



**BISHOPSGATE
INSTITUTE**

THE BISHOPSGATE FOUNDATION

Report and Financial Statements

31 March 2018

Company number: 4362659

Charity number: 1090923

The Bishopsgate Foundation

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The Bishopsgate Foundation

Reference and administrative details

For the year ended 31 March 2018

Company number 4362659 – incorporated in the United Kingdom

Charity number 1090923 – registered in England and Wales

Registered office and operational address Bishopsgate Institute
230 Bishopsgate
London
EC2M 4QH

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Ex-officio

Vacant (awaiting appointment of a Rector of St Botolph without Bishopsgate)
Vacant (Alderman of the Ward of Bishopsgate)

Parish Trustees (Nominated by the Rector and Churchwardens of the Parish of St Botolph)

Vacant

Co-opted

Joanne Bradshaw	Appointed 17 July 2017
Nigel Brockmann	Retired 31 May 2017
Jonathan Clatworthy	Appointed 17 July 2017
Christopher Cook	Retired 12 March 2018
Anna Cornelius	Appointed 12 March 2018
Liz Gibbons	Appointed 17 July 2017
Blake Klein	Appointed 6 November 2017, retired 8 February 2018
Michael Schraer	Retired 31 December 2017
Kathryn Martindale	
Aoife Monks	
Fr Luke Miller	

Principal staff	Francesca Canty	Chief Executive, Company Secretary
	Leonie Sakey-Gourlay	Head of Strategy and Planning
	Nathan Smith	Finance Business Partner

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Reference and administrative details

For the year ended 31 March 2018

Bankers	HSBC Bank PLC 100 Old Broad Street London EC2N 3LN
Solicitors	Farrer & Co. 66 Lincoln's Inn Fields London WC2A 3LH
Property advisors	Lamberts Aztec Row 3 Berners Road London N1 0PW
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane LONDON EC1Y 0TL

The trustees present their report and the audited financial statements for the year ended 31 March 2018.

Reference and administrative information set out on pages 1 and 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Strategy and Plans for the Future

Consolidation and development

In late November 2015 the Board of Trustees approved a strategic business plan for 2016-21 for the Foundation. To deliver the objectives in this plan, which include a sustainable financial footing for the Foundation, the Board approved the five-year financial plan in November 2017 which will result in the Foundation generating a modest surplus by the end of the period.

The first phase in implementing the business plan was to review and substantially reconfigure our staffing structure in order to be able to deliver our ambitions more effectively and efficiently. This process itself had two initial phases: consultation with and redeployment of existing staff, which concluded in October 2016, then recruitment to vacant posts, which concluded in January 2017. The year 2017-18 was the first full year with the new structure, with a substantial percentage of the staff new in post. A number of posts remained unfilled, and recruitment to these vacancies continues in the current year.

Having scaled some of the activity back during the restructure, we have ambitious plans to rebuild and expand the programme, reintroducing elements, such as music, that have been under review. In line with our strategic priorities, we intend to continue to develop partnerships for specific projects. After the success of our musical theatre production *Ragtime* in 2016, we intend to continue to stage productions whereby amateur performers work with professional creatives and musicians, choosing works that resonate with our collections. The production in summer 2018 is *West Side Story*.

We will continue to invest in programme and audience development, prioritising our online presence and activity that will increase engagement with our special collections and archives. We strive to make our events and courses accessible through a variety of means, including via bursaries, and to both retain loyal audiences and attract new ones.

Investment in our premises and infrastructure

Having begun to operate our activity seven days a week, evenings and weekends, we intend to build on this capability as our audiences wish to engage with us outside of traditional working hours. This involves investment in our premises and infrastructure, including IT.

A Grade II* listed building requires constant maintenance and repair, but we continue to prioritise improvements to our premises where it will enable us to deliver an even better offer for our

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Trustees' annual report

For the year ended 31 March 2018

customers and audiences. Recent substantial and unexpected capital outlay during 2015-16 (the requirement to replace the entire roof, the emergency repairs to the Great Hall ceiling) has reduced our cash holdings, which restricts our ability to make progress, but we have identified a number of projects over the next few years to make our main building fit for purpose, and potentially to expand into nearby Foundation-owned premises.

Fit-for-purpose website and box office systems are also a priority for us, to enable our audiences to book easily and find what they are looking for intuitively. Our current website was launched in 2011 and will be replaced; our box office system is falling behind market leaders and we will seek to replace it as part of the online project.

The programme

Bishopsgate Institute was “erected for the benefit of the public” in 1894, to give the people living and working in the City of London the chance to come together to discover and learn in extraordinary spaces. That purpose is unchanged, even as our audience and programme continue to expand and evolve in response to changing needs and expectations. Our founders chose the motto *Senesco non Segnesco* – I grow old but I do not grow lazy – and we continue to develop our programme and ourselves inspired by this statement of intent.

We have reinterpreted the Foundation’s charitable objectives to be relevant in the twenty-first century and thereby to attract new audiences with a refreshed and more coherent offer, emerging from our deeply held aspiration to become an incubator for learning and development.

Nevertheless, the remarkable building in which we are housed, including the handsome Reading Room, is an asset that could be better used. For us to realise our strategic objectives, there will be a need for further investment in the near future.

The extraordinary political climate in which we are living, with the unprecedented levels of protest, civic engagement and activism, resonates directly with the themes of the Foundation’s special archive collections. The noticeable increase in appetite for debate and discussion, in person as well as online, is something we hope to harness with our refreshed talks programme, courses and study days. Furthermore, in order to increase awareness and access to our special collections, we are increasing bookable tours as well as introduction sessions to demystify using an archive.

Developing KPIs

The five-year financial plan approved during 2017-18 sets overall financial targets in order to achieve break-even by year 5. We had outperformed budget for 2017-18 by year end (see below for more detail in the Financial Review).

Having approved the strategic plan, Trustees are exploring both quantitative and qualitative KPIs that are meaningful to the business and deliver the strategic objectives. During 2017-18, a number of statistical KPIs were introduced and at year end, all had been met or exceeded. They were:

- At least 5 courses run in each quarter that use the special collections and archives

- Venue hire bookings relating to cultural practitioners or partners of the Institute will make up on average 20% of venue hire bookings
- To meet or exceed venue hire budget

Further work is underway to complete the KPIs, particularly those that measure quality of experience and value of partnerships.

Financial Review

Review 2017/18

This year, for which the General Fund is showing net income for the year before transfers of £27,273 (2017: net expenditure £140,738), has been a further year of consolidation following implementation of the new staffing structure during the 2016/17 financial year and recruitment of twelve new staff in January 2017. During 2016-17, we were both inducting almost an entirely new team and running the programme and commercial hire business to ensure no disruption to service for our customers and audiences. This meant scaling back some activity with a view to rebuilding the programme once staff are fully bedded in.

Our regular dance events continue to be the backbone of our cultural events programme. We opted not to continue to partner on some spring and summer dance festivals while piloting a brand new Pro-Am Ballroom and Latin competition in October and welcoming the twice-monthly Pink Jukebox LGBT ballroom dance club to the Institute from September. Ticket sales for cultural events over the year increased, enabling us to pilot and subsidise new formats.

One of the objectives in the strategic plan is to maximise use of and access to our special collections and archives. In the year of 2017-18 this development involved more outreach work at external events, as well as the launch of a revitalised and refocused talks programme in September 2017, focusing on themes reflected in our collections. We also participated in free-to-users London-wide initiatives, such as London History Day and Art Night East London, where being part of a wider campaign introduced us to new audiences. Overall in 2017/18, our income from the wider cultural events programme has decreased overall to £68,884 (2017: £78,361).

Meanwhile, this is the first financial year in which the Institute is running, and profiting from, its own bar rather than this being run through Benugo and it is proving to be a successful venture upon which we are building.

Courses overall provide a very significant contribution to the Institute's activities. Changes to the programme during 2017/18 included the end of highly-popular courses as tutors moved on and we have not yet replaced them, together with some sudden and unexpected tutor departures (students are proving loyal to individual tutors, not necessarily to the subject); these all had an impact on student numbers, which fell this year. We also introduced and subsidised new formats, in particular courses drawn directly from archival materials, in line with our strategic objectives. This year there has been a reduction in income overall to £229,406 (2017: £276,829).

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For the year ended 31 March 2018

One of the principal sources of income is that generated by our venue hire activities through our subsidiary BI Trading Ltd. The financial year has seen a significant uplift in income being generated to £727,310 (2017: £554,206) which is a direct reflection of the work of the brand new team, which has been in place throughout the year, and the improvement in facilities in 2016.

Our Investment income of £1,428,824, represents 56% of our total income and underpins our ability to fund and develop our charitable activities; it has increased overall by £200,783 since last year. Investment income derives from two sources: rental income from our portfolio of investment properties and income earned on our investment in UK common investment funds managed by M&G. This year saw an uplift in rental income of £110,320 as a result of leases being renewed at more favourable rates. Income earned on our M&G investments increased by £90,097. In January 2017 we invested the proceeds from the sale of an investment property, £2.31m, in the funds managed by M&G and so this year we have benefitted from the additional income earned on these funds. Unlike previous years we have had no major capital projects this year which would have required disinvestment for funding and therefore we have also benefitted from earning income on the whole of our funds for the year.

The investment properties were formally revalued as at 31 March 2015; however, the Trustees reviewed the valuation of the properties as at 31 March 2018 and are of the opinion that the properties that comprise the Underwood Estate have increased in value materially since that date. We have therefore recognised an unrealised gain of £2,840,000. The unit prices of our M&G funds, however, fell in value just at the year-end giving rise to an unrealised loss of £97,407. Net gains on investments for the year are therefore £2,742,593.

Listed investments performance and policy

The Trustee Act 2000 applies to the Foundation's endowment charity. The Foundation has a written Statement of Investment Principles which is reviewed annually.

The Foundation's investment policy is biased towards income such that the portfolio growth should ensure that the capital value of investment over a rolling three-year period exceeds UK RPI; and that the income over a three year rolling period is 50% in excess of the average yield of the FTSE 100 companies for the same period.

The majority of investments are held in M&G Charifund investment units. M&G report that their investment policy is to invest in a portfolio of equities and convertible stocks to provide a yield significantly more than the FTSE All-Share Index. This year the fund yielded 4.63%, a 25% premium over the average yield of the FTSE All-Share Index of 3.69%. For the three-year period ending 31 March 2018 the average performance of the fund at 6.9%, was broadly in line with the Index at 7.0%.

The Trustees are currently reviewing the Foundation's investment policy and the investment vehicles to ensure that the funds invested are generating the maximum return with minimal risk to loss of capital and subject to prevailing market condition.

Reserves policy

The endowment reserves, which represent the Institute building, the majority of the investment properties and financial instruments, are maintained to generate investment income to be utilised by the Foundation to fund charitable activities. At the year end the value of the endowment reserves was £27,089,381(2017: £24,577,679).

General reserves are maintained to fund, in addition to the income from the endowment reserves, the operational activities of the Foundation and to meet evaluated risks. As of 31 March 2018, an evaluation of risks and business plans showed that a target of free reserves of £546,972 were required (2016/17 £521,899). At that date adjusted free revenue reserves stood at £277,895 (2016/17 £181,329), the value of net current assets (see note 19), which therefore falls short of the target. One of the key aims of the 2016-2021 business plan is to build on the current level of free reserves to meet the defined target level over the five-year period by increasing the net income achieved through our trading and charitable activities. The Trustees are therefore of the view that the Foundation is a going concern.

The reserves policy and position are reviewed annually, and the Trustees will monitor reserve levels to ensure that they are sufficient to meet operational plans and evaluated risks in future years.

Risk management

The Trustees have a risk management strategy which comprises:

- An annual review of principal risks and uncertainties that the Institute and its subsidiary BI Trading face;
- The establishment of policies, systems and procedures to mitigate those risks identified in the annual review; and
- The implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

The key risks that this work has identified are:

- The maintenance of liquidity in the general fund. A key element in the management of this financial risk is regular and detailed review of cashflow forecasts and budget variances;
- Potential disruption to business as usual (for example a reduction in income from our venue hire operation) as well as to levels of service as a result of a full-scale restructure. This risk has been mitigated by a scaling back of some aspects of the charitable activities and an increase in trained casual staff to ensure capacity to deliver. Furthermore, the appointment of a professional HR team to ensure that the restructure process complied with current legislation and best practice and to deal with the day to day management of the restructure released the senior management team to maintain their focus on all the activities of the Foundation;

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- Non-compliance with health and safety legislation which may result in action by the Health and Safety Executive and/or litigation from third parties. To manage this risk the Foundation has developed health and safety policies, undertakes an annual health and safety risk assessment, has established a staff safety group and is fully insured;
- Deterioration and/or loss of irreplaceable paper archives in the Library. To mitigate this risk in April 2015 the Foundation engaged Bonhams, the international auctioneers and valuers, to value the archive collection to ensure that the collection is adequately insured. The Foundation is also currently in the process of upgrading the archive storage facilities.
- Changes in the business environment that might affect the current property market or our venue hire operation. This risk is managed by the establishment of the reserves policy, the appointment of professional property managers to manage our property portfolio and regular review by the senior management team and Trustees of the Foundation's performance against budget.

Fundraising

Bishopsgate Foundation does not engage in public fundraising and does not use professional fundraisers or commercial participators. The Foundation nevertheless observes and complies with the relevant fundraising regulations and codes. During the year there was no non-compliance of these regulations and codes and the Foundation received no complaints relating to its fundraising practice.

Organisation and Governance

Legal status

The Bishopsgate Foundation is a charitable company limited by guarantee, incorporated on 29 January 2002 and entered on the Central Register of Charities on 5 March 2002. It was established to hold the non-permanently endowed assets and undertake the day-to-day activities of The Bishopsgate Foundation Endowment Charity ('the Scheme Charity') from 1 April 2002. The permanent endowment assets are retained by the Scheme Charity pursuant to the terms of a Scheme of the Charity Commissioners, which became effective on 7 April 2003 and appointed The Bishopsgate Foundation as sole corporate Trustee of the Scheme Charity.

The Scheme Charity (Charity No: 208874) is constituted under a Scheme of the Charity Commissioners dated 23 February 1891, with subsequent modifications, within the framework of the City of London Parochial Charities Act 1883. Under the name Bishopsgate Institute, the Foundation provides a library and undertakes a range of educational and cultural activities from a grade II* listed building in the heart of Spitalfields in the City of London. On 17 February 2006 The Bishopsgate Foundation created a wholly-owned subsidiary company called B.I. (Trading) Limited, which was established to operate the Institute's venue-hire facility from 1 April 2006.

Board of Trustees

The Foundation's Articles of Association state that the Board of Trustees shall comprise not more than fifteen persons: two Ex-Officio Trustees, two Parish Trustees, and not more than eleven Co-opted Trustees. There must at all times be no fewer than five Trustees of whom no fewer than three must be Co-opted Trustees. All Trustees (other than an Ex-Officio Trustee) are appointed for a term of three years and, unless there are exceptional circumstances, do not serve for more than three terms.

General Trustee responsibilities are considered to be:

1. Strategic—approving the strategic plan that will fulfil the Institute's charitable objectives.
2. Stewardship—to have responsibility for the Institute's assets, their preservation and exploitation, and assessing risks;
3. Monitoring—to oversee the effective management of the Institute and its service delivery, selecting and supporting the Chief Executive, and ensuring good human relations practice is applied;
4. Promotion of, and advocacy, for the Institute to external clients/partners/stakeholders;
5. Governance—ensuring that Trustee business is conducted effectively and that the Trustees' Code of Governance is followed.

The full board meets at least four times a year to fulfil these responsibilities.

None of the trustees receive remuneration or other benefit from their work with the Foundation.

Trustee selection process

When a vacancy exists, the Board of Trustees considers the skills and personal profile that would best contribute to the needs of the Institute. The Board authorises the Chief Executive to advertise vacancies and confirms, via the Chair, the process to be followed in selecting candidates. Since 2007, it has been the practice to advertise vacancies. In 2016, the Board convened a search group to secure new trustees. The opportunity was advertised widely and applications solicited. Three new trustees were appointed in July 2017 as a result of this process. A further trustee was appointed in March 2018 and the Board is still actively seeking new Trustees whose skills sets complement those of the existing trustees.

Trustee induction and training

The Foundation recognises that new Trustees must be made aware of its charitable purposes, modus operandi, plans, problems and challenges etc. All new Trustees, Co-opted, and Ex-officio are provided with a copy of the Trust Deed, Standing Orders Rules & Regulations, the latest Annual Report & Accounts, Strategic Plan, Risk Assessment, publicity material and minutes, meet the Chief Executive and are shown the main areas and facilities of the Institute. Where appropriate, other steps, including briefing by the Chair and the appointment of another Trustee to act as mentor, may be taken.

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Trustees are encouraged to attend events at the Institute as well as external training events where these will facilitate their responsibilities as Trustees.

Management

The Board of Trustees has established two principal committees to discharge functions relating to the administration and management of the Foundation:

1. Finance & General Purposes (meets at least three times a year)
2. Programmes (meets at least three times a year)

Other sub-committees and task-and-finish working groups are constituted on an ad-hoc basis as required.

The Senior Team (the Chief Executive, Head of Strategy and Planning and Finance Business Partner) are responsible for the efficient running and development of the Institute in accordance with the strategy, policies and decisions of the Board of Trustees. They meet as a group monthly or more frequently as required.

Pay policy for senior staff

The remuneration of the Chief Executive is determined by the Board. The remuneration of other senior staff is delegated to the Chief Executive who is advised by an external organisation who have benchmarked salaries across charity, cultural and other comparable organisations.

Objectives and activities

The objects of the Foundation are:

1. The provision and maintenance of an Institute in, or near the City of London, for the purpose of promoting the education of the public and in particular the provision of:
 - a library comprised of books, journals and other materials (whether electronic or otherwise) for the use of members of the public to be managed under regulations made from time to time by the trustees;
 - public facilities to be managed under regulations made from time to time by the trustees including the power to charge fees for their use.
2. The relief by all charitable means of persons in need who are resident or working or have resided or worked in the area of the ecclesiastical parishes of St Botolph's without Bishopsgate, Christchurch Spitalfields and St Leonard's Shoreditch.

The Trustees review the aims, objectives and activities of the charity regularly. In November 2016 they approved a new strategic plan for the next five years which refined their interpretation of the charitable objects with a view to establishing priorities. Ongoing review is based on that strategic

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Trustees' annual report

For the year ended 31 March 2018

plan. The Trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the Trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The Trustees have referred 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 its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

Statement of responsibilities of the trustees

The trustees (who are also directors of The Bishopsgate Foundation for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

In so far as the trustees are aware:

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

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 United Kingdom

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Trustees' annual report

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governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustees' annual report has been approved by the trustees on 9 July 2018 and signed on their behalf by

Kathryn Martindale
Acting Chair

Independent auditor's report

To the members of

The Bishopsgate Foundation

Opinion

We have audited the financial statements of The Bishopsgate Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the 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 group's and of the parent charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report

To the members of

The Bishopsgate Foundation

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Independent auditor's report

To the members of

The Bishopsgate Foundation

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent 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 group's and the parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report

To the members of

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude 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 group's or the parent 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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.

Judith Miller (Senior statutory auditor)

17 July 2018

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

The Bishopsgate Foundation

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2018

	Note	Unrestricted £	Designated £	Restricted £	Endowment £	2018 Total £	2017 Total £
Income from:							
Grants and donations	3	9,500	-	-	-	9,500	10,283
Charitable activities							
Courses		229,406	-	-	-	229,406	276,829
Library		1,702	-	-	-	1,702	1,921
Events		68,886	-	-	-	68,886	78,361
Programme Development & Interpretation		2,660	-	-	-	2,660	2,680
Other trading activities	4	807,760	-	-	-	807,760	647,393
Investments	5	1,428,824	-	-	-	1,428,824	1,228,041
Total income		2,548,738	-	-	-	2,548,738	2,245,508
Expenditure on:							
Raising funds	6	790,300	161,431	-	161,283	1,113,014	942,228
Charitable activities							
Courses	6	510,913	57,738	-	2,940	571,591	573,222
Library	6	498,716	125,689	-	6,400	630,805	696,731
Events	6	362,398	40,456	-	2,060	404,914	383,235
Programme Development & Interpretation	6	140,878	7,463	-	380	148,721	103,472
Eleemosynary	6	218,260	-	-	-	218,260	191,074
Total expenditure		2,521,465	392,777	-	173,063	3,087,305	2,889,962
Net income / (expenditure) before net gains on investments		27,273	(392,777)	-	(173,063)	(538,567)	(644,454)
Net gains on investments	13	-	-	-	2,742,593	2,742,593	238,859
Net income / (expenditure) for the year	7	27,273	(392,777)	-	2,569,530	2,204,026	(405,595)
Transfers between funds		57,828	-	-	(57,828)	-	-
Net movement in funds		85,101	(392,777)	-	2,511,702	2,204,026	(405,595)
Reconciliation of funds:							
Total funds brought forward		2,365,915	6,473,618	8,275	24,577,679	33,425,487	33,831,082
Total funds carried forward		2,451,016	6,080,841	8,275	27,089,381	35,629,513	33,425,487

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

As at 31 March 2018

	Note	The group		The charity	
		2018	2017	2018	2017
		£	£	£	£
Fixed assets:					
Tangible assets	12	7,853,963	8,278,204	7,853,963	8,278,204
Investments	13	27,837,674	25,170,081	27,837,675	25,170,082
		<u>35,691,637</u>	<u>33,448,285</u>	<u>35,691,638</u>	<u>33,448,286</u>
Current assets:					
Stock		1,068	–	1,068	–
Debtors	16	202,782	317,667	147,556	225,811
Cash at bank and in hand		207,640	281,453	110,166	169,970
		<u>411,490</u>	<u>599,120</u>	<u>258,790</u>	<u>395,781</u>
Liabilities:					
Creditors: amounts falling due within one year	17	(473,614)	(621,918)	(320,915)	(418,580)
		<u>(62,124)</u>	<u>(22,798)</u>	<u>(62,125)</u>	<u>(22,799)</u>
Net current liabilities					
		<u>(62,124)</u>	<u>(22,798)</u>	<u>(62,125)</u>	<u>(22,799)</u>
Total net assets		<u>35,629,513</u>	<u>33,425,487</u>	<u>35,629,513</u>	<u>33,425,487</u>
Funds:					
Restricted income funds	20	8,275	8,275	8,275	8,275
Endowment funds		27,089,381	24,577,679	27,089,381	24,577,679
Unrestricted income funds:					
Designated funds		6,080,841	6,473,618	6,080,841	6,473,618
General funds		2,451,016	2,365,915	2,451,016	2,365,915
		<u>8,531,857</u>	<u>8,839,533</u>	<u>8,531,857</u>	<u>8,839,533</u>
Total unrestricted funds					
		<u>8,531,857</u>	<u>8,839,533</u>	<u>8,531,857</u>	<u>8,839,533</u>
Total funds		<u>35,629,513</u>	<u>33,425,487</u>	<u>35,629,513</u>	<u>33,425,487</u>

Approved by the trustees on 9 July 2018 and signed on their behalf by

Kathryn Martindale
Acting Chair

The Bishopsgate Foundation

Consolidated statement of cash flows

For the year ended 31 March 2018

	Note	2018 £	£	2017 £	£
Cash flows from operating activities	21				
Net cash used in operating activities			(1,505,131)		(1,499,990)
Cash flows from investing activities:					
Dividends, interest and rents from investments		1,428,824		1,228,041	
Purchase of fixed assets		(72,506)		(148,118)	
Proceeds from sale of investments		75,000		2,671,175	
Purchase of investments		-		(2,310,000)	
Net cash provided by investing activities			1,431,318		1,441,098
Change in cash and cash equivalents in the year			(73,813)		(58,892)
Cash and cash equivalents at the beginning of the year			281,453		340,345
Cash and cash equivalents at the end of the year	22		207,640		281,453

1 Accounting policies

a) Statutory information

The Bishopsgate Foundation is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address is 230 Bishopsgate, London, EC2M 4QH.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary BI Trading Limited on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Trustees are aware that there are net current liabilities, but this is principally due to timing and the fact that liabilities are recognised in full for the following 12 months but there is no corresponding income recognised. In addition, the Foundation has significant resources available in fixed asset investments which can be drawn down as required to fund working capital.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably. Specifically:

- Income from venue hire is recognised on the date of letting;
- Income from Courses is recognised in the term that the course is run;
- Income from Events is recognised at the date the event is held

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Interest and rents receivable

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

Rental income is included when it falls due. However, where the lease has expired and the outcome of negotiations in respect of outstanding rent is uncertain, rental income is included on a cash received basis.

1 Accounting policies (continued)

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

The permanent endowment fund is represented by the Institute buildings, the investment properties and financial investments, the income from which is available for general purposes, except that income specified in the Scheme which is required to be paid to St Botolph Without Bishopsgate. The Foundation is not at liberty to dispose of the capital of this endowment.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the group and Foundation in raising funds for the charitable work.
- Expenditure on charitable activities includes the costs of delivering the activity undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

● Courses	16.30%
● Library	23.70%
● Events	12.60%
● Programme development and integration	3.60%
● Eleemosynary	4.10%
● Investments	7.10%
● Trading activities	32.70%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

1 Accounting policies (continued)

j) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

The Institute building and freehold land, excluding the works on improvements, is included at deemed cost based on a valuation at 2002. Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Institute buildings	50 years
● Freehold improvements	25 years
● Computer equipment	3 years
● Office and other equipment	1 to 10 years
● Fixtures and fittings	1 to 5 years

k) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. The valuation method used to determine fair value will be stated in the notes to the accounts.

Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Investments in subsidiaries

Investments in subsidiaries are at cost.

l) Debtors

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

m) Cash at bank and in hand

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

1 Accounting policies (continued)

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Financial instruments

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

p) Pensions

The charity operates a defined contribution scheme for employees. Contributions are charged to the statement of financial activities as incurred. The Foundation has no liability in excess of monthly contributions.

2 Detailed comparatives for the statement of financial activities

	Unrestricted £	Designated £	Restricted £	Endowment £	2017 Total £
Income from:					
Grants and donations	10,283	-	-	-	10,283
Charitable activities	359,791	-	-	-	359,791
Other trading activities	647,393	-	-	-	647,393
Investments	1,228,041	-	-	-	1,228,041
Total income	2,245,508	-	-	-	2,245,508
Expenditure on:					
Raising funds	682,636	162,128	-	97,464	942,228
Charitable activities	1,703,610	232,344	-	11,780	1,947,734
Total expenditure	2,386,246	394,472	-	109,244	2,889,962
Net expenditure before gains on investments	(140,738)	(394,472)	-	(109,244)	(644,454)
Net gains on investments	-	-	-	238,859	238,859
Net income / expenditure	(140,738)	(394,472)	-	129,615	(405,595)
Transfers between funds	46,871	118,722	-	(165,593)	-
Net movement in funds	(93,867)	(275,750)	-	(35,978)	(405,595)
Total funds brought forward	2,459,782	6,749,368	8,275	24,613,657	33,831,082
Total funds carried forward	2,365,915	6,473,618	8,275	24,577,679	33,425,487

3 Income from donations and legacies

	2018 Total £	2017 Total £
Grants	7,000	7,000
Donations	2,500	3,283
	9,500	10,283

All income from donations and legacies is unrestricted.

4 Income from other trading activities

	2018 Total £	2017 Total £
Venue hire income	807,760	647,393
	807,760	647,393

Venue hire income is wholly generated by the subsidiary BI Trading Limited which is used for non-primary purposes trading activities (see note 14) and is unrestricted.

The Bishopsgate Foundation

Notes to the financial statements

For the year ended 31 March 2018

5 Income from investments

	General Estate £	Underwood Estate £	2018 Total £	2017 Total £
Rents receivable	341,435	815,642	1,157,077	1,046,757
Insurance receivable	1,439	36,443	37,882	37,574
Income from listed investments	56,281	177,382	233,663	143,566
Bank deposit income	202	-	202	144
	399,357	1,029,467	1,428,824	1,228,041

All income from investment activities is unrestricted.

The Bishopsgate Foundation

Notes to the financial statements

For the year ended 31 March 2018

6 Analysis of expenditure

Charitable activities

	Cost of raising funds £	Courses £	Library £	Events £	Programme development & interpretation £	Eleemosynary £	Governance costs £	2018 Total £	2017 Total £
Direct costs									
Staff costs (Note 8)	-	74,093	74,093	74,093	74,093	-	-	296,372	441,928
Direct expenses	83,304	124,621	29,999	35,106	-	31,535	-	304,565	379,042
Marketing	6,890	33,320	33,320	33,320	-	-	-	106,850	18,753
Property costs	194,124	-	-	-	-	-	-	194,124	131,055
St Botolph	-	-	-	-	-	102,347	-	102,347	79,670
	284,318	232,034	137,412	142,519	74,093	133,882	-	1,004,258	1,050,448
Support costs									
Premises	233,296	87,486	192,469	58,324	11,665	-	-	583,240	458,131
Administration	80,107	40,183	45,368	31,628	6,740	12,703	42,516	259,245	253,440
Staff costs (note 8)	249,178	112,316	69,919	103,390	39,422	60,993	108,597	743,815	634,772
Depreciation	211,636	71,594	154,761	49,234	9,522	-	-	496,747	493,171
	1,058,535	543,613	599,929	385,095	141,442	207,578	151,113	3,087,305	2,889,962
Governance costs	54,479	27,978	30,876	19,819	7,279	10,682	(151,113)	-	-
Total expenditure 2018	1,113,014	571,591	630,805	404,914	148,721	218,260	-	3,087,305	
Total expenditure 2017	942,228	573,223	696,731	383,235	103,472	191,073	-		2,889,962

7 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2018 £	2017 £
Depreciation	496,747	493,174
Auditor's remuneration (excluding VAT): Audit	9,100	8,800
	<u>496,747</u>	<u>493,174</u>

8 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2018 £	2017 £
Salaries and wages	898,279	891,422
Redundancy and termination costs	-	56,486
Social security costs	79,139	79,957
Employer's contribution to defined contribution pension schemes	36,420	29,970
Other employee costs	26,349	18,865
	<u>1,040,187</u>	<u>1,076,700</u>

The following number of employees received employee benefits (excluding employer national insurance and pension costs) exceeding £60,000 during the year between:

	2018 No.	2017 No.
£90,000 – £99,999	1	1
	<u>1</u>	<u>1</u>

The total employee benefits including employer pension contributions and employer national insurance of the key management personnel, who are the principal officers, were £242,148 (2017: £270,463).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charity (2017: £nil). No trustee received reimbursement of travel and subsistence costs (2017: nil) relating to attendance at meetings of the trustees.

9 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2018 No.	2017 No.
Raising funds	4	5
Courses)	-	-
Library)	-	-
Events)	11	16
Programme development and interpretation)	-	-
Eleemosynary	1	1
Support	25	17
Governance	5	5
	<u>46</u>	<u>44</u>

The average weekly number of employees (full time equivalent) during the year was 32 (2017: 29).

10 Related party transactions

Under the terms of its charitable deed, the Foundation is required to pay two fifteenths of its income (after deduction of costs) from the Underwood Estate to St Botolph Without Bishopsgate. The Rector of St St Botolph Without Bishopsgate is a Trustee of the Foundation. The amount payable for the year ended 31 March 2018 is £102,347 (2017: £79,670) of which £72,347 (2017: £39,670) was outstanding at the year end.

11 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary BI Trading Limited gift aids available profits to the parent charity, as such no corporation tax is payable (2017: £nil).

12 Tangible fixed assets

The group and charity

	Freehold land and building and freehold improvements £	Furniture and equipment £	Total £
Cost or valuation			
At the start of the year	10,124,157	1,043,545	11,167,702
Additions in year	–	72,506	72,506
Disposals in year	–	–	–
At the end of the year	<u>10,124,157</u>	<u>1,116,051</u>	<u>11,240,208</u>
Depreciation			
At the start of the year	2,110,483	779,015	2,889,498
Charge for the year	392,809	103,938	496,747
Eliminated on disposal	–	–	–
At the end of the year	<u>2,503,292</u>	<u>882,953</u>	<u>3,386,245</u>
Net book value			
At the end of the year	<u>7,620,865</u>	<u>233,098</u>	<u>7,853,963</u>
At the start of the year	<u>8,013,674</u>	<u>264,530</u>	<u>8,278,204</u>

Land with a value of £1,000,000 is included within the total value for freehold land and buildings and freehold improvements and is not depreciated.

All of the above assets are used for charitable purposes.

13 Investments

The Group and Charity

	Endowment funds			2018 £	2017 £
	Properties £	Properties £	UK Common investment funds £		
Fair value at the start of the year	2,000,000	18,319,346	4,850,735	25,170,081	25,292,397
Additions	-	-	-	-	2,310,000
Disposals	-	-	(75,000)	(75,000)	(2,671,175)
Revaluation during the year	-	2,840,000	(97,407)	2,742,593	238,859
Fair value at the end of the year	2,000,000	21,159,346	4,678,328	27,837,674	25,170,081

Analysis between fixed asset investment and current asset investments

	Endowment funds			2018 £	2017 £
	Properties £	Properties £	UK Common investment funds £		
Fixed asset investments	2,000,000	21,159,346	4,678,328	27,837,674	25,170,081
Current asset investments	-	-	-	-	-
	2,000,000	21,159,346	4,678,328	27,837,674	25,170,081

The investment properties comprise the Underwood and General Estates. These properties were formally valued as at 31 March 2015 by Lamberts, Chartered Surveyors, who are unconnected with the Foundation, at fair value. The Trustees have considered the value of all the investment properties as at 31 March 2018 and are of the opinion that only the value of the investment properties that comprise the Underwood Estate have changed materially since that date and have therefore reflected the uplift in value in these accounts.

Current asset investments are included at anticipated sales value.

Analysis of endowment funds between Estates

	Properties £	UK common investment funds £	2018 £
Underwood Estate	15,700,000	3,833,472	19,533,472
General Estate	5,459,346	844,856	6,304,202
	21,159,346	4,678,328	25,837,674

Historic cost of UK common investment funds:

	2018 £
Underwood Estate	3,688,538
General Estate	575,632
	4,264,170

13 Investments (continued)

The investment in UK common investment funds represents 100% of the investment portfolio.

It is not possible to state the historic cost of the freehold properties which were part of the original permanent endowment of the Foundation.

The Trustees will continue to review market conditions on a regular basis and will make such adjustments as are necessary in the accounts. All investments in UK common investment funds are held in exempt unit trusts, comprising a wide portfolio of investment assets.

Investments comprise:

	The group		The charity	
	2018	2017	2018	2017
	£	£	£	£
UK common investment funds	4,678,328	4,850,735	4,678,328	4,850,735
Investment properties in the UK	23,159,346	20,319,346	23,159,346	20,319,346
Investment in subsidiary undertakings incorporated in the UK	-	-	1	1
	<u>27,837,674</u>	<u>25,170,081</u>	<u>27,837,675</u>	<u>25,170,082</u>

14 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of BI Trading Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are distributed to the charitable company. A summary of the results of the subsidiary is shown below:

	2018	2017
	£	£
Turnover	807,760	647,393
Cost of sales	-	-
Gross profit	<u>807,760</u>	<u>647,393</u>
Administrative expenses	(732,741)	(644,119)
Other operating income	-	-
Operating profit	<u>75,019</u>	<u>3,274</u>
Interest payable	-	-
Profit on ordinary activities	<u>75,019</u>	<u>3,274</u>
Distribution to parent undertaking	<u>(75,019)</u>	<u>(3,274)</u>
Result for the financial year	<u>-</u>	<u>-</u>
The aggregate of the assets, liabilities and funds was:		
Assets	1	1
Liabilities	-	-
Funds	<u>1</u>	<u>1</u>

The Chief Executive is the sole director of BI Trading Limited.

15 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2018 £	2017 £
Gross income	1,740,972	1,601,389
Result for the year	<u>2,129,007</u>	<u>(408,869)</u>

16 Debtors

	The group		The charity	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	61,375	94,730	574	2,874
Investment property rent debtors	93,359	121,534	93,359	121,534
Due from Subsidiary undertakings	–	–	5,575	–
Other debtors and prepayments	48,048	101,403	48,048	101,403
	<u>202,782</u>	<u>317,667</u>	<u>147,556</u>	<u>225,811</u>

17 Creditors: amounts falling due within one year

	The group		The charity	
	2018 £	2017 £	2018 £	2017 £
Payments received on account	31,953	5,858	31,953	5,858
Taxation and social security	36,622	68,941	36,080	68,369
Due to subsidiary undertakings	–	–	–	96,992
Sundry creditors and accruals	405,039	547,119	252,882	247,361
	<u>473,614</u>	<u>621,918</u>	<u>320,915</u>	<u>418,580</u>

18 Pension scheme

The Foundation operates a group personal pension plan which is a defined contribution pension scheme for its employees.

The assets of the scheme are held separately from those of the charity in independently administered funds. The accounting policy of the Foundation is to charge employer's contributions to the Statement of Financial Activities as they fall due. The pension costs for the year amounted to £36,420 (2017: £29,970).

19a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Endowments Funds £	Total funds £
Tangible fixed assets	173,122	6,080,841	–	1,600,000	7,853,963
Fixed asset investment properties	2,000,000	–	–	21,159,346	23,159,346
Investments	–	–	–	4,678,328	4,678,328
Net current assets	277,894	–	8,275	(348,293)	(62,124)
Net assets at 31 March 2018	2,451,016	6,080,841	8,275	27,089,381	35,629,513

19b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Endowments Funds £	Total funds £
Tangible fixed assets	184,586	6,473,618	–	1,620,000	8,278,204
Fixed asset investment properties	2,000,000	–	–	18,319,346	20,319,346
Investments	–	–	–	4,850,735	4,850,735
Net current assets	181,329	–	8,275	(212,402)	(22,798)
Net assets at 31 March 2017	2,365,915	6,473,618	8,275	24,577,679	33,425,487

20a Movements in funds (current year)

	At 1 April 2017 £	Income £	Expenditure £	Transfers, gains and losses £	At 31 March 2018 £
Restricted funds:					
Luke Johnson	5,000	–	–	–	5,000
Raphael Samuel History Centre	3,275	–	–	–	3,275
Total restricted funds	8,275	–	–	–	8,275
Permanent Endowment funds:					
Order for Development Project	443,052	–	–	73,842	516,894
Endowment Fund	24,134,627	–	(173,063)	2,610,923	26,572,487
	24,577,679	–	(173,063)	2,684,765	27,089,381
Unrestricted funds:					
Designated funds:					
Development Fund	6,473,618	–	(392,777)	–	6,080,841
Total designated funds	6,473,618	–	(392,777)	–	6,080,841
General funds	2,365,915	2,548,738	(2,521,465)	57,828	2,451,016
Total unrestricted funds	8,839,533	2,548,738	(2,914,242)	57,828	8,531,857
Total funds	33,425,487	2,548,738	(3,087,305)	2,742,593	35,629,513

The narrative to explain the purpose of each fund is given at the foot of the note below.

20b Movements in funds (prior year)

	At 31 March 2016 £	Income £	Expenditure £	Transfers, gains and losses £	At 31 March 2017 £
Restricted funds:					
Luke Johnson	5,000	-	-	-	5,000
Raphael Samuel History Centre	3,275	-	-	-	3,275
Total restricted funds	8,275	-	-	-	8,275
Permanent Endowment funds:					
Order for Development Project	369,210	-	-	73,842	443,052
Endowment Fund	24,244,447	-	(109,244)	(576)	24,134,627
	24,613,657	-	(109,244)	73,266	24,577,679
Unrestricted funds:					
Designated funds:					
Development Fund	6,749,368	-	(394,472)	118,722	6,473,618
Total designated funds	6,749,368	-	(394,472)	118,722	6,473,618
General funds	2,459,782	2,245,508	(2,386,246)	46,871	2,365,915
Total unrestricted funds	9,209,150	2,245,508	(2,780,718)	165,593	8,839,533
Total funds	33,831,082	2,245,508	(2,889,962)	238,859	33,425,487

Purposes of restricted funds

Luke Johnson

A fund provided by Allen and Overy in the name of former Chairman, Luke Johnson, to support the future development of the Institute

Raphael Samuel History Centre

A fund to improve the Raphael Samuel Archive.

Purposes of endowment funds

The endowment fund was established when the Institute was created in order that the income from the properties and investments would provide funding for the Institute's charitable objectives.

Purposes of designated funds

Development fund

The designated fund represents the capital cost of building improvements. The majority of this was completed in 2011 and will be depreciated over 25 years.

Movements in funds (continued)**Transfers between funds**

	2018 £	2017 £
Transfer from general fund to permanent endowment		
The Institute is due to repay £1,846,124 over 25 years starting in 2012. These are the seventh (2018) and sixth (2017) payments under this order.	73,842	73,842
This transfer represents the apportionment of investment losses between the permanent endowment and the general fund in proportion to their value	-	-
Transfer from permanent endowment to general fund		
This transfer represents management time involved in managing endowment investments.	131,670	120,713
Transfer from permanent endowment to designated funds		
This transfer represents capital expenditure on freehold improvements	-	118,722

21 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2018 £	2017 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	2,204,026	(405,595)
Depreciation charges	496,747	493,174
(Gains)/losses on investments	(2,742,593)	(238,859)
Dividends, interest and rent from investments	(1,428,824)	(1,228,041)
(Profit)/loss on the disposal of fixed assets	-	-
(Increase)/decrease in stocks	(1,068)	-
(Increase)/decrease in debtors	114,885	(7,917)
Increase/(decrease) in creditors	(148,304)	(112,752)
Net cash provided by / (used in) operating activities	(1,505,131)	(1,499,990)

22 Analysis of cash and cash equivalents

	At 1 April 2017 £	Cash flows £	Other changes £	At 31 March 2018 £
Cash at bank and in hand	281,453	(73,813)	-	207,640
Total cash and cash equivalents	281,453	(73,813)	-	207,640

23 Capital commitments

At 31 March 2018 (2017: £nil) the Foundation has no commitments to capital expenditure.

24 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.