

**Registered number: 06578379**  
**Charity number: 1125735**

**NOMINET CHARITABLE FOUNDATION**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 APRIL 2017**

# **NOMINET CHARITABLE FOUNDATION**

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## **NOMINET CHARITABLE FOUNDATION**

### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 30 APRIL 2017**

#### **Trustees**

Bill Liao, Chair

Natalie Campbell, Trustee (appointed 1 November 2016, resigned 3 January 2018)

Nora Nanayakkara, Trustee (resigned 5 January 2018)

Sebastien Lahtinen, Trustee

Elizabeth Murray, Trustee (appointed 1 October 2016)

Jemima Rellie, Trustee (appointed 1 October 2016, resigned 5 January 2018)

Dr Clive Grace, Trustee (resigned 31 October 2016)

#### **Company registered number**

06578379

#### **Charity registered number**

1125735

#### **Registered office**

Minerva House  
Edmund Halley Road  
Oxford Science Park  
Oxford  
Oxfordshire  
OX4 4DQ

#### **Company secretary**

Nominet UK

#### **Independent auditors**

James Cowper Kreston  
2 Chawley Park  
Cumnor Hill  
Oxford  
Oxfordshire  
OX2 9GG

## **NOMINET CHARITABLE FOUNDATION**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 30 APRIL 2017**

#### **Objectives and Activities**

Nominet Charitable Foundation is a charitable organisation that will make grants, fund education, research and development initiatives in the internet industry in line with its charitable objects.

#### **Grantmaking Policies**

The Charity will make grants to appropriate organizations that meet the following criteria:

- Advance the education of the public in the subject of the internet and information technology.
- Relieve financial hardship and advance education relating to the Internet and information technology in deprived areas.
- Relieve the social, health, and educational needs of disabled, sick and frail elderly.
- Advance the education of young people in the United Kingdom and to support education institutions offering a strong emphasis on technology and its practical applications.
- Promote the protection of children and other vulnerable people from danger, suffering, or being abused through the use of the internet.
- Promote and support the provision of services for the protection of people and property from criminal activities on the Internet and to assist in the development of technology to prevent and detect criminal activity on the internet.
- Relieve financial hardship, advance education and assist the development of the Internet in developing countries.
- Any other charitable purpose.

#### **Activities for the Public Benefit**

The Trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the guidance published by the Charity Commission.

The aims of the Charity are wide and in the public benefit, promoting the use of the internet to address big social challenges.

Progress updates from issued grants are reviewed by the Trustees and publicised on the website, along with other news and Foundation initiatives. In the last year, the Trust has provided grant funding to 16 organisations through its Social Tech Seed programme, 7 organisations through its Social Tech Growth programme and to 6 organisations through its Digital Reach programme. The Trust has also worked in partnership with several organisations, providing financial (and other) support to initiatives including Digital Arts & Creative Ageing, iAMDigital and BAFTA Young Games Designers. The Trust has continued its work to celebrate global social tech through NT100, championing inspirational ventures.

#### **Performance and Financial Review**

The Charity received a £5.4m donation from Nominet UK in September 2016 and generated income from investments of £64,566 in the year ending 30 April 2017. £230,616 was donated by The Baring Foundation as match funding for our shared Digital Arts & Creative Ageing Programme.

Operating costs were kept to a minimum and costs incurred during the year were in direct relation to the ongoing running of the Charity (recruitment, legal and web development costs). The Charity awarded £3,064,821 (2016: £2,627,147) in grants and £262,574 (2016: £201,704) in other charitable activities.

The principal financial management policies adopted in the current economic climate are to maximize income opportunities from un-allocated reserves while minimising risk exposure and so limiting investments to treasury deposits.

The creditor balance at the year-end was made up primarily of grants payable.

The balance sheet is very strong with unrestricted funds totalling £7.8m; all funds are held with major banks primarily on fixed term deposits of varying lengths.

To date, the principal funding source for the Nominet Charitable Foundation is Nominet UK.

## **NOMINET CHARITABLE FOUNDATION**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 APRIL 2017**

#### **Plans for the Future**

After ten years as their corporate foundation, Nominet UK and the Trust have agreed that the most effective way to scale the Trust's social impact is by establishing its independence from Nominet UK.

The Trust's new website clearly sets out its purpose, which is to transform lives with tech. To deliver its strategy, The Trust needs the freedom to expand its grant making and investment activity by attracting more varied sources of funding.

Nominet UK has supported the Trust with funding of £44m over the last ten years. They will continue their public benefit programme focusing on security, connectivity and inclusivity, as the Trust builds on its own reserves, strengthening its commitment to social tech.

The Charity intends to continue to award grants over the next 12 months, as well as supporting other charitable activities. The Charity will also continue to build strategic partnerships. The Charity's executive team will ensure that the social impact of the Charity's grants is evaluated and shared widely. Regular updates and upcoming funding calls are published on the Charity's website, which will be re-launched as part of a broader strategy and brand design process.

#### **Remuneration of Key Personnel**

The salaries of senior members of staff are established with regard to pay levels in the sector for similar positions. From time to time, an external review of pay levels for all staff is commissioned.

#### **Reserves Policy**

It is the Charity's policy to hold a minimum level of working capital to continue operations, the stated objectives and grant making for a period no less than 18 months. It is the view of the Trustees that a minimum level of unrestricted funds should be maintained at £1,125,000 to cover the operational expenses and the balance is also adequate to cover the stated objectives and grant making. The Charity has unrestricted reserves of over £7.8m of which £3m has been designated for the next 12 months' charitable activities. This leaves free reserves of £4.8m which is higher than the minimum reserves required by the Reserves Policy. The reserves will allow the Trust to continue activity whilst developing new income streams. The Charity also holds £23,476 in restricted reserves from The Baring Foundation for the Digital Arts & Creative Ageing programme.

The policy of the Trustees is to maintain the level of reserves above the threshold by means of annual operating surpluses.

#### **Investment Policy**

The Trustees pursue a risk averse investment policy, all monies being invested in interest bearing investments.

### **GOVERNANCE AND MANAGEMENT**

#### **Governing Document**

Nominet Charitable Foundation (The Trust) is governed by its Memorandum and Articles of Association dated 28 April 2008 as amended by Special Resolution dated 5 September 2008, 2 April 2015 and 7 July 2016.

#### **Recruitment and Appointment of new Trustees**

The Trust's Trustee recruitment policy is guided by the Memorandum and Articles of Association. These are that:

Three Trustees shall be appointed by Nominet UK and those Trustees shall be appointed for terms of three years or as and when required.

## **NOMINET CHARITABLE FOUNDATION**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 APRIL 2017**

All other Trustees (the 'Elected Trustees') shall be appointed for terms of three years by the Trustees on an annual basis at an annual retirement meeting of the Trustees which shall be held not more than four weeks before each anniversary of incorporation of the Charity.

One third (or the number nearest one third) of the Elected Trustees must retire at each annual retirement meeting those longest in office retiring first and the choice between any of equal service being made by drawing lots.

Elected Trustees shall be eligible for re-appointment for consecutive periods not exceeding in aggregate six years from the date of their original appointment and thereafter Elected Trustees shall not be eligible for re-appointment until one year after their retirement (a 'year' means the period between one annual retirement meeting and the next).

#### **Induction and ongoing training of Trustees**

Upon appointment, all Trustees were inducted to the organisation and briefed fully on their responsibilities. The Trustees are updated on any changes and developments in the Charities Commission guidance by the Director to ensure they are fully aware of, and comply with all relevant legislation and guidance.

#### **Trustees' Responsibilities**

The Trustees as company Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Policies or International Financial Reporting Standards.

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charitable company and of the results of the company for that period. In preparing those accounts the Trustees are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Trustees are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware and each Trustee has taken all the steps that she/he ought to have taken as a Trustee in order to make her/himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Organisational Structure and how decisions are made**

During the year The Trust had a Board of six Trustees as per the Memorandum and Articles of Association. There are seven full-time members of staff and three part-time members of staff.

Day to day management of the Trust is delegated to the Director, Vicki Hearn, who oversees the process of grant application receipt and initial screening using the charity's objects and grant making criteria, with final recommendations being made by the Investment Committee and approved by the Board. All decisions relating to grant making procedures and strategy are made at quarterly Trustees' meetings and minuted. If decisions need to be made outside of the Trustee Meetings, a consensus view is reached via email.

## NOMINET CHARITABLE FOUNDATION

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 APRIL 2017

Trustee meeting attendance:

Trustee	Board	Nominations & Remunerations Committee	Finance & Audit Committee	Investment Committee
Natalie Campbell	4 of 4	1 of 1	0 of 0	n/a
Bill Liao	6 of 7	1 of 1	1 of 2	6 of 6
Nora Nanayakkara	6 of 7	n/a	2 of 2	4 of 5
Sebastien Lahtinen	7 of 7	1 of 1	2 of 2	4 of 5
Elizabeth Murray	4 of 4	1 of 1	n/a	3 of 3
Jemima Rellie	3 of 4	n/a	0 of 0	4 of 4
Clive Grace	3 of 3	n/a	1 of 1	n/a

### Risk Management

The Trustees have identified the major risks which may affect the charity and have taken reasonable steps to mitigate those risks:

- Risk: The Trust struggles to attract sufficient funding to maintain current healthy reserves. Mitigation: Active engagement plan with a number of prospective funders well advanced with the full support of the Trust's Board.
- Risk: Nominet Trust makes risky investments with its reserves. Mitigation: The Trust's Governance Framework includes an Investments Policy, with compliance monitored by the Board; the Trustees pursue a risk-averse investment policy with unallocated reserves.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in July 2014) and in accordance with the small companies regime under the Companies Act 2006.

This report was approved by the Trustees, in their capacity as company directors, on \_\_\_\_\_ and signed  
on  
their behalf by:



.....  
**Bill Liao**  
Chair

## **NOMINET CHARITABLE FOUNDATION**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOMINET CHARITABLE FOUNDATION**

We have audited the financial statements of Nominet Charitable Foundation for the year ended 30 April 2017 set out on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

### **RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Charity 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.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 April 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

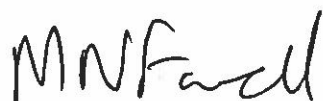
## NOMINET CHARITABLE FOUNDATION

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOMINET CHARITABLE FOUNDATION

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- the Charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption.



Michael Farwell MA FCA DChA (Senior Statutory Auditor)

for and on behalf of

**James Cowper Kreston**

Chartered Accountants and Statutory Auditor

2 Chawley Park

Cumnor Hill

Oxford

Oxfordshire

OX2 9GG

31 January 2018

# NOMINET CHARITABLE FOUNDATION

## STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 APRIL 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>					
Donations	2	5,400,000	230,616	5,630,616	4,000,000
Investment income	3	64,566	-	64,566	61,908
<b>TOTAL INCOME</b>		<u>5,464,566</u>	<u>230,616</u>	<u>5,695,182</u>	<u>4,061,908</u>
<b>EXPENDITURE ON:</b>					
Charitable activities	6	4,138,721	207,140	4,345,861	3,639,157
<b>TOTAL EXPENDITURE</b>	7	<u>4,138,721</u>	<u>207,140</u>	<u>4,345,861</u>	<u>3,639,157</u>
<b>NET INCOME</b>		1,325,845	23,476	1,349,321	422,751
<b>NET MOVEMENT IN FUNDS</b>		1,325,845	23,476	1,349,321	422,751
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		6,488,297	-	6,488,297	6,065,546
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>7,814,142</u>	<u>23,476</u>	<u>7,837,618</u>	<u>6,488,297</u>

The notes on pages 11 to 21 form part of these financial statements.

**NOMINET CHARITABLE FOUNDATION**  
**REGISTERED NUMBER: 06578379**

**BALANCE SHEET**  
**AS AT 30 APRIL 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	11		80,189		97,750
<b>CURRENT ASSETS</b>					
Debtors	12	148,754		25,317	
Cash at bank and in hand		10,018,724		7,930,137	
		<u>10,167,478</u>		<u>7,955,454</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(2,288,877)</u>		<u>(1,529,798)</u>	
<b>NET CURRENT ASSETS</b>			<u>7,878,601</u>		<u>6,425,656</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,958,790</u>		<u>6,523,406</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14		<u>(121,172)</u>		<u>(35,109)</u>
<b>NET ASSETS</b>			<u><u>7,837,618</u></u>		<u><u>6,488,297</u></u>
<b>CHARITY FUNDS</b>					
Restricted funds	15		23,476		-
Unrestricted funds	15		<u>7,814,142</u>		<u>6,488,297</u>
<b>TOTAL FUNDS</b>			<u><u>7,837,618</u></u>		<u><u>6,488,297</u></u>

The Charity's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The Trustees consider that the Charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the Charity to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on \_\_\_\_\_ and signed on their behalf, by:

*Bill Liao*

Bill Liao, Chair

The notes on pages 11 to 21 form part of these financial statements.

# **NOMINET CHARITABLE FOUNDATION**

## **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2017**

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	17	<u>2,117,227</u>	<u>453,218</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<u>(28,640)</u>	<u>(39,709)</u>
<b>Net cash used in investing activities</b>		<u>(28,640)</u>	<u>(39,709)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>2,088,587</b>	<b>413,509</b>
Cash and cash equivalents brought forward		<u>7,930,137</u>	<u>7,516,628</u>
<b>Cash and cash equivalents carried forward</b>	18	<u><b>10,018,724</b></u>	<u><b>7,930,137</b></u>

The notes on pages 11 to 21 form part of these financial statements.

## **NOMINET CHARITABLE FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017**

#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

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 (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Nominet Charitable 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.

These financial statements are presented in Sterling which is the functional currency of the Charity.

##### **1.2 Reconciliation with previous Generally Accepted Accounting Practice**

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

##### **1.3 Company status**

The Charity is a company limited by guarantee. The sole member of the company is Nominet UK. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

The principal activity of the Charity is to improve social challenges through the use of digital technology. Achievement of this activity is made through a grant-making programme.

##### **1.4 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

## **NOMINET CHARITABLE FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017**

#### **1. ACCOUNTING POLICIES (continued)**

##### **1.5 Income**

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

Donated services or facilities are recognised when the Charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the Charity of the item is probable and that economic benefit can be measured reliably.

Grants and donations received for the general purposes of the Charity are credited to Unrestricted Funds.

##### **1.6 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

##### **1.7 Tangible fixed assets and depreciation**

All assets costing more than £500 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

IT equipment	-	3 years straight line
IT Software	-	3 years straight line

##### **1.8 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the Bank.

##### **1.9 Debtors**

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

##### **1.10 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of twelve months or less from the date of acquisition or opening of the deposit or similar account.

# NOMINET CHARITABLE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

### 1. ACCOUNTING POLICIES (continued)

#### 1.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

#### 1.12 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

#### 1.13 Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the year.

#### 1.14 Critical accounting estimates and areas of judgment

The Trustees have concluded that there are no areas of the financial statements that are subject to material judgements and estimates.

### 2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donation from Nominet UK	5,400,000	-	5,400,000	4,000,000
Grant	-	230,616	230,616	-
<b>Total donations</b>	<b>5,400,000</b>	<b>230,616</b>	<b>5,630,616</b>	<b>4,000,000</b>
<b>Total 2016</b>	<b>4,000,000</b>	<b>-</b>	<b>4,000,000</b>	

# NOMINET CHARITABLE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

### 3. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank deposit interest receivable	64,566	-	64,566	61,908
<i>Total 2016</i>	<i>61,908</i>	<i>-</i>	<i>61,908</i>	

### 4. DIRECT COSTS

	Grants to institutions £	Other charitable activities £	Total 2017 £	Total 2016 £
Costs of charitable activities	3,138,615	181,704	3,320,319	2,828,851
Wages and salaries	-	6,863	6,863	-
National insurance	-	213	213	-
	<b>3,138,615</b>	<b>188,780</b>	<b>3,327,395</b>	<b>2,828,851</b>
<i>At 30 April 2016</i>	<i>2,710,671</i>	<i>118,180</i>	<i>2,828,851</i>	

#### Analysis of grants made to institutions

#### Grants made in the year (over £50,000)

	£
Bounce Works	50,000
British Academy of Film	69,000
Creative England	250,000
Future First	95,980
Inspiring Digital Enterprise	200,000
Konnektis	90,000
Limitless Travel	90,000
Musemantik	99,998
My Time to Care	100,000
Open Up Music	58,500
Run a Club	81,250
Shift Foundation	250,000
Vision Technologies	95,000
Wavemaker Stoke	85,000
	<b>1,614,728</b>
Grants less than £50,000	1,450,093
Other direct costs of the grant-making programme	73,794
	<b>3,138,615</b>

# NOMINET CHARITABLE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

### 5. SUPPORT COSTS

	Support costs allocated to grant making activities £	Total 2017 £	Total 2016 £
Office space	38,400	38,400	38,404
Accountancy fees	24,573	24,573	23,674
Tech support	10,800	10,800	10,800
Bank charges	1,386	1,386	1,641
Subscriptions	5,009	5,009	1,646
Legal and professional	15,091	15,091	44,084
IT and office equipment	6,473	6,473	7,422
Staff recruitment	15,858	15,858	43,865
Printing and stationery	856	856	2,222
Training and conferences	8,926	8,926	4,854
PR costs, branding and website development	158,931	158,931	133,302
Travel and subsistence	13,368	13,368	13,809
Meeting costs	5,166	5,166	3,378
Telephone and postage	2,600	2,600	2,213
Other staff costs	5,428	5,428	4,733
Sponsorship	13,800	13,800	-
Wages and salaries	513,308	513,308	364,172
National insurance	57,783	57,783	35,884
Pension cost	61,539	61,539	33,926
Depreciation	46,201	46,201	24,431
	<u>1,005,496</u>	<u>1,005,496</u>	<u>794,460</u>
<i>At 30 April 2016</i>	<u>794,460</u>	<u>794,460</u>	

### 6. GOVERNANCE COSTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Auditors' remuneration	5,470	-	5,470	4,950
Trustees' expenses reimbursed, subsistence and trustee meeting costs	7,500	-	7,500	10,896
	<u>12,970</u>	<u>-</u>	<u>12,970</u>	<u>15,846</u>

# NOMINET CHARITABLE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

### 7. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2017 £	Depreciation 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Grants to institutions	-	-	3,138,615	3,138,615	2,710,671
Support costs allocated to grant making activities	632,630	46,201	326,665	1,005,496	794,460
Other charitable activities	7,076	-	181,704	188,780	118,180
<b>Charitable activities</b>	<b>639,706</b>	<b>46,201</b>	<b>3,646,984</b>	<b>4,332,891</b>	<b>3,623,311</b>
<b>Expenditure on governance</b>	<b>-</b>	<b>-</b>	<b>12,970</b>	<b>12,970</b>	<b>15,846</b>
	<b>639,706</b>	<b>46,201</b>	<b>3,659,954</b>	<b>4,345,861</b>	<b>3,639,157</b>
<b>Total 2016</b>	<b>433,982</b>	<b>24,431</b>	<b>3,180,744</b>	<b>3,639,157</b>	

### 8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	<b>46,201</b>	<b>24,431</b>

During the year, no Trustees received any remuneration (2016 - £NIL).

During the year, no Trustees received any benefits in kind (2016 - £NIL).

3 Trustees received reimbursement of expenses amounting to £7,500 in the current year, (2016 - 4 Trustees - £10,896).

### 9. AUDITORS' REMUNERATION

	2017 £	2016 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	<b>5,470</b>	<b>4,950</b>

# NOMINET CHARITABLE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

### 10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	520,171	364,172
Social security costs	57,996	35,884
Other pension costs	61,539	33,926
	<u>639,706</u>	<u>433,982</u>

The average number of persons employed by the Charity during the year was as follows:

	2017 No.	2016 No.
Administration of grant-making activities	10	7

The number of higher paid employees was:

	2017 No.	2016 No.
In the band £80,001 - £90,000	1	0
In the band £100,000 - £110,000	0	1
In the band £100,001 - £110,000	1	0

Key management personnel includes the Trustees, the Trust Director, the Strategy and Partnership Director and the Programme Director. No trustees were remunerated. Total remuneration in respect of key management personnel was £298,759 (2016: £115,503). All of these personnel were enrolled in the Charity's defined contribution pension scheme in the year for which contributions totalling £15,209 (2016: £6,960) were made by the Charity. The Charity's total contributions to the defined contribution scheme are included with total remuneration for key management personnel.

### 11. TANGIBLE FIXED ASSETS

	IT Equipment £	IT Software £	Total £
<b>Cost</b>			
At 1 May 2016	10,289	120,707	130,996
Additions	6,506	22,134	28,640
At 30 April 2017	<u>16,795</u>	<u>142,841</u>	<u>159,636</u>
<b>Depreciation</b>			
At 1 May 2016	5,184	28,062	33,246
Charge for the year	3,506	42,695	46,201
At 30 April 2017	<u>8,690</u>	<u>70,757</u>	<u>79,447</u>
<b>Net book value</b>			
At 30 April 2017	<u>8,105</u>	<u>72,084</u>	<u>80,189</u>
At 30 April 2016	<u>5,105</u>	<u>92,645</u>	<u>97,750</u>

# NOMINET CHARITABLE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

### 12. DEBTORS

	2017 £	2016 £
Trade debtors	105,616	-
Prepayments and accrued income	43,138	25,317
	<u>148,754</u>	<u>25,317</u>

### 13. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	9,800	18,076
Other creditors	-	3,897
Accruals	75,134	55,568
Grants payable	2,203,943	1,452,257
	<u>2,288,877</u>	<u>1,529,798</u>

### 14. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Grants payable	<u>121,172</u>	<u>35,109</u>

# NOMINET CHARITABLE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

### 15. STATEMENT OF FUNDS

#### STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 May 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 30 April 2017 £
<b>Designated funds</b>					
Designated Funds - all funds	250,000	-	(207,140)	(19,384)	23,476
<b>General funds</b>					
General Funds - all funds	6,238,297	5,464,566	(3,931,581)	19,384	7,790,666
Total Unrestricted funds	6,488,297	5,464,566	(4,138,721)	-	7,814,142
<b>Restricted funds</b>					
Digital Arts and Creative Ageing	-	230,616	(207,140)	-	23,476
Total of funds	6,488,297	5,695,182	(4,345,861)	-	7,837,618

#### STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 May 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 30 April 2016 £
<b>Designated funds</b>						
Designated Funds - all funds	-	250,000	-	-	-	250,000
	-	250,000	-	-	-	250,000
<b>General funds</b>						
General Funds - all funds	6,065,546	3,811,908	(3,639,157)	-	-	6,238,297
	6,065,546	3,811,908	(3,639,157)	-	-	6,238,297
Total Unrestricted funds	6,065,546	4,061,908	(3,639,157)	-	-	6,488,297
<b>Restricted funds</b>						
Total of funds	6,065,546	4,061,908	(3,639,157)	-	-	6,488,297

# NOMINET CHARITABLE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

Designated funds are funds used in the Digital Arts & Creative Ageing programme which aims to stimulate digital innovations that engage over 65s in the creative arts.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the Charity.

Restricted funds are funds received from The Baring Foundation that are used in the Digital Arts & Creative Ageing programme.

### 16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

#### ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	80,189	-	80,189
Current assets	10,144,002	23,476	10,167,478
Creditors due within one year	(2,288,877)	-	(2,288,877)
Creditors due in more than one year	(121,172)	-	(121,172)
	<u>7,814,142</u>	<u>23,476</u>	<u>7,837,618</u>

#### ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Tangible fixed assets	97,750	-	97,750
Current assets	7,955,454	-	7,955,454
Creditors due within one year	(1,529,798)	-	(1,529,798)
Creditors due in more than one year	(35,109)	-	(35,109)
	<u>6,488,297</u>	<u>-</u>	<u>6,488,297</u>

### 17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	1,349,321	422,751
Adjustment for:		
Depreciation charges	46,201	24,184
Loss on the sale of fixed assets	-	247
Increase/(decrease) in creditors	(123,437)	36,341
Increase/(decrease) in creditors	845,142	(30,305)
Net cash provided by operating activities	<u>2,117,227</u>	<u>453,218</u>

# NOMINET CHARITABLE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

### 18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	10,018,724	7,930,137
Total	<u>10,018,724</u>	<u>7,930,137</u>

### 19. PENSION COMMITMENTS

Nominet Charitable Foundation operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £61,539 (2016: £33,926). No amounts were outstanding at the year end (2016: £Nil).

### 20. RELATED PARTY TRANSACTIONS

During the year ended 30 April 2017, £75,600 (2016: £75,500) was recharged by Nominet UK for rent, use of computer and phone facilities, financial management and other services. There are no outstanding amounts payable at the year end (2016: £Nil).

### 21. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Charity has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 30 April 2016 and the date of transition to FRS 102 and SORP 2015 was therefore 1 May 2015. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the Charity's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income.

