



The Froebel Trust

Annual Report and Financial Statements

31 October 2017

Company Limited by Guarantee
Registration Number
07862112 (England and Wales)

Charity Registration Number
1145128

Contents

Reports

Reference and administrative information	1
Trustees' report	3
Independent auditor's report	14

Financial Statements

Statement of financial activities	17
Balance sheet	18
Principal accounting policies	19
Notes to the financial statements	23

Reference and administrative information

Trustees and Directors

Mr Mark Neale CB, BA (Chair)

Mrs Fran Bayliss Froebel Cert Ed., FRSA

Ms Penny J Chapman MA, BA

Ms Bernadette M Duffy OBE, MA, BEd

Dr Sultana Choudhry

Dr Peter Elfer PhD, BPhil, CQSW, DMS (Chair of the Research Committee)

Mr Michael Pearson BA, ACA

Professor Paul O'Prey PhD

Dr Sue A Robson PhD, MA, BA, PGCE, FHEA

Mrs Jane Whinnett MA, PGCE, DPSEE (Chair of the Education Committee)

Chief Executive

Ms Gillian Morris FRSA

Registered Office

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E-mail: office@froebeltrust.org.uk

Website: www.froebel.org.uk

Company registration number

07862112 (England and Wales)

Charity registration number

1145128

Auditor

Buzzacott LLP

130 Wood Street

London

EC2V 6DL

Reference and administrative information

Bankers

Barclays Bank
Wandsworth Group
PO Box 3847
London
SW11 1TR

Solicitors

Bircham Dyson Bell LLP
50 Broadway
London
SW1H 0BL

Carter Bells LLP
Kings' Stone House
12 High Street
Kingston Upon Thames
Surrey
KT1 1HD

Investment Advisors

Rathbone Investment Management
1 Curzon Street
London
W1J 5FB

Property Advisors

Knight Frank LLP
55 Baker Street
London
W1U 8AN

Trustees' report

The Froebel Trust ('TFT', 'the Charity' or 'the Trust') is a registered charity governed by its Articles of Association. Its registered number is 1145128. It is also a company limited by guarantee (with members' liability £1) registered in London, No. 7862112.

The Trustees, who are also the directors of The Froebel Trust, a charitable company, submit their report and financial statements for the year ended 31 October 2017. The financial statements have been prepared using the accounting policies set out in pages 19 to 21 and comply with the Charity's Articles, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later and Update Bulletin 1.

MISSION AND HISTORY

The Froebel Trust's Charitable Objects are to:

Promote for the public benefit the advancement and understanding of Froebelian principles of education in learning within the UK and internationally.

The Trust seeks to realise these objects by funding a programme of research in the field of early years education, by promoting and funding teacher training and other educational initiatives and by raising public awareness of Froebelian principles.

The Trust can trace back its origins to the formation in London in 1892 of The Incorporated Froebel Educational Institute (IFEI) from which the Trust demerged in 2011. The IFEI began its work in 1894 by establishing a college teaching the early years education principles of Friedrich Froebel and by using wholly owned demonstration kindergartens for student teacher practice and experience. During the 1920s IFEI continued its work through a new Froebel College at Grove House in Roehampton. The remaining demonstration school run by the IFEI, Ibstock Place School, also moved to Clarence Lane in Roehampton in 1946. In 1978 Froebel College became a constituent part of the Roehampton Institute of Higher Education which, in turn, became the University of Roehampton in 2006.

The Froebel Trust itself was incorporated on 28 November 2011 and became active on 19 March 2012 after demerging from the IFEI. The purpose of the demerger was to enable the Trust to focus more effectively on its charitable activities in promoting Froebelian principles and involved the transfer to the Trust of all the assets and liabilities previously within the IFEI with the exception of Ibstock Place School. Many of the Froebel Trust's founding trustees transferred from IFEI to ensure continuity of experience and knowledge.

Trustees' report

CURRENT STRATEGY AND OBJECTIVES

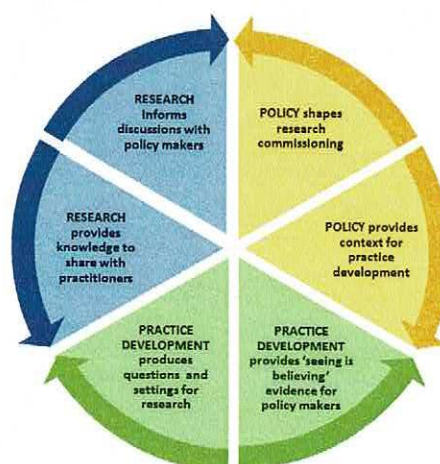
2016/17 was the second year of the Trust's current five year strategy which has as its objectives to:

- a. Seek to demonstrate how the application of Froebelian principles provide high quality learning and education; and
- b. Increase the charity's impact and visibility by increasing charitable activity, improving practices and building new and effective partnerships.

The Trust seeks to realise these objectives through three main strands of activity:

- ♦ A programme of research which deepens understanding of how the application of Froebelian principles may contribute to high quality early childhood development, care and education and which provides evidence to inform the Trust's policy and public awareness work;
- ♦ A range of training and educational initiatives designed to support practitioners in applying Froebelian principles in early years education and in building a network of Froebelian practitioners; and
- ♦ Policy and public awareness work to demonstrate the value of Froebelian principles in promoting the well-being and growth of young children.

The three strands of TFT's work – policy, practice development and research - interact to help the charity to achieve its objectives, as the following diagram indicates:



REVIEW OF ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

RESEARCH

The Trust has substantially increased its research grants over the last three years and has now committed £392,155 to its research work. This includes four new research projects which the Trust approved in 2017 and to which it has committed £151,423. These new projects are:

- ♦ *Telling Life Stories: developing a Froebelian approach to documenting children's experiences in early year* – Dr Lynn McNair, Cowgate Under-5s Centre;
- ♦ *Understanding practitioners' curriculum decision-making to support complexity in children's play in a multi-diverse pre-school setting* – Dr Liz Chesworth, University of Sheffield;
- ♦ *A community of minds: pedagogies of care for infants and toddlers in group-based ECEC settings in four cultures (USA, New Zealand, Hong Kong and England)* – Professor Sasha Powell, Canterbury Christ Church University; and
- ♦ *The voices and experiences of children with autism and their families in their transitions from nursery to primary school* – Professor Sarah Parsons, University of Southampton.

The Trust also attaches much importance to supporting the next generation of Froebelian researchers and, accordingly, awards bursaries to undertake doctoral research which will advance Froebelian principles and understanding. The Trust is currently supporting eight PhD students. Two began their research in 2017 on *Reconceptualising professional development in early childhood education and care* and *on the effect of war and displacement on the play of young Iraqi and Syrian child refugees living in Lebanon*.

Full details of the research supported by the Trust can be found on the Trust website.

The Trust also supports the Froebel Archive on behalf of researchers and students. The Archive is a collection of books, archives, photographs and objects centring on Friedrich Froebel's educational legacy, including the history of Froebel College and the Froebelian movement in the UK. The archive is housed at the University of Roehampton and has recently been moved into specialist accommodation within the University's outstanding new library which opened in September 2017.

Trustees' report

PUBLIC BENEFIT (continued)

The projects and grants outlined in this report have provided training to support the development of high quality practice in early years learning that applies Froebelian principles, grown the application of Froebelian principles in new areas and increased the numbers of Froebelian practitioners. They have also supported the trust's cross cutting themes: addressing disadvantage and valuing diversity; childhood under stress (focusing on those environments in which young children cannot play freely or with agency); and adult (staff and parental) engagement with young children. These have provided an additional focus for grant giving.

The charity inherited the 999-year lease of Froebel College to The University of Roehampton and through this it provides a major asset for no consideration or ongoing rent, thereby supporting and assisting the growth and financial stability of the University.

FINANCIAL REVIEW

The Trust's total gross assets on 31 October 2017, including investments, property, debtors and cash, was £20.7m (£19.2m a year earlier). The charity derived an income from these investments in the year ending on 31 October 2017 of £488,393 (£449,918 in 2016).

Total expenditure for 2017 was £819,896 (£875,783 in 2016).

Investment Powers and Policy

Under its Articles of Association, TFT has the power to invest in any way the Council directs. Cash balances are deposited with a view to maximising interest income while minimising risk of capital loss.

Rathbone Investment Management is the discretionary fund manager responsible for day to day management of the Charity's investment funds.

Reserves policy and position

At 31 October 2017, TFT held total reserves of £19,313,725, all of which was unrestricted. The Trust has adopted a policy of deploying annually in support of its strategy its income and the capital gains on its investments consistent with preserving the real (inflation adjusted) value of its capital. The level of reserves desired by the Trustees is very much linked to this strategy. Management accounts are presented to each ordinary meeting of the Council, to demonstrate current available funds, liquidity and investment performance, after all known commitments have been taken into account.

Trustees' report

PLANS FOR THE FUTURE

TFT will continue to implement its five year strategy, with a year of consolidation planned in 2017. Grant programmes will be repeated, using evaluation of the pilots to improve their management and performance. The new staffing structure will be embedded. Implementation of the governance review will continue with a new committee structure being developed.

Whilst the positive investment climate continues, the resources available to further the Trust's Objects will continue to grow. Trustees will monitor the position regularly in order to spot any downturn and take remedial action recognising that there are inherent and unavoidable risks and potential volatility associated with future investment returns.

The Trust's chief risk is its pension liability and the assessment of this is outside the Trust's control. The impact of this has been mitigated by charges being made on two of the Trust's properties which has allowed the level of contributions to be capped to a lower level than would otherwise have been the case.

PRINCIPAL RISK AND UNCERTAINTIES

The Trustees are responsible for the risk and control framework within which the Trust operates. To this end, the Risk Register is examined in full annually by the Trustees to ensure that the principal risks to the delivery of the Trust's objectives are identified and appropriate strategies are in place to manage those risks. The Trustees delegate to the Chief Executive the day-to-day exercise of the controls which mitigate the risks faced by the Trust.

The Trust's key risks and mitigations are:

Risk

The Trust's reputation is damaged by unmanaged conflicts of interest arising from research and other grants

Controls

All conflicts of interest must be declared under Trust policies.

Trustees or committee members with conflicts of interest play no part of assessing their own or competing bids

The process for awarding research grants involves external scrutiny of bids by independent experts in the field.

Recruitment of an experienced grants manager to run the process of research grants.

Trustees' report

PRINCIPAL RISK AND UNCERTAINTIES (continued)

Risk

The Trust fails adequately to manage safeguarding or other issues arising from a project in the UK or overseas involving Trust volunteers

The Trust is unable to maintain a viable programme of research or education initiatives because its financial capacity is impaired by falls in the value of its investments

The Trust is exposed to significant pension costs arising from its membership of the LPFA

The Trust fails to influence public debate or education policy on matters where it has evidence to bring to bear

Controls

Trust withdraws from direct involvement in overseas education projects and instead works through local partners.

Policies in place covering safeguarding, anti-bribery, governance

Investment portfolio well-diversified and professionally managed on behalf of Trust

Funds set aside to meet future years costs of research and other projects approved by Council

Real value of Trust wealth more than maintained in real terms when capital gains realised to fund new projects

Interest in Trust properties pledged to pension fund to mitigate costs of deficit reduction

Executive Team monitors government and other major announcements to assess whether the Trust is able to offer evidence-based comment

Conference planned for Spring 2019 to promote insights from FSCS research programme

Annual Froebel lecture to be launched in Autumn 2018

Trustees' report

GOVERNANCE AND MANAGEMENT

The strategic direction and governance of the Trust is provided by the Froebel Council which is constituted by the ten Trustees. The Trustees delegate the day-to-day running of the trust to the Chief Executive and her team of four.

Trustees

The following trustees were in office at 31 October 2017 and served throughout the year, except where shown.

Trustee

Mr Mark Neale (Chair)	Re-appointed 2017
Mrs Fran Bayliss	Re-appointed 2015
Ms Penny Chapman	Re-appointed 2017
Mrs Sultana Choudhry	Appointed 2017
Ms Bernadette Duffy	Re-appointed 2016
Dr Peter Elfer	Appointed 2015
Mr Michael Pearson	Re-appointed 2017
Professor Paul O'Prey	Appointed 2017
Dr Sue Robson	Appointed 2013
Mrs Jane Whinnett	Appointed 2014

The Trustees are appointed for a term of four years and are eligible for re-election. The Trust has agreed a recruitment and induction policy for the appointment of Trustees. This policy sets out the skills and experience that are needed on the Council so that the Trust's objectives are taken forward effectively. These skills and experience include knowledge and understanding of Froebelian principles gained through teaching and research and disciplines such as finance, law and public administration essential to the orderly running of the Trust.

All initial appointments to the Trust Council are made on the basis of open competition by a panel of serving Trustees.

None of the Trustees received any remuneration from the Trust in respect of their services during the year 2016/17.

During the year 2016/17, the Council established a Research and Education Committee, jointly chaired by Dr Peter Elfer and Ms Jane Whinnett, to advise it on the coordination of the Trust's research and education work. The Committee, in turn established a sub-committee on research, chaired by Dr Peter Elfer, and a sub-committee on education, chaired by Ms Jane Whinnett.

The Trustees determine the remuneration of the Chief Executive annually on the advice of the Chair and Treasurer in the light of information about market rates for similar roles within charities of similar size and complexity as the Froebel Trust.

Trustees' report

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees, (who are also the directors of The Froebel Trust for the purposes of company law), are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Principles).

Company law 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 income and expenditure 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue to operate.

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 Companies Act 2006. 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.

Each of the Trustees confirm that:

- ◆ So far as the Trustee is aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- ◆ The Trustee has taken all the steps that he / she ought to have taken as a Trustee and director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Trustees' report

Approved by the Trustees and signed on their behalf by:

Chair of Trustees



Date

12 April 2018

Independent auditor's report

Independent auditor's report to the members of The Froebel Trust

Opinion

We have audited the financial statements of The Froebel Trust (the 'charitable company') for the year ended 31 October 2017 which comprise the statement of financial activities, the balance sheet, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 October 2017 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Independent auditor's report

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

Other information

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

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

We have nothing to report in this regard.

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 trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Independent auditor's report

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Avnish Savjani, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

22 May 2018

Statement of financial activities

(incorporating an Income and Expenditure Account) Year ended 31 October 2017

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2017 £	Total funds 2016 £
Income from:					
Investments	1	488,393	—	488,393	449,918
Other sources		—	—	—	6,250
Total income		488,393	—	488,393	456,168
Expenditure on:					
Raising funds					
. Investment management costs		80,008	—	80,008	73,490
Charitable activities					
. Information, guidance and advice	2	739,888	—	739,888	802,293
Total expenditure		819,896	—	819,896	875,783
Net (expenditure) income for the year before other investment gains and losses					
		(331,503)	—	(331,503)	(419,615)
Net gains on revaluation and disposal of listed investments	7	1,625,731	—	1,625,731	1,570,141
Net income	3	1,294,228	—	1,294,228	1,150,526
Other recognised gains/losses					
Actuarial gain (loss) on the defined benefits pension scheme	11	127,000	—	127,000	(147,000)
Net movement in funds		1,421,228	—	1,421,228	1,003,526
Reconciliation of funds:					
Fund balances brought forward at 1 November 2016		17,892,497	—	17,892,497	16,888,971
Fund balances carried forward at 31 October 2017		19,313,725	—	19,313,725	17,892,497

All of the Charity's activities derived from continuing operations during the above two financial periods.

All recognised gains and losses are included in the above statement of financial activities.

The comparative income from other sources was wholly unrestricted. The comparative expenditure incurred on investment management costs were wholly met from the Charity's unrestricted funds.

Balance sheet as at 31 October 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	6		175,988		194,292
Investments	7		20,098,758		18,903,777
			<u>20,274,746</u>		<u>19,098,069</u>
Current assets					
Debtors	8	11,370		9,204	
Cash at bank and in hand		<u>369,344</u>		<u>71,328</u>	
		<u>380,714</u>		<u>80,532</u>	
Liabilities					
Creditors: amounts falling due within one year	9	(470,114)		(390,511)	
Net current liabilities			(89,400)		(309,979)
Creditors: amounts falling due after more than one year	10		(214,621)		(101,593)
Net assets excluding Pension liability			<u>19,970,725</u>		<u>18,686,497</u>
Defined benefit pension scheme liability	11		(657,000)		(794,000)
Total net assets			<u>19,313,725</u>		<u>17,892,497</u>
The funds of the charity:					
Funds and reserves					
<i>Unrestricted funds</i>					
. General funds			19,262,443		17,892,497
. Designated funds	13		<u>51,282</u>		<u>—</u>
			<u>19,313,725</u>		<u>17,892,497</u>

Approved by the trustees and signed on their behalf by

Trustee 
Date: 12 April 2018

The Froebel Trust, Company Registration No. 07862112 (England and Wales)

Principal accounting policies 31 October 2017

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 October 2017.

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 accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, Update Bulletin 1 issued on 2 February 2016, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011. The date of transition to the Charities SORP FRS 102 was 1 November 2014. This is the first set of financial statements of the charity prepared in accordance with the Charities SORP FRS 102.

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

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ the estimates of the useful economic lives of tangible fixed assets used to determine the annual depreciation charge;
- ◆ judgements made by trustees in estimating the fair values attributed to the charity's investment properties; and
- ◆ the present value of the Local Government Pension Scheme defined benefit liability as provided by the actuary.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Principal accounting policies 31 October 2017

Assessment of going concern (continued)

The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 October 2017, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets.

Income recognition

Income is recognised in the period in which the Charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the Charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment 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 stated inclusive of irrecoverable VAT and accounted for on an accruals basis.

The majority of expenditure is directly attributable to specific activities and any apportionment between headings is negligible. The classification between expenditure headings is as follows:

- a. Expenditure on raising funds include direct costs and overheads associated with generating income for the charity, principally the cost of managing the charity's investments.
- b. The costs of activities in furtherance of the Charity's objects comprise expenditure on the Charity's primary charitable purposes as described in the Trustees' Report. Such costs include those associated with the provision of information, guidance and advice.

It also includes the governance costs of the charity which comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Tangible fixed assets

All fixed assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis at the following rates:

◆ Buildings	2%
◆ Furniture & equipment	20%
◆ Office equipment	33⅓ %

Fund accounting

The unrestricted funds, being general funds, comprise those monies which may be used towards meeting the charitable objectives of the Charity at the discretion of the Trustees.

The restricted funds comprise monies received which may only be applied in line with the conditions imposed by the donor.

Statement of cash flows

The financial statements do not include a statement of cash flows because the charity is considered a small charity and is therefore exempt from the requirement to prepare such a statement under the Charities SORP FRS 102 Update Bulletin 1.

Investments

Investments are valued at market value at the balance sheet date. Realised gains and losses on investments are calculated by comparing the sale proceeds with the market at the end of the previous financial year. Unrealised gains and losses represent the difference between the market value of investments held at the end of the financial year with their value at the beginning of the year or with their cost if purchased subsequently. Investment properties are included at market value at the year end.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension schemes

The Froebel Trust contributes to a defined benefit scheme with the London Pensions Fund Authority (LPFA). The defined benefit pension scheme current service costs and the net finance cost for the year are charged to the Statement of Financial Activities within pension costs. Actuarial gains and losses are recognised immediately within other recognised gains and losses.

Principal accounting policies 31 October 2017

Pension schemes (continued)

The defined benefit scheme assets are measured at fair value at the balance sheet date. Liabilities are measured on an actual basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

Notes to the financial statements Year ended 31 October 2017

1 Income from investments and interest receivable

	Unrestricted funds	
	2017 £	2016 £
Rental income from investment properties	75,665	68,765
Interest on cash balances	—	643
Investment income	412,728	380,510
	488,393	449,918

2 Expenditure on charitable activities: information, guidance and advice

	Unrestricted funds £	Restricted funds £	2017 £	2016 £
Staff costs (note 4)	127,644	—	127,644	156,192
Property expenses	17,078	—	17,078	15,489
Grants payable (see below)	465,842	—	465,842	543,056
Depreciation (note 6)	18,304	—	18,304	18,304
Pension finance costs (note 11)	19,000	—	19,000	22,000
Governance costs	58,599	—	58,599	27,862
Other expenses	33,421	—	33,421	19,390
2017 Total funds	739,888	—	739,888	802,293
2016 Total funds	792,206	10,087	802,293	

2 Expenditure on charitable activities: information, guidance and advice (continued)

The following project commitments and grants were awarded during the year:

	2017 £	2016 £
Project work:		
Kolkata project	18,000	11,268
Soweto project	(2,207)	10,410
IFS Conference travel	782	10,593
FT Archive (Froebel Bibliographic project)	13,000	5,500
Froebel Trainers	28,455	14,464
Moderation of Froebel Certificate courses	3,750	1,250
Other	19,844	3,995
	<u>81,624</u>	<u>57,480</u>
Grants:		
Froebelian Innovations		
. Home-Start UK	8,102	38,198
. SAFE Child Africa	(11,505)	11,505
. Family Lives – Singing with Baby	33,443	—
Research grants		
. Canterbury Christ Church University	50,504	8,898
. University of Roehampton	(4,381)	69,777
. Murdoch University	—	21,240
. Birmingham City University	(200)	7,092
. UCL, IOE	—	34,351
. Edinburgh University	7,550	7,447
. University of Reading	—	19,358
. University of Sheffield	57,962	—
. University of Southampton	35,187	—
. Cowgate Under 5's Centre	7,760	—
South Africa Project		
. PRAESA	—	4,000
. Anonymous Charitable Trust	—	6,177
Strategic Partner Grants		
. Canterbury Christ Church University	12,000	12,000
. University of Roehampton	22,000	22,000
Small Research grant		
. University of Roehampton	(10,000)	12,437
Other grants payable	210	4,134
Total grants payable to institutions	<u>208,632</u>	<u>290,614</u>
PhD and MA bursaries paid to individuals		
. Research grants	—	14,250
. PhDs and MA bursaries	175,586	180,712
Total grants payable to individuals	<u>175,586</u>	<u>194,962</u>
	<u>465,842</u>	<u>543,056</u>

3 Net income for the year

This is stated after charging:

	2017 £	2016 £
Staff costs (note 4)	127,644	156,192
Auditor's remuneration (including VAT)		
. Audit services	7,080	6,780
. Other services	1,320	780
Depreciation (note 7)	18,304	18,304

4 Staff costs and remuneration of key management personnel

	2017 £	2016 £
Staff costs during the year were as follows:		
Wages and salaries	102,817	117,766
Social security costs	7,315	6,806
Pension costs	17,512	31,620
	127,644	156,192

No employee earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the period.

The average number of employees during the year on a full time equivalent basis was 3.

The average number of employees analysed by function was:

	2017	2016
Information, guidance and advice	4	4
	4	4

The trustees consider that they, together with the Chief Executive comprise the key management personnel of the charity. The total remuneration of the charity's key management personnel (including employer's pension contributions) for the year was £61,148 (2016 - £57,009).

No Trustee received any remuneration in respect of their services as a Trustee during the period (2016 – no remuneration). Amounts reimbursed to Trustees during the period, in connection with travel expenses, totalled £1,274 (2016 - £1,113).

5 Taxation

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

6 Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 November 2016 and 31 October 2017	187,410	72,787	1,800	261,997
Depreciation				
At 1 November 2016	17,492	48,413	1,800	67,705
Charge for year	3,748	14,556	—	18,304
At 31 October 2017	21,240	62,969	1,800	86,009
Net book values				
At 31 October 2017	166,170	9,818	—	175,988
At 31 October 2016	169,918	24,374	—	194,292

At 31 October 2017, the charity's freehold property was subject to a legal charge in favour of the London Pensions Fund Authority. Further details are provided in note 11 to the financial statements.

7 Investments

At 31 October fixed asset investments comprised:

	2017 £	2016 £
Freehold investment properties	2,615,000	2,615,000
Listed investments and cash held for re-investment	17,483,758	16,288,777
	20,098,758	18,903,777
	2017 £	2016 £
Freehold Investment properties		
Balance brought forward	2,615,000	2,615,000
Market value at 31 October 2017	2,615,000	2,615,000

The valuations carried out during the year ended 31 October 2014 were performed by Knight Frank LLP, Chartered Surveyors, in accordance with guidelines set by the Royal Institution of Chartered Surveyors for accounts purposes in accordance with the Professional Standards January 2014 Global & UK edition.

At 31 October 2017, part of the charity's freehold investment properties was subject to a legal charge in favour of the London Pension Fund Authority. Further details are provided in note 11 to the financial statements.

Notes to the financial statements Year ended 31 October 2017

7 Investments (continued)

	2017 £	2016 £
Listed investments		
Market value at 1 November 2016	15,562,242	14,027,438
Additions at cost	2,607,392	4,093,890
Disposals at book value (Proceeds £2,659,103 and realised gain £70,049)	(2,589,054)	(4,148,932)
Unrealised gains (losses) on revaluation	1,556,529	1,589,846
Market value at 31 October 2017	17,137,109	15,562,242
Cash held by investment managers	346,649	726,535
Total investments	17,483,758	16,288,777
Cost of listed investments at 31 October 2017	13,537,753	13,612,045

At 31 October 2017, the Charity's investment portfolio included no individual holdings which represented a material proportion of the total value of the fixed asset investment portfolio at that date.

Listed investments held at 31 October 2017 comprised the following:

	2017 £	2016 £
UK Index linked	878,650	890,023
UK fixed interest	1,065,065	1,035,367
UK equities	9,066,666	7,209,409
Overseas fixed interest	308,590	566,058
Overseas equities	4,859,846	4,939,660
Property funds	958,292	718,128
Hedge funds	—	203,597
	17,137,109	15,562,242

8 Debtors

	2017 £	2016 £
Trade debtors	6,266	—
Prepayments	4,904	9,004
Other debtors	200	200
	11,370	9,204

9 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	11,543	2,565
Social security and other taxes	6,530	5,796
Grants payable	430,360	361,878
Accruals	21,116	20,072
Other creditors	565	200
	470,114	390,511

10 Creditors: amounts falling due after one year

	2017 £	2016 £
Grants payable		
. Within one year (note 9)	430,360	361,878
. Between one and two years	137,701	79,620
. Between two and five years	76,920	21,973
	214,621	101,593
	644,981	463,471

11 Pension commitments

London Pensions Fund Authority

The Froebel Trust contributes to the London Pensions Fund Authority (LPFA), part of the Local Government Pension Scheme, a defined benefit statutory scheme. This Scheme is open to all employees, should they choose to join, providing benefits based on final pensionable pay. The Fund is administered by LPFA in accordance with the Local Government Pension Scheme Regulations 1997 as amended.

The scheme is a multi-employer Defined Benefit Scheme which is contracted out of the State Second Pension. The Scheme is subject to triennial actuarial valuations. The assets of the defined benefit scheme are held separately from those of the Charity, in separate LPFA administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations, using the current unit method with a 20 year control period.

The following information is based upon the most recent full actuarial valuation of the fund, which was carried out at 31 March 2013, and has been updated to 31 October 2017 by a qualified independent actuary. The major assumptions used by the actuary were:

	2017 %	2016 %
Rate of increase in salaries	3.9	4.4
Rate of increase in pension payments	2.4	2.6
Discount rate	2.4	2.5
Inflation assumptions		
. RPI increase	3.3	3.5
. CPI increase	2.4	2.6

11 Pension commitments (continued)

London Pension Fund Authority (continued)

The breakdown of the Scheme assets is as follows:

	Value at 31 October 2017 £'000	Value at 31 October 2016 £'000
Equities	235	178
Target return portfolio	80	71
Infrastructure	19	23
Commodities	—	2
Property	26	15
Cash	26	8
Cash flow matching	—	19
Present value of scheme assets	386	316

The current mortality assumptions include sufficient allowance for the future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2017 years	2016 years
Retiring today / current pensioners		
Males	23.4	23.5
Females	24.4	25.1
Retiring in 20 years / future pensioners		
Males	25.7	25.8
Females	26.6	27.4

The actuaries have advised the Trustees that the value of the scheme's liabilities (and resulting deficit) disclosed above should not be taken as an indication of the results of a valuation which would normally be carried out for funding purposes. The valuation assumptions made for the purposes of FRS 102 (28) are not necessarily appropriate for the purposes of a long term funding valuation.

The total pension contributions in respect of the defined benefit scheme for the year were £42,000 (2016 - £54,000), of which employer's contributions totalled £40,000 (2016 - £50,000) and employees' contributions totalled £2,000 (2016 - £4,000). The agreed contribution rates for future years are 21.5% (2016 - 23.4%) for employers and 6.5% for employees. An additional deficit funding agreement of £34,000 per annum came into effect from 1 April 2017.

Analysis of the amount charged to statement of financial activities

	Year ended 31 October 2017 £'000	Year ended 31 October 2016 £'000
Current service cost	(11)	(26)
Total operating charge	(11)	(26)

11 Pension commitments (continued)

London Pension Fund Authority (continued)

Analysis of net finance cost of pension scheme

	Year ended 31 October 2017 £'000	Year ended 31 October 2016 £'000
Interest on pension liabilities	(27)	(34)
Interest on assets	8	12
Net pension finance cost	(19)	(22)

Amounts recognised as other gains and losses

	Year ended 31 October 2017 £'000	Year ended 31 October 2016 £'000
Settlements and curtailments	—	—
Return on assets less interest	54	5
Changes in financial and demographic assumptions underlying the scheme liabilities	73	(152)
	127	(147)
Net actuarial gain/(loss) recognised	127	(147)

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a loss of £375,000 (2016 - £502,000).

Movement in deficit during the period

	Year ended 31 October 2017 £'000	Year ended 31 October 2016 £'000
Deficit at the beginning of the year	(794)	(649)
Current service cost	(11)	(26)
Employer contributions	40	50
Net pension finance cost	(19)	(22)
Net actuarial gain/(loss)	127	(147)
Settlements & curtailments	—	—
Deficit at 31 October 2017	(657)	(794)

The estimated value of the employer contributions for the year ending 31 October 2018 is £39,000 (2017 - £44,000).

The LPFA have a fixed legal charge over the charity's freehold properties at Clarence Lodge and Grove Lodge on Clarence Lane as a means of security over the charity's obligations in relation to the above defined benefit pension scheme.

12 Related parties

Professor P O'Prey is a Member of Council of the University of Roehampton and also a trustee of The Froebel Trust. During the year the Froebel Trust had various transactions with the University all of which took place on an arm's length basis. Research grants were made to the University totalling £53,234 (2016 - £104,214) for grants where the lead applicants or researchers were Trustees of The Froebel Trust.

Another grant of £2,000 (2016 - £12,000) was given to The Edinburgh Network. Mrs J Whinnett is a founding member of The Edinburgh Network and is also a Trustee of The Froebel Trust.

Penelope Chapman, a Trustee, is also a partner of Bircham Dyson Bell LLP. During the year ended 31 October 2017 The Froebel Trust paid £7,150 (2016 - £7,178) for legal advice to Bircham Dyson Bell LLP. The transactions were carried out at arms length. There were no balances outstanding between the two parties at 31 October 2017.

13 Designated funds

	At 1 November 2016 £	New designations £	Utilised/ Released £	At 31 October 2017 £
Grant software fund	—	51,282	—	51,282
	—	51,282	—	51,282

Grant software fund

This comprises monies set aside by the Trustees to provide funds for the purchase of grant making software. This fund is expected to be utilised in the year ending 31 October 2018.

14 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	At 1 October 2017 £
Fund balances at 31 October 2017 are represented by:			
Fixed Assets	20,274,746	—	20,274,746
Current assets	380,714	—	380,714
Creditors: amounts falling due within one year	(470,114)	—	(470,114)
Creditors: amounts falling due after more than one year	(214,621)	—	(214,621)
Pension liability	(657,000)	—	(657,000)
Total net assets	19,313,725	—	19,313,725

	2017 £	2016 £
Unrealised gains included above:		
On listed investments	3,946,006	2,676,732
On investment properties	1,085,000	1,085,000
Total unrealised gains at 31 October 2017	5,031,006	3,761,732
Reconciliation of movements in unrealised gains:		
Total unrealised gains at 1 November 2016	3,761,732	2,641,601
less: in respect to disposals in the year	(287,255)	(469,715)
add: net (losses) gains arising on revaluations in the year (note 8)	1,556,529	1,589,846
Total unrealised gains at 31 October 2017	5,031,006	3,761,732

15 Liability of directors

The Froebel Trust is a company limited by guarantee and has no share capital. In the event of the company being wound up the liability of the Trustees (who are the members of the company) is limited to £1 each.