

**Company's Registered Number: 07430903**  
**Charity registration number: 1140719**

**THE LEGATUM INSTITUTE FOUNDATION**

**Trustees' Annual Report  
and financial statements  
for the year ended**

**31 December 2020**



# THE LEGATUM INSTITUTE FOUNDATION

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# THE LEGATUM INSTITUTE FOUNDATION

## TRUSTEES AND ADVISERS

### Trustees

Toby Oliver James Baxendale  
Richard Henry Briance  
Arthur Charles Brooks  
Heather Ednah Tsitsi Masiyiwa  
Alan James McCormick  
Richard William James Parry  
Philippa Claire Stroud  
Robert Charles Vickers

### Senior management personnel

Philippa Stroud, Chief Executive Officer  
David Wesson, Managing Director  
Stephen Brien, Director of Policy

### Registered and principal office

11 Charles Street  
London  
W1J 5DW

### Websites and social media

[www.li.com](http://www.li.com)  
[www.prosperity.com](http://www.prosperity.com)  
[www.usprosperity.net](http://www.usprosperity.net)  
twitter: @LegatumInst  
Facebook: LegatumInst  
LinkedIn: Legatum Institute  
YouTube: TheLegatumInstitute

### Bankers

Barclays Bank UK PLC  
27 Soho Square  
London  
W1D 3QR

### Auditor

Nexia Smith & Williamson  
Statutory Auditor  
Chartered Accountants  
25 Moorgate  
London  
EC2R 6AY

### Solicitors

Bates Wells Braithwaite LLP  
10 Queen St Place  
London  
EC4R 1BE

### Status

The charity is a company limited by guarantee and incorporated and registered as a charity in England and Wales  
Company's Registered Number: 07430903  
Charity registration number: 1140719

## THE LEGATUM INSTITUTE FOUNDATION

### CHAIR'S REPORT

2020 was an extraordinary year in every sense with many uncertainties. I am proud of the way the team and organisation rose to the challenge, ensuring that staff were well cared for, the organisation remained focussed on its mission and that over the course of the year it created impact across all its programme areas. As the COVID-19 pandemic had a significant impact on the world's health, economies, communities and individual wellbeing, the mission of the Legatum Institute Foundation ("the Institute"), to build a global movement of people committed to creating the pathways from poverty to prosperity and the transformation of society, has never been more important.

In 2020, the Institute published the fourteenth edition of the Legatum Prosperity Index™, which provided leaders around the world with a guide to what builds and protects prosperity. The Index showed the backdrop to the pandemic was one where global prosperity was at its highest ever level. However, the Index also revealed that the pace of improvement globally had slowed in many areas and was a reminder of the importance of the role of good governance and leadership, to help each nation navigate through the pandemic and create the prosperity of the future.

During the year, the Institute particularly focused its work on the UK, the US, and emerging nations, predominantly in Africa. The second US Prosperity Index report was published, tracking progress over the last decade of the 50 states and Washington D.C. and discussing how the nation as a whole could set a recovery agenda for future growth and development.

The Institute also produced a second report on prosperity across Africa and an in-depth transformation roadmap for Zimbabwe, with proposed solutions to set the country on the pathway to prosperity, and was delighted to launch the Centre for UK Prosperity, which will publish an inaugural UK Prosperity Index in 2021. The UK is at a pivotal moment of transition and opportunity as it seeks to understand and identify the strategy and tools to 'level up' and increase prosperity in every region of the country.

Despite the disruption of the pandemic, the Institute continued its work on the transformation of society with a full annual programme of Forum lectures and dinners and the Courage in Journalism Award. The team used the Covid disruption to transition to online events to reach a much wider audience, seeing a record number of attendees over the course of the year, holding over 50 events with speakers representing a variety of perspectives, including the late Rabbi Lord Sacks, Zeinab Badawi, Jim O'Neill, Dr Mo Ibrahim, Tanni Grey-Thompson, and Sir Lynton Crosby. We were also able to host a number of webinars in partnership with Higher Life Foundation in Zimbabwe to provide support to African community leaders, policymakers, and civil servants as they coordinated their response to the COVID-19 pandemic.

The Institute expanded its digital and media presence in the year, including the development of a new website to promote the US Prosperity Index ([usprosperity.net](https://usprosperity.net)). The LI.com website received more than 175,000 visitors who downloaded more than 16,000 pieces of content, and our work generated over 2,800 media mentions across more than 55 countries.

We look back at 2020 proud of the way our team rose to the challenge of working through Covid, proud that we were able to keep serving nations around the world with the analytical and data tools they needed to inform the hugely challenging decisions that needed to be made in the middle of a global crisis, and proud that we have come through this time with increased impact. None of this would have been possible without our great staff, great board and great donors.

A J McCormick – Chair

## **THE LEGATUM INSTITUTE FOUNDATION**

### **TRUSTEES' ANNUAL REPORT**

The Trustees are pleased to present their annual report together with the financial statements of Legatum Institute Foundation (“Institute”) for the year ending 31 December 2020.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Institute’s Memorandum and Articles of Association, and 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).

### **OUR PURPOSES AND ACTIVITIES**

The Institute’s Objects for 2020, as set out in its Articles of Association, are to advance the education of the public in national and international political, social and economic policy, including the promotion of research in any of those areas and the publication of the useful results of such research.

As an international think tank and charity, the Institute’s overall strategy is to undertake research covering national and international political, social and economic policy and to disseminate the results of that research, so as to promote prosperity throughout the world. This strategy will continue into 2021 and beyond, with the Institute introducing additional programmatic work to extend its educational reach to greater audiences around the world.

The Institute fulfils its educational purpose by making available the results of its research to the public – all research reports are freely available at [www.li.com](http://www.li.com) and [www.prosperity.com](http://www.prosperity.com). In addition, the Institute runs a range of events throughout the year to promote its research findings. These findings are widely cited in the media, adding to the public’s knowledge of the factors which enhance and sustain prosperity.

The Trustees use a variety of criteria in order to assess the outputs and outcomes of the Institute, including:

#### **Research**

- The number of research projects successfully undertaken
- The number of research reports published

#### **Education**

- The extent to which the research outcomes are cited in the media
- The number of downloads of the research reports
- The number of events and the attendance at the events

#### **Uptake**

- The extent to which the research findings are used by governments, policy makers, decision makers and societal leaders to assist in formulating policies

The Trustees consider that the wider impact of the Institute’s activities will be a general expansion of knowledge around the conditions that promote and sustain prosperity and mitigate poverty. The Trustees expect that this in turn will ultimately lead to greater prosperity for all, particularly for those

## **THE LEGATUM INSTITUTE FOUNDATION**

### **TRUSTEES' ANNUAL REPORT (continued)**

in countries with current low levels of prosperity. The Trustees will continue to review how the Institute's impact is measured to ensure it is tracked and monitored effectively.

In 2020, the Institute ran dedicated research programmes, including Centre for Metrics, the Africa Prosperity Report, the US Prosperity Report, Global People Movements, Peace and Reconciliation, and the Global Index of Economic Openness. Through these programmes, the Institute seeks to understand what drives and restrains national success and individual flourishing.

As part of its activities during the year, the Institute also published the Legatum Prosperity Index™ in November. The Index assesses the performance of 167 countries across 12 pillars, underpinned by 65 policy-focused elements, to provide a comprehensive and holistic picture of prosperity. The Index is designed to be a transformational tool that leaders around the world can use to help set their agendas for growth and development, and that others can use to hold them to account.

The Institute is based in London. Its lead sponsor is Legatum Foundation Limited.

### **OUR VISION**

The Institute has a bold vision to create a global movement of people committed to creating the pathways from poverty to prosperity and the transformation of society.

We seek to do this by raising up leaders of character, restoring an ethical vitality to all sectors of society, and developing the practical solutions and data tools that will help build inclusive and peaceful societies with open economies and empowered people.

### **OUR VALUES**

The Institute's work is informed by a core belief that true prosperity entails much more than material wealth. It reaches into the culture and character of a nation – enabling every individual to reach their full potential. Our values are shaped by the belief that:

- Everyone has potential: People of all nations and walks of life have immense personal worth, dignity, and value. They should all be given the opportunity to realise their potential.
- Transformation is possible: Prosperity is created by transforming lives, not by maintaining the status quo.
- Prevention is better than cure: Avoiding problems is the most effective way to put individuals, communities, and nations on the pathways from poverty to prosperity.

Engagement is required beyond government. All over the world, problems are being solved by individuals, communities, charities and businesses.

## **THE LEGATUM INSTITUTE FOUNDATION**

### **TRUSTEES' ANNUAL REPORT (continued)**

#### **OUR WORK**

##### **Building a Global Movement of People**

We are developing an international network of people from all sectors of society who share our vision and are committed to working together to create the pathways from poverty to prosperity and transform society. This is Forum.

Forum exists to help leaders and influencers from all sectors of society use their platforms for good and create a better world. Through lectures, dinners, and weekends away, we are building bridges across traditional sector boundaries so that culture makers in different arenas can connect and collaborate to create positive change.

##### **Creating the Pathways from Poverty to Prosperity**

The aim of our work is to measure, analyse, and explain the many complex drivers of both poverty and prosperity at the local, national, and global level. Our Centre for Metrics team creates indexes and datasets purposefully designed to support leaders in the UK and around the world to develop practical solutions that build greater prosperity for all, while our researchers seek to identify the actions required to enable transformational change.

##### **Developing Practical Solutions and Data Tools**

The Legatum Prosperity Index™, launched in 2007, is the only global index that measures national prosperity based on institutional, economic, and social wellbeing. It assesses the performance of 167 countries across 12 pillars, underpinned by 65 policy-focused elements, to provide a comprehensive and holistic picture of prosperity. The Index is designed to be a transformational tool that leaders around the world can use to help set their agendas for growth and development, and that others can use to hold them to account.

The United States Prosperity Index is focused on developing a comprehensive picture of prosperity for all 50 states of the U.S. as well as Washington D.C. and across 829 counties in eight selected states. It seeks to understand why the United States' undeniable long-term economic success is not translating fully into social wellbeing and offers new insight to show where targeted policy interventions could help every state and county become more prosperous.

The Africa Prosperity Programme aims to shift the debate about the continent's challenges and opportunities. Using the global Prosperity Index framework, we are tracing the legacy of prosperity across Africa to identify common factors propelling those countries that have made the greatest progress in the past and highlight the potential opportunities for other nations to embrace good practices.

The Economic Openness Programme aims to provide the international community with a tool to identify and tackle economic inequality. The Global Index ranks more than 150 countries' openness to commerce, assessing the environment that enables or hinders their ability to trade both domestically and internationally. As part of this programme we are publishing a series of in-depth country case studies analysing their performance in the key characteristics of openness to trade, investment, ideas, competition, and talent.

## **THE LEGATUM INSTITUTE FOUNDATION**

### **TRUSTEES' ANNUAL REPORT (continued)**

The Peace and Reconciliation Programme explores how nations have moved from a divided past towards a shared future. Since sustained peace is the bedrock of a prosperous society, we hope that by analysing common patterns from nations that have forged pathways to peace, other countries will be able to learn from their experiences and achieve long-lasting reconciliation.

The Social Metrics Commission is an independent Commission on poverty in the UK, hosted by the Legatum Institute and chaired by CEO Philippa Stroud. It is dedicated to helping policymakers and the public better understand poverty and tackle it more effectively by developing a new approach to poverty measurement that reflects the nature and experiences of poverty individuals and families across the UK face.

### **OUTPUTS AND PERFORMANCE**

The Institute fulfils its educational purpose by making available the results of its research to the public. All research reports are freely available at [www.li.com](http://www.li.com) and further data is available on [www.prosperity.com](http://www.prosperity.com), [www.usprosperity.net](http://www.usprosperity.net) and [www.socialmetricscommission.org.uk](http://www.socialmetricscommission.org.uk).

In addition, the Institute runs a range of events throughout the year to promote its research findings. These findings are widely cited in the media, adding to the public's knowledge of the factors which build and sustain prosperity.

#### **Publications**

The Institute published 13 reports in 2020. This included the 14<sup>th</sup> edition of the Legatum Prosperity Index™ report, our 2nd Africa Prosperity Report, our 2nd annual United States Prosperity Index, a transformation roadmap for Zimbabwe, a report on Peace & Reconciliation, a third annual Social Metrics Commission report on UK poverty, and an evaluation tool for COVID-19 policy. In addition, the Institute published case studies of economic openness in Colombia, Morocco, and Egypt.

#### **Events**

The Institute held over 50 events during 2020. Highlights included international events held in connection with our GIEO programme which included conferences and briefings in Egypt, Ghana, Colombia, US Prosperity briefings across, among others, California, Iowa, Colorado, Washington D.C., Wisconsin and Oklahoma; quarterly Forum lectures and breakfast and supper events throughout the year; the annual Courage in Journalism Award and the launch of the 2020 Legatum Prosperity Index. In 2020, our events programme has been successfully adapted to an online format, which has allowed us to continue to build our network globally despite the pandemic.

#### **Media**

The Institute received a high level of media coverage in 2020, generating more than 2,800 media mentions across more than 50 countries. This included articles in major international outlets such as the BBC, Sky News, Times, Guardian, Daily Telegraph, Daily Mail, Spectator, Washington Post, Atlantic, and Bloomberg among others.



## **THE LEGATUM INSTITUTE FOUNDATION**

### **TRUSTEES' ANNUAL REPORT (continued)**

#### **FINANCIAL REVIEW**

The Institute had funds of £1.3m as at 31 December 2020 (£1.4m as at 31 December 2019), and net current assets of £1.1m (2019 - £1.1m). The movement in funds year on year is the result of a £59,000 timing difference in the expenditure of restricted funds carried forward from the previous year. Unrestricted income and expenditure was in balance in the year 2020.

As detailed below, the Institute receives on-going support from Legatum Foundation Limited and the Institute is therefore able to meet its obligations as and when they fall due.

The principal sources of income were donations of £2.8m and income from the provision of charitable activities of £1.0m giving total income of £3.8m for the year. Comparative figures for 2019 were: donations - £2.9m, charitable activities - £0.9m, total income - £3.8m.

#### **FUNDRAISING**

The Institute's external fundraising activities are aimed at a combination of trusts and foundations, private individuals, and corporates. The Institute's fundraising is not targeted towards the public in general. Our approach to fundraising is to seek out those who share a common interest in our areas of research and to explore ways they can partner with us. The Institute employs one full time staff member to fundraise and also retains the services of a small external fundraising consultancy, which shares the same fundraising approach as the Institute.

The Institute has not subscribed to any bodies that promote fundraising standards but the Trustees have reviewed the aims of the UK Fundraising Regulator and will keep under review the potential membership of that body. The Institute has not received any complaints about its fundraising activities or of the activities of any person acting on behalf of the Institute.

#### **GOING CONCERN**

The Institute's core activities are currently funded from income received from Legatum Foundation Limited. Legatum Foundation Limited has reconfirmed a funding commitment through to the end of December 2024 and, for this reason, the Trustees consider the Institute to be a going concern.

#### **RESERVES**

Due to the on-going financial support of Legatum Foundation Limited, the Institute has a 3 year funding commitment. As at the year-end, the Institute had positive free reserves of £583,000 (2020: £542,000). (Free reserves are the unrestricted reserves less amounts represented by tangible fixed assets).

## **THE LEGATUM INSTITUTE FOUNDATION**

### **TRUSTEES' ANNUAL REPORT (continued)**

#### **FINANCIAL RISKS AND UNCERTAINTIES**

The most significant financial risk and uncertainty relates to the continuation of funding after December 2024. The Trustees will liaise closely with Legatum Foundation Limited to ensure that they are informed as to the likely future funding and can take appropriate action.

The Trustees note that the Legatum Prosperity Index™ has been funded and published for the last 14 years, and they anticipate that it will continue to be funded beyond December 2024.

The Institute's main risks arising from its financial instruments relate to liquidity risks and the Institute liaises closely with its principal funder, Legatum Foundation Limited, to manage its cash flows. The Institute has no specific policies regarding financial instrument risk management.

#### **GOVERNANCE AND MANAGEMENT**

The Institute is governed by its Trustees who, during the year and subsequently, were as follows:

Toby Oliver James Baxendale  
Richard Henry Briance  
Alan James McCormick  
Robert Charles Vickers  
Philippa Claire Stroud  
Richard William James Parry  
Heather Ednah Tsitsi Masiyiwa  
Arthur Charles Brooks

The Trustees confirm that they have had regard to the Charity Commission's guidance on public benefit. The current Trustees are already familiar with the practical work of the Institute. New trustees are sought from the fields of entrepreneurship, philanthropy, law, academia and business. Any new trustee is presented with a comprehensive induction, and has the opportunity to discuss their role with a current trustee as well as meet senior staff members and researchers.

The Trustees confirm that they have reviewed the risks that the Institute faces and taken appropriate steps to implement processes to manage those risks.

In the case of each person who was a Trustee at the time this report was approved:

- so far as that Trustee was aware, there was no relevant audit information of which the Institute's auditors were unaware; and
- that Trustee had taken all steps that he/she ought to have taken as a trustee to make himself or herself aware of any relevant audit information and to establish that the Institute's auditors were aware of that information.

The Trustees are responsible for overseeing the overall strategy of the Institute and for ensuring the Executive team delivers that strategy. As part of these responsibilities, the Trustees approve the allocation of resources to the Institute's various programmes.

## **THE LEGATUM INSTITUTE FOUNDATION**

### **TRUSTEES' ANNUAL REPORT (continued)**

The Institute is managed on a day-to-day basis by a Chief Executive Officer, supported by a senior Executive team including the Managing Director and Director of Policy. This team oversees the Institute's various programmes and activities. The Chief Executive Officer's remuneration was reviewed by the Trustees, using criteria that included the achievement of the Institute's strategy and business plans, market data, and the outcome of an appraisal review.

Details of the related parties are set out in the financial statements. The members have the power to appoint and dismiss trustees.

### **COVID-19**

In March 2020, shortly before the UK Government announced a national lockdown in response to the COVID-19 pandemic, the Institute moved all of its staff to home-based working. In addition, the Institute cancelled all upcoming international travel plans and moved all scheduled events to an online format.

Aside from these logistical changes, the Institute has been able to continue its programme of activity and has continued to publish research as planned. All subsequent events have been hosted on video platforms which has enabled the Institute to continue to reach a broad global audience.

Throughout this time, the Institute has maintained a steady income and has continued its future fundraising activities.

### **POST BALANCE SHEET EVENTS**

In May 2021, the Board of Trustees agreed a revision to the Institute's objects, as set out in its Articles of Association. These updated objects were agreed with the Charity Commission and going forward are to:

Advance education for the public benefit and promote research including without limitation in political, social and economic policy, with a focus on the ways in which the ideas, values, character, philosophy, culture, institutional characteristics, policies, laws, regulation, taxation and practices present in any given society or economy, strengthen or weaken the ability of people to move from poverty to prosperity, and to publish the useful results of such research;

Relieve poverty, deprivation, and hardship including without limitation, by directly or indirectly supporting or relieving those who are in need and trapped in poverty, deprivation or hardship by reason of war, famine, displacement, migration or refugee status, human trafficking, unemployment, homelessness, youth, age, ill-health, lack of education, disability, financial hardship, family breakdown or other disadvantage; and

Promote national and international conflict resolution and reconciliation for the public benefit with a view to relieving suffering, poverty and distress and building and maintaining social cohesion and trust within and between communities and nations provided that all activities shall be undertaken with impartiality and with a commitment to creating and increasing peace.

## THE LEGATUM INSTITUTE FOUNDATION

### TRUSTEES' ANNUAL REPORT (continued)

In these objects: 'prosperity' is defined as being not just about what we have but also about who we become, so that everyone has the opportunity to thrive by fulfilling their unique potential and playing their part in contributing to their families, communities and nations. Prosperity is underpinned by an inclusive society, is driven by an open economy and is built by empowered people.

These objects will inform the Institute's future plans.

### PLANS FOR THE FUTURE

The Institute will continue with its programme of research, analysis, and events as it continues to drive a global movement of people committed to creating the pathways from poverty to prosperity, and the transformation of society.

We will continue to do this through:

- Creating a network of leaders of character across the public square.
- Creating the strategy and accountability tools to lift the prosperity of the UK from bottom up.
- Creating the pathways from poverty to prosperity globally and particularly guiding emerging nations on that pathway.

Specific plans for the coming year include:

- Celebrating the fifteenth edition of the Legatum Prosperity Index™.
- Focussed global in-country pathways to prosperity work, especially in African nations.
- Publishing the third annual US Prosperity Index.
- Launching the UK Prosperity Index and related work to improve prosperity in the UK.
- Launching a new Poverty Strategy Commission in the UK.
- Launching a new Race Equality Commission in the UK.
- The development of Forum in the UK and the launch of Forum in the US.

Approved by and signed on behalf of the Trustees



A J McCormick – Trustee

7 July 2021

## **THE LEGATUM INSTITUTE FOUNDATION**

### **TRUSTEES' RESPONSIBILITIES STATEMENT**

The Trustees (who are also directors of the company for the purposes of applicable company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 affairs of the company and of the incoming resources and application of resources, including the income and expenditure, of the company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEGATUM INSTITUTE FOUNDATION**

### **Opinion**

We have audited the financial statements of The Legatum Institute Foundation for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2020, and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the Chair's Report and the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEGATUM INSTITUTE FOUNDATION (CONTINUED)**

### **Opinion 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 incorporates the Directors' Report for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which is incorporated within the Trustees' Annual Report, has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report incorporated within the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

### **Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the Trustees (who are also 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEGATUM INSTITUTE FOUNDATION (CONTINUED)**

### **Auditor's responsibilities for the audit of the financial statements (continued)**

We obtained a general understanding of the charitable company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the charitable company's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of charity regulation.

We understand that the charitable company complies with the framework through:

- Updating operating procedures and internal controls as legal and regulatory requirements change;
- Regular reviews of risk by management and the Trustees;
- Approval by the Trustees of the programme of work to be undertaken to assess compliance with the charitable objects and wider charity law; and
- The Trustees' close oversight through regular board meetings and compliance reporting.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the charitable company's ability to conduct operations and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the charitable company:

- FRS 102 and the requirements of the Companies Act 2006 in respect of the preparation and presentation of the financial statements;
- Health and safety regulations, including building and fire safety; and
- Charity law and regulation.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries with management and a trustee (as representative of the Trustees as a whole) as to the risks of non-compliance and any instances thereof; and
- Reading minutes of meetings of those charged with governance and reviewing any correspondence between regulators and the charitable company.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- Management override of control; and
- Revenue recognition, specifically the manipulation of revenue through incorrect recognition.

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of journal entries, selected through applying specific risk assessments based on the charitable company's processes and controls surrounding journal entries;
- reviewing and challenging estimates made by management; and
- substantive work on revenue transactions.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities. In particular, both the senior statutory auditor and the audit manager have a number of years' experience in dealing with the charitable companies with similar risk profiles.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEGATUM INSTITUTE  
FOUNDATION (CONTINUED)****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.

*Nexia Smith & Williamson*

**Andrew Bond**

Senior Statutory Auditor, for and on behalf of  
Nexia Smith & Williamson  
Statutory Auditor  
Chartered Accountants  
Date: 05/08/2021

25 Moorgate  
London  
EC2R 6AY

THE LEGATUM INSTITUTE FOUNDATION

**STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the income and expenditure account)  
for the year ended 31 December 2020**

		2020			2019		
	Notes	Un- restricted funds £	Restricted funds £	Total £	Un- restricted funds £	Restricted funds £	Total £
<b>Income and endowments from:</b>							
Donations	4	1,779,410	996,396	2,775,806	1,782,536	1,106,081	2,888,617
Charitable activities	5	-	989,132	989,132	3,333	879,244	882,577
Other trading activities		-	-	-	2,314	24,904	27,218
<b>Total</b>		<u>1,779,410</u>	<u>1,985,528</u>	<u>3,764,938</u>	<u>1,788,183</u>	<u>2,010,229</u>	<u>3,798,412</u>
<b>Expenditure on:</b>							
Raising funds	6	50,650	110,780	161,430	50,331	52,876	103,207
Charitable activities	7	1,718,846	1,933,629	3,652,475	1,726,367	1,893,369	3,619,736
<b>Total</b>		<u>1,769,496</u>	<u>2,044,409</u>	<u>3,813,905</u>	<u>1,776,698</u>	<u>1,946,245</u>	<u>3,722,943</u>
<b>Net income and net movement in funds</b>		9,914	(58,881)	(48,967)	11,485	63,984	75,469
Total funds brought forward		<u>806,575</u>	<u>552,544</u>	<u>1,359,119</u>	<u>795,090</u>	<u>488,560</u>	<u>1,283,650</u>
<b>Total funds carried forward</b>		<u>816,489</u>	<u>493,663</u>	<u>1,310,152</u>	<u>806,575</u>	<u>552,544</u>	<u>1,359,119</u>

# THE LEGATUM INSTITUTE FOUNDATION

## STATEMENT OF FINANCIAL POSITION as at 31 December 2020

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Property, plant and equipment	12	233,114	264,732
Investments in subsidiaries	13	1	1
		<u>233,115</u>	<u>264,733</u>
<b>Current assets</b>			
Debtors	14	117,556	125,473
Cash at bank and in hand		1,193,495	1,158,279
		<u>1,311,051</u>	<u>1,283,752</u>
<b>Creditors: amounts falling due within one year</b>	15	(233,028)	(189,366)
		<u>1,078,023</u>	<u>1,094,386</u>
<b>Total assets less current liabilities</b>		1,311,138	1,359,119
Creditors: amounts falling due after more than one year	15	(986)	-
<b>Net assets</b>		<u>1,310,152</u>	<u>1,359,119</u>
<b>Funds</b>	17		
Restricted funds		493,663	552,544
Unrestricted funds		816,489	806,575
		<u>1,310,152</u>	<u>1,359,119</u>

The financial statements were approved and authorised for issue by the Trustees on and were signed on their behalf by:



A J McCormick – Trustee

7 July 2021

Company number: 07430903

# THE LEGATUM INSTITUTE FOUNDATION

## STATEMENT OF CASH FLOWS for the year ended 31 December 2020

	Notes	2020 £	2019 £
<b>Cash flows used in operating activities</b>			
Net cash flow provided by operating activities	18	56,948	(3,636)
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(21,732)	(18,730)
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>		35,216	(22,366)
Cash and cash equivalents as at beginning of the year		1,158,279	1,180,645
		<hr/>	<hr/>
<b>Cash and cash equivalents as at end of the year</b>		1,193,495	1,158,279
		<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of cash and cash equivalents</b>			
Cash at bank and in hand		1,193,495	1,158,279
		<hr/> <hr/>	<hr/> <hr/>

The Institute has no debt and so a reconciliation of net debt is not presented.

# THE LEGATUM INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

### 1 Status of the Institute

The Legatum Institute Foundation (the “Institute”) is a company limited by guarantee and is incorporated, and registered as a charity, in England and Wales. Its registered office address is 11 Charles Street, London, W1J 5DW.

In the event of the Institute being wound up, the liability in respect of the guarantee is limited to £1 per member.

### 2 Accounting policies

The principal accounting policies are summarised below.

#### Basis of preparation

These financial statements are prepared in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”) and with the Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102 issued in 2014 and updated in 2019. The financial statements are also prepared in accordance with the Companies Act 2006 and the Charities Act 2011.

The Institute is a public benefit entity, as defined by FRS 102.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the Institute’s accounting policies.

#### Non-consolidation

The Institute is exempt from preparing consolidated financial statements because the consolidated financial statements would not be materially different from the entity financial statements. Accordingly, these financial statements present information about the Institute as an entity.

#### Going concern

The Trustees have prepared the financial statements using the going concern basis.

Over half of the Institute’s income is derived from Legatum Foundation Limited (see notes 4, 5 and 20), either in the form of sponsorship income or donations. The sponsorship income is paid in accordance with an enduring contract; however this contract can be terminated by either party by giving three months’ notice. The Institute has no contractual right to the donations, although Legatum Foundation Limited has pledged to continue to provide funding until the end of 2024.

The Trustees are confident that Legatum Foundation Limited will continue to provide sufficient funds to the Institute to enable it to continue its activities for the foreseeable future and for this reason they have adopted the going concern basis for the preparation of the financial statements.

#### Revenue

Revenue from exchange contracts is measured at the fair value of the right to consideration and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT.

## **THE LEGATUM INSTITUTE FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020 (continued)**

#### **2 Accounting policies (continued)**

Sponsorship income is recognised as the services that are provided, based on the Trustees' best estimate of progress against the relevant contract and amounts which will ultimately become due under the contract.

Fundraising trading income is recognised as the services that are provided.

Income from non-exchange transactions is recognised when the Institute has entitlement to the income, when the income can be reliably measured and when it is more probable than not that the Institute will receive the income. Specifically, donations are included in the financial statements when received or, in the case of donations from Legatum Foundation Limited, when the Institute is notified of them.

To the extent that they are material, any donated services are recognised at their estimated value to the Institute.

#### **Expenses**

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the Institute in the delivery of its charitable activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Indirect costs are apportioned to charitable activities and other activities based on the estimated proportion of time incurred by support staff in supporting the various activities.

#### **Foreign currencies**

Transactions denominated in a foreign currency are translated into Sterling at the rate of exchange ruling at the date of the transaction. At the Statement of Financial Position date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the income and expenditure account.

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. At the Statement of Financial Position date, all leases are classified as operating leases.

Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

#### **Employee benefits**

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Statement of Financial Position. Redundancy and similar costs are recognised when the relevant employees have been informed that a redundancy programme has commenced.

# THE LEGATUM INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020 (continued)

### 2 Accounting policies (continued)

#### Pension scheme

The Institute operates a defined contribution plan. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of Financial Position. The assets of the plan are held separately from the Institute in independently administered funds.

#### Fund accounting

Incoming resources from non-exchange transactions are categorised as restricted when the counter-party imposes restrictions as to the use of the funds. Any interest earned on restricted funds is also categorised as restricted income. All other incoming resources are categorised as unrestricted.

Direct and indirect expenditure relating to restricted income is categorised as restricted expenditure to the extent that it is covered by available restricted funds; any excess expenditure is classified as unrestricted. Any direct costs associated with gaining restricted fundraising income are treated as restricted only to the extent that the costs are directly related to the associated income. All other fundraising costs are classed as unrestricted.

#### Property, plant and equipment

Depreciation is provided on cost or revalued amounts in equal annual instalments over the estimated useful lives of the assets concerned. The following annual rates are used on a straight line basis:

Leasehold improvements	-	Shorter of lease term or useful life
Computer equipment	-	33% (3 years)

#### Impairment of non-financial assets

At each Statement of Financial Position date, tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest relevant levels; for assets used for charitable purposes, the levels are considered by reference to separately identifiable charitable activities; for those assets used for fundraising trading purposes, the levels used are those for which there are separately identifiable cash flows. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of Financial Activities.

#### Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

#### Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Institute becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Institute will not be able to collect all amounts due.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020 (continued)**

**2 Accounting policies (continued)**

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Institute's cash management.

Other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable, which is ordinarily equal to the proceeds received. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

**Taxation**

The Institute is exempt from tax on its activities provided that the surpluses are used for charitable activities. Therefore no provision for direct or deferred tax arises.

**3 Key judgements and sources of estimation uncertainty**

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Statement of Financial Position date and the reported amounts of revenues and expenses during the reporting period.

**Judgements**

The most significant judgement made by the Trustees in preparing the financial statements relates to the use of the going concern basis for the preparation of the financial statements, as described in note 2.

Other judgements relate to the basis on which support costs are allocated to the various activities of the Institute (note 8).

**Estimation uncertainty**

The only significant sources of estimation uncertainty relate to the expected useful economic life of the property, plant and equipment, the method by which support costs are apportioned to charitable and other activities, and the estimated value of the property rent foregone by the landlord. The useful economic lives of property, plant and equipment are detailed above. Support costs are apportioned on the estimated time that relevant staff spend supporting on each charitable and other activity; this is estimated based on the direct expenditure for each activity. Details of the property are given in note 4 and 20.



# THE LEGATUM INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020 (continued)

### 4 Income from donations

	2020 £	2019 £
Unrestricted:		
Legatum Foundation Limited	1,149,866	1,139,275
Other	629,544	643,261
	<u>1,779,410</u>	<u>1,782,536</u>
Restricted:		
Legatum Foundation Limited	-	-
Other	996,396	1,106,081
	<u>996,396</u>	<u>1,106,081</u>
	<u>2,775,806</u>	<u>2,888,617</u>

Unrestricted other donations include the value of the notional rent of £565,000 (2019: £565,000), see note 20.

The restricted donations are analysed as follows:

	<b>Forum (was Cultural Transformation) £</b>	<b>Centre for Metrics £</b>	<b>Global People Movements £</b>	<b>Inter- national Develop- ment £</b>	<b>Total £</b>
<b>Year ended 31 December 2020</b>	<u>5,000</u>	<u>991,396</u>	<u>-</u>	<u>-</u>	<u>996,396</u>

	<b>Cultural Transfor- mation £</b>	<b>Centre for Metrics £</b>	<b>Global People Movements £</b>	<b>Inter- national Develop- ment £</b>	<b>Total £</b>
<b>Year ended 31 December 2019</b>	<u>32,245</u>	<u>952,421</u>	<u>94,340</u>	<u>27,075</u>	<u>1,106,081</u>

### 5 Income from charitable activities

**THE LEGATUM INSTITUTE FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020 (continued)**

<b>Year ended 31 December 2020</b>	<b>Forum (was Cultural Transformation)</b>	<b>Centre for Metrics</b>	<b>Global People Movements</b>	<b>Inter- national Develop- ment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Restricted income	130,000	789,132	-	70,000	989,132
Unrestricted income					-
					989,132

<b>Year ended 31 December 2019</b>	<b>Cultural Transformation</b>	<b>Centre for Metrics</b>	<b>Global People Movements</b>	<b>Inter- national Develop- ment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Restricted income	95,000	734,112	25,132	25,000	879,244
Unrestricted income					3,333
					882,577

The income from charitable activities primarily relates to amounts paid by Legatum Foundation Limited for undertaking various programmes of work (2020: £989,132; 2019: £818,132).

**6 Analysis of expenditure on fundraising activities - costs of raising voluntary income**

<b>Year ended 31 December 2020</b>	<b>Direct costs</b>	<b>Support costs</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Professional fees	110,780	-	110,780
Staff costs	-	50,650	50,650
Total	110,780	50,650	161,430

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020 (continued)

6 Analysis of expenditure on fundraising activities (continued)

Year ended 31 December 2019	Direct costs £	Support costs £	Total £
Professional fees	52,876	-	52,876
Staff costs	-	50,331	50,331
Total	52,876	50,331	103,207

7 Analysis of expenditure on charitable activities

Year ended 31 December 2020	Forum (was Cultural Transformation) £	Centre for Metrics £	Global People Move- ments £	Inter- national Develop- ment £	Total £
Staff costs	119,861	856,626	47,579	66,970	1,091,036
Travel and entertainment	169	54,935	-	226	55,330
Office overheads	554	20	-	-	574
Stationary, postage and publications	-	5,290	-	-	5,290
IT and communications	2,253	82,389	7	-	84,649
Advertising, events and conferences	37,216	112,869	-	-	150,085
Professional fees	8,023	390,264	-	-	398,287
Recovered VAT	(3,936)	(21,145)	-	-	(25,081)
Total direct costs	164,140	1,481,248	47,586	67,196	1,760,170
Allocated support costs (note 8)	176,462	1,592,445	51,158	72,240	1,892,305
Total	340,602	3,073,693	98,744	139,436	3,652,475

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020 (continued)

7 Analysis of expenditure on charitable activities (continued)

Year ended 31 December 2019	Cultural Transfor- mation £	Centre for Metrics £	Global People Move- ments £	Inter- national Develop- ment £	Total £
Staff costs	69,465	757,628	113,649	52,538	993,280
Travel and entertainment	6,064	144,688	508	419	151,679
Office overheads	931	236	-	22	1,189
Stationary, postage and publications	145	17,336	62	-	17,543
IT and communications	-	69,361	-	-	69,361
Advertising, events and conferences	105,044	165,502	3,356	-	273,902
Professional fees	9,541	256,206	12,288	-	278,035
Recovered VAT	(9,375)	(25,989)	(1,809)	(958)	(38,131)
Total direct costs	181,815	1,384,968	128,054	52,021	1,746,858
Allocated support costs (note 8)	194,931	1,484,881	137,292	55,774	1,872,878
Total	376,746	2,869,849	265,346	107,795	3,619,736

8 Support costs

Support costs are allocated as follows:

	2020 £	2019 £
Raising funds	50,650	50,331
Cultural Transformation	176,462	194,931
Centre for Metrics	1,592,445	1,484,881
Global People Movements	51,158	137,292
International Development	72,240	55,774
Charitable activities	1,892,305	1,872,878
Total	1,942,955	1,923,209

# THE LEGATUM INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020 (continued)

### 8 Support costs (continued)

Support costs apportioned to raising funds are based on the direct costs relating to the estimated time spent by the relevant staff on the trading activities, plus a corresponding proportion of other support costs incurred. The remaining support costs have been apportioned to the charitable activities in proportion to the direct costs.

<b>Year ended 31 December 2020</b>	<b>Communi- cations and Marketing £</b>	<b>Centre and Operations £</b>	<b>Gover- nance £</b>	<b>Total £</b>
Staff costs	277,402	648,926	-	926,328
Travel and entertainment	23	17,273	-	17,296
Office overheads	-	675,982	-	675,982
Repairs and maintenance	-	11,963	-	11,963
Stationary, postage and publications	22,601	8,449	-	31,050
IT and communications	15,419	80,755	-	96,174
Advertising, events and conferences	10,008	12,698	-	22,706
Professional fees	-	76,008	-	76,008
Depreciation	-	53,350	-	53,350
Governance (note 9)	-	-	49,905	49,905
Recovered VAT	(944)	(16,862)	-	(17,806)
<b>Total</b>	<b>324,509</b>	<b>1,568,542</b>	<b>49,905</b>	<b>1,942,956</b>

<b>Year ended 31 December 2019</b>	<b>Communi- cations and Marketing £</b>	<b>Centre and Operations £</b>	<b>Gover- nance £</b>	<b>Total £</b>
Staff costs	239,614	611,820	-	851,434
Travel and entertainment	494	23,941	-	24,435
Office overheads	723	700,042	-	700,765
Repairs and maintenance	-	17,415	-	17,415
Stationary, postage and publications	20,772	10,987	-	31,759
IT and communications	16,394	68,746	-	85,140
Advertising, events and conferences	24,600	38,312	-	62,912
Professional fees	-	79,780	-	79,780
Depreciation	-	60,196	-	60,196
Governance (note 9)	-	-	27,473	27,473
Recovered VAT	(1,761)	(16,339)	-	(18,100)
<b>Total</b>	<b>300,836</b>	<b>1,594,900</b>	<b>27,473</b>	<b>1,923,209</b>

# THE LEGATUM INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020 (continued)

### 9 Governance costs

	2020	2019
	£	£
Audit fee	15,700	15,160
Legal and professional	34,745	12,313
	<hr/>	<hr/>
Total	49,905	27,473
	<hr/>	<hr/>

### 10 Employee information

	2020	2019
	£	£
Wages and salaries	1,655,107	1,487,985
Social security costs	187,156	167,759
Pension costs	63,283	61,409
	<hr/>	<hr/>
	1,905,546	1,717,153
	<hr/>	<hr/>

The average number of persons, including directors, employed throughout the year by the Institute was:

	2020	2019
	Number	Number
Forum ( <i>was Cultural Transformation</i> )	2	1
Centre for Metrics	13	13
Global People Movements	1	1
International Development	1	2
Fundraising	1	1
Communications and Marketing	5	4
Centre and Operations	8	7
	<hr/>	<hr/>
Total	31	29
	<hr/>	<hr/>

### Trustees' remuneration

Philippa Stroud received remuneration of £174,529 (2019: £171,652) and pension contributions of £17,475 (2019: £17,356) in her role as Chief Executive Officer, as approved by the Charity Commission. No other Trustees received any remuneration (2019: nil); no Trustees received expenses in the year (2019: £nil).

# THE LEGATUM INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020 (continued)

### 10 Employee information (continued)

#### Key management remuneration

Key management are defined as being the Trustees and the Chief Executive Officer. Key management remuneration (which includes national insurance contributions and pension costs) was £214,882 (2019: £211,410).

#### Higher paid employees

The number of staff whose emoluments were in excess of £60,000 per annum was as follows:

	2020	2019
	Number	Number
£60,001 - £70,000	2	2
£70,001 - £80,000	3	1
£80,001 - £90,000	1	3
£90,001 - £100,000	1	-
£120,001 - £130,000	1	1
£170,001 - £180,000	1	1

### 11 Surplus on ordinary activities is stated after charging / (crediting):

	2020	2019
	£	£
Depreciation	53,350	60,196
Foreign exchange gains	(19,637)	(960)
Services provided by the company's auditor		
For audit services	15,700	13,900
For other services:		
Tax compliance work	4,465	3,625
Maintenance of payroll	7,107	7,110

# THE LEGATUM INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020 (continued)

### 12 Property, plant and equipment

	Leasehold improvements £	Computer equipment £	Total £
<b>Cost</b>			
As at 1 January 2020	669,978	101,926	771,904
Additions	-	21,732	21,732
<b>As at 31 December 2020</b>	<b>669,978</b>	<b>123,658</b>	<b>793,636</b>
<b>Depreciation</b>			
As at 1 January 2020	435,151	72,021	507,172
Charge for the year	31,661	21,689	53,350
<b>As at 31 December 2020</b>	<b>466,812</b>	<b>93,710</b>	<b>560,522</b>
<b>Net book value</b>			
As at 31 December 2020	203,166	29,948	233,114
As at 1 January 2020	234,827	29,905	264,732

### 13 Investments in subsidiaries

<b>Cost</b>	<b>£</b>
As at 1 January 2020 and 31 December 2020	1

The Institute owns 100% of the issued share capital of LIF Trading Limited, a company incorporated in England and Wales. Its registered address is 11 Charles Street, London, W1J 5DW. The company has not traded in the current or prior year, has issued share capital of £1 and no reserves.

### 14 Debtors

	2020 £	2019 £
<b>Debtors: amounts falling due within one year</b>		
Donations receivable	60,000	59,565
Prepayments and accrued income	40,314	50,721
Other debtors	17,242	15,187
	<b>117,556</b>	<b>125,473</b>



**THE LEGATUM INSTITUTE FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020 (continued)**

**15 Creditors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Creditors: amounts falling due within one year</b>		
Trade creditors	60,930	53,013
Other tax and social security	54,879	51,092
Other creditors	20,954	10,039
Accruals	88,137	73,207
Deferred income	8,128	2,015
	<u>233,028</u>	<u>189,366</u>
<b>Creditors: amounts falling due after more than one year</b>		
Related party loans (note 20)	986	-
	<u>986</u>	<u>-</u>

The movement in deferred income in the year was as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
As at 1 January 2020	2,015	3,333
Income received and deferred	6,113	2,015
Released to income	-	(3,333)
	<u>8,128</u>	<u>2,015</u>

Income is deferred as it relates to charitable services which are to be provided over future periods.

**16 Financial instruments**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Financial assets measured at fair value – cash at bank and in hand	<u>1,193,495</u>	<u>1,158,279</u>

There is no income arising or charge to expenditure from holding these financial instruments.

# THE LEGATUM INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020 (continued)

### 17 Funds

Year ended 31 December 2020	Opening balance £	Income £	Expend- iture £	Closing balance £
<b>Restricted funds</b>				
Forum ( <i>was Cultural Transformation</i> )	13,200	135,000	130,970	17,230
Centre for Metrics	464,344	1,780,528	1,768,439	476,433
Global People Movement	75,000	-	75,000	-
International Development	-	70,000	70,000	-
Other				
	552,544	1,985,528	2,044,409	493,663
Unrestricted funds	806,575	1,779,410	1,769,496	816,489
	1,359,119	3,764,938	3,813,905	1,310,152
<b>Year ended 31 December 2019</b>	<b>Opening balance £</b>	<b>Income £</b>	<b>Expend- iture £</b>	<b>Closing balance £</b>
<b>Restricted funds</b>				
Cultural Transformation	42,830	127,245	156,875	13,200
Centre for Metrics (incl. Trade)	395,780	1,686,533	1,617,969	464,344
Global People Movement	49,950	119,472	94,422	75,000
International Development	-	52,075	52,075	-
Other	-	24,904	24,904	-
	488,560	2,010,229	1,946,245	552,544
Unrestricted funds	795,090	1,788,183	1,776,698	806,575
	1,283,650	3,798,412	3,722,943	1,359,119

The restricted funds relate to the Institute's various programmes, as follows:

- Forum – serves to create a network of leaders of character across the public square in business, media, politics, the arts and academia that lifts people higher and restores an ethical vitality to our institutions.
- Centre for Metrics – the study of and measurement of countries' prosperity against a broad set of metrics covering areas such as health, education, opportunity, social capital and personal freedom.
- Global People Movement – studying the mass movements of people across borders in the form of refugees, migration, and trafficking.
- International Development – understanding the historical, cultural, and economic reasons why poorer nations develop and succeed and the lessons that can be learned from them.

## THE LEGATUM INSTITUTE FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020 (continued)

#### 18 Reconciliation of net income to cash flows from operating activities

	2020	2019
	£	£
Net income for the year as per the Statement of Financial Activities	(48,967)	75,469
Adjustments for:		
Depreciation	53,350	60,196
Movement in debtors	7,917	(56,817)
Movement in creditors due within one year	43,662	(69,704)
Movement in creditors due after more than one year	986	(12,780)
	<u>56,948</u>	<u>3,636</u>

#### 19 Capital commitments

There were no capital commitments as at the year-end (2019: none).

#### 20 Related party transactions

One of the trustees is a member of a limited liability partnership which controls Legatum Foundation Limited. The Institute received gifts in the form of donations and sponsorship income from Legatum Foundation Limited as detailed in the relevant notes to these financial statements. The donations were unrestricted as to their use and otherwise unconditional. As at the year end, the balance due to Legatum Foundation Limited was £nil (2019: £nil).

In addition, a US registered charity of the same name as the Institute has four trustees in common with the Institute and raises funds for the Institute. Donations of £60,800 (2019: £116,810) were received from this US charity and as at the year end, it owed £nil (2019: £nil) to the Institute.

The Institute is party to a lease with Basswood Properties Limited. This company is a related party as it is controlled by the limited liability partnership referred to above. The rent paid to Basswood Properties during the year was £1 (2019: £1). As at the year end, there were no amounts outstanding. Unrestricted donations and rent payable include the estimated fair value to the Institute of the rent forgone by Basswood Properties for the year.

At the year end the balances due to LIF Trading Limited a 100% subsidiary of the Institute were £986 (2019: £nil).

#### 21 COVID-19

Although COVID-19 required the Institute to make some logistical changes to its operations during the year (e.g. home-based working, online events, no international travel, COVID-19 secure working environment) the pandemic has not had a negative impact on the Institute's financial position. No donors have withdrawn funding to the Institute as a result of the pandemic. In addition, the Institute's principle funder, the Legatum Foundation, has maintained its existing three year commitment to fund the Institute, as noted in note 2 ("Going Concern").