

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

THE LEGATUM INSTITUTE FOUNDATION

**Trustees' Annual Report
and financial statements
for the 18-month period ended**

30 June 2023



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 (resigned 31 March 2023)
Robert Charles Vickers

Senior management personnel

Philippa Stroud, Chief Executive Officer (resigned
31 March 2023)
Stephen Brien, Director of Policy

Registered and principal office

11 Charles Street
London
W1J 5DW

Websites and social media

(Note: these channels are now operated by successor
entities)

www.li.com
www.prosperity.com
www.usprosperity.net
www.socialmetricscommission.org.uk
twitter: @LegatumInst
twitter: @ProsperityIndex
twitter: @SocMetricsComm
LinkedIn: Legatum Institute
YouTube: TheLegatumInstitute

Bankers

Barclays Bank UK PLC
27 Soho Square
London
W1D 3QR

Auditor

CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants
45 Gresham Street
London
EC2V 7BG

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

With the Trustees' recent decision to wind up the affairs of The Legatum Institute Foundation ("Institute") in an orderly manner, this is my final Chair's report. Having had the privilege of chairing the Institute over the past decade, I have an overwhelming sense of pride as I look back on the achievements of the team at the Institute over the years, and of the impact its programmatic work has had. Over the lifetime of the Institute, we have published 12 editions of the globally respected Legatum Prosperity Index which has set the standard for prosperity and created a globally referenced benchmark. We have provided insight through our trade work at a key moment in the United Kingdom's transition from the European Union to a free and independent nation; and have been a consistent voice promoting the dignity of the individual and the need for expanding freedom in many parts of the world.

As explained in more detail in the Trustees Report, some of the Institute's previous work is now being carried on in alternative entities, funded by parties that are external to the Legatum Group. I will maintain a personal and active interest in that work in the future.

The 2022/23 period marked a permanent return to the office for the Institute's staff, having emerged from the unique challenges Covid presented. Coupled with other emerging challenges that continue to affect the global community, the team at the Institute has been diligent, professional, and motivated in their service to nations and their people around the world. The team has continued to drive impact, which of course could not have been achieved without our fabulous staff, great board, and generous donors.

I would also like to extend my personal thanks and gratitude to Philippa Stroud, for her tireless work at the Institute over many years. Philippa's passion and commitment have been an inspiration to all who have worked with her. I would also like to take this opportunity to salute all our previous leaders and teams who have played an important role in providing research and insight for decision makers all over the world.

It would be similarly remiss of me not to also thank my fellow Trustees for their unstinting commitment to the Institute over the years.

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 The Legatum Institute Foundation (“Institute”) for the 18-month period ended 30 June 2023.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Institute’s Memorandum and Articles of Association dated 29 May 2021, 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).

This is the last Trustees’ report of the Institute, as on 1 May 2023, the unconflicted Trustees resolved, having considered the options as to the future strategic direction of the Institute and the challenges faced by the Institute, to take such steps as are required to effect the winding up of the Institute in an orderly manner and remove the Institute from the register of charities during the 2023 calendar year.

The decision to wind up the affairs of the Institute in an orderly manner was driven principally by the decisions of the Legatum Group, the Institute’s lead funder, to terminate its ongoing funding commitment to the Institute and rescind the Institute’s use of the Legatum Group’s intellectual property. In light of these decisions, the Trustees felt that other funding sources would not be able to support the Institute’s activities at the appropriate level, noting that the Legatum Group had agreed to the transfer of the Institute’s programmatical work and staff to a non-charitable entity pursuant to a transfer agreement.

The Trustees have also provided for the Institute’s assets to be distributed in accordance with the Institute’s Memorandum and Articles of Association, and charity law.

As at the period end, the Institute had transferred its staff (in accordance with the TUPE regulations) and activities to other entities and ceased its activities, and the Trustees have now requested that the Institute be removed from the Register of Companies.

OUR HITHERTO PURPOSES AND ACTIVITIES

Notwithstanding the Trustees’ decision to wind up this Institute, the Institute’s Objects for the 18-month period ended June 2023, as set out in its Articles of Association, 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

THE LEGATUM INSTITUTE FOUNDATION

TRUSTEES' ANNUAL REPORT (continued)

- 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.

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.

The Trustees use a variety of criteria 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 has been 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 in countries with current low levels of prosperity.

In 2022/3, the Institute ran dedicated research programmes, including:

- A UK Poverty programme (this programme was transferred by the Institute to an alternative entity in March 2023)
- A UK Prosperity programme (which concluded in 2022)
- A US Prosperity programme (which concluded in 2023)
- A Global Prosperity programme including:
 - In-Country work as part of the Economic Openness programme
 - The development of Handbooks of Success

Through these programmes, the Institute sought to understand what drives and sustains national success and individual flourishing.

The Institute has been based in London since inception. Its principal funder since incorporation has been Legatum Foundation Limited.

THE LEGATUM INSTITUTE FOUNDATION

TRUSTEES' ANNUAL REPORT (continued)

OUR WORK

Building a Global Movement of People

We have developed 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.

In March 2023, the activities of Forum were transferred along with a number of employees to a new entity to continue its work, utilising funding from alternative sources.

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, Forum is 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 the Institute's work has been to measure, analyse, and explain the many complex drivers of both poverty and prosperity at the local, national, and global level. The Institute has created indexes and datasets purposefully designed to support leaders in the UK, America and around the world to develop practical solutions that build greater prosperity for all, while the Institute's researchers have sought 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 67 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 Economic Openness Programme aims to provide the international community with a tool to identify and tackle economic development challenges. 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 published 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 United States Prosperity Index¹ 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 1,481 counties in seventeen 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.

¹ Specifically branded the American Dream Prosperity Index in 2022 only.

THE LEGATUM INSTITUTE FOUNDATION

TRUSTEES' ANNUAL REPORT (continued)

The Social Metrics Commission is an independent Commission on poverty in the UK, hosted by the Institute until March 2023 and chaired by the former Institute 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. It also included a Poverty Strategy Commission which convened experts from across the political spectrum to identify practical changes that could have a material impact on the levels of poverty in the UK. Furthermore, the Institute has also hosted a Race Equality Commission, chaired by the former Institute CEO, Philippa Stroud. The programmatic work and staff associated with the Social Metrics Commission, Poverty Strategy Commission and Race Equality Commission all transferred to a new entity in March 2023, headed up by the former Institute CEO, Philippa Stroud.

OUTPUTS AND PERFORMANCE

The Institute has fulfilled its educational purpose by making available the results of its research to the public. All research reports have been freely available at www.li.com and further data has been made available on www.prosperity.com, www.usprosperity.net and www.socialmetricscommission.org.uk.

In addition, the Institute has run a range of events to promote its research findings. These findings have been widely cited in the media, adding to the public's knowledge of the factors which build and sustain prosperity.

Publications

The Institute published a number of reports in 2022/23. This included the 16th edition of the Legatum Prosperity Index™ report, the American Dream Prosperity Index report and a 5th annual Social Metrics Commission report on UK poverty.

Events

The Institute held a large number of events during 2022/23. Highlights included international events held in connection with our Global Index of Economic Openness ("GIEO") programme which included online conferences and briefings for a number of emerging nations.

An online and in-person event was held to launch the 2022 American Dream Prosperity Index in November 2022. Presentations were made at various conferences and briefings held with a number of community foundations on the importance of building prosperity and how to use the Index.

Media

The Institute continued to receive a high level of media coverage in 2022/23, generating significant media mentions across a large number of countries. This included articles in a range of major international media outlets.

FINANCIAL REVIEW

The financial results reflect the activities of the Institute during the period and the impact of the decision to close the charity.

THE LEGATUM INSTITUTE FOUNDATION

TRUSTEES' ANNUAL REPORT (continued)

The principal sources of income were donations of £2.9m, income from the provision of charitable activities of £1.8m, and £0.1m from trading activities giving total income of £4.8m for the period. Comparative figures for year ended 31 December 2021 were: donations - £3.0m, charitable activities - £1.2m, trading activities £nil: total income - £4.2m. Routine expenditure was £5.5m (2021 - £3.9m), comprising fundraising costs of £0.2m (2021: £0.2m) and charitable activities of £5.3m (2021 - £3.7m). The Routine expenditure for the period exceeded income as the Institute utilised the restricted funds and also a portion of the brought forward unrestricted funds.

As a result of the decision to close the Institute, assets, primarily leasehold improvements, with a net book value of £0.1m were written off. After this write off and the deficit of routine expenditure for the period, the Institute's remaining funds were £0.8m. The statement of financial activities records the transfer of these remaining funds which are to be distributed in accordance with the Institute's Memorandum and Articles of Association, and charity law, leaving the Institute with no remaining net assets.

The statement of financial position reflects the bank balances at the period end, offset by other creditors, primarily the disposition of surplus funds referred to above.

FUNDRAISING

The Institute's external fundraising activities have been aimed at a combination of trusts and foundations, private individuals, and corporates. The Institute's fundraising has not been targeted towards the public in general. The approach to fundraising has been 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 retained the services of a small external fundraising consultancy, which shared the same fundraising approach as the Institute.

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

RESERVES

As described above, as part of the orderly winding up of the Institute, the Trustees have ensured that the reserves will be dispersed in accordance with UK Charity law and the Institute's Articles of Association.

As at 30 June 2023, the Institute had no reserves.

FINANCIAL RISKS AND UNCERTAINTIES

The decision to close the Institute has removed all financial risks and uncertainties.

THE LEGATUM INSTITUTE FOUNDATION

TRUSTEES' ANNUAL REPORT (continued)

GOVERNANCE AND MANAGEMENT

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

Toby Oliver James Baxendale
Richard Henry Briance
Arthur Charles Brooks
Heather Ednah Tsitsi Masiyiwa
Alan James McCormick
Richard William James Parry
Philippa Claire Stroud (resigned 31 March 2023)
Robert Charles Vickers

The Trustees confirm that they have had regard to the Charity Commission's guidance on public benefit. The current Trustees are familiar with the practical work that the Institute has carried out.

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 have been 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. Their responsibilities extended to the ultimate decision to close the charity.

The Institute has been managed on a day-to-day basis by a Chief Executive Officer, supported by a senior Executive team including the Director of Policy. This team has overseen 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.

Approved by and signed on behalf of the Trustees



.....
R C Vickers – Trustee

12/12/2023

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 18-month period ended 30 June 2023 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 30 June 2023, and of its income and expenditure for the period 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.

Emphasis of matter – not a going concern

We draw attention to Notes 1 and 2 of the financial statements which explain that the financial statements have not been prepared on a going concern basis for the reasons set out in those notes.

Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Trustees' Annual Report and financial statements, 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 period 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 9, 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;
- Reading minutes of meetings of those charged with governance and reviewing any correspondence between regulators and the charitable company; and
- Reviewing legal and other advice received in relation to the decision to close 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;
- substantive work on revenue transactions; and
- reviewing transactions relating to the decision to close the charitable company.

A further description of our responsibilities is available 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 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.

Andrew Bond
Andrew Bond (Dec 12, 2023 18:06 GMT)

Andrew Bond

Senior Statutory Auditor, for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

12/12/2023

45 Gresham Street
London
EC2V 7BG

THE LEGATUM INSTITUTE FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the income and expenditure account) for the 18-month period ended 30 June 2023

	Notes	18 months to 30 June 2023			12 months to 31 December 2021		
		Un-restricted funds	Restricted funds	Total	Un-restricted funds	Restricted funds	Total
		£	£	£	£	£	£
Income and endowments from:							
Donations	4	1,904,929	978,278	2,883,207	1,775,523	1,213,549	2,989,072
Charitable activities	5	-	1,804,666	1,804,666	-	1,186,599	1,186,599
Other trading activities		97,335	-	97,335	-	-	-
Total		<u>2,002,264</u>	<u>2,782,944</u>	<u>4,785,208</u>	<u>1,775,523</u>	<u>2,400,148</u>	<u>4,175,671</u>
Expenditure on:							
Raising funds	6	-	192,192	192,192	27,591	135,432	163,023
Charitable activities:	7	1,971,545	3,320,609	5,292,154	1,680,824	2,028,522	3,709,346
Other: transfer on closure & other closure costs	21	914,316	-	914,316	-	-	-
Total		<u>2,885,661</u>	<u>3,513,001</u>	<u>6,398,662</u>	<u>1,708,415</u>	<u>2,163,954</u>	<u>3,872,369</u>
Net (expenditure)/ income and net movement in funds		(883,597)	(729,857)	(1,613,454)	67,108	236,194	303,302
Total funds brought forward		<u>883,597</u>	<u>729,857</u>	<u>1,613,454</u>	<u>816,489</u>	<u>493,663</u>	<u>1,310,152</u>
Total funds carried forward		<u>-</u>	<u>-</u>	<u>-</u>	<u>883,597</u>	<u>729,857</u>	<u>1,613,454</u>

THE LEGATUM INSTITUTE FOUNDATION

STATEMENT OF FINANCIAL POSITION as at 30 June 2023

	Notes	30 June 2023 £	31 December 2021 £
Fixed assets			
Property, plant and equipment	12	-	196,278
Investments in subsidiaries	13	-	1
		<hr/>	<hr/>
		-	196,279
		<hr/>	<hr/>
Current assets			
Debtors	14	-	63,405
Cash at bank and in hand	16	905,503	1,642,888
		<hr/>	<hr/>
		905,503	1,706,293
Creditors: amounts falling due within one year	15	(905,503)	(288,132)
		<hr/>	<hr/>
		-	1,418,161
		<hr/>	<hr/>
Total assets less current liabilities		-	1,614,440
Creditors: amounts falling due after more than one year	15	-	(986)
		<hr/>	<hr/>
Net assets		-	1,613,454
		<hr/>	<hr/>
Funds	17		
Restricted funds		-	729,857
Unrestricted funds		-	883,597
		<hr/>	<hr/>
		-	1,613,454
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the Trustees on 12/12/2023 and
were signed on their behalf by:



.....
R C Vickers – Trustee

Company number: 07430903

THE LEGATUM INSTITUTE FOUNDATION

STATEMENT OF CASH FLOWS for the 18-month period ended 30 June 2023

	Notes	18 months to 30 June 2023 £	12 months to 31 December 2021 £
Cash flows from operating activities			
Net cash flow (used in)/provided by operating activities	18	(728,125)	463,042
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(40,639)	(13,649)
Proceeds from sale of fixed assets		31,379	-
Change in cash and cash equivalents in the year		(737,385)	449,393
Cash and cash equivalents as at beginning of the year		1,642,888	1,193,495
Cash and cash equivalents as at end of the year		905,503	1,642,888
Analysis of cash and cash equivalents			
Cash at bank and in hand		905,503	1,642,888

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 18-month period ended 30 June 2023

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.

During the period the unconflicted Trustees resolved to take steps as are required to effect the winding up of the Institute in an orderly manner and to remove the Institute from the register of Charities after the period end. The Institute’s reserves are to be dispersed in accordance with UK Charity Law and the Institute’s Articles of Association (see note 21).

When the Institute is 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

As explained in the Trustees’ annual report and in note 1 above, the Trustees have resolved to wind up the Institute. In these circumstances UK accounting standards do not permit the financial statements to be prepared on the going concern basis and therefore the financial statements have been prepared on a basis other than the going concern basis. There is no change to the reported net assets / liabilities as a result of this change in basis.

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 18-month period ended 30 June 2023 (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 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 18-month period ended 30 June 2023 (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.

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the 18-month period ended 30 June 2023 (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 United Kingdom 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 judgements made by the Trustees in preparing the financial statements relate to the basis on which support costs are allocated to the various activities of the Institute as described in note 8 and the agreement with Legatum Institute Limited (see note 21, sub note 7). Specifically, under the agreement, the Trustees agreed to transfer surplus funds to Legatum Institute Limited which will apply them solely in accordance with the Institute's charitable objects. The judgement related to the timing of the recognition of the liability under this agreement, and its classification.

Estimation uncertainty

The only significant sources of estimation uncertainty relate to 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. 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 rent are given in notes 4 and 20.

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the 18-month period ended 30 June 2023 (continued)

4 Income from donations

	18 months to 30 June 2023 £	12 months to 31 December 2021 £
Unrestricted:		
Legatum Foundation Limited	1,141,168	1,154,983
Other	763,761	620,540
	<u>1,904,929</u>	<u>1,775,523</u>
Restricted:		
Legatum Foundation Limited	-	-
Other	978,278	1,213,549
	<u>978,278</u>	<u>1,213,549</u>
	<u>2,883,207</u>	<u>2,989,072</u>

Unrestricted other donations include the value of the notional rent for the 18-month period ended 30 June 2023 of £706,250 (12 months to 31 December 2021: £565,000), see note 20.

The restricted donations are analysed as follows:

	Forum £	Centre for Metrics £	Total £
18-month period ended 30 June 2023	<u>27,068</u>	<u>951,210</u>	<u>978,278</u>
	Forum £	Centre for Metrics £	Total £
Year ended 31 December 2021	<u>133,755</u>	<u>1,079,794</u>	<u>1,213,549</u>

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the 18-month period ended 30 June 2023 (continued)

5 Income from charitable activities

18-month period ended 30 June 2023	Forum	Centre for Metrics	ARC	Total
	£	£	£	£
Restricted income	141,392	1,663,274	-	1,804,666

Year ended 31 December 2021	Forum	Centre for Metrics	ARC	Total
	£	£	£	£
Restricted income	100,467	1,086,132	-	1,186,599

The income from charitable activities primarily relates to amounts paid by Legatum Foundation Limited for undertaking various programmes of work for the 18-month period ended 30 June 2023: £1,334,132; (31 December 2021: £1,166,132).

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

18-month period ended 30 June 2023	Direct costs	Support costs	Total
	£	£	£
Professional fees	192,192	-	192,192
Staff costs (note 8)	-	-	-
Total	192,192	-	192,192

Year ended 31 December 2021	Direct costs	Support costs	Total
	£	£	£
Professional fees	135,432	-	135,432
Staff costs (note 8)	-	27,591	27,591
Total	135,432	27,591	163,023

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the 18-month period ended 30 June 2023 (continued)

7 Analysis of expenditure on charitable activities

18-month period ended 30 June 2023

	Forum	Centre for Metrics	ARC	Total
	£	£	£	£
Staff costs	225,336	1,220,792	42,793	1,488,921
Travel and entertainment	32,863	155,201	-	188,064
Office overheads	2,032	816	9,576	12,424
Stationary, postage and publications	10	8,024	-	8,034
IT and communications	7,664	87,299	-	94,963
Advertising, events and conferences	170,156	159,939	10,008	340,103
Professional fees	25,409	727,739	15,840	768,988
Governance (note 9)	13,123	14,038	10,369	37,530
Recovered VAT	(8,121)	(57,514)	(5,190)	(70,825)
	<hr/>	<hr/>	<hr/>	<hr/>
Total direct costs	468,472	2,316,334	83,396	2,868,202
Allocated support costs (note 8)	395,911	1,957,562	70,479	2,423,952
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Year ended 31 December 2021

	Forum	Centre for Metrics	ARC	Total
	£	£	£	£
Staff costs	38,558	799,995	-	838,553
Travel and entertainment	1,923	31,102	-	33,025
Office overheads	-	166	-	166
Stationary, postage and publications	-	9,518	-	9,518
IT and communications	357	54,183	-	54,540
Advertising, events and conferences	76,123	159,615	-	235,738
Professional fees	2,843	462,468	-	465,311
Governance (note 9)	-	11,361	-	11,361
Recovered VAT	(2,265)	(35,961)	-	(38,226)
	<hr/>	<hr/>	<hr/>	<hr/>
Total direct costs	117,539	1,492,447	-	1,609,986
Allocated support costs (note 8)	153,267	1,946,093	-	2,099,360
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the 18-month period ended 30 June 2023 (continued)

8 Support costs

Support costs are allocated as follows:

	18 months to 30 June 2023	12 months to 31 December 2021
Raising funds	-	27,591
Forum	395,911	153,267
Centre for Metrics	1,957,562	1,946,093
ARC	70,479	-
Charitable activities	2,423,952	2,099,360
Total	2,423,952	2,126,951

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.

18-month period ended 30 June 2023	Communi- cations and Marketing £	Centre and Operations £	Gover- nance £	Total £
Staff costs	73,355	838,036		911,391
Travel and entertainment	1,761	25,991		27,752
Office overheads	196	808,986		809,182
Repairs and maintenance	-	16,066		16,066
Stationary, postage and publications	27,835	10,324		38,159
IT and communications	48,484	138,452		186,936
Advertising, events and conferences	4,860	24,459		29,319
Professional fees	22,313	315,609		337,922
Depreciation	-	62,164		62,164
Governance (note 9)	-	-	58,818	58,818
Recovered VAT	-	(53,757)		(53,757)
Total	178,804	2,186,330	58,818	2,423,952

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the 18-month period ended 30 June 2023 (continued)

8 Support costs (continued)

Year ended 31 December 2021	Communi- cations and Marketing £	Centre and Operations £	Gover- nance £	Total £
Staff costs	298,948	709,053	-	1,008,001
Travel and entertainment	75	14,371	-	14,446
Office overheads	-	691,693	-	691,693
Repairs and maintenance	540	18,226	-	18,766
Stationary, postage and publications	19,809	9,378	-	29,187
IT and communications	20,447	99,327	-	119,774
Advertising, events and conferences	14,944	15,331	-	30,275
Professional fees	24,813	97,406	-	122,219
Depreciation	-	50,487	-	50,487
Governance (note 9)	-	-	65,199	65,199
Recovered VAT	-	(23,096)	-	(23,096)
Total	379,576	1,682,176	65,199	2,126,951

9 Governance costs

	18 months to 30 June 2023 £	12 months to 31 December 2021 £
Audit fee	29,750	17,270
Legal and professional	29,068	47,929
	58,818	65,199

10 Employee information

	18 months to 30 June 2023 £	12 months to 31 December 2021 £
Wages and salaries	1,883,530	1,460,690
Social security costs	224,280	167,554
Pension costs	63,591	49,368
	2,171,401	1,677,612

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the 18-month period ended 30 June 2023 (continued)

10 Employee information (continued)

The average number of persons, including directors, employed throughout the 18-month period ended 30 June 2023 by the Institute was:

	18 months to 30 June 2023 Number	12 months to 31 December 2021 Number
Forum	1	1
Centre for Metrics	10	12
ARC	-	-
Fundraising	-	1
Communications and Marketing	4	4
Centre and Operations	6	7
	<hr/>	<hr/>
Total	21	25
	<hr/>	<hr/>

Trustees' remuneration

For the 18-month period ended 30 June 2023, Philippa Stroud received remuneration of £213,924 (12 months to 31 December 2021: £180,885) and pension contributions of £21,844 (12 months to 31 December 2021: £17,475) in her role as Chief Executive Officer, as approved by the Charity Commission. No other Trustees received any remuneration (31 December 2021: nil); no Trustees received expense reimbursements in the 18-month period ended 30 June 2023 (12 months to 31 December 2021: £nil).

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) for the 18-month period ended 30 June 2023: £264,921 (12 months to 31 December 2021: £222,103).

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the 18-month period ended 30 June 2023 (continued)

10 Employee information (continued)

Higher paid employees

The number of staff whose emoluments were in excess of £60,000 for the 18-month period ended 30 June 2023 are shown below. The prior year comparatives are for a 12-month period to 31 December 2021.

	18 months to 30 June 2023	12 months to 31 December 2021
	Number	Number
£50,001 - £60,000	4	-
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£120,001 - £130,000	1	1
£140,001 - £150,000	1	-
£150,001 - £160,000	1	-
£160,001 - £170,000	-	1
£180,001 - £190,000	1	1
£210,001 - £220,000	1	-
	<hr/>	<hr/>

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

	18 months to 30 June 2023	12 months to 31 December 2021
	£	£
Depreciation	62,164	50,485
Foreign exchange (gain) / loss	(94,345)	165
Loss on disposal of property, plant and equipment		
- Write off on closure	143,375	-
- Other	4,152	-
Services provided by the company's auditor		
For audit services	29,750	17,270
For other services:		
Tax compliance work	7,832	4,450
Maintenance of payroll	10,952	10,525
	<hr/>	<hr/>

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the 18-month period ended 30 June 2023 (continued)

12 Property, plant and equipment

	Leasehold improvements £	Computer equipment £	Total £
Cost			
As at 1 January 2022	669,978	137,307	807,285
Additions	1,919	38,720	40,639
Disposal	(671,897)	(176,027)	(847,924)
	<hr/>	<hr/>	<hr/>
As at 30 June 2023	-	-	-
	<hr/>	<hr/>	<hr/>
Depreciation			
As at 1 January 2022	498,472	112,535	611,007
Charge for the period	39,812	22,352	62,164
Disposal	(538,284)	(134,887)	(673,171)
	<hr/>	<hr/>	<hr/>
As at 30 June 2023	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
As at 30 June 2023	-	-	-
	<hr/>	<hr/>	<hr/>
As at 1 January 2022	171,506	24,772	196,278
	<hr/>	<hr/>	<hr/>

£143,375 net book value of assets were written off as part of the closure costs – see note 21.

13 Investments in subsidiaries

	£
Cost	
As at 1 January 2022	1
Disposals	(1)
	<hr/>
As at 30 June 2023	-
	<hr/>

The Institute has written off its 100% investment in the share capital of LIF Trading Limited, a company incorporated in England and Wales. LIF Trading Limited has not traded in the current period or prior year, has issued share capital of £1 and no reserves. An application to have the company struck off was made after the end of the period.

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the 18-month period ended 30 June 2023 (continued)

14 Debtors

	30 June 2023	31 December 2021
	£	£
Debtors: amounts falling due within one year		
Prepayments and accrued income	-	37,065
Other debtors	-	26,340
	<hr/>	<hr/>
	-	63,405
	<hr/> <hr/>	<hr/> <hr/>

15 Creditors

	30 June 2023	31 December 2021
	£	£
Creditors: amounts falling due within one year		
Trade creditors	-	33,523
Other tax and social security	-	53,855
Other creditors	905,503	14,564
Accruals	-	182,965
Deferred income	-	3,225
	<hr/>	<hr/>
	905,503	288,132
	<hr/> <hr/>	<hr/> <hr/>
Creditors: amounts falling due after more than one year		
Due to subsidiary undertaking (note 20)	-	986
	<hr/>	<hr/>
	-	986
	<hr/> <hr/>	<hr/> <hr/>

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

	30 June 2023	31 December 2021
	£	£
As at 1 January 2022	3,225	8,128
Released to income	(3,225)	(4,903)
	<hr/>	<hr/>
	-	3,225
	<hr/> <hr/>	<hr/> <hr/>

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

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the 18-month period ended 30 June 2023 (continued)

16 Financial instruments

	30 June 2023 £	31 December 2021 £
Financial assets measured at fair value – cash at bank and in hand	905,503	1,642,888

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

17 Funds

18-month period ended 30 June 2023	Opening balance £	Income £	Expend- iture £	Closing balance £
Restricted funds				
Forum	94,245	168,460	262,705	-
Centre for Metrics	635,612	2,614,484	3,250,096	-
	729,857	2,782,944	3,512,801	-
Unrestricted funds	883,597	2,143,514	3,027,111	-
	1,613,454	4,926,458	6,539,912	-
Year ended 31 December 2021	Opening balance £	Income £	Expend- iture £	Closing balance £
Restricted funds				
Forum	17,230	234,222	157,207	94,245
Centre for Metrics	476,433	2,165,926	2,006,747	635,612
	493,663	2,400,148	2,163,954	729,857
Unrestricted funds	816,489	1,775,523	1,708,415	883,597
	1,310,152	4,175,671	3,872,369	1,613,454

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the 18-month period ended 30 June 2023 (continued)

18 Reconciliation of net income to cash flows from operating activities

	18 months to 30 June 2023 £	12 months to 31 December 2021 £
Net expenditure for the period as per the Statement of Financial Activities	(1,613,454)	303,302
Adjustments for:		
Depreciation	62,164	50,485
Loss on disposal of assets	143,375	-
Transfer on closure of remaining funds	770,942	-
Movement in debtors	63,406	54,151
Movement in creditors due within one year	(153,572)	55,104
Movement in creditors due after more than one year	(986)	-
	<u>(728,125)</u>	<u>463,042</u>

19 Capital commitments

There were no capital commitments as at 30 June 2023 (31 December 2021: 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 30 June 2023, the balance from or to Legatum Foundation Limited was £nil (31 December 2021: £nil).

Legatum Institute Limited is a UK company; two of the directors of Legatum Institute Limited are trustees of the Institute. As described below in note 21, Legatum Institute Limited has taken over the activities of the Institute and also acquired certain assets from the Institute.

The Institute was 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 Limited during the 18-month period ended 30 June 2023 was £1 (31 December 2021: £1). As at 30 June 2023, 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 Limited for the 18-month period ended 30 June 2023. During the period the lease was surrendered – see note 21 below.

In the period, certain employees were transferred to the Alliance for Responsible Citizenship Limited a UK company limited where one of the Institute's trustees is also a director and a person holding significant influence or control. Prior to the formal transfer of staff, the Institute paid the salaries and also certain other costs amounting to £74,755; these costs, together with the net book value (£9,500) of assets transferred with the staff, were recovered from the Alliance for Responsible Citizenship Limited prior to the end of the period.

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the 18-month period ended 30 June 2023 (continued)

20 Related party transactions (continued)

The Centre for Social Policy Studies Limited and Forum Network International Limited (“Forum”) were formed as companies limited by guarantee to undertake certain activities previously undertaken by the Institute. Application has been made for both entities to be granted charitable status. Philippa Stroud, who was a trustee in the period, is also a director of these companies. In the period after the transfer of activities The Institute received and paid money on behalf of both of these entities.

The Institute transferred to The Centre for Social Policy Studies or on its behalf £10,803 in the period and £54,526 post year end. In the period the Institute received on behalf of Forum £90,136 of which £71,888 was paid out on its behalf. Post year end the Institute received on behalf of Forum £434 and £18,682 was paid out on its behalf. As described in note 21 below, the assets and liabilities of the Institute were transferred to Legatum Institute Limited.

At the 30 June 2023 the balances due to LIF Trading Limited a 100% subsidiary of the Institute were £nil (31 December 2021: £986).

21 Closure of the charity and post balance sheet events

As described in the Trustees’ Annual Report, on 1 May 2023, having considered the options as to the future strategic direction of the Institute and the challenges it faced, the unconflicted Trustees resolved to take steps as are required to effect the winding up of the Institute in an orderly manner and to remove the Institute from the register of Charities during the 2023 calendar year.

As part of the orderly winding up of the Institute and its affairs, the Trustees:

1. Surrendered the Institute’s lease for no payment. Prior to undertaking this transaction, the Trustees obtained professional advice as to the value of the lease as required by the Charities Act 2011; the surrender was in accordance with the advice received.
2. As a result of the lease surrender, the Institute’s leasehold improvements with a net book value of £133,613 had to be written off.
3. Sold certain of the computer equipment, with an original cost of £29,054, to Legatum Institute Limited at its book value of £27,025. The balance of the equipment was assessed as having no value, resulting in a write off of £9,762.
4. Returned unused restricted grants of £210,490 to the original donors.
5. Entered into a Transfer agreement with Legatum Institute Limited whereby Legatum Institute Limited took on the Institute’s staff, activities and certain assets for no consideration, and will settle any outstanding liabilities of the Institute. Under the agreement, all assets transferred must be applied in accordance with the charitable objects of the Institute. By transferring the staff and activities, the Institute avoided any obligation to make severance payments to staff and / or suppliers.
6. Prior to the surrender of the lease and as part of a series of linked transactions undertaken in the contemplation of the surrender of the lease, Basswood Properties Limited (the landlord), permitted the Institute to sublease part of the property to Legatum Institute Limited at a nominal value. The linked transactions enabled the smooth transition of activities and staff to Legatum Institute Limited and also mitigated the property costs.
7. The Trustees have also agreed with Legatum Institute Limited that Legatum Institute Limited will hold the surplus funds of the Institute of £770,941 and will apply them solely in accordance with the Institute’s charitable objects. The surplus funds were transferred to Legatum Institute Limited after the period end, which will enable the Institute to be closed within the 2023 calendar year.

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the 18-month period ended 30 June 2023 (continued)

21 Closure of the charity and post balance sheet events (continued)

The *transfer on closure and other closure costs* shown in the statement of financial activities of £914,316 is comprised as follows:

	£
Amount to be transferred on closure (Note 21, sub note 7 above)	770,941
Leasehold improvements written off (Note 21, sub note 1 above)	133,613
Computer equipment written off (Note 21, sub note 2 above)	9,762
	<hr/>
	914,316
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On 22 September 2023, following completion by the Institute of the statutory three-month moratorium process, the Trustees filed Companies House Form DS01 with Companies House, applying to Companies House to be struck off the Register of Companies. The Trustees will also be applying to the Charity Commission to deregister the charity from the Register of Charities.