



THE CLOTHWORKERS' FOUNDATION
(Charity Commission Registration Number 274100)
REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Haysmacintyre LLP

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REPORT OF THE TRUSTEES

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CHARITY COMISSION REGISTRATION NUMBER

274100

COMPANY REGISTRATION NUMBER

1321952

The Trustees present their Report and the financial statements of the Foundation for the year ended 31 December 2019; these have been prepared in accordance with the provisions of the Statement of Recommended Practice (FRS102), *Accounting and Reporting by Charities*, issued in 2015 (the "SORP"). The information on the preceding pages forms part of this report. This report also includes the information required in a Directors' Report and a Strategic Report for the purposes of company law.

HISTORY, OBJECTIVES, ACHIEVEMENTS AND PUBLIC BENEFIT

History

The Clothworkers' Foundation was incorporated in 1977 as a company limited by guarantee; it is a registered charity.

In over 40 years of activity, grants in excess of £140 million have been made by the Foundation and subsidiary trusts to charitable organisations and individuals.

Objects

The objects of the charity are the advancement of such charitable purposes as the Foundation shall from time to time determine.

Aims and Strategies

Main and Small Grants Programmes

The Clothworkers' Foundation aims through its funding to provide public benefit by improving the lives of people and communities, particularly those that face disadvantage.

It aims to achieve this through two open grants programmes which fund a range of capital projects that meet its eligibility criteria, and which fall within one or more of its specified areas.

Regular Grants Programme

The programme is the Foundation's portfolio of annual grants to a small number of selected charities with which it wishes to maintain an ongoing relationship. It is not an open grants programme.

Proactive Grants Programme

Launched in 2007 and currently featuring five initiatives, the Proactive Grants Programme is not open to funding enquiries or applications. Initiatives are developed following extensive research and consultation with organisations working in the selected sectors.

Social Investment

The Foundation has established a programme of social investment, funded by restricted donations received from The Clothworkers' Company.

REPORT OF THE TRUSTEES

Annual Objectives

The annual objectives of the Foundation are:

- To manage its resources so as to ensure that the budget agreed for charitable grants can be distributed.
- To stimulate a flow of good quality eligible applications for funds that meet its criteria, by setting application guidelines with sufficient clarity to avoid charities wasting valuable resources in preparing submissions that are ineligible.
- To undertake an objective assessment of all applications for grants, appropriate to the scale of support contemplated.
- For the proactive programme, to develop sufficient understanding of the selected areas to allow it to identify particular activities to support and organisations with which to work.
- To maximise public benefit by distributing its income in the most effective way possible.
- To monitor the impact of the grants on the people and communities it seeks to help.
- To identify suitable initiatives for social investment.

Grant-making Policy

The Foundation is a predominantly reactive capital funder for charities and projects meeting its published eligibility criteria. It undertakes a grant-making review every five years, most recently in 2016.

The Foundation's current grant-making activities are as follows:

- An open main grants programme funding capital projects of charities in one or more of the following nine areas: alcohol and substance misuse, people with disabilities, disadvantaged minority communities, disadvantaged young people, domestic and sexual abuse, homelessness, older people, prisoners and ex-offenders, and visual impairment. Only charities with an annual operating income of less than £15 million are eligible to apply.
- An open small grants programme awarding grants of up to £10,000 in the above areas to charities with annual income of less than £1 million.
- A regular grants programme through which a limited number of charities selected by the Foundation receive grants every year, subject to regular review.
- A proactive grants programme, established in 2007, which currently includes five initiatives: conservation, visual impairment in developing countries, dramatic arts, *Better Futures* which aims to help disadvantaged young people in the UK to reach their full potential, and, most recently, a Care Leavers initiative.

Full details of the Foundation's grant-making policy and guidelines are provided on the website (www.clothworkersfoundation.org.uk); they are also published in the Annual Review, a copy of which may be downloaded from the website or obtained from The Clothworkers' Foundation, Clothworkers' Hall, Dunster Court, Mincing Lane, London EC3R 7AH.

Social Investment Policy

The Foundation's intention is to identify initiatives which are suited to a 'social investment' approach; these would be complementary to existing grant making activities, and would be expected to fall within the existing programme areas.

The Clothworkers' Company has provided total funding of £0.75 million for this programme.

REPORT OF THE TRUSTEES

Recent Significant Activities and Achievements

Grants totalling £7.59 million (297 in number) were committed during the year, across the various programmes.

Through these programmes, the Trustees consider that the Foundation provides public benefit by focusing resources in areas of greatest need, and in accordance with its objectives.

- ***Open grants programme***

The majority of grant funding was made under the main grants programme, with £4,009,250 committed during the year to capital projects.

Further commitments of £1,219,250 were made under the small grants programme, under which grants of up to £10,000 are made to capital projects for smaller charities, and up to £15,000 in the case of funding for minibuses.

- ***Regular grants programme***

The Foundation continued to award annual grants to a small number of selected charities under the Regular Grants Programme which does not accept applications. Commitments totalling £380,000 were made during 2019.

- ***Textiles***

Historically, the Foundation has joined with The Clothworkers' Company in supporting the sector in which their historic roots lie; this support has included bursaries for students (predominantly post-graduates), industry placements, internships and awards for excellence. However, since 2018, further support for textiles has been provided solely by The Clothworkers' Company, although previous commitments made by the Foundation are being honoured.

- ***Proactive initiatives***

Care Leavers: this is the newest proactive initiative. Its aim is broadly to support organisations and projects that help young people leaving the care system to transition successfully to adulthood and to be the best they can be.

The Care Leavers initiative will partner with organisations that work towards ensuring positive outcomes for young care leavers.

Its focus is on education, training and employment for care leavers; and standardised professional training for people working with and for care leavers.

During 2019, a grant was awarded to:

- BECOME - £530,000 to pilot a Personal Advisor training project over five years from 2020 in two English Local Authorities (Lewisham in South East London, and Sunderland).

Conservation: this initiative is primarily concerned with ensuring that conservation skills identified as endangered do not die out. The initiative has been running since 2008 and has been allocated £2.5 million to date. It was evaluated externally in 2015. The proactive Conservation initiative has been a success, and the last 12 years have seen the Foundation make an important contribution to the sector. However, with all funds committed in 2019, the Trustees agreed that the initiative should not be extended beyond the end of the year.

REPORT OF THE TRUSTEES

Visual impairment in developing countries: this initiative was launched in 2012 with an initial allocation of £0.375m. Following a tender process, a single grant of £366,000 was awarded to Vision Aid Overseas for a five-year eye care project in Sierra Leone.

The Trustees subsequently agreed a further allocation of £0.75m over a period of up to five years from 2017. This has now been committed through a grant of £410,000 to Orbis in 2017 for a project which will aim to eliminate trachoma in specified regions of Ethiopia, and a further £350,000 grant to Vision Aid Overseas in 2018 which builds on the previous 2012 project. All funds for this initiative have now been committed.

Better Futures: this initiative was set up in 2013 as a response to the 2011 riots and to the socio-economic climate felt by many to have been a root cause. With an initial £1.25 million allocation, its overarching aim was (and is) to help young people from disadvantaged backgrounds to reach their full potential.

In 2017, nfpSynergy was engaged to undertake an independent external evaluation of *Better Futures*, which found that it had met its objectives. Based both on the nfpSynergy conclusions, and on the Foundation's own internal assessment of the seven projects it had funded, *Better Futures* was extended by three years from 2019 with a new £1.25m allocation.

During 2019, grants were awarded to:

- Stephen Lawrence Trust - £301,000 to run the Pathways to Professions programme based around employability workshops, mentoring, work experience, inspirational talks and support in accessing job opportunities in deprived areas of Birmingham, London, and Manchester.
- Leap Confronting Conflict - £225,000 over three years to expand delivery of the Improving Prospects education programme which provides high impact training and development support in deprived North London Boroughs, using a proven model, to support young people who are struggling with destructive conflict.
- Making the Leap - £176,000, a further grant for a skills training and employment opportunities project in North West London.
- ReachOut - £150,000 over three years to run six new projects a year aimed at ensuring ongoing participation amongst the most difficult to engage disadvantaged young people in three secondary schools in deprived East London Boroughs.
- One in a Million - £177,500, a further grant for an out-of-schools arts and sports programme in deprived areas of Bradford.

Dramatic Arts: this initiative was allocated £1.25 million over five years from 2014. It focuses on excellence in the dramatic arts, and on mainstream provision, and has two strands: an annual Clothworkers' Theatre Award of up to £150,000 which concentrated on the English regions (excluding London); and full bursaries for students from economically disadvantaged backgrounds to study at the Royal Academy of Dramatic Arts or the London Academy of Music and Drama.

With all funding for the Dramatic Arts initiative allocated, an independent external evaluation was undertaken by Sam-Culture in 2019. Based on the findings of the evaluation, the Dramatic Arts initiative has been extended with a new £1m allocation from 2020.

REPORT OF THE TRUSTEES

- ***Clothworkers' Charity Fund (previously Livery Fund – see below) programme***

Three grants were also awarded from the Clothworkers' Charity Fund (which does not accept applications), a sub-fund which receives donations from members of The Clothworkers' Company, and which are matched by the Company itself. Commitments for 2019 totalled £0.096 million.

Details of grants of £25,000 or more are published in the Annual Review, and case studies on selected projects are featured on the Foundation's website (www.clothworkersfoundation.org.uk). The website (which was relaunched in 2018) also has a facility for checking eligibility criteria; this helps charities to avoid making applications which are likely to be rejected.

- ***Social investment activities***

During the year a commitment of £0.2 million has been made to the CAF Venturesome Development Fund.

Support is also being provided for the Stepping Stones Finance Facility, although no commitments have been made to date.

- ***Governance Review***

During 2019, the Trustees established a working group to review the Foundation's governance. This working group was informed by the Charity Governance Code published by the Charity Commission; among other things, the working group has sought to reflect guidance for charities who have a non-charity connection (i.e. the Foundation's link to The Clothworkers' Company).

Recommendations covering a range of issues (including Board composition, delegation, effectiveness of Board meetings, and diversity) were considered by the Board, and will be implemented in 2020.

Future Plans

The Trustees are aware of their responsibility to ensure that the Foundation's charitable support remains focused, and to build on the priorities adopted during periodic reviews of grant-making policy. Accordingly, during 2020 they plan to:

1. Begin groundwork for the next grant-making review;
2. Implement Proactive Dramatic Arts phase II (further £1m allocation);
3. Award final grant(s) in the Proactive Better Futures (II) initiative;
4. Seek further social investment opportunities.
5. Implement recommendations from governance review.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Membership

The Clothworkers' Company is the sole member of the Foundation.

REPORT OF THE TRUSTEES

Recruitment and Induction of Trustees

The Board of Trustees comprises between eight and fifteen individuals, drawn from the Court and Livery of the Company, who have a wide range of pertinent experience and qualifications. The Company's objective is for the Foundation to have a board of Trustees which is balanced as to age and skills, capable of formulating the policies and strategies of the Foundation, and able to provide direction to the Chief Executive and his staff on the conduct of its affairs. All Trustees are expected to be conversant with their responsibilities.

On their appointment, new Trustees are provided with a detailed induction package, including a copy of the Policy and Procedures Manual of the Foundation, which is a compilation of the key regulations, administrative arrangements, and codes of conduct by which the Foundation operates. Trustees must retire no later than the July following their 70th birthday.

Presentations are regularly made to the Trustees on topical issues by charities operating in key spheres of the Foundation's charitable activity.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of The Clothworkers' Foundation for the purposes of company law) are responsible for preparing the Trustees' 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 contained within 'Accounting and Reporting by Charities – Statement of Recommended Practice' (the SORP).
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards 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 business.

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 which 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.

So far as each of the Trustees is aware, there is no relevant information that has not been disclosed to the Foundation's auditors and each of the Trustees believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Foundation's auditors have been made aware of that information.

REPORT OF THE TRUSTEES

Public Benefit

The Trustees confirm that they have paid due regard to the guidance of the Charity Commission in respect of public benefit in reviewing aims and objectives, and in planning future activities, setting grant-making policies and awarding grants.

Committees of the Board of Trustees

The Board of Trustees has delegated specific duties to a number of standing committees which deal with operational matters:

Grants Committee:	For assessment of grant applications under the main and regular programmes
Small Grants Committee:	For assessment of grant applications under the small grants programme
Proactive Grants Committee:	For formulating proposals for new areas of grant-making under the proactive programme - and for assessing grants to be made in such areas, once determined
Finance, Investment and General Purposes Committee:	For financial and investment strategy/management and general matters

There is also a Clothworkers' Charity Fund Committee which determines grants to be made from the Clothworkers' Charity Fund.

Decision-making Processes

Trustees' meetings are held four times each year. The business of these meetings is, broadly, to develop strategy, to set and monitor objectives, and to consider reports and recommendations from the standing committees referred to above.

The standing committees are permitted to make decisions on operational matters within the policies previously agreed by the Trustees; their duties are laid down in the policy and procedures manual. In particular, grants of up to £25,000 may be approved by the relevant committee.

Committees have the ability to form sub-committees to deal with more detailed matters and for taking decisions in accordance with delegated authorities agreed by the Trustees. Currently, there are three standing sub-committees, all of which report to the Finance, Investment and General Purposes Committee: Budget, Risk and Audit, and Social Investment.

The duties of these sub-committees reflect their areas of specialism. In particular, the Budget Sub-Committee recommends the annual budget, and undertakes detailed monitoring of the budget throughout the year. The principal duties of the Risk and Audit Sub-Committee are as follows: to determine the nature and scope of the audit, request specific investigations from the auditors from time to time, and consider any issues arising therefrom; to ensure that the assets and funds are accounted for and safeguarded; to ensure that adequate financial controls are maintained; to monitor compliance in all respects; and to review risk exposure and ensure that appropriate steps are taken to mitigate risks.

REPORT OF THE TRUSTEES

Risk Assessment – Principal Risks and Uncertainties

The major risks to which the Foundation is exposed, as identified by the Trustees, have been reviewed, and systems have been established to manage those risks; this process is overseen by the Risk and Audit Sub-Committee. In particular, risk is an important component of the budgeting process.

Accordingly, the Foundation has established prudent investment and spending policies. Most of its general income is derived from its listed investment portfolio, or as a donation from The Clothworkers' Company, the latter being ultimately derived from listed and property investments. The policy is to spend all available income, subject to reserving requirements.

Although the Foundation has received a significant annual donation from The Clothworkers' Company for many years, there is no contractual entitlement to such funds. Accordingly, there is no assurance that these donations will continue, although the Company has not given any indication of a change in policy.

The Trustees consider that, since the nature of the Foundation's grant-making activity involves very little by way of un-accrued future commitments, it is unlikely that any unplanned reduction in funds available for grants would have an impact on beneficiaries to whom commitments have already been made. Furthermore, the maintenance of general reserves allows commitments to be fulfilled in a timely fashion.

However, it is recognised that the recent economic downturn, and continuing public spending reductions, have necessarily exerted some pressure on the finances of many charities. Accordingly, as in previous years, the Foundation seeks, through its assessment and monitoring procedures, to ensure that its funds are deployed in a manner most likely to achieve advancement of its charitable objectives.

Connected Charities and Restricted Funds

Until 2013, The Clothworkers' Foundation was the corporate trustee of three Trusts and of The Clothworkers' Foundation Common Investment Fund (the CFCIF). In that year, with the concurrence of the Charity Commission, the assets of the three Trusts were transferred to the Foundation, to be held as restricted funds of the Foundation going forward, and the CFCIF was liquidated.

The Trustees continue to apply the income and assets contained within the three restricted funds in accordance with the trust deeds of the three liquidated Trusts.

Further information about the transfer and the restricted funds is contained within notes 1(i)(a) and 17.

Related Party Transactions

The Clothworkers' Foundation is a related party of The Clothworkers' Company and its subsidiary companies. The Clothworkers' Company is a City of London Livery Company. Further details of related parties, and any associated transactions, are disclosed in note 19.

The policy of the Foundation, in respect of potential related party transactions involving Trustees, is to avoid any conflicts of interest. Accordingly, when a Trustee has a material interest in any matter being considered by the Foundation, that Trustee does not participate in the decision-making process. Furthermore, where a potential conflict of interest arises such that the conflicted member has the power to significantly alter the policies or decisions of the Foundation, such potential conflicts are disclosed in note 19.

REPORT OF THE TRUSTEES

FINANCIAL REVIEW AND PERFORMANCE

Investment Policy

The Foundation seeks to maximise the total return on its portfolio, within the constraints imposed by the need to control risk.

The assets of the Foundation (incorporating those of the three liquidated Trusts) are allocated in accordance with the results of an investment strategy review, conducted in 2016, and implemented in 2017. The adopted asset allocation seeks to achieve diversification and hence enhance risk control, and encompasses UK equities, overseas equities, emerging market equities, fixed interest and commodities; there is also one direct property holding. This allocation is managed in conjunction with two managers and, excepting the direct property investment, the entire portfolio is held in the form of unitised investments.

The primary strategic long-term investment objective is the requirement that the overall investment portfolio should perform in accordance with the FTSE All-Share Index. In addition, there is a secondary objective that the portfolio should maintain its value in real terms over time, as measured by the Retail Price Index.

The Foundation uses the income arising from the portfolio in furtherance of its charitable objectives, and those of its restricted funds. It also considers the capital return earned on its portfolio, and any further endowment donations received, and is prepared to utilise some of its expendable endowment to support current grant-making if it is considered appropriate to do so.

Funds of the Foundation and Reserves Policy

The net assets of the Foundation are divided between 'restricted funds' and 'unrestricted funds' as set out below:

- **Restricted Funds**

Permanent Endowment Fund: this fund totals £57.36 million (2018: £50.78 million) and represents donations received which were subject to a condition requiring their permanent retention as an endowment. Income arising is credited to the General Fund.

Expendable Endowment Fund: this fund totals £32.08 million (2018: £27.05 million) and represents donations received which were subject to a condition requiring their retention as an endowment, but allowing the Trustees to spend the fund in accordance with the Foundation's objects if they so decide. Income arising is credited to the General Fund.

Members' Endowment Fund: this fund totals £0.26 million (2018: £0.21million) and represents donations received from members of the Livery of The Clothworkers' Company, which were subject to a condition requiring their retention as an endowment. Income arising is credited to the Livery Fund.

Social Investment Fund: this fund totals £0.75 million (2018: £0.75 million) and was established during 2017, following the receipt of an initial donation from The Clothworkers' Company, which was subject to a restriction that it be used for social investment; the Company made a further donation during 2018. During 2019, the Trustees have made a commitment of £150,000 to the CAF Venturesome Fund, and plan to make further commitments during 2020.

REPORT OF THE TRUSTEES

Other restricted funds: there are three further restricted funds totalling £48.80 million (2018: £43.29 million) which represent the capital of three Trust funds transferred to the Foundation in 2013 (see above). The income arising on these three funds is used to fund grants which correspond with the objects of the three Trust funds; however, the capital is currently retained to act as an endowment.

- Unrestricted Funds

Designated Capital Fund: this fund totals £88.67 million (2017: £78.50 million) and was established in 1996 to represent the capital of the Foundation at that time (see Note 1(j)), and to act as a fund to generate income for the benefit of future beneficiaries. It is the intention of the Trustees to continue to maintain this fund going forward, although income arising is credited to the General Fund.

Clothworkers' Charity Fund: this Fund was established in 2005 as the 'Livery Fund' to receive donations from members of the Livery of The Clothworkers' Company; it was renamed during 2019. All such donations (other than those credited to the Members' Endowment Fund – see above) are used to fund grants to charities selected by the Livery Charity Committee of the Foundation. The balance at 31 December 2019 was £32,978 (2018: £13,067).

Designated Proactive Grants Fund (DPGF): this fund was created in 2019. All commitments made under the various proactive grants programmes are debited to the fund. Each year, a fixed amount of income is transferred from the General Fund (see below), the amount being set at a level which represents the expected long-term average annual commitment to proactive grants. Consequently, over the long-term, it is expected that total income credited to the DPGF will be equal to total commitments. However, in years when cumulative commitments exceed cumulative income, the resulting negative fund balance is offset by a short-term loan from the Expendable Endowment Fund.

General Fund: this fund is credited with all income arising, excepting amounts credited to the Clothworkers' Charity Fund, or restricted funds, as set out above. It is the intention of the Trustees to distribute all such income each year, subject only to the agreed general reserves policy, as described below.

- General Reserves Policy: during 2019, the Trustees reviewed the level of the General Fund. The previous policy was for the balance on the Fund to be set at the level of 15% (+/- 2%) of anticipated (General Fund) income for the year. After due consideration, the Trustees decided that it would be appropriate to continue to maintain the size of the General Fund at this level, in order to allow the Foundation to fulfill its commitments in a timely fashion.

At 1 January 2019, the balance on the General Fund totalled £0.28 million which was equivalent to 5% of total (General Fund) income, as explained above; during 2019, the balance on the General Fund increased to £0.53 million which was equivalent to 9% of total (General Fund) income. The Trustees intend to restore general reserves to their policy level during 2021/22.

Income

Total income in 2019 was £9.73 million (2018: £21.25 million), of which £4.10 million (2018: £16.92 million) was a donation from The Clothworkers' Company. Of this donation, £2.0 million (2018: £14.42 million) was subject to a restriction that it be used as an expendable endowment (see note 1(g)). Donations of £0.11 million (2018: £0.09 million) were also received into the Clothworkers' Charity Fund (previously Livery Fund - (see note 1(k)), and £0.02 million (2018: £0.02 million) was credited to the Members' Endowment Fund (see note 1(h)).

REPORT OF THE TRUSTEES

Expenditure

Grants to charitable organisations totalling £7.59 million (2018: £6.46 million) were committed during the year (see note 6), which included the recommitment of cancelled and returned grants accrued in earlier years, totalling £0.24 million (2018: £0.18 million). Details of grants made, in excess of £10,000, are published in the Annual Review, and on the Foundation's website (www.clothworkersfoundation.org.uk).

Total expenditure during the year, excluding grants, was £0.83 million (2018: £0.76 million), of which the cost of generating funds totalled £0.20 million (2018: £0.19 million).

Investment Performance

The disposition of assets is shown below:

	2019 %	2018 %
UK equity units	32	34
Overseas equity units	33	28
Emerging markets units	9	9
Fixed interest units	5	6
Commodities units	2	2
Direct freehold property	18	20
Uninvested cash	1	1
	<u>100</u>	<u>100</u>

Over the course of 2019, after allowing for new funds received, the Foundation's investment assets (excluding property) earned a total return of 19.1%. The FTSE All-Share Index, against which the Fund benchmarks itself, increased by 19.2%, whilst RPI increased by 2.2%.

POST BALANCE SHEET EVENT - COVID-19 LOCKDOWN

In March 2020, following the emergence of the Covid-19 virus and subsequent pandemic, a lockdown was imposed which has had a significant negative impact on economic activity.

The effect for the Foundation has been to reduce valuations of investment assets; income will also be adversely affected in 2020 and possibly 2021. However, the Foundation's substantial asset base means that it is well-placed to withstand these effects and, consequently, there is no impact on its financial position as reported at 31 December 2019.

In response to the crisis and its impact on many charities, the Trustees set up an Emergency Response Fund in March 2020, to augment the Foundation's ability to provide essential relief and support.

AUDITORS

Haysmacintyre have signified their willingness to continue in office as auditors.

Alex Nelson
Chairman



Clothworkers' Hall
Dunster Court
Mincing Lane
London EC3R 7AH
25 June 2020

INDEPENDENT AUDITORS' REPORT TO THE SOLE MEMBER

Opinion

We have audited the financial statements of The Clothworkers' Foundation for the year-ended 31 December 2019 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Statement of Financial Position, the Cash Flow Statement 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 31 December 2019 and of the charitable company's net movement in funds, including the 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 7-8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.

INDEPENDENT AUDITORS' REPORT TO THE SOLE MEMBER (continued)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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 (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report (included within the Trustees' Annual Report) have 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 Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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 by the charitable company; or
- the 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.

Use of our report

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


Andrew Broome (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP
Chartered Accountants
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

30th October 2020

THE CLOTHWORKERS' FOUNDATION
YEAR ENDED 31 DECEMBER 2019
STATEMENT OF FINANCIAL ACTIVITIES

		Unrestricted Funds (note 13)		Restricted Funds (notes 14, 15, 16)		Total	Total
		General, Clothworkers' Charity & Designated Proactive Grants (notes 1k, 1l,1m)	Designated Capital (note 1j)	Endowments (notes 1f, 1g,1h)	Other (note 1i)		
	Notes	2019	2019	2019	2019	2019	2018
		£	£	£	£	£	£
INCOME							
Donations	2	1,353,564	-	2,812,917	-	4,166,481	16,972,668
Rental income		1,567	-	-	433	2,000	2,000
Investment income	3	4,305,430	-	-	1,187,590	5,493,020	4,258,381
Deposit interest and other income		63,694	-	-	-	63,694	21,637
Total Income		5,724,255	-	2,812,917	1,188,023	9,725,195	21,254,686
EXPENDITURE							
Costs of generating funds	4	(6,019)	(75,414)	(74,992)	(41,487)	(197,912)	(188,696)
Charitable activity:							
Grants to charitable organisations	6	(6,632,550)	-	-	(723,800)	(7,356,350)	(6,278,238)
Support costs	7	(634,459)	-	-	-	(634,459)	(568,821)
Costs of grant-making		(7,267,009)	-	-	(723,800)	(7,990,809)	(6,847,059)
Total Expenditure		(7,273,028)	(75,414)	(74,992)	(765,287)	(8,188,721)	(7,035,755)
Operating (deficit)/surplus		(1,548,773)	(75,414)	2,737,925	422,736	1,536,474	14,218,931
Transfers	5	1,816,500	-	(1,265,500)	(551,000)	-	-
Gains /(losses) on investments:							
- realised	8	-	440,160	437,696	242,144	1,120,000	268,151
- unrealised	8	-	9,805,855	9,632,972	5,512,458	24,951,285	(11,854,298)
Net income		267,727	10,170,601	11,543,093	5,626,338	27,607,759	2,632,784
Fund balances brought forward at 1 January		293,525	78,500,373	78,046,514	44,038,816	200,879,228	198,246,444
Fund balances carried forward at 31 December		561,252	88,670,974	89,589,607	49,665,154	228,486,987	200,879,228

The Statement of Financial Activities incorporates the Statement of Income.
All income and expenditure is derived from continuing operations.

The notes on pages 20 to 31 form part of these accounts.

THE CLOTHWORKERS' FOUNDATION
YEAR ENDED 31 DECEMBER 2019
SUMMARY INCOME AND EXPENDITURE ACCOUNT

	2019 £	2018 £
Total income of continuing operations	6,912,278	6,820,410
Total expenditure of continuing operations	(8,113,729)	(6,972,013)
Net expenditure for the year	<u>(1,201,451)</u>	<u>(151,603)</u>

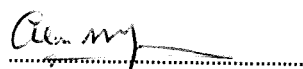
The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 16 which, together with the notes to the accounts on pages 20 to 31, provides full information on the movements during the year of all the funds of the Foundation.

THE CLOTHWORKERS' FOUNDATION
YEAR ENDED 31 DECEMBER 2019

STATEMENT OF FINANCIAL POSITION

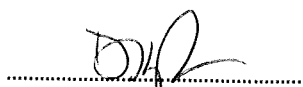
Company No. 1321952		2019		2018	
	Notes	£	£	£	£
FIXED ASSETS					
Investments at market value:					
Listed investments	8	184,185,403		157,086,246	
Freehold property	8	41,500,000		40,200,000	
Uninvested cash	11	2,606,081		2,142,466	
		<u>228,291,484</u>		<u>199,428,712</u>	
Social investments	9	150,000		-	
CURRENT ASSETS					
Debtors	10	321,014		105,338	
Cash at bank and on deposit	11	6,121,746		6,034,656	
		<u>6,442,760</u>		<u>6,139,994</u>	
CREDITORS					
Amounts falling due within one year	12	(5,678,057)		(3,809,741)	
NET CURRENT ASSETS					
		<u>764,703</u>		<u>2,330,253</u>	
		<u>229,206,187</u>		<u>201,758,965</u>	
CREDITORS					
Amounts falling due after more than one year	12	(719,200)		(879,737)	
NET ASSETS					
	18	<u>228,486,987</u>		<u>200,879,228</u>	
RESTRICTED FUNDS					
Permanent Endowment Fund	1(f), 15, 18	57,364,446		50,783,317	
Expendable Endowment Fund	1(g), 15, 18	32,079,835		27,050,244	
Members' Endowment Fund	1(h), 15, 18	263,316		212,953	
Social Investment Fund	1(i), 16, 18	750,000		750,000	
Other restricted funds	1(i), 17, 18	48,797,164		43,288,816	
UNRESTRICTED FUNDS					
Designated Capital Fund	1(j), 14, 18	88,670,974		78,500,373	
Clothworkers' Charity Fund	1(k), 14, 18	32,978		13,067	
Designated Proactive Grants Fund	1(m), 14, 18	-		-	
General Fund	1(l), 14, 18	528,274		280,458	
TOTAL FUNDS					
		<u>228,486,987</u>		<u>200,879,228</u>	

The notes on pages 20 to 31 form part of these accounts.


.....
Alex Nelson

Chairman of The Clothworkers' Foundation

25 June 2020


.....
Denis Clough

Chairman of the Finance, Investment
and General Purposes Committee

25 June 2020

THE CLOTHWORKERS' FOUNDATION
YEAR ENDED 31 DECEMBER 2019

CASH FLOW STATEMENT

		2019		2018	
	Notes	£	£	£	£
Net cash (outflow) from operating activities	13		(5,151,161)		(3,377,957)
Cash flows from investing activities					
Investment income receipts		5,301,127		4,072,976	
Rental and interest income		65,694		23,637	
Purchases of investments		(15,437,872)		(16,084,140)	
Sales of investments		12,960,000		3,555,890	
Net cash inflow/(outflow) from investing activities			2,888,949		(8,431,637)
Cash flows from financing activities					
Endowment donations received		2,812,917		14,424,638	
(Increase) in cash awaiting investment		(463,615)		(1,720,620)	
Net cash inflow from financing activities			2,349,302		12,704,018
Increase in cash and cash equivalents			87,090		894,424

ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	Managed funds	Cash at bank	Total
	£	£	£
At 1 January 2018	2,201,755	2,938,477	5,140,232
Net cash inflow/(outflow)	2,304,792	(1,410,368)	894,424
At 31 December 2018	4,506,547	1,528,109	6,034,656
Net cash inflow/(outflow)	548,555	(461,465)	87,090
At 31 December 2019	5,055,102	1,066,644	6,121,746

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value and in accordance with applicable accounting standards. They are prepared in accordance with the requirements of the revised Statement of Recommended Practice, *Accounting and Reporting by Charities (FRS102)*, issued by the Charity Commission in 2015. The principal accounting policies adopted are described below and are consistent with previous years.

(b) Investments

Investments are stated at market value and consist of units in listed investment funds, and cash awaiting investment. Gains and losses on the sale and restatement of investments are shown in the Statement of Financial Activities.

(c) Income

Rents, dividend income, deposit interest, loan stock interest and donations are accounted for on a receivable basis.

(d) Costs of generating funds

These are the costs of managing listed, property and cash investments. Investment management fees suffered within fund investments are grossed up, based on the fee rate applied to market value.

(e) Grants to charitable organisations

Grants are accounted for in the year in which a binding obligation arises. Where there is an intention to make a grant which will be payable in a future year, and which is subject to the fulfilment of appropriate terms and conditions, an accrual will not be made unless the conditions have been fulfilled by the balance sheet date, or are dependent on an external event over which the Foundation has no control. However, where all of the conditions have been met, it is the Foundation's policy that such grants are subject to the receipt and review of a satisfactory report before payment can proceed; therefore, no binding obligations will arise in respect of such commitments until the Foundation has confirmed the relevant grant.

Returned and cancelled grants, originally accrued in prior years, are deducted from grant commitments rather than being included within 'incoming resources'.

(f) Permanent Endowment Fund

The permanent endowment has been received by way of donations over a number of years. All such donations have been made subject to a restriction, stipulated by the donors, that the capital should be invested and not distributed. However, the income arising from the invested capital is to be used for general purposes and is, therefore, included in the General Fund. An appropriate proportion of the costs of generating income is charged to this Fund. Also included within this Fund is the capital transferred from the Charity of Margaret Holligrave in 2004 (see note 14).

(g) Expendable Endowment Fund

The expendable endowment has been received by way of donations over a number of years subject to a condition that capital could be retained or distributed as the Trustees determined. The income arising from the invested capital is to be used for general purposes and is, therefore, included in the General Fund. An appropriate proportion of the costs of generating income is charged to this Fund.

1. ACCOUNTING POLICIES (continued)

(h) Members' Endowment Fund

At 1 January 2010, £3,000 was transferred from the Permanent Endowment Fund to a new Members' Endowment Fund. This amount represented certain legacies, lifetime gifts and (non-Livery Fund) donations from members of The Clothworkers' Company, relating to the years 2001 to 2009, plus accumulated capital appreciation. Subsequent endowment donations from such members have also been credited to this Fund; investment income arising from its assets is credited to the Livery Fund. An appropriate proportion of the costs of generating income is also charged to the Members' Endowment Fund.

(i) Other restricted funds

Three restricted funds relate to three previous Trusts which formerly existed as separate charities; a fourth restricted fund is concerned with social investment.

- a. During 2013, the Foundation applied to The Charity Commission for permission to pay the assets of the three Trusts, for which it acted as corporate trustee, to The Clothworkers' Foundation. The transfer was in accordance with section 282 of the Charities Act 2011 and, having gained the consent of the Commission, it took place as at 3 October 2013.

The assets transferred, and the income arising on those assets, are administered by the Foundation as restricted funds, with grants being made to beneficiaries broadly in accordance with the objects and distribution policies of the three original charities (see note 16).

- b. The Social Investment Fund was established in 2017, to which are credited donations received subject to a restriction that they be applied to social investment (see note 15).

(j) Designated Capital Fund

The Designated Capital Fund was set aside in 1996 out of unrestricted funds for the purpose of providing for the furtherance of the charitable aims of the Foundation. The Fund represented the disposal proceeds arising from the sale of a leasehold property investment in 1994, together with the amounts previously retained in recognition of the depreciation of the lease. Although the Fund is not restricted, it is the Trustees' intention to maintain it over the long term in order to generate resources for future beneficiaries. Income arising from the Fund is credited to the General Fund. An appropriate proportion of the costs of generating income is charged to the Designated Capital Fund.

(k) Clothworkers' Charity Fund (previously Livery Fund)

The Livery Fund was established in 2005; it was renamed as the Clothworkers' Charity Fund (CCF) in 2019.

The CCF is made up of regular donations from the membership of The Clothworkers' Company, which are matched by donations from the Company itself. Investment income arising on the Members' Endowment Fund is also credited to the CCF (see note 14).

The income of the Fund is distributed annually; distributions are recommended by the Livery Charity Committee, taking into account preferences expressed by the donors regarding the selected beneficiary charities of the year. In the event of a deficit arising on the Fund, a compensating transfer is made from the General Fund.

(l) General Fund

With the exception of restricted donations, and investment income allocated to the Clothworkers' Charity Fund and restricted funds, all income arising is credited to the General Fund. Expenditure on support costs and governance is charged to the General Fund. The level of grants is determined with reference to the agreed reserves policy.

1. ACCOUNTING POLICIES (continued)

(m) Designated Proactive Grants Fund (DPGF)

The DPGF was established during 2019 in order to provide greater clarity in the reporting of the Proactive grants programme.

A transfer is made to the DPGF each year based upon the average amount to be allocated to proactive grants; this transfer is paid from the General Fund, or restricted funds, as appropriate.

Proactive grant commitments are charged to the DPGF; it is planned that these will match the transfers received, taking one year with another. If a deficit arises on the DPGF in a particular year, this is offset in full by a temporary loan from the Expendable Endowment Fund.

2. DONATIONS

	Unrestricted Funds		Restricted Funds		TOTAL	TOTAL
	General Fund	Clothworkers' Charity Fund	Members' Endowment Fund	Expendable Endowment Fund		
	2019	2019	2019	2019	2019	2018
	£	£	£	£	£	£
The Clothworkers' Company	1,131,098	54,933	10,948	2,791,021	3,988,000	16,801,000
Ramteazle Limited	112,000	-	-	-	112,000	114,000
Member donations	-	54,933	10,948	-	65,881	57,057
Other donations	600	-	-	-	600	611
	1,243,698	109,866	21,896	2,791,021	4,166,481	16,972,668

Member donations are received from members of the Livery of The Clothworkers' Company, including Gift Aid recoveries, and are credited to the Livery Fund or Members' Endowment Fund in accordance with each member's wishes.

3. INVESTMENT INCOME

Investment income arises from units held in various listed investment funds; these funds are invested in UK equities, overseas equities, fixed interest funds, and a commodities fund.

4. COSTS OF GENERATING FUNDS

The cost of generating funds consists of listed investment management fees and investment property management costs; these are charged to the Designated Capital Fund (see note 14), the endowment Funds (see note 15), and some restricted Funds (see note 17) in proportion to the investment holdings of each fund.

Some additional fees are also incurred in respect of the Foundation's cash management service; these are charged to income (General Fund – see note 14).

5. TRANSFERS

The following transfers were made during the year:

	Expendable Endowment Fund	General Fund	Designated Proactive Grants Fund	Education (restricted fund)	Relief in Need (restricted fund)
	£	£	£	£	£
Funding for proactive grants programme	-	(249,000)	800,000	(176,000)	(375,000)
Temporary transfer	(1,115,500)	-	1,115,500	-	-
Trustee decision	(150,000)	150,000	-	-	-
	(1,265,500)	(99,000)	1,915,500	(176,000)	(375,000)

- Grants commitments made under the Proactive Grants programme are currently funded at the rate of £800,000 p.a. Average annual commitments made from the Designated Proactive Grants Fund are expected to equal this rate of funding over the medium-term.
- A temporary transfer was made from the Expendable Endowment Fund to the Designated Proactive Grants Fund to ensure that the balance on the latter Fund was not negative. This transfer will be reversed in future years.
- The Trustees decided to transfer £150,000 (2018: £150,000) from the Expendable Endowment Fund to the General Fund in order to facilitate a higher level of grant-making.
- During 2018, a transfer of £6,000 was made from the Expendable Endowment Fund (EEF) to the General Fund, based on listed portfolio valuation, in order to supplement investment income receipts; there was no such transfer in 2019.

6. CHARITABLE GRANTS

	2019 £	2018 £
Proactive programmes:		
Better Futures	1,091,750	55,120
Care Leavers	666,000	647,000
Conservation	129,750	194,800
Dramatic Arts	28,000	150,000
Visual Impairment in developing countries	-	350,000
	1,915,500	1,396,920
Alcohol and Substance Misuse	145,000	34,700
Domestic and Sexual Abuse	293,400	774,350
Homelessness	427,150	326,100
Minority Communities	630,050	605,600

6. CHARITABLE GRANTS (continued)

Older People	629,000	327,950
People with Disabilities	1,745,600	1,803,900
Prisoners and Ex-Offenders	213,200	122,300
Visual Impairment	221,700	146,800
Young People	1,284,400	816,100
Other	85,000	101,000
Total grant commitments	<u>7,590,000</u>	<u>6,455,720</u>
Returned /cancelled grants	(233,650)	(177,482)
Total grants	<u><u>7,356,350</u></u>	<u><u>6,278,238</u></u>

Details of grants made are published on the Foundation's website (www.clothworkers.co.uk).

Twelve grants accrued in a prior year were returned or cancelled (2018: twelve).

7. SUPPORT COSTS

	2019	2018
	£	£
Administrative services provided by Ramteazle Ltd:		
Staff costs	410,118	358,647
Other costs	197,882	186,353
	<u>608,000</u>	<u>545,000</u>
Direct costs:		
Auditors' remuneration – audit services	7,650	7,150
- non-audit services	1,015	385
Trustees' expenses	2,699	2,058
Other governance costs	2,265	35
Give As You Earn – matching	1,140	1,140
Other support costs	11,690	13,053
	<u><u>634,459</u></u>	<u><u>568,821</u></u>

No staff are directly employed by the Foundation. Staff costs are incurred by Ramteazle Limited, from which the Foundation purchases administrative services in accordance with its service agreement.

The Foundation's share of total remuneration paid to key management personnel provided as part of this service was £112,733 (2018: £104,435).

No Trustee may receive any salary or fees or receive any remuneration or other benefit, other than expenses reimbursed, from the Foundation save as expressly permitted by the Articles of Association. During the year payments totalling £2,699 were made (2018: £2,038); these expenses related to travel and accommodation costs only and were paid to two Trustees (2018: one).

THE CLOTHWORKERS' FOUNDATION
YEAR ENDED 31 DECEMBER 2019
NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS

	2019	2018
	£	£
Listed investments		
Carrying value at 1 January	157,086,246	158,394,143
Add: Acquisitions at cost	15,287,872	16,084,140
Less: disposals at carrying value (proceeds: £12,960,000)	(11,840,000)	(3,287,739)
Net gain/(loss) on revaluation at 31 December	23,651,285	(14,104,298)
Market value at 31 December	<u>184,185,403</u>	<u>157,086,246</u>
Freehold property		
Carrying value at 1 January	40,200,000	37,950,000
Net gain on revaluation at 31 December	1,300,000	2,250,000
Market value at 31 December	<u>41,500,000</u>	<u>40,200,000</u>
Cash to be invested	<u>2,606,081</u>	<u>2,142,466</u>
Total Investments at Market Value	<u>228,291,484</u>	<u>199,428,712</u>

9. SOCIAL INVESTMENTS

During 2019, a commitment of £150,000 was made to the CAF Venturesome Fund; no payments had been made in respect of this commitment as at 31 December 2019.

10. DEBTORS

	2019	2018
	£	£
Accrued income and prepayments	305,318	-
Other debtors	15,696	105,338
	<u>321,014</u>	<u>105,338</u>

11. CASH AND DEPOSITS

At 31 December 2019 all money on short-term deposit was held in interest-bearing bank accounts, or in a managed cash fund. An additional sum of £2,606,081 (2018: £2,142,466) was derived from endowment donations and equalisation received, and is consequently reported as part of the investment portfolio.

THE CLOTHWORKERS' FOUNDATION
YEAR ENDED 31 DECEMBER 2019
NOTES TO THE FINANCIAL STATEMENTS

12. CREDITORS

	2019	2018
	£	£
Amounts falling due within one year		
Grants payable	5,415,862	3,779,233
Social investment commitments unpaid	150,000	-
Accruals	34,595	30,008
Rent receivable in advance	500	500
Other creditors	77,100	-
	<u>5,678,057</u>	<u>3,809,741</u>
Amounts falling due after more than one year		
Grants payable	<u>719,200</u>	<u>879,737</u>

**13. RECONCILIATION OF OPERATING SURPLUS
TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2019	2018
	£	£
Operating surplus	1,536,474	14,218,931
Investment and property management expenses	191,893	185,405
Donations received into endowed funds	(2,812,917)	(14,424,638)
Investment income receivable	(5,493,020)	(4,258,381)
Rental income receivable	(2,000)	(2,000)
Interest receivable	(63,694)	(21,637)
(Increase)/decrease in debtors	(215,676)	624,075
Increase in creditors	1,707,779	300,288
Net cash (outflow) from operating activities	<u>(5,151,161)</u>	<u>(3,377,957)</u>

THE CLOTHWORKERS' FOUNDATION
YEAR ENDED 31 DECEMBER 2019
NOTES TO THE FINANCIAL STATEMENTS

14. UNRESTRICTED FUNDS

	General Fund	Clothworkers' Charity Fund	Designated Proactive Grants Fund	Designated Capital Fund	Total
	£	£		£	£
Balance at 1 January 2018	711,278	6,969	-	83,483,271	84,201,518
Donations (see note 2)	2,068,554	94,838	-	-	2,163,392
Rental income	1,532	2	-	-	1,534
Investment income	3,262,347	4,258	-	-	3,266,605
Deposit interest and other income	21,637	-	-	-	21,637
Costs of generating funds	(3,291)	-	-	(78,482)	(81,773)
Support costs	(568,821)	-	-	-	(568,821)
Grants to charitable organisations	(5,368,778)	(93,000)	-	-	(5,461,778)
Transfer from Expendable Endowment Fund	156,000	-	-	-	156,000
Realised gains on investments	-	-	-	113,509	113,509
Unrealised losses on investments	-	-	-	(5,017,925)	(5,017,925)
Balance at 31 December 2018	280,458	13,067	-	78,500,373	78,793,898
Donations (see note 2)	1,243,698	109,866	-	-	1,353,564
Rental income	1,565	2	-	-	1,567
Investment income	4,299,388	6,042	-	-	4,305,429
Deposit interest and other income	63,694	-	-	-	63,694
Costs of generating funds	(6,019)	-	-	(75,414)	(81,433)
Support costs	(634,459)	-	-	-	(634,459)
Grants to charitable organisations	(4,621,050)	(96,000)	(1,915,500)	-	(6,632,550)
Transfer from Expendable Endowment Fund	150,000	-	-	-	150,000
Transfer from General Fund	(249,000)	-	249,000	-	-
Transfer from restricted funds	-	-	551,000	-	551,000
Loan from Expendable Endowment Fund	-	-	1,115,500	-	1,115,500
Realised gains on investments	-	-	-	440,160	440,160
Unrealised gains on investments	-	-	-	9,805,855	9,805,855
Balance at 31 December 2019	528,275	32,977	0	88,670,974	89,232,226

General Fund

All income and costs are credited or debited to the General Fund, excluding those amounts which must be credited or debited to other Funds. All grants are debited to the General Fund unless they are assigned to the Designated Proactive Grants Fund, the Clothworkers' Charity Fund, or other restricted funds.

Clothworkers' Charity Fund

The Clothworkers' Charity Fund is credited with donations from members of the Livery of The Clothworkers' Company, and matching donations from the Company itself. The Fund is also credited with rental income and investment income derived from the Members' Endowment Fund. Grants debited are determined by the Livery Charity Committee.

14. UNRESTRICTED FUNDS (continued)

Designated Capital Fund

The Designated Capital Fund was established for the reasons explained in note 1(j). All income arising is credited to the General Fund.

Designated Proactive Grants Fund

The Designated Capital Fund was established for the reasons explained in note 1(m).

15. ENDOWMENT FUNDS

	Expendable endowment	Permanent endowment – general	Permanent endowment – Margaret Holligrave	Members' endowment	Total
	£	£	£	£	£
Balance at 1 January 2018	13,603,482	45,130,521	8,875,846	205,448	67,815,297
Donations (see note 2)	14,415,000	-	-	19,276	14,434,276
Transfer to General Fund	(156,000)	-	-	-	(156,000)
Costs of generating funds	(12,793)	(42,421)	(8,343)	(185)	(63,742)
Realised gains on investments	18,502	61,353	12,067	268	92,190
Unrealised losses on investments	(817,947)	(2,712,263)	(533,443)	(11,854)	(4,075,507)
Balance at 31 December 2018	27,050,244	42,437,190	8,346,127	212,953	78,046,514
Donations (see note 2)	2,791,021	-	-	21,896	2,812,917
Transfer to General Fund	(150,000)	-	-	-	(150,000)
Costs of generating funds	(25,982)	(40,777)	(8,022)	(211)	(74,992)
Loan to Designated Proactive Grants Fund	(1,115,500)	-	-	-	(1,115,500)
Realised gains on investments	151,648	238,000	46,816	1,232	437,696
Unrealised gains on investments	3,378,404	5,302,148	1,042,964	27,446	9,750,962
Balance at 31 December 2019	32,079,835	47,936,561	9,427,885	263,316	89,707,597

Permanent Endowment Fund

This Fund includes the capital portion of the Charity of Margaret Holligrave which was transferred to the Foundation by a Scheme of the Charity Commission dated 9 March 2004; the value of the capital portion of the Charity at that date was £3,943,763. At 31 December 2019, the portion of the Fund representing the capital of the Charity was valued at £9,427,886 (2018: £8,346,127). The Scheme permitted income arising from the endowment to be distributed for such charitable purposes as the Foundation shall determine. All income arising is credited to the General Fund.

Expendable Endowment Fund

Donations have been received from The Clothworkers' Company over a number of years with the express intention that they be treated as an expendable endowment fund. The gifts were made with the instruction that the capital should be used as an endowment but could be distributed should the Trustees decide to do so in the future. All income arising is credited to the General Fund.

15. ENDOWMENT FUNDS (continued)

Members' Endowment Fund

Donations are received from members of The Clothworkers' Company. Where the member stipulates that the donation should be retained and invested, it is credited to the Members' Endowment Fund. All such donations are matched by The Clothworkers' Company. All income arising is credited to the Clothworkers' Charity Fund.

16. SOCIAL INVESTMENT FUND

This Fund was established in 2017 following the receipt of a donation from The Clothworkers' Company, which was subject to a restriction that it be used to fund social investments.

Total donations of £750,000 (£375,000 in each of 2017 and 2018) have been received; an initial commitment of £150,000 was made in 2019.

17. OTHER RESTRICTED FUNDS

	Education £	Relief in Need £	Welfare of the Blind £	Total £
Balance at 1 January 2018	9,116,433	25,919,196	10,819,000	45,854,629
Rental income	93	263	110	466
Investment income	197,588	559,551	234,637	991,776
Costs of generating funds	(8,603)	(24,362)	(10,216)	(43,181)
Grants to charitable organisations	(160,210)	(456,050)	(200,200)	(816,460)
Realised gains on investments	12,442	35,235	14,775	62,452
Unrealised losses on investments	(550,039)	(1,557,655)	(653,172)	(2,760,866)
Balance at 31 December 2018	8,607,704	24,476,178	10,204,934	43,288,816
Rental income	87	244	102	433
Investment income	236,749	670,149	280,693	1,187,591
Costs of generating funds	(8,271)	(23,411)	(9,806)	(41,488)
Grants to charitable organisations	(55,500)	(397,700)	(270,600)	(723,800)
Transfer to DPG Fund	(176,000)	(375,000)	-	(551,000)
Realised gains on investments	48,272	136,640	57,232	242,144
Unrealised gains on investments	1,075,400	3,044,057	1,275,011	5,394,468
Balance at 31 December 2019	9,728,441	27,531,157	11,537,566	48,797,164

DPG Fund = Designated Proactive Grants Fund

Other restricted funds relate to resources transferred from three Trusts in 2013, plus subsequent net income and investment gains and losses (see note 1(i)). Investment management costs are charged against each Fund, but other running costs are met by the General Fund of the Foundation.

Grants are made in accordance with the objects of the original charities, as set out below. Where the objects of a Fund require that preference is given to a particular constituency when applying a proportion of the income, the Trustees give precedence to such appeals when considering applications.

17. OTHER RESTRICTED FUNDS (continued)

Education:

The income is used to advance the education of the public, with preference in respect of 75% of the income being given to persons under age 25 who live in, or attend educational establishments in, or whose parents live in, Greater London.

Relief in Need:

A minimum of 92.5% of the income is used to relieve hardship, subject to the following preferences:

- (i) 4% to people who reside in the London Boroughs of Islington and Camden; then to people who reside in neighbouring boroughs and then to people who reside in Greater London;
- (ii) 3% to people who reside in Greater London, then to people who live in neighbouring counties; and then to people who reside in the remainder of the UK.

Welfare of the Blind:

A minimum of two-thirds of the income is used to relieve hardship of people in the UK who are visually impaired.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds			Endowment funds (see note 15)	Other restricted funds (see notes 16 and 17)	Total Funds 2019
	General	Designated Capital	Other			
	£	£	£	£	£	£
Investments at market value	-	88,670,974	-	87,101,516	49,912,913	225,685,403
Social investments at cost	-	-	-	-	150,000	150,000
Fixed asset cash	-	-	-	2,606,081	-	2,606,081
Current assets	4,770,249	-	1,346,760	-	325,751	6,442,760
Current liabilities	(4,241,975)	-	(594,582)	-	(841,500)	(5,678,057)
Long term creditors	-	-	(719,200)	-	-	(719,200)
	528,274	88,670,974	32,978	89,707,597	49,547,164	228,486,987

Total funds include revaluation reserves of £26,537,679 (2018: £2,598,394).

19. RELATED PARTY TRANSACTIONS

The Trustees of The Clothworkers' Foundation are all members of the Livery of The Clothworkers' Company, which means that the two organisations are related parties. All transactions were entered into on normal commercial terms.

Transactions concerning related parties were as follows:

	2019	2018
	£	£
Amounts received/(paid)		
Donations:		
The Clothworkers' Company	3,988,000	16,801,000
Ramteazle Limited	112,000	114,000
Administrative service charges:		
Ramteazle Limited	(608,000)	(545,000)
Debtors/(creditors)		
The Clothworkers' Company	(924)	-
Ramteazle Limited	(76,175)	97,807

Ramteazle Limited is a wholly owned subsidiary of The Clothworkers' Company.

There were no potential conflicts of interest involving Trustees.