

Registered number: 02025362
Charity number: 294640

THE READING FOUNDATION
LIMITED
2020

THE READING FOUNDATION
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

THE READING FOUNDATION
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND MEMBERS OF
THE COUNCIL AND ADVISERS
FOR THE YEAR ENDED 31 JULY 2020**

The organisation is a charitable company limited by guarantee, incorporated on 4 June 1986 and registered as a charity on 10 June 1986.

Trustees and Members of the Council

Mrs J Amole³
Mr J Chadwick (resigned 28 November 2019)¹
Mr T Evans (appointed 28 November 2019)¹
Mr M Faulkner²
Mr T Follen²
Mr E Holt¹
Dr S Bowen
Mr R Childs, Chair
Dr J Matthews
Prof M Parsons, Vice Chair
Mr A Phadnis
Mrs C Toms
Mr R Huggins
Mr A Robson, Headmaster

- 1 Representative of the Reading School Alumni
- 2 Representative of the Governors of Reading School
- 3 Representative of the Reading School Current Parents

Company registered number

02025362

Charity registered number

294640

Registered office

Reading School
Ereleigh Road
Reading
Berkshire
RG1 5LW

Company secretary

Mr I G Judd

Independent auditor

James Cowper Kreston
Chartered Accountants and Statutory Auditor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND MEMBERS OF
THE COUNCIL AND ADVISERS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

Solicitors

Mr H J Dellar
Lee Bolton Monier-Williams
1 The Sanctuary
Westminster
London
SW1P 3JT

Investment Manager

CCLA Investment Management Ltd
COIF Charity Funds
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Governing Instruments

- 1) A Charity Commission Scheme, dated 4 July 1994, as modified by an Order of the Secretary of State for Education on 9 March 2011, when Reading School became an Academy.
- 2) An Order made by the Charity Commission on 24 July 2003 enabling the Reading Foundation to operate a total return approach to its investments.
- 3) Other Charity Commission Orders, dated 5 October 1999 (authorising the appointment of an investment manager), 12 July 2000, 3 August 2001 and 23 April 2007.
- 4) The Memorandum and Articles of the Reading Foundation, dated 31 March 1986 as amended by a Special Resolution, dated 2 November 1999.
- 5) The Memorandum and Articles of the Reading Foundation, dated 2 November 1999 as amended by a Special Resolution, dated 20 September 2018.
- 6) The Memorandum and Articles of the Reading Foundation, dated 20 September 2018 as amended by a Special Resolution, dated 28 November 2019.

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2020

The Trustees, being also directors of the charitable company, present their report, together with the financial statements of the charitable company, for the year ended 31 July 2020. The report of the Council is also the directors' report as required by Part 15, chapter 5 of the Companies Act 2006 and the Trustees' report as required by Part VIII of the Charities Act 2011. The financial statements comply with the requirements of the Charitable Company's Memorandum and Articles of Association, the Charities Statement of Recommended Practice (SORP 2015) and Financial Reporting Standard 102 (FRS 102).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Company is managed in accordance with its Memorandum and Articles of Association (31 March 1986), as amended by a Special Resolution, dated 2 November 1999 and two others dated 20 September 2018 and 28 November 2019 respectively. The policies which govern the running of the Charity are laid down in the Charity Commission Scheme, dated 4 July 1994, as modified by an Order of the Secretary of State for Education, dated 9 March 2011, when Reading School became an Academy. An Order made by the Charity Commission on 5 October 1999 authorised the Company to appoint an investment manager and a further Order made by it on 24 July 2003 enabled the Company to operate a total return approach to its investments. Two other Orders, dated 12 July 2000 and 3 August 2001, authorised expenditure from the Foundation's capital subject to recoupment; these ceased to have effect by reason of a later Order dated 23 April 2007.

Under the 1994 Charity Commission Scheme, the members of the Council, in their capacity as Trustees, are required to meet at least twice yearly to manage the policy and available funds. This year the Council met on three occasions (28 November 2019, 26 March 2020, and 18 June 2020) in addition to the Annual General Meeting which was held on 28 November 2019. The Executive and Finance Committees of the Council met on three occasions during the year (18 November 2019, 24 February 2020 and 18 June 2020). The Clerk was responsible for liaising with the Governors' Property Committee and reporting its decisions back to the Trustees.

FINANCIAL REVIEW

The Foundation's income consists of interest and income from units in a basket of Funds administered by CCLA. The structure of the Foundation's Funds, namely the Award Fund (a restricted fund), the School Charity and the BEM Young Bequest (both unrestricted funds with the latter being an expendable endowment), has not changed during the year. The performance of the stock market represents the greatest identified risk to the Charity's wellbeing but the diversity of the Funds' assets cushions them from extremes of fluctuation. The performance of the investment portfolio, covering both capital appreciation and investment yields, is regularly monitored by the Finance Committee which reports to the Council. The capital appreciation of each of the three Funds in the current financial year was as follows: the Award Fund 2.7%, the BEM Young bequest 2.8% and School Charity 0.1%.

GOING CONCERN

The trustees have considered the impact of global Covid-19 pandemic on the ability of the charity to continue trading for the foreseeable future. Based on the review of the investments and cash balance along with the revised projections of income and expenditure, the trustees believe that the financial statements have been prepared appropriately on the going concern basis.

ACTIONS TAKEN IN LIGHT OF COVID-19

At their meeting of 26 March Trustees considered how best they should address the recent dramatic falls in world markets and the then unknown effects of the Covid-19 pandemic, in respect of the activities of the Foundation. They decided that, whilst it would be prudent to continue to rely upon that element of the Charity's funding capacity that derived from investment income, they should not rely on being able to sell investment units to fund expenditure, as this might necessitate selling units at substantial discounts to historic values. At the same time they anticipated that the activities of the School and, hence its need for some elements of

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020

Foundation funding, were likely to be pared back in the coming months, as lockdown had already forced the School to close until further notice. Accordingly Trustees delegated authority to the Finance Committee, working with the Headmaster, to identify the School's priorities in order to manage Foundation expenditure within these parameters for the next eighteen months.

OBJECTIVES AND ACTIVITIES

The principal aim of the Reading Foundation is to advance the education of the public and, in particular, to endow Reading School (founded in 1125) which, on 1 February 2011 changed its status from that of a Foundation School under the School Standards and Framework Act 1998 to an Academy, authorised under the Academies Act 2010. Education at the School is free at the point of delivery.

The School's designation as an Academy has confirmed the Foundation's position as landlord of the Reading School site. The majority of the site is leased to the Academy for a period of 125 years at a peppercorn rent whilst the buildings that are wholly or partially used for residential accommodation are covered under a separate 20 year lease to the Academy. In their capacity as landlord, the Trustees commissioned a full survey of the buildings on the site in 2011. This was presented to the School in May 2011. It specified urgent repair work to be completed within 12 months and additional works to be completed within 5 years. In 2012 the School used a Government Grant of £190,000 to effect some of the urgent repairs. Since 2012 Trustees have given the School sums of money to assist in paying both for the repairs and development of the School's facilities including the refurbishment of the ablutions in the John Kendrick building, alterations and improvements to the fitness suite, repairs to the signals loft, refurbishment of the medical centre, resurfacing of the roadway adjacent to South House and the area in front of the new science building, construction of a multi-use games area, a canopy over the entrance to the John Kendrick Building, sustainable lighting and refurbishment to stairwells and corridors in the main School building together with the entrance lobby of the Music School, refurbishment of classrooms and provision of secure storage to comply with public examination board requirements. In addition it has financed feasibility studies for sport and science build projects and providing a grant for sport. Each year the Trustees approve a budget in which they set aside monies for such activities. In the current financial year £142,000 was budgeted to effect repairs to the Physics building in order to render it watertight, improve the lighting of pedestrian walkways and a further contribution to the planned repairs to the Waterhouse building scheduled to be undertaken in 2020. The 2011 report had highlighted that this building required extensive work to render it watertight. To this end, in 2015, Trustees agreed to commit £200,000 from reserves to assist with this undertaking. In the last financial year it was agreed to forward an additional £155,000, to be recouped over 5 years, to further assist with these repairs.

Despite the Covid-19 global pandemic, with the exception of the grant towards improving pedestrian walkways which was held over to the next financial year, all budgeted commitments were honoured. The ability to maintain these spending commitments was greatly assisted by a significant bequest from the estate of Miss Evelyn Aust. Miss Aust made the gift in memory of her brother Henry who, together with others of his relatives, had attended the School during the last century. In consultation with Miss Aust's executors Trustees allocated a substantial portion of the bequest for repairs to the Waterhouse building. Trustees look forward to commemorating Miss Aust's generosity and the life of her brother, with members of her family, when Covid-19 restrictions permit.

In 2016 Trustees, together with the School Governors, set up a Joint Fundraising Initiative. The primary objectives of this initiative are to establish and maintain a comprehensive record of the school community, to create a feeling of belonging to this community and a benevolent attachment to the School for life and to establish and foster a tradition of giving to the School and the Foundation amongst this community. In order to launch the project Trustees agreed to commit £120,000 to cover the costs of this initiative for a period of two years commencing August 2016. In 2019 Trustees agreed to a further payment of £60,000 to cover the cost of an additional year.

In March 2014 the Foundation agreed to allocate up to £21,000 annually out of the Award Fund to provide for an entirely new basket of awards and grants to students to promote personal qualities of excellence, integrity and leadership. The maximum sum available for allocation was increased to £25,000 in 2015-16 and maintained at the same level during 2016-17 and 2017-18. In 2017-18 two additional allocations were authorised from the Award Fund; £8,000 in 2017 and the following two years to support School Enrichment activities and up to £15,000, rising to up to £18,000 in the following financial year to support the Future Stories

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020

initiative, which aims to attract a more socially diverse range of pupils from primary schools in the area which was encompassed by the old Borough of Reading, to apply for entry to the School. As a consequence of the pandemic most Awards and Grants were not made however those Senior school prizes funded by the Foundation were still presented to students.

ACHIEVEMENTS AND PERFORMANCE

The Foundation met its charitable objectives in the year by continuing to support the work of Reading School as demonstrated by the activities outlined above.

PLANS FOR THE FUTURE

To progress the Development and Funding initiative so that a culture of philanthropy becomes embedded in the ethos of the School.

RESERVES POLICY

Cash at bank and monies on deposit represent working capital available for grants and administrative expenditure ahead of income at certain times of the year and for contingencies. At 31 July 2020 the charity held unrestricted reserves of £621,959. On an annual basis, Trustees calculate the capital "surplus" of the School Charity and Award funds compared to a benchmark of the original values of these funds (in 1994 and 1995 respectively) adjusted for RPI. This guides their view of the capacity of the Foundation to fund spend from capital and has been used to allocate the unapplied total return for the permanent endowment.

As part of their consideration of how best to address the impact of the Covid-19 pandemic on the charity, the Trustees examined their 2019/20 projected reserves and concluded that they were comfortable that the Foundation carried ample reserves to cover their activities and contingencies. They further assessed whether the impact of the pandemic warranted alterations in the target setting of reserves, concluding that they were comfortable that the current policy was robust.

PUBLIC BENEFIT

The Trustees have acted in accordance with the information contained in the Charity Commission's general guidance on public benefit when carrying out the purposes of the Foundation and in planning its activities.

RESPONSIBILITIES OF THE COUNCIL

The Trustees (who are also directors of The Reading Foundation for purposes of Company Law) are responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent;
- prepare Financial Statements on a going concern basis unless this is inappropriate to presume that the charitable company will continue to operate.

The Trustees are responsible for keeping proper and adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

The auditors, James Cowper Kreston, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by the Board of Trustees and signed on their behalf by:



.....
R Childs
Chairman

Date: 23/2/2021

THE READING FOUNDATION
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE READING FOUNDATION

Opinion

We have audited the financial statements of The Reading Foundation (the 'charitable company') for the year ended 31 July 2020 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, 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).

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 2020 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.

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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE READING FOUNDATION
(CONTINUED)

Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. 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.

Opinion 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE READING FOUNDATION
(CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, 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. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Darren O'Connor BSc (Hons) FCCA ACA (Senior Statutory Auditor)

for and on behalf of
James Cowper Kreston

Chartered Accountants and Statutory Auditor

Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Date: 2 March 2021

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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JULY 2020**

	Note	Endowment funds 2020 £	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income and endowments from:						
Donations and legacies	4	-	-	517,888	517,888	1,708
Investments	5	88,651	26,228	3,928	118,807	108,428
Total income and endowments		88,651	26,228	521,816	636,695	110,136
Expenditure on:						
Charitable activities	8	177,088	49,918	-	227,006	350,587
Total expenditure		177,088	49,918	-	227,006	350,587
Net gains on investments		1,249	42,695	8,763	52,707	406,607
Net (expenditure)/ income		(87,188)	19,005	530,579	462,396	166,156
Transfers between funds	12	151,088	-	(151,088)	-	-
Net movement in funds		63,900	19,005	379,491	462,396	166,156
Reconciliation of funds:						
Total funds brought forward		2,561,383	1,549,579	246,388	4,357,350	4,191,194
Net movement in funds		63,900	19,005	379,491	462,396	166,156
Total funds carried forward		2,625,283	1,568,584	625,879	4,819,746	4,357,350

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 14 to 28 form part of these financial statements.

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REGISTERED NUMBER: 02025362

BALANCE SHEET
AS AT 31 JULY 2020

	Note	2020 £	2019 £
Fixed assets			
Investments		4,540,169	4,484,582
		<u>4,540,169</u>	<u>4,484,582</u>
Current assets			
Debtors	10	200,897	178,383
Cash at bank and in hand		126,930	95,185
		<u>327,827</u>	<u>273,568</u>
Creditors: amounts falling due within one year	11	(48,250)	(400,800)
Net current assets / liabilities		<u>279,577</u>	<u>(127,232)</u>
Total assets less current liabilities		<u>4,819,746</u>	<u>4,357,350</u>
Total net assets		<u><u>4,819,746</u></u>	<u><u>4,357,350</u></u>
Charity funds			
Endowment funds	12	2,625,283	2,561,383
Restricted funds	12	1,568,584	1,549,579
Unrestricted funds	12	625,879	246,388
Total funds		<u><u>4,819,746</u></u>	<u><u>4,357,350</u></u>

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BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2020

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

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

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



.....
Mr R Childs
Chairman

Date: 23/2/2021

The notes on pages 14 to 28 form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2020

	2020 £	2019 £
Cash flows from operating activities		
Net cash used in operating activities	(84,182)	(316,162)
Cash flows from investing activities		
Dividends, interests and rents from investments	118,807	108,428
Proceeds from sale of investments	-	279,682
Purchase of investments	(2,880)	(29,391)
Net cash provided by investing activities	115,927	358,719
Change in cash and cash equivalents in the year	31,745	42,557
Cash and cash equivalents at the beginning of the year	95,185	52,628
Cash and cash equivalents at the end of the year	126,930	95,185

The notes on pages 14 to 28 form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

1. General Information

The Reading Foundation is a charitable company limited by guarantee. Its registered office is Reading School, Erelgh Road, Reading, Berkshire, RG1 5LW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Reading 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.

The financial statements are presented in pounds sterling (£) rounded to the nearest pound.

2.2 Company status

The members of the company are the Trustees named on page 1. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charitable company.

2.3 Going concern

The charitable company hold sufficient liquid assets to cover commitments made by the trustees at the balance sheet date. Operational expenditure is minimal, grants are discretionary and are proposed by the Finance Committee based on expected investment returns.

After making enquiries, the trustees have a reasonable expectation that the charitable company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlines in the statement of Responsibilities of the Council.

2.4 Land and buildings

The land and buildings known as Reading School is an asset for the School Charity and is leased to the Academy under a 125 year lease at a peppercorn rent. As such the value has not been included in the value of the fund.

Residential and associated accommodation, which includes boarding houses and staff accommodation, is subject to a supplementary 20 year lease at a peppercorn rent. The lease is granted on terms similar to the main lease.

Subject to a number of assumptions the market value of the Foundation's interest assuming its continued educational use and the leases in place is £70,000. This value has not been included in the Balance Sheet.

The land and buildings are insured for a value of £34,350,000.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.5 Income

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

Income largely arises from Investment Income generated from dividends from CCLA funds, and they are accounted for when the dividends are actually declared. Investment income and gains are allocated to the appropriate fund.

2.6 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. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Governance costs are those incurred in connection with administration of the charitable company and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the charitable company's operations, including support costs and costs relating to the governance of the charitable company apportioned to charitable activities.

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.

2.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on Investments' in the Statement of financial activities incorporating income and expenditure account.

2.8 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.

2.9 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 three months or less from the date of acquisition or opening of the deposit or similar account.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.10 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 Company 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 in the Statement of financial activities as a finance cost.

2.11 Financial Instruments

The charitable company 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.

2.12 Taxation

The Company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.13 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 Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company 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.

Investment income, gains and losses are allocated to the appropriate fund.

Endowed funds consist of a permanent endowment and an expendable endowment. A total return approach has been adopted for these funds.

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3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Trustees use judgements to determine how much of the unapplied total return to release to income for spending and how much to retain for investment as part of the permanent endowment. The judgments used have been disclosed in the Trustees' Report and in note 12 in the accounts.

The trustees believe there to be no other critical accounting judgments or areas of significant estimated uncertainty.

4. Income from donations and legacies

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	-	517,888	517,888	1,708
Total 2019	150	1,558	1,708	

5. Investment income

	Endowment funds 2020 £	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Investment income	88,651	26,220	2,988	117,859	107,994
Bank interest received	-	8	940	948	434
	88,651	26,228	3,928	118,807	108,428
Total 2019	89,545	11,760	7,123	108,428	

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6. Analysis of grants

	Grants to institutions 2020 £	Grants to Individuals 2020 £	Total funds 2020 £	Total funds 2019 £
Grants awarded	41,998	4,000	45,998	102,006
	<u>41,998</u>	<u>4,000</u>	<u>45,998</u>	
Total 2019	<u>90,456</u>	<u>11,550</u>	<u>102,006</u>	

Grants awarded

	2020 £	2019 £
Grants to Institutions		
Reading School Awards and Senior Prizes	41,998	90,456
	<u>41,998</u>	<u>90,456</u>
Grants to Individuals		
Enrichment programme	4,000	8,000
Reading School Staff travel Award	-	3,300
Mclroy Essay Prize Winner	-	250
	<u>4,000</u>	<u>11,550</u>

Other grants awarded

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Building fund project	62,000	62,000	179,000
Development grant	59,078	59,078	55,323
	<u>121,078</u>	<u>121,078</u>	<u>234,323</u>
Total 2019	<u>234,323</u>	<u>234,323</u>	

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7. Governance costs

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Audit fees	5,960	5,960	3,950
Other accountancy costs	1,250	1,250	1,050
Legal and professional fees	3,839	3,839	3,361
Other indirect costs	81	81	97
Clerks' fees	5,800	5,800	5,800
Total 2020	16,930	16,930	14,258
Total 2019	14,258	14,258	

8. Analysis of expenditure by activities

	Charity direct costs 2020 £	Grant funding 2020 £	Governance costs 2020 £	Total funds 2020 £	Total funds 2019 £
Expenditure	164,078	45,998	16,930	227,006	350,587
Total 2019	234,323	102,006	14,258	350,587	

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NOTES TO THE FINANCIAL STATEMENTS
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9. Investments

	Restricted Funds Award Fund	General Funds Young Bequest	Endowed Funds School Charity	Total funds
	£	£	£	£
Balance at 1 August 2019	1,541,094	316,571	2,826,917	4,484,582
Additions	2,509	371	-	2,880
Transfer	(50,251)	-	50,251	-
Unrealised gains	42,695	8,763	1,249	52,707
Balance at 31 July 2020	1,536,047	325,705	2,878,417	4,540,169
Historical Cost of Investments	936,458	201,583	1,625,016	2,763,057

At the 31 July 2020 all of the above investments are held in funds managed by CCLA.

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The investment fund and application of total return to permanent endowment funds:

	2020	2019
	£	£
Opening value of permanent endowment	2,560,000	2,495,539
Opening value of unapplied total return	1,383	30,123
Less		
Original value of gift	(1,100,000)	(1,100,000)
Indexation	(1,460,000)	(1,395,539)
	1,383	30,123
Investment return: dividends and interest	88,651	89,545
Investment return: realised and unrealised gains and (losses)	1,249	201,715
Unapplied total return before transfer	91,283	321,383
Less		
Unapplied total return applied	(90,000)	(320,000)
Unapplied total return	1,283	1,383
Add		
Original value of gift	1,100,000	1,100,000
Indexation	1,524,000	1,460,000
Total	2,625,283	2,561,383

The Charity Commission permitted the Charity to adopt the use of the total return investment powers in relation to its permanent endowment investments by an order granted on 24 July 2003.

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10. Debtors

	2020 £	2019 £
Due after more than one year		
Other debtors	153,000	153,000
	<u>153,000</u>	<u>153,000</u>
Due within one year		
Prepayments and accrued income	47,897	25,383
	<u>200,897</u>	<u>178,383</u>

11. Creditors: Amounts falling due within one year

	2020 £	2019 £
Waterhouse advance repair commitment	-	153,000
Grant commitments	43,000	237,000
Other creditors	5,250	10,800
	<u>48,250</u>	<u>400,800</u>

The Waterhouse repair commitments disclosed in the prior year relate to funding to Reading School for the repairs of the Waterhouse building. At the balance sheet date the advances have been transferred across to The Reading School. The corresponding debtor is disclosed within note 10.

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12. Statement of funds

Statement of funds - current year

	Balance at 1 August 2019 £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Balance at 31 July 2020 £
Unrestricted funds						
General Funds	-	518,828	-	(151,088)	-	367,740
Young Bequest	246,388	2,988	-	-	8,763	258,139
	<u>246,388</u>	<u>521,816</u>	<u>-</u>	<u>(151,088)</u>	<u>8,763</u>	<u>625,879</u>
Endowment funds						
School Charity (Queens Road) Permanent	2,560,000	-	-	64,000	-	2,624,000
School Charity Unapplied Total Return	1,383	88,651	(177,088)	87,088	1,249	1,283
	<u>2,561,383</u>	<u>88,651</u>	<u>(177,088)</u>	<u>151,088</u>	<u>1,249</u>	<u>2,625,283</u>
Restricted funds						
Award Fund	1,549,579	26,228	(49,918)	-	42,695	1,568,584
Total of funds	<u>4,357,350</u>	<u>636,695</u>	<u>(227,006)</u>	<u>-</u>	<u>52,707</u>	<u>4,819,746</u>

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12. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 August 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2019 £
Unrestricted funds						
General Funds	(44,121)	1,558	(248,581)	291,144	-	-
Young Bequest	244,888	7,123	-	(35,605)	29,982	246,388
	<u>200,767</u>	<u>8,681</u>	<u>(248,581)</u>	<u>255,539</u>	<u>29,982</u>	<u>246,388</u>
Endowment funds						
School Charity (Queens Road) Permanent	2,495,539	-	-	64,461	-	2,560,000
School Charity Unapplied Total Return	30,123	89,545	-	(320,000)	201,715	1,383
	<u>2,525,662</u>	<u>89,545</u>	<u>-</u>	<u>(255,539)</u>	<u>201,715</u>	<u>2,561,383</u>
Restricted funds						
Award fund	<u>1,464,765</u>	<u>11,910</u>	<u>(102,006)</u>	<u>-</u>	<u>174,910</u>	<u>1,549,579</u>
Total of funds	<u><u>4,191,194</u></u>	<u><u>110,136</u></u>	<u><u>(350,587)</u></u>	<u><u>-</u></u>	<u><u>406,607</u></u>	<u><u>4,357,350</u></u>

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12. Statement of funds (continued)

Purpose of the endowment funds

School Charity - Queens Road

The School Charity (Queens Road) is a permanent endowment in which trustees may apply the clear income in providing benefits for the school for which provision is not made from public funds.

From 1 August 2004, the Foundation operates a Total Return policy on the School Charity (Queens Road) fund following an Order made by the Charity Commission on 24 July 2003. On an annual basis, Trustees calculate the capital "surplus" of the School Charity compared to a benchmark of the original values of these funds (in 1994 and 1995 respectively) adjusted for RPI and has been used to allocate the unapplied total return for the permanent endowment.

The investment power of total return was granted on 24 July 2003. Having considered their obligations under the duty of even handedness, during the year the Trustees made a transfer of £90,000 (2019: £320,000) unapplied total return to unrestricted funds in respect of the charitable activities of the Charity, taking account of the return on investment for the whole of the year and the incess needs of the Charity.

Restricted funds

Award Fund

The income from the investments of the fund is to be used in promoting the education of pupils attending Reading School, children who are about to attend the school and former pupils who have attended the school for not less than two years by awarding allowances, exhibitions and prizes.

Unrestricted funds

School Charity

The charitable company contains land and building occupied by Reading School and used for the purpose of an Academy School. The trustees can apply the clear income in providing benefits for the school for which a provision is not made from public funds.

The Young Bequest

The trustees can apply the clear income and at its discretion the whole or part of the property of the Young Bequest in the following ways:

- a) In providing benefit for the school for which provision is not made from public funds.
- b) In promoting the education of pupils attending Reading School, children who are about to attend the school and former pupils who have attended the school for not less than two years.

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Summary of funds

Summary of funds - current year

	Balance at 1 August 2019 £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Balance at 31 July 2020 £
General funds	246,388	521,816	-	(151,088)	8,763	625,879
Endowment funds	2,561,383	88,651	(177,088)	151,088	1,249	2,625,283
Restricted funds	1,549,579	26,228	(49,918)	-	42,695	1,568,584
	4,357,350	636,695	(227,006)	-	52,707	4,819,746

Summary of funds - prior year

	Balance at 1 August 2018 £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Balance at 31 July 2019 £
General funds	200,767	8,681	(248,581)	255,539	29,982	246,388
Endowment funds	2,525,862	89,545	-	(255,539)	201,715	2,561,383
Restricted funds	1,464,765	11,910	(102,006)	-	174,910	1,549,579
	4,191,194	110,136	(350,587)	-	406,607	4,357,350

14. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Endowment funds 2020 £	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Fixed asset investments	2,625,283	1,536,047	378,839	4,540,169
Debtors due after more than one year	-	-	153,000	153,000
Current assets	-	32,537	142,290	174,827
Creditors due within one year	-	-	(48,250)	(48,250)
Total	2,625,283	1,568,584	625,879	4,819,746

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14. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	Endowment funds 2019 £	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
Fixed asset investments	2,561,383	1,541,094	382,105	4,484,582
Debtors due after more than one year	-	-	153,000	153,000
Current assets	-	8,485	112,083	120,568
Creditors due within one year	-	-	(400,800)	(400,800)
Total	2,561,383	1,549,579	246,388	4,357,350

15. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net income for the period (as per Statement of Financial Activities)	462,396	166,156
Adjustments for:		
Gains on investments	(52,707)	(402,063)
Dividends, interests and rents from investments	(118,807)	(108,428)
Loss/(profit) on the sale of fixed assets	-	(4,544)
Increase in debtors	(22,514)	(150,782)
Increase/(decrease) in creditors	(352,550)	183,499
Net cash used in operating activities	(84,182)	(316,162)

16. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	126,930	95,185
Total cash and cash equivalents	126,930	95,185

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17. Analysis of changes in net debt

	At 1 August 2019	Cash flows	At 31 July 2020
	£	£	£
Cash at bank and in hand	95,185	31,745	126,930
	95,185	31,745	126,930

18. Related party transactions

Reading school have common directors with the Reading Foundation. Total donations and grants of £206,076 (2019: £288,198) were made to Reading School in the current year.

None of the members of the council received any remuneration or were reimbursed any expenses (2019: £nil).