

FUTURE OF RUSSIA FOUNDATION
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017

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COMPANIES HOUSE

Registered Company Number: 04529663
Registered Charity Number: 1093811

FUTURE OF RUSSIA FOUNDATION

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FUTURE OF RUSSIA FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

Trustees	Baroness Kennedy Kate S Mallinson S.J.P. Trust Corporation Limited
Bankers	Northern Trust 50 Bank Street Canary Wharf London E14 5NT
Independent Auditors	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE
Investment advisers	Windmill Hill Asset Management Limited Windmill Hill Silk Street Waddesdon Aylesbury Bucks HP18 0JZ
Registered Address	14 St James's Place London SW1A 1NP
Registered company number	04529663
Registered charity number	1093811

The Trustees present their annual report and the financial statements for the year ended 31 December 2017.

Constitution and objects

The Foundation was incorporated in England and Wales as a company limited by guarantee on 9 September 2002 under the registered number 04529663. It is a registered charity, with the registered charity number 1093811, and is managed by the Trustees, who are also the directors of the company. The Trustees have the power to delegate day to day administration and investment activities to suitably qualified individuals and organisations. The Trustees are appointed by the members of the company. Additional Trustees may be appointed by the Trustees and their appointment be ratified at the subsequent Annual General Meeting.

The Foundation's objects are:

- the advancement of the education of children and young people in Russia and other countries of Eastern Europe;
- the advancement of education of the public in the history, arts, music and language of Russia and other countries in Eastern Europe; and
- to promote such other purposes for the benefit of the public throughout the world as deemed by English Law to be charitable.

The Trustees confirm that they have regard to the Charity Commission's guidance on public benefit and consider each year how it meets the public benefit objectives outlined in section 4 of the Charities Act 2011. They are satisfied that the Future of Russia Foundation meets the requirements and conforms with the Act's definition of a charity meeting all elements of the two key principles.

Organisation

Details of the Trustees serving since the last Trustees' report are as follows:

Baroness Kennedy
Kate S Mallinson
S.J.P. Trust Corporation Limited

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Future of Russia Foundation for the purposes of company law) 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).

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;

Statement of Trustees' responsibilities continued

- state whether applicable accounting standards 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.

Activities, achievements and performance

During the year to 31 December 2017 the Trustees approved grant funding amounting to £811,337 (2016: £525,117) to a range of institutions. The Trustees are awarding grants and providing funding to support educational initiatives, scientific and cultural projects which foster talent among Russians and Eastern Europeans looking to expand their horizons outside Russia.

The total market value of the Foundation's investment portfolio at 31 December 2017 was £14,912,433 (2016: £14,566,929). The investment portfolio returned 6.5% over the financial year compared with 7.9% for the portfolio's composite benchmark.

Reserves policy

The assets of the Foundation are held largely in the form of an expendable endowment. The original donation of £10,000,000 is held as an expendable endowment with the aim of preserving the capital value in order to generate future income. The unrestricted income fund represents the balance of interest earned on the expendable endowment for the Trustees to spend on charitable activities.

The adequacy of the reserves is reviewed annually.

Grant making policy

To support educational initiatives, scientific and cultural projects which foster talent among Russians and Eastern Europeans looking to expand their horizons outside Russia.

Financial review

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Income for the period:		
Investment income	-	-
Expenditure for the period:		
Expenditure on raising funds	97,402	90,644
Expenditure on Foundation activities	820,191	559,371
Total expenditure	<u>917,593</u>	<u>650,015</u>
Net gains on investments for the period	949,333	1,766,669
Total net assets of the Foundation increased by	<u>31,740</u>	<u>1,116,654</u>

Investment policy

The Trustees are holding the funds in accordance with professional advice obtained from Windmill Hill Asset Management Limited.

Risk Management

The Trustees are responsible for establishing and monitoring internal control systems within the Foundation. The major risks which may impact the activities of the Foundation have been reviewed during the year and the Trustees are satisfied that the systems of financial controls currently in place is adequate, whilst recognising that they are designed to manage rather than eliminate risk. Internal controls are reviewed on an ongoing basis as part of the day-to-day risk management process within the Foundation.

The key risk area within the Foundation lies with its investments. The Trustees have established an investment policy to manage their investment risk and investment management reports are reviewed regularly by the Trustees.

Key management personnel

The Trustees consider the Board of Trustees as comprising the key management personnel of the charity responsible for directing and controlling the day to day operations. All Trustees give of their time on an unremunerated basis.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Trustees on 9 June 2018



Magnus Goodlad

S.J.P Trust Corporation Limited

We have audited the financial statements of the Future of Russia Foundation for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Cara Turtington
Senior Statutory Auditor
For and on behalf of

Saffery Champness LLP
Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Date: 13 June 2018

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

FUTURE OF RUSSIA FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Unrestricted funds – Income 2017 £	Expendable endowment 2017 £	Total 2017 £	Total 2016 £
Income from Investments		-	-	-	-
Total Income		-	-	-	-
Expenditure on raising funds		12,949	84,453	97,402	90,644
Expenditure on Foundation activities	3	820,191	-	820,191	559,371
Total Expenditure	4	833,140	84,453	917,593	650,015
Net (expenditure) before gains		(833,140)	(84,453)	(917,593)	(650,015)
Net gains on investment		126,139	823,194	949,333	1,766,669
Net income/(expenditure)		(707,001)	738,741	31,740	1,116,654
Net movement in funds for the Period		(707,001)	738,741	31,740	1,116,654
Balances brought forward at 31 December 2016		1,860,346	12,630,406	14,490,752	13,374,097
Balances carried forward at 31 December 2017	8	1,153,345	13,369,147	14,522,492	14,490,751

The Statement of Financial Activities includes all gains and losses recognised in the period.

All income and expenditure derive from continuing activities.

The notes on pages 10 - 14 form part of the financial statements.

FUTURE OF RUSSIA FOUNDATION

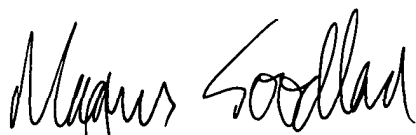
BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	Unrestricted funds – Income £	Expendable endowment £	2017 £	2016 £
Fixed assets					
Investments	5	1,543,286	13,369,147	14,912,433	14,566,929
		<u>1,543,286</u>	<u>13,369,147</u>	<u>14,912,433</u>	<u>14,566,929</u>
Current assets					
Cash at bank		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Creditors: amounts falling due within one year	6	105,490	-	105,490	76,178
Net current (liabilities)		<u>(105,490)</u>	<u>-</u>	<u>(105,490)</u>	<u>(76,178)</u>
Creditors: amounts falling due after more than one year	7	284,451	-	284,451	-
Net assets		<u>1,153,345</u>	<u>13,369,147</u>	<u>14,522,492</u>	<u>14,490,751</u>
Financed by:					
Funds	8	608,856	9,817,874	10,426,730	11,179,160
Revaluation Reserve		544,489	3,551,273	4,095,762	3,311,591
		<u>1,153,345</u>	<u>13,369,147</u>	<u>14,522,492</u>	<u>14,490,751</u>

The notes on pages 10 - 14 form part of the financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within part 15 of the Companies Act 2006.

The financial statements were approved by the Trustees on 9 June 2018



S.J.P. Trust Corporation Limited
Company Registration No: 04529663

1 Company Information

The Foundation was incorporated in England and Wales as a company limited by guarantee on 9 September 2002 under the registered number 04529663. It is a registered charity, with the registered charity number 1093811, and is managed by the Trustees, who are also the directors of the company.

2 Accounting policies

a) Basis of accounting

The 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 as amended on 2 February 2016 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

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

b) Income

Investment income is accounted for on a receivable basis.

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

c) Expenditure

Expenditure is included on an accruals basis.

Expenditure on raising funds include those costs of administering the Foundation's investments and consist of Investment management fees, custody fees and bank charges.

Expenditure on Foundation activities includes the payment of grants, professional and administration fees and auditor/Independent examiner fees.

Governance costs include those costs of administering the Foundation as a legal entity.

d) Grants and donations

Grants and donations payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, and therefore recognised as expenditure when the conditions attached are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as an expense.

e) Investments

All investments are currently held as cash deposit or in the WHAM Endowment Fund and are included at fair value at the year end.

f) Fund accounting

The original donation of £10,000,000 is held as an expendable endowment with the aim of preserving the capital value in order to generate future income. The unrestricted income fund represents the balance of interest earned on the expendable endowment for the Trustees to spend on charitable activities.

g) Going concern

After reviewing the Foundation's forecasts and projections, the Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. The Foundation therefore continues to adopt the going concern basis in preparing its financial statements.

3 Expenditure on Foundation activities

	2017	2016
	£	£
Grants to institutions	811,337	525,117
Professional and administration fee	3,000	3,000
Auditor fee	5,800	3,320
Foreign exchange differences	-	27,844
Sundry expenses	54	90
	<u>820,191</u>	<u>559,371</u>
Additional reconciliation of grants payable	2017	2016
	£	£
Grant commitments accrued at 1 January 2017	72,650	136,600
Grant commitments made during the year	811,337	525,117
Grants paid in the year	<u>(499,910)</u>	<u>(589,067)</u>
Grant commitments accrued at 31 December 2017	<u>384,077</u>	<u>72,650</u>
Grant commitments falling due in less than one year	99,626	72,650
Grant commitments falling due in more than one year	<u>284,451</u>	<u>-</u>
	<u>384,077</u>	<u>72,650</u>
Grant commitments	2017	2016
	£	£
European Choices	300,000	344,732
Royal Academy of Music	130,000	25,000
University of Oxford Department of Continuing Education	104,837	12,000
Royal College of Music	7,000	118,385
Melos Sinfonia	100,000	-
English National Ballet	51,000	-
Chatham House	50,000	-
Other grants less than £50,000	68,500	25,000
Total grants offered in the year	<u>811,337</u>	<u>525,117</u>

4 Total Expenditure

	Unrestricted funds Income 2017 £	Expendable endowment 2017 £	Total Year ended 31 December 2017 £	Total Year ended 31 December 2016 £
Expenditure on Foundation activities				
Grants made	811,337	-	811,337	525,117
Professional and administrative fee	3,000	-	3,000	3,000
Auditor/Independent examiner fee	5,800	-	5,800	3,320
Foreign exchange losses	-	-	-	27,844
Sundry Expenses	54	-	54	90
	<u>820,191</u>	<u>-</u>	<u>820,191</u>	<u>559,371</u>
Expenditure on raising funds				
Investment management fees	11,620	75,782	87,402	81,124
Custody Fees	1,329	8,671	10,000	9,520
Bank charges	-	-	-	-
	<u>12,949</u>	<u>84,453</u>	<u>97,402</u>	<u>90,644</u>
Total Expenditure	<u>833,140</u>	<u>84,453</u>	<u>917,593</u>	<u>650,015</u>

No remuneration or reimbursement of expenses was received by the Trustees in the period (2016: Nil).

5 Fixed Assets

	2017 £	2016 £
Market value at 31 December 2016	14,566,929	13,520,667
Sales proceeds on disposal	(657,000)	(664,000)
Increase in investment cash	53,095	(53,993)
Investment gains for the year - realised	165,237	97,972
- unrealised	784,172	1,666,283
	<u>14,912,433</u>	<u>14,566,929</u>
Market value at 31 December 2017		
	<u>10,816,672</u>	<u>11,255,338</u>

Analysis of market value at 31 December 2017

	2017 £	2016 £
Collective investment funds	14,838,272	14,545,863
Cash on deposit awaiting investment	74,161	21,066
	<u>14,912,433</u>	<u>14,566,929</u>

The unrestricted fund holds investments totalling £1.5 million with £13.4 million held in the Endowment fund. Of the total value of investments shown above, £14.8 million is in an overseas fund.

6 Creditors – Amounts falling due within one year

	2017	2016
	£	£
Other creditors	5,864	3,528
Grant commitments accrued	<u>99,626</u>	<u>72,650</u>
	<u>105,490</u>	<u>76,178</u>

7 Creditors – Amounts falling due after more than one year

	2017	2016
	£	£
Grant commitments accrued	<u>284,451</u>	<u>-</u>

8 Funds

The Income Fund represents the balance of income from all sources after deduction of donations and other necessary expenditure.

The Expendable Endowment Fund represents all the other assets of the Foundation. The original donation of £10,000,000 is held as expendable endowment with the aim of preserving the capital value in order to generate future income.

9 Related Party Transactions

During the year, the Future of Russia Foundation was invoiced for investment management fees of £87,402 (2016: £81,124) by Windmill Hill Asset Management Limited. One of the Directors of the corporate trustee, S.J.P Trust Corporation Limited, serves as a Director of Windmill Hill Asset Management Limited.

During the year, the Future of Russia Foundation was invoiced for accounting and administration fees of £3,000 (2016: £3,000) by J Rothschild Services Limited. A number of the Directors of the corporate trustee, S.J.P Trust Corporation Limited, serve as Directors of J Rothschild Services Limited.

10 Prior year statement of financial activities

	Note	Unrestricted funds – Income 2016 £	Expendable endowment 2016 £	Total 2016 £
Income from Investments		-	-	-
Total Income		-	-	-
Expenditure on raising funds		15,289	75,355	90,644
Expenditure on Foundation activities	3	559,371	-	559,371
Total Expenditure	4	574,660	75,355	650,015
Net (expenditure) before gains		(574,660)	(75,355)	(650,015)
Net gains on investment		300,113	1,466,556	1,766,669
Net income/(expenditure)		(274,547)	1,391,201	1,116,654
Net movement in funds for the Period		(274,547)	1,391,201	1,116,654
Balances brought forward at 31 December 2015		2,134,892	11,239,205	13,374,097
Balances carried forward at 31 December 2016	7	1,860,345	12,630,406	14,490,751