

THE GOSLING FOUNDATION LIMITED
DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

THE GOSLING FOUNDATION LIMITED

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THE GOSLING FOUNDATION LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Charity Status	Registered in England and Wales
Charity Registration Number	326840
Registered Office	21 Bryanston Street Marble Arch London W1H 7PR
Company Registration Number	01892360
Trustees and directors	Hon Vice Admiral Sir Donald Gosling KCVO RNR, Vice-Admiral of the United Kingdom Hon Capt Adam Gosling RNR Sir Ronald Hobson KCVO (passed away in office on 22 April 2017) Peter Caplan (appointed 5 December 2018)
Secretary	Anne Yusof
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
Solicitors	Edwin Coe LLP 2 Stone Buildings Lincoln's Inn London WC2A 3TH
Auditors	Lewis Golden LLP Chartered Accountants and Statutory Auditors 40 Queen Anne Street London W1G 9EL
Investment advisors	J. M. Finn & Co. Ltd 4 Coleman Street London EC2R 5TA

THE GOSLING FOUNDATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors are pleased to present their report together with the audited financial statements of the charitable company ("the charity") for the year ended 31 March 2018, which also represents the trustees' report which is required to be prepared by Part 8 of the Charities Act 2011.

The directors of the charity are its trustees for the purpose of charity law, as set out on page 1, and throughout the financial statements the directors are collectively referred to as the trustees.

The financial statements have been prepared in accordance with accounting policies set out on pages 12 to 15 and with applicable United Kingdom accounting standards, current statutory requirements, the Charities Act 2011, the Companies Act 2006, 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 UK and Republic of Ireland (FRS 102) (as amended for accounting periods commencing from 1 January 2016) and the Charity's governing document. Legal and administrative information set out on page 1 forms part of this report.

Objectives and activities for the public benefit

The charity was incorporated on 5 March 1985 and the objectives, for which the charity was established, as dictated by the Memorandum of Association, are to carry out all or any of the following purposes, namely:

- the relief of poverty, suffering and distress among the aged, impotent or poor inhabitants of the United Kingdom and the provision of facilities for recreation and other leisure time occupation for them generally in the interests of their social welfare within the meaning of the, now repealed, Recreational Charities Act 1958 and as therein limited;
- the advancement of education amongst the inhabitants of the United Kingdom generally;
- the furtherance of such other charitable purposes beneficial to such of the communities of the United Kingdom as the charity may think fit; and
- to make grants to such associations, trusts, societies or corporations as are established for charitable purposes.

The trustees regularly review the grant making policies of the charity which currently are:

- the trustees will consider applications for grants which are in accordance with the stated objects of the charity;
- there are no minimum or maximum limits for any grants;
- all grants will be approved unanimously by the trustees; and
- the charity will continue to make grants to individuals only in exceptional circumstances.

The charity carries out its objectives by making grants to a wide range of charitable causes as quantified in note 4 to the financial statements. The charity aims to distribute grants to those charitable organisations that the board of trustees decide are in line with the objectives of the charity. By providing such financial support the charity seeks to enable other charitable organisations to achieve their objectives.

The trustees confirm that in accordance with Section 17 of the Charities Act 2011, they have referred to the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning their future grant making activities.

During the year ended 31 March 2018, the trustees aimed to distribute approximately £4,000,000 (2017: £2,000,000) in grants to a similar number of beneficiaries as in the prior year. In order to achieve this, the trustees reviewed applications from various organisations and awarded grants as they collectively considered appropriate. The charity distributed £1,704,200 in the current year, in line with aims of the prior year. The charity continues to work towards increasing grant giving and is progressing towards this aim.

THE GOSLING FOUNDATION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Achievements and performance

The trustees paid and committed grants for the year totalling £1,744,200 (2017: £5,070,400). Of this amount £964,200 (2017: £3,218,400) has been paid during the year and commitments of £780,000 (2017: £1,852,000) were made for payment in future years. The charitable purposes and details of the various institutions that benefited are detailed in note 4 to the financial statements.

The following table puts the charity's grants for the year into broad categories and shows the prior year for comparison. Full details of the grant recipients are set out in note 4 to the financial statements.

Category	2018 Amount £	2018 Number of grants	2017 Amount £	2017 Number of grants
Relief of poverty	327,000	13	1,418,000	25
Advancement of education	920,000	17	804,000	33
Advancement of religion	42,500	5	10,500	2
Other purposes beneficial to the community	454,700	71	2,837,900	110
Total	1,744,200	106	5,070,400	170

During the year 106 grants (2017: 170) were made in furtherance of the charity's objectives to 96 beneficiaries (2017: 134).

The value of the charity's investment properties has decreased by £1,173,562. This movement has been shown split between an unrealised gain of £1,426,437 and a net realised disposal of £2,600,000. During the year the charity disposed of the Mill House property, realising a gain of £275,000. At 31 March 2018 investment properties were valued at £80,855,500 (2017: £82,029,063).

At the year end the value of the listed investment portfolio was £14,792,079 (2017: £21,559,882). In accordance with their accounting policy, the trustees have recognised listed investments in the financial statements at fair value.

Overall investment income decreased by £168,115 (2017: increased by £149,847). The charity received total rental income from its portfolio of investment properties of £4,390,622 (2017: £4,563,201), income from listed investments of £782,241 (2017: £781,098), interest of £34,906 (2017: £42,063) relating mostly to cash held on deposit and short term treasury deposits and other income of £10,478 (2017: £nil).

No donations (2017: £nil) were received during the year.

Costs of raising funds, comprising property management expenses, totalled £68,017 (2017: £40,388) detailed in note 3 to the financial statements. Governance costs are included in charitable activities and amounted to £74,221 (2017: £106,578).

Financial review

The trustees have concluded that all of the charity's current funds should be undesignated. The trustees anticipate that the current funds will be sufficient to meet its current and foreseeable obligations.

The trustees meet regularly to ensure that sufficient funds are held by the charity and to review the progress made by the recipients of previous donations and grants. At these meetings, the trustees also consider whether the investment of the charity's funds is appropriate and generates a satisfactory return. The trustees consider written applications which are consistent with the charity's objects as stated as above.

THE GOSLING FOUNDATION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Financial review (continued)

The trustees' long-term aim is to maintain total funds of the charity in the region of £120 million which will generate investment income to fund future grant making at a level of approximately £5m per annum in perpetuity. In order to reach this target, and in order to comply with the 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 UK and Republic of Ireland (FRS 102) (as amended for accounting periods commencing from 1 January 2016), the charity's financial statements show an Unrestricted Income Fund surplus. The charity is making progress towards this aim having total investment income for the year of £5,218,247 (2017: £5,386,362). The trustees consider the risks associated with the assets in which funds are held and aim to maintain an appropriate mix of assets in order to realise the long-term aim. The charity had a net surplus for the year of £3,778,970 (2017: £756,255) after net gains / (losses).

Under the Memorandum and Articles of Association, the charity has the power to invest any monies of the charity upon such investments and in such manner as may from time to time be expedient. To see how expenditure meets objectives, please see achievements and performance.

Plans for future periods

The trustees aim to continue to accept, in writing to the registered office, grant applications which are consistent with the charity's objectives and to review the level of grants it considers appropriate to make.

The trustees intend to distribute a minimum of £5,000,000 during the year ending 31 March 2019 and to review the progress made by the recipients of previous donations and grants as to how the charity's grants have been applied or regarding projects that the charity's funding has made possible.

Due to market conditions, the trustees took the decision after the year end to dispose of the charity's interest in an investment property portfolio, which comprised 102 properties, mainly let to HSBC Bank, and which it had acquired in 2008. The fair value of the property portfolio at year end was £27,770,500. The gross sales proceeds received from the sales amounted to £25,356,000. The trustees are currently seeking alternative appropriate investment opportunities.

The trustees are confident that sufficient income will be received to enable the charity to meet its objectives.

Structure, governance and management

The Gosling Foundation Limited is a company limited by shares and a registered charity governed by its Memorandum and Articles of Association dated 5 March 1985.

The trustees may appoint a person who is willing to act to be a trustee either to fill a vacancy or as an additional trustee. Subject to Article 31 a trustee may be appointed under the Memorandum and Articles of Association to hold office for life or any other period or upon such terms in respect of their retirement as the trustees shall at the time of their appointment determine. Any person may be appointed or elected as a trustee, whatever may be their age, and no trustee shall be required to vacate his office by reason of his attaining or having attained the age of seventy years or any other age.

The trustees have considered the recruitment, appointment and training of new trustees. They agreed that any new trustee would have to be reputable, professional and be selected based on their suitability for the role. Training in financial accounting should be a requirement, although this would be dependent on the experience and knowledge of the trustee. Training in the role and responsibilities of a charity trustee would be mainly in the form of publications available from the Charity Commission. Any queries would be addressed to relevant professional advisors as required. As part of the induction process, new trustees are familiarised with the charity's governing document. Ms A Yusof is responsible for obtaining relevant training materials.

The number of members of the charity is limited to 50 and during the year there were two trustees (2017: three). Per the charity's Memorandum and Articles of Association, the charity should have a minimum of three trustees. The trustees have appointed Peter Caplan on 5 December 2018. During the year the trustees met quarterly to administer the charity.

THE GOSLING FOUNDATION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Principal risks and uncertainties

The major risks to which the charity is exposed, as identified by the trustees, have been reviewed and a system has been established to mitigate those risks. The principal risk and uncertainty for the charity relates to income generation in order to be able to award grants and cover other costs. The charity holds a mixed portfolio of investments and the trustees have established a system to review major risks and to mitigate those risks by regularly reviewing the portfolio. The exposure of the charity to price risk, credit risk, liquidity risk and cash flow risk from holding its investments is therefore considered limited.

Reference and administrative information

The reference and administrative information set out on page 1 forms part of this report.

The trustees who served from 1 April 2017 are shown on page 1 of this report.

Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees must prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

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

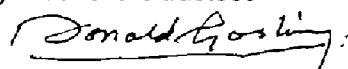
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 charitable company will continue to operate.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that so far as they are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The trustees authorise the Directors' Report.

By order of the trustees



Hon Vice Admiral Sir Donald Gosling KCVO
RNR, Vice-Admiral of the United Kingdom
Trustee

Date: 21 / 12 / 2018

THE GOSLING FOUNDATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GOSLING FOUNDATION LIMITED

Opinion

We have audited the financial statements of The Gosling Foundation Limited (the 'charitable company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities (including an Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and related Notes to the Financial Statements, including a summary of significant accounting policies. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including 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
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 Directors' 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.

THE GOSLING FOUNDATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GOSLING FOUNDATION LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report prepared for company law purposes, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

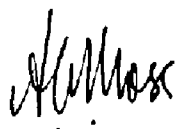
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE GOSLING FOUNDATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GOSLING FOUNDATION LIMITED (CONTINUED)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Moss (Senior Statutory Auditor)
For and on behalf of Lewis Golden LLP, Statutory Auditor
40 Queen Anne Street
London W1G 9EL

Date: 21 / 12 / 2018

THE GOSLING FOUNDATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted Income Fund 2018 £	Expendable Endowment Fund 2018 £	Total Funds 2018 £	Total Funds 2017 £
Income and endowments from:					
Investments	2	5,218,247	-	5,218,247	5,386,362
Total		5,218,247	-	5,218,247	5,386,362
Expenditure on:					
Raising funds					
Property management costs	3	(68,017)	-	(68,017)	(40,388)
Charitable objectives					
Grant making	4	(1,744,200)	-	(1,744,200)	(4,850,541)
Governance costs	6	(74,221)	-	(74,221)	(106,578)
Total		(1,886,438)	-	(1,886,438)	(4,997,507)
Net gains / (losses) on investments					
Gains / (losses) on investment properties	9	-	1,701,437	1,701,437	(2,297,200)
(Losses) / gains on listed investments	11	-	(906,081)	(906,081)	2,519,617
Unrealised (losses) / gains on foreign exchange on treasury cash deposits		-	(348,195)	(348,195)	144,983
Total net gains on investments		-	447,161	447,161	367,400
Net movement in funds		3,331,809	447,161	3,778,970	756,255
Reconciliation of funds:					
Total funds brought forward	16	20,985,597	88,816,592	109,802,189	109,045,934
Total funds carried forward	16	24,317,406	89,263,753	113,581,159	109,802,189

The statement of financial activities includes all gains and losses recognised in the year.
All incoming resources and resources expended are derived from continuing activities.

THE GOSLING FOUNDATION LIMITED

BALANCE SHEET AS AT 31 MARCH 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Investments					
Investment properties	9	80,855,500		82,029,063	
Listed investments	11	14,792,079		21,559,882	
Treasury cash deposits		6,678,793		1,208,699	
			102,326,372		104,797,644
Current assets					
Debtors	12	549,843		496,453	
Cash at bank and in hand		14,347,328		8,896,429	
		14,897,171		9,392,882	
Creditors: amounts falling due within one year	13	(2,457,384)		(2,822,337)	
Net current assets			12,439,787		6,570,545
Total assets less current liabilities			114,766,159		111,368,189
Creditors: amounts falling due after more than one year	14		(1,185,000)		(1,566,000)
Net assets			113,581,159		109,802,189
Represented by:-					
Called up share capital	15	3		3	
Unrestricted Income Fund	16	24,317,403		20,985,594	
			24,317,406		20,985,597
Unrealised Investment Gains	16	37,502,408		37,068,123	
Expendable Endowment Fund	16	51,761,345		51,748,469	
Total Expendable Endowments Funds			89,263,753		88,816,592
Total funds	17		113,581,159		109,802,189

These financial statements have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies.

As per s454 of the Companies Act 2006, the trustees can amend these financial statements if they subsequently prove to be defective on a voluntary basis.

The financial statements were approved and authorised for issue by the board of trustees on 21/12/2018

Donald Gosling

Hon Vice Admiral Sir Donald Gosling KCVO
RNR, Vice-Admiral of the United Kingdom
Trustee

(Company Registration No. 01892360)
(Charity Registration No. 326840)

THE GOSLING FOUNDATION LIMITED

STATEMENT OF CASH FLOWS AS AT 31 MARCH 2018

	2018 £	2017 £
Cash flows from operating activities		
Net movement in funds	3,778,970	756,255
Adjustments for:		
Unrealised (gains) / losses on investment properties	(1,701,437)	2,297,200
Add / (deduct) losses / (gains) on listed investments	906,081	(2,519,617)
Add / deduct unrealised losses / (gains) on foreign exchange on treasury cash deposits	348,195	(144,983)
Deduct interest income shown in investing activities below	(34,906)	(42,063)
Deduct dividend income shown in investing activities below	(782,241)	(781,098)
Deduct other investment income shown in investing activities below	(4,329,102)	(4,396,360)
Increase in debtors	(53,390)	(173,088)
(Decrease) / increase in creditors	(745,953)	89,029
Net cash used in operating activities	<u>(2,613,783)</u>	<u>(4,914,725)</u>
Net cash flows from investing activities		
Interest income	34,906	42,063
Dividend income	782,241	781,098
Other investment income	4,329,101	4,396,360
Purchase of investment property	-	(28,455)
Purchase of listed investments	(65,845)	(1,156,174)
Disposal proceeds of investment properties	2,875,000	-
Disposal proceeds of listed investments	5,927,567	800,130
(Increase) / decrease in treasury cash deposits	(5,818,288)	195,869
Net cash provided by / (used in) investing activities	<u>8,064,682</u>	<u>5,030,891</u>
Increase in cash and cash equivalents in the year	5,450,899	116,166
Cash and cash equivalents at the beginning of the year	8,896,429	8,780,263
Total cash and cash equivalents at the end of the year	<u>14,347,328</u>	<u>8,896,429</u>

THE GOSLING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.1 Basis of preparation

The charity is a public benefit entity.

The financial statements are prepared under the historical cost convention and 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 UK and Republic of Ireland (FRS 102) (as amended for accounting periods commencing from 1 January 2016)) – (Charities SORP (FRS 102)), the Companies Act 2006, the Charities Act 2011 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

1.2 Income

Income is recognised when the charity has entitlement to the funds, on the following basis:

(i) *Donations and legacies*

Donations, legacies and grants are recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

(ii) *Investment properties*

Income from investment properties comprises income derived from the leasing of commercial properties to tenants. The properties are leased to tenants under operating lease agreements and rentals are recognised in the Statement of Financial Activities (including an income and expenditure account) on a straight line basis over the lease term.

Where rental income is structured to increase in line with expected general inflation, the rental agreements are amended on an annual basis and income is subsequently recognised in the Statement of Financial Activities (including an income and expenditure account).

The charity has taken advantage of the optional exemption available on transition to FRS 102, which allows lease incentives on leases entered into before the date of transition to the standard on 1 April 2014, to continue to be charged over the period to the first market rent review, rather than the term of the lease.

Rental income is recognised on a straight line basis over the lease term, where leases were entered into after the FRS 102 transition date on 1 April 2014.

(iii) *Listed investments*

Dividends and commission are recognised when receivable and represent income received from listed securities.

(iv) *Interest receivable*

Interest is recognised when receivable by the charity and represents treasury, bank and investment interest.

(v) *Other income*

Other income is recognised when receivable by the charity and represents income from a lease premium extension.

THE GOSLING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

1 Accounting policies (continued)

1.3 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

(i) *Raising funds*

This comprises property management costs which are recognised on an accruals basis. Any irrecoverable VAT is added to the related expense.

(ii) *Grant making*

Grants are accounted for in full in the period the grants are approved and the decision is notified to the recipient irrespective of the period covered by the grant. Grants awarded but not yet paid are recorded as grant commitments in the Balance Sheet. Any conditional grants are not provided for until the trustees are satisfied that the conditions or grant terms have been met. Grant commitment creditors are split between creditors amounts falling due within one year and creditors amounts falling due after one year according to when the grants will be paid (see note 5).

(iii) *Governance costs*

Governance costs include external audit and accountancy fees. Governance costs are recognised on an accruals basis. Irrecoverable VAT is included in the cost of those items to which it relates.

1.4 Investment properties

Investment properties are initially recognised at cost, which includes the original purchase price and the costs directly attributable to bringing the asset into its working condition for its intended use.

Investment properties are subsequently included on the Balance Sheet at their fair value which is determined annually. No depreciation is provided. Changes in fair value are recognised on the face of the Statement of Financial Activities (including an income and expenditure account).

1.5 Listed investments

Listed investments are stated in the financial statements at fair value. Realised gains and losses on the sale of investments are calculated as the difference between the sale proceeds and the original cost. Unrealised gains and losses represent the movement between fair values. Realised and unrealised gains and losses are included on the face of the Statement of Financial Activities (including an income and expenditure account). Listed investments are held primarily to provide an investment return for the charity.

1.6 Cash at bank and in hand

Cash and cash equivalents are represented by cash in hand, deposits held at call with financial institutions and other short-term highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

THE GOSLING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

1 Accounting policies (continued)

1.7 Funds

The charity maintains an Unrestricted Income Fund and an Expendable Endowment Fund.

Income generated by the Expendable Endowment Fund is recognised as part of the Unrestricted Income Fund. Unrealised revaluation gains on investment properties and listed investments are taken to Unrealised Investment Gains, which for the purpose of charity fund accounting is part of the Expendable Endowment Fund. Revaluation losses are also taken to Unrealised Investment Gains to the extent that there is an Unrealised Investment Gains surplus in respect of the relevant asset.

The Expendable Endowment Fund was established from donations received for that purpose. This fund arises from the proceeds of a special dividend and the sale of the charity's previous holding in National Parking Corporation Limited. The primary intention in establishing an Expendable Endowment Fund is for funds to be invested so as to generate future income for the purpose of the charity. The trustees shall also be permitted to convert any or the entire Expendable Endowment Fund to the Unrestricted Income Fund, however in any decision whether or not to convert endowment monies into expendable income the trustees should have regard for the primary intention of this endowment. The trustees aim to increase the total funds of the charity to a level that will allow ongoing future annual donations of £5 million per annum.

Any funds receivable during the relevant accounting year but not utilised are carried forward as part of the Unrestricted Income Fund.

1.8 Leases

Finance leases, which transfer to the charity substantially all the risks and rewards of ownership of the leased asset are capitalised at the inception of the lease at the present value of minimum lease payments.

Rents receivable under operating leases are recognised in the Statement of Financial Activities (including an income and expenditure account) on a straight line basis over the lease term.

1.9 Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated to sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities (including an income and expenditure account).

1.10 Financial Instruments

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Financial Activities (including an income and expenditure account). If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Financial Activities (including an income and expenditure account).

Financial assets are derecognised when:

- (a) The contractual rights to the cash flows from the asset expire or are settled; or
- (b) Substantially all the risks and rewards of the ownership of the asset are transferred to another party; or
- (c) Control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

THE GOSLING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

1 Accounting policies (continued)

1.10 Financial instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors that are classified as debt are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, this is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.11 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the charity's financial statements require trustees to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, at the reporting date. However uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Valuation of investment property

The fair value of investment property (note 9) is determined by professional external valuers using recognised valuation techniques. Determination of the fair value of the assets requires the use of estimates, taking into account future cash flows from the asset (such as lettings, future revenue streams and the overall repair and condition of the property). These estimates are based on local market conditions existing at the reporting date.

2 Investment income

	Unrestricted Income Fund £	Total Funds 2018 £	Unrestricted Income Fund £	Total Funds 2017 £
Rent receivable from UK investment properties	4,390,622	4,390,622	4,563,201	4,563,201
Bank interest receivable (UK)	34,906	34,906	42,063	42,063
Dividends from listed investments	782,241	782,241	781,098	781,098
Other income	10,478	10,478	-	-
	<u>5,218,247</u>	<u>5,218,247</u>	<u>5,386,362</u>	<u>5,386,362</u>

All income from investment properties is generated from operating leases.

THE GOSLING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

3 Raising funds

	Unrestricted Income Fund £	Total Funds 2018 £	Unrestricted Income Fund £	Total Funds 2017 £
Property insurance	10,226	10,226	10,938	10,938
Legal & professional fees in respect of investment properties	57,791	57,791	29,450	29,450
Property management costs	68,017	68,017	40,388	40,388

4 Grant making

The following table analyses the grants into broad categories and by year in which they fall due for payment.

	Paid 2018 £	Payable 2019-21 £	Total £
The relief of poverty			
Britannia Association (2 grants)	15,000	-	15,000
Centrepont	5,000	-	5,000
Grand Order of Water Rats (2 grants)	10,000	-	10,000
Imperial Society of Knight Bachelor	10,000	-	10,000
LandAid	5,000	-	5,000
Royal Navy Officers' Charity	20,000	-	20,000
Royal Variety Charity	2,000	-	2,000
SSAFA	50,000	-	50,000
St Lazarus Charitable Trust	5,000	-	5,000
White Ensign Association (2 grants)	205,000	-	205,000
	327,000	-	327,000
The advancement of education			
4th Gillingham (Rainham) Sea Scouts	5,000	-	5,000
AbleChild Trust	5,000	-	5,000
Cherubim Music Trust	5,000	-	5,000
Coastal Forces Heritage	5,000	-	5,000
Duke of Edinburgh Award	100,000	-	100,000
Exmouth Sea Cadets	20,000	-	20,000
Old Vic Theatre Trust	500	-	500
Opera Holland Park	5,000	-	5,000
Petersham & Ham Sea Scout Group	2,500	-	2,500
Royal National Institute for the Blind	2,000	-	2,000
Southampton Solent University (2 grants)	-	750,000	750,000
St John the Baptist Church of England	5,000	-	5,000
Tiffin School (Kingston Upon Thames)	3,000	-	3,000
Tiffin School Boat Club	1,000	-	1,000
TS Samaurez Sea Cadets	5,000	-	5,000
York Sea Cadets	6,000	-	6,000
	170,000	750,000	920,000

THE GOSLING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

4 Grant making (continued)

	Paid 2018 £	Payable 2019-21 £	Total £
The advancement of religion			
Annual National Service for Seafarers (3 grants)	10,000	20,000	30,000
Holy Trinity Church (Cowes)	7,500	-	7,500
St Martin-in-the-Fields	5,000	-	5,000
	<u>22,500</u>	<u>20,000</u>	<u>42,500</u>
Other purposes beneficial to the community			
Action on Addiction	5,000	-	5,000
Battersea Dogs & Cats Home	2,000	-	2,000
Battle of Britain Memorial Trust	1,000	-	1,000
Battle of the Atlantic Memorial Project	10,000	-	10,000
Brendoncare Foundation	5,000	-	5,000
Bud Flanagan Leukaemia Fund	1,000	-	1,000
Calvert Trust Exmoor Donation	1,000	-	1,000
Carers Trust	5,000	-	5,000
Central Bank 30 Commander IX Group Royal Marines	6,000	-	6,000
Chiddingfold Bonfire Society Association	5,000	-	5,000
Coldstream Guards Charitable Trust	10,000	-	10,000
Commonwealth Youth Orchestra & Choir	6,700	-	6,700
Creative Youth	1,000	-	1,000
Diabetes UK	10,000	-	10,000
Fleet Arm Air Officers' Association	500	-	500
Hampton Wick & South Teddington Old People's Welfare & GFC	1,000	-	1,000
Hampton Wick Association	1,000	-	1,000
HMS Albion CAF	10,000	-	10,000
HMS Collingwood	5,000	-	5,000
HMS Heron Central Fund (3 grants)	12,000	10,000	22,000
HMS Neptune CAF (2 grants)	7,000	-	7,000
HMS Sultan CAF	1,000	-	1,000
HMS Sutherland Central Fund	10,000	-	10,000
Home Farm Trust	1,000	-	1,000
Labrador Rescue Trust	10,000	-	10,000
LAF Nelson	10,000	-	10,000
Landmark Arts Centre	5,000	-	5,000
League of Mercy	20,000	-	20,000
Leander (Kingston) Sea Scout Group	2,000	-	2,000
Lighthouse Club	1,000	-	1,000
Longborough & Sezincote Cricket Club	10,000	-	10,000
Lord Mayor's Appeal	5,000	-	5,000
Moorfields Eye Charity	5,000	-	5,000
Subtotal carried forward	<u>185,200</u>	<u>10,000</u>	<u>195,200</u>

THE GOSLING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

4 Grant making (continued)

	Paid 2018 £	Payable 2019-21 £	Total £
Other purposes beneficial to the community (continued)			
Subtotal brought forward	185,200	10,000	195,200
National Coastwatch (re Prawl Point)	500	-	500
Nelson Central Fund	1,000	-	1,000
Police Rehabilitation Trust	20,000	-	20,000
Prince's Trust	500	-	500
RAF Museum	500	-	500
Resurgo Trust	10,000	-	10,000
Richmond MENCAP	1,000	-	1,000
Riding for the disabled	20,000	-	20,000
River Thames Boat Project	10,000	-	10,000
RM Band Fund Scotland	500	-	500
RNA Culdrose Amenities Fund	1,000	-	1,000
RNAS Culdrose CAF	1,000	-	1,000
RNR Rifle Association	2,000	-	2,000
Royal Star & Garter Homes	25,000	-	25,000
Royal Hospital Chelsea	5,000	-	5,000
Royal Marines Association Concert Band (2 grants)	10,000	-	10,000
Royal Marines Charity	7,500	-	7,500
Royal Navy & Royal Marine Angling Association	5,000	-	5,000
Royal Navy Royal Marine Charity	2,000	-	2,000
Saints & Sinners Trust	35,000	-	35,000
Shooting Star Chase	25,000	-	25,000
SOS Swan Sanctuary	5,000	-	5,000
St James' Conservation Trust	10,000	-	10,000
St John of Jerusalem Eye Hospital	5,000	-	5,000
St John's Hospice	25,000	-	25,000
Teddington Athletic Football Club	5,000	-	5,000
Teenage Cancer Trust	2,000	-	2,000
Tower Hamlets Mission	2,000	-	2,000
Trinity Sailing Foundation	5,000	-	5,000
Vaudeville Golfing Society	3,000	-	3,000
Victoria Foundation	5,000	-	5,000
Wardroom HMS Collingwood	5,000	-	5,000
Woodland Trust	5,000	-	5,000
	444,700	10,000	454,700
Total	964,200	780,000	1,744,200

In the current year and prior year, all grants have been made to institutions from the Unrestricted Income Fund.

THE GOSLING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

5 Analysis of accruals for grants payable

	Notes	2019 £	2020-21 £	Total £
Accruals for grants payable during the year		395,000	385,000	780,000
Accruals for grants payable in prior periods		766,000	800,000	1,566,000
	13, 14	1,161,000	1,185,000	2,346,000

6 Governance costs

	Unrestricted Income Fund £	Total Funds 2018 £	Unrestricted Income Fund £	Total Funds 2017 £
Accountancy and professional fees	54,994	54,994	84,203	84,203
Audit fees	17,250	17,250	20,400	20,400
Bank charges	1,977	1,977	1,975	1,975
	74,221	74,221	106,578	106,578

Included within the accountancy and professional fees are £54,994 (2017: £84,203) for the other professional services provided by the auditors.

7 Trustees' remuneration and benefits

No trustees received any remuneration or had any expenses reimbursed for their services during the current or prior year.

8 Employees

There were no employees, excluding the trustees, in either the current or prior year.

9 Investment properties

	2018 £	2017 £
At 1 April 2017:		
Historical cost	60,176,455	60,148,000
Revaluation brought forward	21,852,608	24,149,808
Fair value	82,029,063	84,297,808
Add acquisitions at cost during the year	-	28,455
Less disposals at fair value	(2,875,000)	-
Realised profit on disposal	275,000	-
	79,429,063	84,326,263
Unrealised gains / (losses) on revaluation during the year	1,426,437	(2,297,200)
Fair value at 31 March 2018	80,855,500	82,029,063

The Tuscan property portfolio was revalued at 31 March 2018 by Wright & Partners, qualified and external Chartered Surveyors. The Tuscan property portfolio is jointly held with The Hobson Charity Limited, a charity under common influence during the current and prior year. This note includes The Gosling Foundation's share only. Ecclestone Square and Heathfield properties were revalued on 31 March 2018 by Bidwells LLP, qualified and external property consultants. The valuations were undertaken in accordance with RICS Valuation Standards. The trustees consider the valuation of the investment properties to be accurate and to reflect their fair value as at 31 March 2018. All investment properties are in the UK. Included within the investment property fair value is £1.1m (2017: £1.1m) in respect of assets held under finance lease.

Unrealised gains on revaluation of investment properties are allocated to the Expendable Endowment Fund in both the current and prior year.

THE GOSLING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

10 Future minimum lease receipts due under non-cancellable operating leases

The future minimum lease receipts are as follows:

	2018 £	2017 £
Due not later than one year	4,345,911	4,257,721
Later than one year and not later than five years	18,083,504	19,064,844
Later than five years	75,820,122	70,124,243
	<u>98,249,537</u>	<u>93,446,808</u>

The above represents future minimum lease receipts due as at the balance sheet date. The decision was made by the trustees after the year end to dispose of the charity's interest in an investment property portfolio, which comprised 102 properties. The total from the future minimum lease receipts included in the above figures for these properties is £12.474m (2017: £12.693m). Please see note 20 for additional information.

11 Listed Investments

	2018 £	2017 £
At 1 April 2017:		
Historical cost	6,344,367	5,901,045
Revaluation brought forward	15,215,515	12,783,176
Fair value	<u>21,559,882</u>	<u>18,684,221</u>
Add acquisitions at cost	65,845	1,156,174
Less disposal proceeds	(5,927,567)	(800,130)
Realised profit on disposal	908,786	87,278
	<u>16,606,946</u>	<u>19,127,543</u>
Unrealised (losses) / gains on revaluation	(1,814,867)	2,432,339
Fair value at 31 March 2018	<u>14,792,079</u>	<u>21,559,882</u>

Realised and unrealised gains and losses on listed investments are allocated to the Expendable Endowment Fund in both the current and prior year.

12 Debtors

	2018 £	2017 £
Other debtors	41,582	29,820
Prepayments and accrued income	508,261	466,633
	<u>549,843</u>	<u>496,453</u>

Financial assets that are debt instruments measured at amortised cost comprise other debtors excluding VAT and accrued income and amounted to £498,105 (2017: £455,528).

THE GOSLING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

13 Creditors: amounts falling due within one year

	Note	2018 £	2017 £
Accruals for grants payable	5	1,161,000	1,506,000
Other taxation and social security		66,869	60,566
Other accruals		51,916	59,228
Deferred income		1,177,599	1,196,543
		<u>2,457,384</u>	<u>2,822,337</u>

14 Creditors: amounts falling due after more than one year

	Note	2018 £	2017 £
Accruals for grants payable	5	<u>1,185,000</u>	<u>1,566,000</u>

Financial liabilities measured at amortised cost comprise accruals for grants payable and accruals excluding the audit fee accrual and amounted to £2,379,916 (2017: £3,113,228).

15 Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
3 (2017: 3) Ordinary Shares of £1 each	<u>3</u>	<u>3</u>

16 Trust funds

	£
Expendable Endowment Fund (including the Unrealised Investment Gains):	
Balance as at 1 April 2017	88,816,592
Net movement in funds	<u>447,161</u>
Balance as at 31 March 2018	<u>89,263,753</u>
 Unrestricted Income Fund:	
Balance as at 1 April 2017	20,985,597
Net movement in funds	<u>3,331,809</u>
Balance as at 31 March 2018	<u>24,317,406</u>

THE GOSLING FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

17 Analysis of net assets between funds

	Share Capital £	Unrestricted Income Funds £	Expendable Endowment Fund £	Unrealised Investment Gains £	Total Funds £
Fund balances at 31 March 2018 are represented by:-					
Investments	3	13,062,616	51,761,345	37,502,408	102,326,372
Current assets	-	14,897,171	-	-	15,138,455
Liabilities	-	(3,642,384)	-	-	(3,883,668)
Total net assets	3	24,317,403	51,761,345	37,502,408	113,581,159

18 Control

By virtue of his 67% shareholding, Hon Vice Admiral Sir Donald Gosling KCVO RNR, Vice-Admiral of the United Kingdom, a trustee, was the ultimate controlling party throughout the current and prior year. Notwithstanding this, all trustees' decisions are made unanimously.

19 Related party transactions

The charity incurred expenditure of £23,481 (2017: £17,387) on behalf of The Hobson Charity Limited, a charity under common influence during the current and prior year. At the balance sheet date the balance due from The Hobson Charity Limited was £8,409 (2017: £8,386).

In addition, during the year the charity paid rental income to The Hobson Charity Limited in respect of The Hobson Charity Limited's interest in a commercial property portfolio totalling £1,920,522 (2017: £1,875,325) of which £nil (2017: £nil) was due to The Hobson Charity Limited at the year end.

During the year the charity made a donation of £35,000 (2017: £35,000) to The Saints and Sinners Trust Limited, a charity under common influence. At the balance sheet date the balance due to The Saints and Sinners Trust Limited was £nil (2017: £nil).

20 Post balance sheet events

Subsequent to the year end, the trustees decided to dispose of the charity's interest in an investment property portfolio, which comprised 102 properties, mainly let to HSBC Bank, and which it had acquired in 2008. The portfolio was continuing to generate a significant income return but in view of the decreasing lease term and uncertainty regarding the likelihood of the leases being renewed, the trustees considered that it was an appropriate time to sell the portfolio. The gross sales proceeds (i.e. before selling costs) received from the sales amounted to £25,356,000. The fair value of the investment portfolio at the balance sheet date amounted to £27,770,500.