>Other expenditure:</b>					
Loss on derivative financial instruments	-	-	752,484	752,484	-
	<u>1,162,443</u>	<u>488,420</u>	<u>917,901</u>	<u>2,568,754</u>	<u>1,917,920</u>

a) Analysis of support costs	2017	2016
	£	£
Staff costs	312,313	346,291
Premises costs	21,444	20,333
Office costs	67,137	48,460
Bank charges	882	142
Travel costs	9,429	12,327
Governance costs	77,215	47,053
	<u>488,420</u>	<u>474,606</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2017**

**5. EXPENDITURE (continued)**

<b>b) Analysis of governance costs</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration		
- Audit	11,000	9,000
Other professionals' fees	59,105	23,865
Other costs	<u>7,110</u>	<u>14,188</u>
 Governance costs	 <u>77,215</u>	 <u>47,053</u>

During the year the Foundation made grants to 394 (2016: 373) individuals. The total grants paid were £1,162,443 (2016: £1,272,921).

<b>6. STAFF COSTS</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Employee costs during the year were:		
Salaries	266,543	294,864
Social security costs	24,638	27,739
Redundancy costs	-	5,000
Pension costs	<u>21,132</u>	<u>18,688</u>
	<u>312,313</u>	<u>346,291</u>
 No redundancy costs were unpaid at the year end		
 The average number of employees during the year was:	 <u>8</u>	 <u>7</u>

No employee received emoluments in excess of £60,000 (2016: one £80,000 to £90,000). The aggregate remuneration of the key management personnel was £44,054 (2016: £81,896). The key management personnel is the Chief Executive Officer, a post which was vacant from January to June 2017.

The Trustees received no remuneration during the previous or current years. An amount of £4,011 (2016: £3,580) has been reimbursed to 8 Trustees (2016: 6) in respect of travel and expenses incurred on the Foundation's activities.

In the year one trustee donated £25,000 to the charity.

As at the end of the year there were no outstanding amounts receivable (2016: nil).

The following Trustees who served during the year were a trustee of a school where grants have been made by the Foundation to support pupils:

June Taylor	Sherborne Preparatory School
Andrew Corbett	Bede's School

Kevin Parry and Douglas de Brûle are trustees of the Joint Educational Trust which is beneficially owned by the Foundation.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2017**

<b>7. TANGIBLE FIXED ASSETS</b>	<b>Computer and office equipment</b>	
	£	
<b>Cost</b>		
At 1 August 2016	30,324	
Additions	<u>-</u>	
At 31 July 2017	<u>30,324</u>	
<b>Depreciation</b>		
At 1 August 2016	26,447	
Charge for the year	<u>1,744</u>	
At 31 July 2017	<u>28,191</u>	
<b>Net book value</b>		
At 31 July 2017	<u>2,133</u>	
At 31 July 2016	<u>3,877</u>	
<b>8. INVESTMENT PROPERTY</b>	<b>2017</b>	<b>2016</b>
	£	£
Valuation at 1 August of previous year	238,000	238,000
Revaluation of investments	247,000	-
Valuation at 31 July	<u>485,000</u>	<u>238,000</u>

The investment property comprises a domestic property in North London. The property is currently unoccupied and in the process of being sold. The property has been revalued to the proposed sales price.

The historical cost of the investment property at 31 July 2017 was £14,650 (2016: £14,650).



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2017**

9. FIXED ASSET INVESTMENTS	2017	2016
	£	£
<b>Quoted investments</b>		
Market value at 1 August	21,660,643	21,988,409
Additions at cost	7,034,855	5,535,951
Disposals at market value	(7,898,767)	(6,317,081)
Realised gain (loss) on investments	160,326	(80,322)
Unrealised investment gains	2,096,383	533,686
	<u>23,053,440</u>	<u>21,660,643</u>
<b>Market value at 31 July 2017</b>	<u>23,053,440</u>	<u>21,660,643</u>
<b>Historical cost at 31 July 2017</b>	<u>16,505,663</u>	<u>16,529,267</u>
	<b>2017</b>	<b>2016</b>
	£	£
<b>The investments comprise:</b>		
UK	12,290,067	14,041,845
Overseas	10,763,373	7,618,798
	<u>23,053,440</u>	<u>21,660,643</u>

Of the total portfolio, 39% (2016: 34%) is invested in UK equities, 47% (2016: 35%) is in overseas equities, 0% (2016: 0%) is in UK bonds, 7% (2016: 18%) is in other investments and 7% (2016: 13%) is in cash.

**10. RESTRICTED CASH**

As at 31 July 2017, 86% (2016:69%) of the investment portfolio is invested in equities and is therefore correlated to index movements.

During the year the investment managers, Joh. Berenberg Gossler & Co KG, had discretion to sell futures for leading market indices. These were sold to mitigate risks to the value of securities from declining stock markets.

When the investment judgements change and always prior to maturity, the index futures are closed out and the realised cash gains/losses are added to/withdrawn from the restricted cash fund held by JP Morgan. As at 31 July 2017 the portfolio was not hedged against movements in UK, European and US equities and 25% hedged against movements in Asian equities. As at 31 July 2017 there was 1 hedge in place (2016: 2).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2017**

**10. RESTRICTED CASH (continued)**

The movement in the restricted cash during the year was as follows:

	2017 £	2016 £
Cash balance at 1 August of previous year	1,026,544	785,017
Cash transfer	500,000	-
(Loss)/gain on derivatives	(752,484)	241,527
Cash balance at 31 July	<u>774,060</u>	<u>1,026,544</u>

The net margin calls were less than the gains on the correlated securities.

**11. DEBTORS**

	2017 £	2016 £
Prepayments and accrued income	251,714	76,599
Derivative financial instruments	9,837	4,217
	<u>261,551</u>	<u>80,816</u>

**12. CREDITORS: amounts falling due within one year**

	2017 £	2016 £
Accruals and deferred income	119,191	77,795
Derivative financial instrument	-	-
PAYE and National Insurance	24,075	8,401
	<u>143,266</u>	<u>86,196</u>

**13. FUTURE GRANTS TO FOUNDATIONERS**

The projected cost of existing and new Foundationers at 31 July 2017 for the year ending 31 July 2018 is approximately £2,200,000 (2017: £1,200,000). Costs anticipated to be incurred to fund these children to complete their education amount to approximately £4.35m (2016: £4.95m). These costs have not been accrued on the basis that school fees are subject to annual review. Some Foundationers' circumstances improve, and consequently they do not continue in assisted boarding.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2017**

**14. FUNDS MOVEMENTS**

	Opening balance at 1 August 2016 £	Income £	Expenditure £	Realised gains on investments £	Unrealised gains on investments £	Closing balance at 31 July 2017 £
General	23,064,877	1,697,331	(2,539,288)	160,326	2,096,383	24,479,629
Designated: Property revaluation reserve	223,350	-	-	-	247,000	470,350
Restricted	4,669	28,200	(29,466)	-	-	3,403
	<u>23,292,896</u>	<u>1,725,531</u>	<u>(2,568,754)</u>	<u>160,326</u>	<u>2,343,383</u>	<u>24,953,382</u>

The General Fund is unrestricted.

The Property revaluation reserve represents the revaluation reserve relating to the investment property which is included in the financial statements at open market value.

The Restricted Fund is money received for holiday grants for beneficiaries.

**15. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	General Fund £	Property Revaluation Reserve £	Restricted Fund £	Total Funds £
Fixed assets	2,133	-	-	2,133
Investments (including investment properties)	23,068,090	470,350	-	23,538,440
Cash and cash equivalents	1,294,524	-	-	1,294,524
Other net current assets	114,882	-	3,403	118,285
	<u>24,479,629</u>	<u>470,350</u>	<u>3,403</u>	<u>24,953,382</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2017**

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**16. OPERATING LEASE COMMITMENTS**

The Foundation is committed to making the following payments under non-cancellable operating leases:

	Office Equipment	
	2017	2016
	£	£
Operating leases that expire:		
Within 1 year	936	936
Between 2 and 5 years	936	1,872
	<u>936</u>	<u>1,872</u>

**17. RECONCILIATION OF NET MOVEMENTS IN FUNDS TO NET CASH FLOWS USED IN OPERATING ACTIVITIES**

	2017	2016
	£	£
Net movement of funds	1,660,486	38,027
Add: depreciation charge	1,744	2,638
Deduct: investment income	(723,054)	(403,645)
Deduct: gains on investments	(2,503,709)	(453,364)
(Increase) in debtors	(180,735)	(3,267)
Increase/(decrease) in creditors	57,070	(10,141)
	<u>57,070</u>	<u>(10,141)</u>
<b>Net cash (used in) operating activities</b>	<u>(1,688,198)</u>	<u>(829,752)</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2017**

**18. STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE**

INCOME FROM:	Unrestricted Funds £	Restricted Funds £	Total 2016 £
Donations and legacies	758,342	35,000	793,342
<b>Other trading activities:</b>			
Fundraising income	23,744	-	23,744
Bursary support programme	40,325	-	40,325
Investments	403,645	-	403,645
<b>Other Income</b>			
Gain on derivative financial instrument	241,527	-	241,527
<b>Total</b>	<u>1,467,583</u>	<u>35,000</u>	<u>1,502,583</u>
<b>EXPENDITURE ON:</b>			
<b>Raising funds:</b>			
Investment management fees	130,650	-	130,650
Fundraising costs	39,743	-	39,743
<b>Charitable activities</b>			
School fee grants and associated support costs	1,714,446	33,081	1,747,527
<b>Total</b>	<u>1,884,839</u>	<u>33,081</u>	<u>1,917,920</u>
<b>Net expenditure before investment gains</b>	(417,256)	1,919	(415,337)
<b>Other recognised gains:</b>			
Realised (loss) on investments	(80,322)	-	(80,322)
Unrealised gains on investments	533,686	-	533,686
<b>Net movement of funds</b>	36,108	1,919	38,027
<b>Total funds brought forward</b>	<u>23,252,119</u>	<u>2,750</u>	<u>23,254,869</u>
<b>Total funds carried forward</b>	<u>23,288,227</u>	<u>4,669</u>	<u>23,292,896</u>

## Further information

Patron HRH The Princess Royal

President His Grace the Lord Archbishop of York

Board of Trustees  
(As at date of signature  
of the accounts)

Kevin Parry OBE	<i>Chairman</i>
Timothy Bunting	<i>Deputy Chairman</i>
Andrew Corbett	
Douglas de Brûle	
William de Winton	
Patrick Derham	
Richard Lewis	
Clive Marshall	
Eraj Shirvani	
Patrick Smulders	
Helen Starkie	
Robert Swannell CBE	

Advisors

Lord Adonis of Camden Town

Professor Michael Arthur

John Attwater

Sir Damon Buffini

Dr Rachel Carr OBE

James Darley

Sarah Evans

Dominic Fry

Simon Henderson

Andrew Hunter

David Ives

Sir Peter Lampl

Ray Lewis

Bill Morris

Colin Morrison OBE

Dame Professor Carol Robinson

Derek Thackray



## Foundation staff

Ian Davenport	<i>Chief Executive</i>
Alexandra Hanratty	<i>Deputy Chief Executive and Director of Partner Relationships</i>
Naomi Roper	<i>Director of Fundraising</i>
Fiona Weldin	<i>Director of School Relationships</i>
Dr Claire Hodgskiss	<i>Assistant Director of School Relationships</i>
Georgia Score	<i>Assistant Director of Pupil Relationships</i>
Robin Smart	<i>IT, Database and Office Manager</i>
Amy Lauchard	

## Bankers

The Royal Bank of Scotland PLC  
63 Threadneedle Street,  
London  
EC2R 8LA

Barclays Bank PLC  
Walton-on-Thames  
Surrey  
KT12 2YW

C Hoare & Co  
37 Fleet Street  
LONDON  
EC4P 4DQ

## Solicitors

Forsters LLP  
31 Hill Street  
London  
W1J 5LS

## Auditors

haysmacintyre  
10 Queen Street Place  
London  
EC4R 1AG

## Investment managers

Cazenove Capital Management Limited  
12 Moorgate  
London  
EC2R 6DA

Joh. Berenberg, Gossler & Co. KG  
Neuer Jungfernstieg 20  
20354 Hamburg  
Germany