



THE FOUNDATION OF ST MATTHIAS
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2018

Registered Charity No 311696

THE FOUNDATION OF ST MATTHIAS

REPORT OF THE TRUSTEES

For the year ended 31 December 2018

The Trustees present their report and financial statements for the year ended 31 December 2018.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 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 UK and Republic of Ireland (FRS102) (effective 1 January 2015).

Objective and Activities

Objective

The subsisting object of the Foundation of St Matthias is the advancement of education in the area of benefit, in particular the Dioceses of Bath and Wells, Bristol and Gloucester but extending to the whole of the United Kingdom, with a preference for higher or further education; such education contributing to the advancement of the Church of England.

Grant-Making Policy

The Trustees pursue this objective by giving grants towards the education of suitable applicants according to a set of guidelines. Criteria for making grants are contained in Clause 4 (1-6) of the Charity Commissioners' Scheme of 22 August 2011. The Trustees have a Projects Committee which examines applications in light of these criteria, and make grants to suitable applicants. In November 2015, the Trustees approved a scheme for the awarding of 3-year scholarships and the first of these awards was agreed upon in early 2016, with initial payments being made at the start of the 2016/17 academic year. The Trustees have been pleased with this initial group of scholars and have agreed to extend scholarships into their normal grant-making procedures.

Public Benefit

The Trustees consider that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. The Trustees believe that the objective and the activities undertaken to pursue it, detailed above, fulfil the criteria for demonstrating public benefit.

Achievement and Performance (Review of performance in 2018)

During the year under review the Trustees considered 95 applications in total.

They considered 87 applications for individual grants, including 18 requests for further funding and 8 applications deferred from 2017. Of these 87 applications, 68 were awarded a grant (but 4 were not paid). Of these, 48 grants were of £1,000 or more (3 were not paid), the remainder ranging from £300 to £600. Again, the majority of studies covered theology, social work and counselling, but assistance was also given for other courses which fell within the terms of the Trust deed and which the Trustees considered to be deserving of support.

16 were not awarded a grant and 3 were deferred to March 2019, pending further information.

8 corporate applications were also considered, including 1 deferred from 2017. Of these 8 applications, 6 were awarded grants ranging from £1,392 to £24,000 and 2 were not awarded a grant. There were no deferrals.

Grants of £50,000 to each of the three Diocesan Boards of Education for Bath & Wells, Bristol and Gloucester were confirmed; this funding supports the three diocesan resource centres, providing in-service training and training resources for teachers.

Grants of £6,000 each were made to the three Diocesan Boards of Education for Bath & Wells, Bristol and Gloucester; this funding supports the important work of raising the profile of chaplaincies in FE Colleges and is reviewed by the Trustees.

Payments continued to 3 scholars for the 2018/19 academic year:

Benjamin Thompson: £10,000 for his PhD at Queens University (Belfast) alongside continuing his Ministry work;

Enya Doyle: £10,000, for her PhD at Durham University;

THE FOUNDATION OF ST MATTHIAS

REPORT OF THE TRUSTEES

For the year ended 31 December 2018 (cont)

Daniel Dennis: £5,000, for his PhD at Cambridge University.

Payments started in September for 2 new scholars:

Caroline Lesemann-Elliott: £5,000 for her Master's in Musicology at Royal Holloway (one academic year only);

John Moon: £5,000 for the last two years of his PhD in Theology at Durham University.

The total of grants awarded in 2018 is shown in Note 7 on page 12.

Financial Review (Financial Review of the Foundation)

The Balance Sheet on page 9 shows the financial position of the Foundation as at 31 December 2018, in accordance with the accounting policies outlined in the notes to the accounts.

Section 4 of the Trusts (Capital and Income) Act 2013 amended the Charities Act 2011 to give permanently endowed charities in England and Wales the power to adopt a total return approach to investment. In March 2018, the Trustees took an in principle decision to move to Total Return Investment and, after further information was given to them in November 2018, confirmed that they would adopt Total Return Investment with effect from 1 January 2018.

The then present balance of £207,200 of Accumulated Income and £792,800 of Permanent Endowment (in total £1 million) were used to create an Unapplied Total Return Fund, leaving £6.424m in the Trust for Investment. For 2018 and subsequent years, it was agreed by Trustees that the Trust for Investment would be credited with a value equal to the application of CPI for the year just finished to the opening balance for the year. In 2018, this amounted to £128,490.

The Trustees have resolved to invest the funds of the Foundation with two managers, the change from a single manager taking place during 2014. The whole was previously invested in CBF Church of England Funds, which are managed by CCLA Investment Management Ltd, and which are special range investments for the purposes of the Trustee Investment Act 2000. The Trustees agreed in 2014 to transfer 50% of the permanent endowment reserve investments to Investec Wealth & Investment Ltd, the transfer taking place in two tranches, to optimise sales proceeds and receipt of income. At their meeting in November 2018, the Trustees agreed to continue using the present managers. The balance of accumulated income not needed for current expenditure is also invested in CBF Church of England Funds.

All bar one of the investments in CBF Funds decreased in value during 2018, with the total portfolio decreasing by 1.1%.

Investec sold some shares during 2018, realising gains of £46,132, and reinvested the proceeds. The total portfolio showed a decrease in value of 2.9% between December 2017 and 2018.

The Trustees follow the guidelines on ethical investment adopted by the General Synod of the Church of England, and revised by them from time to time. The guidelines are also being used by Investec in their purchases on behalf of the Foundation.

Investments continue to be monitored on a regular basis. The Trustees remain confident that the Foundation's assets are well managed; however the present general economic and political uncertainty means that the long-term objective of achieving both capital growth and a satisfactory level of income remains a challenge. The change to Total Return was agreed with a view to making the objective more achievable on a year-to-year basis, without harming the longer-term.

Reserves policy

It is the Foundation's policy not to maintain any unrestricted reserves, as ongoing working capital is available from the endowment under the Total Return policy adopted. The endowment stood at £7.080 million at 31 December, including £526,715 in the Unapplied Total Return. This is considered an adequate sum for the continued expenditure planned.

Plans for Future Periods

In March 2018 the Trustees met and considered the Budget for 2019 and provisionally agreed that expenditure should broadly be in line with actual expenditure for 2018, as follows:

THE FOUNDATION OF ST MATTHIAS

REPORT OF THE TRUSTEES

For the year ended 31 December 2018 (cont)

- Diocesan Allocations £50,000 (per diocese);
- FE £6,000 (per diocese); and
- Grants and scholarship budget £150,000.

It was agreed that the budget would be formally confirmed at the first meeting of the Trustees in 2019.

Structure, Governance and Management

Constitution of the Foundation

The Foundation of St Matthias is a charity established by a Scheme of the Charity Commissioners for England and Wales dated 8 October 1979, following the closure and sale of the College of St Matthias, Fishponds, Bristol. The net sale proceeds form the permanent endowment of the Charity, which is registered with the Charity Commissioners under number 311696. The founding scheme was changed to acknowledge that there is no longer any interest in property and to ease the governance of the Foundation. The new scheme was approved by the Charity Commission on 22 August 2011 and adopted by the Trustees in November 2011. In November 2015, the Trustees agreed to reduce the number needed to be present for a meeting to be quorate; this amendment has been approved by the Charity Commission.

Trustees' responsibilities

The Trustees, who are appointed in accordance with the Trust deed (as listed above), meet twice a year. The Trustees have two committees: a Projects Committee and an Audit Committee. Some powers are delegated to committees; the Projects Committee, within budgetary constraints agreed by the Trustees, are (since March 2014) able to award grants to applicants; recommendations of the Audit Committee are ratified by the Trustees. The Projects Committee alone also meets in July. The initial group of scholarships were recommended by a Scholarship Group, but the award of scholarships is now being undertaken by the Projects Committee.

The Charity Commissioners' Scheme and Trust law require the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the incoming and outgoing resources of the Trust for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Trust will continue to exist.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Recruitment and induction of Trustees

Recruitment for the Trust is carried out quadrennially with members appointed as nominative Trustees by the Boards of Education for the Dioceses of Bath & Wells, Bristol and Gloucester, and the National Society (previously the Board of Education of the Archbishops' Council). Members are also appointed by the Bishop for each of the three Dioceses and, until its demise in 2013, by the St Matthias Society. In addition the Trustees have the option to co-opt three Trustees.

New Trustees are given a copy of the Trustee Induction Pack and associated papers, which include copies of the governing document (scheme), recent Trustee and Projects Committee minutes including the dates of the next meetings, the Trustees' Report and Accounts for the previous year, information on the history of the Trust, objects of the Trust, structure of the Trust including staff, information about the Trustees' role, job descriptions and person specifications of Trustees and honorary officers, contact details, administrative forms and a copy of the Charity Commission publication *The Essential Trustee: 'What you need to know'*.

THE FOUNDATION OF ST MATTHIAS

REPORT OF THE TRUSTEES

For the year ended 31 December 2018 (cont)

Upon appointment, new Trustees are also assigned a mentor from amongst the existing Trustees, to guide them through the initial stages of their trusteeship. In November 2015, Trustees were given options to undertake further training.

Connected Charity

The Trust has no employees. Under previous arrangements (ending 1 December 2014) the Clerk to the Trustees was an employee of the Bristol Diocesan Board of Finance (the BDBF), registered charity number 248502, whose registered office is Hillside House, 1500 Parkway North, Newbrick Road, Stoke Gifford, Bristol, BS34 8YU. With effect from 11 March 2015, the Trustees appointed the BDBF as Clerk.

The Foundation's affairs are administered by the Saint Matthias Administrator (an employee of the BDBF), for which the Foundation paid a fee of £26,867 in 2018, (2017 - £26,340). The former Finance Manager of the BDBF was appointed by the Trustees in 2013 to be the accountant to the Foundation; he has given notice to leave his position in June 2019 and the Trustees have taken steps to provide continuity of accountancy services.

The majority of the Trustees are nominated or co-opted from the three benefiting Dioceses.

Risk Assessment

The Trustees operate a risk management policy, and, as part of an annual review process, make appropriate amendments to the risk register. Trustees consider internal and external risks and ensure that those over which they have control, such as having policies to secure the Foundation's assets, are closely followed. The most significant risk is to the value of the permanent endowment. The trustees have ensured that reputable managers have been appointed to manage the investments that make up the permanent endowment, and monitor their performance regularly, by receiving and reviewing quarterly performance reports; both the capital value and the income received from the investments are considered. Residual risks, such as damage to the Foundation's reputation by inappropriate use of a grant, are noted, but felt to be of relatively small concern.

Reference and Administration Details

The Foundation of St Matthias is registered with the Charity Commission, charity number 311696. Its principal office is at Diocesan Office, Hillside House, 1500 Parkway North, Newbrick Road, Stoke Gifford, Bristol, BS34 8YU.

Key management personnel remuneration

The Foundation has no employees and no cost of remuneration.

The Trustees are the key management personnel of the charity, in charge of directing and controlling the charity. As noted above, an employee of the BDBF has responsibility for the day-to-day running of the charity. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses are disclosed in Note 2 to the accounts.

Trustees

The Trustees who served during the period from 1 January 2018 to the date this report was approved were as follows:

	<i>Name</i>	<i>Nominator</i>	<i>Dates if part year:</i>
<i>Chairman:</i>	The Rt Rev R Springett	Bishop of Gloucester	
<i>Nominated:</i>	Mrs T Gale	Bath & Wells DBE	To 27 February 2018
	Mr N May	Bath & Wells DBE	
	Mrs P Dodds	Bath & Wells DBE	
			<i>(cont overleaf)</i>

THE FOUNDATION OF ST MATTHIAS

REPORT OF THE TRUSTEES

For the year ended 31 December 2018 (cont)

<i>Trustees (cont)</i>	<i>Name</i>	<i>Nominator</i>	<i>Dates if part year:</i>
	Mr E Gregory	Bath & Wells DBE	From 23 October 2018
	Dr P Smith	Bristol DBE	
	Mr J Swainston	Bristol DBE	To 15 February 2019
	Mr A Everitt	Bristol DBE	
	Mrs E Townend	Bristol DBE	From 16 February 2019
	Mr B Preece Smith	Gloucester DBE	
	Mrs B Gleich	Gloucester DBE	
	Mrs R Howie	Gloucester DBE	
	Rev J Shellard-James	Bishop of Bath & Wells	
	Mr O Home	Bishop of Bristol	
	Mrs M Lomas	National Society (previously Board of Education of the Archbishops' Council)	
<i>Co-opted:</i>	Miss K Owen-Jones	-	

Officers and advisers of the Foundation

Clerk to the Trustees	Bristol Diocesan Board of Finance Hillside House, 1500 Parkway North, Newbrick Road, Stoke Gifford, Bristol, BS34 8YU
Accountant	Mr David Hargrave Bramble Cottage, 8 Preston, Chippenham, SN15 4DX
Auditors	Mazars LLP 90 Victoria Street, Bristol, BS1 6DP
Solicitors	Harris & Harris 14 Market Place, Wells, Somerset, BA5 2RE
Investment Advisers	CCLA Investment Management Limited Senator House, 85 Queen Victoria Street, London, EC4V 4ET Investec Wealth & Investment Limited 30 Gresham Street, London, EC2V 7QN
Bankers	National Westminster Bank plc 40 Queen's Road, Clifton, Bristol, BS8 1BF

This report was approved by the Trustees on 13 March 2019 and signed on its behalf by

The Rt Rev R Springett, Chairman
13 March 2019

THE FOUNDATION OF ST MATTHIAS

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of The Foundation of St Matthias (the charity) for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet and 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2018 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 Charities Act 2011.

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 charity 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 charity'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 Report of the Trustees, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

THE FOUNDATION OF ST MATTHIAS

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (cont)

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 3, 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 charity'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 charity 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.

Use of the audit report

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and regulations made or having effect thereunder. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP, Chartered Accountants and Statutory Auditor
90 Victoria Street, Bristol. BS1 6DP

Date

Mazars LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

THE FOUNDATION OF ST MATTHIAS

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2018

		2018 Income Reserve Unrest'd	2018 Perm't Endow't Rest'd	2018 Total Funds	2017 Income Reserve Unrest'd	2017 Perm't Endow't Rest'd	2017 Total Funds
	Note	£	£	£	£ Restated	£ Restated	£ Restated
Income and Endowments							
Investment Income	3	-	280,737	280,737	-	261,165	261,165
Total Income		-	280,737	280,737	-	261,165	261,165
Expenditure							
Cost of Raising Funds							
Investment Management Costs		-	23,650	23,650	-	23,672	23,672
Expenditure on Charitable Activities							
	6	365,087	-	365,087	345,599	-	345,599
Total Expenditure		365,087	23,650	388,737	345,599	23,672	369,271
Net (Losses) / Gains on Investments		-	(236,795)	(236,795)	-	546,834	546,834
Net Income / (Expenditure)		(365,087)	20,292	(344,795)	(345,599)	784,327	438,728
Transfers between funds		365,087	(365,087)	-	72,809	(72,809)	-
Net movement in funds		-	(344,795)	(344,795)	(272,790)	711,518	438,728
Total funds brought forward at 1 January		-	7,424,508	7,424,508	272,790	6,712,990	6,985,780
Total funds carried forward at 31 December		-	7,079,713	7,079,713	-	7,424,508	7,424,508

All activities relate to continuing operations.

THE FOUNDATION OF ST MATTHIAS

BALANCE SHEET

As at 31 December 2018

		2018		2017	
	Note	£	£	£	£
				Restated	Restated
Fixed Assets					
Investments					
CBF Funds	9	3,771,760		3,895,446	
Investec Wealth	10	3,249,946		3,348,337	
		<u>7,021,706</u>		<u>7,243,783</u>	
Current Assets					
Debtors					
– amounts falling due within one year	11	33,111		27,854	
Cash at bank	12	52,540		176,932	
		<u>85,651</u>		<u>204,786</u>	
Current liabilities					
Grants awarded not paid	13	19,250		15,500	
Creditors					
– amounts falling due within one year	14	8,394		8,561	
		<u>27,644</u>		<u>24,061</u>	
Net current assets			58,007		180,725
Net assets			<u>7,079,713</u>		<u>7,424,508</u>
Funds of the Charity					
Permanent endowment funds	16	6,552,998		6,424,508	
Unapplied total return fund	16	526,715		1,000,000	
Unrestricted fund – income reserve	16	-		-	
		<u>7,079,713</u>		<u>7,424,508</u>	

These accounts were approved and authorised for issue by the Trustees on 13 March 2019.

The Rt Rev R Springett, Chairman

This Balance Sheet should be read in conjunction with the Notes to the Accounts on pages 10 to 15.
The Auditor's Report is on pages 6 to 7.

THE FOUNDATION OF ST MATTHIAS

Notes to the accounts

For the year ended 31 December 2018

I Accounting policies

(a) General information

These financial statements comprising the Statement of Financial Activities, the Balance Sheet and the related notes 1 to 16 constitute the individual financial statements of The Foundation of St Matthias for the financial year ended 31 December 2018. The financial statements have been presented in Pounds Sterling as this is the functional currency of the charity and all values are to the nearest pound.

The Foundation of St Matthias is a charity, registered in England & Wales with a registered number of 311696. The Registered Office is Hillside House, 1500 Parkway North, Newbrick Road, Stoke Gifford, Bristol BS34 8YU, which is also the principal office of the charity. The principal activity of the charity continued to be the advancement of education contributing to the advancement of the Church of England.

(b) Statement of Compliance

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102).

(c) Restatement of comparatives

During the year ended 31 December 2018, the Trustees took the decision to manage the Charity's permanent endowment investments on a total return basis, with effect from 1 January 2018. Accordingly, the comparative figures for the Charity's reserves have been restated.

(d) Basis of preparation and assessment of going concern

The financial statements have been prepared in accordance with the historical cost convention (except for investments which have been included at fair value), in accordance with the Charities Act 2011 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 UK and Republic of Ireland (FRS102) (effective 1 January 2015) - (Charities SORP (FRS 102)) and applicable accounting standards (FRS102).

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

The Trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern. The decision to move to total return accounting was taken with a view to giving the Trustees greater flexibility to manage the available resources, in both the short- and longer-term.

(e) Fund accounting

The nature and purpose of each fund are explained in note 16.

(f) Irrecoverable VAT

The Foundation is not registered for VAT. All irrecoverable VAT is charged against the expenditure heading for which it was incurred.

(g) Investment income

Investment income is credited to the unapplied total return in the year in which the payment is due.

Investments with CBF pay dividends on investments held at the end of each quarterly qualifying period, with payment made thereafter.

Investec receives interest and dividends when paid in respect of investments held, and pays these over at the end of each calendar quarter. Interest from fixed interest investments earned but not paid at the year-end is accounted for as due.

(h) Expenditure

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

THE FOUNDATION OF ST MATTHIAS

Notes to the accounts

For the year ended 31 December 2018 (cont)

(i) Investment Management costs

Investments managed by CCLA are not subject to a specific management cost, this being reflected in the market value of the investments. Investments managed by Investec are, however, subject to a management cost, which is charged to the unapplied total return in the year to which the cost relates.

(j) Grants

All expenditure is charged to the income reserve in the year in which the Trustees give their approval. Although the scholarship awards are generally for the whole of a 3-year course of study, further years' awards are conditional on the receipt of a satisfactory report from each student and are therefore not accrued for beyond the end of the academic year.

(k) Support Costs

As noted in the Trustees' Report, the Foundation's affairs are administered by the Saint Matthias Administrator, an employee of the Bristol Diocesan Board of Finance. It is estimated that 75% of the fee represents the day-to-day administration and the remaining 25% represents costs relating to the governance of the Foundation, being costs in respect of the strategic and constitutional matters of the charity. Also charged to governance are audit, trustees' meeting and travel costs and the costs of any professional advice received regarding the constitutional matters of the charity.

(l) Fixed Asset Investments

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

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

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

(m) Realised Gains and Losses

Gains or losses on investments are taken directly to the unapplied total return. Such gains or losses represent the difference between the original cost of the asset and its market value at 31 December.

(n) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. All of the charity's basic financial instruments are measured initially at cost and then subsequently measured at amortised cost with the exception of the fixed asset investments which are measured at fair value through the profit and loss.

Cash held for the purchase of further investments by Investec is included with other Cash at Bank.

Areas of judgement

The preparation of the financial statements requires management to make some judgements and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure. The key area of judgement is whether scholarship grants should be accrued for at year end. Where these are conditional, they have been disclosed as a commitment in note 15 and only accrued for once the conditions have been met.

THE FOUNDATION OF ST MATTHIAS

Notes to the accounts

For the year ended 31 December 2018 (cont)

2 Trustees' remuneration and expenses

The Trustees receive no remuneration from the Foundation. Travelling and other out of pocket expenses are reimbursed as necessary, and these amounted to £218, paid to 2 Trustees in 2018 (2017 - £374 paid to 1 Trustee).

	2018	2017
	£	£
3 Investment income		
CBF Funds Dividends	144,321	141,647
Investec Interest & Dividends	136,334	119,505
Investec Deposit Fund Interest	24	-
Bank Interest	58	13
	<hr/>	<hr/>
	280,737	261,165
	<hr/>	<hr/>

4 Staff Costs

The charity has no employees and therefore has incurred no staff costs.

5 Related Party Transactions

The Dioceses of Bath & Wells, Bristol and Gloucester are related parties to the charity. Grants awarded to the Dioceses are shown in Note 7. The Diocese of Bristol (the Bristol Diocesan Board of Finance) is the Clerk to the Foundation and was paid £26,867 (2017 £26,340) for the management of the Foundation. There were no outstanding amounts at year end.

	2018	2017
	£	£
6 Expenditure on Charitable Activities		
Grants	331,631	312,173
Support Costs	33,456	33,426
	<hr/>	<hr/>
	365,087	345,599
	<hr/>	<hr/>

	2018	2017
	£	£
7 Grants		
In 2018 the Trustees made the following grants:		
To Bath & Wells, Bristol and Gloucester Dioceses:		
£50,000 each	150,000	150,000
To Bath & Wells, Bristol and Gloucester Dioceses:		
£6,000 each for Further Education Officers	18,000	17,000
6 corporate grants (2017 – 7) of £1,000 or more	48,022	38,650
19 personal grants (2017 – 23) of less than £1,000	10,870	12,138
45 personal grants (2017 – 39) of £1,000 or more	73,574	71,982
5 scholarship grants (2017 – 3) of £1,000 or more	35,000	25,000
Scholars' travel	815	203
Previous year grants not taken up	(4,650)	(2,800)
	<hr/>	<hr/>
	331,631	312,173
	<hr/>	<hr/>

THE FOUNDATION OF ST MATTHIAS

Notes to the accounts

For the year ended 31 December 2018 (cont)

	2018	2017
	£	£
8 Support costs		
Management charge – administering the Foundation	20,150	19,755
Management charge – governance	6,717	6,585
Trustees' travel and catering	1,008	1,402
Audit and accountancy	2,572	2,500
Bank charges	95	87
Professional fees	2,914	3,097
	<hr/>	<hr/>
	33,456	33,426
	<hr/>	<hr/>
	2018	2017
	£	£
9 Movement in CBF Investments		
Market value brought forward at 1 January	3,895,446	3,694,562
Add additions at cost	-	-
Less disposals at carrying value	(83,000)	(75,000)
Add net (loss) / gain on revaluation	(40,686)	275,884
	<hr/>	<hr/>
Market value carried forward at 31 December	3,771,760	3,895,446
	<hr/>	<hr/>
Investments – CBF Funds comprise	£	£
CBF Investment Fund	2,371,637	2,489,410
CBF Property Fund	514,555	500,316
CBF Global Equity Fund	885,568	905,720
	<hr/>	<hr/>
	3,771,760	3,895,446
	<hr/>	<hr/>
	2018	2017
	£	£
10 Movement in Investec Wealth Investments		
Market value brought forward at 1 January	3,348,336	3,240,330
Add additions at cost	593,064	574,666
Less disposals at carrying value	(486,809)	(618,235)
Add net (loss) / gain on revaluation	(204,645)	151,576
	<hr/>	<hr/>
Market value carried forward at 31 December	3,249,946	3,348,337
	<hr/>	<hr/>
Investments – Investec Wealth comprise	£	£
UK Fixed Interest	251,532	204,530
UK Equities	1,655,765	1,762,325
Overseas Equities	443,556	508,912
Property	635,768	634,650
Infrastructures	263,325	237,920
	<hr/>	<hr/>
	3,249,946	3,348,337
	<hr/>	<hr/>

THE FOUNDATION OF ST MATTHIAS

Notes to the accounts

For the year ended 31 December 2018 (cont)

	2018	2017
	£	£
11 Debtors		
Investment income awaiting payment	33,111	27,854
	<hr/>	<hr/>
	2018	2017
	£	£
12 Cash at Bank		
Investec Wealth	32,466	155,221
NatWest Bank	20,074	21,711
	<hr/>	<hr/>
	52,540	176,932
	<hr/>	<hr/>
	2018	2017
	£	£
13 Grants awarded not paid		
Corporate and Personal grants	5,750	7,000
Scholars	13,500	8,500
	<hr/>	<hr/>
	19,250	15,500
	<hr/>	<hr/>
	2018	2017
	£	£
14 Creditors		
Investment Management costs	5,794	6,061
Audit Fees	2,600	2,500
	<hr/>	<hr/>
	8,394	8,561
	<hr/>	<hr/>
	2018	2017
	£	£
15 Commitments		
The scholarship awards, subject to satisfactory review, will be paid as follows:		
Within one year (two terms of academic year 2019/20)	2,500	16,500
Beyond one year (one term of academic year 2019/20)	2,500	8,500

16 The Funds of the Charity

The trustees elected during 2018 to adopt a total return approach to investment, this to take effect from 1 January 2018.

An Unapplied Total Return of £1,000,000 (one million pounds) was created on 1 January 2018, £792,800 from the Permanent Endowment and £207,200 from the Unrestricted Income Reserve.

The Unapplied Total Return Fund comprises that part of the total return on the Charity's permanent endowment investments which has not yet been allocated by the Trustees to either the General Fund or the Permanent Endowment Fund. It can be carried forward if not needed or allocated to be spent as income or reinvested in the Permanent Endowment Fund in a particular year.

For the year ended 31 December 2018, the Trustees took the decision to transfer £365,087 from the Unapplied Total Return Fund to the Unrestricted Income Reserve.

THE FOUNDATION OF ST MATTHIAS

Notes to the accounts

For the year ended 31 December 2018 (cont)

The value of the remainder of the Permanent Endowment will be preserved, by an amount equivalent to the application of CPI to the opening balance for the year being transferred from the Unapplied Total Return to the Trust for Investment.

	Fund for Investment £	Unapplied Total Return £	Total Endowment £
As at 1 January 2018	6,424,508	1,000,000	7,424,508
Investment return: dividends and interest	-	280,737	280,737
Investment management costs	-	(23,650)	(23,650)
Investment return: realised and unrealised (losses)	-	(236,795)	(236,795)
Recoupment of trust for investment	128,490	(128,490)	-
Unapplied total return allocated to income in the reporting period	-	(365,087)	(365,087)
	<hr/>	<hr/>	<hr/>
As at 31 December 2018	6,552,998	526,715	7,079,713
	<hr/>	<hr/>	<hr/>
		2018	2017
		£	£
Represented by			Restated
CBF Funds		3,771,760	3,895,446
Investec Wealth		3,249,946	3,348,337
Other net current assets		58,007	180,725
		<hr/>	<hr/>
		7,079,713	7,424,508
		<hr/>	<hr/>

Of the balance on the permanent endowment reserve at 31 December 2018, £2,358,152 (2017 **Restated** £2,673,560) represented the difference between the market value at that date and the cost of the investments presently held. Since the original purchase of investments in 1980, a number of changes between CBF investment funds was made, resulting in realised gains. In 2014, half the CBF investment funds were sold for re-investment with Investec, resulting in further realised gains.

The fund of the charity arose mainly from the sale of the College of St Matthias, following its closure, plus the proceeds of subsequent sales of assets. The original cost or valuation at the date of the Charity Commission Scheme (October 1979) was £1,648,417, and the value at 1 January 2018 reflected the gain in the value of the investments since then.

The Unrestricted Income Reserve was the residual value of the surplus of accumulated income less expenditure.