The KPMG Foundation

Report of the Trustees and financial statements

A charitable company limited by guarantee

Registered company number 13083579

Registered charity number 1194474

30 September 2022

Contents

Report of the Trustees

Introduction

The trustees present their report and the financial statements of The KPMG Foundation ('the Foundation'), for the year ended 30 September 2022. The comparative period presented in these financial statements covers a nine-month period to the 30 September 2021. The financial statements have been prepared in accordance with the Companies Act 2006 and the Charities Act 2011, Accounting and Reporting by Charities and in accordance with the 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 statements comply with the Memorandum and Articles of Association of the Foundation.

As a result of the decision to update the governance of the KPMG Foundation (charity number 1086518) and approval on 15 September 2021 by the trustees of the KPMG Foundation (charity number 1086518), it was agreed to continue the charity's business under this incorporated structure with effect from 1 October 2021. Therefore, on 1 October 2021 all the existing business of the KPMG Foundation (charity number 1086518) was transferred to this incorporated charity. All assets, liabilities and existing grant commitments, as per the Transfer Agreement, were transferred at carrying value on 1 October 2021.

Reference and administration information

The Foundation is a company limited by guarantee, not having a share capital. The sole member of the Foundation is KPMG LLP, a limited liability partnership. The governing documents are the Memorandum and Articles of Association of the Foundation. The word "limited" is omitted from the Foundation's name under the provisions of the Companies Act 2006 60(1)(a).

The Foundation was registered with the Charities Commission under charity number 1194474 on 14 May 2021. The Foundation is also a company registered with Companies House in England and Wales, company number 13083579, under Companies Act 2006. The Foundation bears KPMG's name but acts independently of KPMG LLP.

Directors and Trustees

The Directors are its trustees for the purpose of charity law and throughout this report are collectively referred to as its trustees.

The trustees who held office during the period and to the date of this report were as follows.

Antony Cates – Chair	- resigned 31 March 2022
Bina Mehta – Chair	- current member of KPMG LLP, appointed 31 March 2022
David Bartram, OBE	
Robin Cartwright	- resigned 31 December 2021
Peter Sherratt	
Christopher Murray	
Sherry Peck	
David Woodward	- retired member of KPMG LLP
Christine Gilbert, CBE	- resigned 31 March 2022
Corrine Harms	- current employee of KPMG UK Limited
Rachel Hopcroft	- resigned 8 November 2021
Rohati Chapman	- appointed 1 August 2022
Professor Lisa Holmes	- appointed 1 August 2022
Jennifer Lee	- current member of KPMG LLP, appointed 1 August 2022
John McCalla-Leacy	- current member of KPMG LLP, appointed 1 August 2022
David Yim – Chair of Finance and Investment Committee	- current member of KPMG LLP, appointed 1 August 2022

The Foundation is limited by guarantee and does not have a share capital, therefore no trustees held shares at any time during the year.

Report of the Trustees *(continued)*

Officers

Treasurer	- Bhavisha Patel, current employee of KPMG UK Limited
Finance Manager	- Gemma Hackett, current employee of KPMG UK Limited
Chief Executive	- Judith McNeill, current employee of KPMG UK Limited
Grants Development Advisor	- Barbra Mazur, external consultant

Principal office

The KPMG Foundation, 15 Canada Square, Canary Wharf, London, E14 5GL

Member

KPMG LLP, 15 Canada Square, London, E14 5GL

Auditor

Grant Thornton UK LLP, 30 Finsbury Square, London, EC2A 1AG

Bankers

HSBC Bank PLC, 62-76 Park Street, London, SE1 9DZ

Solicitors

Bates Wells, 10 Queen Street Place, London, EC4R 1BE

Investment advisors

Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU

Structure, governance and management

Organisation structure

At 30 September 2022, the Foundation consisted of a board of twelve trustees, a treasurer, a financial team, an external advisor and a chief executive officer (CEO). The Foundation's board of trustees delegate day-to-day management of the charity to the Foundation's CEO. Of the twelve trustees, six are members of KPMG LLP, retired members or employees of other KPMG entities and six are external trustees who bring considerable experience and expertise in the issues prioritised by the charity.

Governance

Trustees collectively agree on the appointment or reappointment of trustees with approval by the Chair. Internal trustees shall be appointed from among the partners and staff of the member and shall always include one non-partner trustee. Trustees, in office during the year, together with details of the Foundation's principal officers and other relevant organisations are listed on pages 1 and 2.

Newly appointed trustees receive an induction that includes guidance on their responsibilities as a charity trustee, the strategy and objectives of the Foundation, the relationship with KPMG as a 'connected charity' (using the Charity Commission Guidance), a financial overview and the issues relevant to the Foundation's priorities. The Foundation tailors the induction of a new trustee to the needs of the individual trustee.

Report of the Trustees *(continued)*

Structure, governance and management *(continued)*

Governance (continued)

Trustees are provided with summary information on all projects funded usually from bi-annual or annual reports, newsletter or other informal updates. Formal presentations are made to the trustees either prior to approval or at appropriate intervals.

In Summer 2022, the Foundation recruited five new Trustees, three KPMG partners and two external sector specialists. External candidates were selected through an open recruitment process and the KPMG partners through an internal but competitive process. The calibre of all candidates was extremely high. With this refreshed Board, the Foundation has strengthened its governance, by refining the strategy with clearer criteria for decision making, developing a new risk management framework and starting work on an impact framework for 2023.

Management and objectives

Trustees delegate the day-to-day management of the Foundation to the CEO who is employed by KPMG UK Limited to work solely on the charity as well as the unincorporated KPMG Foundation. The Foundation also benefits from professional administration and finance expertise donated by KPMG LLP.

The Foundation's primary activity to achieve its charitable objectives is grant making. It actively seeks out and selects partners to develop proposals rather than requesting applications from many organisations. The focus of work therefore relates to identifying suitable organisations and assessing their leadership and the quality of their programmes or projects for potential support. Building effective relationships with a wide variety of stakeholders is also key to this approach. Proposals for funding are reviewed initially by the Foundation's CEO and presented to trustees for further consideration in the context of the charity's strategy, annual plans and budget. Trustees make all grant-making decisions collectively based on a combination of written analysis, meetings, presentations, and experience in the relevant sectors and issues. Once the decision has been made to fund an initiative, the CEO or newly appointed grants development consultant will assess the progress following receipt of monitoring reports at regular intervals and present summaries to the trustee board identifying achievements, concerns or risks.

Risk management statement

The trustees regularly review the major risks to which the Foundation is exposed and have established systems to mitigate those risks. A risk register is maintained by the Foundation and is reviewed by trustees at each meeting. Any new risks or matters of concern are raised at or between trustee meetings and mitigating steps taken as necessary. A new risk management framework was introduced in the latter part of 2022 and will be developed further during 2023.

Trustees reserve the right to withhold or postpone payments to charity grant partners if serious concerns emerge or if planned activity cannot proceed. Charity partners are required to inform the Foundation immediately of any 'serious incidents' including those defined by and reported to the Charity Commission.

The longer-term impacts of the COVID-19 pandemic, combined with the rapidly rising cost of living, present major operational and financial risks for the Foundation's voluntary sector partners. As a grant maker and corporate charity, the Foundation itself is somewhat cushioned from the worst impacts of rising prices, and benefits significantly from being supported by KPMG LLP, and given no reliance on external fundraising. Many organisations and charities have experienced significant financial turbulence which is likely to continue into 2023, for most. Despite this, the Foundation's partners continue to be resourceful and successful in adapting their programmes to take account of the current economic climate.

We will continue to monitor the impact that national and global market developments have on the Foundation and, in particular, on our level of reserves and investment values. The Finance and Investment committee regularly review investment performance to protect the value of the Foundations' assets and fulfil our commitment to our charity partners. The Finance and Investment Committee work together with our advisers, Sarasin & Partners, and they make necessary changes on our behalf to manage investment returns. A review of our investment strategy and performance was performed in 2022 whilst considering the level of minimum reserves the trustees would like to maintain. In the context of the prevailing global economic environment, the trustees are satisfied with the advice we receive from Sarasin & Partners and the investment performance achieved.

Report of the Trustees *(continued)*

Objectives and aims

The objectives of the Foundation are, for the public benefit, to advance such charitable purposes (according to the law of England and Wales) as trustees see fit from time to time. The focus of the Foundation is on improving educational and social outcomes for children and young people from disadvantaged backgrounds and communities, who have unfulfilled potential.

The Foundation delivers its charitable objects, primarily through grant making.

Public benefit assessment

The trustees confirm that they have complied with their duty in section 17 of the Charities Act 2011 to have due regard to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities.

With respect to public benefit reporting the main aims of the Foundation fall into the category of 'the advancement of education' and 'the relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage and in particular identifiable benefits and benefit to the public, or a section of the public'.

Strategy and grant making

The Foundations core purpose is to work with others to improve the lives of the most vulnerable children and young people in the UK, so they are safe, healthy, happy and learning.

Our current priorities are:

- care experienced children and young people, and on the edge of care (and those who can help make the most positive difference in their lives); and
- children under 5 (including the first 1001 days) in families and communities facing the toughest challenges.

The Foundation delivers its charitable objectives primarily through grant making and works proactively with selected partners to improve the life chances of some of the UK's most vulnerable children, young people and families seeking long term change wherever possible. Work is funded across the regions and nations in England, Wales and Scotland.

The Foundation's grant making principles and practice are set out in a grants policy which includes the eligibility criteria, assessment processes, decision making and follow up reporting. Further information has been provided on our website.

The Foundation is an independent charity supported by KPMG LLP. It shares the firm's broad corporate responsibility and social mobility aims for children and young people from disadvantaged communities, whilst operating in distinct and complementary ways.

Annual spend

Grants are made utilising a mixture of any accumulated net investment return and accumulated or new donations received.

During the year, the Foundation funded grants of £899,604 *(2021: £nil)*. The Foundation received a donation from KPMG LLP of £667,980 *(2021: £nil)*, support costs borne by KPMG LLP of £36,750 *(2021: £nil)*, gift aid of £166,995 *(2021: £nil)*, and net investment return was a loss of £623,495 *(2021: £nil)*. Furthermore, as a result of the transfer of funds from the unincorporated KPMG Foundation (charity number 1086518) a donation of £6,052,853 *(2021: £nil)* was also received.

As noted on page 1, charitable activities of the Foundation for 2021 were conducted through the unincorporated KPMG Foundation (charity number 1086518). In 2021, grants of £797,528 were funded, donations from KPMG LLP of £567,980 were received, support costs borne by KPMG LLP were £21,863, gift aid of £141,995 was recognised and net investment return was £419,407.

Report of the Trustees *(continued)*

Objectives and activities

When we set our objectives for 2021/22, we believed that one of the biggest threats to communities at that time, was the ongoing effect of Covid. However, the impact of global insecurity and resulting economic crisis has had far reaching implications. Local charities and statutory agencies are overstretched, and sadly, the most fragile families with children and young people cannot be protected from the rapidly rising costs of housing, heating and food. In light of this, the Foundation made some modest additional 'winter grants' to our partners, totalling approximately £90,000 *(2021: £nil).*

Operating under this charity from 1 October 2021, the Foundation committed to monitor the impact of external factors, especially for organisations working with children and young people facing the greatest social and financial hardship, whilst establishing four key priorities:

1. focus grant making in areas of high multiple deprivation (mostly beyond London and the South East of England), and develop its grant making strategy, principally under two thematic priorities;
    - early years children (0-5 years) in families and communities facing multiple challenges; and
    - children and young people in the care system or on the edge of care.
2. develop the grant making models of Start Up, Step Up and Step Together, particularly focusing on start-up initiatives with innovation, strong leadership and potential to scale;
3. convene our grant partners to share learning, experience and ideas to improve outcomes for vulnerable children and young people and to improve our own practice as a grant maker; and
4. invest additional resources in the Foundation, working alongside the CEO, to accelerate spend and enhance grant making capacity over the next few years.

Priority 1 and 2: Implementing the strategy to make more impact for children

- focus grant making in areas of high multiple deprivation; and
- develop the grant making models.

As a relatively small funder we can only support work in a small number of places at any given time. It's important to consider each grant individually and in relation to the rest of the portfolio. We want to support innovative and high impact work in areas of multiple deprivation, and where learning can be shared with others to enhance its impact.

We're keen to invest in early-stage organisations – Start Up – often with lived experience at their heart. We also fund more established programmes and organisations, who have already built some evidence of success and where there is potential to Step Up, sustain or scale. Our aspiration to work in collaborations or together as alliances – Step Together – is still work in progress but there are interesting possibilities for the future.

We have, however, recognised that the Foundation also has a valuable role to play in funding research to fill important knowledge gaps, where we see opportunity for follow on, practical action.

One example is our relationship with the Fostering Network. Nationally there is a renewed drive to recruit more foster carers but relatively little is known about good practice in recruitment and retention or the diversity of this group. This study will provide invaluable information about the practice within and between local authorities as well as independent fostering agencies. More knowledge of successful practice, applied more consistently, will result in better outcomes for children.

Meanwhile, we have also been reaching out across the nations and regions. We have made grants and explored partnerships for the future, from Cornwall to Scotland, in Liverpool and London, recognising the deep inequalities that remain within our wealthiest city.

Report of the Trustees *(continued)*

Objectives and activities *(continued)*

Priority 1 and 2: Implementing the strategy to make more impact for children *(continued)*

This year we have made a significant commitment in Wales, to support a second initiative with The Fostering Network (TFN) – the Step Up, Step Down programme. This builds on learning from a successful programme in Northern Ireland, which will be adapted for a Welsh context. Wales has consistently had more children 'looked after' (i.e. in care) as a proportion of the general population than any UK nation and the gap is widening. TFN is currently in discussions with potential partner Local Authorities, one in North and one in South Wales, to identify where there is real commitment to working differently for children and foster families. This will be an important demonstration programme to return to in later years.

In Scotland, we worked closely with the Corra Foundation to scope the children and young people's sector, in our priority areas of care experience and vulnerable under 5's. Corra helped us understand the current policy context and funding landscape in Scotland and identified a small number of potential grant partners for us to consider in 2022/23.

Below details new grants made during 2021/22 (funding period varies from 12 months to three years).

<table>
<tr><th>Organisation</th><th>Place</th><th>Model, summary and grant funding</th></tr>
<tr><td colspan="3"></td></tr>
<tr><td>Juno</td><td>Liverpool city region</td><td>Start Up/Step Up (£300,000 Core funding)

Transforming children's residential social care through a child centred approach and new financing partnerships.</td></tr>
<tr><td colspan="3">Juno is an ambitious and complex project, to develop ten not-for-profit homes in the next five years across Merseyside. We Are Juno CIC has secured long term financial and political support from the Liverpool City Region Combined Authority's Strategic Investment Panel.

The Foundation is one of its early major national funders. In its first year it has recruited new staff, built social pedagogy into its core offer, and developed its first home on the Wirral. It has potential to disrupt 'the market' where there is growing concern about high prices and profits, combined with poor outcomes for children. Juno will do things differently and is generating much interest within and beyond the North West of England.</td></tr>
<tr><td>Care experienced movement</td><td>National</td><td>Start Up (£25,000 Core funding)

Lived experience of the care system to drive policy change and build a network of support.</td></tr>
<tr><td colspan="3">A group of intergenerational, intersectional care experienced activists, from all walks of life, with differing perspectives, have come together to drive change.

They are working towards positive policy change, and to create a platform and support network for the community of people with lived experience of the care system. In their early Start Up phase they are being 'hosted' by TACT (The Adolescent and Children's Trust) and others, who are lending some project management support and help build opportunities for further financial or in-kind support.</td></tr>
</table>

Report of the Trustees *(continued)*

Objectives and activities *(continued)*

Priority 1 and 2: Implementing the strategy to make more impact for children *(continued)*

<table>
<tr><th>Organisation</th><th>Place</th><th>Model, summary and grant funding</th></tr>
<tr><td colspan="3"></td></tr>
<tr><td>The Fostering Network</td><td>North and South Wales</td><td>Step Up (£450,000)

The Step Up, Step Down programme in Wales brings learning from N.Ireland to reduce the numbers of children entering care.</td></tr>
<tr><td colspan="3">This is a pioneering approach to supporting families on the edge of care, demonstrating a reduction in the numbers of children coming into care, and improved outcomes for children and families. At its heart are specialist, highly trained family support foster carers, who provide time limited, preventative support.

The family support foster carers (FSFCs) mentor their families and offer short breaks for children, offering stability and giving parents time to address their challenges.

A programme officer delivers attachment and training to parents, holds therapeutic nurture groups for children, family activity sessions developing networks of peer support and identifies and secures sources of support within the local community. The project team works with families to find practical solutions to multiple challenges. Two local authorities will be selected following a tender process, one in North and one in South Wales.</td></tr>
<tr><td>The Fostering Network</td><td>National</td><td>Research (£63,300)

Developing a strategic evidence-based approach to recruitment, retention to develop a stable and diverse foster carer workforce.</td></tr>
<tr><td colspan="3">This nine-month research project will develop a robust evidence base to underpin a strategic approach to foster care recruitment and retention in England, with the aim of achieving a diverse and stable foster care workforce able to meet all the needs of children in care, now, and in the future.

It will identify and address key knowledge gaps, influence the reporting of national level data, identify good practice and ensure the research findings influence policy and practice to improve recruitment and retention.

A wide range of stakeholders are involved, and it is envisaged that the findings from the research will be published and launched during Foster Care Fortnight 2023, to influence key players in children's social care.</td></tr>
</table>

Report of the Trustees *(continued)*

Objectives and activities *(continued)*

Priority 1 and 2: Implementing the strategy to make more impact for children *(continued)*

<table>
<tr><th>Organisation</th><th>Place</th><th>Model, summary and grant funding</th></tr>
<tr><td>Kinship</td><td>National</td><td>Research (£200,000)

Understanding and responding to the needs of black and minority ethnic kinship carers.</td></tr>
<tr><td colspan="3">Kinship carers are older, poorer and in worse health than any other group raising children.

They are largely unrecognised and unsupported. Despite the challenges that kinship carers face, they are committed to the children they care for and provide love, safety and support, well into adulthood. Continuity, stability and closeness of relationships with a committed carer contributes to more positive outcomes for young people in kinship families than their peers in the wider care system. However, kinship is an under researched area.

This project will work with research specialists and peer researchers and will:

• use quantitative methods to better understand the prevalence of kinship care within Black, Asian and minority ethnic communities and the reasons why children are in kinship care;
• use qualitative methods to examine the experiences of Black, Asian and minority ethnic kinship carers to understand their challenges and develop insight about the best ways to reach and support them; and
• adopt an action-focused approach, embedding recommendations quickly into Kinship’s own services, evaluate progress, and share findings with local authority delivery partners, the Department for Education (DfE), Welsh Government and others to catalyse broader systemic change.</td></tr>
<tr><td>Thrive at Five</td><td>Stoke on Trent</td><td>Start Up/Step Up (£450,000)

Improving school readiness in the early years in disadvantaged communities.</td></tr>
<tr><td colspan="3">Thrive at Five is a collective impact initiative, aiming to help children in disadvantaged communities achieve improvements in school readiness. Progress against this outcome is measured by the national Early Years Foundation Stage (EYFS) assessment of a child’s physical, social, emotional, and cognitive development at the end of the Reception Year. There is growing evidence that more and more children – over 50% in some areas – arrive in their first year in reception not ‘ready for school’ (in contrast with 35% in 2019). Children from low-income families are even further behind.

This initiative aims to address these challenges through its first pathfinder area in Stoke on Trent, to be followed by 2-3 more areas over the next few years. The collective impact approach brings together all key stakeholders, including a network of parent champions, locally and nationally, to share learning and maximise the impact across different places. Thrive at Five has a strong focus on working with others to analyse data better to provide new insights – data that is often underutilised or not shared with people who need it.

A core team will work to influence policy and practice nationally, by building, analysing and sharing evidence of what works locally.</td></tr>
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Report of the Trustees *(continued)*

Objectives and activities *(continued)*

Priority 1 and 2: Implementing the strategy to make more impact for children *(continued)*

Organisation	Place	Model, summary and grant funding
WILD Young Parents Project	**Cornwall**	**Step Up (£200,000 Core Funding)**
Babies of young parents start school at a big educational, social and psychological disadvantage. They are more likely to die in infancy, go to hospital and experience developmental delay. Young mums and dads have experienced higher rates of childhood sexual abuse, the care system, school exclusion, poverty, domestic abuse and criminal justice. Without a systematic approach, these experiences become entrenched and repeated over generations, with a huge social, emotional, and financial cost. The KPMG Foundation core funding will enable WILD to develop their model, bringing together research and evidence to identify how to bridge the gap between understanding the parenting changes needed, and putting the right support into practice. The model will be available for families and other organisations working with young parents to use in a flexible way including through a growing network of other young parents' organisations across the country. Creative Partnerships with young people are central to helping build influence, momentum and wider cultural change and ensure WILD Young parents' voices are seen and heard. The organisation is also developing an antenatal offer, to focus on vital bonding relationships from the very beginning, with early engagement of young mums and dads. This will happen in collaboration with midwives, pre-birth social workers and perinatal mental health services.		

We have welcomed Thrive at Five and WILD Young Parents Project into our Early Years portfolio of partners this year. We continue to play an active role in the Early Years funders group to ensure that we are working towards strategic and holistic approaches with others. We recognise that there are at least three interlinked issues underlying poverty and deprivation in an increasing number of communities, taking its toll on family life; a lack of focus on the vital importance of early childhood development; and the dearth of good quality childcare (for working parents). These are complex areas to navigate which need joined up thinking and long-term commitment from all stakeholders. Over the next few years, the Foundation is particularly interested in collaborative efforts to improve outcomes for babies and very young children, where our Step Together grant model could be utilised to good effect.

Priority 3: Share learning and improve our own practice

Share learning

Sharing learning, experience and ideas to improve outcomes for vulnerable children and young people is central to our purpose. Collectively there is potential to do more and it was our intention to convene our partners in 2022. However, the timing did not seem right. Our partners were still coping with the impact of Covid related illness, managing long term remote working, and undertaking minimal travel. For those reasons, we took a pragmatic decision to delay this until 2023. We have been active in the early years funders group which has been a source of inspiration and knowledge. One of the key outputs from this group has been a common outcomes framework which the Foundation is beginning to adopt with partners. At its simplest and highest level, it frames outcomes for children under four headings: safe, healthy, happy and learning.

Whilst evaluating change in complex situations is a challenge, we intend to explore this further with our partners. If different measurement tools and outcome frameworks can be better aligned, it will facilitate more consistent reporting and communications.

In May 2022, the long-awaited independent review of Children's Social Care was published. It was generally welcomed by the children and young people's sector, especially placing lifelong loving relationships front and centre. However, implementation

Report of the Trustees *(continued)*

Objectives and activities *(continued)*

Priority 3: Share learning and improve our own practice *(continued)*

Share learning (continued)

will be the real test of government willingness to reform and invest. A five-year critical path has been mapped out and in context, the level of investment sought is relatively modest.

The report urged government to produce a White Paper and a new National Children's Social Care Framework by the end of 2022, but at the time of writing, this has not been forthcoming. Closer to home, the Foundation identified synergy between the report recommendations and some of our existing partnerships, particularly in these areas:

- a revolution in Family Help – Seen Heard Believed, Thrive at Five, and Wild Young Parents;
- unlocking the potential of family networks – Family Rights Group and Kinship;
- fixing the broken care market and giving children a voice – Juno;
- five 'missions' for care experienced people – Care Experienced Movement; and
- realising the potential of the workforce - Anna Freud Centre and The Fostering Network

We agreed we could potentially add further value to some of these recommendations in future by funding research and knowledge gaps and supporting innovative practice and lived experience.

Improve our own practice

This year we have placed greater emphasis on improving our own practice and enhancing our reputation with key stakeholders. We have taken significant steps towards greater transparency, accountability and diversity, and commissioned a review of grantee perceptions.

Trustees committed time during the early autumn to review a number of our policies and practices, to be implemented in 2023. These included:

- refining our grants decision making framework and criteria for our three models, to provide greater consistency and expedite our decision-making process; and
- updating some of our policies (notably safeguarding).

Additionally, we have joined the growing number of trusts, foundations and grant makers as members of 360 Giving, an open database for grant making in the UK to become more informed, effective and strategic. It helps organisations openly publish grants data and helps to improve charitable giving. The open grants movement is gaining ground and the Foundation is one of its newest members.

The database holds information on over 200 funders, over 750,000 grants and approximately £175 billion of funding. We have provided data on our grants since 2019 which is published on their website (and ours) and we will regularly update our profile.

In late 2021 we were informed that we had been randomly selected to be independently assessed through research, in the first UK Foundation Practice Rating (FPR). Alongside 99 other foundations, an assessment was made in three areas, diversity, accountability and transparency. The research looked only at published material from two sources, the Annual Report and Accounts, and our website. The ratings (not ranking) were widely published and in early 2022, the Foundation scored B overall (A – Transparency; C – Accountability; C – Diversity).

Report of the Trustees *(continued)*

Objectives and activities *(continued)*

Priority 3: Share learning and improve our own practice *(continued)*

The aim of the FPR is to enable trusts and foundations to make improvements in how they operate and this year we have reviewed our practice to ensure we are more inclusive, transparent and accountable. We have improved our communications, particularly through our website, which is generally a first port of call for organisations seeking funding. By publishing more information about what we do and how we work, we aim to keep our stakeholders better informed.

By actively opting into the FPR this year (rather than being assessed through random selection) we aim to have independent verification of improvement, and to learn from our peers about how to be a more effective funder and partner. The next rating will be ready in Spring 2023.

The third element of improving our practice this year has been the development of a grantee perceptions review. An independent assessment of the quality of our relationships, from a range of charities that we have interacted with, turned down for funding or supported. This has provided invaluable feedback at this stage of the Foundation's development. The review was initiated before the end of our financial year, with the findings concluded at the end of the calendar year.

We will publish summary findings in 2023 and use them to improve our performance as an effective and respectful grant maker, strengthen our relationships in the sector, and in particular with our grant partners. The survey provides insights not only into grantee perceptions of the Foundation, but also into ways the Foundation can better fulfil its mission. Ultimately, the beneficiaries of stronger foundation-grantee relationships are not just the charities and their funders, but the people and issues they seek to affect through their work, in our case children, young people and families.

Priority 4: Invest additional resources in the Foundation

This is our first year of operating under this incorporated charity. A year in which we have invested additional resources in our Foundation, to ensure we are effective and efficient and meet or exceed the expectations of all our key stakeholders.

Governance

During 2021/2022 the Foundation thanked departing trustees Rachel Hopcroft, Robin Cartwright and Christine Gilbert CBE for their continued service and commitment to the Foundation over a combined 13 years, and to Tony Cates as the departing Chair. Tony led the board and governance review during 2021/22 to ensure the charity was in 'good shape' for his successor, Bina Mehta, KPMG Chair, who joined as Foundation Chair in March 2022.

2022 was a good year to bring some new people onto the board. A successful internal (KPMG) and external, summer recruitment campaign, brought five newcomers into the mix. Our twelve trustees now represent a diverse range of interests, experiences and backgrounds, both personally and professionally, which will add great value to the charity. With a refreshed board, we also appointed a new treasurer, and Chair of the Finance and Investment Committee. The Finance and Investment committee began its work to review investments, reserves, and develop a clearer financial strategy for the Foundation (to be completed in 2022/23).

Resources

In the early part of the financial year, trustees agreed to enhance the capacity of the team and supported recruiting a part time freelance grants development consultant to work alongside the CEO. Our consultant started in April and has been a great asset in offering additional capacity, an external independent perspective, and new contacts and networks for grant making. Our consultant was also able to conduct the grantee perception review with independence from the Foundation, as a relative newcomer, not known to many of our partners.

Report of the Trustees *(continued)*

Objectives and activities *(continued)*

Priority 4: Invest additional resources in the Foundation *(continued)*

Communications

Although the Foundation does not aim to have a high public profile, ensuring that our website is up to date, relevant and engaging for our key stakeholders has been a priority this year. We welcome feedback from partners and peers, which helps improve our positioning, and aspiration to be an effective and strategic funder, playing a valuable role in the children and young people's sector. There is more we could do to publicise the achievements and learning of our partners, convene stakeholders and make stronger links into the firm, which will be addressed in 2022/23.

Impact

With our refreshed board we have started to look more systematically at 'impact' and the difference we can help make in the lives of children and young people. Most grant making organisations find this a challenge, often being several steps removed from direct services. But this is crucial in demonstrating public benefit and building trust and confidence amongst stakeholders.

Financial review

Review of the year

Following formal approval to update the structure of the Foundation, as per the Transfer Agreement, on 1 October 2021 the unincorporated KPMG Foundation (charity number 1086518) transferred assets and liabilities through a donation of £6,052,853 *(2021: £nil)* to this charity. Voluntary income for the year includes £36,750 (*2021: £nil)* received from KPMG LLP as a 50% contribution to the running and support costs of the Foundation. There was also a donation received from KPMG LLP of £667,980 *(2021: £nil)* and £166,995 *(2021: £nil)* reclaimable gift aid. Donated services provided to the Foundation on a pro-bono basis from KPMG LLP were £70,843 *(2021: £nil).*

A total of £899,604 *(2021: £nil)* has been accounted for in grants made during the year.

As noted on page 1, charitable activities of the Foundation for 2021 were conducted through the unincorporated KPMG Foundation (charity number 1086518). In 2021, grants of £797,528 were funded and voluntary income for the year included £21,863 received from KPMG LLP as a 50% contribution to the running and support costs of the unincorporated KPMG Foundation. There was also a donation received from KPMG LLP of £567,980 and £141,995 reclaimable gift aid was recognised. Donated services provided to the Foundation on a pro-bono basis from KPMG LLP were £40,884.

Investment policy and performance

The performance of investments held in the year can be seen in note 8 to the financial statements and below. The Foundation's investment policy seeks to strike a balance between the availability of funds and generation of a strong return, whilst maintaining a relatively low exposure to risk. The trustees regularly review investment performance and monitor the current portfolio of investments held, in respect of cash flow and risk.

The Sarasin and Partners portfolio is managed on a discretionary basis. The aim of the portfolio is to produce an income that can support grant giving whilst maintaining the 'real' value of the capital. To achieve this, the portfolio is invested in a diversified manner across bonds, equities, property and alternative investments.

Report of the Trustees *(continued)*

Investment policy and performance *(continued)*

Analysis of investments held as at 30 September:

Asset Class	**Value at 30 Sept 2022 £'000**	**Weight at 30 Sept 2022 %**	Value at 30 Sept 2021 £'000	Weight at 30 Sept 2021 %
Fixed Income	**1,642**	**35**	-	-
Equity	**1,960**	**42**	-	-
Property	**146**	**3**	-	-
Alternative	**687**	**15**	-	-
Cash	**254**	**5**	-	-
Total	**4,689**	**100**	-	-

The trustees have a policy to maintain a cash reserve including investments readily convertible into cash in order to meet two years' committed grant payments and running costs as well as a policy to maintain a minimum level of funds of £3 million.

For the 2022 calendar year, the Sarasin and Partners portfolio produced a total return, net of fees of -12.3%, behind the portfolio's bespoke benchmark of -10.8%. The portfolio's long-term objective of CPI+2% was up +12.5% over the same period, given the current inflationary environment.

At 30 September 2022, £294,875 *(2021: £nil)* of cash was held in the current account with HSBC. £1,010 (*2021: £nil*) was held as restricted funds. The restricted cash funds arise from the transfer of funds from Every Child a Chance Trust.

Reserves policy

The trustees reserve the right to utilise accumulated reserves to meet shortfalls in annual income and also to fund any major initiatives that are identified.

The trustees ensure that the Foundation retains sufficient reserves to cover all anticipated future financial commitments (grants committed and two years of running costs) with a minimum level of reserves to be held, currently set at £3 million set to ensure the Foundation can continue to operate in the longer-term. Grants not yet provided in the accounts but expected to be payable total £1,808,000 *(2021: £nil)*. Running costs per year are expected to be in the region of £200,000 to £250,000. The target reserves therefore required to cover grant commitments and running costs as at 30 September 2022 are estimated to be in the region of £2,008,000 to £2,058,000. As at 30 September 2022, the Foundation held total reserves of £5,139,813 *(2021: £nil)* of which £1,010 *(2021: £nil)* were restricted. The unrestricted reserves level (equivalent to free reserves) as at end of September 2022 therefore currently exceeds the level of target reserves and minimum level of reserves set of £3 million.

Plans for future periods

The Foundation will continue to monitor the external challenges for the voluntary sector, notably in 2023, the rapidly rising cost of living. This has a direct impact on children and young people in communities already facing the greatest social and financial hardship, whilst also hindering the efforts of many charities to support them. Our move increasingly towards core costs, is one small step in enabling greater financial flexibility for our partners though our grant making.

For the coming year, investing our resources wisely where we can help make the most difference, becomes ever more important and we have established the following key objectives:

Report of the Trustees *(continued)*

Plans for future periods *(continued)*

Objectives 2022/23

- enhance the reputation and positioning of the Foundation, internally and externally, to support its future success and sustainability to create more impact for children and families;
- use the Foundation's strategic framework, develop and strengthen the grants portfolio, identifying gaps and opportunities to add value, and ensure that the impact is clear to all our stakeholders; and
- further develop and strengthen our systems, partnerships and relationships, and optimise our convening potential to amplify the work of our partners and create influence where it matters.

The trustees have assessed the resources available to the Foundation, including its level of reserves and intend to optimise grant expenditure over the next two to three years. It will invest in charities and social change organisations who share its vision and priorities.

The Foundation will continue to prioritise its work and focus on the four key priorities as outlined on page 5.

Going concern

After reviewing the charity's forecasts and projections, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence and to meet its grant making commitments for a period of at least twelve months. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

On 1 October 2021 all the existing business of the KPMG Foundation (charity number 1086518) was transferred to this incorporated charity. All assets, liabilities and existing grant commitments, as per the Transfer Agreement, were transferred at carrying value on 1 October 2021. The Foundation's projections include donations from KPMG LLP which are committed to 2023/24, associated gift aid that can be reclaimed on donations received, grant funding expected based on the Foundation's funding strategy as well as costs of running the Foundation. There are no significant estimations and uncertainties included within the projections and which the going concern assertion is based on.

Disclosure of information to the auditor

The trustees who held office at the date of approval of this trustees report confirm that, so far as they are each aware, there is no relevant audit information of which the charity's auditor is unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

In producing this report, the trustees have taken advantage of the small companies exemptions provided by part 15 of the Companies Act 2006 in not preparing a strategic report.

Report of the Trustees *(continued)*

Trustees' Responsibilities Statement

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so

.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the trustees and signed on their behalf by:

Bina Mehta
Chair
21 March 2023

Independent auditor's report to the trustees of The KPMG Foundation

Opinion

We have audited the financial statements of the KPMG Foundation (the 'charitable company') for the year ended 30 September 2022, which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2022 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 have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements section' of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the charitable company's business model including effects arising from macro-economic uncertainties such as high inflation, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.
In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the trustees of The KPMG Foundation *(continued)*

Other information

The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of the Trustees. 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.

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 themselves. 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 Directors' Report, prepared for the purposes of company law, included in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report included in Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the 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 exemption from the requirement to prepare a strategic report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, 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.

Independent auditor's report to the trustees of The KPMG Foundation *(continued)*

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company. We determined that the following laws and regulations were most significant: the Charities Act 2011, The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), and current UK corporation tax legislation.
- We understood how the charitable company is complying with these legal and regulatory frameworks by making inquiries of management and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the board minutes.
- We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included:
    - identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud
    - challenging assumptions and judgments made by management in its significant accounting policies
    - identifying and testing journal entries
    - identifying and testing related party transactions
    - inspecting the board minutes
    - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
    - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
    - knowledge of the sector in which the charitable company operates, and
    - understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation.
- The team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition.
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.

Independent auditor's report to the trustees of The KPMG Foundation *(continued)*

Auditor's responsibilities for the audit of the financial statements continued

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the charitable company's operations, including the nature of its revenue sources, to understand the classes of transactions, accounts balances, expected financial statement disclosures and business risks that may result in risks of material misstatement, and
  - the charitable company's control environment, including;
    - management's knowledge of relevant laws and regulations and how the charitable company is complying with those laws and regulations
    - the adequacy of procedures for authorisation of transactions and review of management accounts, and
    - procedures to ensure that possible breaches of laws and regulations are appropriately resolved

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Dean
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
21 March 2023

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities

for the year ended 30 September 2022

	Notes	Unrestricted funds	Restricted funds	Year ended 30 Sept 2022 Total funds	Unrestricted funds	Restricted funds	9 months ended 30 Sept 2021 Total funds
		£	£	£	£	£	£
Income from							
Donations and legacies							
Donations	2	775,573	-	775,573	-	-	-
Transfer from unincorporated charity	2	6,032,843	20,010	6,052,853	-	-	-
Gift aid reclaim	2	166,995	-	166,995	-	-	-
Investments	4	166,324	-	166,324	-	-	-
Total income		7,141,735	20,010	7,161,745	-	-	-
Expenditure on							
Raising funds	5	(36,939)	-	(36,939)	-	-	-
Charitable activities	5	(1,176,174)	(19,000)	(1,195,174)	-	-	-
Total expenditure		(1,213,113)	(19,000)	(1,232,113)	-	-	-
Net loss on investments	8	(789,819)	-	(789,819)	-	-	-
Net income being net movement of funds		5,138,803	1,010	5,139,813	-	-	-
Total funds brought forward		-	-	-	-	-	-
Total funds carried forward	12	5,138,803	1,010	5,139,813	-	-	-

The Statement of Financial Activities includes all gains and losses recognised in the period. All amounts relate to continuing activities.

The notes on pages 23 to 34 form part of these financial statements.

Balance Sheet

at 30 September 2022

	Note	30 Sept 2022 **£**	30 Sept 2021 £
Fixed assets			
Investments	*8*	**4,688,777**	-
Current assets			
Debtors	*9*	**201,648**	-
Cash at bank and in hand	*10*	**294,875**	-
Total current assets		**496,523**	-
Current liabilities			
Creditors: amounts falling due within one year	*11*	**(45,487)**	-
Net current assets		**451,036**	-
Net assets		**5,139,813**	-
Funds			
Unrestricted	*12*	**1,010**	-
Restricted	*12*	**5,138,803**	-
Total funds		**5,139,813**	-

In producing these financial statements, the trustees have taken advantage of the small companies exemptions provided by part 15 of the Companies Act 2006.

These financial statements were approved by the trustees on 21 March 2023 and were signed on their behalf by:

Bina Mehta
Chair

The notes on pages 23 to 34 form part of these financial statements.

Statement of Cash Flows

for the year ended 30 September 2022

	Note	Year ended 30 Sept 2022 £	9 months ended 30 Sept 2021 £
Cash flows from operating activities			
Net cash outflow from operating activities	14	**(154,403)**	-
Cash flows from investing activities			
Interest	4	**3,845**	-
Payments to acquire investments	8	**(4,567)**	-
Receipts from disposals of investments	8	**450,000**	-
Total cash flows from investing activities		**449,278**	-
Change in cash and cash equivalents in the reporting period	15	**294,875**	-
Cash and cash equivalents at the beginning of the reporting period	15	**-**	-
Cash and cash equivalents at the end of the reporting period	10	**294,875**	-

The notes on pages 23 to 34 form part of these financial statements.

Notes

forming part of the financial statements

1 Accounting policies

Basis of preparation

The trustees present their report and the financial statements of the Foundation for the year ended 30 September 2022. The comparative period presented in these financial statements covered a nine-month period to the 30 September 2021. The financial statements have been prepared in accordance with the Companies Act 2006 and Charities Act 2011, Accounting and Reporting by Charities and in accordance with the 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 statements comply Memorandum and Articles of Association of the Foundation. The Foundation meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared under the historical cost convention as modified by the inclusion of investments at market value. The financial statements are prepared in pound sterling.

Going concern

After reviewing the charity's forecasts and projections, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence and to meet its grant making commitments for a period of at least twelve months. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

On 1 October 2021 all the existing business of the KPMG Foundation (charity number 1086518) was transferred to this incorporated charity. All assets, liabilities and existing grant commitments, as per the Transfer Agreement, were transferred at carrying value on 1 October 2021. The Foundation's projections include donations from KPMG LLP which are committed to 2023/24, associated gift aid that can be reclaimed on donations received, grant funding expected based on the Foundation's funding strategy as well as costs of running the Foundation. There are no significant estimations and uncertainties included within the projections and which the going concern assertion is based on.

Income

Income is recognised on a receivable basis and is reported gross of related expenditure, where the receipt is probable, and the amount can be measured reliably. Income has been classified under headings in the Statement of Financial Activities which aggregate all income related to a given category, on the bases set out below:

- donations comprise donations from KPMG LLP and the unincorporated KPMG Foundation, donated services and the portion of the Foundation's running costs which are borne by KPMG LLP. Donated services have been included at the value to the Foundation;
- gift aid reclaim; and
- income from investments.

Income is recognised as soon as the entitlement to the income is confirmed.

Expenditure

Operating expenditure is included on an accruals basis and has been classified under headings in the Statement of Financial Activities which aggregate all costs related to a given category, on the bases set out below:

- expenditure on raising funds comprises any investment management costs;
- expenditure on charitable activities comprises direct expenditure in respect of programme management costs, grant-funding costs and support costs. Support costs are overheads that have been allocated to activity cost categories based on the number of grants payable by activity. It also comprises governance costs associated with the governance arrangements of the charity, and which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity. The costs include external audit and costs associated with constitutional and statutory requirements such as the cost of trustee meetings and preparing statutory accounts. Included within this category are any costs associated with the strategy as opposed to day-to-day management of the charity's activities.

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure.

Notes *(continued)*

1 Accounting policies *(continued)*

Grants

Grants are made to third parties in the furtherance of the objectives of the charity. All grants have a requirement for regular progress reporting and the trustees reserve the right to withdraw funding at any time. In addition, multi-year grants are committed on an annual basis only, are conditional and subject to receiving satisfactory progress reports.

Fixed asset investments

Fixed asset investments are included at market value at the balance sheet date.

Realised gains and losses on investments, calculated as the difference between sales proceeds and their market value at the start of the year, or subsequent cost, are credited or charged to the Statement of Financial Activities in the year of gain or loss.

Unrealised gains or losses representing the movement in market values during the year are credited or charged to the Statement of Financial Activities in the year of gain or loss.

Cash

Cash, for the purpose of the Statement of Cash Flows, comprises cash in hand and at bank and cash held with investment advisors.

Funds

Restricted funds
There is a balance of £1,010 of restricted funds *(2021: £nil)* held by the Foundation. £1,010 *(2021: £nil)* is to be utilised in support of the aims of Every Child a Chance Trust, in accordance with the donors' wishes.

Unrestricted Funds
All other funds are unrestricted and are available to the Foundation to carry out any of its charitable objectives.

Judgments in applying accounting policies and key sources of estimation uncertainty

There are no material judgments or estimates made in the preparation of these financial statements.

2 Donations

	Unrestricted funds £	Restricted funds £	Year ended 30 Sept 2022 Total funds £
Donation from KPMG LLP	**667,980**	**-**	**667,980**
Donation from the unincorporated KPMG Foundation	**6,032,843**	**20,010**	**6,052,853**
Support costs borne by KPMG LLP	**36,750**	**-**	**36,750**
Donated services *(note 3)*	**70,843**	**-**	**70,843**
Total donations	**6,808,416**	**20,010**	**6,828,426**
Gift aid reclaim	**166,995**	**-**	**166,995**
	6,975,411	**20,010**	**6,995,421**

Notes *(continued)*

2 Donations *(continued)*

There were no donations received in the prior period.

Gift aid reclaim was in relation to the donation received from KPMG LLP. KPMG LLP bears 50% of the majority of running costs incurred by the Foundation. Included within support costs borne by KPMG LLP is an accrual for the Foundation's 2022 auditor's fees of £22,200 (including VAT) *(2021: £nil)* as well as the audit fees of £12,000 (including VAT) *(2021: £nil)* in respect of the unincorporated KPMG Foundation, as per the Transfer Agreement.

3 Donated services

	Year ended 30 Sept 2022 £	9 months ended 30 Sept 2021 £
Treasurer	**4,174**	-
Financial support	**16,304**	-
Other internal support	**50,365**	-
	70,843	-

Donated services are those provided to the Foundation on a pro-bono basis. All donated services are recognised at their value to the Foundation.

KPMG LLP donates the services of staff for the financial support of the Foundation. £18,847 *(2021: £nil)* of this relates to governance costs, including the costs of preparing the statutory financial statements and £51,996 *(2021: £nil)* relates to the cost of day-to-day financial management and other services provided by KPMG LLP for the Foundation throughout the year.

4 Income from investments

	Year ended 30 Sept 2022 £	9 months ended 30 Sept 2021 £
Interest	**3,845**	-
Distributions received	**162,479**	-
	166,324	-

Notes *(continued)*

5 Expenditure

	Unrestricted funds			Restricted funds			Year ended 30 Sept 2022
	Grant Funding	Support Costs	Other Direct Costs	Grant Funding	Support Costs	Other Direct Costs	Total Funds
	£	£	£	£	£	£	£
Raising funds							
Investment management costs	-	-	36,939	-	-	-	36,939
	-	-	36,939	-	-	-	36,939
Charitable activities							
In support of children and young people in deprived families	880,604	221,899	73,671	19,000	-	-	1,195,174
Total charitable activities	880,604	221,899	73,671	19,000	-	-	1,195,174
Total expenditure	880,604	221,899	110,610	19,000	-	-	1,232,113

Notes *(continued)*

5 Expenditure *(continued)*

There was no expenditure incurred in the prior period.

Grant funding resources expended are analysed in note 6.

Support costs included within 'Charitable activities' include, management costs, donated services and other administrative costs; see note 7 for further analysis. Other direct costs within 'Charitable activities' include professional and legal costs.

KPMG LLP bears 50% of the majority of the running costs incurred by the Foundation. In the current year, running costs of £2,550 *(2021: £nil*) excluding audit fees were borne by KPMG LLP.

Support costs include £70,843 *(2021: £nil)* of donated services; see note 3.

In the current year, the Foundation's auditor has charged fees of £22,200 (including VAT) *(2021: £nil including VAT)* as well as the audit fees of £12,000 (including VAT) *(2021: £nil)* in respect of the unincorporated KPMG Foundation, which have been accepted by the Foundation, as per the Transfer Agreement. KPMG LLP has borne the full cost of these audit fees in the current year *(2021: £nil)*.

6 Grant funding

	Year ended 30 Sept 2022 £	9 months ended 30 Sept 2021 £
In support of children and young people in deprived families		
Anna Freud Centre for children and families – reflective fostering	**50,000**	-
Buttle UK – special initiative grant	**50,000**	-
Care experienced movement	**20,000**	-
Cohen Trust	**45,000**	-
Family Rights Group – core funding	**37,500**	-
The Fostering Network (Step Up Step Down, Wales)	**100,000**	-
The Fostering Network Research project	**50,000**	-
Juno	**100,000**	-
Kinship	**75,000**	-
Lucy Faithfull Foundation	**100,000**	-
Thrive at Five	**150,000**	-
University of Oxford	**28,104**	-
WILD Young Parents	**75,000**	-
Oxford University ECC Evaluation *	**19,000**	-
	899,604	-

*restricted funds

Notes *(continued)*

6 Grant funding *(continued)*

	Year ended 30 Sept 2022 £	9 months ended 30 Sept 2021 £
Grants not provided in the accounts		
Total intended grants payable at the beginning of the period	**-**	-
Intended grants transferred from unincorporated charity	**599,604**	
New grants awarded in the period	**1,593,000**	-
Charged in the accounts in the period *	**(899,604)**	-
	1,293,000	-

	Year ended 30 Sept 2022 £	9 months ended 30 Sept 2021 £
Items not yet provided in the accounts that are expected to be payable		
Within one year	**643,000**	-
Within two to four years	**650,000**	-
	1,293,000	-

	Year ended 30 Sept 2022 £	9 months ended 30 Sept 2021 £
Grants provided in the accounts		
Grants payable provided in the accounts at the start of the period	**-**	-
Charged in the accounts in the period	**899,604**	-
Paid in the period	**(899,604)**	-
	-	-

* This includes £19,000 *(2021: £nil)* payable from the restricted fund.

All grants are paid to charitable organisations.

Grants not provided relate to multi-year grants, which are committed on an annual basis only, and are conditional and subject to an annual performance review.

Notes *(continued)*

7 Analysis of support costs

	Unrestricted Management	Unrestricted Finance	Unrestricted Other	Restricted Management	Restricted Other	Year ended 30 Sept 2022 Total
	£	£	£	£	£	£
Expenditure on charitable activities						
In support of children and young people in deprived families	**136,134**	**7,374**	**59,544**	**-**	**-**	**203,052**
Governance costs	**18,847**	**-**	-	**-**	**-**	**18,847**
Total support costs	**154,981**	**7,374**	**59,544**	**-**	**-**	**221,899**

There was no expenditure incurred in the prior period.

Management costs include the cost of the Foundation's officers, who assisted with generating funds, service delivery and programme or project related work. In addition, management costs include the value to the Foundation of donated services for the treasurer and preparation of the financial statements. The value to the Foundation of donated services in respect of the financial statements are included within governance costs.

Governance costs arising from unrestricted fund activity include the donated services of the treasurer £4,174 *(2021: £nil)*, the finance team and others for the preparation and review of the financial statements £14,673 *(2021: £nil).*

Finance costs include the donated services for financial administration.

Other costs include the cost of third-party suppliers to support our charitable activities as well as donated services from those outside of finance.

Notes *(continued)*

8 Investments

	30 Sept 2022	30 Sept 2021
	£	£
Opening balance	-	-
Transfer of investments from unincorporated charity	**5,804,863**	-
Acquisitions at cost	**4,567**	-
Dividends received	**162,479**	-
Charges incurred	**(43,313)**	-
Disposal of investments	**(450,000)**	-
	5,478,596	-
Unrealised loss on revaluation of investments	**(826,524)**	-
Realised gain on investments	**36,705**	-
	(789,819)	-
Market value at 30 September	**4,688,777**	-
Investments comprise:		
Sarasin & Partners income and reserves fund	**2,297,138**	-
Sarasin & Partners endowments fund	**2,391,639**	-
At market value	**4,688,777**	-
At original cost	**5,804,863**	-

Notes *(continued)*

9 Debtors

	30 Sept 2022	30 Sept 2021
	£	£
Tax receivable from HMRC	**166,995**	-
Amounts recoverable from KPMG LLP	**33,500**	-
Other debtors and prepayments	**1,153**	-
	201,648	-

10 Cash at bank and in hand

	30 Sept 2022	30 Sept 2021
	£	£
Cash at bank and in hand – restricted	**1,010**	-
Cash at bank and in hand – unrestricted	**292,728**	-
Short term deposits	**1,137**	-
	294,875	-

11 Creditors

	30 Sept 2022	30 Sept 2021
	£	£
Other creditors	**45,487**	-
	45,487	-

Notes *(continued)*

12 Movement in funds

	At 1 October 2021	Income	Expenditure	Net loss on investments	At 30 September 2022
	£	£	£	£	£
Unrestricted funds	-	7,141,735	(1,213,113)	(789,819)	5,138,803
Restricted funds	-	20,010	(19,000)	-	1,010
Total funds	**-**	**7,161,745**	**(1,232,113)**	**(789,819)**	**5,139,813**

Funds as at 1 October 2020, movements in 2020/21 and closing funds as at 30 September 2021 were £nil.

The balance of £1,010 *(2021: £nil)* of restricted funds held by the Foundation is to be utilised in support of the aims of Every Child a Chance Trust.

13 Analysis of net assets between funds

	Unrestricted funds	**Restricted funds**	**Year ended 30 Sept 2022 Total**	Unrestricted funds	Restricted funds	9 months ended 30 Sept 2021 Total
	£	£	£	£	£	£
Fixed asset investments	4,688,777	-	4,688,777	-	-	-
Current assets	495,513	1,010	496,523	-	-	-
Current liabilities	(45,487)	-	(45,487)	-	-	-
Total net assets	**5,138,803**	**1,010**	**5,139,813**	-	-	-

Notes *(continued)*

14 Reconciliation of net outgoing resources to net cash flow from operating activities

	30 Sept 2022	30 Sept 2021
	£	£
Net incoming resources before losses on investments	**5,929,632**	-
Less:		
Income from investments	**(166,324)**	-
Investment management costs	**43,313**	-
Transfer of investments from unincorporated charity	**(5,804,863)**	-
(Increase) in debtors	**(201,648)**	-
Increase in creditors	**45,487**	-
Net cash outflow from operating activities	**(154,403)**	-

15 Cash and cash equivalents

	At beginning of year	Cashflow	**At end of year**
	£	£	**£**
Cash at bank and in hand – unrestricted	-	292,728	**292,728**
Cash at bank and in hand – restricted	-	1,010	**1,010**
Short term deposits	-	1,137	**1,137**
Total cash and cash equivalents	-	294,875	**294,875**

The Foundation does not hold any debt instruments and therefore a net debt reconciliation has not been presented.

Notes *(continued)*

16 Employee costs, trustee remuneration and related party transactions

The charity does not have any employees. The charity does however receive the services of individuals who work on its behalf; these services are either donated or invoiced by KPMG LLP.

The CEO of the Foundation is employed by KPMG UK Limited, a subsidiary of KPMG LLP. A full charge was made to the Foundation in respect of this.

The trustees received no remuneration or reimbursements of expenses during the current or prior period, with the exception of £229 *(2021: £nil)* paid for travel expenses on behalf of one trustee.

Transactions and year-end balances between the Foundation, The KPMG Foundation (charity number 1086518) and KPMG LLP are set out below.

	Note	**Year ended 30 Sept 2022 £**	9 months ended 30 Sept 2021 £
KPMG LLP			
Donation from KPMG LLP	*2*	**667,980**	-
Support costs borne by KPMG LLP	*2,5*	**36,750**	-
Donated services	*3,5*	**70,843**	-
Costs charged by KPMG LLP	*7*	**136,134**	-
The KPMG Foundation			
Donation - transfer from unincorporated charity	*2*	**6,052,853**	-

	Note	**Year ended 30 Sept 2022 £**	9 months ended 30 Sept 2021 £
Amounts recoverable from KPMG LLP	*9*	**33,500**	-
		33,500	-