

Registered Company Number: 11917315

Registered Charity Number: 1185152

British Fashion Council Foundation Limited

**Annual report and financial statements
for the 12 months ended 31 March 2020**

British Fashion Council Foundation Limited

Contents

	Page (s)
Charity details	1
Trustees' report for the 12 months ended 31 March 2020	2 - 8
Independent auditor's report to the member of BFC Foundation Limited	9 - 12
Statement of financial activities for the 12 months ended 31 March 2020	13
Balance sheet as at 31 March 2020	14
Notes to the financial statements for the 12 months ended 31 March 2020	15 – 19

British Fashion Council Foundation Limited

Charity details

Directors and Trustees

Stephanie Phair
Caroline Rush CBE
Laura Strain

Registered office

British Fashion Council Foundation
33 Broadwick Street
London
W1F 0DQ

Independent auditors

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Bankers

Natwest
250 Regents Street
London
W1B 3BN

Status

British Fashion Council Foundation Limited is a private company limited by guarantee, company number 11917315. It was incorporated in the UK. It is registered in England and Wales as a charity, number 1185152.

British Fashion Council Foundation Limited

Trustees' report for the 12 months ended 31 March 2020 (continued)

Report of the Trustees for the 12 months ended 31 March 2020

The trustees, who are also directors of the British Fashion Foundation Limited (hereafter "the trustees"), present their Annual report and audited financial statements for the 12 months ended 31 March 2020, which have been prepared in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective January 2019) – (Charities SORP (FRS 102 Section 1A)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Governing documents

The British Fashion Council Foundation Limited ("BFC Foundation") is a charitable company limited by guarantee, governed by its Memorandum and Articles of Association. It was incorporated on 1 April 2019 and registered with the Charity Commission as a charity on 3 September 2019.

The sole member of the BFC Foundation is the British Fashion Council Limited (the "BFC"), a company limited by guarantee, registered London, England, No. 2050620. The principal activity of the BFC is to promote, develop and support the British Fashion Industry.

A copy of the consolidated accounts of the BFC Group, which incorporates the financial results of BFC Foundation can be obtained from the registered office which is the same as the BFC Foundation and is set out on page 1.

Objects and activities for the public benefit

The BFC has a long history in supporting the advancement of fashion education and promotion of fashion design for the benefit of the public through the work of its charitable subsidiaries. In 2017, the BFC publicly announced its intention to significantly increase fundraising activities and raise £10million over 10 years to support the next generation of talent in the fashion industry. To help with this aim, the BFC established the BFC Foundation in the year to establish one central charitable vehicle within the BFC Group. The intention stated by the BFC's Executive Directors is for the BFC to provide staff time and other resources to enable the BFC Foundation to pursue its charitable purposes. The following charitable entities activities were transitioned to the BFC Foundation over the period from 1 January 2020 to 1 April 2020:-

- | | |
|--------------------------|---|
| BFCVDFD Ltd | - The promotion of the art of clothing for fashion design for the benefit of the public. |
| BFC Education Foundation | - The advancement of education in awarding scholarships, exhibitions, bursaries, or maintenance allowances to graduates of British Fashion schools to study fashion design and related subjects at Graduate and Postgraduate level and who are in need of financial assistance. |

The trustees are of the view that by bringing all charities under one entity, they have increased the efficiency, effectiveness, and transparency of the BFC's charitable endeavours.

British Fashion Council Foundation Limited

Trustees' report for the 12 months ended 31 March 2020 (continued)

Objects and activities for the public benefit (cont)

Under this new structure, the purposes of the BFC Foundation are for the benefit of the public –

- the promotion of the art of fashion design in clothing and related accessories and the advancement of education in that art,
- the advancement of the clothing fashion industry through the improvement of standards and quality of performance within the industry and
- the relief of unemployment for the benefit of the public, and in particular the relief of unemployed people qualified to work in the clothing fashion business.

The trustees have paid due regard to the Charity Commission's general guidance on public benefit when reviewing the objects and on-going strategy of the BFC Foundation. In particular, the trustees have considered how activities planned by the trustees will contribute to the objects of the BFC Foundation and that the grants being awarded by the BFC Foundation are for the public benefit, the advancement of education and the relief of unemployment.

The strategy of the BFC Foundation is to champion excellence in fashion design and support the future growth and success of the British fashion industry and by doing so relieve unemployment, by creating awards which raise the profile of excellence in creativity in British fashion design. Recipients of academic scholarships, financial grants and business mentoring support through the BFC Foundation are identified as individuals and businesses with real design talent and the potential to become successful international fashion brands. By focusing on education, grant giving and business mentoring, the charity aims to raise sufficient sums through fundraising activities to maintain and grow its grant giving programme.

REVIEW OF ACTIVITIES AND PLANS FOR THE FUTURE

As this is the inaugural year, the focus for the trustees has been the establishment of the charity and ensuring all administrative requirements, including treasury and accounting functions are in place. The fundraising activities of the BFC's two existing charities, with the consent of the trustees were transitioned across to the BFC Foundation from January 2020. The trustees of BFCDVFF Ltd and the BFC Education Foundation are satisfied that the objects of the BFC Foundation are fully aligned.

All grants were awarded and paid through the existing charities and will be transitioned to the BFC Foundation from 1 April 2020.

British Fashion Council Foundation Limited

Trustees' report for the 12 months ended 31 March 2020 (continued)

REVIEW OF ACTIVITIES AND PLANS FOR THE FUTURE (cont)

Education

The BFC Foundation will support students through their BA and MA studies by awarding scholarships to support annual payment of fees and living costs. All awards were made through the BFC Education for FY19/20 and the obligation to pay MA scholarship commitments of £25,184 and BA scholarship commitments of £21,100, once grant conditions are met, was transferred to the BFC Foundation. No financial liabilities have been created to reflect grants awarded but not yet due as the scholars must meet a number of criteria, including attending update meetings and confirmation of continuation of their studies before the grant obligation is fulfilled.

Grant giving and business mentoring.

The BFC Foundation intends to provide financial and business mentoring support to creative businesses through various talent initiative programmes transferred from the existing BFC charities including NEWGEN, BFC/Vogue Designer Fashion Fund, BFC/GQ Menswear Fund and the BFC Fashion Trust. The BFC Fashion Trust, established as a restricted fund within the BFCVDFD Ltd in 2011, maintained a distinct fundraising strategy whereby individuals, known as supporters of the Fashion Trust, donated to a restricted fund that offered designers mentoring and financial support. As fundraising activities were transitioned to the BFC Foundation from January 2020, donations of £70,700 were received by supporters of the Fashion Trust in FY19/20.

All charitable grants in relation to the above were paid from the legacy charities and will commence in the BFC Foundation from FY20/21.

Fashion Awards

The Fashion Awards is an international event, hosted by the BFC at the Royal Albert Hall in London. As well as being an annual celebration of global creativity, the event is a significant fundraiser for the BFC's charities. The event in December 2019 attracted £158k in direct donations to the BFC Foundation. Chanel, Dior and LVMH were notable donors.

In addition, the BFC donated £750k of its surplus funds to the BFC Foundation which will help to underpin the BFC Foundation's future work in supporting education and talent.

Since the inception of the charity, the total amount of donations received by the BFC Foundation exceeded £1,150,694 and net assets were £1,150,781.

British Fashion Council Foundation Limited

Trustees' report for the 12 months ended 31 March 2020 (continued)

Organisation

The trustees are responsible for the strategic direction and policy of the BFC Foundation and, subject to any prudent delegation to advisers and agents, make all substantive decisions in relation to the BFC Foundation. In furtherance of this, the trustees meet as and when required and will hold at least three board meetings per year. The trustees may delegate any of their powers or functions to committees but the terms of delegation must be agreed in advance.

The trustees have established procedures for the examination of grant recommendations and the conduct of due diligence. Grant recommendations which satisfy the trustees' policy requirements receive final approval from the trustees before being made.

Trustees

The trustees of the BFC Foundation, who unless otherwise stated held office during the financial period and up to the date of signing of the financial statements, were as follows:

Caroline Rush CBE
Stephanie Phair
Laura Strain

The trustees did not hold any beneficial interest in the BFC Foundation at 31 March 2020 or at any time during the financial period.

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 234 Companies Act 2006 is in force for the benefit of each of the trustees in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which trustees may not be indemnified, the BFC Foundation maintained a directors' and officers' liability insurance policy throughout the financial period. This indemnity was in force at the date of the approval of these financial statements.

Appointment of trustees

The trustees of the BFC Foundation are also the directors for the purposes of company law. Trustees are appointed by the BFC pursuant to the BFC Foundation's Articles of Association. The number of trustees shall not be less than three but is not subject to any maximum number. The normal term of office shall be 3 years and a trustee shall be eligible for re-appointment by the BFC for a further term of 3 years in accordance with the Articles of Association.

Trustee induction and training

On appointment, new trustees are briefed on their legal obligations and powers as charity trustees. New trustees are also provided with a copy of the BFC Foundation's Memorandum and Articles of Association, and information on the history and structure of the BFC Foundation, as well as the decision making processes, policies and the future plans and objectives of the BFC Foundation.

British Fashion Council Foundation Limited

Trustees' report for the 12 months ended 31 March 2020 (continued)

Advisers

The names and addresses of the BFC Foundation's advisers are shown on page 1.

Policy statement on reserves

The BFC Foundation does not require significant funds to manage its day to day activities. The trustees aim to maintain a minimum reserve of £10,000. In the event that no prizes could be awarded, this level of unrestricted reserves would be sufficient to cover the on-going administration of the charity for a period of at least twelve months from the date of approving the financial statements with some cost management. This reserve level is reviewed on an annual basis.

As at 31 March 2020 the charity had net assets of £1,150,781 including a cash balance of £1,368,673 and reserves of £1,150,781. The breakdown of reserves between unrestricted funds and restricted funds is as follows:

Net Assets	2020
Unrestricted	996,125
Restricted - Fashion Trust Growth Grants	71,325
Restricted - BA & MA scholarships	83,331
	1,150,781

Principal funding source

As this is the first year of the charity, the principal funding source has been the BFC, which donated £750,000 from the surplus that was generated from its activities in the year, including those generated from the Fashion Awards. The BFC Foundation was also supported by corporate donations and private donations from supporters of the Fashion Trust.

The trustees intend to review the fundraising strategy of the charity, including the appointment of charity co-chairs and the establishment of an International Advisory committee who will lead on the development of a patronage programme. This work will begin in FY20/21 including the establishment of appropriate controls and procedures to monitor fundraising activities.

The BFC Foundation is not subject to any undertakings to be bound by a voluntary scheme for regulating fundraising, or any voluntary standard of fund-raising, in respect of activities on behalf of the charity.

The trustees are satisfied that reasonable steps have been taken to protect vulnerable people and other members of the public from behaviour which is an unreasonable intrusion on a person's privacy, is unreasonably persistent or places undue pressure on a person to give money or other property. There have been no complaints in the period regarding activities by the charity for the purpose of fundraising.

British Fashion Council Foundation Limited

Trustees' report for the 12 months ended 31 March 2020 (continued)

Investment policy

The BFC Foundation's donations are currently held on bank deposit accounts. As the BFC Foundation grows, the trustees will develop an investment policy to place surplus funds in appropriate investments of low risk, whilst ensuring that at least the minimum reserve level is maintained.

Going concern

The trustees are responsible for reviewing the budgets and cash flow forecasts which confirm the charitable company has sufficient funds to enable it to meet its liabilities as and when they fall due, for the foreseeable future and for a minimum period of one year from the approval date of the charitable company's financial statements. The trustees are confident that if the charitable company does not meet its anticipated donation and voluntary income forecasts that appropriate action can be taken to reduce any expenditure to ensure the charity can continue in operational existence. Based on the above, the trustees have a reasonable expectation that the charity will have sufficient working capital for the foreseeable future and consequently believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Internal controls and the mitigation of major risks

The BFC Foundation is administered on dedicated accounting software. Bank accounts are maintained in the BFC Foundation's own name with authorised account signatories. All material transactions are reviewed by the trustees.

The major risk to which the charity is exposed are as follows: -

Operating Risk: the BFC provides all management and administrative support to the BFC Foundation therefore the charity is reliant on the BFC to operate. The BFC Foundation has at least one trustee who also serves on the BFC Board who has sufficient oversight of the strategic plans and financial forecasts of the BFC to ensure it can continue to provide managerial and administrative services to the charity. In the unlikely event that the BFC could no longer provide such support, the trustees would either employ personnel to carry out the charitable activities directly or seek to find an alternative partner. The trustees ensure that there are sufficient reserves in the charity to finance this if required.

Financial Risk: there is a risk of a shortfall in donations to enable the BFC Foundation to award financial grants associated with the charity's talent support schemes. The trustees review the level of donations in the charity each year balanced against its budgeted grant giving activities and any ongoing commitments. The BFC has donated £750,000 to underwrite the activities for the coming year. The trustees continue to explore and expand the fundraising ambitions and activities of the charity.

Statement of trustees' responsibilities

The trustees (who are also directors of the BFC Foundation for the purpose of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial period. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

British Fashion Council Foundation Limited

Trustees' report for the 12 months ended 31 March 2020 (continued)

Statement of trustees' responsibilities (cont)

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Small company regime

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and the charitable company is therefore exempt from the requirements to prepare a Strategic Report.

Approved on behalf of the board of trustees and signed on its behalf by:



Laura Strain
Trustee

BFC Foundation Ltd
17 June 2021

Independent auditor's report to the member of British Fashion Council Foundation Limited

Independent Auditor's Report to the Members of BFC Foundation Ltd

Opinion

We have audited the financial statements of BFC Foundation Ltd for the year ended 31 March 2020 which comprise the Statement of Financial Activities, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Independent auditor's report to the member of British Fashion Council Foundation Limited

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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 or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' report.

Independent auditor's report to the member of British Fashion Council Foundation Limited

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 7 and 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.

Independent auditor's report to the member of British Fashion Council Foundation Limited

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.



Julia Poulter

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

23 June 2021

British Fashion Council Foundation Limited

Statement of financial activities for the year ended 31 March 2020

(Incorporating income and expenditure account)

	Note	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
		2020	2020	2020	2019
		£	£	£	£
Income					
Donations and legacies	4	996,038	154,656	1,150,694	-
Income from Investments		112		112	-
Total income		996,150	154,656	1,150,806	-
Expenditure on charitable activities	5	(25)	-	(25)	-
Net movement in funds for the period		996,125	154,656	1,150,781	-
Reconciliation of funds					
Total funds brought forward	10	-	-	-	-
Total funds carried forward	10	996,125	154,656	1,150,781	-

The above results derive entirely from continuing operations.

The charity has no comprehensive income other than the surplus above and therefore no separate statement of comprehensive income has been presented.

British Fashion Council Foundation Limited

Balance sheet as at 31 March 2020

	Note	2020 £	2019 £
Current assets			
Cash at bank and in hand		1,378,673	-
Creditors: amounts falling due within one year	8	(227,892)	-
Net current assets		1,150,781	-
Net assets	10	1,150,781	-
The funds of the Charity:			
Unrestricted income funds	10	996,125	-
Restricted income funds	10	154,656	-
Total Charity Funds		1,150,781	-

The notes on pages 15 to 19 are an integral part of these financial statements.

The financial statements on pages 13 to 19 which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within the Companies Act 2006, Pt. 15 [1], were approved by the board of trustees on 17 June 2021 and signed on its behalf by:



Laura Strain
Trustee
17 June 2021

BFC Foundation Limited
Registered Company No: **11917315**
Registered Charity No: **1185152**

British Fashion Council Foundation Limited

Notes to the financial statements for the year ended 31 March 2020

1. Statement of compliance

The individual financial statements of the BFC Foundation have been prepared in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective January 2019) – (Charities SORP (FRS 102 Section 1A)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated. The BFC Foundation has adopted Charities SORP (FRS 102) in these financial statements.

(a) Basis of preparation

These financial statements are prepared under the historical cost convention. The preparation of financial statements in conformity with Charities SORP (FRS 102) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the charitable company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are considered and disclosed in note 3.

(b) Going Concern

The trustees are responsible for reviewing the budgets and cash flow forecasts which confirm the charitable company has sufficient funds to enable it to meet its liabilities as and when they fall due, for the foreseeable future and for a minimum period of one year from the approval date of the charitable company's financial statements. The trustees are confident that if the charitable company does not meet its anticipated donation and voluntary income forecasts that appropriate action can be taken to reduce any expenditure to ensure the charity can continue in operational existence. Based on the above, the trustees have a reasonable expectation that the charity will have sufficient working capital for the foreseeable future and consequently believe that it is appropriate for the financial statements to be prepared on a going concern basis.

(c) Incoming resources

Donations and voluntary income are only included in the Statement of financial activities where the charitable company has unconditional entitlement to the resource. Amounts paid by the supporters of the Fashion Trust are taken into income in the year to which they relate and any amounts received by the balance sheet date in respect of future years are deferred and recognised over the period of the support.

British Fashion Council Foundation Limited

Notes to the financial statements for the 12 months ended 31 March 2020 (continued)

2. Summary of significant accounting policies (continued)

(d) Expenditure

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

Services paid for by the charitable company are recorded at fair value and included in governance costs (see note 5).

(e) Fund accounting

The unrestricted fund comprises general funds which are used to meet the charitable objects of the charitable company at the discretion of the trustees. The restricted fund comprises general funds which are used to meet the objectives of the Trust.

(f) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held with banks.

(g) Taxation

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

(h) Cash flow statement

The charitable company is exempt under FRS 102 Section 1A from the requirement to publish a cash flow statement under Financial Reporting Standard 1 (revised) "Cash flow statements".

(i) Financial Instruments

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price. Financial liabilities held at amortised cost comprise trade and other creditors.

3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The charitable company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. It is in the opinion of the trustees that there are no estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

British Fashion Council Foundation Limited

Notes to the financial statements for the 12 months ended 31 March 2020 (continued)

4 Voluntary income

	2020 £	2019 £
Monetary contributions received		
Unrestricted contributions	996,038	-
Designated contributions – Fashion Trust Growth Grants	71,325	
Designated contribution – Educational scholarships	83,331	
	<u>1,150,694</u>	

5 Expenditure on charitable activities and net expenditure for the period

The BFC Foundation incurred bank charges of £25 in the year (2019: £nil).

Statutory audit costs were borne by the parent company.

6 Staff costs and trustees' remuneration

No staff were employed by the charitable company during the financial period (2019: none).

The trustees received no remuneration in respect of their services to the charitable company during the financial period (2019: £nil). No trustee received any reimbursement of expenses during the financial period (2019: £nil).

8 Creditors: amounts falling due within one year

	2020 £	2019 £
Inter-company creditors	150,000	-
Accruals and deferred income	77,892	-
	<u>227,892</u>	<u>-</u>

9 Deferred income

	£
Deferred income at 1 April 2019	-
Deferred in the period/year	77,892
Deferred income at 31 March 2020	<u>77,892</u>

British Fashion Council Foundation Limited

Notes to the financial statements for the 12 months ended 31 March 2020 (continued)

10 Funds

	As at 1 April 2019 £	Incoming resources £	Resources expended £	As at 31 March 2020 £
Unrestricted income funds				
General funds	-	996,150	(25)	996,125
Restricted income funds				
Fashion Trust Growth Grants	-	71,325	-	71,325
BA & MA Scholarships	-	83,331	-	83,331
Total charity funds	<u>-</u>	<u>1,150,781</u>	<u>(25)</u>	<u>1,150,781</u>

Unrestricted income funds

This general fund is primarily for the annual awards to the recipients who fulfil all the charity objectives to raise the profile of excellence in creativity in British fashion design and to relieve unemployment by supporting the future growth and success of the British Fashion Industry. This fund may also award monetary and mentoring prizes at the discretion of the trustees. This is in consultation with judging panels of industry experts who are brought together by the charity as required. This general fund will also be used to cover the general running costs of the charity.

Donations to the general fund are made by individuals and organisations and are made freely in support of the charity's objects.

Restricted income funds

BFC Fashion Trust Growth Grants

This restricted fund is specifically to recognise those individuals, charities, organisations, institutions, and undertakings who are deemed to promote the art of fashion design and to relieve unemployment by supporting the future growth and success of the British Fashion Industry. Funds raised will go towards the Fashion Trust grant giving and mentoring programme focused on supporting independent designer fashion businesses to accelerate their growth. Donations to the fund to date have been raised from individuals and corporate institutions.

Education

This restricted fund is specifically for the advancement of education in awarding scholarships, bursaries, or maintenance allowances tenable at any university or other educational establishments approved by the trustees, to graduates of British Fashion schools to study fashion design and related subjects. Students receiving support through this fund are identified as individuals with real design talent and the potential to become successful designers in the future.

There were no transfers to or from other funds during the financial period (2019: £nil).

British Fashion Council Foundation Limited

Notes to the financial statements for the 12 months ended 31 March 2020 (continued)

The analysis of net assets between funds is as follows:

	Unrestricted income funds	Restricted income funds		As at 31 March 2020	As at 31 March 2019
	General	Fashion Trust Growth Grants	BA & MA Scholarships	Total	Total
	£	£	£	£	£
Current assets	1,221,592	73,750	83,331	1,378,673	-
Current liabilities	(225,467)	(2,425)	-	(227,892)	-
Total net assets	996,125	71,325	83,331	1,150,781	-

11 Capital

The BFC Foundation is a company limited by guarantee and has no share capital. In the event of the BFC Foundation being wound up, the liability of the sole member, the British Fashion Council Limited, is limited to £1.

12 Ultimate controlling party

There is no ultimate controlling party. The trustees control the activities of the charity.

13 Related Parties

The BFC Foundation is a related party of the BFC through being the sole member of the charitable company.

The BFC donated £750,000 to the British Fashion Council Ltd in the year. All three of the trustees of the charity are directors of the BFC however, the donation is signed off by the BFC Executive Board which at the 31 March 2020 had three independent non-executive directors who are not officers of the BFC Foundation.

Two Trustees are remunerated in relation to their roles as executive directors of the charities parent entity, British Fashion Council Ltd.

At the balance sheet date, a trade creditor balance of £150,000 relates to amounts paid to the BFC Foundation in error that should have been paid to the BFC.