

(Charity Number: 1003143)

**THE PAUL FOUNDATION**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

## THE PAUL FOUNDATION

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## THE PAUL FOUNDATION

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

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The trustees present their report along with the financial statements of the charity for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 2 to the accounts and comply with the charity's trust deed, Charities Act 2011 and the Charities SORP (FRS102) - Statement of Recommended Practice: Accounting and Reporting by Charities (2019).

#### LEGAL AND ADMINISTRATIVE INFORMATION

|                           |  |
|---------------------------|--|
| Trustees                  | P R D Paul<br>N Michaelis<br>S D P Michaelis<br>E L Carson                             |
| Governing document        | Trust Deed dated 4th April 1991  |
| Registered charity number | 1003143  |
| Principal address         | Haycroft House<br>Sherbourne<br>Gloucestershire<br>GL54 3NB                            |
| Auditors                  | Nunn Hayward LLP<br>2-4 Packhorse Road<br>Gerrards Cross<br>Buckinghamshire<br>SL9 7QE |
| Bankers                   | Coutts & Co<br>440 Strand<br>London<br>WC2R 0QS  |

## **THE PAUL FOUNDATION**

### **TRUSTEES' REPORT (continued)**

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#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The trust is constituted under a trust deed dated 4th April 1991 and is a registered charity, number 1003143. The trust was established by an initial gift from the founder P R D Paul in 1991.

Over the years the founder P R D Paul has made substantial gifts to the charity that have more than doubled in value.

Under the terms of the charity's governing document, the trust deed dated 4th April 1991, the following matters are relevant as regards the trustees:

There should be a minimum of three trustees and no more than five.

Under clause 7 of the trust deed any trustee who is absent from all meetings of the trustees during a period of eighteen months without the consent of the other trustees shall cease to be a trustee.

The power of appointing new and additional trustees is vested in the trustees for the time being. New trustees undergo an orientation session to brief them on their legal obligations under charity law, the Charities Commission guidance on public benefit, and to inform them of the content of the charitable trust deed. Prior to appointment they meet the other trustees and will have been made aware of the decision-making processes and recent financial performance of the charity. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

In the administration of the trusts of the charity, the trustees have the power to leave the trust fund in the state of investment in which it may be from time to time or to sell, call in or convert and to transpose or convert any investment or property forming part of the trust fund into any other investment or property.

No money or property, subject to the trust, shall in any circumstances be paid or lent or transferred to or applied for the benefit of any settlor or any spouse of any settlor.

The charity trustees have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to guidance published by the Charity Commission on public benefit

#### **RISK MANAGEMENT**

The charity's trustees have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage those risks.

The main risk affecting the charity is the loss of value of the investments. The trustees review the investment management strategy regularly.

The charity is also exposed to currency fluctuations, which, since a significant part of the grants paid out, are to overseas charities, is managed by having US dollar based investments. Investment returns and economic value is further managed by having a significant part of the charity's investments in overseas companies or those with a significant part of their business overseas.

When larger multi year grants are made, the charity ensures that they will have sufficient funds from income reserves to cover the grants. At the year end, the charity did not have any commitments to individual charities.

## THE PAUL FOUNDATION

### TRUSTEES' REPORT (continued)

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#### OBJECTIVES AND ACTIVITIES

The objectives of the charity are that the trustees shall hold the trust funds and the income thereof upon trust to pay all the proper costs and expenses incurred by the trustees in establishing and administering the charity and trust funds and apply the income and capital to such charitable institutions, or towards the furtherance of such charitable purposes, in such manner and in such proportions as the trustees may from time to time in their absolute discretion with power for the trustees at any time apply the whole or any part of the unrestricted capital fund and its related unrestricted revaluation reserve fund which together comprise the charity's expendable endowment under trust law, as it were income.

The investment policy is to invest in lower risk listed investments producing both capital growth and income. Investments in companies producing arms are avoided.

#### GRANT MAKING POLICY

The trustees make grants to UK registered charitable organisations providing care to young children with learning difficulties and other disorders, to hospices and home healthcare for older people and social welfare in Gloucestershire, for sustainable development in third world countries, as well as funding research into improving health, all of which is for the public benefit. Recommendations for grants are presented to meetings of the trustees for review, discussion and approval.

#### ACHIEVEMENTS AND PERFORMANCE

During the year, as stated in the Statement of Financial Activities, total funds of the charity increased by £7,125,154. In 2020, total funds increased by £3,368,499. Total income was £256,784 (2020: £2,733,502) which included donations from the trustees of £30,861 (2020: £2,454,498), with a net increase in the value of investments during the year, after taking account of purchases, disposals and revaluations, of £3,163,420 (2020: £2,748,123) and total resources expended were £576,506 (2020: £495,861).

During the year, the charity made grants totalling £416,662 (2020: £348,484) as detailed in note 4, out of a gross income of £256,784 (2020: £2,733,502).

#### FINANCIAL REVIEW

The charity's assets are available and adequate to fulfil the obligations of the charity and the trustees report that the administration costs have been kept to a minimum, though regulatory compliance maintains upward pressure on the administrative costs.

#### RESERVE POLICY

##### Capital fund

The capital fund of £26,207,913 (2020: £25,012,620) represents settled property and specific gift aid donations received together with any related tax credits, profit or loss on disposal of investments and net foreign exchange profit or losses.

The capital fund is held to generate income in order for the charity to meet its objectives as set out above.

##### Revaluation reserve fund

The revaluation reserve fund of £7,331,476 (2020: £1,401,032) represents unrealised gains on revaluation of investments to the market value in accordance with the Statement of Recommended Practice.



## THE PAUL FOUNDATION

### TRUSTEES' REPORT (continued)

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#### RESERVE POLICY (continued)

##### Income fund - unrestricted

The income fund is an unrestricted fund totalling £64,604 (2020: £65,187) and comprise an income reserve fund of £62,044 (2020: £62,044). Given the nature of the activities that the charity supports, and the potential dependence of sick people and their families on that support, it is important that the charity should retain adequate reserves to be able to continue providing assistance in spite of the potential fluctuations in its income.

The level of the income reserve fund should ideally be no less than the greater of 30% of the current year's gross investment income or 30% of the preceding year's grants made in the current year which were to organisations potentially dependent on regular support from the charity to cover their operating expenses. The trustees may draw down on available resources in the capital fund to address deficits in the income fund where deemed appropriate.

The capital and revaluation reserve together comprise a single expendable endowment whose purpose is unrestricted. The general income fund and reserve income fund are also considered unrestricted. There are no restricted or designated funds held by the charity.

The reserve policy must be reviewed by the trustees at the time of any substantial commitment to support activities on an ongoing basis, in light of the degree of future dependence on that support and, in any event, at least once each year.

#### STATEMENT OF TRUSTEES RESPONSIBILITIES

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

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity's financial activities during the year and of its financial position at the year end. In preparing these financial statements, the trustees are required to:

- Observe the methods and principles in the Charities SORP;
- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the board of trustees on 9th December 2021 and signed on its behalf by:



P R D Paul  
Trustee

## **THE PAUL FOUNDATION**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PAUL FOUNDATION**

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#### **OPINION**

We have audited the financial statements of The Paul Foundation for the year ended 31 March 2021 which comprise the statement of financial activities, balance sheet, cash flow statement and related notes. 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 the charity's 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 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.

#### **CONCLUSION 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 charity'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

#### **OTHER INFORMATION**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

#### **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
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.



## THE PAUL FOUNDATION

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PAUL FOUNDATION (continued)

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#### RESPONSIBILITIES OF THE TRUSTEES

As explained more fully in the statement of trustees' responsibilities, 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.

#### AUDITORS' 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 the Act and relevant regulations made or having effect thereunder.

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:

#### THE EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

The objectives of our audit in respect of fraud are to; identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rest with the trustees.

#### OUR APPROACH WAS AS FOLLOWS:

- We obtained an understanding of the legal and regulatory framework that are applicable to the charity and determined that the most significant are the trust deed dated 4th April 1991 and those that relate to the reporting framework; 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), Charities Act 2011, United Kingdom Generally Accepted Practice as it applies from 1 January 2019 and the EU General Data Protection Regulations (GDPR).
- We understood how the charity was complying with the trust deed and those frameworks by making enquiries of the trustees.
- Based on our understanding of the charity, we designed our audit procedures to identify non-compliance with the trust deed and laws and regulations including making enquires of the trustees; testing journal entries, with a focus on manual, large or unusual transactions.
- We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur, by making enquiries of the trustees
- We considered the controls established to address the risks identified, to prevent, deter or detect fraud, and how trustees monitor those controls.

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



## THE PAUL FOUNDATION

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PAUL FOUNDATION (continued)

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#### 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.



Nunn Hayward LLP  
Chartered Accountants and Statutory Auditors

Dated: 9th December 2021

2-4 Packhorse Road  
Gerrards Cross  
Buckinghamshire  
SL9 7QE

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

THE PAUL FOUNDATION

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

|                                      | Notes | Unrestricted<br>Fund<br>£ | Endowment<br>Fund<br>£ | Total<br>2021<br>£ | Total<br>2020<br>£ |
|--------------------------------------|-------|---------------------------|------------------------|--------------------|--------------------|
| <b>INCOME AND ENDOWMENTS</b>         |       |                           |                        |                    |                    |
| Donations                            | 3     | -                         | 30,861                 | 30,861             | 2,464,498          |
| Investment income                    | 3     | 225,923                   | -                      | 225,923            | 269,004            |
| <b>TOTAL INCOME</b>                  |       | <b>225,923</b>            | <b>30,861</b>          | <b>256,784</b>     | <b>2,733,502</b>   |
| <b>EXPENDITURE</b>                   |       |                           |                        |                    |                    |
| Costs of raising funds:              |       |                           |                        |                    |                    |
| Investment management costs          |       | 149,224                   | -                      | 149,224            | 136,997            |
| US Federal taxes paid                |       | -                         | -                      | -                  | -                  |
| Charitable activities                | 4     | 427,282                   | -                      | 427,282            | 358,864            |
| <b>TOTAL EXPENDITURE</b>             |       | <b>576,506</b>            | <b>-</b>               | <b>576,506</b>     | <b>495,861</b>     |
| <b>NET INCOME/(EXPENDITURE)</b>      |       | <b>(350,583)</b>          | <b>30,861</b>          | <b>(319,722)</b>   | <b>2,237,641</b>   |
| Net gains/(losses) on investments    |       | -                         | 9,430,770              | 9,430,770          | 388,575            |
| Loan debtor provision                | 8     | -                         | -                      | -                  | -                  |
| Gains/(Loss) on foreign exchange     |       | -                         | (1,985,894)            | (1,985,894)        | 742,283            |
| <b>TOTAL INCOME/(EXPENDITURE)</b>    |       | <b>(350,583)</b>          | <b>7,475,737</b>       | <b>7,125,154</b>   | <b>3,368,499</b>   |
| <b>TRANSFERS BETWEEN FUNDS</b>       |       | <b>350,000</b>            | <b>(350,000)</b>       | <b>-</b>           | <b>-</b>           |
| <b>NET MOVEMENT IN FUNDS</b>         |       | <b>(583)</b>              | <b>7,125,737</b>       | <b>7,125,154</b>   | <b>3,368,499</b>   |
| <b>Fund balances brought forward</b> | 12,13 | <b>65,187</b>             | <b>26,413,652</b>      | <b>26,478,839</b>  | <b>23,110,340</b>  |
| <b>Fund balances carried forward</b> | 12,13 | <b>64,604</b>             | <b>33,539,389</b>      | <b>33,603,993</b>  | <b>26,478,839</b>  |

The statement of financial activities includes all gains and losses recognised in the year.  
All income and expenditure is derived from continuing activities.

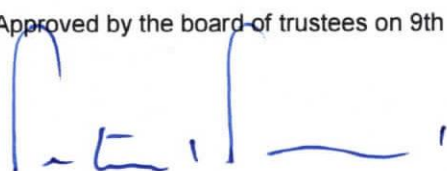
The notes on pages 10 - 18 form part of these financial statements.

THE PAUL FOUNDATION

BALANCE SHEET AS AT 31 MARCH 2021

|  | Notes | £                | 2021<br>£         | £              | 2020<br>£         |
|--|-------|------------------|-------------------|----------------|-------------------|
| <b>FIXED ASSETS</b>                        |       |                  |                   |                |                   |
| Investments                                | 7     |                  | 25,939,401        |                | 22,775,981        |
| <b>CURRENT ASSETS</b>                      |       |                  |                   |                |                   |
| Debtors due within one year                | 8     | 96,319           |                   | 75,828         |                   |
| Debtors due in more than one year          | 8     | 99,873           |                   | 95,739         |                   |
| Short term investments                     |       | 5,981,416        |                   | 2,949,762      |                   |
| Cash at bank and in hand                   | 9     | <u>1,497,184</u> |                   | <u>594,909</u> |                   |
|  |       | 7,674,792        |                   | 3,716,238      |                   |
| <b>CREDITORS -</b>                         |       |                  |                   |                |                   |
| <b>Amounts falling due within one year</b> |       |                  |                   |                |                   |
| Creditors and accruals                     | 10    | <u>10,200</u>    |                   | <u>13,380</u>  |                   |
| <b>NET CURRENT ASSETS</b>                  |       |                  | 7,664,592         |                | 3,702,858         |
| <b>NET ASSETS</b>                          | 13    |                  | <u>33,603,993</u> |                | <u>26,478,839</u> |
| <br>Unrestricted funds:                    | 12    |                  | 64,604            |                | 65,187            |
| - Capital funds                            | 12    |                  | 26,207,913        |                | 25,012,620        |
| - Revaluation reserve funds                | 12    |                  | <u>7,331,476</u>  |                | <u>1,401,032</u>  |
| <b>TOTAL CHARITY FUNDS</b>                 | 12    |                  | <u>33,603,993</u> |                | <u>26,478,839</u> |

Approved by the board of trustees on 9th December 2021 and signed on its behalf by



P R D Paul  
Trustee

Registered charity number: 1003143

The notes on pages 10 - 18 form part of these financial statements.



**THE PAUL FOUNDATION**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2021**

|   | Notes | 2021<br>£               | 2020<br>£               |
|---|-------|-------------------------|-------------------------|
| <b>CASHFLOWS FROM OPERATING ACTIVITIES</b>                        |       |                         |                         |
| Net cash used in operating activities                             | 1     | <u>(573,450)</u>        | <u>1,912,048</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |       |                         |                         |
| Investment income received  |       | 225,923                 | 269,004                 |
| Net movements from sale and purchase of investments               |       | <u>4,281,456</u>        | <u>(1,617,265)</u>      |
| Net cash provided by investing activities                         |       | <u>4,507,379</u>        | <u>(1,348,261)</u>      |
| <b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>           |       | 3,933,929               | 563,787                 |
| <b>CASH AND CASH EQUIVALENTS AT THE<br/>BEGINNING OF THE YEAR</b> |       | 3,544,671               | 2,980,884               |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF<br/>THE YEAR</b>       | 2     | <u><u>7,478,600</u></u> | <u><u>3,544,671</u></u> |

THE PAUL FOUNDATION

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2021

|   | 2021<br>£        | 2020<br>£        |
|---|------------------|------------------|
| <b>1 RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>     |                  |                  |
| Net movement in income/(expenditure) for the year<br>(as per the statement of financial activities) | 7,125,154        | 3,368,499        |
| <b>Adjustments for:</b>   |                  |                  |
| Dividends received  | (225,923)        | (269,004)        |
| Gains on investments  | (9,430,770)      | (388,575)        |
| Unrealised gains on foreign currency  | 1,985,894        | (742,283)        |
| (Increase)/Decrease in debtors  | (24,625)         | (60,969)         |
| (Decrease)/Increase in creditors  | (3,180)          | 4,380            |
| Net cash provided by operating activities   | <u>(573,450)</u> | <u>1,912,048</u> |
| <b>2 ANALYSIS OF CASH AND CASH EQUIVALENTS</b>  |                  |                  |
|   | 2021<br>£        | 2020<br>£        |
| Cash at bank  | 1,315,371        | 107,982          |
| Cash at stockbrokers  | <u>181,813</u>   | <u>486,927</u>   |
| Total cash  | 1,497,184        | 594,909          |
| Cash equivalents  | <u>5,981,416</u> | <u>2,949,762</u> |
|   | <u>7,478,600</u> | <u>3,544,671</u> |

**1 STATUTORY INFORMATION**

The Paul Foundation is a registered charity (number 1003143) constituted under deed of trust, domiciled in the UK and is a public benefit entity. The principal office is Haycroft House, Sherbourne, Gloucestershire GL54 3NB.

The accounts are presented in £ Sterling and rounded to the nearest £1.

**2 STATEMENT OF ACCOUNTING POLICIES**

The accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

**2.1 Basis of preparation**

The financial statements have been prepared in accordance with 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), Charities Act 2011 and United Kingdom Generally Accepted Practice as it applies from 1 January 2019.

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

These financial statements are prepared in accordance with applicable charity law.

**2.2 Income**

All incoming resources are recognised once the charity has entitlement to the resources, it is certain that the resource will be received and the monetary value can be measured with sufficient reliability.

Donations in kind of listed shares are valued using the market value on the date of receipt.

**2.3 Expenditure**

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis.

Investment management costs represents the charges made by the stockbrokers.

Charitable activities are grants made to third parties in the furtherance of the charitable objectives of the trust.

Governance costs comprises expenditure incurred for constitutional and statutory requirements and are included within expenditure on charitable activities.

**2.4 Fixed and current asset investments**

Marketable investment assets are included in the financial statements at their values, either at closing market prices (listed investments) or from valuations provided by the investment manager (unlisted hedge funds and private equity).

**2.5 Funds**

The charity's funds comprise the capital and revaluation reserve fund as an expendable endowment held for the charity's general purpose without restriction and an income fund as described under the reserves policy in the trustees' report.



## THE PAUL FOUNDATION

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

(continued)

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#### 2.6 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Pound Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

#### 2.7 Taxation

The company is a registered charity and, therefore, is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities if applied for charitable purposes.

#### 2.8 Financial instruments

The charity only has financial assets and liabilities of a kind that qualifies as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised costs using the effective interest method. Financial assets held at amortised comprise cash at bank and other debtors. Financial liabilities held at amortised cost comprise other creditors.

Investments, including bonds held as part of an investment portfolio, are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure.

#### 2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and stockbrokers.

#### 2.10 Judgements and estimation

Preparation of the financial statements requires management to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are as follows:

Valuation of private equity investments - these are stated at their estimated fair value based on valuations carried out by the fund managers.

#### 2.11 Going concern

The trustees have considered the effect of the Covid-19 pandemic on the charity's activities and they believe that it is unlikely to cause significant disruption to the charity's ability to pay grants as it has sufficient liquid assets available. The charity also has sufficient assets to enable it to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements.

The measures put in place to deal with the pandemic has affected how the investment portfolio has performed, particularly in the period January to March 2020. Part of the charity's investment strategy is to retain sufficient liquid assets available to cover cash requirements for one year. With this in mind, the trustees reviewed the investment policy and have agreed that no further changes should be made.

THE PAUL FOUNDATION

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

(continued)

| 3  | INCOME   | 2021<br>£         | 2020<br>£         |
|--|--|-------------------|-------------------|
|  | <b>Donations</b>                               |                   |                   |
|  | Donations from trustees                        | 30,861            | 2,454,498         |
|  | Gift aid                                       | -                 | 10,000            |
|  |  | <u>30,861</u>     | <u>2,464,498</u>  |
|  | <b>Investment income</b>                       | <b>2021<br/>£</b> | <b>2020<br/>£</b> |
|  | Dividends                                      | 211,978           | 208,857           |
|  | Tax refunds                                    | 6,049             | 12,890            |
|  | Interest received                              | 7,896             | 47,257            |
|  |  | <u>225,923</u>    | <u>269,004</u>    |
| 4  | CHARITABLE ACTIVITIES                          | 2021<br>£         | 2020<br>£         |
|  | <b>Grants</b>                                  |                   |                   |
|  | Autistica                                      | -                 | 20,000            |
|  | Action Medical Research                        | 35,000            | 35,000            |
|  | Dogs for Good                                  | -                 | 1,000             |
|  | IMET 2000                                      | 3,500             | -                 |
|  | GL11   | -                 | 3,000             |
|  | Kate's Home Nursing                            | -                 | 5,000             |
|  | Medecins Sans Frontiere                        | 20,000            | 20,000            |
|  | Microloan                                      | 45,000            | 15,000            |
|  | Autism Early Support                           | 7,500             | -                 |
|  | Sue Ryder                                      | -                 | 5,000             |
|  | The International Medical Education Trust 2000 | -                 | 201,000           |
|  | The Puzzle Centre                              | -                 | 18,000            |
|  | East London Foundation Trust                   | 280,482           | -                 |
|  | Village Water                                  | 10,180            | 5,484             |
|  | University of Cambridge                        | (5,000)           | -                 |
|  | Tree Aid                                       | 20,000            | 20,000            |
|  |  | <u>416,662</u>    | <u>348,484</u>    |
|  | Grants   | 416,662           | 348,484           |
|  | Support costs                                  | 10,620            | 10,380            |
|  | Total charitable activities                    | <u>427,282</u>    | <u>358,864</u>    |
| All of the above are institutional grants given in furtherance of the charity's objects. |  |                   |                   |
| 5  | SUPPORT COSTS                                  | 2021<br>£         | 2020<br>£         |
|  | Professional fees                              | -                 | -                 |
|  | Auditors' remuneration                         | 10,620            | 10,380            |
|  |  | <u>10,620</u>     | <u>10,380</u>     |

# THE PAUL FOUNDATION

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

### 6 ANALYSIS OF TOTAL STAFFING COSTS

There were no employees. The trustees manage all of the affairs of the charity.

No remuneration or expenses were paid to or provided for in respect of the trustees for the year ended 31 March 2021 nor for the year ended 31 March 2020.

### 7 INVESTMENTS

|                            | UK& Eire<br>listed<br>£ | Overseas<br>Unlisted<br>£ | Overseas<br>listed<br>£ | Total<br>£        |
|----------------------------|-------------------------|---------------------------|-------------------------|-------------------|
| As at 1 April 2020         | 2,398,449               | 728,079                   | 19,649,453              | 22,775,981        |
| Additions at cost          | 1,017,110               | 538,848                   | 16,228,624              | 17,784,582        |
| Transfers                  | -                       | -                         | -                       | -                 |
| Revaluations               | (10,529)                | 1,637,156                 | 2,819,406               | 4,446,033         |
| Disposals at cost          | (3,364,697)             | (262,696)                 | (15,439,802)            | (19,067,195)      |
| <b>As at 31 March 2021</b> | <b>40,333</b>           | <b>2,641,387</b>          | <b>23,257,681</b>       | <b>25,939,401</b> |
| <b>Fair value</b>          |                         |                           |                         | <b>£</b>          |
| At 31 March 2021           |                         |                           |                         | <u>25,939,401</u> |
| At 31 March 2020           |                         |                           |                         | <u>22,775,981</u> |

#### 7.1 MATERIAL INVESTMENTS (over 5%)

|                                | Qty       | %     | 2021      | %     | 2020      |
|--------------------------------|-----------|-------|-----------|-------|-----------|
| <b>Overseas</b>                |           |       |           |       |           |
| Silk Road Medical Inc          | 26,900    | 3.81  | 987,594   | 8.73  | 1,987,938 |
| Bristol Myers Squibb Co        | 21,600    | 3.81  | 988,408   | 8.60  | 1,959,416 |
| <b>UK</b>                      |           |       |           |       |           |
| R Wealth Management SICAV-SIF  | 248,603   | 25.52 | 6,620,308 | 22.14 | 5,041,676 |
| New Court Fund GBP UKRep Acc E |           |       |           |       |           |
| Cap                            |           |       |           |       |           |
| <b>Short term deposit</b>      |           |       |           |       |           |
| Money markets funds            | 2,733,500 | 7.64  | 1,981,369 | 11.78 | 2,682,766 |

All investments held by the charity have been acquired in accordance with the powers available to the trustees. Material investments are considered to be any individual investment which represents 5% or more of the total portfolio valuation.



# THE PAUL FOUNDATION

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

| 8 | DEBTORS                                 | 2021<br>£      | 2020<br>£      |
|---|---|----------------|----------------|
|   | Loan debtor - due within one year       | 86,319         | 65,828         |
|   | Loan debtor - due in more than one year | 99,873         | 95,739         |
|   | Income tax recoverable                  | 10,000         | 10,000         |
|   |   | <u>196,192</u> | <u>171,567</u> |

There were two loan debtors at the balance sheet date. In addition to the loan debtor above, full provision was made against another loan debtor in the comparative year as there were concerns surrounding its recoverability and it was difficult to ascertain with certainty the recoverable amount. As a result, the trustees considered it appropriate to provide against the loan debtor until these circumstances become

| 9 | CASH AT BANK AND IN HAND                  | 2021<br>£        | 2020<br>£      |
|---|---|------------------|----------------|
|   | Investments - cash at bank and on deposit | 181,813          | 486,927        |
|   | Cash at bank and in hand                  | 1,315,371        | 107,982        |
|   | <b>Cash at bank and in hand</b>           | <u>1,497,184</u> | <u>594,909</u> |

| 10 | CREDITORS - AMOUNTS FALLING<br>DUE WITHIN ONE YEAR | 2021<br>£     | 2020<br>£     |
|----|--|---------------|---------------|
|    | Accruals   | 10,200        | 13,380        |
|    |  | <u>10,200</u> | <u>13,380</u> |

| 11 | FINANCIAL INSTRUMENTS   | 2021<br>£         | 2020<br>£         |
|----|---|-------------------|-------------------|
|    | Financial assets measured at amortised cost                                   | 7,664,792         | 3,706,238         |
|    | Financial assets at fair value through the income and<br>expenditure account. | <u>25,939,401</u> | <u>22,775,981</u> |
|    |   | <u>33,604,193</u> | <u>26,482,219</u> |
|    | Financial liabilities measured at amortised cost                              | <u>10,200</u>     | <u>13,380</u>     |

THE PAUL FOUNDATION

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

| 12 | MOVEMENT IN FUNDS                      | ENDOWMENT FUNDS   |                               | UNRESTRICTED FUNDS |                          | Total funds<br>£  |
|----|--|-------------------|-------------------------------|--------------------|--------------------------|-------------------|
|    |  | Capital fund<br>£ | Revaluation reserve fund<br>£ | Income fund<br>£   | Income reserve fund<br>£ |                   |
|    | As at 1 April 2020                     | 25,012,620        | 1,401,032                     | 3,143              | 62,044                   | 26,478,839        |
|    | Surplus/(deficit) for year             | 30,861            |                               | (350,583)          |                          | (319,722)         |
|    | Gain on disposal of investments        | 3,856,216         |                               |                    |                          | 3,856,216         |
|    | Revaluation of investments             |                   | 5,574,554                     |                    |                          | 5,574,554         |
|    | Provision against loan debtor          |                   |                               |                    |                          | -                 |
|    | Foreign exchange and other differences | (1,985,894)       |                               |                    |                          | (1,985,894)       |
|    | Revaluation adjustment                 | (355,890)         | 355,890                       |                    |                          | -                 |
|    | Transfer                               | (350,000)         |                               | 350,000            |                          | -                 |
|    | <b>As at 31 March 2021</b>             | <b>26,207,913</b> | <b>7,331,476</b>              | <b>2,560</b>       | <b>62,044</b>            | <b>33,603,993</b> |

| 13 | ACCUMULATED FUNDS CONSISTS OF:    | Total funds<br>2021<br>£ | Total funds<br>2020<br>£ |
|----|-----------------------------------|--------------------------|--------------------------|
|    |                                   |                          |                          |
|    | Investments                       | 25,939,401               | 22,775,981               |
|    | Debtors                           | 196,192                  | 75,828                   |
|    | Cash and deposits at stockbrokers | 7,478,600                | 3,544,671                |
|    | Creditors and accruals            | (10,200)                 | (13,380)                 |
|    |                                   | <b>33,603,993</b>        | <b>26,383,100</b>        |

14 EVENTS AFTER THE REPORTING DATE

The COVID-19 pandemic was recognised in early January 2020 by the World Health Organisation with governments around the world taking action to curb the spread of the virus. The measures put in place has severely affected businesses and, as a consequence, the value of the charity's investment portfolio. The trustees have reviewed the investment policy and have agreed that no further changes should be made.

THE PAUL FOUNDATION

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

| 14 | COMPARATIVE STATEMENT OF<br>FINANCIAL ACTIVITIES | Unrestricted<br>Fund<br>£ | Endowment<br>Fund<br>£ | Total<br>2020<br>£ |
|----|--|---------------------------|------------------------|--------------------|
|    | <b>INCOME AND ENDOWMENTS</b>                     |                           |                        |                    |
|    | Donations  | -                         | 2,464,498              | 2,464,498          |
|    | Investment income                                | 269,004                   | -                      | 269,004            |
|    | <b>TOTAL INCOME</b>                              | <u>269,004</u>            | <u>2,464,498</u>       | <u>2,733,502</u>   |
|    | <b>EXPENDITURE</b>                               |                           |                        |                    |
|    | Costs of raising funds:                          |                           |                        |                    |
|    | Investment management costs                      | 136,997                   | -                      | 136,997            |
|    | US Federal tax paid                              | -                         | -                      | -                  |
|    | Charitable activities                            | 358,864                   | -                      | 358,864            |
|    | <b>TOTAL EXPENDITURE</b>                         | <u>495,861</u>            | <u>-</u>               | <u>495,861</u>     |
|    | <b>NET INCOME/(EXPENDITURE)</b>                  | (226,857)                 | 2,464,498              | 2,237,641          |
|    | Net (losses)/gains on investments                | -                         | 388,575                | 388,575            |
|    | Loan debtor provision                            | -                         | -                      | -                  |
|    | Gains on foreign exchange                        | -                         | 742,283                | 742,283            |
|    | <b>TOTAL INCOME/(EXPENDITURE)</b>                | <u>(226,857)</u>          | <u>3,595,356</u>       | <u>3,368,499</u>   |
|    | <b>TRANSFERS BETWEEN FUNDS</b>                   | 230,000                   | (230,000)              | -                  |
|    | <b>NET MOVEMENT IN FUNDS</b>                     | <u>3,143</u>              | <u>3,365,356</u>       | <u>3,368,499</u>   |
|    | <b>Fund balances brought forward</b>             | 62,044                    | 23,048,296             | 23,110,340         |
|    | <b>Fund balances carried forward</b>             | <u>65,187</u>             | <u>26,413,652</u>      | <u>26,478,839</u>  |