



**London Chamber of
Commerce and Industry
Commercial Education
Trust**

**Annual Report and Financial
Statements**

30 September 2019

Charity Registration Number
801986

Company Registration Number
2419257

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Reference and administrative information

Trustees	David T Coughtrie Dip Arch RIBA FCILT (Chairman) Professor Christopher Atkin CEng FREng FRAeS MA (Cantab) PhD David R Willetts BA FCA G C Robin Booth FCA Anne D Robins BSc Dip Ed HDLS Alun Evans BA FCA MBA Edward S Brunel-Cohen FCA Nicholas Martel (joined 27 September 2019) Darragh O'Sullivan BA (Hons) Law; Pg. Dip. Legal Practice, MBA (joined 27 September 2019)
Director and Secretary	Clare Brooks BA (Hons) MBA
Registered office	33 Queen Street London EC4R 1AP
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Royal Bank of Scotland plc 62/63 Threadneedle Street London EC2R 8LA
Investment managers	Investec Wealth & Investment Management Ltd 30 Gresham Street London EC2V 7QN
Charity registration number	801986
Company registration number	2419257

The Trustees present their statutory report together with the audited financial statements of London Chamber of Commerce and Industry Commercial Education Trust (the “Trust”) for the year ended 30 September 2019.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and it is also the report of the directors for the purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 19 to 22 and comply 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 United Kingdom and Republic of Ireland (FRS 102).

OBJECTIVES AND ACTIVITIES

The Trust’s objects are to promote, advance and encourage commercial education for the benefit of the public. In keeping with these objects, the Trust has adopted a vision of a society in which people have the knowhow, skills and opportunity to succeed in work, thereby creating a thriving economy.

The principal objectives during the year were to:

- maintain a level of grant-making in keeping with long-term investment returns;
- protect the real value of the investment portfolio;
- develop the Trust’s communication strategy and convening role with particular regard to highlighting the benefits of commercial education to its key stakeholders: educators, employers and policy-makers;
- provide thought leadership on, and highlight the importance of, commercial education in the UK through a Commercial Education Lecture.

The main activities of the Trust remain its grant-making and investment in research. Other charitable activity relates to the dissemination of best practice and latest thinking on commercial education through the Trust’s website, publications and Lecture. In order to enhance its grant-making capacity, the Trustees continued to prioritise the long-term growth of the Trust’s capital whilst at the same time seeking to maximise income.

Public benefit

The Trustees have referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing the Trust’s aims and objectives and in planning its future grant-making and other charitable activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. In reviewing the performance of grantees, particular attention is paid to the impact of all projects funded by the Trust.

OBJECTIVES AND ACTIVITIES (continued)

Strategy

The Trustees, in determining the direction of the Trust's work, seek to:

- embed in education at every level the means by which people can apply their learning to work;
- equip people with the skills and commercial awareness to grow, develop and lead in business;
- encourage individuals to be enterprising and innovative in their approach to work; and
- make a positive contribution to the development of effective commercial education and training.

Grant-making policy

Grants are made on a fully discretionary basis and in accordance with the Trust's objects. Grant application details can be obtained from The Secretary, London Chamber of Commerce and Industry Commercial Education Trust, 33 Queen Street, London EC4R 1AP and are available on the Trust's website.

The Trust regards commercial education as embracing four main areas of grant activity:

1. **Skills Development:** education in the essential skills that are needed for employment as well as society: sometimes called 'transferable' skills or 'generic' skills;
2. **Employability:** education and research on careers and employment opportunities; encounters with employers and experience of work;
3. **Enterprise/Entrepreneurship:** support to help people experience and understand the essentials of business; to take an idea or innovation to market;
4. **International/Global Trade:** international business education for the next generation of world traders.

The Trust's grant-making activity may be classified under three headings:

- **Practical Projects:** supporting other charitable organisations in projects advancing the Trust's own objects.
- **Research:** supporting specific research projects in areas relevant to its objects.
- **Dissemination:** Initiating and supporting conferences, symposia, lectures and other relevant projects in line with its objects.

OBJECTIVES AND ACTIVITIES (continued)

Grant-making policy (continued)

The Trustees have adopted certain operating principles which they take into account when considering grant applications:

- all projects supported must be for the benefit of the public;
- wherever possible, partnerships will be sought with organisations with outreach capacity so as to benefit the community as a whole, rather than individuals;
- projects where the Trust is not to be the sole funder will be favoured as the Trustees believe that matched funding is a tangible sign of an applicant's commitment and the sustainability of a project; and
- long term relationships may be sought.

The Trust will not normally:

- support commercial organisations, charities not registered in the UK, or failing organisations or causes;
- fund major capital projects (e.g. the purchase or renovation of buildings or vehicles or training costs and professional fees relating to capital projects);
- fund general (i.e. non project specific) organisation costs (e.g. running costs including salaries, expenses, administration, hire of space / premises, marketing and publicity, utility bills, etc.);
- make grants to individuals;
- support general or marketing appeals;
- fund projects which are conducted wholly overseas;
- support projects which reduce support from public funds;
- contribute to appeals from any organisation where the money will be used for religious purposes, or projects which promote a particular religion;
- grant more than £25,000 to a single project in any one year; or
- support a project for longer than three years.

ACHIEVEMENTS AND PERFORMANCE

Grants Management

During the year an update of CET Grant-making Guidelines was undertaken to reflect General Data Protection Regulation (GDPR) as well as the Trust's new policy against fraud and other forms of dishonesty.

CET also developed its use of grant-making IT, to enable efficiencies in how it collects, manages and evaluates grant applications as well as how it tracks reporting and progress by grantees.

Review of Commercial Education

Staff undertook an internal examination of project and research reports as well as third party education sector reports in order to assess key issues which affect the development of commercial education in the UK. As a result, the trustees took the decision in September 2019 to invest in further research activities during 2019-20 and to consult with key stakeholders, including policy-makers, employers and educators.

Grant-making and funding for research:

During the year grants totalled £141,150 (2018 - £165,593) as follows:

- Action Through Enterprise: a grant of £14,910 to build upon the CET-funded '*BizATE*' programme. The funding supports a training and mentoring programme for small business owners in the Lawra district of Ghana.
- Ark (Absolute Return for Kids): £19,420 for an evaluation of their '*Professional Pathways*' programme which relates to vocational teaching and learning for students taking a Level 3 BTEC;
- Enabling Enterprise: £25,000 for their '*Transforming Essential Skills Across A Whole School*' which involves the creation and launch of a School Leaders' Handbook, which is a toolkit to help embed essential skills in their *Skills Builder Framework* at a whole school level.
- Future First: £29,510 for their '*Commerce in the Classroom*' programme. This recruits local volunteers to work alongside Future First staff to deliver employer encounter workshops in schools, specific to commerce and trade.
- Peter Jones Foundation (PJF): £25,000 for their '*Empower Alumni Programme*'. This will support graduates from PJF courses into employment (including apprenticeships), self-employment or higher education.
- The Prince's Trust: £26,810 for their digital '*Enterprise Game*'. This is a business simulation game, to be offered as part of the Prince's Trust Enterprise Challenge and Achieve programmes, which help to combat commercial illiteracy by providing young people with business knowledge and enterprise skills such as finance, production, critical thinking, communication, problem-solving and resilience.

ACHIEVEMENTS AND PERFORMANCE (continued)

Grant-making and funding for research (continued)

- Teambuild Association: a grant of £500 for the '*Leadership Prize*' which is part of their '*Future Leaders*' competition where young construction professionals collaborate to plan, design and deliver a complex building project over the weekend of 15-17 November 2019.

Part of a previously approved grant for research into embedding business practices into engineering was not required by the Royal Academy of Engineering and £5,839 was returned to the Trust. (See Note 1).

Additionally £1,914 of a £19,500 consulting contract for a study of commercial education in five educational settings by researcher Prue Huddleston in 2017-18 was not taken up. (See Note 1).

Convening and Events

Commercial Education Lecture, 15 November 2018. The Trust's Commercial Education Lecture took place at the Francis Crick Institute in London with Justin King CBE who spoke on '*The Changing Face of the Modern Workplace*.' It was the fourth event in five years organised by the Trust to highlight and communicate skills issues affecting young people and how they prepare for the world of work and enterprise. Flexible and homeworking, collaborative workspaces and the gig economy were issues highlighted in the Lecture. The event was run in partnership with The London Chamber of Commerce and Industry which enabled the Trust to reach a new audience of employers; it also included representatives of the education and charity sectors. Part of the venue was set aside for CET grantees who exhibited their commercial education work to Lecture attendees. Planning for the next Lecture (scheduled for the autumn of 2020) also took place during the year.

Commercial Education Gathering, 20 June 2019. As part of its commitment to engagement and consultation with its beneficiaries, CET brought together its grantees for an afternoon of networking, debate and consultation in June 2019. The event was chaired by CET Senior Advisor, John Hillier. A key objective of the event was to identify opportunities and barriers to commercial education and a special session chaired by Prof. David Guile of UCL's Institute of Education explored new ways of working with those present.

Publications and communications

The Trust published '*Future Proofing the Next Generation*' which is a summary by writer Anat Arkin of research on commercial education in five educational settings commissioned in 2017-18 and undertaken by Professor Prue Huddleston, and with the collaboration of Ian Abbott, Caroline Luxton-White and Jaqueline Dynes.

Throughout the year the Trust also continued the development of its new website which was launched in November 2018, and which provides news and views on a range of

ACHIEVEMENTS AND PERFORMANCE (continued)

Publications and communications (continued)

commercial education projects, as well as links to a variety of commercial education resources.

Governance: articles, policies and risk:

During 2018-19 two new trustees were appointed: Darragh O'Sullivan (formerly an Advisor to CET) and Nicholas Martel (formerly a Business Advisory Group member to a CET-funded research project).

During the year, the Trust introduced new policies relating to Business Continuity; Crisis Communications; and Anti-Fraud, Bribery, Corruption and Theft.

The Trust also used Charity Commission guidance (CC26) to undertake its annual review of risk at the Trust. This review process led to a strengthening of CET's cyber security arrangements.

FINANCIAL REVIEW

A summary of the year's results can be found on page 17 of this report and financial statements.

Total income for the year ended 30 September 2019 amounted to £194,197 (2018 - £151,823). This was principally derived from the income received from the Trust's listed investments – see investment policy and performance below for further commentary.

Total expenditure for the year ended 30 September 2019 amounted to £277,293 (2018 - £314,796). Expenditure on raising funds, principally the cost of managing the Trust's listed investments totalled £44,723 (2018 - £40,625). The remainder of the expenditure of £232,570 (2018 - £274,171) was incurred on the Trust's charitable activities including associated support costs. These are reported in greater detail below.

Net income for the year ended 30 September 2019 amounted to £91,395 (2018 – net expenditure of £96,094) after crediting net realised and unrealised gains on the Trust's investment portfolio and foreign exchange gains together amounting to a net credit of £174,491 (2018 – £66,879).

Summary of charitable activity

Expenditure on the Trust's charitable activity, including support and governance costs was £232,570 (2018 - £274,171) and comprised:

- Grants, net of returned grants not taken up: £135,311 (2018 - £121,093);
- Research costs: Credit £1,914 (2018 - £44,500)
- Publication costs: £2,296 (2018 - £4,850);
- Annual Lecture costs: £10,918 (2018 - £3,152);
- Commercial Education Gathering costs: £1,461 (2018 - £nil);
- Support and governance costs: £84,498 (2018 - £100,576).

FINANCIAL REVIEW (continued)

Of the £84,498 support and governance costs, £31,175 relates directly to grant-making activity (2018 - £26,896). These support costs comprise a due proportion of office and administration costs that relate to grant-making and other charitable activity.

Governance costs comprise the expenditure associated with the strategic as opposed to the day-to-day management of the Trust's activities.

Investment policy and performance

Investec Wealth and Investment Ltd ("Investec") managed the Trust's investment portfolio in accordance with the investment policy agreed by the Trustees.

The investment policy sets out the key elements of how the Trust's portfolio of investments and cash will be managed in order to achieve its mission of promoting commercial education. It achieves this by setting out investment objectives, tolerances for the acceptance of risk and how the funds may be invested. The aim of the investment policy is to maintain an appropriate balance between risk and return at all times.

The policy is reviewed annually by the Trustees and adjusted, where necessary, to ensure that it remains appropriate to the Trust's objectives, market conditions and risk considerations. The portfolio's overall asset allocation is governed by the Trust's short-term need for liquidity for operating purposes and its longer-term goals. A total return approach has been adopted by the Trust since 2015.

Any funds raised externally that are project specific fall outside the purview of the policy.

As the objective of the Trust is to promote commercial education, its investment objectives are essentially longer term. The primary objectives of the investment policy in place during the financial year were to ensure that the assets in the portfolio maintained in real terms both the desired level of income and value of capital required to fund the Trust's annual anticipated grant-making and meet the administrative costs of the Trust's operations.

The total value of the Trust's portfolio as at 30 September 2019 was £7,160,941 (2018 - £7,116,164). Net investment gains for the year were £174,491 (2018 - £66,879) and withdrawals (including investment income) for the year totalled £289,876 (2018 - £284,000).

Investec worked to an investment objective, which was to generate a minimum total return in excess of inflation (UK CPI) plus 3% per year, net of investment management fees, over rolling three-year periods.

During the year, the total return on the Trust's investment portfolio was +5.3% and the level of withdrawals was reduced to be more in line with expected future investment returns. The overall performance of the portfolio to date is considered to be consistent with the long-term aims of the policy.

FINANCIAL REVIEW (continued)

Reserves policy and financial position

The level of reserves is reviewed by the Trustees on a regular basis. The factors taken into account are the existing financial commitments and activities of the Trust.

Subject to maintaining grant-making at current levels, the Trust's policy is to increase reserves so as to be able to generate additional income for grant-making in future years.

The level of reserves at 30 September 2019 was £7,204,448 (2018 - £7,113,053). This is considered to be sufficient for the continuing activities of the Trust. This is in line with the Trust's objective of maintaining the value of its investment assets for future generations whilst at the same time ensuring a reasonable level of charitable activity (primarily grant funding). The Trust has no restricted funds.

As at 27 April 2020 the value of the Trust's portfolio was £6,304,582 meaning that the target of generating a minimum total return in excess of inflation (UK CPI) plus 3% per year over rolling three-year periods, net of investment *management* fees, is unlikely to be achieved.

The Trust recognises that the coronavirus pandemic has adversely affected its portfolio of investments and that the level of its reserves has fallen. It is the opinion of the trustees that this level of reserves allows the Trust to remain a going concern but that in future the level of its charitable activities, for example its grant-making, may reduce.

Fundraising

The Trust does not currently actively engage in fundraising activities (by way of appeals, collections, or otherwise seeking donations). The Trustees therefore do not consider that they are obliged to take account of regulations or best practice guidance notes in this area as covered by the Charities (Protection and Social Investment) Act 2016.

FUTURE PLANS

A new plan for the Trust was approved in September 2019 which builds on the internal review of commercial education themes undertaken in the spring and summer of 2019. The Trust's core grant-making activity, Lecture 2020-21, events and publications will continue to be a priority; and, further research work will be undertaken to better define and clarify commercial education learning objectives for young people.

In line with its previous commitment to engage in more convening and communicating activities, in early December 2019 the Trust published '*Breaking Barriers*' which is a summary of findings from its 20 June 2019 Commercial Education Gathering.

A further summary report on employer engagement in education entitled '*Lessons From Employer Led Learning*' was published in February 2020. The summary was based on findings from an evaluation of Career Colleges, undertaken by University College London/The Institute of Education and in partnership with the Edge Foundation. This builds on the Trust's commitment to developing collaborations and funding arrangements

FUTURE PLANS (continued)

for innovative projects as well as further establishing the Trust as a natural partner and point of reference in the field of commercial education.

Prior to the date that the financial statements were approved, the coronavirus (Covid-19) outbreak spread worldwide and caused extensive disruptions to businesses as well as economic activities globally.

The trustees have considered the effects of the pandemic on the charity's operations and have concluded that the impact on them is likely to be manageable in the short-term. Following the advice issued by the UK Government in March 2020 regarding employees working from home and other social distancing measures, the trustees and staff have enacted procedures to facilitate this and have a detailed plan that enables effective operations to continue whilst employees are not physically present in the Trust's offices.

The trustees acknowledge and recognise the potential impact of the Covid-19 pandemic on the future operations of the charity, its beneficiaries, partners and stakeholders and on wider society. The reduced opportunities for scheduled face to face interaction may not impact on the Trust's ability to plan effectively for the medium term but it is anticipated at the current time that the overall financial position of the charity will be adversely affected even if its financial solvency is not threatened.

PRINCIPAL RISKS AND UNCERTAINTIES

A review of Trust's risk profile was undertaken during the financial year. The Trustees have identified the following key risks:

- loss of key staff;
- dependency on a sole income source: investment volatility and inadequate returns on investments;
- lack of understanding of the value of commercial education on the part of the general public;
- changes in Government policy towards charities or education; and
- insufficient funds to maintain levels of grant-making and cover running costs.

To mitigate these risks the Trust:

- reviews rates of pay, working conditions and job satisfaction;
- regularly reviews the performance of its investment policy, investments and investment managers, at Committee and Trustee Board level;
- provides clear, publicly available information and guidance on commercial education via its new website and publications;
- receives regular information updates from its advisers on changes to legislation/regulation: key issues are brought to the Trustees' attention;
- sets an investment policy to produce an adequate total return and maintains tight control of costs and accurate accounting of charitable activity.

The Trustees also maintain, and keep under review, a conflicts of interest policy and have considered the implications of the Bribery Act 2011.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal structure

London Chamber of Commerce and Industry Commercial Education Trust is a company limited by guarantee having been incorporated under the Companies Act on 1 September 1989 and a charity registered with the Charity Commission in England and Wales. The Trust does not have a share capital, but its members, in the event of a winding up, have guaranteed to contribute to the assets of the company a sum not exceeding £10 each.

Governance

The governing instruments of the Trust are the Memorandum and Articles of Association.

The charity Trustees are the Directors of the company for the purposes of company law. The governing body of the charity is the Board of Directors, which consists of up to nine Trustees, who are also members of the Trust.

The Trustees may hold office for an initial period of up to six years, subject to retirement by rotation, and may then serve up to three further terms of one year. Trustees who served during the period of report and up to the date of approval of this report are listed on page 1.

The membership of the Board consists of people who have a wide range of experience and qualifications pertinent to the objectives of the charity, some Trustees being from a business background whilst others are from an academic background. The Trustees are nominated by The London Chamber of Commerce and Industry ("the Chamber"), a separately constituted entity and a member of the Trust, either on its own initiative or on the recommendation of the Trustees. The Chamber may not remove the Trustees.

Trustees are selected for nomination following an assessment of their skills and experience. The objective is to have a Board which is balanced, and which is capable of formulating the policies and ensuring the execution of the strategy of the Trust in an effective manner so as to maintain and, if possible, increase its charitable activity over time. New Trustees are briefed on the activities of the Trust and its grant-giving, investment and other policies and are provided with the Articles of Association, the most recent management accounts, investment reports and the latest audited financial statements. On-going training opportunities for Trustees are provided as required.

On 27 September 2019 Darragh O'Sullivan and Nicholas Martel were appointed as Trustees.

Management

Trustees' meetings are held as often as is necessary to run the Trust properly. Normally at least four full meetings are held each year. The business of these meetings is to set, maintain and monitor objectives; determine, develop and maintain strategy; consider and approve grant applications; and to consider business items relating to the Trust as the Trustees see fit.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Management (continued)

There are two committees of the Trustees. The principal role of the Grants and Development Committee is to develop the Trust's business (charitable activity) reporting to and making recommendations to the full Trustee Board, which approves all grants.

The Finance and Administration Committee is responsible for the Trust's financial and administrative affairs, reporting to and making recommendations to the full Trustee Board.

Day-to-day management of the Trust is delegated to the Director who works part-time for the Trust and has a direct line of communication with the charity's Trustees.

Key management and personnel

The Trustees consider that they together with the Director comprise the key management of the Trust in charge of directing and controlling, running and operating the Trust on a day-to-day basis.

None of the Trustees are remunerated for their services to the Trust. The remuneration of the Director is determined with reference to an annual appraisal undertaken by the Chairman of the Board and the Chairman of the Finance and Administration Committee in consultation with the full Board of Trustees.

Advisors to the Trust

No new advisors were appointment to the Trust in 2018-19 although the Trust continues to bring guest speakers to its committee and trustee meetings as part of its consultation and outreach efforts.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and 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 period which give a true and fair view of the state of affairs of the charitable company and of 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;

STATEMENT OF TRUSTEES' RESPONSIBILITIES (continued)

- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping proper 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.

Each of the Trustees confirms that:

- so far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Signed by order of the Board of Trustees

Clare Brooks
Secretary

Date: 29 April 2020

Independent auditor's report to the members of London Chamber of Commerce and Industry Commercial Education Trust

Opinion

We have audited the financial statements of London Chamber of Commerce and Industry Commercial Education Trust (the 'charitable company') for the year ended 30 September 2019 which comprise the statement of financial activities, the balance sheet 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 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 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.

Other information

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

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

We have nothing to report in this regard.

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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Report of the Trustees 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

The 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.

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP
130 Wood Street
London
EC2V 6DL

29 April 2020

Statement of financial activities (including income and expenditure account)
Year to 30 September 2019

	Notes	Unrestricted funds	
		2019 £	2018 £
Income from:			
Investments		193,860	151,595
Bank interest receivable		337	228
Total income		194,197	151,823
Expenditure on:			
Raising funds		44,723	40,625
Charitable activities			
. Advancement of commercial education	1	232,570	274,171
Total expenditure		277,293	314,796
Net expenditure before investment gains (losses)		(83,096)	(162,973)
Net realised and unrealised gains on investments	8	174,491	66,879
Net income (expenditure) and net movement in funds		91,395	(96,094)
Reconciliation of funds			
Balances brought forward at 1 October 2018		7,113,053	7,209,147
Balances carried forward at 30 September 2019		7,204,448	7,113,053

All recognised gains and losses are included in the above statement of financial activities.

All of the Trust's activities derived from continuing operations during the above two periods of report.

Balance sheet 30 September 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	5		7,160,941		7,116,164
Current assets					
Debtors	6	4,294		7,004	
Cash at bank and in hand		110,922		142,832	
		115,216		149,836	
Liabilities					
Creditors: amounts falling due within one year	7	(71,709)		(152,947)	
Net current assets (liabilities)			43,507		(3,111)
Total net assets			7,204,448		7,113,053
The funds of the Trust:					
Unrestricted funds	8		7,204,448		7,113,053

The principal accounting policies and notes on pages 19 to 22 form part of these financial statements.

Approved and authorised for issue by the Board of Trustees on and signed on its behalf by:

David Coughtrie

Chairman

Date: 29 April 2020

Company Registration No: 2419257

Robin Booth

Trustee

Principal accounting policies 30 September 2019

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 30 September 2019 with comparative information provided for the year to 30 September 2018.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, Update Bulletin 1 issued on 2 February 2016, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

No significant accounting estimates were required or made by the Trustees in the preparation of the financial statements. With regards to significant judgements, as disclosed in notes 9 and 10 to the financial statements, the Trustees consider that The London Chamber of Commerce and Industry (the “Chamber”) is the charity’s ultimate parent undertaking, but the Chamber is not able to exercise control by virtue of the fact that the Chamber, whilst able to nominate trustees to the Trust’s board, is unable to remove any trustees from their post once appointed.

The full impact of the recent global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the Trust’s activities, beneficiaries, funders, suppliers and the wider economy. In particular the value of the listed investments (see note 5) is subject to a greater degree of uncertainty and volatility after the balance sheet date.

As set out in these accounting policies under “going concern”, the trustees have considered the impact of the pandemic on the charity and have concluded that although there may be some negative consequences, it **remains** appropriate for the charity to continue to prepare its accounts on the going concern basis.

Assessment of going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income in the main comprises the income earned on the charity's listed investments and interest on cash deposits. Investment income is recognised on an accruals basis in line with the charity's entitlement to the income.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and stated inclusive of irrecoverable VAT.

Expenditure comprises the following:

- a. The cost of raising funds including the fees payable to investment managers in connection with the management of the charity's listed investments.
- b. The cost of charitable activities which are the costs incurred in achieving the charity's primary charitable purposes of advancing commercial education, principally through grant-making, support of research projects, publications, convening and communication activities. Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all related conditions. Grants approved but not paid at the end of the financial year are accrued for. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued for but are noted as financial commitments in the notes to the accounts.

Expenditure recognition (continued)

The cost of charitable activities also includes indirect support costs and governance costs. Indirect charitable expenditure comprises costs necessary to carry out the primary purpose of the charity including staff costs, computer support, telephone and insurance costs. Such costs include amounts expended on central office functions, general management and administration. Governance costs include the costs of governance arrangements relating to the general running of the Trust. These activities provide the governance infrastructure which allows the Trust to operate and to generate the information required for public accountability.

Fund accounting

Unrestricted funds represent general funds available for use at the discretion of the Trustees in furtherance of the general objectives of the Trust.

Investments

Listed 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 bid price.

The charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Gains (or losses) arising due to changes in the rates of foreign exchange between the date of entering the foreign exchange transaction and either the settlement date or balance sheet date (whichever is earlier) are credited (or debited) to the statement of financial activities.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Operating leases

Payments in respect of operating leases are charged to the SoFA on a straight-line basis over the term of the lease.

Statement of cash flows

The financial statements do not include a statement of cash flows because the charity is considered a small charity and is therefore exempt from the requirement to prepare such a statement under the Charities SORP FRS 102 Update Bulletin 1.

1 Advancement of commercial education

During the year the following grants were made. Further details pertaining to the purpose of each grant are discussed within the Trustees' report.

	2019 £	2018 £
Grants:		
Action Through Enterprise	14,910	8,090
Ark (Absolute Return for Kids)	19,420	—
Enabling Enterprise	25,000	—
Future First	29,510	—
Peter Jones Foundation	25,000	—
The Prince's Trust	26,810	—
Royal Academy of Engineering	(5,839)	—
Teambuild Association	500	500
Education and Employers Charity	—	6,000
Future Frontiers	—	19,003
Nottingham University Business School	—	25,000
The Worshipful Company of World Traders Charitable Trust	—	20,000
Semta	—	17,500
Young Enterprise	—	25,000
	135,311	121,093
Research projects:		
Prue Huddleston	(1,914)	19,500
UCL/Institute of Education	—	25,000
	(1,914)	44,500
Grants and Research	133,397	165,593
Publication <i>Lost in Transition</i>	—	4,850
Publication <i>Future-Proofing the Next Generation</i>	2,296	—
Convening and Events		
CET Annual Lecture	10,918	3,152
Commercial Education Gathering	1,461	—
Support and governance costs (note 2)	84,498	100,576
	232,570	274,171

	2019 £	2019 £	2018 £	2018 £
Grants and research outstanding as at 1 October		112,252		88,580
Grants and research offered during the year	141,150		165,593	
Grants subsequently not taken up	(7,753)		—	
		133,397		165,593
		245,649		254,173
Grants and research paid in the year		(201,426)		(141,921)
Grants and research outstanding as at 30 September		44,223		112,252

2 Support and governance costs

	2019 £	2018 £
Support costs	31,175	26,896
Auditor's remuneration	7,565	7,380
Legal and professional fees	13,466	18,069
Trustees' expenses	419	373
Other costs (includes re-branding and website costs)	31,873	47,848
	84,498	100,576

3 Staff costs and the remuneration of key management personnel

Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	43,960	38,800
Social security costs	590	206
Pension costs	2,639	594
	47,189	39,600

The average number of employees and Directors for the year ended 30 September 2019 was two (2018 – two).

Key management personnel

The remuneration of key management personnel for the year ended 30 September 2019 was £35,667 (2018 - £34,048).

None of the Trustees received any remuneration during the year (2018 - £nil). Four of the Trustees received expenses amounting to £419 (2018 - £373 to two Trustees). These amounts included meetings and travel expenses incurred by the Trustees on behalf of the Trust.

In addition, the charity purchased Directors and Officers indemnity cover to protect Trustees from claims arising from negligent acts, errors or omissions occurring whilst on charity business. The insurance cost was £2,058 (2018 - £2,138).

4 Net income/ (expenditure) and net movement in funds

This is stated after charging:

	2019 £	2018 £
Auditor's remuneration		
Statutory audit services	7,565	7,380
Other services	—	180
	7,565	7,560

5 Fixed assets investments

	2019 £	2018 £
Market value of listed investments portfolio at 1 October	6,646,137	6,693,026
Additions at cost	1,145,317	2,830,084
Disposals at book value (proceeds £1,096,488, realised gains £2,462)	(1,094,026)	(2,995,551)
Unrealised gains	172,029	118,578
Market value of listed investments portfolio at 30 September	6,869,457	6,646,137
Cash held by investment managers for reinvestment	171,484	170,027
Cash instruments	120,000	300,000
	7,160,941	7,116,164
Analysed as follows:		
Equities	4,546,930	3,610,282
Fixed interest	1,551,983	2,349,610
Property	407,060	361,085
Alternatives	363,484	325,160
Cash and cash equivalents	291,484	470,027
	7,160,941	7,116,164
Historical cost	6,687,415	6,347,458
Investments that represented over 5% of the total portfolio were as follows:		
iShares FTSE 100 ETF	913,625	949,120
United Kingdom Gilt 2.25% 2023	722,597	843,272
Vanguard Funds Plc S&P 500 Ucits ETF	643,160	—
United Kingdom Gilt 1.75% 2022	500,900	740,351

One consequence of the Covid-19 pandemic has been that world stock markets have experienced significant volatility and falls since the balance sheet date. It is estimated that the market value of the Trust's investments had reduced by £856,360 or 11.96% at the date of approving these accounts.

6 Debtors

	2019 £	2018 £
Accrued investment income	3,062	3,745
Prepayments	1,232	3,259
	4,294	7,004

7 Creditors: amounts falling due within one year

	2019 £	2018 £
Grants payable (note 1)	44,223	112,252
Accruals	27,489	40,695
	71,709	152,947

8 Analysis of total funds

	Balance at 1 October 2018 £	Income £	Expenditure £	Net gains (losses) £	Balance at 30 September 2019 £
General funds					
Realised	6,814,374	194,197	(277,293)	2,462	6,733,740
Unrealised	298,679	—	—	172,029	470,708
Total funds	7,113,053	194,197	(277,293)	174,491	7,204,448

10 Related party transactions

The London Chamber of Commerce and Industry ('the Chamber') is a member of the Trust. The Trust's Memorandum and Articles of Association allow the Chamber to nominate, but not remove, the Trustees and provide that they shall be the directors of the Trust. Under trust and charity law the Directors are required to act in the best interests of the Trust. The Chamber is the ultimate parent undertaking although in the opinion of the Trustees it is not able to exercise control.

Under a service agreement with the Trust, which is reviewed regularly, the Chamber charged the Trust £13,251 during the year for the provision of its services relating to accounting and administration, rent, room hire and registered office (2018 - £16,000).

11 Ultimate controlling party

In the Trustees' opinion there is no ultimate controlling party of the Company other than the Trustees.

12 Post balance sheet events

Prior to the date that the financial statements were approved, the coronavirus (Covid-19) outbreak spread worldwide and caused extensive disruptions to businesses as well as economic activities globally.

The trustees have considered the effects of the pandemic on the charity's operations and have concluded that the impact on them is likely to be manageable in the short-term. Following the advice issued by the UK Government in March 2020 regarding employees working from home and other social distancing measures, the trustees and staff have enacted procedures to facilitate this and have a detailed plan that enables effective operations to continue whilst employees are not physically present in the Trust's offices.

The trustees acknowledge and recognise the potential impact of the Covid-19 pandemic on the future operations of the charity, its beneficiaries, partners and stakeholders and on wider society. The reduced opportunities for scheduled face to face interaction may not impact on the Trust's ability to plan effectively for the medium term but it is anticipated at the current time that the overall financial position of the charity will be adversely affected even if its financial solvency is not threatened.