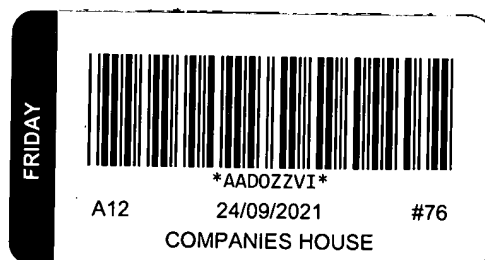


THE FOYLE FOUNDATION
ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2020



THE FOYLE FOUNDATION

ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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THE FOYLE FOUNDATION

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2020

Trustees	Michael Smith Sir Peter Duffell Roy Amlot, QC James Korner Dame Vikki Haywood DBE
Chief executive and company secretary	David Hall
Address and registered office	Rugby Chambers 2 Rugby Street London WC1N 3QU
Registered company number	4006216 (England and Wales)
Registered charity number	1081766
Accountants	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Independent auditor	Mazars LLP 2nd Floor 6 Sutton Plaza Sutton Court Road Sutton Surrey SM1 4FS
Legal advisers - commercial property	Reed Smith LLP Broadgate Tower 20 Primrose Street London EC2A 2RS
Bankers	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ

THE FOYLE FOUNDATION

COMPANY INFORMATION (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Investment managers

Rathbone Investment Management Limited
George House, 50 George Square
Glasgow
G2 1EH

Veritas Asset Management LLP
90 Long Acre
London
WC2E 9RA

Heronbridge Investment Management LLP
24 Gay Street
Bath
BA1 2PD

The Charities Property Fund
Savills Investment Management LLP
33 Margaret Street
London
W1G 0JD

Artemis Investment Management LLP
Cassini House
57 St James's Street
London
SW1A 1LD

M1 Somerset Capital Management
Springfield Lodge
Colchester Road
Chelmsford
Essex
SM2 5PW

TB Evenlode Fund
C/O Bailey Fund Services Limited
64 St James's Street
Nottingham
NG1 6PS

Magellan Global Fund
MLC Centre Level 6
19 Martin Place
Sydney NSW 2000
Australia

JP Morgan Private Bank
1 Knightsbridge
London SW1X 7LX

THE FOYLE FOUNDATION

COMPANY INFORMATION (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Investment portfolio advisers

Stanhope Consulting
35 Portman Square
London
W1H 6LR

Property managers

George Eckert
66A High Street
East Finchley
London
N2 9PN

THE FOYLE FOUNDATION

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees present their Report and Financial Statements of the Foundation for the year ended 31 December 2020 and confirm that they comply with current statutory requirements and the requirements of the Foundation's governing documents.

History and Legal Status

The Foundation was formed to implement the charitable provisions of the will of the late Mrs C A L Batty who died on 8 June 1999. The Foundation is a charity constituted as a company limited by guarantee and its governing documents are its Memorandum and Articles of Association. The Foundation's full name, address, company and charity numbers and addresses of its auditor, bankers, legal advisers, investment and property managers are shown on pages 1 to 3.

Governance and Management

The Board of Trustees during the year under review and up to the date of this report were:

Michael Smith
Sir Peter Duffell
Roy Amlot, QC
James Korner
Dame Vikki Haywood DBE

New trustees are appointed by the Board, based upon the skills and experience required to manage the Foundation. An Induction Pack for new trustees has been devised by the Chairman and Chief Executive of the Foundation. New trustees receive this Induction Pack and then attend a briefing meeting with the Chief Executive before attending their first Board meeting. Ongoing training for trustees is arranged on an ad-hoc basis as a need is identified.

The Foundation operates independently of any other charity or organisation and is managed from premises in Rugby Street, London, WC1. The Trustees are directly responsible for the management of the Foundation and meet six to seven times per year to approve grants, review policy, supervise investment performance and other matters. An annual strategic review also takes place. The Foundation's day-to-day business is conducted by the Chief Executive under the supervision of the Chairman. A core staff team of five assist the Chief Executive in the administration of the Foundation. Applications are scrutinised by the Chief Executive and the staff team, which reports and makes recommendations to the Trustees for their approval.

Setting Pay

The Board of Trustees reviews the salary of the CEO annually. The Chairman informs the CEO of the Board decision regarding remuneration. All staff salaries are also reviewed annually with changes recommended by the CEO. The Board discuss these recommendations and make decisions which the CEO communicates to the individual staff members. As part of its performance review, the Board considers awarding annual staff bonuses on a discretionary basis.

Grant Making Objectives and Activities

The Foundation's objects are the promotion of such charitable purposes as the Trustees may determine from time to time, in accordance with the laws of England and Wales. There are no specific restrictions imposed on the Trustees as to how they may implement the objectives of the Foundation.

The Trustees' policy for the year ended 31 December 2020 was to support charities registered in the United Kingdom. State-funded secondary and primary schools are eligible but applications from individuals and unregistered organisations will generally not be supported.

It is aimed to process all applications within four months of being received.

The Foundation's grant-making policy is as follows

THE FOYLE FOUNDATION

REPORT OF THE TRUSTEES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Grant Making Objectives and Activities (continued)

The Main Grants Scheme supports charities operating in the Arts and Learning sectors which meet the criteria as described in the Guidelines for Applicants. Grants awarded range from £10,000 to a maximum of £500,000, with the majority of grants awarded being below £50,000. Within the Learning remit, The Foyle School Libraries Programme is a major initiative designed to support primary Schools, in the main, to improve reading ability and literacy. Grants awarded are between £2,000 and £10,000 per School. In addition, the Foundation operates a Small Grants Scheme which awards core and project funding to small and local charities with turnover under £150,000 per annum.

Public Benefit

The Foundation exists and operates for public benefit. Its grant making programme benefits UK registered charities enabling them to carry out their work for public benefit. All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 7 to the accounts.

The open grants programme is designed to be responsive to the direct needs of charities and their beneficiaries and to help make a difference to their work. The Foundation takes pride in funding activities which experience difficulty in attracting support or where there are few other sources of funding. Generally, in carrying out the work of the Foundation, the Trustees have paid regard to the guidance on public benefit published by the Charity Commission.

Arts – Main Grants Scheme

The Foundation seeks applications that make a strong case for support in either the performing or visual arts. Its aims are to sustain and help make the arts more accessible by developing new audiences, projects for young people, supporting tours, festivals and arts educational projects, to encourage new work and support young emerging artists. Building and infrastructure projects to construct new arts facilities and to improve or re-equip existing venues are also considered. However, community arts activity is generally supported through the Small Grants Scheme.

Learning – Main Grants Scheme

The Foundation's main areas for support are: libraries, museums, archives and special educational needs. State funded Schools and special Schools are supported, principally but not exclusively, through the Foyle School Libraries Programme which is a major programme to promote improved literacy. Citizenship, esteem building, training, skills acquisition to aid employment, early learning projects or playgroups are not generally considered.

Small Grants Scheme

This supports smaller charities in the UK, especially those working at local community level in any field, across a wide range of activities. Grants are awarded to charities with an annual turnover of less than £150,000 per annum which can demonstrate that a small grant will make a difference to their work.

Achievements and Performance

Within the Main Grants Scheme 281 new grant applications were received during the year. In addition, there were 232 School Library applications and 663 Small Grants Scheme applications. 245 applications were brought forward from the previous year and 349 applications were carried forward at the end of the year to be presented at the next Board meeting.

The Trustees met 5 times during the year to consider grant applications. The Trustees approved 101 new Main Grants, 38 school library and 193 Small Grants totalling £6,404,800 in value, some of which will be paid out in subsequent financial years. A total of 412 grant payments was made which amounted to £6,749,600. Of the grants paid out 86 were Arts related totalling £3,127,500. There were 40 Learning related totalling £2,238,500 and 81 School Library grants totalling £406,500 and 205 were Small Grants totalling £977,100. Details of all grants paid out are listed on the Foundation's website. The Foundation has made financial commitments to support a number of organisations in the future subject to specific terms and conditions being met (see note 20).

THE FOYLE FOUNDATION

REPORT OF THE TRUSTEES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

The Foundation encourages applications from outside London and the Southeast and consequently the number of grant applications from the English regions, Scotland, Wales and Northern Ireland continued to increase and the amount in grants to these areas has also increased.

Financial Review

During the year the Foundation generated total income of £1,775,639 compared to £2,169,393 in 2019.

Total expenditure was £10,430,648 (2019 - £9,988,422) and 96% (2019 - 96%) was spent directly on charitable activities.

Investment income decreased to £1,708,224 compared to £2,100,197 in 2019.

The net movement on funds of the Charity after gains on investments was a decrease of £8,508,881 (2019: decrease of £1,283,423) with the result that the Charity's funds at 31 December 2020 amounted to £64,227,745 (2019: £72,736,626).

This was largely the result of a reduction in unrealised gains compared to the previous year and an increase in grants accruals.

Investment Policy and Performance

The assets of the Foundation comprise a warehouse property, quoted investments and cash, all of which are professionally managed by specialist advisers on behalf of the Trustees, who also receive investment and asset allocation advice from Stanhope Consulting. No fund-raising activities have been undertaken, nor are any anticipated. Overall investments decreased in the year from £64,300,378 to £62,114,547.

Investment performance for the year was impacted by the increased grant-giving of the Foundation.

Reserves Policy

The assets that make up the Foundation's funds are unrestricted and accordingly they are also available as the general reserves. In addition to careful planning of the cash flow, so as to meet both grant commitments payable in the year and the administration expenditure. The Foundation maintains a replenishing cash reserve of up to £9m to cover anticipated grant commitments over a 12-month rolling period. As at 31 December 2020 the charity had financial commitments in relation to grants totalling £391,500 to be paid in 2021 and £390,000 to be paid in 2022.

Risk Assessment

The Trustees have considered the risks faced by the Foundation and have put in place monitoring systems to manage them. In addition, the Chief Executive undertakes an annual in-depth risk assessment exercise for consideration of the Trustees following which the Foundation amends its systems as necessary.

The principal risks considered are:

- Security
- Employment issues
- IT and Disaster recovery
- Grants Management
- Financial Risk
- Budgetary Control
- Fraud

Plans for the Future

The Foundation's objectives are to support charitable activities across the UK. In furtherance of its objects the Foundation intends to increase its grants budget to £9.87m in 2021 from £9.4m the previous year.

THE FOYLE FOUNDATION

REPORT OF THE TRUSTEES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Impact of Covid 19

Due to the Covid 19 pandemic, the UK locked down from 23 March 2020. The Foundation implemented part of its risk assessment planning and closed down the Foundation office with all staff home working. From the end of March 2020, the Foundation temporarily suspended receiving new applications in order to contact all recent grantees to discuss their situation and amend terms of grant, where applicable, and to review existing grant commitments. In many cases funding was reallocated from project to core costs to support charities through the unprecedented financial and other challenges they were facing.

From 1st June 2020 the Foundation re-opened its Small Grants Scheme. This was followed by re-opening of the Main Grants Scheme in mid- July 2020, both operating under revised criteria reflecting the impact of Covid-19. As the Foundation's grant application procedure is now online there was little disruption to operations and home working went smoothly. The School Library Scheme was re-opened in September 2020 when schools returned from the summer break.

However, it was decided that no new large capital grant applications would be accepted until at least autumn 2021 in order to concentrate grants upon immediate need and core funding.

The Foundation's quoted investments fell sharply in March 2020 but have been recovering month on month since then. Accordingly, projected income from investments decreased in the year. Cash reserves are healthy and sufficient, and it was not considered necessary to revise the annual grants budget for the year.

Statement of Trustees' Responsibilities

Charity law requires the Trustees to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Foundation and of its income and expenditure for the financial year. In preparing those Financial Statements the Trustees are required to:

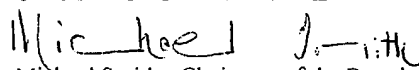
- select suitable accounting policies and then apply them consistently;
- observe the principles and methods of the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Disclosure to Auditor

- a) So far as the Trustees are aware, there is no relevant audit information of which the Foundation's auditors are unaware, and
- b) The Trustees have taken all the steps they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

ON BEHALF OF THE BOARD


Michael Smith - Chairman of the Board
Dated: 16th September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FOYLE FOUNDATION

Opinion

We have audited the financial statements of The Foyle Foundation (the 'charity') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 course of 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.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE FOYLE FOUNDATION (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 Report of the Trustees which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Report of the Trustees 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Report of the Trustees.

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

- adequate and proper 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.

Responsibilities of Trustees

As explained more fully in the Statement of the Trustees' Responsibilities set out on page 7, 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 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 the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE FOYLE FOUNDATION (continued)**

implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and the Charities Statement of Recommended Practice.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to use of restricted and endowment funds, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

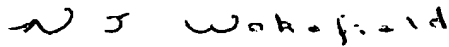
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE FOYLE FOUNDATION (continued)**

Use of the audit report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed:



Nicola Wakefield
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS
Date: 23 September 2021

THE FOYLE FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES (incorporating Income and Expenditure Account)

FOR THE YEAR ENDED 31 DECEMBER 2020

			Unrestricted funds		
	Note	£	2020	2019	£
Income and endowments from:					
Investments:					
Investments and interest	2		1,708,224		2,100,197
Property portfolio			67,415		69,196
Total			<u>1,775,639</u>		<u>2,169,393</u>
Expenditure on:					
Raising funds:					
Investment management costs		373,374		387,179	
			(373,374)		(387,179)
Charitable activities	3		(10,057,274)		(9,601,243)
Total			<u>(10,430,648)</u>		<u>(9,988,422)</u>
Net gains/(losses) on investments					
Realised gains on quoted investments	11	416,391		667,031	
Unrealised (losses)/gains on quoted investments	11	(270,263)		5,868,575	
			146,128		6,535,606
NET MOVEMENT IN FUNDS IN YEAR			<u>(8,508,881)</u>		<u>(1,283,423)</u>
Reconciliation of funds:					
Funds brought forward			72,736,626		74,020,049
FUNDS CARRIED FORWARD	17		<u>64,227,745</u>		<u>72,736,626</u>

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derives from continuing activities. The deficit for the year for Companies Act purposes was £8,238,618 (2019 – £7,151,998).

The notes on pages 15 to 24 form an integral part of these accounts.


BALANCE SHEET

AT 31 DECEMBER 2020

	Note	2020		2019	
		£	£	£	£
Fixed assets					
Tangible fixed assets	9		43,939		41,144
Investments					
Investment property	10		820,000		820,000
Quoted investments	11		61,250,608		63,439,234
			<u>62,114,547</u>		<u>64,300,378</u>
Current assets					
Debtors	13	358,481		423,289	
Cash at bank and in hand	14	5,279,489		8,729,099	
		<u>5,637,970</u>		<u>9,152,388</u>	
Creditors: Amounts falling due within one year	15	<u>(3,404,772)</u>		<u>(716,140)</u>	
Net current assets			2,233,198		8,436,248
Creditors: Amounts falling due after one year	16	<u>(120,000)</u>		<u>-</u>	
			<u>(120,000)</u>		<u>-</u>
Net assets			<u>64,227,745</u>		<u>72,736,626</u>
Unrestricted funds					
General fund	17		43,223,248		55,796,900
Revaluation reserve	17		21,004,497		16,939,726
Total funds			<u>64,227,745</u>		<u>72,736,626</u>

The accounts were approved and authorised for issue by the Board on 16th September 2021.


Michael Smith - Trustee


Roy Amlot - Trustee

The notes on pages 15 to 24 form an integral part of these accounts

THE FOYLE FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	
Cash flows from operating activities:		
Net cash used in operating activities (note 18)	(7,176,667)	(9,639,641)
Cash flows from investing activities:		
Dividends, interest and rent from investments	1,708,224	2,100,197
Purchase of fixed assets	(5,124)	-
Purchase of investments	(6,542,268)	(19,216,564)
Proceeds from sale of investments - quoted	8,566,225	24,510,785
Total	3,727,057	7,394,418
Change in cash equivalents in the year	(3,449,610)	(2,245,223)
Cash and cash equivalents		
At the beginning of the year	8,729,099	10,974,322
At the end of the year (see note 14)	5,279,489	8,729,099

THE FOYLE FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

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

a. Basis of Accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS 102) (effective 1 January 2018) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Foyle Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b. Company status

The charity is a company limited by guarantee. For the year under review, the members of the company were Michael Smith, Sir Peter Duffell, Roy Amlot, James Korner and Vikki Heywood. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member.

c. Preparation of the accounts on a going concern basis

Having considered future budgets and cash flows, the trustees confirm that they have no material uncertainties about the entity's ability to continue as a going concern for the foreseeable future. With respect to the next reporting period, the most significant areas of uncertainty that affect the carrying value of assets held by the charity are the level of investment return and the performance of investment markets. The value of investments fell sharply in March 2020 as a result of the COVID-19 pandemic, but has been recovering month on month since then. Investment income was lower during 2020, however the charity has significant unrestricted reserves and will be able to meet all liabilities as they fall due. The financial statements have therefore been prepared on a going concern basis.

d. Tangible fixed assets

Tangible fixed assets are held at cost less accumulated depreciation.

Expenditure on tangible assets of an enduring nature in excess of £1,000 is capitalised.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Leasehold improvements	-	over two years
Office furniture and equipment	-	25% on reducing balance
Computer equipment	-	25% on reducing balance

e. Investment properties

Investment properties are included at market value as disclosed under Note 10. The properties are valued annually. The SOFA includes the net gains and losses arising on revaluations and disposals in the year.

f. Investments

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

THE FOYLE FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

g. Funds

The different funds are defined as follows:

Unrestricted funds are those funds available to the charity for its general purposes.

It is the policy of the trustees to retain in unrestricted funds, amounts which in their judgement, can help to mitigate the short term effects of income volatility and retain funds to generate sufficient income to meet current and future operational activities of the charity.

h. Income recognition

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

Investment income is credited to income when it is receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

i. Expenditure

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

Expenditure is recognised on an accruals basis as a liability is incurred, inclusive of VAT, which cannot be recovered.

Charitable activities comprise mainly of the provision of grants given for the purposes of arts, education and as part of the small grants scheme. Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside the control of the recipient.

Support costs have been allocated to charitable activities. Governance activities comprise organisational administration and compliance with constitutional and statutory requirements. Costs include direct costs of external audit, legal fees and other professional advice.

j. Creditors and provisions

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

k. Investment gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and the opening market value (or purchase date if later).

l. Pension Scheme

Pension payments are made to a Company Pension scheme with The Peoples Pension with the exception of the CEO where a payment is made directly to his personal pension plan.

THE FOYLE FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

m. Cash at bank and in hand

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

n. Debtors

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

o. Significant judgments and sources estimation uncertainty

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

p. Financial instruments

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

2. INVESTMENT INCOME AND INTEREST

	2020	2019
	£	£
Income from quoted investments	1,707,773	2,098,543
Interest received	451	1,654
	<hr/>	<hr/>
	1,708,224	2,100,197
Property portfolio income	67,415	69,196
	<hr/>	<hr/>
	<u>1,775,639</u>	<u>2,169,393</u>

THE FOYLE FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

3. ANALYSIS OF CHARITABLE EXPENDITURE				2020	2019
				£	£
Charitable donations:					
Paid in the year				6,749,600	8,994,050
Grants returned in the year				(12,200)	(30,000)
Accruals brought forward				(650,800)	(517,800)
Accruals carried forward				3,431,900	650,800
				<u>9,518,500</u>	<u>9,097,050</u>
Support costs (note 4)				492,784	476,682
Governance costs (note 5)				45,990	27,511
				<u>10,057,274</u>	<u>9,601,243</u>
Charitable expenditure – analysed as follows:					
	Grants	Support	Governance	2020	2019
	£	Costs	Costs	Total	Total
		£	£	£	£
Arts	4,646,300	240,545	22,449	4,909,294	4,249,706
Learning	3,783,000	195,850	18,278	3,997,128	4,384,499
Small grants	1,089,200	56,389	5,263	1,150,852	967,038
	<u>9,518,500</u>	<u>492,784</u>	<u>45,990</u>	<u>10,057,274</u>	<u>9,601,243</u>
4. SUPPORT COSTS				2020	2019
				£	£
Staff costs (including pension)				368,964	353,573
Rent				36,000	36,000
Rates, service charges and insurance				48,410	41,675
Communication costs				4,465	2,920
Equipment maintenance and computer support				23,491	24,862
Office services				8,812	11,796
Miscellaneous				40	3,855
Bank charges				272	602
Depreciation				2,329	1,399
				<u>492,783</u>	<u>476,682</u>
5. GOVERNANCE COSTS				2020	2019
				£	£
Trustees' expenses				867	3,996
Accountancy fees				16,936	9,270
Auditor's remuneration				22,293	13,526
Legal and professional fees				5,894	719
				<u>45,990</u>	<u>27,511</u>

THE FOYLE FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

6. NET EXPENDITURE	2020	2019
	£	£
Net expenditure is stated after charging:		
Trustees' expenses	867	3,996
Depreciation	2,329	1,399
Auditor's remuneration	22,293	13,526
Operating lease rentals-other operating leases	36,000	36,000

7. TRUSTEES' REMUNERATION AND EXPENSES

The five Trustees received no remuneration during the year (nor in the previous period) but were reimbursed £867 for travel and out of pocket expenses (2019: £3,996).

8. STAFF WAGES	2020	2019
	£	£
Wages	321,230	307,742
Social security costs	35,653	34,214
Pension costs	14,853	14,617
Employment allowance	(2,772)	(3,000)
	<u>368,964</u>	<u>353,573</u>

	Number	Number
Average number of employees was 7 and equivalent to 4.8 on a full time basis (this is for both 2020 and 2019):		
Trustees	5	5
Administration	7	7
	<u></u>	<u></u>
The number of employees whose emoluments exceeded £60,000 for the year were:		
£130,001 - £140,000	1	1
	<u></u>	<u></u>

Salaries and benefits paid to key management personnel was £229,385 (2019: £222,509).

The pension contribution to the highest paid employee was £10,000 (2019: £10,000).

THE FOYLE FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

9. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Office furniture and Equipment £	Computer Equipment £	Total £
Cost				
At 1 January 2020	89,092	84,621	53,652	227,365
Additions	-	1,000	4,124	5,124
At 31 December 2020	<u>89,092</u>	<u>85,621</u>	<u>57,776</u>	<u>232,489</u>
Depreciation				
At 1 January 2020	89,092	46,331	50,798	186,221
Charge for the year	-	585	1,744	2,329
At 31 December 2020	<u>89,092</u>	<u>46,916</u>	<u>52,542</u>	<u>188,550</u>
Net Book Value				
At 31 December 2020	<u>-</u>	<u>38,705</u>	<u>5,234</u>	<u>43,939</u>
At 31 December 2019	<u>-</u>	<u>38,290</u>	<u>2,854</u>	<u>41,144</u>

Included in office furniture and equipment are paintings, prints, photographs and lithographs at a cost of £36,948 which have not been depreciated as the Trustees are of the opinion that they will maintain their value.

10. INVESTMENT PROPERTIES

	2020 £	2019 £
At 1 January and 31 December 2020	<u>820,000</u>	<u>820,000</u>

The remaining commercial property was revalued to its open market value at 31 December 2020 by George Eckert Independent Chartered Surveyors and was valued at £820,000.

The historic cost of the remaining property was deemed to be the probate value at 8 June 1999, the date of the death of Mrs C A L Batty, was £395,000.

THE FOYLE FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

11. QUOTED INVESTMENTS	2020 £	2019 £
Market value at 1 January 2020	63,439,234	62,540,237
Additions at cost	6,542,268	19,216,564
Disposal proceeds	(8,566,225)	(24,510,785)
Realised gains on sales	416,391	667,031
Investment managers' fees	(310,797)	(342,388)
Unrealised (losses)/gains on revaluation	(270,263)	5,868,575
Market value at 31 December 2020	<u>61,250,608</u>	<u>63,439,234</u>
Cost at 31 December 2020	<u>40,671,113</u>	<u>46,924,508</u>
Analysis of investments by type:		
Investments inside the UK		
Listed unit trusts	37,918,430	41,329,225
Quoted shares	12,270,218	11,709,680
	<u>50,188,648</u>	<u>53,038,905</u>
Investments outside the UK (managed by overseas Fund Managers)	11,061,960	10,400,329
	<u>61,250,608</u>	<u>63,439,234</u>
12. FINANCIAL INSTRUMENTS	2020 £	2019 £
Financial assets measured by fair value	<u>61,250,608</u>	<u>63,439,234</u>
Financial assets measured by amortised cost	<u>72</u>	<u>72</u>
Financial liabilities measured by amortised cost	<u>12,106</u>	<u>25,990</u>

Financial assets measured by fair value include quoted investments and investment properties.

Financial assets measured at amortised cost include Other Debtors.

Financial liabilities measured at amortised cost include Other Creditors.

THE FOYLE FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

13. DEBTORS	2020	2019
	£	£
Rent receivable	-	-
Other debtors	72	72
Prepayments and accrued income	358,409	423,217
	<u>358,481</u>	<u>423,289</u>
14. CASH AT BANK AND IN HAND	2020	2019
	£	£
Cash in hand	51	49
CAF accounts	5,279,438	8,729,050
	<u>5,279,489</u>	<u>8,729,099</u>
15. CREDITORS: amounts falling due within one year	2020	2019
	£	£
Accrued grants to charities	3,311,900	650,800
Other taxes and social security	15,748	12,599
Other creditors	12,106	25,990
Accrued expenses	65,018	26,751
	<u>3,404,772</u>	<u>716,140</u>
16. CREDITORS: amounts falling after one year	2020	2019
	£	£
Accrued grants to charities	120,000	-
	<u>120,000</u>	<u>-</u>
17. MOVEMENT IN FUNDS		
	At	At
	1 January	31 December
	2020	2020
	£	£
Unrestricted funds:		
General fund	55,796,900	43,223,248
Revaluation reserve	16,939,726	21,004,497
	<u>72,736,626</u>	<u>64,227,745</u>
	Income/	Expenditure
	gains	Transfers
	£	£
	1,921,767	(10,430,648)
	-	4,064,771
	<u>1,921,767</u>	<u>(10,430,648)</u>

The revaluation reserve represents the difference between the historic cost of investments and investment property and their current market (fair) value.

THE FOYLE FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

**18. RECONCILIATION OF NET EXPENDITURE TO
NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2020	2019
	£	£
Net (expenditure) for the reporting period (as per the statement of financial activities)	(8,508,881)	(1,283,423)
Depreciation charges	2,329	1,399
Investment gains	(146,128)	(6,535,606)
Investment managers fees	310,797	342,388
Dividends, interest and rent for investments	(1,708,224)	(2,100,197)
Decrease/(increase) in debtors	64,808	(176,385)
Increase in creditors	2,808,632	112,183
	<u>(7,176,667)</u>	<u>(9,639,641)</u>

19. LEASE COMMITMENTS

At 31 December 2020, The Foundation was committed to making the following payments under non-cancellable operating leases:

	2020	2019
	£	£
Operating leases payments due within the next year	15,000	36,000
Operating leases payments due between two to five years	<u>-</u>	<u>15,000</u>

20. GRANT COMMITMENTS

The Charity is committed to the following grants:

	2020	Year in which payable
	£	
Arts	191,500	2021
Arts	390,000	2022
Learning	200,000	2021
	<u>781,500</u>	

THE FOYLE FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

21. LARGE GRANTS PAYABLE IN THE YEAR

Material grants payable in the year were as follows:

	2020 £
Royal Opera House	150,000
Royal National Theatre	125,000
The Old Vic Theatre	100,000
Help Musicians UK	100,000
Theatre development Trust	100,000
Poetry Society	93,000
The Book Trade Charity	100,000
Shakespeare North Playhouse Trust	150,000
The Belgrade Theatre	150,000
Grand Opera House Trust	100,000
Donmar Warehouse Projects Trust	100,000
Sunderland Music Arts and Culture Trust	100,000
Wac Arts	75,000
Courtyard Trust	75,000
City & Guilds Art School Property Trust	275,000
National Portrait Gallery	200,000
British Academy	150,000
Bletchley Park Trust Ltd	150,000
National Space Centre	150,000
Sheerness Dockyard Preservation Trust	125,000
The Mary Rose Trust	120,000
Eureka, The National Children's Museum	100,000
Imperial War Museum	100,000
Derby Museums	75,000
The Royal Parks	100,000
	<u>3,063,000</u>

A full list of grants paid in the year are reported on the foundation website.

22. RELATED PARTIES

Trustees of the Foyle Foundation are also trustees of the following organisations which were awarded grants by The Foyle Foundation during the year. There were no balances outstanding at 31 December 2020 in respect of these grants.

	Grant awarded	
	2020 £	2019 £
Mountview Academy of Theatre Arts	-	60,000
Earls Court Youth Clubs	20,000	-
National Brain Appeal	10,000	-
Royal National Theatre	125,000	-
	<u>155,000</u>	<u>60,000</u>