

The Eranda Rothschild Foundation

Report and financial statements

For the year ended 5 April 2020

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The Eranda Rothschild Foundation

Charity details

Trustees	Sir Evelyn de Rothschild Mr Anthony de Rothschild Ms Jessica de Rothschild Lady Lynn de Rothschild Sir John Peace Mr Benjamin Elliot
Administrator	Ms Annette McLaughlin
Principal/registered office	PO Box 6226 Leighton Buzzard LU7 0XF
Auditors	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE
Bankers	HSBC 8 Canada Square London E14 5HQ
Investment managers	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU

Status The Eranda Rothschild Foundation was established by trust deed dated 10 February 1967 and is registered in the United Kingdom as a charity, number 255650.

The Eranda Rothschild Foundation

Trustees' report

For the year ended 5 April 2020

The Trustees of The Eranda Rothschild Foundation ("The Foundation") present their report and audited financial statements for the year ended 5 April 2020, which have been prepared in accordance with the Charities Act 2011 Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK.

Reference and administrative information

This information is shown on page 1.

Structure, Governance and Management

The Foundation is an unincorporated trust, constituted under a trust deed dated 10 February 1967, and is a registered charity, number 255650.

The Trustees of the Foundation, as listed on page 1, have held office and served throughout the year. The Trust Deed provides for a minimum of three trustees to a maximum of seven trustees. The statutory power of appointing new trustees vests with the Settlor, Sir Evelyn de Rothschild. Trustees are aware of the aims and objectives of the Foundation and the manner in which the trustees carry out their responsibilities. In addition, each new trustee receives a copy of the Trust Deeds, Minutes of Meetings, Annual Reports and Accounts and a copy of the Charity Commission guidance leaflet, "The Essential Trustee: What you need to Know".

The Trustees are directly responsible for the management of the Foundation and meet at least three times a year to consider grant applications, review investment performance and other matters of an administrative and strategic nature. The Chairman supervises the processing of grant applications and all decisions are ratified at Trustees' meetings. All Trustees give their time freely and no Trustee received remuneration in the year.

Risk Management

The Trustees have considered the major risks to which the Foundation is exposed and believe that there are two significant risks for the Foundation.

The first significant risk is fraud in relation to grants not being used for their intended purpose. The Foundation also awards grants to overseas charities whereby checks cannot always be made in the same way as a UK charity. The Foundation mitigates this risk by using eligibility criteria, assessing the applications raised and monitoring reports from the grant receiver. Reliance is also placed on the Trustees' knowledge of these charities and reports are often presented at Trustees' meetings.

The second significant risk is investment risk. As markets are volatile this can lead to fluctuations in income and valuation. This is mitigated by appointing well respected fund managers, setting and monitoring investment benchmarks and presentations from them at Trustee meetings. More information about investments can be found on page 4.

Risks are reviewed by the Trustees on an on-going basis.

Fund Raising

The Trustees take their responsibilities under the Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications on their activities. The Charity does not actively fundraise from the general public and therefore the Trustees do not consider it necessary to have a formal fundraising policy in place.

Trustees' report

For the year ended 5 April 2020

Objectives and activities for public benefit

The Foundation furthers its charitable purposes for the public benefit through its grant making policy which aims to support charitable work in the advancement of:

- the arts;
- health, welfare and medical research; and
- education

The Foundation aims to award grants equal to the amount of income it receives during the year and to try and spread this evenly across the three activities noted above. This aim is dependent upon the applications that are submitted during the year.

In order to measure the success the Trustees will review the number and value of grants awarded year on year. This is then compared against the amount of income received to ensure that grants are being awarded in line with the Foundation's objectives.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning future activities setting the grant making policy for the year.

The Foundation's strategy for achieving these objectives is to consider applications from appropriate registered charities to whom funds can be distributed in accordance with the above objectives and to monitor and review the work of the beneficiary charities on a regular basis.

Grant making policy

The Foundation accepts applications from registered charities only and no applications from individuals are considered. The Trustees meet regularly to review and approve grants and regular contact is maintained with recipients of grants for monitoring purposes. The Trustees aim to achieve an appropriate balance between medical, education and arts causes.

Achievements and Performance

The Trustees are pleased with the achievements and performance of the Foundation as set out below.

The number of grants distributed to institutions during the year amounted to 72 (2019: 55). A summary of the grants awarded can be found in note 5 of the accounts.

Financial Review

During the year income of £4,448,755 (2019: £4,807,173) was received from investments held by the Foundation. This income was applied in part to furthering the objectives of the Foundation, and as such the Trustees approved and paid grants totalling £3,646,672 (2019: £1,763,293) during the year.

The net movement in funds for the year, as shown in the statement of financial activities, amounted to a decrease in funds of £8,559,876 (2019: increase of £9,699,759).

Trustees' report

For the year ended 5 April 2020

Investment policy and performance

Investment assets are held with the intention of retaining them on a long-term basis for the continuing benefit of the Foundation in the form of both income generation and capital appreciation. There are no specific investment policies concerning social, environmental or ethical considerations other than investments must not be made in institutions that would be adverse to the objectives of the Foundation.

During the year the investment portfolio decreased by £3,161,706 to £118,184,610 (2019: £121,346,316). The portfolio includes investments held directly by the Foundation amounting to £52,914,750 (2019: £56,939,064). A list of material investments held is included in Note 7 to these accounts.

In July 2016 Sarasin & Partners were appointed as investment managers for the Foundation's portfolio that was previously run by Partners Capital. The aim of the investments is to generate a total return that can support ongoing spending requirements whilst also growing the capital over the long term. As at 5 April 2020 the value of the portfolio was £65,269,858.

The vast majority of the monies are invested in the Sarasin Endowments Fund. The fund aims to provide an income that can be spent today and to protect both the capital and income from inflation over the long term. This is achieved by investing in a diversified portfolio of equities, bonds, property, alternative assets and cash. In addition to the main portfolio there remains one other specific portfolio:

- Illiquid Assets - investments made by Partners Capital on behalf of the Foundation (Clearbell Property Partners II).

As at 5 April 2020 the split across the various portfolios was as follows:

Asset	Value (£)
<i>Sarasin Endowments Fund</i>	<i>65,055,939</i>
<i>Illiquid Assets</i>	<i>213,919</i>
Total	65,269,858

This resulted in the following overall asset allocation:

Asset Allocation	Capital (%)
<i>Fixed Income</i>	<i>15.5</i>
<i>Global Equities</i>	<i>66.6</i>
<i>Property</i>	<i>3.3</i>
<i>Alternative Investments</i>	<i>10.5</i>
<i>Liquid Assets</i>	<i>4.1</i>
Total	100.0

From 5 April 2019 to 5 April 2020 the above investments delivered a total return of 1.2% net of fees. This small return was as a result of the considerable volatility in the financial markets caused by COVID-19. However, it comes on the back of a good return in the prior year.

The remaining illiquid assets (inherited from the Partners Capital Portfolio) now represent less than 0.5% of the total portfolio. The Foundation's portfolio with Sarasin & Partners now has a more liquid investment profile with over 99% of the assets invested in a fund than can sold on a daily basis.

Trustees' report

For the year ended 5 April 2020

The Foundation holds a number of investments directly with the aim of generating a total return that can support the ongoing spending requirements whilst also growing the capital over the long term. As at 5 April 2020 the total valuation of these investments was £52,914,750 (2019: £56,939,064). The Economist has provided the Foundation with substantial returns over time. A reduction in EBITDA compared to prior year resulted in a 19% lower valuation for minority shareholdings at £23 per share. Moving into the Covid-19 pandemic further pressure on the EBITDA is expected in the coming year, management have indicated dividends will be significantly impacted and further downside pressure on the minority share price is a possibility. IHS Towers has shown company growth resulting in a significant increase in capital valuation over time in excess of £6.3m. Revenue growth year on year was 4.6% and IHS continues to target a 2020 IPO as its primary liquidity option. Gwynnie Bee has also shown strong company growth but its capital valuation has stayed flat year on year. The Radcliff Holdings investment had a yearend valuation of £9.7m and made net distributions of over £672k through the year. The Covid-19 pandemic will also likely affect the Radcliff Holdings investments, but it is hoped there will still be quarterly distributions.

Note that over the period of 5 April 2019 to 5 April 2020 USD relative to GBP increased by 6.3% (2019: 6%) which has had an impact on those investments (IHS Towers, Gwynnie Bee and Radcliff Holdings) that are held in USD.

Reserves policy

As a general rule, the Trustees apply the income derived from the Foundation's endowment in furtherance of the Foundation's main objects as it arises on an annual basis. The endowment, albeit expendable, is normally retained in order to provide income to fund the main objects in view of the fact that the Foundation does not have any other sources of funding and does not undertake any fundraising activities.

At 5 April 2020 the free reserves of the Foundation had increased £726,793 to £13,984,128. The Trustees endeavour to retain reserves for one year's charitable activity and are working to bring funds within these guidelines over a reasonable timescale.

Plans for the future

The Foundation intends to continue to make grants to appropriate registered charities.

Trustees' responsibilities in relation to the financial statements

The Trustees 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).

The law applicable to charities in England and Wales 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 charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- observe the methods and principles of the Charities SORP (FRS 102);
 - select suitable accounting policies and then apply them consistently;
 - make judgments and estimates that are reasonable and prudent;
 - state whether applicable accounting standards have been followed, subject to any 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 charity will continue in business.
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Trustees' report

For the year ended 5 April 2020

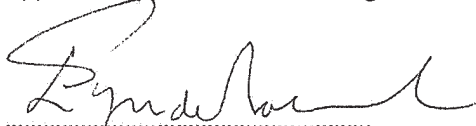
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for making reasonable steps for the prevention and detection of fraud and other irregularities.

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

Auditors

A resolution to re-appoint Saffery Champness LLP as auditors will be proposed at the Trustees' meeting to approve the financial statements.

Approved by the Trustees and signed on their behalf by:



.....
Sir Evelyn de Rothschild

Date :

26-10-2020

Independent auditors' report to the trustees

Opinion

We have audited the financial statements of The Eranda Rothschild Foundation for the year ended 5 April 2020 which comprise the statement of financial activities, balance sheet, statement of cashflows 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 charity's affairs as at 5 April 2020 and of its incoming resources and application of resources 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 charity'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 auditors' 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.

Independent auditors' report to the trustees

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

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 auditors' 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 auditors' report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the trustees 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 charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Saffery Champness LLP

Saffery Champness LLP
Chartered Accountants
71 Queen Victoria Street
London
EC4V 4BE

Statutory Auditors

Date: 29 October 2020

Saffery Champness LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

The Eranda Rothschild Foundation

Statement of financial activities
For the year ended 5 April 2020

	Notes	General Fund £	Expendable Endowment Fund £	2020 Total Funds £	General Funds £	Expendable Endowment Funds £	2019 Total Funds £
Income							
Investment income	2	4,448,755		4,448,755	4,807,173	-	4,807,173
Total income		4,448,755		4,448,755	4,807,173	-	4,807,173
Expenditure							
Costs of raising funds							
Investment management costs	3	-	288,934	288,934	-	292,536	292,536
Expenditure of charitable activities:							
Grant-making							
Grant related support costs	4	142,615	-	142,615	113,102	-	113,102
Grant expenditure	5	3,646,672	-	3,646,672	1,763,293	-	1,763,293
Total expenditure		3,789,287	288,934	4,078,221	1,876,395	292,536	2,168,931
Net income/(expenditure) before other recognised gains and losses		659,468	(288,934)	370,534	2,930,778	(292,536)	2,638,242
Net gains/(losses) on investments	7	-	(10,251,907)	(10,251,907)	-	5,999,420	5,999,420
Gains on foreign currency translation		67,325	1,254,172	1,321,497	99,526	962,571	1,062,097
Net movement in funds		726,793	(9,286,669)	(8,559,876)	3,030,304	6,669,455	9,699,759
Reconciliation of funds							
Balance at 5 April 2019		13,257,335	113,554,363	126,801,698	10,227,031	106,874,908	117,101,939
Balance at 5 April 2020	12	13,984,128	104,257,694	118,241,822	13,257,335	113,544,363	126,801,698

The Eranda Rothschild Foundation

Statement of financial activities (continued)
For the year ended 5 April 2020

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing operations.

The notes on pages 14 to 23 form part of these financial statements.

The Eranda Rothschild Foundation

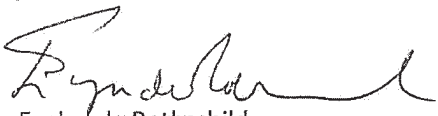
**Balance sheet
At 5 April 2020**

	Notes	2020 £	2019 £
Fixed assets			
Investments	7	118,184,610	121,346,316
Current assets			
Debtors	8	167,355	151,414
Cash at bank and in hand		1,462,984	5,573,346
		<u>1,630,339</u>	<u>5,724,760</u>
Current Liabilities			
Creditors: amounts falling due within one year	9	(293,127)	(233,378)
Net current assets		<u>1,337,212</u>	<u>5,491,382</u>
Total assets less current liabilities		<u>119,521,822</u>	<u>126,837,698</u>
Creditors: amounts falling due after more than one year	10	(1,280,000)	(36,000)
Net assets		<u>118,241,822</u>	<u>126,801,698</u>
The funds of the charity			
Expendable endowment	12	104,257,694	113,544,363
Unrestricted general funds	12	13,984,128	13,257,335
Total charity funds		<u>118,241,822</u>	<u>126,801,698</u>

The notes at pages 14 to 23 form part of these accounts.

Approved by the trustees on

and signed on their behalf by:


Sir Evelyn de Rothschild
Trustee

26-10-2020

The Eranda Rothschild Foundation

Statement of cash flows
For the year ended 5 April 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash used in operating activities	13	(2,456,180)	(1,957,162)
Cash flows from investing activities			
Interest received		9,541	8,946
Dividends received		4,439,214	4,797,929
Purchase of fixed asset investments		(6,139,928)	(6,506,342)
Proceeds from sale of fixed asset investments		36,991	7,733,508
Net cash provided by investing activities		<u>(1,654,182)</u>	<u>6,034,041</u>
(Decrease) / increase in cash and cash equivalents in the year		<u>(4,110,362)</u>	<u>4,076,879</u>
Cash and cash equivalents at the beginning of the year	13	<u>5,573,346</u>	<u>1,496,467</u>
Total cash and cash equivalents at the end of the year	13	<u><u>1,462,984</u></u>	<u><u>5,573,346</u></u>

1. Accounting policies

Charity information

The Eranda Rothschild Foundation ("The Foundation") is a charity registered in England and Wales under the number 255650. The principal place of business of the Foundation is at PO Box 6226, Leighton Buzzard, LU7 0XF.

1.1 Accounting convention

These accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements are prepared in sterling, which is the functional currency of the Foundation. Monetary amounts in these financial statements are rounded to the nearest £.

The foundation constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern. The most significant areas of adjustment and key assumptions that affect items in the accounts are to do with estimating the liability of multi-year grant commitments (see note 1.4 for more information). With respect to the next reporting period, 2020-21, the most significant areas of uncertainty that affect the carrying value of assets held by the Foundation are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the trustees' annual report for more information).

1.3 Income recognition

Income is credited to the statement of financial activities on a receivable basis. Investment income is stated inclusive of recoverable taxation. Donated services and facilities are included in the financial statements in the year in which they are receivable, where they are quantified, material and where a third party is bearing a cost.

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations are recognised when the Foundation has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Notes to the financial statements
For the year ended 5 April 2020

1.3 Income recognition (continued)

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measured with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

1.4 Expenditure recognition

Grants are included in the statement of financial activities in the year when the offer is conveyed to the recipient except when the offer is conditional. Grants offered subject to conditions which have not been met at the year-end are included in the Statement of Financial Activities where the condition is not within the control of the Trustees or disclosed as a financial commitment where the Trustees retain that control. The Foundation has only one charitable activity, therefore support costs have been allocated in full to the “cost of grant making” in the statement of financial activities.

Governance costs include expenditure on compliance with constitutional and statutory requirements.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For the information on this attribution refer to note 1.5.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Foundation. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the Foundation.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount of grant payable.

Notes to the financial statements
For the year ended 5 April 2020

1.4 Expenditure recognition (continued)

The provision for a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Foundation that would permit the Foundation to avoid making the future payment(s), settlement is probable and the effect of discounting is material. The discount rate used is the average rate of investment yield in the year in which the grant award is made. This discount rate is regarded by the trustees as providing the most current available estimate of the opportunity cost of money reflecting the time value of money to the Foundation.

1.5 Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned based on the value of grants awarded made in recognition that the administrative costs of awarding, monitoring and assessing education grants, the arts grants and health, welfare and medical research grants are broadly equivalent. The allocation of support and governance costs is analysed in note 4.

1.6 Cost of raising funds

The costs of generating funds consist of investment management costs and certain legal fees.

1.7 Charitable activities

Costs of charitable activities include grants made, governance costs and an apportionment of support costs as shown in note 4.

1.8 Investments

Investments are included in the financial statements at market value, as determined by the trustees based on professional advice, at the balance sheet date. Realised and unrealised gains and losses are credited or debited to the statement of financial activities in the year in which they arise.

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

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

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales 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. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Notes to the financial statements
For the year ended 5 April 2020

1.9 Fund accounting

The Funds comprises the expendable endowment, retained to provide income to fund the main objectives of the Foundation, and unrestricted funds, which may be used towards meeting the charitable objectives of the Foundation at the discretion of the trustees.

1.10 Taxation

The Foundation is a registered charity, and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

1.11 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movements in funds.

2. Investment income

	2020	2019
	£	£
Bank interest	9,541	8,946
Other income	-	300
Net investment income receivable	4,439,214	4,797,927
	<u>4,448,755</u>	<u>4,807,173</u>

Investment income is analysed as follows:

	2020	2019
	£	£
Quoted investments in the UK	2,271,792	2,021,818
Quoted investments outside the UK	-	-
Unquoted investments in the UK	1,504,807	2,197,278
Unquoted investments outside the UK	672,156	588,077
	<u>4,448,755</u>	<u>4,807,173</u>

3. Investment management costs

	2020	2019
	£	£
Investment management fees	288,934	292,536
	<u>288,934</u>	<u>292,536</u>

Notes to the financial statements
For the year ended 5 April 2020

4. Allocation of governance and support costs

Breakdown of support costs and how these were allocated between governance and other support costs:

	Governance related £	Other support costs £	Total £	Basis of apportionment
Cost type				
Admin costs	-	91,840	91,840	Direct cost
Office rent	-	1,500	1,500	Direct cost
Other costs	35,485	13,790	49,275	Direct cost
Total	35,485	107,130	142,615	

	2020 £	2019 £
Governance costs:		
Auditors' remuneration	12,500	12,500
Accountancy fees	16,390	16,040
Payroll	480	360
General advice and charity matters	1,680	1,220
Tax matters	2,040	540
Legal fees	2,395	-
Support costs (see above)	107,130	82,442
	142,615	113,102

The total support costs attributable to charitable activities is then apportioned pro rata to the value of grants awarded as shown in note 5. The trustees have decided to meet all governance costs from unrestricted funds and so no allocation or charge is made to restricted funds for any governance related costs.

5. Analysis of charitable expenditure

The number of grants distributed to institutions during the year was as follows:

	2020 Number of grants	2019 Number of grants
The arts	20	14
Health, welfare and medical research	22	16
Education	30	25
	72	55

A detailed list of grants is available from the Administrator at the Foundation's address at the front of these accounts.

Notes to the financial statements
For the year ended 5 April 2020

5. Analysis of charitable expenditure (continued)

The Foundation undertakes its charitable activities through grant making and awarded grants to institutions in furtherance of its charitable activities:

	Grant funded activity £	Support and governance costs £	Total 2020 £	Total 2019 £
The arts	414,170	16,197	430,474	395,625
Health, welfare and medical research	2,314,001	90,497	2,404,498	611,176
Education	918,501	35,921	954,422	869,594
	<u>3,646,672</u>	<u>142,615</u>	<u>3,789,287</u>	<u>1,876,395</u>

The Foundation undertakes its charitable activities through grant making and awarded grants to institutions in furtherance of its charitable activities:

	Grant funded activity £	Support and governance costs £	Total 2019 £	Total 2018 £
The arts	371,778	23,847	395,625	629,117
Health, welfare and medical research	451,036	36,840	611,176	958,613
Education	940,479	52,415	869,594	846,977
	<u>1,763,293</u>	<u>113,102</u>	<u>1,876,395</u>	<u>2,434,707</u>

6. Staff costs and remuneration of key personnel

Aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	76,123	57,051
Social security costs	8,151	6,087
Pension costs	4,444	952
Other employee benefits	3,122	1,746
	<u>91,840</u>	<u>65,836</u>

Notes to the financial statements
For the year ended 5 April 2020

6 Staff costs and remuneration of key personnel (continued)

The average number of employees during the year is 3 (2019: 2).

The trustees received no remuneration in respect of their services to the Foundation during the year (2019: Nil). No trustee received any reimbursement of expenses during the year (2019: Nil).

7. Investments

	2020	2019
	£	£
Movement in fixed asset investments		
Market value at 6 April 2019	121,346,316	115,833,459
Additions at Cost	6,139,928	6,506,342
Disposal proceeds	(36,991)	(7,733,508)
Net realised gains/(losses)	6,031	269,124
Net unrealised gains/(losses) on revaluation	(10,257,938)	5,730,296
Management fee	(266,336)	(221,968)
Gains on foreign currency translation	1,253,600	962,571
Market value at 5 April 2020	118,184,610	121,346,316

Net cash released from investments in the year was £36,991 (2019: £1,126,100)

Investments at fair value comprised:

	2020	2019
	£	£
Quoted investments in the UK	65,185,387	64,316,750
Quoted investments outside the UK	-	-
Unquoted investments in the UK	30,015,046	37,192,557
Unquoted investments outside the UK	22,899,704	19,746,507
Cash held in the investment portfolio	84,473	90,502
	118,184,610	121,346,316

Notes to the financial statements
For the year ended 5 April 2020

7 Investments (continued)

The trustees consider that four (2019: four) individually material investments were held at the year-end:

	2020	2019
	£	£
The Economist Newspaper Limited	30,015,046	37,192,557
ECP IHS (Mauritius) Limited	10,783,955	9,214,176
Gywnnie Bee Inc	2,406,148	2,259,063
The Radcliff Companies	9,709,601	8,273,268
	<u>52,914,750</u>	<u>56,939,064</u>

8. Debtors

	2020	2019
	£	£
Prepayments and accrued income	167,355	151,414
	<u>167,355</u>	<u>151,414</u>

9. Creditors

Amounts falling due within one year

	2020	2019
	£	£
Grants payable	201,000	136,000
Accruals	92,127	97,378
	<u>293,127</u>	<u>233,378</u>

10. Creditors

Amounts falling due after more than one year

	2020	2019
	£	£
Grants payable	1,280,000	36,000
	<u>1,280,000</u>	<u>36,000</u>

Notes to the financial statements
For the year ended 5 April 2020

10. Creditors (continued)

Movement in recognised funding commitments during the year:

2020
£

Grant commitments recognised at the start of the year	172,000
New grant commitments charged to the SoFA (see note 5)	3,646,672
Grants paid during the year	(2,337,672)
Amount of grant commitment recognised at 5 April 2020	<u>1,481,000</u>

Movement in recognised funding commitments during the year:

2019
£

Grant commitments recognised at the start of the year	280,000
New grant commitments charged to the SoFA (see note 5)	1,763,293
Grants paid during the year	(1,871,293)
Amount of grant commitment recognised at 5 April 2019	<u>172,000</u>

11. Related party transaction

During the year, donations of £322,135 (2019: £329,039) were made to a number of charities, each of which had one common trustee with the Foundation.

12. Analysis of charitable funds

	Investments	Net assets	Total
	2020	2020	2020
	£	£	£
As at 5 April 2020			
Expendable endowment	104,257,694	-	104,257,694
Unrestricted	12,646,916	1,337,212	13,984,128
	<u>116,904,640</u>	<u>1,337,212</u>	<u>118,241,822</u>

Notes to the financial statements
For the year ended 5 April 2020

12 Analysis of charitable funds (continued)

	Investments 2019 £	Net assets 2019 £	Total 2019 £
As at 5 April 2019			
Expendable endowment	113,544,363	-	113,544,363
Unrestricted	7,801,493	5,455,842	13,257,335
	<u>121,345,856</u>	<u>5,455,842</u>	<u>126,801,698</u>

13. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net movement in funds	(8,559,876)	9,699,759
Investment income	(4,448,755)	(4,806,873)
Losses/(gains) on investments	9,264,642	(6,740,023)
(Increase) in debtors	(15,941)	(14,155)
Increase in creditors	1,303,750	(95,870)
Net cash used in operating activities	<u>(2,456,180)</u>	<u>(1,957,162)</u>

Analysis of cash and cash equivalents:

	2020 £	2019 £
Cash in hand	1,462,984	5,573,346
	<u>1,462,984</u>	<u>5,573,346</u>