

The Eranda Rothschild Foundation
(Formerly The Eranda Foundation)
Report and financial statements
For the year ended 5 April 2016

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The Eranda Rothschild Foundation

Charity details

Trustees

Sir Evelyn de Rothschild
Mr Anthony de Rothschild
Ms Jessica de Rothschild
Lady Lynn de Rothschild
Sir Graham Hearne CBE
Sir John Peace
Mr Benjamin Elliot (appointed 20 July 2015)

Administrator

Ms Gail Devlin-Jones

Principal/registered office

PO Box 6226
Leighton Buzzard
LU7 0XF

Auditors

Saffery Champness
71 Queen Victoria Street
London
EC4V 4BE

Bankers

N M Rothschild & Sons Limited
New Court
St Swithin's Lane
London
EC4N 8AL

Investment managers

JP Morgan International Bank Limited
125 London Wall
EC2Y 5AJ

N M Rothschild & Sons Limited
New Court
St Swithin's Lane
London
EC4N 8AL

Partners Capital
5 Young Street
London
W8 5EH

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

Trustees' report

For the year ended 5 April 2016

The trustees of The Eranda Rothschild Foundation ("The Foundation") present their report and audited financial statements for the year ended 5 April 2016, which have been prepared in accordance with the Charities Act 2011 Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK published on 16 July 2014.

Reference and administrative information

This information is shown on page 1.

Structure, Governance and Management

The Foundation is an unincorporated trust, constituted under a trust deed dated 10 February 1967, and is a registered charity, number 255650 on 11 February 2016, the trustees resolved to change the name of The Eranda Foundation to The Eranda Rothschild Foundation.

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

The Trustees are directly responsible for the management of the Foundation and meet at least three times a year to consider grant applications, review investment performance and other matters of an administrative and strategic nature. The Chairman supervises the processing of grant applications and all decisions are ratified at Trustees' meetings.

Risk Management

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

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

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

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

Objectives and activities for public benefit

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

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

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

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

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

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

Grant making policy

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

Achievements and Performance

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

The number of grants distributed to institutions during the year amounted to 109 (2015:132). A detailed breakdown of the grants awarded can be found in note 5 of the accounts.

Financial Review

During the year income of £4,091,601 (2015: £4,257,227) was received from investments held by the Foundation. This funding was applied to furthering the objectives of The Foundation, and as such the trustees approved and paid grants totalling £3,211,084 (2015: £4,691,694) during the year.

The net movement in funds for the year, as shown in the statement of financial activities, amounted to an increase in funds of £10,411,122 (2015: £3,961,494).

Included within governance costs are legal expenses amounting to £7,847 (2015: £3,641) relating to an on-going dispute with a grant recipient based in India. Full provision for estimated costs relating to the case has been recognised in the accounts.

Investment policy and performance

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

During the year the investment portfolio increased by £10,101,176 to £107,229,042 (2015: £97,127,866). The portfolio includes investments held directly by The Foundation amounting to £73,544,908 (2015: £60,487,120). A list of material investments held is included in Note 8 to these accounts.

At the end of the 2015/2016 Fiscal Year, the Foundation's overall investment portfolio, in addition to investments held directly by the Foundation, was valued at £33.3M. Over the preceding 12 months it had been managed and continues to be managed by Rothschild, JP Morgan and Partners Capital, each of which is responsible for the management of 29%, 37%, and 34% of the overall investment portfolio respectively. Rothschild has been mandated to run a global equities portfolio, JP Morgan a liquid credit and inflation-linked bond portfolio, while Partners Capital is responsible for running a "completion portfolio" that provides exposure to a variety of different asset classes with the aim of balancing out the overall investment portfolio's asset allocation so that it broadly matches the Strategic Asset Allocation. The Strategic Asset Allocation is a diversified, multi-asset class portfolio, designed by Partners Capital, which is expected to meet the Foundation's investment objectives over the long term.

At the end of the 2015/2016 Fiscal Year the overall investment portfolio's asset allocation broadly matched the Strategic Asset Allocation (see Figure 1 below), with any deviations in excess of 2% the result of tactical skews intended to contribute to outperformance over the short to medium term.

Figure 1

	Rothschild	JP Morgan	Partners Capital	Overall Portfolio	Strategic Asset Allocation
Asset Allocation	% of Total	% of Total	% of Total	% of Total	% of Total
£ amount	£9,717,337	£12,208,525	£11,396,939	£33,322,801	
Portfolio Overlays	---	-1.6%	---	-0.6%	---
Cash	2.1%	-1.6%	0.6%	0.2%	---
Government Bonds	---	---	3.4%	1.2%	5.0%
Liquid Credit	---	81.0%	4.2%	31.1%	30.0%
Private Debt	---	---	32.6%	11.2%	7.0%
Absolute Return Hedge Funds	---	---	12.4%	4.3%	5.0%
Hedged Equities Hedge Funds	---	---	4.2%	1.5%	5.0%
Global Equities	97.9%	---	24.3%	36.9%	38.0%
Inflation-Linked Bonds	---	22.2%	0.8%	8.4%	5.0%
Property	---	---	17.3%	5.9%	5.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Trustees' report

For the year ended 5 April 2016

In the 2015/2016 Fiscal year the above-described investment approach resulted in a total return of -1.7% for the overall investment portfolio, with Rothschild, JP Morgan and Partners Capital returning -5.9%, +0.8%, and -0.7% respectively (see *Figure 2* below). These returns were achieved against a fairly challenging backdrop, with global equities falling by -4.8% during the period.

Figure 2

	Investment Performance (1-Apr-15 to 31-Mar-16)
Rothschild Investment Assets	-5.9%
JP Morgan Investment Assets	+0.8%
Partners Capital Investment Assets	-0.7%
Total Investment Assets	-1.7%

Reserves policy

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

At 5 April 2016 the free reserves of the Foundation had increased by £760,465 to £4,866,049. The trustees' usual policy is to retain General Reserves equal to approximately one year's charitable expenditure.

Plans for the future

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

Trustees' responsibilities in relation to the financial statements

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements; and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

The Eranda Rothschild Foundation

Trustees' report

For the year ended 5 April 2016

Auditors

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

Approved by the trustees and signed on their behalf by:



.....
Sir Evelyn de Rothschild
Trustee

Date: 26 September 2016

Independent auditors' report to the trustees

We have audited the financial statements of The Eranda Foundation for the year ended 5 April 2016 set out on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102.

Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charity's affairs as at 5 April 2016 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Independent auditors' report to the trustees

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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



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

Date: 26 September 2016

Statement of financial activities
For the year ended 5 April 2016

	Notes	General Fund	Expendable Endowment Fund	2016 Total Funds	2015 Total Funds
		£	£	£	£
Income					
Investment income		4,091,134	-	4,091,134	4,255,693
Other income		467	-	467	1,534
Total income	2	4,091,601	-	4,091,601	4,257,227
Expenditure					
Costs of raising funds					
Investment management costs	3	-	421,949	421,949	386,400
Expenditure of charitable activities:					
Grant-making					
Grant related support costs	4	120,052	-	120,052	91,179
Grant expenditure	5	3,211,084	-	3,211,084	4,691,694
Total expenditure		3,331,136	421,949	3,753,085	5,169,273
Net income/(expenditure) before other recognised gains and losses					
		760,465	(421,949)	338,516	(912,046)
Net gains on investments	8	-	10,072,606	10,072,606	4,873,540
Net movement in funds		760,465	9,650,657	10,411,122	3,961,494
Reconciliation of funds					
Balance at 5 April 2015		4,105,584	92,628,927	96,734,511	92,773,017
Balance at 5 April 2016		4,866,049	102,279,584	107,145,633	96,734,511

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

All incoming resources and resources expended derive from continuing operations.

The notes on pages 12 to 20 form part of these financial statements.

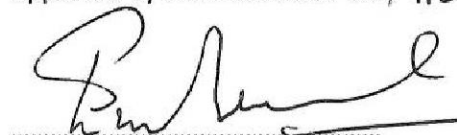
The Eranda Rothschild Foundation

Balance sheet
At 5 April 2016

	Notes	2016 £	2015 £
Fixed assets			
Investments	8	107,229,042	97,127,866
Current assets			
Debtors	9	1,995	1,995
Cash at bank and in hand		613,467	134,975
		615,462	136,970
Current Liabilities			
Creditors: amounts falling due within one year	10	(293,871)	(230,325)
Net current assets/liabilities		321,591	(93,355)
Total assets less current liabilities		107,550,633	97,034,511
Creditors: amounts falling due after more than one year	11	(405,000)	(300,000)
Net assets		107,145,633	96,734,511
The funds of the charity			
Expendable endowment	14	102,279,584	92,628,927
Unrestricted income funds	14	4,866,049	4,105,584
Total charity funds		107,145,633	96,734,511

The notes at pages 12 to 20 form part of these accounts.

Approved by the trustees on 26/9/2016 and signed on their behalf by:



.....
Sir Evelyn de Rothschild
Trustee

The Eranda Rothschild Foundation

Statement of cash flows
For the year ended 5 April 2016

	Notes	2016 £	2015 £
Cash flows from operating activities:			
Net cash used in operating activities	14	(3,584,077)	(4,699,614)
Cash flows from investing activities			
Interest received		6,094	6,725
Dividends received		4,085,040	4,248,968
Purchase of fixed asset investments		(7,795,736)	(14,379,089)
Proceeds from sale of tangible fixed assets		7,767,171	13,232,495
Net cash provided by investing activities		4,062,569	3,109,099
Increase/(decrease) in cash and cash equivalents in the year		478,492	(1,590,515)
Cash and cash equivalents at the beginning of the year	14	134,975	1,725,490
Total Cash and cash equivalents at the end of the year	14	613,467	134,975

1. Accounting policies

1.1 Basis of preparation and assessment of going concern

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

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

The trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern. The most significant areas of adjustment and key assumptions that affect items in the accounts are to do with estimating the liability of multi-year grant commitments (see note 1.4 for more information). With respect to the next reporting period, 2016-17, the most significant areas of uncertainty that affect the carrying value of assets held by the Foundation are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the trustees' annual report for more information).

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. No restatements were required.

1.3 Income recognition

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

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

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

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

1.3 Income recognition (continued)

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

1.4 Expenditure recognition

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

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

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

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

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

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

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

1.5 Allocation of support and governance costs

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

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

1.6 Cost of raising funds

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

1.7 Charitable activities

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

1.8 Investments

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

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

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

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

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

1.8 Fund accounting

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

1.9 Taxation

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

Notes to the financial statements
For the year ended 5 April 2016

1.10 Foreign currencies

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

2. Investment income

	2016	2015
	£	£
Other income	467	1,534
Bank interest	6,094	6,725
Net investment income receivable	4,085,040	4,248,968
	<u>4,091,601</u>	<u>4,257,227</u>

Investment income is analysed as follows:

	2016	2015
	£	£
Quoted investments in the UK	48,711	31,940
Quoted investments outside the UK	504,533	441,266
Unquoted investments in the UK	2,000,606	2,159,940
Unquoted investments outside the UK	1,537,751	1,624,081
	<u>4,091,601</u>	<u>4,257,227</u>

3. Investment management costs

	2016	2015
	£	£
Investment management fees	323,388	288,429
Interest paid to investment manager	98,561	97,971
	<u>421,949</u>	<u>386,400</u>

Additional investment management fees amounting to £10,215 (2015: £9,612) are included in net realised gains/(losses) within the statement of financial activities.

Notes to the financial statements
For the year ended 5 April 2016

4. Allocation of governance and support costs

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

	Governance related £	Other support costs £	Total £	Basis of apportionment
Cost type				
Admin costs	-	60,688	60,688	Direct cost
Office rent	-	1,500	1,500	Direct cost
Other costs	53,424	4,440	57,864	Direct cost
Total	53,424	66,628	120,052	

	2016 £	2015 £
Governance costs:		
Auditors' remuneration	7,500	7,500
Accountancy fees	14,020	14,120
Legal fees	31,904	7,847
Support costs (see above)	66,628	61,712
	120,052	91,179

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

5. Analysis of charitable expenditure

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

	2016 Number of grants	2015 Number of grants
The arts	30	36
Health, welfare and medical research	37	37
Education	42	59
	109	132

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

Notes to the financial statements
For the year ended 5 April 2016

5. Analysis of charitable expenditure (continued)

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

	Grant funded activity £	Support and governance costs £	Total 2016 £	Total 2015 £
The arts	769,128	28,755	797,883	704,648
Health, welfare and medical research	1,004,699	37,563	1,042,262	1,163,138
Education	1,437,257	53,734	1,490,991	2,915,087
	<u>3,211,084</u>	<u>120,052</u>	<u>3,331,136</u>	<u>4,782,873</u>

6. Auditors' remuneration

The auditors' remuneration constitutes a fee of £7,500 (2015: £7,500) and additional accountancy and advisory work of £14,020 (2015: £14,120).

7. Staff costs and remuneration of key personnel

No staff were employed directly by The Foundation during the year (2015: Nil). The Administrator, however, who is employed by Ascott Farms Limited, a company of which Sir Evelyn de Rothschild and Sir Graham Hearne CBE are directors, devotes the majority of her working time to the Foundation and her costs were reimbursed in full by The Foundation to Ascott Farms Limited in the sum of £55,776 (2015: £53,274).

The trustees received no remuneration in respect of their services to The Foundation during the year (2015: Nil). No trustee received any reimbursement of expenses during the year (2015: Nil).

Notes to the financial statements
For the year ended 5 April 2016

8. Investments

	2016 £	2015 £
Movement in fixed asset investments		
Market value at 6 April 2015	97,127,866	91,107,732
Additions at Cost	7,795,736	14,379,089
Disposal proceeds	(7,767,171)	(13,232,495)
Net realised gains/(losses)	211,343	339,606
Net unrealised gains on revaluation	9,861,268	4,533,934
Market value at 5 April 2016	107,229,042	97,127,866
Cost of investments at 5 April 2016	19,866,184	19,837,619

Net cash released from investments in the year was £1,000,000 (2015: £nil).

Investments at fair value compromised:

	2016 £	2015 £
Quoted investments in the UK	3,054,407	1,764,482
Quoted investments outside the UK	27,728,126	25,218,912
Unquoted investments in the UK	39,147,415	34,095,998
Unquoted investments outside the UK	36,342,544	33,250,770
Cash held in the investment portfolio	956,550	2,797,704
	107,229,042	97,127,866

The trustees consider that five (2015: four) material investments were held at the year-end:

	2016 £	2015 £
Rothschild's Continuation Limited	2,988,119	2,973,753
Paris Orleans & Co SA	19,882,464	17,232,930
The Economist Newspaper Limited	42,503,915	34,517,303
ECP IHS (Mauritius) Limited	6,845,341	5,763,134
Gywnnie Bee Inc	1,325,069	-
	73,544,908	60,487,120

On 14 June 2013 a £9m credit facility was entered into with JP Morgan International Bank Limited.

The credit facility has been utilised by the Foundation, in accordance with the agreement, to increase the size, diversity and potential yield of the investment portfolio specifically held with JP Morgan.

Notes to the financial statements
For the year ended 5 April 2016

8. Investments

(continued)

At 5 April 2016 the outstanding balance on the credit facility amounted to £8,438,812 (2015: £7,890,760) which has been offset against the JP Morgan investment portfolio of £20,775,783 (2015: £20,601,339) and included in investments. The facility is repayable on demand and bears interest at a rate of 0.75%.

9. Debtors

	2016 £	2015 £
Other debtors	1,995	1,995
	<u>1,995</u>	<u>1,995</u>

10. Creditors

Amounts falling due within one year

	2016 £	2015 £
Grants payable	205,000	160,000
Accruals	88,871	70,325
	<u>293,871</u>	<u>230,325</u>

11. Creditors

Amounts falling due after more than one year

	2016 £	2015 £
Grants payable	405,000	300,000
	<u>405,000</u>	<u>300,000</u>

Movement in recognised funding commitments during the year:

Grant commitments recognised at the start of the year	460,000
New grant commitments charged to the SoFA (see note 5)	3,211,084
Grants paid during the year	(3,061,084)
	<u>610,000</u>
Amount of grant commitment recognised at 5 April 2016	

Notes to the financial statements
For the year ended 5 April 2016

12. Related party transaction

During the year, donations of £367,161 (2015: £245,401) were made to a number of charities, each of which had one common trustee or patron with The Foundation.

During the year Wiggins Osbourne Fullerlove, where P Hunston is a partner, invoiced The Foundation £23,802 for legal services provided during the year.

13. Analysis of charitable funds

	Investments £	Net liabilities £	Total £
As at 5 April 2016			
Expendable endowment	102,279,584	-	102,279,584
Unrestricted	4,949,458	(83,409)	4,866,049
	<u>107,229,042</u>	<u>(83,409)</u>	<u>107,145,633</u>

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

	2016 £	2015 £
Net movement in funds	10,411,122	3,961,494
Investment income	(4,091,134)	(4,257,227)
Gains on investments	(10,072,606)	4,873,540
Decrease in debtors	-	4,787
Increase in creditors	168,874	464,872
Net cash used in operating activities	<u>(3,584,077)</u>	<u>(4,699,614)</u>

Analysis of cash and cash equivalents:

	2016 £	2015 £
Cash in hand	613,467	134,975
Notice deposits (less than 3 months)	-	-
	<u>613,467</u>	<u>134,975</u>