

Charity number: 291143

THE POLONSKY FOUNDATION

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

CHARITY COMMISSION
FIRST CONTACT

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THE POLONSKY FOUNDATION

CONTENTS

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2 - 4
Independent auditors' report	5 - 6
Statement of financial activities	7
Statement of financial position	8
Statement of cash flows	9
Notes to the financial statements	10 - 16

THE POLONSKY FOUNDATION

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2017**

Trustees

Dr Leonard S. Polonsky CBE
Dr. Georgette Bennett
Marc A.L. Polonsky
Hannah Polonsky (appointed 7 December 2016)

Charity registered number

291143

Principal office

8 Park Crescent
London
W1B 1PG

Independent auditors

Nyman Libson Paul
Chartered Accountants
Statutory Auditors
Regina House
124 Finchley Road
London
NW3 5JS

Bankers

Lloyds TSB Offshore Limited
PO Box 111
Peveril Buildings
Peveril Square
Douglas
Isle of Man
IM99 1JJ

National Westminster Bank Plc
125 Great Portland Street
London
W1A 1GA

THE POLONSKY FOUNDATION

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The Trustees present their annual report together with the audited financial statements of The Polonsky Foundation (the charity) for the ended 31 March 2017. The Trustees confirm that the annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Objectives and Activities

- **Policies and objectives**

The primary objectives of the Foundation are: to promote access to and dissemination of cultural heritage through support of major cultural and educational institutions; to support scholarship and advanced studies in the humanities and social sciences; and to support innovation in higher education and the arts.

The main objectives for the year were to continue to support the above developments and programmes. To achieve these objectives, charitable grants were made to relevant institutions as detailed in note 6 to the financial statements.

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

- **Grant making policies**

Grants are made where in the opinion of the trustees they best further the objectives of the charity.

Achievements and performance

- **Review of activities**

Charitable grants made in the year to further the charity's objectives totalled £4,397,920 following grants made of £2,503,556 during the year ended 31 March 2016.

To achieve its stated objectives the charity is reliant on income from its investments as detailed in note 3.

Income from investments in the year amounted to £736,884 as compared with £833,822 in the year ended 31 March 2016.

The trustees consider the performance of the investments in the year to be satisfactory and will continue a consistent investment policy for the foreseeable future.

- **Investment policy and performance**

The investment powers of the Trustees are governed by the Declaration of Trust, which permits the charity's funds to be invested in a wide range of securities and assets. The trustees' investment policy is to retain the Foundation's principal equity holding for income and potential growth, and to select diversified investments and deposits to support revenue and liquidity.

THE POLONSKY FOUNDATION

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

Financial review

- **Reserves policy**

The charity's free reserves are represented by substantial investment holdings which form the charity's main source of income. Accordingly, the Trustees' reserves and funding policy is to ensure that funds are maintained at a level which provides the required income.

At the balance sheet date £29,235,188 (2016: £30,267,449) was held in reserves.

- **Asset cover for funds**

The trustees are of the opinion that as at the balance sheet date, the assets of the charity are sufficient to meet its obligations.

Structure, governance and management

- **Constitution**

The charity is constituted by a Deed of Trust dated 6 February 1985 and registered with the Charity Commission.

- **Method of appointment or election of Trustees**

The management of the charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

- **Policies adopted for the induction and training of Trustees**

New trustees are inducted and trained by existing trustees. This includes briefings in relation to the charity's objectives and grant making policies.

- **Organisational structure and decision making**

The trustees are actively responsible for the overall management and control of the charity.

- **Related party relationships**

The charity has no related or connected charities.

- **Risk management**

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

THE POLONSKY FOUNDATION

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

Plans for future periods

- **Future developments**

The main plans for the future are to continue to make grants to further the objectives of the charity.

Auditors

Nyman Libson Paul have expressed their willingness to continue as auditors, and a resolution for their reappointment will be proposed at the next Board Meeting.

Trustees' responsibilities statement

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 & 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 in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and 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 Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees on 6 December 2017 and signed on their behalf by:

Dr Leonard S. Polonsky CBE
Trustee

THE POLONSKY FOUNDATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE POLONSKY FOUNDATION

We have audited the financial statements of The Polonsky Foundation for the year ended 31 March 2017 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. 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).

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state 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 its trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law 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 31 March 2017 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 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) and in other respects the requirements of the Charities Act 2011.

THE POLONSKY FOUNDATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE POLONSKY FOUNDATION

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' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; 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.

Nyman Libson Paul

Chartered Accountants
Statutory Auditors

Regina House
124 Finchley Road
London
NW3 5JS
6 December 2017

Nyman Libson Paul are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

THE POLONSKY FOUNDATION

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:				
Investments	3	736,884	736,884	833,822
Other income	4	202,683	202,683	-
TOTAL INCOME		<u>939,567</u>	<u>939,567</u>	<u>833,822</u>
EXPENDITURE ON:				
Charitable activities	5,6	4,543,825	4,543,825	2,598,209
Other expenditure	7	-	-	2,193
TOTAL EXPENDITURE		<u>4,543,825</u>	<u>4,543,825</u>	<u>2,600,402</u>
NET EXPENDITURE BEFORE INVESTMENT GAINS				
Net gains on investments	12	(3,604,258) 2,571,997	(3,604,258) 2,571,997	(1,766,580) 4,028,456
NET INCOME		(1,032,261)	(1,032,261)	2,261,876
NET MOVEMENT IN FUNDS		(1,032,261)	(1,032,261)	2,261,876
RECONCILIATION OF FUNDS:				
Total funds brought forward		30,267,449	30,267,449	28,005,573
TOTAL FUNDS CARRIED FORWARD		<u><u>29,235,188</u></u>	<u><u>29,235,188</u></u>	<u><u>30,267,449</u></u>

The notes on pages 10 to 16 form part of these financial statements.

THE POLONSKY FOUNDATION

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Investments	12		26,779,789		28,392,673
CURRENT ASSETS					
Debtors	13	356,099		1,217,825	
Cash at bank and in hand		2,111,268		678,323	
		<u>2,467,367</u>		<u>1,896,148</u>	
CREDITORS: amounts falling due within one year	14	<u>(11,968)</u>		<u>(21,372)</u>	
NET CURRENT ASSETS			<u>2,455,399</u>		<u>1,874,776</u>
NET ASSETS			<u>29,235,188</u>		<u>30,267,449</u>
CHARITY FUNDS					
Unrestricted funds	15		<u>29,235,188</u>		<u>30,267,449</u>
TOTAL FUNDS			<u>29,235,188</u>		<u>30,267,449</u>

The financial statements were approved by the Trustees on 6 December 2017 and signed on their behalf, by:

Dr Leonard S. Polonsky CBE

The notes on pages 10 to 16 form part of these financial statements.

THE POLONSKY FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash used in operating activities	16	<u>(3,488,820)</u>	<u>(3,536,815)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		736,884	833,822
Proceeds from sale of investments		<u>4,184,881</u>	<u>1,735,750</u>
Net cash provided by investing activities		<u>4,921,765</u>	<u>2,569,572</u>
Change in cash and cash equivalents in the year		1,432,945	(967,243)
Cash and cash equivalents brought forward		<u>678,323</u>	<u>1,645,566</u>
Cash and cash equivalents carried forward	17	<u><u>2,111,268</u></u>	<u><u>678,323</u></u>

THE POLONSKY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The 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 Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

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

1.2 Going concern

The trustees have reviewed the circumstances of the charity, and consider that adequate resources continue to be available to fund the activities of the charity for the foreseeable future. The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Investment income, gains and losses are allocated to the appropriate fund.

1.4 Income

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.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

THE POLONSKY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. ACCOUNTING POLICIES (continued)

1.6 Investments

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 readily available market information. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

1.7 Interest receivable

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.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at Bank and In hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.12 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of financial activities.

1.13 Direct Taxation

The Foundation is a registered charity and therefore is generally not liable to direct taxation on income arising from its charitable activities as it falls within the various exemptions available to registered charities.

THE POLONSKY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates.

The following and the charity's key sources of estimation uncertainty:

Fixed asset investments

Investments are carried at fair value with changes in fair value being recognised in the statement of financial activities. Fair values are based on valuations provided by independent investment managers which includes market prices and readily available market information for each investment which may refer to market prices for similar investments where there is no active market for the investment held by the charity.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment, management considers factors including the current credit rating of the debtor, the ageing profile and historical experience.

Accruals

The company makes an estimate of accruals at the year end based on invoices received after the year end, work undertaken which has not been invoiced based on quotations or estimates of amounts that maybe due for payment.

3. INVESTMENT INCOME

	Unrestricted funds 2017 £	Total funds 2016 £
Interest received	3,905	946
Dividends received	732,979	832,876
	<u>736,884</u>	<u>833,822</u>

In 2016, the total investment income of £833,822 was to unrestricted funds.

4. OTHER INCOMING RESOURCES

	Unrestricted funds 2017 £	Total funds 2016 £
Foreign exchange gains	<u>202,683</u>	<u>-</u>

THE POLONSKY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

5. GOVERNANCE COSTS

	Unrestricted funds 2017 £	Total funds 2016 £
Auditors' remuneration	4,500	4,500
Accountancy fees	6,360	5,520
Bank charges	2,243	1,930
Secretarial fees	11,158	10,719
General office expenses	2,417	-
Consultancy fees	72,007	68,356
Travel expenses	6,224	3,628
Staff salaries	41,180	-
	146,089	94,653
	146,089	94,653

6. LIST OF INSTITUTIONAL GRANTS PAYABLE

Name of institution/grant	2017 £	2016 £
Theatre for a New Audience	1,550,635	755,790
The Van Leer Jerusalem Institute	530,163	466,128
University of Oxford	274,324	-
British Library	240,760	191,944
Friends of Bezalel Academy of Arts	199,500	-
Bibliothèque Nationale de France (BNF)	160,432	-
University of Cambridge	125,000	66,000
WNET (Simon Schama's 'Story of the Jews and the Fate of the World')	119,818	-
New York Public Library	109,688	211,604
The Metropolitan Museum	109,465	-
Aspen Music Festival and School	92,981	-
Oxford Centre of Hebrew and Jewish Studies	80,104	70,082
Jewish Funders Network	77,197	-
British Friends of Haifa University	74,700	46,000
Royal College of Music	71,000	-
Royal Academy of Arts	70,175	-
Harvard College	58,225	-
British Friends of the Hebrew University	-	161,510
FJC - A Foundation of Philanthropic Funds	-	101,845
The Yetzirah 7 Foundation	-	84,743
New York University	-	59,878
Library of Congress	-	58,606
	3,944,167	2,274,130
Subtotal grants to institutions	3,944,167	2,274,130
Other grants to institutions	453,569	229,426
	4,397,736	2,503,556
	4,397,736	2,503,556

THE POLONSKY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

7. OTHER EXPENDITURE

	Unrestricted funds 2017 £	Total funds 2016 £
Foreign exchange losses	-	2,193

8. NET INCOME RESOURCES

This is stated after charging:

	2017 £	2016 £
Auditors' remuneration	4,500	4,500

During the year, no Trustees received any remuneration (2016 - £NIL).

9. TRUSTEES

The Trustees did not receive any remuneration during the year. Governance costs include reimbursed travel and general office expenses of £6,547 (2016: £3,628) payable to Marc A.L. Polonsky.

Key management compensation

Key management are the trustees, who received no remuneration or other short term benefits during the year.

10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	41,180	-

The average number of persons employed by the charity during the year was as follows:

	2017 No.	2016 No.
Administrative staff	1	0

No employee received remuneration amounting to more than £60,000 in either year.

THE POLONSKY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

11. FINANCIAL INSTRUMENTS

Financial assets at fair value through profit or loss	2017 £	2016 £
Fixed asset investments	<u>26,779,789</u>	<u>28,392,673</u>

12. FIXED ASSET INVESTMENTS

	Investments £
Market value	
At 1 April 2016	28,392,673
Disposals	(4,092,774)
Gains on revaluation	<u>2,479,890</u>
At 31 March 2017	<u>26,779,789</u>

Investments at market value comprise:

	2017 £	2016 £
Listed investments	<u>26,779,789</u>	<u>28,392,673</u>

Fixed asset investments are held in the UK and the rest of the world. Investments have been included at market value by reference to readily available market prices.

Net gains on investments

Included in the statement of financial activities are net gains on investments for the year comprising £2,479,890 (2016: £4,025,179) of revaluation gains on investments held at the year end and £92,107 (2016: £3,277) of revaluation gains on investments disposed of during the year.

13. DEBTORS

	2017 £	2016 £
Other debtors	<u>356,099</u>	<u>1,217,825</u>
	<u>356,099</u>	<u>1,217,825</u>

THE POLONSKY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

14. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Other taxation and social security	1,377	-
Accruals	10,591	21,372
	11,968	21,372

15. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds					
General Funds	30,267,449	939,567	(4,543,825)	2,571,997	29,235,188
	30,267,449	939,567	(4,543,825)	2,571,997	29,235,188

**16. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(1,032,261)	2,261,876
Adjustment for:		
Gains on investments	(2,479,890)	(4,025,179)
Dividends, interest and rents from investments	(736,884)	(833,822)
Profit on the sale of fixed asset investments	(92,107)	(3,277)
Decrease/(increase) in debtors	861,726	(948,784)
(Decrease)/increase in creditors	(9,404)	12,371
Net cash used in operating activities	(3,488,820)	(3,536,815)

17. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank	2,111,268	678,323
Total	2,111,268	678,323