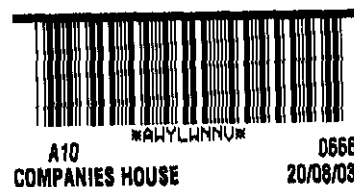


The Bishopsgate Foundation Charity No: 1090923
Company No: 4362659
The Bishopsgate Foundation Endowment Charity No: 208874

THE BISHOPSGATE FOUNDATION
GOVERNORS' REPORT AND FINANCIAL STATEMENTS
7 APRIL 2003



Horwath Clark Whitehill

Horwath Clark Whitehill
Chartered Accountants
25 New Street Square
London EC4A 3LN, UK
Tel: +44 (0)20 7353 1577
Fax: +44 (0)20 7583 1720
DX: 0014 London Chancery Lane
www.horwathcw.com

THE BISHOPSGATE FOUNDATION

REPORT OF THE BOARD OF GOVERNORS

The Governors have pleasure in presenting the report and financial statements for the period ended 7 April 2003. This report is presented under the Companies Act 1985 and the Charities Act 1993.

LEGAL STATUS

The Bishopsgate Foundation is a charitable company limited by guarantee, incorporated on 29 January 2002 and registered with the Central Register of Charities on 5 March 2002. It was established to hold the non-permanently endowed assets and undertake the day-to-day activities of the Scheme Charity from 1 April 2002. The company's registration number is 4362659 and the charity registration number is 1090923. The permanent endowment assets are retained by the Scheme Charity pursuant to the terms of a Scheme of the Charity Commissioner, which became effective on 7 April 2003 and appointed The Bishopsgate Foundation as sole corporate trustee of the Scheme Charity.

The Bishopsgate Foundation Endowment Charity ("the Scheme Charity") is registered as Charity No: 208874 and is constituted under a Scheme of the Charity Commissioners dated 23 February 1891, with subsequent modifications, within the framework of the City of London Parochial Charities Act 1883.

CHARITABLE OBJECTS

The objects of the Foundation are:

- the provision and maintenance of an Institute in, or near the City of London, for the purpose of promoting the education of the public and in particular the provision of:
 - a library comprised of books, journals and other materials (whether electronic or otherwise) for the use of members of the public to be managed under regulations made from time to time by the Governors; and
 - public facilities to be managed under regulations made from time to time by the Governors including the power to charge fees for their use.
- the relief by all charitable means of persons in need who are resident or working or have resided or worked in the area of the ecclesiastical parishes of St Botolph's Without Bishopsgate, Christchurch Spitalfields and St Leonard's Shoreditch as defined from time to time.

ACTIVITIES

The Bishopsgate Foundation provides a wide range of short courses for adults, reference library services including access to research collections, and other educational and cultural activities.

The Foundation also provides funds to support a pensioners group and makes grants to charitable organisations that provide for the relief of need within the Foundation's area of benefit.

THE BISHOPSGATE FOUNDATION

REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

Board of Governors (as at July 2003)

The Foundation's Memorandum and Articles of Association state that the Board of Governors shall consist of at least ten and not more than fifteen persons: two Ex-officio Governors, two Parish Governors, two Nominated Governors and between four and nine co-opted Governors.

The current Governors are as follows:

Ex-officio

The Reverend David Paton (Rector of St Botolph Without Bishopsgate) (Deputy Chairman)
Alderman Sir Michael Oliver (Alderman of the Ward of Bishopsgate)

The Parish Governors

Diane E Brunt (appointed 28 April 2003)
Anthony C Graves (appointed 28 April 2003)

Nominated by the City Parochial Foundation

Miles Barber
Michael B Maunsell (appointed 5 July 2002)

Co-optative

Michael V Roberts (Chairman)
Eugenie Maxwell
William H Dove MBE JP CC
Prof. Deian Hopkin
Peter Luscombe
Roger L Payton
Edwin R Tarry
Philip M Weaver (appointed 12 April 2002)
Antonia Byatt (appointed 30 April 2003)

STATEMENT OF GOVERNORS RESPONSIBILITIES

Company Law requires the Governors to keep proper accounting records and to prepare proper financial statements consisting of a Statement of Financial Activities and a Balance Sheet.

The Governors are also responsible for safeguarding the charity's assets, and hence the taking of reasonable steps for the prevention and detection of error, fraud and other irregularities.

In preparing the financial statements the Governors are expected to:

- select suitable accounting policies and apply them consistently, making judgements and estimates that are reasonable and prudent.
- follow the recommendations of the Charity Commission and of the accounting profession with regard to the form and content of the accounts, or to disclose and explain any departures therefrom; and
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the charity will be able to continue or meet its objectives.

THE BISHOPSGATE FOUNDATION
REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

Investment Powers, Policy and Performance

The Trustee Act 2000 applies to the Foundation's endowment charity. The Governors' investment policy is biased towards income such that the portfolio should achieve an income of not less than £120,000 per annum, whilst maintaining the real value of the investment.

Auditors

A resolution concerning the reappointment of Horwath Clark Whitehill and their remuneration will be submitted to the Board of Governors.

THE BISHOPSGATE FOUNDATION
REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

Principal Address

The Bishopsgate Foundation
Bishopsgate Institute
230 Bishopsgate
London
EC2M 4QH

Management

Andrew Fuller	Clerk to the Governors, Chief Executive
Alice Mackay	Head of Library & Information Services
Alan Caffrey	Facilities Manager
Delia Hill	Education Manager
Phillip Pobgee	Senior Projects Manager
Graham Horton	Finance Manager

Investment Property Management Surveyor

Lamberts
387 City Road
London
EC1V 1NA

Solicitors

Farrer & Co
66 Lincolns Inn Fields
London WC2A 3LH

Auditors

Horwath Clark Whitehill
25 New Street Square
London EC4A 3LN

Bankers

HSBC
100 Old Broad Street
London EC2N 1BG

Building Surveyor

Drivers Jonas
6 Grosvenor Street
London W1X 0DJ

Investment Advisor

M&G Securities Limited (from 23 June 2003)
Fairburn House
Coval Wells
Chelmsford
Essex CM1 1WV

THE BISHOPSGATE FOUNDATION

REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

MISSION STATEMENT

The Bishopsgate Foundation aims to become a centre of excellence for the delivery of community and individual betterment through accessible and inclusive educational and cultural activity and poverty relief, in partnership with local organisations.

REVIEW OF THE PERIOD AND FUTURE PLANS

In last year's annual review, it was reported the Foundation's Governors had adopted a strategic plan towards the end of 2001. This plan identified six corporate objectives, which would develop and consolidate the Institute's activities, upgrade ICT resources and generate sustainable operating surpluses to fund future maintenance and developments.

The strategy took account of the Foundation's freedom to benefit a wide class of beneficiary in an area inhabited mainly by a very large commuting population and a residential community to the east which is diverse and to which access is not easily gained.

Although the timing of some projects has slipped, new opportunities have presented themselves, and the Governors are pleased to report that overall, significant progress has been made.

Corporate Objective 1: Establish a coherent functional vision for the use of the building.

A key part of the Foundation's strategy for many years has been to extend the premises, as well as resolve many of the problems which the building poses to contemporary use. The provisions of the Disability Discrimination Act has made this an even more pressing issue. For the last decade the best apparent option has been the addition of two floors above the upper hall at the rear of the Institute, but this was complex, disruptive and very expensive. During the period a property adjacent to the Institute, 13 Artillery Lane, became available and was eventually secured in December 2002. Due to the fact that the premises back on to the Institute, they offer an exciting opportunity to not only provide medium sized classroom spaces, but also the potential for a café accessible from the street and from within the Institute, and the means to create disabled access to other floors. The significance of this property is that it will allow us to overcome many of the intransigent problems Governors have been facing over many years. The next step will be to commission a more detailed feasibility study, estimate of costs and adopt a strategy for its development.

Corporate Objective 2: Upgrade all ICT resources to take advantage of increased capabilities.

A great deal of effort went into re-cabling the entire Institute for modern voice and data communications. Not only does this provide us with a solid backbone for our administration (with up-to-date software, reliable email, internet access and a telephone system with the latest facilities), but it also provides us with the means to utilise the accommodation better, introduce a computerised Hall Hire/Space Management system, student enrolment system, Library Management system and of course, Learndirect. Learndirect and the remaining systems form phase two of our Information & Communication Technology (ICT) improvement works which will be completed later in 2003.

THE BISHOPSGATE FOUNDATION

REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

REVIEW OF THE PERIOD (CONTINUED)

Corporate Objective 3: Develop and consolidate the Institute's educational activities, library services and better administration.

During the period, a lot of time has been spent improving the administrative infrastructure, without which it would be very difficult to make any headway with other improvements to our education programme, library and hall hire activities. The timely availability of the upper floors in the Foundation's adjacent property of 228 Bishopsgate allowed us to relocate our offices, thereby provide more space and much-needed separation of different functions.

Along with the installation of new ICT systems, an important element of the strategic plan is the establishment of an e-learning area and leardirect access point in the library with a full time facilitator. Leardirect had been expected to be functioning by the autumn 2002, but due to unforeseeable problems with the cabling route and bureaucratic delays with the registration process, it is now planned for mid-August 2003. Our leardirect facilities and learning environment will be the best and most accessible for the local population. It is known that adults are unlikely to travel for more than 20 minutes to reach a learning venue: within this catchment area the Institute will be the most up-to-date, accessible and user-friendly public e-learning centre.

Continuing with the ICT theme, our website was developed during the course of the period and went live just before Christmas. Devising an appropriate and consistent format to present all the varied activities of the Institute was not easy, but we are pleased with the outcome. Many of our users expect to be able to access information about our courses and classes online, so we shall be extending the site's functionality during 2003 to include online enrolments.

Hand-in-hand with the ICT development was the creation of a new corporate image and identity. We believe we have been successful in our aim to incorporate our tradition and heritage as well as introduce a fresh feel to the Institute. Our annual prospectus was produced in December and was the first publication to include the new corporate image and logo. These have been very well received and are helping establish Bishopsgate Institute as a major Education provider in the City recognised by large international companies.

Unfortunately, student enrolments have fallen since January 2003. This is partly due to the downturn in the global economy, with many local firms making thousands of employees redundant. The extended closure of the Central Line also seriously affected the take-up of evening classes, as students were concerned about their extended journey home.

Despite the general downturn, language courses continue to attract increasing numbers of students and an initiative with a local company, whereby Bishopsgate Institute and City University provide in-house tuition, has been a great success. It is anticipated that we will be in receipt of HEFCE funding for Language courses from September 2003.

Our aim for the next year is to consolidate and improve our range of courses in order to meet changing market needs. The Corporation of London conducted a work/life balance survey in the City, which should help us to understand better the needs of our students. In this way the Education Programme can continue to serve the needs of both local workers and residents.

A particular concern of the Library has been the management of its archive collections and the Foundation's records. During the period a qualified archivist was appointed, made possible through an innovative agreement with Hackney Archives Department. This solution to the problems of small repositories has been recognised as an example of good practice and other organisations have expressed interest.

The Foundation has a long term relationship with the University of East London through the Raphael Samuel Centre, we are exploring ways of working in partnership with the centre, post graduate, foundation and enrichment courses supported by our historical collections.

THE BISHOPSGATE FOUNDATION

REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

REVIEW OF THE PERIOD (CONTINUED)

Corporate Objective 4: Develop a program of high quality cultural activities.

The Institute hosted twenty lunchtime concerts organised by the City Music Society. The leader of the Chilingirian String Quartet was reported in Classical Music Magazine as saying: "The atmosphere at Bishopsgate is always terrific – those in the audience could have been finding plenty of other things to do in their lunch hours, so you know they really want to be there. But you have to be extremely careful to finish playing by 1.55 pm, or people have to walk out to get back to work". Governors recognise the potential for other cultural activities. There are a number of potential partners available.

A one day event called 'Sound/Bites' introducing music and food from many different cultures and including a talk by Jewish and Middle Eastern food expert Claudia Roden took place in July, funded by the Corporation of London.

Corporate Objective 5: Upgrade the quality of visitor accommodation to take advantage of higher revenue earning capacity.

Much of the Institute, apart from the library and the main Boardroom remains shabby, and directly impacts on our capacity to maximise use of the space. The proposed feasibility study for 13 Artillery Lane will incorporate ideas and proposals to upgrade the Institute as a whole.

In the meantime, it is proposed to refurbish the old office space up to the same standard as the Boardroom and create a high quality, self-contained Boardroom suite. This should be achieved by September 2003.

Corporate Objective 6: All activities to be self-funding where possible

A particular focus of our work during 2002 has been changing the Institute's arrangement with tutors, whereby the Institute becomes the direct provider of all its courses. From January 2003 all our tutors became self-employed and in the longer term this is expected to improve financial viability as well as deliver improved management and quality control.

Maximisation of use of space is at the heart of what we do whether it is a concert, a class or an external hire and during the period, the Institute appointed a Senior Projects Manager to manage this function with the specific responsibility to improve income.

The next few years

The acquisition of 13 Artillery Lane has brought a completely new perspective on the Institute's future. Finally, we have all the elements of our future within our control and we can start to plan accordingly. Governors believe that its development and integration into the Institute is in the best interests of the charity and financing these costs will be the most pressing project for the next few years. Together with the other investments made during 2002/03, the Institute is well placed to achieve its purpose of enriching local peoples' lives.

THE BISHOPSGATE FOUNDATION

REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

REVIEW OF THE PERIOD (CONTINUED)

FINANCIAL PERFORMANCE

The Foundation's total funds increased by nearly £71,000 during the period, largely achieved through a significant gain on the disposal of two properties from its Underwood Estate portfolio. It had been expected that the disposal of the site of The Farmers public house would have contributed to this gain, but Sevenoaks District Council refused consent for commercial development. The Foundation will now seek to obtain a residential planning permission.

Before transfers and valuations there was a small deficit of £6,400 compared with a surplus of £111,119 the previous year. This is explained by the very substantial investment in projects and staff during the period.

Gross revenue exceeded one million for the first time at £1.169m, an increase of 17%. The main contributors are increased income of £91,395 from the education programme, and £59,831 from investment properties. The former reflects the change in management policy with students paying the Institute for their course and tutors paid by the hour, which took effect from January 2003, whilst the latter is explained by a successful rent review on 16/24 Underwood Street. Income from listed investments has decreased by 3%, which would have been worse, but for the Foundation's overweight exposure to gilts and bonds. The defensive structure of the portfolio very effectively limited the effect the falling market had on the assets of the Foundation to a loss of under 12%.

Total expenditure has risen by over 29% to £1.16m, mainly accounted for by an increase in functional costs of over £245,000. This includes payments to education programme tutors, increased premises costs, legal costs associated with completing the re-organisation of the charity, investment in ICT, production of new corporate identity and an increase in the number of staff.

Mention of the purchase of 13 Artillery Lane has already been made. This property was purchased out of permanent endowment funds for £1.25m. Although it will be used as a charity functional property, it will remain a part of the permanent endowment of the Underwood Estate.

We are grateful to The Dulwich Almshouse Charity for the donation of £7,500, given in recognition of the need within the Foundation's area of benefit.

The period sees the level of free reserves increased by £177,797 to £776,548, which is considered satisfactory to help meet the challenging times ahead.


RESERVES POLICY

The Governors' policy is to maintain sufficient free revenue reserves to meet the equivalent of at least six months operating costs. At the balance sheet date adjusted free revenue reserves, stood at £776,548, which meets current policy. The reserves policy and position are reviewed annually.

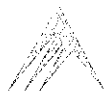
RISK MANAGEMENT

The Governors and senior management staff have conducted a detailed assessment of the strategic, business and operational risks to which the charity is exposed and systems have been or are being established to mitigate those risks. Progress will be reviewed periodically, but never less than annually by the management team, and submitted annually for Board approval.

By order of the Board.



(16 July 2003)



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BISHOPSGATE FOUNDATION

We have audited the financial statements of The Bishopsgate Foundation for the year ended 31 March 2003 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes set out on pages 10 to 20. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters, which 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 company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of the trustees and auditors

The responsibilities of the directors, who are also the trustees for the purposes of charity law, for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Trustees Report on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Annual Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Directors' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company as at 31 March 2003 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill
Chartered Accountants
and Registered Auditors

17 Feb 2003

25 New Street Square
London
EC4A 3LN

THE BISHOPSGATE FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
PERIOD ENDED 7 APRIL 2003
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

	Notes	Unrestricted <u>Revenue</u>	Designated Development Fund	Restricted	Endowment	2002/03 <u>Total</u>	2001/02 <u>Total</u>
		£	£	£	£	£	£
INCOMING RESOURCES							
Activities in furtherance of the objects of the Foundation							
Hall Users		323,085	-	-	-	323,085	329,761
Education Programme		173,212	-	-	-	173,212	81,817
Reference Library		5,132	-	-	-	5,132	3,842
Insurance Commission		11,859	-	-	-	11,859	11,246
Grants		-	-	3,485	-	3,485	9,051
Donations and Miscellaneous Receipts		14,947	-	-	-	14,947	8,247
Investment Income:							
General Estate:							
Rents & Other Income		99,983	-	-	-	99,983	122,850
Insurance		3,175	-	-	-	3,175	1,646
Listed Investments		74,565	-	-	-	74,565	77,087
Deposit income		9,476	-	-	-	9,476	13,974
Exceptional income		-	-	-	-	-	238
Underwood Estate:							
Rents		282,589	-	-	-	282,589	199,891
Insurance		27,536	-	-	-	27,536	19,845
Listed Investments		34,035	-	-	-	34,035	35,138
Deposit income		106,220	-	-	-	106,220	84,644
Incoming Resources		1,165,814	-	3,485	-	1,169,299	999,277
RESOURCES EXPENDED							
Charitable Expenditure							
Grants Payable	3	27,090	-	-	-	27,090	22,000
Other charitable expenditure		765,813	-	6,137	-	771,950	526,676
Support Costs		109,304	-	-	42,000	151,304	126,887
Administration		147,719	77,636	-	-	225,355	212,595
Resources expended	2,6	1,049,926	77,636	6,137	42,000	1,175,699	888,158
Increase/(decrease) in resources before transfers and valuations							
		115,888	(77,636)	(2,652)	(42,000)	(6,400)	111,119

Comparative figures represent the Bishopsgate Foundation Endowment Charity. Results for the year excluding the capital funds were as noted above totalling income £1,169,299 and expenditure £1,133,699. Net increase in resources was therefore £35,600.

THE BISHOPSGATE FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
PERIOD ENDED 7 APRIL 2003

	Unrestricted Revenue	Designated Development Fund	Restricted	Endowment	2002/03 Total	2001/02 Total
	£	£	£	£	£	£
Brought forward from previous page						
Net movement in funds before transfers and valuations	115,888	(77,636)	(2,652)	(42,000)	(6,400)	111,119
Transfers (Notes 12, 13 & 16)						
Re-classification of funds (Notes 12 & 13)	178,740	-	-	(178,740)	-	-
Realised investment property gains	-	-	-	330,165	330,165	-
Net income for the period	294,628	(77,636)	(2,652)	109,425	323,765	111,119
Unrealised gains and losses						
Revaluation of investment property	-	-	-	-	-	(83,197)
Revaluation of fixed assets	-	-	-	-	-	3,849,297
Unrealised investment (losses)	-	-	-	(252,872)	(252,872)	(131,240)
Net movement in funds in the period	<u>294,628</u>	<u>(77,636)</u>	<u>(2,652)</u>	<u>(143,447)</u>	<u>70,893</u>	<u>3,745,979</u>
Funds brought forward	<u>640,332</u>	<u>1,013,098</u>	<u>8,741</u>	<u>13,338,167</u>	<u>15,000,338</u>	<u>11,254,359</u>
Funds carried forward	<u>934,960</u>	<u>935,462</u>	<u>6,089</u>	<u>13,194,720</u>	<u>15,071,231</u>	<u>15,000,338</u>

Comparative figures represent the Bishopsgate Foundation Endowment Charity

The notes on pages 13 to 20 form part of these financial statements

THE BISHOPSGATE FOUNDATION
BALANCE SHEET
7 APRIL 2003

	Notes	£	2003 £	2002 £
FIXED ASSETS				
Tangible assets	7			
Freehold properties:				
The Institute, including Brushfield Street Annexe		1,900,000		1,920,000
Freehold improvements		990,739		1,014,087
Furniture, fittings, and equipment		<u>158,412</u>		<u>41,581</u>
			3,049,151	2,975,668
Investment Assets	8			
Investment Properties		6,488,690		7,350,000
Investments		<u>2,149,455</u>		<u>2,402,327</u>
			<u>8,638,145</u>	<u>9,752,327</u>
			11,687,296	12,727,995
CURRENT ASSETS				
Debtors and prepayments	9	211,605		95,773
Bank deposits		3,327,166		2,277,001
Cash at bank and in hand		<u>(10,105)</u>		<u>1,288</u>
		3,528,666		2,374,062
CREDITORS : amounts falling due within one year	10	<u>(144,731)</u>		<u>(101,719)</u>
NET CURRENT ASSETS			3,383,935	2,272,343
CREDITORS: amounts falling due after more than one year			-	-
NET ASSETS			<u>15,071,231</u>	<u>15,000,338</u>
FUNDS				
Endowment	11		13,194,720	13,338,167
Restricted			6,089	8,741
Unrestricted	12			
Revenue		934,960		640,332
Development Fund		<u>935,462</u>		<u>1,013,098</u>
			<u>1,870,422</u>	<u>1,653,430</u>
			<u>15,071,231</u>	<u>15,000,338</u>

Approved by the Trustees on

16 July 2003


Comparative figures represent the Bishopsgate Foundation Endowment Charity

The notes on pages 13 to 20 form part of these financial statements

**THE BISHOPSGATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 7 APRIL 2003**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, as modified by the revaluation of certain fixed assets and the Statement of Recommended Practice, Accounting by Charities issued in October 2000. The financial statements include those of the linked charity administered by the Foundation, 'The Bishopsgate Foundation Endowment Charity' and the comparative figures relate entirely to that charity.

a) Income

The Foundation's income is accounted for as follows:

i) Rental Income From Permanent Endowment Properties

Rental income from the Endowment Charity's properties is included in the financial statements when it falls due. However, where the lease has expired and the outcome of negotiations in respect of interim rent is uncertain, rental income is included on a cash received basis.

ii) Permanent Endowment Investment Income

Deposit interest is accounted for on an accruals basis, dividend income on a receipts basis.

iii) Hall Letting

Income is accounted for on an accruals basis in accordance with the date of letting.

b) Designated Funds

In order to recognise the expenditure made from unrestricted funds on endowed assets, the Governors will, when prudent, allocate such expenditure to a designated development fund.

c) Tangible Fixed Assets

The Institute building and freehold land, excluding the works on improvements, is included at a valuation provided by DTZ Debenham Tie Leung, who are unconnected with the Foundation.

Fixed assets are capitalised and written off by equal annual amounts over their estimated useful lives as follows:

Institute	- 50 years
Freehold improvements	- 3 - 10 years
Office and computer equipment	- 3 years
Institute equipment	- 1 - 5 years
Fixtures and fittings	- 1 - 5 years

THE BISHOPSGATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
PERIOD ENDED 7 APRIL 2003

1. ACCOUNTING POLICIES (Continued)

c) Fixed assets (continued)

Depreciation is charged to the fund to which the asset relates. Freehold land is not subject to depreciation.

Assets taken over by the Foundation have been included at net book value at the date of transfer, which in the opinion of the Trustees, given the nature of the assets is a fair approximation of their value at that date.

d) Investment Assets

Investments are held at market value at 7 April 2003. The market value is calculated at the average of bid and offer price on 7 April 2003.

Investment properties are included in the accounts at their professional open market valuation as at 31 March 2002. Independent valuations are obtained on a five yearly basis or more frequently when Governors deem it appropriate. These are reviewed on an annual basis by Governors to assess the valuation for the purposes of the financial statements.

e) Taxation

By virtue of its status as a charity the Foundation is exempt from corporation tax and any tax suffered by deduction is recoverable. Investment income is shown inclusive of any relevant tax credit.

f) Cash Flow Statement

Under Financial Reporting Standard 1 (Revised), the charity is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

g) Prints and Library Collections

The Institute possesses a substantial collection of books, prints, maps and photographs received at no cost. These assets are considered inalienable and their retention for historic reasons is essential to the furtherance of the charity's objects. Therefore no value in respect of these items is included in the balance sheet.

h) Pension Costs

The Charity operates a defined contribution scheme for employees. Contributions are charged in the Statement of Financial Activities as incurred.

THE BISHOPSGATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
PERIOD ENDED 7 APRIL 2003

2. RESOURCES EXPENDED

2002/03

	Staff £	Depreciation £	Other £	Total £
Charitable Expenditure				
Grants Payable	-	-	27,090	27,090
Other Charitable Expenditure*	326,990	-	444,960	771,950
Support Costs	-	94,409	34,895	129,304
Administration	92,313	77,636	55,406	225,355
	<u>430,702</u>	<u>172,045</u>	<u>550,952</u>	<u>1,153,699</u>

2001/2002

Charitable Expenditure				
Grants Payable	-	-	22,000	22,000
Other Charitable Expenditure*	288,082	-	238,594	526,676
Support Costs	-	50,170	76,717	126,887
Administration	93,088	73,716	45,791	212,595
	<u>381,170</u>	<u>123,886</u>	<u>383,102</u>	<u>888,158</u>

* Other Charitable Expenditure	2002/3 £	2001/2 £
Salaries and staff costs	338,389	288,082
Premises up keep and maintenance	186,960	123,565
Reference library	36,154	44,778
Education programme	93,037	12,804
Cultural programme	21,485	-
Eleemosynary - pensioners support	28,679	27,206
St Bololph's Church	39,886	28,847
Other	27,360	-
	<u>771,950</u>	<u>526,676</u>

THE BISHOPSGATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
PERIOD ENDED 7 APRIL 2003

3. GRANTS PAYABLE

	2002 £	2001 £
City Music Society	4,000	2,000
Grants to Local Charities	<u>23,090</u>	<u>20,000</u>
	<u>27,090</u>	<u>22,000</u>
Included in the above are the following grants of £1,000 or more:		
Spitalfields Crypt Trust	-	3,000
Toynbee Hall	2,200	2,000
Attlee Foundation	3,900	3,500
Spitalfields City Farm	1,000	-
Tower Hamlets old Peoples' Welfare Trust	4,000	4,500
Bishopsgate Youth Club	-	1,000
Hoxton Health Group	3,000	1,000
City of London Scouts	5,640	-
Christchurch Gardens	2,500	2,000
Bangladeshi Parents and Families Forum	-	1,000
Door of Hope	<u>3,000</u>	<u>1,000</u>

4. TOTAL STAFF COSTS

Salaries and Wages	358,613	318,076
Social Security Costs	34,194	28,668
Pension Costs	14,022	10,557
Other costs	<u>23,873</u>	<u>23,869</u>
	<u>430,702</u>	<u>381,170</u>

The average number of full time employees in the period was 14 (2002 : 12).

No employee received remuneration in excess of £50,000 in the period (2002 - None)

The Trustees received no remuneration in this or the previous year.

5. PENSIONERS SUPPORT

Cost of pensions and other support	<u>28,680</u>	<u>27,206</u>
------------------------------------	---------------	---------------

6. OTHER COSTS

Other costs include payments to auditors For Audit Services	<u>6,750</u>	<u>6,750</u>
Audit of Pension Plan and accountancy services	<u>1,500</u>	<u>1,292</u>

THE BISHOPSGATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
PERIOD ENDED 7 APRIL 2003

7. FIXED ASSETS

	Freehold Land and Building	Development Fund freehold Improvement	Furniture and equipment	Total
	£	£	£	£
Cost or valuation				
At beginning of the period	2,000,000	1,305,364	239,392	3,544,756
Additions	-	54,288	191,239	245,527
At end of the period	2,000,000	1,359,652	430,631	3,790,283
Depreciation				
At beginning of the period	80,000	291,277	197,811	569,088
Charge	20,000	77,636	74,408	172,044
At end of the period	100,000	368,913	272,219	741,132
Net book value				
At 7 April 2003	1,900,000	990,739	158,412	3,049,151
<i>At 31 March 2002</i>	<i>1,920,000</i>	<i>1,014,087</i>	<i>41,581</i>	<i>2,975,668</i>

All assets are held for charitable purposes. The value of freehold land included above is £1,000,000.

THE BISHOPSGATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
PERIOD ENDED 7 APRIL 2003

8. INVESTMENT ASSETS

INVESTMENT PROPERTIES	Permanent Endowment £
Valuation at beginning of period	7,350,000
Additions	1,338,690
Disposals	<u>(2,200,000)</u>
At end of the period	<u>6,488,690</u>

The investment properties comprise the Underwood and General Estates. These properties were valued as at 31 March 2002 by DTZ Debenham Tie Leung, who are unconnected with the Foundation at market value.

INVESTMENTS	2003		2002	
	At market value £	At cost £	At market value £	At cost £
General Estate	1,475,916	1,750,846	1,649,549	1,750,846
Underwood Estate	673,539	803,269	752,778	803,269
TOTAL INVESTMENTS	<u>2,149,455</u>	<u>2,554,115</u>	<u>2,402,327</u>	<u>2,554,115</u>

All investments are held in Unit Investment Funds, comprising a wide portfolio of investment assets.

	£
Market Value at 1 April 2002	2,402,327
Unrealised loss	<u>(252,872)</u>
Market Value at 7 April 2003	<u>2,149,455</u>

9. DEBTORS AND PREPAYMENTS

	2003 £	2002 £
Hall letting debtors	67,500	42,040
Education programme debtors	3,918	3,286
Investment property rent debtors	106,280	-
Others	<u>33,907</u>	<u>50,447</u>
	<u>211,605</u>	<u>95,773</u>

THE BISHOPSGATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
PERIOD ENDED 7 APRIL 2003

10. CREDITORS:	2003	2002
amounts falling due within one year	£	£
Payments received on account	-	629
Taxation and social security	11,786	8,800
Sundry creditors and accruals	132,945	92,290
	<u>144,731</u>	<u>101,719</u>
11. ENDOWMENT FUNDS		
General		
Balance brought forward	13,338,167	9,954,976
Depreciation charge for the period	(20,000)	(20,000)
Transfer under borrowing and recoupment order (net)	-	(1,161)
Repairs, improvements and insurance	(22,000)	(24,399)
Pre disposal expenses/realised investment gains	330,165	(83,197)
Property revaluation	-	3,849,297
Reclassification of funds	(178,740)	(206,109)
Unrealised (loss) on investments	(252,872)	(131,240)
Balance carried forward	<u>13,194,720</u>	<u>13,338,167</u>
12. UNRESTRICTED FUNDS		
Revenue Fund		
Balance brought forward	640,332	208,494
Transfer to Development Fund/recoupment order		
Reclassification of funds	178,740	206,109
Net movement in funds in the period	115,888	225,729
	<u>934,960</u>	<u>640,332</u>
Designated Funds		
Development Fund		
Balance brought forward	1,013,098	1,085,653
Transfer from Revenue Fund/recoupment order	-	1,161
Charges for the period	(77,636)	(73,716)
	<u>935,462</u>	<u>1,013,098</u>
Total unrestricted funds	<u>1,874,447</u>	<u>1,653,430</u>

THE BISHOPSGATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
PERIOD ENDED 7 APRIL 2003

13. PERMANENT ENDOWMENT

The permanent endowment is represented by the institute, the investment properties, financial investments, cash and other assets, the income from which is available for general purposes, except for that income specified in the Scheme which is required to be paid to St Botolph without Bishopsgate. The Foundation is not at liberty to dispose of the capital of this endowment.

14. PENSION COSTS

The Foundation operates a defined contribution pension scheme for its employees.

The assets of the scheme are held separately from those of the Charity in independently administered funds.

The accounting policy of the Foundation is to charge employer's contributions to the Statement of Financial Activities as they fall due; the pension cost for the period amounted to £14,022 (2002: £10,557).

Separate audited accounts are prepared for the scheme.

15. ANALYSIS OF NET ASSETS BY FUND

	Restricted	Endowment and Recoupment	Unrestricted Development Fund	Revenue	Total
	£	£	£	£	£
Tangible fixed assets	-	1,900,000	990,739	158,412	3,049,151
Investment properties	-	6,488,690	-	-	6,488,690
Investments	-	2,149,455	-	-	2,149,455
Bank deposits	-	2,454,625	-	862,436	3,317,061
Other net assets/liabilities	6,089	201,950	(55,277)	(85,888)	66,874
At end of the period	<u>6,089</u>	<u>13,194,720</u>	<u>935,462</u>	<u>934,960</u>	<u>15,071,231</u>

The Development Fund, which is a designated fund, was set up to reflect the capital expenditure incurred on the development and restoration of premises occupied by the Institute, required for the Foundation to meet its charitable objectives.

The Foundation has a facility under a Charity Commission Order to borrow from its Permanent Endowment for the purposes of building improvements and provision of ICT facilities to the Institute. During the period £193,599 was drawn-down from the total facility of £500,000, representing expenditure incurred. To date the total drawdown has been £297,173 and under the Recoupment Order £14,859 has been transferred to the Recoupment Fund.

16. GOVERNORS EXPENSES

During the period the governors were reimbursed expenses of £1,964 (2002: £568). No governors received remuneration during the period.

17. FINANCIAL COMMITMENTS

The charity has entered into operating leases covering photocopiers with an annual charge of £4,385.

	No
More than 1 year	2