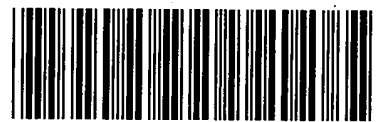


NOMINET CHARITABLE FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016

COMPANY NO: 06578379

CHARITY NO: 1125735

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NOMINET CHARITABLE FOUNDATION

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NOMINET CHARITABLE FOUNDATION

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 30 APRIL 2016

The charitable company was incorporated on 28 April 2008.

The Trustees present their report together with financial statements for the year ended 30 April 2016.

ADMINISTRATIVE DETAILS

Working Name:	Nominet Trust
Company Number:	06578379
Charity Registration Number:	1125735
Principal Office:	Minerva House Edmund Halley Road Oxford Science Park Oxford OX4 4DQ
Trustees:	C Grace (appointed as Chair 1 May 2015) T Lahtinen B Liao N Nanayakkara
Solicitors:	Blake Lapthorn Seacourt Tower West Way Oxford OX2 0FB
Auditors:	Critchleys LLP Greyfriars Court Paradise Square Oxford OX1 1BE

NOMINET CHARITABLE FOUNDATION
REPORT OF THE TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2016

GOVERNANCE AND MANAGEMENT

Governing Document

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

Nominet Trust 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.

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 he ought to have taken as a Trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

NOMINET CHARITABLE FOUNDATION
REPORT OF THE TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2016

Organisational Structure and how decisions are made

The Charity has a board of four Trustees as per the Memorandum and Articles of Association. There are four full-time members of staff and three part-time members of staff.

Day to day management of the charity is delegated to the Director, who oversees the process of grant application receipt and initial screening using the charity 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 e-mail.

Risk Management

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

Objectives and Activities

The 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.

NOMINET CHARITABLE FOUNDATION
REPORT OF THE TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2016

Performance and Financial Review

The Charity received a £4m donation from Nominet UK in September 2015 and generated income from investments of £61,908 in the year ending 30 April 2016.

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 £2,627,147 (2015: £1,776,558) in grants and £201,704 (2015: £1,257,629) 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 minimizing risk exposure and so limiting investments to treasury deposits.

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

The balance sheet is very strong with unrestricted funds totalling £6.2m with a further £250k designated funds; 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. This is expected to be the case for at least the next 12 months.

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 policy of the Trustees therefore 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.

NOMINET CHARITABLE FOUNDATION
REPORT OF THE TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2016

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.

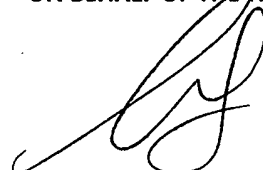
Progress updates from issued grants are reviewed by the Trustees and publicised on the website, along with other news and Foundation initiatives.

Plans for the Future

The Charity plans on awarding grants of around £2.9m and a further £0.7m on other charitable activities over the next 12 months. They will also continue to build on strategic partnerships. The Charity's executive team will ensure that the social impact of the Charity's grants are evaluated and shared widely. Regular updates and upcoming funding calls are published on the Charity's website.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities revised 2015 and in accordance with the small companies regime under the Companies Act 2006.

ON BEHALF OF THE TRUSTEES



Dr Clive Grace O.B.E
Chair

7/9/16

**INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF
NOMINET CHARITABLE FOUNDATION**

We have audited the financial statements of Nominet Charitable Foundation for the year ended 30 April 2016 which comprise the Statement of Financial Activities, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 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 opinions we have formed.

Respective Responsibilities of Trustees and Auditors

As explained more fully in the Trustees' Responsibilities Statement set out on pages 2 and 3, the trustees (who are also 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.

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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2016 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 applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the 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 directors were not entitled to prepare the financial statements and the Directors' Report in accordance with the small companies regime and take advantage of the small companies exemption from the requirements to prepare a strategic report.


Caroline Webster (Senior Statutory Auditor)

For and on behalf of Critchleys LLP, Statutory Auditor.

Greyfriars Court, Oxford, OX1 1BE

Date: 8/9/16

NOMINET CHARITABLE FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING THE INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2016

	Note	Total Funds 2016 £	Total Funds 2015 £
Income and endowments from			
Donations and legacies			
Donation from Nominet UK		4,000,000	3,000,000
Donation from other entities		-	265,994
Investments	2	<u>61,908</u>	<u>61,915</u>
Total income		<u>4,061,908</u>	<u>3,327,909</u>
Expenditure on			
Charitable Activities	3	<u>3,639,157</u>	<u>4,121,483</u>
Total expenditure		<u>3,639,157</u>	<u>4,121,483</u>
Net income/(expenditure)		<u>422,751</u>	<u>(793,574)</u>
Net movement in funds		422,751	(793,574)
Reconciliation of funds			
Total funds brought forward		<u>6,065,546</u>	<u>6,859,120</u>
Total funds carried forward		<u>6,488,297</u>	<u>6,065,546</u>

The results for the year derive from continuing activities and there are no gains or losses other than those shown above.

NOMINET CHARITABLE FOUNDATION
REGISTERED CHARITY NUMBER: 1125735

BALANCE SHEET

AS AT 30 APRIL 2016

	Note	2016 £	2015 £
Fixed Assets			
Tangible assets	7	97,750	82,472
Current Assets			
Debtors	8	25,317	61,658
Cash at bank		<u>7,930,137</u>	<u>7,516,628</u>
		7,955,454	7,578,286
Liabilities			
Creditors - amounts falling due within one year	9	<u>(1,529,798)</u>	<u>(1,533,724)</u>
Net Current Assets		6,425,656	6,044,562
Creditors - amounts falling due after one year	10	<u>(35,109)</u>	<u>(61,488)</u>
Net Assets		<u>6,488,297</u>	<u>6,065,546</u>
The Funds of the Charity			
Restricted income funds		-	-
Unrestricted income funds - general		6,238,297	6,065,546
Unrestricted income funds - designated	12	<u>250,000</u>	<u>-</u>
Total Charity Funds		<u>6,488,297</u>	<u>6,065,546</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime under the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

Approved and authorised for issue by the Board of Trustees on 7/4/16 and signed on its behalf by:



Dr Clive Grace O.B.E
Chair

NOMINET CHARITABLE FOUNDATION

COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING THE INCOME AND EXPENDITURE ACCOUNT

	Note	Restricted Funds 2015 £	Unrestricted Funds 2015 £	Total Funds 2015 £
Income and endowments from				
Donations and legacies				
Donation from Nominet UK		-	3,000,000	3,000,000
Donation from other entities		265,994	-	265,994
Investments	2	<u>-</u>	<u>61,915</u>	<u>61,915</u>
Total income		<u>265,994</u>	<u>3,061,915</u>	<u>3,327,909</u>
Expenditure on				
Charitable activities	3	<u>265,994</u>	<u>3,855,489</u>	<u>4,121,483</u>
Total Resources Expended		<u>265,994</u>	<u>3,855,489</u>	<u>4,121,483</u>
Net income/(expenditure)		<u>-</u>	<u>(793,574)</u>	<u>(793,574)</u>
Net movement in funds		-	(793,574)	(793,574)
Reconciliation of funds				
Total funds brought forward		<u>-</u>	<u>6,859,120</u>	<u>6,859,120</u>
Total funds carried forward		<u>-</u>	<u>6,065,546</u>	<u>6,065,546</u>

The results for the year derive from continuing activities and there are no gains or losses other than those shown above.

NOMINET CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016

1. Principal Accounting Policies

The financial statements of the public benefit entity have been prepared under the historical cost convention and in accordance with the Companies Act 2006, the Statement of Recommended Practice: Accounting and Reporting by Charities revised 2015 and the Financial Reporting Standard for Smaller Entities (effective January 2015).

a) Incoming Resources

Grants are included on a receivable basis subject to adjudged ability to meet any associated conditions. Grants and donations received for the general purposes of the charity are credited to Unrestricted Funds. Income received for specific purposes is credited to a restricted fund. Income on deposit accounts is credited when receivable.

b) Resources Expended

Expenditure is charged on an accruals basis. Support costs are split between charitable activities and governance costs based on an estimate of the time spent on these areas. Irrecoverable VAT is charged as an expense.

For unrestricted funds, grants payable are included as an expense when they are approved by the Trustees and have been notified to the grantee. Where grants are awarded for a number of years to recipients, the full amount is included as an expense where the conditions for payment of future grants are outside the normal control of the charity. Payments expected to be made after one year are disclosed as such on the balance sheet.

c) Fund Accounting

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

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

Designated funds are unrestricted funds set aside by the Trustees for specific purposes.

d) Fixed Assets

Tangible fixed assets costing more than £500 are capitalised. Depreciation is applied on a straight line basis over 3 years from the date of acquisition to write off the cost over their expected useful lives.

e) Going Concern

There are no material concerns about the Charity's ability to continue.

2. Investment Income

	2016	2015
	£	£
Bank deposit interest receivable	<u>61,908</u>	<u>61,915</u>

NOMINET CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2016

3. Charitable Activities

	Note	2016 £	2015 £
Grants to institutions	4a	2,710,671	2,481,173
Support costs allocated to grant making activities	4b	794,460	1,071,782
Other charitable activities		118,180	553,014
Governance costs	5	<u>15,846</u>	<u>15,514</u>
		<u>3,639,157</u>	<u>4,121,483</u>

4. a) Analysis of Grants Payable

	Total 2016 £
Grants approved in the year (over £50,000)	
Inspiring Digital Enterprise Award	600,000
CAST	249,000
Edukit Solutions Ltd	84,585
Enabling Play	80,000
MIME Consulting	50,000
MakerClub	50,000
Playlingo Ltd	50,000
Wevolver	54,000
Musemantik	149,998
British Academy of Film and Television Arts	79,000
Future First Networks	95,980
My Time to Care Ltd	100,000
Bounce Works	50,000
Games for Life (CIC)	50,000
Konnektis Communications Ltd	50,000
Limitless Travel Ltd	50,000
Vision Technologies Ltd	50,000
Shift	<u>500,000</u>
	2,392,563
Grants less than £50,000	242,364
Grants written back	(7,780)
Research and project development costs	<u>83,524</u>
	<u>2,710,671</u>

The types of activities and projects that have been funded by the above grants were selected due to meeting the conditions of the Charity's grant making policy, as set out in the Report of the Trustees.

NOMINET CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2016

4. b) Support Costs

	2016	2015
	£	£
Staff costs	438,715	665,340
Staff recruitment	43,865	-
Travel and subsistence	13,809	23,531
Printing and stationery	2,222	986
PR costs, branding and website development	133,302	223,936
Training and conferences	4,854	12,005
Legal and professional	44,084	33,289
Meeting costs	3,378	4,728
IT and office equipment	7,422	2,148
Telephone and postage	2,213	2,717
Bank charges	1,641	1,996
Subscriptions	1,646	3,768
Office space	38,404	46,854
Tech support	10,800	10,800
Accountancy fees	23,674	24,498
Depreciation	24,184	9,020
Bad debt expense	-	4,000
Loss on disposal of fixed assets	<u>247</u>	<u>2,166</u>
	<u>794,460</u>	<u>1,071,782</u>

5 Governance Costs

	2016	2015
	£	£
Audit fee	4,950	4,160
Travel and subsistence and trustee meetings	<u>10,896</u>	<u>11,354</u>
	<u>15,846</u>	<u>15,514</u>

NOMINET CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2016

6. Trustees' and Employees Expenses

Expenses in respect of travel and subsistence totalling £9,900 (2015: £12,071) were reimbursed to four (2015: five) Trustees during the period. No Trustee received any remuneration.

	2016	2015
	£	£
Staff costs		
Gross salaries	364,172	923,427
Employers National Insurance	35,884	97,626
Temporary staff costs	38,715	151,908
Pension costs	<u>33,926</u>	<u>50,220</u>
	<u>472,697</u>	<u>1,223,181</u>

The number of employees whose emoluments amounted to over £60,000 in the year were as follows:

	2016	2015
	Number	Number
£60,001 - £70,000	-	-
£70,001 - £80,000	-	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	1
£210,001 - £220,000	-	1

One employee earning over £60,000 (2015: four) contributed to a defined contribution pension scheme in the year.

The average number of employees during the year was made up as follows:

Charitable activities	-	5
Support	<u>7</u>	<u>8</u>
	<u>7</u>	<u>13</u>

NOMINET CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2016

7. Tangible Fixed Assets

	IT Equipment £	IT Software £	Total fixed assets £
Cost			
Brought forward	10,069	85,293	95,362
Additions	4,295	35,414	39,709
Disposals	<u>(4,076)</u>	<u>-</u>	<u>(4,076)</u>
	<u>10,288</u>	<u>120,707</u>	<u>130,995</u>
Depreciation			
Brought forward	6,865	6,025	12,890
Charge for year	2,147	22,037	24,184
Eliminated on disposal	<u>(3,829)</u>	<u>-</u>	<u>(3,829)</u>
	<u>5,183</u>	<u>28,062</u>	<u>33,245</u>
Net book value			
At 30 April 2016	<u>5,105</u>	<u>92,645</u>	<u>97,750</u>
Net book value			
At 30 April 2015	<u>3,204</u>	<u>79,268</u>	<u>82,472</u>

8. Debtors

	2016 £	2015 £
Accrued income	24,692	16,336
Prepayments	625	45,322
Other debtors	<u>-</u>	<u>-</u>
	<u>25,317</u>	<u>61,658</u>

9. Creditors - Amounts falling due within one year

	2016 £	2015 £
Trade creditors	18,076	121,144
Grants payable	1,452,257	1,258,395
Accruals	55,568	134,683
Other tax and social security	-	3,742
Other creditors	<u>3,897</u>	<u>15,760</u>
	<u>1,529,798</u>	<u>1,533,724</u>

NOMINET CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2016

10. Creditors - Amounts falling due after one year

	2016	2015
	£	£
Grants payable	<u>35,109</u>	<u>61,488</u>

11. Related Parties

£75,500 (2015: £94,500) was recharged by Nominet UK for rent, use of computer facilities and legal and financial management.

12. The Designated Fund

The Board of Trustees approved a partnership with The Baring Foundation to jointly fund a grant giving programme for Digital Arts and Creative Aging for which Nominet Charitable Foundation has designated £250,000.

13. General Information

Nominet Charitable Foundation is a company limited by guarantee incorporated and domiciled in England. Its registered office address and principal place of business is Minerva House, Edmund Halley Road, Oxford Science Park, Oxford, Oxfordshire, OX4 4DQ.

In the event of the company being wound up every member undertakes to contribute to the assets for payment of the debts and liabilities an amount not exceeding £1.