

# John Ellerman Foundation

**Annual Report and Financial Accounts  
1 April 2019 – 31 March 2020**

Registered Charity Number 263207

[www.ellerman.org.uk](http://www.ellerman.org.uk)

# Chair's report

Welcome to our Annual Report. It has been a year of stability on our board, the first for several years to see neither salutations for new board colleagues nor farewells to those departing. Our excellent staff team, however, has seen a good deal of change.

Our long-standing Director Nicola Pollock departed after eight years in December 2019. Nicola's reputation in the third sector, and among foundations in particular, preceded her. We were very lucky to get her when she joined us from Esmée Fairbairn in 2011. Always completely on top of her brief, thoughtful and analytical, she had exceptional knowledge of charity activities in our areas of focus. To her respective chairs she was a rock: extremely well prepared, supportive and unfailingly reliable. I know I speak for both staff and Trustees when I say she left with our best possible wishes.

We were sorry too to say goodbye to our wonderful Grants and Administration Manager Emma Clarke, who left us after four years in a well-deserved step up to her new role as a grants manager. Her cheerful presence is much missed.

It was a privilege to review the outstanding talent we were offered in the candidates for the post of Director. A very thorough recruitment process culminated in our appointment of Sufina Ahmad, who joins us from the City of London Corporation. Sufina has quickly established herself as a collegiate and supportive leader of her team and an important voice in the foundation scene.

We are delighted in early 2020 to welcome too Gareth Clayton and Rian Trim as, respectively, our Grants Manager, and Office Manager and Executive Assistant. Through the CharityWorks Graduate Scheme we have also been joined by Philee Ang-Chen who adds strength in grants administration.

It has been the first full year of our new grants strategy, which refined our approach to Social Action and Arts, and widened the guidelines of our Environment category, so enabling us to fund a greater range of work on human impacts on the natural world. We are pleased with how our grants portfolio is developing, and that our average grant size continues to increase.

We have passed the sixth anniversary of our changed investment strategy, and our Finance & Investment Committee has become more demanding of our investment managers in taking account of environmental, social and governance (ESG) issues. We shall be asking them to engage proactively with the companies in which we are invested, informed by our membership of the Charities Responsible Investment Network (CRIN), and we anticipate in the year ahead making clearer our consideration of environmental and ethical issues in our investments.

The value of our investments suffered considerably from the financial markets' reaction to the uncertainty posed by the global pandemic. At 31 March 2020, our portfolio was valued at £129m, a fall of 10.4% from the previous year's all-time year-end high of £144m. However, while measuring changes from peaks to troughs makes good headlines, it tells us little about the longer term. The three-year moving average valuation, which we use to guide our spending partly because it smooths short-term fluctuations, had fallen by one per cent at 31 March 2020.

The public health crisis and its consequences will undoubtedly be the biggest issue faced by foundations and their beneficiaries in the year ahead.

I end with my warmest thanks to our excellent executive team and my colleagues on the Board. We love our work, ever grateful for the privilege of using the generosity of our founders to make a slight difference where we can.

Hugh Raven  
Chair

# Trustees' Report

## Aim and objectives

Our aim is to advance the wellbeing of people, society and the natural world. The main ways in which we achieve this are by:

1. funding charities for work which has national significance in the fields of arts, environment and social action (our funding categories), believing these areas, both separately and together, can make an important contribution to wellbeing; and
2. investing and managing our funds in such a way that balances the desire to maintain grantmaking capacity with operating in the long-term, while seeking to minimise the risk that our investment policies and investment decisions made on our behalf end up supporting corporate strategies or products that are poorly aligned with the Foundation's aim and values

The Foundation's strategy and policies are reviewed at Board meetings and through setting annual objectives for governance, administration, investment and grantmaking. Away Days are held regularly and provide a forum to reflect in greater depth on our experiences and expertise as a grant-maker, and to consider the Foundation's future direction and role. Our last Away Day took place in October 2019, and the next is scheduled for later in 2020.

### Public benefit

This flows from the Foundation making grants to charities engaged in activities in pursuit of their agreed vision and mission. We offer funding towards core costs, reflecting Trustees' belief in empowering organisations to deliver their work as flexibly and as effectively as they can.

Trustees confirm they have referred to the Charity Commission's guidance on public benefit when reviewing their objectives and aims, and when making any relevant decisions and reviewing grantmaking policy.

## Our History

John Ellerman Foundation was created from a combination of the wealth and generosity of a father and son; the first John Ellerman (1862-1933) had built up from scratch an empire of shipping and other businesses in the early part of the 20th century and at the age of 23, his son, also called John, inherited his father's baronetcy and very considerable fortune. Although in charge of the family firm, the second Sir John's real interests lay elsewhere. Like his father a publicity-shy man, he became a distinguished zoologist and world expert in the study of rodents. In 1971, two years before his death, he donated the funds from the Ellerman Lines business to form the original Foundation.

The current Foundation is governed by a Scheme, approved by the Charity Commissioners for England and Wales in March 2002. The Scheme brought together the funds originally donated in 1971 with a smaller trust fund set up under the first Sir John's will, and the Trustees were granted incorporation under the Charities Act 1993 as the Trustees of The John Ellerman Foundation. The Scheme provides wide powers for the Trustees to carry out their duties.

# Achievements and Performance

## The year in context

The charitable sector has been under exceptional financial pressure in recent years, alongside rising demand for its work. In a period of sluggish economic growth, political uncertainty, public spending cuts and pending loss of European funding, we have seen increased competition among charities, real-term decreases in individual giving, closures of key public and charitable sector services and reduced investment in charity infrastructure organisations. The UK has left the European Union and we are living through the coronavirus pandemic - the economic, social and environmental impacts of which are far from fully determined or understood.

Against this backdrop, Trustees and staff at the Foundation recognise the importance of distributing our grants as quickly and effectively as we can. 2019-20 was our first full year of distributing grants under our new funding strategy, which continues to be well supported and well received by those applying and our peers in the sector. Demand for our funding is consistently high, so we have no difficulty in spending our full budget on work of very high quality.

Our values reflect how we work. Relationships are important to us across every stage of our grantmaking, and also in the ways in which we work with our peers and other stakeholders. We always aim to offer a **personal touch**. Our Trustees take an active role in decision making, and in addition to assessing applications at the first stage they conduct the majority of our second stage in-person visits. We aim to be a **responsive** and **discerning** funder, by listening and responding to what our applicants judge to be important, as well as applying our own funding guidelines, policies and criteria to aid our decision making. We understand the importance of being **connected** and are in regular contact with relevant colleagues and partners. We aspire to maintain regular contact with those we fund, convening and linking them with others when we can, and now also staying in touch more informally through our increased use of social media. Finally, we aim to be **flexible**, and this can result in us venturing outside of our funding criteria if we believe a different approach would be more effective.

From the perspective of our **environment** category, the last 12 months have seen increased public awareness and support in the UK and beyond to address the climate and nature crises, with governments and public bodies declaring climate emergencies and committing to net zero carbon targets. In the trust and foundation sector, the Association of Charitable Foundations' (ACF) 2019 conference theme was 'The Long View: Funding on a Finite Planet', where we hosted a seminar on how to think and act in the long-term – reframing issues to meet philanthropic aims, in partnership with Ella Saltmarshe at The Comms Lab. We contributed our views to the ACF's Trust and Foundation News on how we consider climate change in our work, and promoted our commitment to tackling climate change by signing the Funder Commitment on Climate Change. So we look forward to reporting later in 2020 on our progress against its six commitments on education and learning; committing resources; integrating climate into our work; stewarding our investments for a post-carbon future; and decarbonising our operations. We have worked closely with the Environmental Funders Network and other funders to consider our role in supporting environmental policymaking and campaigning in 2020. We continue to take a keen interest in the environmental problems and opportunities in the UK Overseas Territories, working with others to increase awareness that over 90% of biodiversity for which the UK is responsible is overseas.

**Social action** is our newest funding category, replacing our welfare category, and also our most popular – perhaps because we explicitly state our willingness to fund campaigning as well as policy and advocacy. Life in the UK remains extremely difficult for many under-represented groups and those experiencing disadvantage. We commissioned the Sheila McKechnie Foundation in February 2020 to facilitate a discussion with 12 of our social action grantees to learn more about their work and the opportunities and challenges they are addressing. This has led to the formation of a loose and informal peer networking group, which we hope to strengthen in the coming year.

Our **arts** category continues to be popular, and in the last year we welcomed new organisations to our funding portfolio, alongside the return of former grantees. Our commitment is to fund artistic excellence which has national significance, alongside curatorial expertise and excellence through our separate museums and galleries fund. We were delighted to receive a total of 69 applications to our 2020/21 museums and galleries round, which were sifted in January 2020 – showing how necessary this funding stream remains.

### **A year of transition**

The last year has been one of change for the Foundation, with significant personnel changes between December 2019 and March 2020. The Foundation saw our Director Nicola Pollock step down after eight years in post, and the arrival of our new Director, Sufina Ahmad, in January 2020. We also bid farewell in February 2020 to Emma Clarke, our Grants and Administration Manager, after four years with us – and we wish her well in her new role at the AB Charitable Trust. We were pleased to welcome in Emma's place Gareth Clayton in a newly formed role of Grants Manager. In September 2019 we welcomed another new post, that of Grants Assistant, into our structure on a one-year fixed-term basis. We recruited through the CharityWorks Graduate Scheme and have been very pleased to welcome Philee Ang-Chen to our team as a result. We also saw Jacqueline Shannon, our Office Manager and Personal Assistant, step down in November 2019, and were fortunate that our previous postholder, Lauren Williamson was able to cover the role on an interim basis. In March 2020, Rian Trim joined us permanently in the role, which we re-cast as Office Manager and Executive Assistant.

We also made significant investment in operationalising our grants database, enabling us to deliver our work in a more streamlined and digital way and improve our customer care for grantees and applicants. This is work in progress, with many paper-based systems having to be transferred across to new ways of working. We also implemented a new IT strategy, resulting in a complete migration to a cloud-based system, allowing for more effective remote working – particularly timely and fortuitous given the implications of the coronavirus pandemic on our working lives. Equally we spent the last few months of the year focussing our efforts on our communications through our website and our Twitter profile – and expect to grow our strategic communications output further in the year ahead.

At a governance level there have been no changes to our Board this year. We have however continued to ensure that our Board of Trustees is well supported in its role. That has included inviting external speakers to our Board Meetings, addressing issues linked to our funding categories and investments.

### **Our investments**

This year saw the sixth anniversary of our changed investment strategy. The Finance & Investment Committee monitors performance throughout the year. At its annual review meeting in February it assesses the previous year, and takes a forward, longer view. The meeting endorsed the core principles of the finance strategy, with the Committee making some adjustments to the investment manager line-up in the course of the year.

The Foundation spends 4.5% of the value of the investment portfolio smoothed over three years, which means that some 95% of our worth lies outside our grantmaking each year. Having adopted our first Responsible Investment Policy two years ago and published it on our website, the Committee is now taking steps to increase its expectations of how our managers actively prioritise taking account of environmental, social and governance (ESG) issues, and engage proactively with the companies in which we are invested. As a single investor, we are likely to be more effective when joined with others, and so we continue to be part of CRIN (the Charities Responsible Investment Network, convened by ShareAction) and keep in touch with the Divest Invest movement.

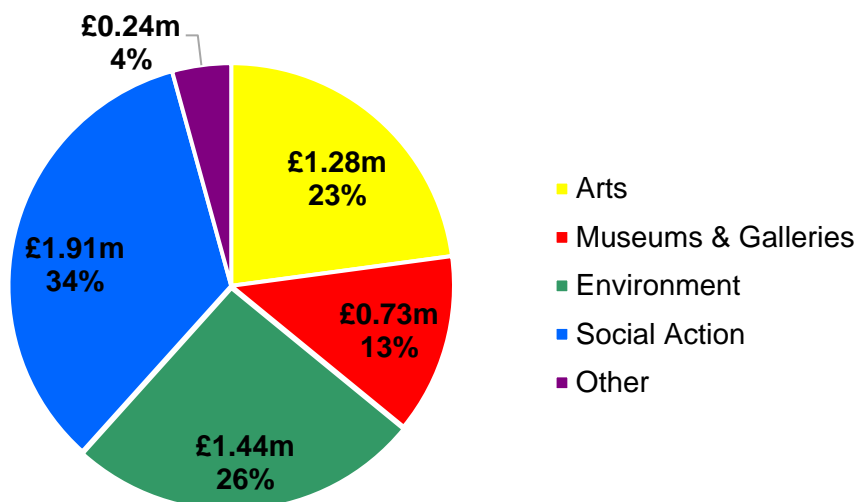
Trustees will also consider grants which could support the development of ESG policies, and also to use the mainstream grants portfolio to make grants where charities are seeking to influence the market (such as on the use of plastics). This year we used our ability to be flexible to make a core grant to ShareAction, in support of their analysis and movement building on ESG and related issues.

## The year in numbers

This year was the first full year of operation under our current grants strategy which was launched in June 2018.

We publish details of grants approved on our website following Board meetings, which take place six times a year. A list for the full year is included later in this report.

### Grants Awarded 2019-20 Total Awarded: £5,606,759



## Some core data

### Grant numbers

We made 57 grants (55 last year) worth £5,606,759 and incurred a further £36,259 of grant-related expenditure.

Reflecting one of the Foundation's core values, flexibility, Trustees supported the work of five organisations which did not strictly fit with our funding criteria, but whose work is very closely aligned with our organisational aims and priorities.

### Grant size

In line with Trustees' aspiration to award a smaller number of larger grants, the average overall size of a grant increased again this year to £99,942 which is an increase of nearly 7%. The average grant amount received per annum was £38,866 (£34,797 in 2019-20).

### Core funding

Out of 57 grants 50 were for core funding, representing 88%. This is consistent with a trend seen in the previous three years (between 85 and 91%). Of the 50 core grants, 40 were for restricted costs (typically a salary or a specific part of core activity) and 10 for unrestricted core costs, which is almost exactly the same split as last year (39 and 11 respectively).

### Length of grant

Again, most of our grants were for three years (38 out of 57), with the remainder split as follows: 2 years (11); 1 year (6) and 2 grants of 18 months. The Foundation actively supports this approach as we know that longer-term funding is more beneficial to applicants while it takes the same amount of time to prepare a bid for a shorter period. At the same time, we are keen to remain flexible in those cases where applicants request funding for shorter periods.

This year there were no grants awarded for projects running for less than 12 months.

### In-year alterations to existing grants

Four grants made prior to the 2019-20 financial year were altered as follows: grants to NVA and Tomorrow's People were cancelled as the organisations closed down, and outstanding payments to Tarka Country Trust and Raleigh International were withdrawn as the projects could not be completed.

### **Share of grants between the different categories**

The budget for the year was £5,600,000. This year the Trustees chose to remain flexible and did not allocate a share to each category at the start of the financial year.

This year the spend across the categories was spread as follows: Arts (including Museums and Galleries) received £2,013,657. Grants under Social Action totaled £1,910,133 and Environment grants received £1,442,969.

This year we had a small over-spend of £6,759 representing less than 0.1% of the overall budget.

### **Eligibility**

Out of the 272 general applications received 86 were ineligible. Even with relatively new, less familiar guidelines the percentage of ineligible applications remains lower than in the period before we introduced our current grants strategy. This indicates that our aim of providing clearer and more focused funding criteria remains a work in progress.

In 2019-20 131 applications were declined after the first sifting stage, 60 in social action, 48 in arts and 23 in environment. Several themes run through the reasoning behind applications being rejected at the sifting stage. In a majority of cases the reason for not progressing an application was related to the fact that they did not provide a sufficiently strong fit with the individual criteria of the relevant funding category. Lack of national significance continues to be a factor but significantly less so than under the previous grants strategy, when it was consistently the main reason for rejecting applications.

### **Applications and success rates**

This year we received 186 eligible general applications under our three main categories (i.e. excluding Museums and Galleries Fund) and 55 were invited to submit a second stage application. This represents a success rate of 30%, exactly the same as last year. Of the 65 applications presented for decision at a Board meeting this year, eight were declined. This represents a success rate of 88% at second stage. Again this is very similar to last year when 85.5% of the second stage applications were successful. This year the success rate varied significantly across the different funding streams; all second stage applications under Environment and the Museum and Galleries Fund resulted in a grant, whereas Social Action and Arts each saw four applications being declined at that stage.

### **Grants to museums and galleries**

This Fund concentrates on museums and galleries outside London, with a focus on enhancing and sustaining curatorial development. This year we received 69 first stage applications, which is slightly more than last year (65), and significantly less than the previous year when we received 90 first stage proposals.

The overall quality of the applications remains high, with all applications within guidelines, resulting in a highly competitive field. Trustees decided to invite seven to second stage, with final awards made in May 2020.

# Financial Review

## Investments

The Foundation's investment aim is to manage its funds so as to balance Trustees' desire to maintain a high level of grantmaking consistent with operating in the long-term. This aim provides the underlying basis for our investment objective, which is to achieve a real return of 4% per annum above RPI inflation over the long-term. Trustees have adopted a Total Return approach, which means that both income from the portfolio and the underlying capital can be used to support the Foundation's activities.

The year to 31 March 2020 continues the Foundation's strategy established in 2013. We retain six investment managers who have responsibility for all asset allocation decisions within an overarching framework set by the Finance & Investment Committee. The Committee's responsibilities are focused on the overall investment strategy, while the investment managers have day-to-day responsibility for portfolio management. During the year we made the decision to enhance the range of asset diversification in our portfolio through an increased investment in the Diversified Liquid Alternatives Fund managed by Fulcrum Asset Management. Investec, Ruffer and Smith & Williamson manage segregated portfolios, while the investments with Newton, Fulcrum and the Charities Property Fund are held in pooled funds.

## Investment performance

The Finance & Investment Committee monitors the performance of each manager. First, the managers' primary objective is to achieve a real return target of RPI + 4% per annum net of costs. Second, a comparison with a simple benchmark of 80% UK equities and 20% UK government bonds is used to provide evidence of the benefit of running the diversified, actively managed investment structure.

Stanhope Consulting continues to serve the Committee with performance measurement analysis, commentary on the managers' performance and modelling options to assist with the review and planning of the investment strategy.

At 31 March 2020, the Foundation's investment portfolio was valued at £129m, a fall of 10.4% from the previous year's level of £144m. The portfolio Total Return for the financial year ending 31 March 2020 was minus 6.5% (2018/19: 6.5%), compared to the long-term RPI + 4% objective of 6.7% (2018/19: 6.5%) and the total return for the simple benchmark of minus 12.5% (2018/19: 6.0%).

Since the start of our current investment strategy in 2013/14, the portfolio total return of 4.8% per year has fallen short of our RPI + 4% benchmark by 1.9% per year, however our managers have, in aggregate, exceeded the simple benchmark by 3.1% per year.

## Income and expenditure

The Foundation's income derives largely from its investment portfolio. Total investment income was slightly below that of the previous year at £3.8m (2018/19: 4.1m). In line with our Total Return approach, we realised £3.0m in September through sales from our portfolio to meet our projected working capital requirements for the near future. This amount was more than required simply to cover the year's anticipated difference between income and expenditure, reflecting an increasing level of market risk.

The Foundation has three significant items of expenditure: the grants that we make, the costs of managing the investment portfolio and the running expenses of the Foundation (of which staff costs are the major component). Total expenditure this year was £6.9m, compared to £6.5m last year, mainly as a consequence of higher grants spending. Grants were £5.6m (2018/19: £5.2m), excluding the value of grants cancelled, returning to the level of grants spend in 2017/18; Investment Management costs at £0.7m were similar to the previous year; and the running costs of the Foundation of £0.7m were 10.8% (2018/19: £0.6m, 10.3%) of total expenditure (excluding investment costs). Trustees are mindful of the need to control running costs in order to maximise the amount available to spend on grants. We continue to monitor these closely.



### **Spending policy**

We manage our assets and expenditure for the long-term – which we define as in excess of 30 years. Trustees regard our spending policy as demanding but currently appropriate. In April 2015, Trustees held a special meeting to determine an appropriate spending policy, concluding that annual expenditure would be set at 4.5% of the value of the Foundation's net assets, averaged over the quarter end values of the last three calendar years. The Finance & Investment Committee reviews this policy each year and reports to the Trustees.

### **Reserves policy**

For the Foundation, the reserves policy is inextricably linked with the spending policy. The Total Return approach means that actual income received each year will be supplemented, if necessary, from distributable capital. Given that all of the Foundation's endowment funds are expendable, the Trustees have sufficient flexibility to respond to unforeseen circumstances if necessary, and therefore it is not considered appropriate to identify a level of free reserves that need to be maintained.

### **Remuneration policy**

Pay is reviewed annually by the Remuneration Committee, taking into account external market conditions, such as inflation, cost of living awards in other sectors, and the cost as a proportion of overall expenditure. Trustee remuneration is linked to the lowest of three external benchmarks, currently RPI, CPI and CPIH, in a specified month, and as such is not determined by Trustees themselves.

### **Responsible investment**

We recognise that our endowment is invested in the real world. Consequently, there is a risk that our investment policies and investment decisions made on our behalf may be linked to corporate strategies or products which are poorly aligned with our own aim and values. This risk may have both reputational and financial consequences. We seek to minimise it by actively taking account of environmental, social and governance (ESG) issues when considering our investment policies and strategy, and through our engagement with the investment managers who are responsible for day-to-day investment decisions. We exclude investments in tobacco-related companies.

### **Social investment**

The Foundation invested £150,000 in a Fund created by Social Finance to expand the number of Shared Lives schemes in England. These provide a home and family life, instead of life in an institution, for adults who are unable to manage on their own. Following changes to the original scope of the programme, our commitment now stands at £157,000 with no further contributions due. We were pleased to receive the first distribution of returns in March 2018, and a total of £19,000 has now been received back from this investment. However, slower than expected deployment rates within the programme resulted in Trustees applying an impairment charge to the value of these social investment assets in 2018/19 and a further impairment charge of £24,000 in the current year. Accordingly, the investment is now held at a value of £54,300.

## Grants made in the year ended 31 March 2020

Grants are included in the Statement of Financial Activities once they have been approved by the Trustees and grantees informed. This is a list of the new grants awarded in 2019-20.

### Arts

#### **Chineke! Orchestra**

Towards the costs of their touring programme featuring new and previously unperformed work by black and minority ethnic composers.

£100,000  
over two years

#### **City of Birmingham Symphony Orchestra**

Towards the costs of 40 new commissions by emerging and established composers, to mark CBSO's centenary.

£150,000  
over three years

#### **English Symphony Orchestra**

Towards the costs of a new Chief Executive post.

£120,000  
over three years

#### **English Touring Opera**

Costs towards a Regional Development Programme that reinvigorates live performance culture by reaching new audiences and engaging more deeply with existing ones.

£105,000  
over three years

#### **English Touring Theatre**

Towards the costs of the New Voices commissioning programme to develop new plays for mid-scale touring.

£105,000  
over three years

#### **Headlong**

Costs towards supporting playwrights from non-traditional backgrounds to create new work.

£60,000  
over three years

#### **Hull Maritime Museum**

Towards the salaries of a Conservation and Engagement Officer and a Collections and Documentation Assistant.

£170,000  
over three years

#### **Opera Up Close**

Towards core costs in support of the company's artistic excellence, financial stability and resilience, and audience development.

£90,000  
over three years

#### **ORA Singers**

Towards core costs in support of their capacity to commission, perform and record new choral repertoire.

£132,000  
over three years

#### **Phoenix Dance Theatre**

Towards core costs associated with creating and touring innovative work from a culturally diverse range of established and young choreographers.

£150,000  
over three years

#### **Saffron Hall**

Towards core costs to increase commissioning and enable new work to become integral to Saffron Hall.

£100,000  
over three years

#### **Total Arts Grants**

**£1,282,000**

## Environment

### **Ancient Tree Forum**

Towards the salary of a new CEO to develop their work specialising in the conservation of ancient and veteran trees and their habitats.

£90,000  
over three years

### **Ashden**

Towards the salary of a Development Officer in the Liveable Cities team which works to influence and support cities transition to a decarbonised energy system.

£101,474  
over two years

### **Bright Blue**

Towards core costs, specifically their work around environmental protection and conservation.

£55,000  
over one year

### **Caplor Horizons**

Towards the costs of 'The Commitment' project which aims to influence and enable political leaders to accelerate action on biodiversity loss and climate change.

£30,000  
over one year

### **COAST**

Towards the core costs of their work protecting and restoring the marine environment in Scotland through pioneering the creation of community-led MPAs and supporting grassroots campaigning in coastal communities.

£90,000  
over three years

### **Environmental Funders Network**

Towards the salary of a Programme Coordinator to improve the effectiveness of environmental philanthropy and influence in the environmental sector.

£90,000  
over three years

### **Forum for the Future**

Towards the costs of a 'Scale Lab', to develop networks of retailers, farmers, producers and landowners who adopt farming practices which restore and enhance soil health.

£100,000  
over one year

### **Future Trees Trust**

Towards core operational costs that will increase their profile and influence across the forestry, ecology, academic and land-owning sectors.

£60,000  
over three years

### **Global Action Plan**

Towards salary costs of their air quality team and associated campaigning costs.

£120,000  
over three years

### **Global Canopy Programme**

Towards core costs in support of their work with companies, financial institutions and governments worldwide to identify the systemic market forces destroying the world's natural capital.

£150,000  
over three years

### **Institute of Environmental Management and Assessment**

Towards the costs of the 'The Broadway Initiative', a collaboration between key stakeholders to develop ideas and consensus for strong environmental governance in the future.

£84,000  
over two years

### **Institute for Public Policy Research**

Towards their Environmental Justice Commission to build public support for action on climate change by connecting it with wider economic and social injustices.

£100,000  
over one and  
a half years

### **Sylva Foundation**

Towards the delivery of their Sustainable Land Management programme.

£84,168  
over two years

**The Climate Coalition** £90,000  
 Towards core costs to help limit the impact of climate change on the wellbeing of people, nature and life in the UK by engaging mass audiences and campaigning to achieve policy and legislation change. over three years

**The Open University** £133,327  
 Towards the costs of Phase 2 of the Floodplain Meadows Restoration Project. over three years

**UK Green Building Council** £65,000  
 Towards the "Increasing Nature-Based Solutions in Urban Areas: for climate resilience and net gains" programme. over two years

**Total Environment Grants** £1,442,969

## Social Action

**Adoption UK** £150,000  
 Towards policy research, analysis and advocacy with and on behalf of adopters. over three years

**AVA (Against Violence and Abuse)** £114,600  
 Towards the costs of the Staying Mum project which aims to develop a coordinated response to women who have had their children removed as a result of domestic violence. over two years

**Changing Faces** £90,000  
 Towards the costs of a Campaigners' training programme to give 30 people with diverse physical differences the skills to make social change on the issues that matter to them. over three years

**Child Poverty Action Group** £150,000  
 Towards the core costs of their policy and advocacy work which aims to bring about positive change for families on low income and amplify their voices. over three years

**Economy** £100,000  
 Towards the costs of launching a national network of citizen economists to develop multimedia content enabling people facing disadvantage to understand and challenge the economic system. over two years

**Equally Ours** £105,000  
 Towards the core costs of a national network of organisations committed to equality, human rights and social justice, to join up research, policy and communications to shift public opinion and policy in positive ways. over three years

**Family Rights Group** £146,907  
 Towards the core costs of their work with children at risk or in the care system, and their families. over three years

**Forward Thinking** £135,000  
 Towards the costs of the 'Building Bridges' programme, which promotes equality and inclusion by supporting Muslim communities to engage with the establishment. over three years

**Migrants Organise** £105,000  
 Towards core costs of developing their community organising work across England to enable migrant leaders and communities to address issues they identify as barriers to their integration. over three years

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| <b>Money and Mental Health Policy Institute</b>  | £105,000                  |
| Towards core costs of the Mental Health Accessible initiative which aims to help financial service firms improve the accessibility of their service to people with mental health problems. | over three years          |
| <b>National Children Bureau</b>  | £120,000                  |
| Towards core costs of expanding their youth participation work supporting young people to lead change for themselves and their peers.  | over three years          |
| <b>Revolving Doors Agency</b>  | £90,000                   |
| Towards the core costs of implementing a strategy of development models and policy reform to improve outcomes for those trapped in the cycle of crisis and crime.                          | over three years          |
| <b>Rights of Women</b>   | £149,970                  |
| Towards core costs of the Senior Legal Officer Team.   | over three years          |
| <b>SafeLives</b>   | £165,000                  |
| Towards the costs of their work to strengthen the law, policy and practice on domestic abuse, including building a movement where survivors can use their voices to bring about change.    | over three years          |
| <b>Sheila McKechnie Foundation</b>   | £5,000                    |
| Costs of sponsoring the Amplifying Voices Award.   | over one year             |
| <b>Social Finance</b>  | £60,000                   |
| Towards the model development phase of a funder collaboration project that aims to improve the quality of life for older people.   | over one year             |
| <b>Who Cares? Scotland</b>   | £118,656                  |
| Salary costs for a Policy and Participation Officer, and associated costs to embed a national engagement programme with their members.   | over three years          |
| <b>Total Social Actions Grants</b>   | <b>£1,910,133</b>         |
| <b>Other</b>   |                           |
| <b>Bulldog Trust</b>   | £20,000                   |
| Towards the costs of the "Hidden Fabric: Women, Textiles, Collectors" exhibition highlighting the extraordinary cultural heritage of regional textile collections in the UK.               | over one year             |
| <b>Ecology Trust</b>   | £90,000                   |
| Costs towards the Unchecked project which works alongside UK civil society organisations to make the case for a properly enforced regulatory framework.                                    | over three years          |
| <b>Local Trust</b>   | £10,000                   |
| Towards the costs of the creation of a Community Wealth Fund.  | Over 1 year               |
| <b>Shared Assets</b>   | £60,000                   |
| Towards the core costs of developing a strategic approach to their advocacy and influencing work.  | over three years          |
| <b>Shift Foundation</b>  | £60,000                   |
| Towards the costs of their work which aims to improve people's lives by ensuring meaningful relationships are at the heart of services, neighbourhoods and institutions.                   | over one and a half years |
| <b>Total Other Grants</b>  | <b>£240,000</b>           |

## Museums and Galleries Fund

|  |                              |
|--|------------------------------|
| <b>Cornwall Museums Partnership</b><br>Towards the costs of a three-year Trainee Curator programme in five partner museums with collections of social history, visual arts and natural sciences.   | £90,000<br>over three years  |
| <b>Hereford Cider Museum</b><br>Towards the salary of the Director and partner costs, to increase capacity for curation and interpretation and deliver an ambitious exhibition programme in partnership with the National Trust and Brightspace Foundation.  | £126,000<br>over three years |
| <b>Lakeland Arts</b><br>Towards the salary costs of a Collection Management Assistant and Curatorial and Programming Assistant to safeguard and develop curatorial skills during the capital development of Abbot Hall.  | £95,000<br>over three years  |
| <b>Metropolitan Arts Centre (The MAC)</b><br>Towards the costs of four connected, curatorially-focused initiatives to further develop their role as an incubator for curatorial thinking and practice in Northern Ireland.   | £104,000<br>over two years   |
| <b>Museums Worcestershire</b><br>Towards the salary of a new Curatorial Officer to research and contextualise the Worcestershire County Museum's unique Vardo (Romany caravan) collection.   | £82,200<br>over three years  |
| <b>National Museum Wales</b><br>Towards the costs of expanding the online Mollusca types database to 12 additional partners in the UK and Eire.  | £49,790<br>over three years  |
| <b>The Hepworth Wakefield</b><br>Towards the salaries and professional development of the curatorial team who will contribute to the installation and curation of outdoor sculpture in the new THW Garden.   | £84,667<br>over two years    |
| <b>The History of Science Museum</b><br>Towards the salary of a new Islamic Collections Curator to develop and strengthen the skills and expertise in the curation of Islamic objects within the museum, while working with local volunteers and communities to integrate the curatorial role with community engagement. | £100,000<br>over two years   |
| <b>Total Museums and Galleries Grants</b>  | <b>£731,657</b>              |
| <b>Additional grant-related expenditure not included in the above</b>  | <b>£36,259</b>               |
| <b>TOTAL GRANTS MADE IN THE YEAR ENDING 31 MARCH 2020</b>  | <b>£5,643,018</b>            |

# Structure, Governance and Management

## Trustees

The Foundation's Trustees are listed at the end of this report. The governing document provides for a maximum of nine and a minimum of three. There are currently nine. Trustees are appointed for five years, followed by the possibility of a further five years. A Trustee who is selected to be Chair of the Board or the Finance & Investment Committee may serve beyond the 10-year term if this is in the best interests of the Foundation. Since the introduction of the Equalities Act 2010, there is no retirement age.

The first Trustees were personally selected by Sir John and Lady Ellerman and had strong links with the Ellerman companies. Over time, this has changed and in 2011, the last Trustee with a personal connection to Ellerman Lines retired.

Today, Trustees are recruited according to the skills, knowledge and experience required while seeking to achieve greater diversity. The most recent round of recruitment brought three new Trustees, each with experience and knowledge of the charitable sector, and substantial expertise in research, policy, campaigning, communications and digital.

Each new Trustee receives a full induction and a detailed information pack, covering the Foundation's governance, history, grant guidelines, investments and objectives. On-going training and skills development takes a variety of forms, depending on the role and interests of the individual Trustees, and includes attendance at seminars, conferences and other events. There is an annual appraisal by the Chair, who, in turn, is appraised by two Trustees.

Trustees are closely involved in the evaluation of applications and grants made. They sift initial applications, visit those organisations invited to submit a second-stage application and provide written reports to the Board. Those appointed for their experience in one of the Foundation's funding categories play a lead role in formulating and monitoring the grantmaking strategy in that area. And those with investment expertise sit on the Finance & Investment Committee. All participate in occasional sub-groups to review the Foundation's policies, practice and strategy.

## Organisational Structure

The Trustee Board meets at least six times each year. The Board sets strategy and policy for grantmaking and financial matters and approves new grants.

Several Committees support the Foundation's work throughout the year, and report fully to the Trustee Board:

- The Finance & Investment Committee is responsible for financial and investment matters. The Committee's role includes developing an appropriate investment strategy, including responsible investment, overseeing its implementation and monitoring investment performance. It also reviews and recommends to the Board the annual budget and spending policy, monitors expenditure and ensures that adequate internal controls and procedures are in place. It meets at least four times a year.
- The Remuneration Committee is responsible for reviewing all remuneration and benefits for staff and Trustees. It meets at least once a year.
- The Risk & Audit Committee is responsible for reviewing systems of internal control of governance, operational and financial risks. Meeting at least twice a year, it also reviews the draft annual report and accounts, and meets the auditors.
- The Nominations Committee is responsible for the recruitment of Trustees as delegated by the Board. It is not a permanent Committee but is convened when a new Trustee is to be appointed.

The day-to-day management of the Foundation's affairs is delegated by the Trustees to the Director and staff team. They are responsible for ensuring that the Trustees' decisions are implemented in accordance with existing policy and within budget, and for briefing Trustees on current trends in the charitable sector and advising on how these may affect policy.

## **Risk Statement**

The Trustees are responsible for the management of the risks faced by the Foundation. These fall into four areas: governance and management, operational, grantmaking and finance.

The Risk & Audit Committee reviews all these areas and identifies the major risks, their likelihood of occurrence, the significance of the risk, mitigating controls that are in place, and recommends any additional actions and resources required to reduce and manage those risks. These are documented in a Risk Register, which is also considered by the Trustee Board.

The Foundation's investment activities represent its main financial risk. This risk is managed with the support of an investment consultant, by regularly reviewing investment policies and objectives, employing external managers to achieve a well-diversified portfolio, and closely monitoring their performance relative to the investment objective.

Applications for grants are assessed carefully to ensure that the Board understands any risks associated with a particular organisation or programme of work, and appropriate conditions are agreed. Once a grant is approved, monitoring and reporting processes are in place to ensure grants are well managed and evaluated.

All relevant procedures are included in the Foundation Handbook; these are updated regularly and reviewed annually by the Risk & Audit Committee. A Disaster Recovery Plan and Health & Safety Review form part of the annual risk assessment and are detailed in the Handbook. Trustees confirm that they are satisfied with the current systems and internal controls.

## **Conflicts of Interest**

Trustees and staff are expected to conduct the business of the Foundation with integrity at all times. A Conflict of Interest Policy is in place to ensure that there is no personal gain from the Foundation's work, and to prevent any conflict, actual or perceived, between an individual's duty to the charity and a duty or loyalty to another organisation or person.

All staff and Trustees complete an annual register of interests form. At Board Meetings each Trustee completes a declaration of interest form listing all applications to be discussed. Staff and Trustees are also expected to alert those present to any interests and may be asked to withdraw from the room during the relevant decision making process. Any relevant gift or hospitality received by Trustees and staff is also recorded on the Register of Interests. A note to the financial accounts lists grants made to any organisation during the year with which a Trustee of the Foundation has a close relationship.



## Statement of Responsibilities of the Board of Trustees


The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

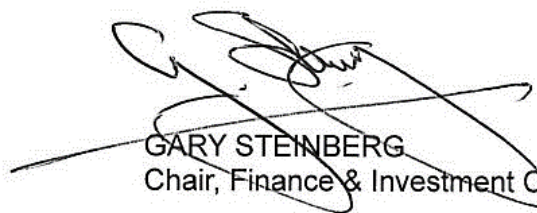
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, including FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business; and
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deeds. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



HUGH RAVEN  
Chair



GARY STEINBERG  
Chair, Finance & Investment Committee

30 July 2020

# Independent Auditors' Report to the Trustees of the John Ellerman Foundation Charity

## Opinion

We have audited the financial statements of John Ellerman Foundation for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, and the Cash Flow Statement 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 March 2020, and of its incoming resources and application of resources, 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 other information comprises the information included in the annual 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 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**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

### **Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement set out on page 18, 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**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Use of our report**

This report is made solely to the charity's Trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. 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 any party other than the charity and charity's Trustees as a body, for our audit work, for this report, or for the opinion we have formed.

*Moore Kingston Smith LLP*

.....  
**Moore Kingston Smith LLP, Statutory Auditor**

Date: 28 September 2020

Devonshire House  
 60 Goswell Road  
 London  
 EC1M 7AD

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

## Statement of Financial Activities for the year ended 31 March 2020

|   | Notes | Total<br>Unrestricted<br>Funds<br>2020<br>£'000 | Total<br>Unrestricted<br>Funds<br>2019<br>£'000 |
|---|-------|---|---|
| <b>Income</b>   |       |   |   |
| Income from investments   | 3     | 3,824   | 4,091   |
| <b>Total income</b>   |       | <b>3,824</b>                                    | <b>4,091</b>                                    |
| <b>Expenditure</b>  |       |   |   |
| <b>Expenditure on raising funds</b>   |       | <b>746</b>                                      | <b>771</b>                                      |
| <b>Expenditure on Charitable Activities</b>                                     |       |   |   |
| Grants to charities   |       | 5,643   | 5,178   |
| Grants cancelled in the year  |       | (140)   | -   |
| Costs in support of grantmaking   | 4     | 663   | 595   |
| <b>Total charitable activities</b>  | 5     | <b>6,166</b>                                    | <b>5,773</b>                                    |
| <b>Net (losses) gains on investments</b><br>(Losses) Gains on investment assets | 9     | <b>(11,606)</b>                                 | 5,844   |
| <b>Net income/(expenditure)</b>   |       | <b>(14,694)</b>                                 | 3,391   |
| <b>Net movement in funds</b>  |       | <b>(14,694)</b>                                 | 3,391   |
| <b>Reconciliation of funds</b>  |       |   |   |
| Total funds brought forward   |       | 143,547   | 140,156   |
| <b>Total funds at 31 March</b>  |       | <b>128,853</b>                                  | 143,547   |

All the above figures relate to continuing operations. There are no recognised gains or losses other than those disclosed.

## Balance Sheet at 31 March 2020

|   | Notes | 2020           | 2019    |
|---|-------|----------------|---------|
|   |       | £'000          | £'000   |
| <b>FIXED ASSETS</b>                                     |       |                |         |
| Tangible Fixed Assets                                   | 8     | 1,488          | 1,513   |
| Investments   | 9     | 129,108        | 144,168 |
| Social Investment                                       | 9     | 54             | 99      |
| <b>Total Fixed Assets</b>                               |       | <b>130,650</b> | 145,780 |
| <b>CURRENT ASSETS</b>                                   |       |                |         |
| Debtors   | 10    | 880            | 879     |
| Cash at bank and in hand                                |       | 4,266          | 3,707   |
| <b>Total Current Assets</b>                             |       | <b>5,146</b>   | 4,586   |
| <b>CURRENT LIABILITIES</b>                              |       |                |         |
| Creditors: amounts falling due within one year          | 11    | (4,757)        | (4,757) |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>                 |       | <b>389</b>     | (173)   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>            |       |                |         |
|   |       | <b>131,039</b> | 145,609 |
| Creditors: amounts falling due after more than one year | 12    | (2,186)        | (2,061) |
| <b>NET ASSETS</b>                                       |       | <b>128,853</b> | 143,547 |
| <b>FUNDS</b>  |       |                |         |
| Expendable Endowment Capital                            |       | 128,853        | 143,547 |
| <b>TOTAL FUNDS</b>                                      |       | <b>128,853</b> | 143,547 |

The financial statements were approved by the Trustees on 30 July 2020 and were signed on their behalf by:



HUGH RAVEN  
Chair



GARY STEINBERG  
Chair, Finance & Investment Committee

## Statement of Cash Flows for the year ended 31 March 2020

|   | Notes | 2020           | 2019     |
|---|-------|----------------|----------|
|   |       | £'000          | £'000    |
| <b>Net cash provided by/(used in) operating activities</b>          | 15    | <b>(6,784)</b> | (5,796)  |
| <b>Cash flows from investing activities</b>                         |       |                |          |
| Interest received   |       | 19             | 16       |
| Investment income received  |       | 3,805          | 4,075    |
| Purchase of fixed assets  |       | (9)            | (55)     |
| Movements in investments cash balance                               |       | 1,273          | (809)    |
| (Loss)/gain on foreign exchange                                     |       | 15             | -        |
| Sale of investments   |       | 21,304         | 33,535   |
| Purchase of investments   |       | (19,085)       | (30,343) |
| Purchase of social investment                                       |       | -              | (25)     |
| Redemption of social investment                                     |       | 21             | -        |
|   |       | <b>7,343</b>   | 6,394    |
| <b>Increase/(decrease) in cash</b>                                  |       | <b>559</b>     | 598      |
| Cash and cash equivalents at the beginning of the reporting period  |       | 3,707          | 3,109    |
| <b>Cash and cash equivalents at the end of the reporting period</b> |       | <b>4,266</b>   | 3,707    |

# Notes to the Financial Accounts for the year ended 31 March 2020

## 1 Charitable status

The John Ellerman Foundation is a charity registered under the Charities Act 1960, No. 263207; all the income has been agreed as being charitable and therefore no UK taxation is payable.

## 2 Accounting policies

### i. Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, with the exception that investments are valued at market value.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charity is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the 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 (The FRS 102 Charities SORP including update bulletin 2) and the Charities Act 2011.

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern including the impact of COVID-19. The Trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the Trustees have considered the charity's forecasts and projections and have taken account of pressures on investment income. After making enquiries the Trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

The financial statements have been prepared in sterling which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest thousand.

### ii. Financial instruments

#### Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.



#### Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the SOFA, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### Basic financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### iii. Critical accounting estimates and areas of judgement

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.

A summary of the more important accounting policies, which have been applied consistently, is set out below:

- (a) Bank deposit interest has been included on the accruals basis. Investment income is recognised as follows: for the segregated accounts, income has been accrued as applicable; where shares are issued in lieu of income, the market value of these shares has been included in income.
- (b) Grants are fully accounted for in the year the grant is approved. Payments falling due in later years are provided for as a liability on the balance sheet.
- (c) Expenditure has been accounted for on the accruals basis. Costs of raising funds include investment management, custody, consultancy and a proportion of staff and trustee costs. Employee costs and trustee remuneration have been apportioned between costs of raising funds, charitable activities and governance costs, on the basis of the proportion of time spent by each employee or trustee in contributing to each category. Governance costs include audit fees, legal fees and a proportion of staff and trustee costs associated with trustee meetings, strategy, Away Days and compliance with statutory requirements. The remaining expenses of the Foundation have been apportioned on the same basis as staff costs and trustee remuneration. All expenditure is recorded inclusive of irrecoverable VAT.
- (d) Pension contributions are made for all employees and recorded as they fall due. These are defined contributions paid to approved private pension schemes for each employee. Details are provided in note 7.
- (e) At 1 April 2014, the Trustees valued the property of the Foundation's offices at Aria House, held on a 999 year lease from 1990, at £1,250,000, based on a chartered surveyor's valuation report. This value was recorded in the year of transition and will be held as the carrying value in future years, following the transitional provisions of FRS 102 (paragraph 35.10c) which allow the property to be valued at fair value on transition and to use that value as deemed cost going forward, with no on-going requirement to carry out further revaluations. The residual value of the leasehold property is considered to be at least equal to the carrying value and therefore no depreciation has been provided as this would be immaterial. Annual impairment reviews are carried out. The same principle and review

- (f) policy applies to the carrying value of a portrait of a member of the Ellerman family. All fixed assets are held for the Foundation's charitable use.
- (g) Furniture, fittings and equipment have been depreciated to write off the cost less the estimated residual value, on a straight line basis over the expected useful economic life. The annual rate used for this purpose is 33% for computer and office equipment and 10% for other assets. A capitalisation limit has been set such that purchases of £250 and over are capitalised and items below this level are treated as an expense in the year of purchase.
- (h) Profit or loss on realisations of investments has been taken to the Expendable Endowment.
- (i) Investments have been stated at market value in accordance with SORP. Net investment gains and losses are disclosed in note 9.  
Social Investments represents a limited partnership interest with a maximum commitment of £250,000 in Shared Lives Investments L.P. to support the growth of Shared Lives provision.
- (j) Monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rate. Transactions denominated in foreign currencies are translated at rates prevailing at the transaction date. Exchange differences are taken into account in arriving at the movement of funds for the year.
- (k) The Foundation has adopted a Spending Policy which the Trustees believe to be currently sustainable. The Total Return approach means that actual income received each year will be supplemented, if necessary, from distributable capital. It follows that the reserves policy is to retain the appropriate capital value in the investment portfolio to be able to continue to support charities over the long-term.

### 3 Investment income

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Investment income from assets in the UK      | 2,771         | 2,836         |
| Investment income from assets outside the UK | 1,035         | 1,240         |
| Interest on cash deposits                    | 18            | 16            |
| <b>Total investment income</b>               | <b>3,824</b>  | <b>4,091</b>  |

Investment income received during the year relates to investments, which are listed on recognised stock exchanges. Dividend income and interest is treated in accordance with the accounting policy 2(a) above.

### 4 Grants to Charities

|   | 2020<br>£'000 | 2019<br>£'000 |
|---|---------------|---------------|
| Grants awarded in the year                | 5,643         | 5,178         |
| Grants cancelled in the year              | (140)         | -             |
| <b>Total Grants to Charities (note 5)</b> | <b>5,503</b>  | <b>5,178</b>  |

A list of grants awarded during the year ended 31 March 2020 is shown in the Annual Report.

#### Grants awarded in the year:

|   | 2020<br>£'000 | 2019<br>£'000 |
|---|---------------|---------------|
| Grants paid in the year                 | 1,566         | 1,543         |
| Grants payable within one year          | 2,364         | 2,242         |
| Grants payable after more than one year | 1,713         | 1,393         |
| Grants cancelled in the year            | (140)         | -             |
| <b>Total Grants to Charities</b>        | <b>5,503</b>  | <b>5,178</b>  |

Trustees include in the notes to the Financial Accounts, for transparency reasons, any grant made to an organisation with which a Trustee of the Foundation has a conflict of interest. In accordance with the Foundation's policy, Trustees withdraw from the room for these decisions.

In the financial year 2019-20 there were four such occurrences. Hugh Raven is Chair of the Environmental Funders Network, which received a grant of £90,000 in November 2019. Hugh also declared a conflict with the Institute of Environmental Management, which received a grant of £84,000 in July 2019, and the Bulldog Trust which received a grant of £20,000 in September 2019. Geraldine Blake, Projects Director at London Funders, declared an interest when Trustees agreed the associated costs of the Foundation joining this funder collective in March 2020.

## 5 Analysis of total expenditure

|                              | 2020                            |                                |                     | 2019                            |                                |                |
|------------------------------|---------------------------------|--------------------------------|---------------------|---------------------------------|--------------------------------|----------------|
|                              | Costs of Raising Funds<br>£'000 | Charitable Activities<br>£'000 | Total<br>£'000      | Costs of Raising Funds<br>£'000 | Charitable Activities<br>£'000 | Total<br>£'000 |
| Investment fees              | <b>666</b>                      |                                | <b>666</b>          | <u>691</u>                      |                                | <u>691</u>     |
| Grants to Charities (note 4) |                                 | <b>5,503</b>                   | <b>5,503</b>        |                                 | <u>5,178</u>                   | <u>5,178</u>   |
| Support costs:               |                                 |                                |                     |                                 |                                |                |
| Staff costs (note 7)         | 49                              | 360                            | <b>409</b>          | 49                              | 325                            | 374            |
| Trustee costs (note 6)       | 10                              | 100                            | <b>110</b>          | 10                              | 89                             | 99             |
| Audit fees                   | -                               | 14                             | <b>14</b>           | -                               | 12                             | 12             |
| Legal fees                   | -                               | 6                              | <b>6</b>            | -                               | 3                              | 3              |
| Depreciation                 | 3                               | 32                             | <b>35</b>           | 3                               | 30                             | 33             |
| Monitoring & Evaluation      | -                               | 3                              | <b>3</b>            | -                               | 27                             | 27             |
| General expenses             | <u>18</u>                       | <u>148</u>                     | <b><u>166</u></b>   | <u>18</u>                       | <u>109</u>                     | <u>127</u>     |
|                              | 80                              | 663                            | <b>743</b>          | 80                              | 595                            | 675            |
| <b>Total expenditure</b>     | <u>746</u>                      | <u>6,166</u>                   | <b><u>6,912</u></b> | <u>771</u>                      | <u>5,773</u>                   | <u>6,544</u>   |

*Support costs include governance costs of £60,000 (2019: £60,000). Support costs are allocated on the basis of an estimate of time apportioned to Charitable Activities and to managing the endowment investments.*

## 6 Trustees' remuneration

Trustees receive remuneration in accordance with the authority in the Scheme (clause 12). In carrying out their duties, including visits to applicant charities, eight Trustees incurred travelling and related expenses totalling £7,127 (2019: £7,096), which have been included under Monitoring and Evaluation.

|   | <b>2020</b>  | 2019  |
|---|--------------|-------|
| Remuneration paid to Trustees during the year:  | <b>£'000</b> | £'000 |
| Sarah Riddell, Chairman (until 31 July 2018)    | -            | 6     |
| Gary Steinberg, Chair of the Finance Committee  | <b>11</b>    | 10    |
| Brian Hurwitz                                   | <b>11</b>    | 10    |
| Peter Kyle, Chair of the Risk & Audit Committee | <b>11</b>    | 10    |
| Hugh Raven, (Chair from 1 August 2018)          | <b>16</b>    | 13    |
| Geraldine Blake                                 | <b>11</b>    | 10    |
| Keith Shepherd                                  | <b>11</b>    | 10    |
| Annika Small                                    | <b>11</b>    | 9     |
| Tufyal Choudhury                                | <b>11</b>    | 10    |
| Rebecca Bunce                                   | <b>11</b>    | 6     |
| Total remuneration                              | <b>104</b>   | 94    |
| Social Security costs                           | <b>4</b>     | 3     |
| Pension provision                               | <b>2</b>     | 1     |
| Total remuneration and Social Security costs    | <b>110</b>   | 98    |

## 7 Employees

|                                     | <b>2020</b>  | 2019  |
|-------------------------------------|--------------|-------|
|                                     | <b>£'000</b> | £'000 |
| Wages and salaries                  | <b>296</b>   | 307   |
| Employer's National Insurance costs | <b>35</b>    | 31    |
| Pension costs                       | <b>52</b>    | 28    |
| Temporary staff                     | <b>26</b>    | 8     |
| <b>Total staff costs</b>            | <b>409</b>   | 374   |

The average number of employees during the year ended 31 March 2020 was 5 (2019: 5). The average full-time equivalent number of employees analysed by function was:

|   | <b>2020</b> | 2019 |
|---|-------------|------|
| Generating funds                        | <b>0.2</b>  | 0.2  |
| Charitable activities                   | <b>4.6</b>  | 4.6  |
| <b>Total full-time equivalent staff</b> | <b>4.8</b>  | 4.8  |

For each employee, the Foundation contributes to an approved private pension scheme. The total pension cost for the Foundation was £52,845 (2019: £28,258).

The numbers of employees who received emoluments (including taxable benefits in kind) in the following ranges were:

|                     | <b>2020</b>   | 2019   |
|---------------------|---------------|--------|
|                     | <b>Number</b> | Number |
| £60,001 - £70,000   | <b>1</b>      | 1      |
| £70,001 - £80,000   | <b>1</b>      | 1      |
| £80,001 - £90,000   | -             | -      |
| £90,001 - £100,000  | -             | -      |
| £100,001 - £110,000 | <b>1</b>      | 1      |

For these employees, the Foundation made contributions to their approved private pension schemes totalling £8,281 (2019: £20,681) during the year.

The Charity considers its key management personnel to comprise the Trustees, the Director and the Heads of Grants and Finance. The total remuneration (salaries and employee benefits) including employer pension contributions of the key management personnel was £404,400 (2019: £361,049). Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity, including directors and senior management personnel to whom the Trustees have delegated significant authority or responsibility in the day-to-day running of the entity's affairs.

## 8 Tangible fixed assets

|  | Leasehold<br>property<br>£'000 | Furniture, Fittings<br>and Equipment<br>£'000 | Total<br>£'000 |
|--|--------------------------------|---|----------------|
| <b>Cost or valuation</b>               |                                |   |                |
| At 1 April 2019                        | 1,250                          | 396   | 1,646          |
| Purchases during year                  | -                              | 9   | 9              |
| <b>At 31 March 2020</b>                | <b>1,250</b>                   | <b>405</b>                                    | <b>1,655</b>   |
| <b>Depreciation</b>                    |                                |   |                |
| At 1 April 2019                        | -                              | 133   | 133            |
| Charge for the year                    | -                              | 34  | 34             |
| <b>At 31 March 2020</b>                | <b>-</b>                       | <b>167</b>                                    | <b>167</b>     |
| Net book value at 31 March 2019        | 1,250                          | 263   | 1,513          |
| <b>Net book value at 31 March 2020</b> | <b>1,250</b>                   | <b>238</b>                                    | <b>1,488</b>   |

As at 1 April 2014, the leasehold property had been re-valued at £1,250,000 by Aston Rose chartered surveyors. This external valuation was made on an existing value basis and prepared in accordance with RICS Valuation Standards, published by the RICS. As stated in note 2(f), this valuation is being treated as deemed cost in accordance with the transitional provisions of FRS 102.

## 9 Investments

|                                    | <b>31 March 2020</b> | 31 March 2019 |
|------------------------------------|----------------------|---------------|
|                                    | <b>£'000</b>         | £'000         |
| Investment assets in the UK        | <b>82,126</b>        | 84,266        |
| Investment assets outside the UK   | <b>44,802</b>        | 56,448        |
|                                    | <hr/>                | <hr/>         |
| Total investments, excluding cash  | <b>126,928</b>       | 140,714       |
| Investment cash accounts in the UK | <b>2,180</b>         | 3,454         |
|                                    | <hr/>                | <hr/>         |
| Total investments at 31 March      | <b>129,108</b>       | 144,168       |
|                                    | <hr/>                | <hr/>         |

The historical cost of the investments (including cash) held at 31 March 2020 was £117,913,000 (31 March 2019: £119,838,000).

The movement during the year of the total investments, excluding cash, was:

|                      | <b>2020</b>     | 2019     |
|----------------------|-----------------|----------|
|                      | <b>£'000</b>    | £'000    |
| At 1 April           | <b>140,714</b>  | 138,092  |
| Purchases at cost    | <b>19,085</b>   | 30,343   |
| Disposal proceeds    | <b>(21,304)</b> | (33,535) |
| Net investment gains | <b>(11,567)</b> | 5,813    |
|                      | <hr/>           | <hr/>    |
| <b>At 31 March</b>   | <b>126,928</b>  | 140,714  |
|                      | <hr/>           | <hr/>    |

Investments are listed on recognised stock exchanges and valued at the middle market prices ruling at the period end. During the year, £3.0m (2019: £2.0m) was withdrawn from the investment portfolios to provide working capital.

The movement during the year of social investments was:

|                     | <b>2020</b>  | 2019  |
|---------------------|--------------|-------|
|                     | <b>£'000</b> | £'000 |
| At 1 April          | <b>99</b>    | 147   |
| Purchases at cost   | <b>-</b>     | 25    |
| Redemption proceeds | <b>(21)</b>  | -     |
| Impairment charge   | <b>(24)</b>  | (73)  |
|                     | <hr/>        | <hr/> |
| <b>At 31 March</b>  | <b>54</b>    | 99    |
|                     | <hr/>        | <hr/> |



**Gains on revaluations and disposals of investments:**

|   | <b>2020</b>     | 2019  |
|---|-----------------|-------|
|   | <b>£'000</b>    | £'000 |
| Net investment gains/(losses)                                     | <b>(11,591)</b> | 5,741 |
| Realised gains/(losses) on foreign currency                       | <b>(15)</b>     | 104   |
| Total gains/(losses) on revaluations and disposals of investments | <b>(11,606)</b> | 5,844 |

**10 Debtors**

|                                | <b>31 March 2020</b> | 31 March 2019 |
|--------------------------------|----------------------|---------------|
|                                | <b>£'000</b>         | £'000         |
| Accrued income and prepayments | <b>874</b>           | 878           |
| Other debtors                  | <b>6</b>             | 1             |
|                                | <b>880</b>           | 879           |

**11 Creditors: amounts falling due within one year**

|                                    | <b>31 March 2020</b> | 31 March 2019 |
|------------------------------------|----------------------|---------------|
|                                    | <b>£'000</b>         | £'000         |
| Accrued expenditure                | <b>171</b>           | 214           |
| Other creditors                    | <b>20</b>            | 24            |
| Grants payable                     | <b>4,552</b>         | 4,506         |
| Other taxation and social security | <b>14</b>            | 13            |
|                                    | <b>4,757</b>         | 4,757         |

*Included within accrued expenditure is an amount of £nil (2019: £2,338) due to pension schemes.*

**12 Creditors: amounts falling due after more than one year**

|                                     | <b>31 March 2020</b> | 31 March 2019 |
|-------------------------------------|----------------------|---------------|
|                                     | <b>£'000</b>         | £'000         |
| Grants payable between 1 to 2 years | <b>2,186</b>         | 2,061         |
|                                     | <b>2,186</b>         | 2,061         |

### 13 Financial Commitments

During the year to 31 March 2015, Trustees approved a social investment of up to £250,000 in a Fund created by Social Finance to expand the number of Shared Lives schemes in England. The first drawdown was made in April 2015. At 31 March 2020, the Foundation had provided a total of £150,000 in respect of this commitment, leaving a residual commitment of £7,000.

### 14 Lease Commitments

At 31 March the Foundation had total future commitments under operating leases as follows:

|                            | 31 March 2020<br>£'000 | 31 March 2019<br>£'000 |
|----------------------------|------------------------|------------------------|
| Within one year            | 1                      | 1                      |
| Between one and five years | 0                      | 1                      |
|                            | <hr/>                  | <hr/>                  |
|                            | 1                      | 2                      |
|                            | <hr/>                  | <hr/>                  |

### 15 Reconciliation of net income/(expenditure) to net cash outflow from operating activities

|  | 31 March 2020<br>£'000 | 31 March 2019<br>£'000 |
|--|------------------------|------------------------|
| <b>Net income/(expenditure) for the reporting period</b>   | <b>(14,694)</b>        | 3,392                  |
| Depreciation charges                                       | 34                     | 34                     |
| Bank interest received                                     | (19)                   | (16)                   |
| Investment income  | (3,805)                | (4,075)                |
| Loss/(profit) on foreign exchange                          | (15)                   | -                      |
| (Profit)/ Loss on revaluation of investments               | 11,591                 | (5,741)                |
| (Increase)/decrease in debtors                             | (1)                    | 30                     |
| Increase/(decrease) in creditors                           | 125                    | 580                    |
|  | <hr/>                  | <hr/>                  |
| <b>Net cash provided by (used in) operating activities</b> | <b>(6,784)</b>         | (5,796)                |
|  | <hr/>                  | <hr/>                  |

## Trustees, Staff and Registered Office of the Foundation

### Board of Trustees

Hugh Raven  
Geraldine Blake  
Rebecca Bunce  
Tufyal Choudhury  
Dr Brian Hurwitz MD  
Peter Kyle OBE, CCMI  
Keith Shepherd  
Annika Small OBE  
Gary Steinberg

**The following Trustees are members of or served on Committees at 31 March 2020:**

**Finance & Investment Committee:** Gary Steinberg (Chair), Keith Shepherd and Annika Small

**Remuneration Committee:** Hugh Raven (Chair), Gary Steinberg, Peter Kyle and Geraldine Blake (from 5 February 2020)

**Risk & Audit Committee:** Peter Kyle (Chair) and Keith Shepherd

### Members of Staff

|                    |  |
|--------------------|--|
| Sufina Ahmad       | Director (from 6 January 2020)   |
| Nicola Pollock     | Director (until 31 December 2019)  |
| Mathew Whittell    | Head of Finances & Resources   |
| Dorothee Irving    | Head of Grants   |
| Gareth Clayton     | Grants Manager (from 16 March 2020)  |
| Emma Clarke        | Grants and Administration Manager (until 7 February 2020)                      |
| Philee Ang Chen    | Grants Assistant (from 23 September 2019)                                      |
| Lauren Williamson  | Office Manager and Personal Assistant (from 11 November 2019)                  |
| Rian Trim          | Office Manager and Executive Assistant (from 30 March 2020)                    |
| Jacqueline Shannon | Office Manager and Personal Assistant (from 20 May 2019 until 1 November 2019) |

### Registered address of the Foundation

Aria House  
23 Craven Street  
London WC2N 5NS

Telephone: 020 7930 8566  
Email address: [enquiries@ellerman.org.uk](mailto:enquiries@ellerman.org.uk)  
Website: [www.ellerman.org.uk](http://www.ellerman.org.uk)

**Registered Charity Number** 263207

## **Advisers to the Foundation**

### **Auditors**

Moore Kingston Smith LLP, Devonshire House, 60 Goswell Road, London EC1M 7AD

### **Solicitors**

Bates Wells, 10 Queen Street Place, London EC4R 1BE

### **Investment Advisers**

Stanhope Consulting, 35 Portman Square, London W1H 6LR

### **Investment Managers at 31 March 2020**

Charities Property Fund, Cordea Savills, 33 Margaret Street, London W1G 0JD

Fulcrum Asset Management, Marble Arch House, 66 Seymour Street, London W1H 5BT

Investec Wealth & Investment Limited, 30 Gresham Street, London EC2V 7QN

Newton Investment Management Limited, 160 Queen Victoria Street, London EC4V 4LA

Ruffer LLP, 80 Victoria Street, London SW1E 5JL

Smith & Williamson Investment Management LLP, 25 Moorgate, London EC2R 6AY

### **Bankers**

Coutts & Co., 440 Strand, London WC2R 0QS

COIF Charities Deposit Fund, Senator House, 85 Queen Victoria Street, London EC4V 4ET

### **Museums and Galleries Fund Advisers**

Caroline Collier OBE, Consultant

Dr Virginia Tandy OBE, Consultant