

THE BARING FOUNDATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Company number 950696
Charity number 258583

THE BARING FOUNDATION

CONTENTS

	Page
Trustees' Report	1 - 7
Independent Auditor's Report	8 - 9
Statement of Financial Activities	10
Balance Sheet	11
Cash Flow Statement	12
Notes to the Financial Statements	13 - 21

THE BARING FOUNDATION

TRUSTEES' ANNUAL REPORT

Status	The organisation is a charitable company limited by guarantee, incorporated on 25 March 1969 and registered as a charity on 31 July 1969.	
Governing Document	The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed by its articles of association.	
Company Number	950696	
Charity Number	258583	
Registered Office and Operational Address	8-10 Moorgate London EC2R 6DA	
Honorary officers	Janet Morrison Shauneen Lambe David Elliott David Cutler	Chair Vice Chair Treasurer Secretary
Principal Staff	David Cutler David Sampson	Director Deputy Director
Bankers	Royal Bank of Scotland Bolton Customer Services P.O. Box 2027 Parklands De Havilland Way Bolton BL6 4YU	
Solicitors	Bates Wells & Braithwaite 10 Queen Street Place London EC4R 1AG	
Auditors	Haysmacintyre LLP Chartered Accountants and Statutory Auditors 10 Queen Street Place London EC4R 1AG	
Investment Managers	Baillie Gifford & Co. Calton Square 1 Greenside Row Edinburgh EH1 3AN	Charities Property Fund Savills Investment Management 33 Margaret Street London W1G 0JD

THE BARING FOUNDATION

TRUSTEES' ANNUAL REPORT

The trustees present their report and the audited financial statements for the year ended 31 December 2018. The trustees who served during the year and up to the date of this report were as follows:

Victoria Amedume	James Jenkins
Emma Badman	Poonam Joshi
Dr Rob Berkeley MBE	Shauneen Lambe
Lucy de Groot CBE	Francois Matarasso
David Elliott	Janet Morrison
Dr. Alison Evans (until September 2018)	Marie Staunton CBE
Katherine Garrett-Cox CBE (until September 2018)	Sam Thorne (from September 2018)
Professor Andrew Hind CB	Professor Myles Wickstead CBE (until September 2018)

Reference and administrative information set out on page one forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2015).

Purpose and values

The Baring Foundation was set up in 1969. It is a registered charity and company limited by guarantee governed by its memorandum and articles of association. It may use its capital and income to make grants "to such charities or for such charitable purposes" as trustees determine. The Foundation derives its income from a diversified investment portfolio.

The following purpose and values statement was adopted by trustees in December 2018:

We are an independent foundation which protects and advances human rights and promotes inclusion. We believe in the role of a strong, independent civil society nationally and internationally. We use our resources to enable civil society to work with people experiencing discrimination and disadvantage and to act strategically to tackle the root causes of injustice and inequality.

- We seek to build positive, purposeful partnerships with grant recipients, grantmakers and others in order to work together for socially just change.
- We use our funds to strengthen civil society, responding creatively, flexibly and pragmatically.
- We add value to our work by encouraging the development and communication of knowledge and evidence.
- We aim to be as accessible as possible within clear programme guidelines, treating grant-seekers and grant recipients with courtesy and respect.
- We help to create enduring change both in the lives of those served by the work we are funding and by building the capacity of organisations to become more sustainable and resilient. The UN Sustainable Development Goals (SDGs) provide a framework for our work.
- We believe in the importance of 'speaking truth to power' and use the independence and influence we have to amplify the views of civil society and the people it serves.

Structure, governance and management

The trustees of the charity are members of the Board of the Foundation and are directors under the Companies Act 2006. The current members appoint new trustees. One third of the trustees retire from office at each AGM but are eligible for re-election, currently subject to a maximum term of 12 years.

At the AGM in September 2018 Sam Thorne was elected as a Member of the Board, David Elliott retired by rotation and was re-elected as a Member of the Board, Katherine Garrett-Cox and Myles Wickstead retired as Members of the Board and Alison Evans resigned from the Board to take up work abroad.

Trustees invite suitably qualified and experienced people to consider nomination as a trustee. A trustees' skills audit is undertaken from time to time to identify ways in which the Board could be strengthened. On appointment trustees are given an induction pack and are offered one or more briefing meetings with the Director and/or Chair.

Trustees are responsible for all decisions on the Foundation's policy and grants. In 2018 the Board had seven subcommittees; three for grant programmes, Investment, Audit, Remuneration and Nominations.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 5 to the accounts.

THE BARING FOUNDATION

TRUSTEES' ANNUAL REPORT

Trustees spent time in the year analysing their approach to Governance including the development of a Code of Conduct for trustees. They carefully considered the Charity Governance Code, concluding that they satisfactorily complied with its advice overall though choosing to depart from it on two issues. Firstly they retained a maximum board strength of 15 (rather than the recommended maximum of 12) as they believed the many different fields requiring expertise merited a larger board. Secondly they retained an upper limit of 12 years tenure in renewable three year periods for trustees (rather than the recommended maximum of 9 years). This is due to the belief that the turnover on a large board was sufficient and the long time scale of our grant programmes and investment strategy benefitted from this potential longevity.

The six members of staff of the Foundation continue to occupy offices provided pro bono by ING Bank.

Objectives and activities

In all a total of 38 new grants were agreed during the year to the value of £1,615,482 (see note 7). This was a substantial reduction compared to the previous year's grant awards as a result of open grant round awards being approved in January 2019, just after the financial year end. These included: 16 Arts and Older People programme grants totalling £639,993; nine International Development grants totalling £417,700 and 10 (Strengthening Civil Society) programme grants totalling £421,189. One grant of £125,000 was made, with joint funds from seven other funders, for the continuing costs of the Inquiry into the Future of Civil Society (see note 16). Of the grants agreed during 2018, £1,081,793 had been paid by the end of the year; a further £1,553,027 was paid as a result of grant decisions made in previous years.

Our approach to grant making is bespoke to each grant programme and the opportunities which we see as available in each field. They change over time and will continue to evolve. The Strengthening Civil Society programme gave continuation funds to build on work where appropriate to grantees, while operating an open call for new grants to be made in 2019. In contrast the Arts programme is in its ninth year and, therefore, in a better position to enter into partnerships with other funders, often to create pooled open access funds. These are then accompanied by a small number of grants made by invitation where we feel there is strategic merit. The International Development programme approach is different again. Our wish is to fund African civil society organisations directly and grant makers in Africa who are specialists in the field of our interests. In addition some grants are made to UK bodies where these are best placed to advocate for resources for African civil society. In general much of our work takes place in collaboration with other funders, both increasing the resources available as well as the expertise that can be applied to the programmes.

The focus of our Arts programme since 2010 has been work with older people in the UK and trustees have agreed to continue this until the end of 2019. The Foundation has funding partnerships with all four national Arts Councils. The largest of these began in 2016 with a new fund led by the Arts Council England of £2.5 million to which we added £500k and which continued into 2018. The fund called Celebrating Age attracted an enormous level of interest from partnerships between arts organisations and older people's organisations and resulted in 32 grants. We also continued the second phase of our partnership with the Arts Council Northern Ireland, based on a very positive evaluation of the first phase. Our partnership with the Arts Council Wales also saw a second phase of support for artists in care homes in a scheme called cARTrefu. The year continued to see an ever growing awareness of the value of arts and older people work in part promoted by reports, resources and conferences funded by the Foundation. A highlight of the year was the (B)old Festival at the Southbank Centre which showcased the talents of a wide range of older artists. In Scotland we both collaborated with Creative Scotland in core support for Luminate, the creative ageing organisation and funding a pilot project on arts training in care homes. We also joined forces with the Life Changes Trust to fund a national network of dementia inclusive choirs.

Much time was also spent in investigating options for the theme of our arts programme once the arts and older people programme concludes in 2019. It was decided that from 2020 the Foundation should fund a programme of arts and mental health.

The International Development programme entered its fourth year focussing on Lesbian, Gay, Bisexual, Transgender and Intersex rights in sub-Saharan Africa. This was chosen as a neglected field which has a broad effect on development, particularly for women. In this respect it is part of the Leave No One Behind agenda of the UN Sustainable Development Goals. Partnerships continued with regional organisations based in Kenya and South Africa both to capacity build these grant-makers themselves and to give onward grants to Lesbian, Bisexual and Trans civil society. These are made with the involvement of activists themselves and is part of our approach to transfer resources and power to African civil society where possible. This work demands great bravery and resilience on the part of our partners. The major innovation this year in our funding was our first grants to work in West Africa, including to an initiative called ISDAO to create a pioneering regional grant maker. We were also pleased to give funding in the UK to support the secretariat function for the All Party Parliamentary Group on Global LGBT rights.

THE BARING FOUNDATION

TRUSTEES' ANNUAL REPORT

The Strengthening the Voluntary Sector programme was renamed the Strengthening Civil Society programme in 2018. It had adopted as a theme in 2015 the better use of the law and human rights based approaches in the UK. The law offers an important additional tool for voluntary organisations to tackle disadvantage and discrimination. Our portfolio of 37 grantees has arisen from two past open rounds of grants run in partnership with the Legal Education Foundation and more recently the Esmée Fairbairn Foundation. From within this portfolio, a number of continuation grants were made during the year. In order to deepen our understanding of good practice in this emergent area, and to support peer learning among our grantees we continued to use the services of New Philanthropy Capital and Dr Lisa Vanhala and Jacqueline Kinghan of University College London as our 'learning partner'.

The Foundation has over many years championed the importance of the independence of the voluntary sector. Building on the work of the Panel on the Independence of the Voluntary Sector, which was established by the Foundation and completed its work in 2015, it was our view that there was a need for a broad, creative and forward looking review of the state and role of civil society in England. Seven other independent funders shared this belief and came together to design and fund the Independent Inquiry into the Future of Civil Society. The building blocks for the Inquiry were put into place with the appointment of Julia Unwin CBE, as its chair, a diverse panel to support her along with a secretariat, led by Forum for the Future. The latter was appointed after an open tender which attracted many high quality applications. The Inquiry began its considerations using open and inclusive approaches and issued its interim report earlier in 2018 with a final report in November. The centrepiece of the latter was a call for civil society to focus on four key values; Power, Accountability, Connectedness and Trust.

Full details of the Foundation's programmes and of the grants agreed during 2018 are published on the Foundation's website (www.baringfoundation.org.uk) and are provided in the Report on Activities which has been published separately and reports on what the charity has achieved and the outcomes of its work. The Foundation commissioned or funded eleven reports and published one itself in the year.

Achievements and performance in the delivery of public benefit

The trustees have referred to the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

The Foundation has a broad social objective and employs a range of monitoring and evaluation techniques in an attempt to assess its impact. These range from a light touch self-assessment for a small grant to an independent expert assessment for large grants or programmes of grants. The results of all evaluations are reported to the trustees.

The trustees are satisfied from this information that the work funded by the Foundation remains highly in demand and serves important needs in strengthening voluntary organisations which support people experiencing discrimination and disadvantage.

In addition to the activities reported above, the Foundation seeks to be an engaged grantmaker by finding ways it can add value to the work of the organisations which it funds. The lessons derived through grantmaking are regarded as a major outcome in their own right. The Foundation frequently commissions or writes publications on areas relating to its grant programmes.

THE BARING FOUNDATION

TRUSTEES' ANNUAL REPORT

Financial review

The trustees follow a total return strategy both for the management of the Foundation's investment fund and for determining the amount available each year to fund the grants programmes and meet expenses. This amount includes both income arising on the portfolio and an element of long term capital growth. The objective is to sustain the real level of grant distributions and to maintain the long term real value of the investment fund and to this end the level of distribution from the portfolio is calculated annually as a percentage of the rolling average value of the investment fund over the preceding 12 quarters, currently equal to 3.5% per annum plus any percentage change in the retail price index.

The Foundation's portfolio generated a total return of -2.2% over the calendar year (2018) representing under performance compared to the objective for the year of 6.2%. This year was a reversal after three consecutive years of outperformance, and the outcome of weak returns from most traditional asset classes, and particularly equities, in the second half of the year, as macro-economic and geopolitical concerns weighed on global confidence. In particular stock selection in both UK and overseas equities detracted from performance. However, our property portfolio posted positive returns over the year and outperformed its benchmark. Despite the underperformance this year, the medium term performance outcome of the Foundation's portfolio remains very strong, with an average annual return of 8.5% over the past five years.

Following changes implemented during 2016, the Foundation made a number of alterations to the asset allocation and management of its portfolio. Baillie Gifford currently manage around 90% of the funds including both equity and fixed interest securities and the Charities Property Fund around 9% with the balance representing private equity. The broad asset mix is expected to at least meet our benchmark return on average over the long term with modest volatility but with a higher income yield than under the previous structure.

Net assets at the year-end were £86.3 million (2017: £90.2 million).

Responsible Investment Policy

In March 2019 trustees updated their policy on responsible investment:

We recognise that both our investment decisions and grant making have an impact on society and the environment. Consequently, we expect our investment managers to encourage the businesses, in which they invest on our behalf, to make a positive contribution to environmental, social and governance (ESG) issues. We believe this approach will enable the Foundation to continue to generate attractive long term returns and provide liquidity for continuity of grant making in real terms. We will ask our investment managers to brief us regularly about the specific engagement initiatives they have undertaken with businesses in which they invest, aiming to ensure that ESG issues are handled in a way which aligns both with the purpose and values of the Foundation and our grant recipients. We will seek to use the UN Sustainable Development Goals (SDGs) as a framework for observing the impact of our investments.

Reserves Policy

The Foundation's reserves effectively correspond to its investment portfolio which is managed on a total return basis with the intention of providing an annual income that will enable the Foundation to at least maintain in perpetuity the real value of the annual grants it makes. To that end the aim is to achieve a minimum average annual return on investments of 3.5% plus RPI net of management fees. In addition to holding the major part of its investments in readily marketable quoted securities the Foundation aims to keep cash balances sufficient to meet short-term grant commitments and ongoing expenses. The Trustees consider that the current level of unrestricted funds of £86.3 million at 31 December 2018 meets this reserves policy.

Social investments

In 2012 the Foundation invested £304,000 in Equity for Africa (through Equity for Tanzania), aligned to our commitment to international development. By 31 December 2018 all the capital had been repaid to the Foundation.

The Foundation also holds a social investment in Charity Bank valued at £40,900 at 31 December 2018.

THE BARING FOUNDATION

TRUSTEES' ANNUAL REPORT

Plans

Trustees undertook a broad strategic review of their overall approach with the support of an independent consultant and input from external experts. This led to refreshing our values and purpose in 2018 as well as a work plan in 2019 to consider our approach to responsible investment, trustee diversity, simplifying grant making procedures and to continue to improve our communications strategy. Beyond this the Foundation will retain the current themes for its three grant programmes in 2019.

Risk assessment

During the course of the year, the trustees considered the major risks to which the Foundation is exposed and the systems which it has to mitigate them.

The following areas of risk are considered most important:

- Failure to achieve programme goals;
- Failure to earn adequate returns from our investment portfolio.

The Foundation has policies, procedures and systems in place to address the identified risks.

Remuneration policy

The Foundation's policy is to provide remuneration that will attract and retain able and suitably qualified and experienced individuals who will effectively deliver the Foundations objects and supplemented where appropriate by independent experts on a consultancy basis. As far as is practicable, salaries are set by reference to the median pay for comparable positions within the charitable sector. The pay of each member of staff is reviewed annually by a committee of Trustees having regard to the financial resources and commitments of the Foundation, the impact of inflation on the real value of pay, and any recommendations of the Director. We have as a Board taken note of NCVO's recommendations in their "Report of the Inquiry into Charity Senior Executive Pay and guidance for trustees in setting remuneration". Our commitment to transparency is shown in disclosing the remuneration of senior staff in full in this report.

Fundraising policy

The Foundation's income is from its investment portfolio and partnerships with other grant makers. No fundraising activity is carried out by the charity.

Statement of trustees' responsibilities

The trustees (who are also directors of The Baring 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 year which give a true and fair view of the state of affairs of the Foundation and of the incoming resources and application of resources, including the income and expenditure, of the Foundation 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in operation.

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

THE BARING FOUNDATION

TRUSTEES' ANNUAL REPORT

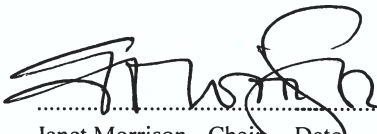
As far as the trustees are aware:

- there is no relevant audit information of which the Foundation's auditors are unaware; and
- the trustees have taken all necessary steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2018 was 13 (2017 - 15). The trustees are the members of the charity. This entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Approved by the trustees on 25 June 2019 and signed on their behalf by

 25/6/19.
.....
Janet Morrison - Chair Date

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

Opinion

We have audited the financial statements of The Baring Foundation for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 state of the charitable company's affairs as at 31 December 2018 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- . have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- . have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 6 and 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BARING FOUNDATION**

- . 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 Trustees' Report. 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.

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' Report (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- . the strategic report and the directors' report included within the Trustees' Report have 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' Report (which incorporates the directors' report).

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

- . adequate accounting records have not been kept by the charitable company; or
- . the charitable company 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

Use of our report

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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.



Anna Bennett (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place

London EC4R 1AG

Date:

25/6/19

THE BARING FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>Restricted</u> <u>Fund</u> £	<u>Unrestricted</u> <u>Fund</u> £	<u>Total</u> <u>2018</u> £	<u>Total</u> <u>2017</u> £
INCOME FROM:				
<i>Donations</i>				
- Contributions to programmes	-	-	-	400,000
- Donated services	2	76,039	76,039	162,624
<i>Investments</i>	3	1,775,554	1,775,554	1,659,100
Total income	-	1,851,593	1,851,593	2,221,724
EXPENDITURE ON:				
<i>Raising Funds</i>				
Investment Management		496,436	496,436	481,672
<i>Charitable Activities</i>				
Strengthening Civil Society programme		594,674	594,674	1,288,542
Arts programme		3,475	804,281	807,756
International Development programme		-	518,277	518,277
Special initiative	16	108,000	34,459	142,459
Other charitable work		-	175,236	175,236
Total expenditure	4	111,475	2,623,362	2,734,837
Net (expenditure) before investment gains		(111,475)	(771,769)	(883,244)
Net (losses)/gains on investments	9, 10	-	(3,073,203)	(3,073,203)
Net (expenditure)/income and net movement in funds	16	(111,475)	(3,844,972)	(3,956,447)
Total funds brought forward		111,475	90,131,932	90,243,407
Total funds carried forward		-	86,286,960	86,286,960

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 15 to the financial statements.

The statement of financial activities includes the income generated by the assets held in the investment portfolio and the net gains or losses on those investments.

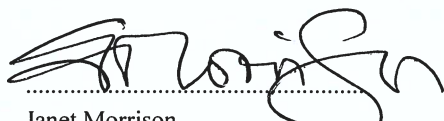
THE BARING FOUNDATION


Company number 950696

BALANCE SHEET AS AT 31 DECEMBER 2018

	Note	2018		2017	
		£	£	£	£
FIXED ASSETS					
Investments	9		85,173,072		90,505,741
Social investments	10		40,900		87,334
			<u>85,213,972</u>		<u>90,593,075</u>
CURRENT ASSETS					
Cash at bank and on deposit		2,298,112		1,814,696	
Debtors	11	-		65,000	
		<u>2,298,112</u>		<u>1,879,696</u>	
LIABILITIES					
Creditors: amounts due within one year	12	(1,170,124)		(1,667,173)	
NET CURRENT ASSETS			1,127,988		212,523
TOTAL ASSETS LESS CURRENT LIABILITIES			86,341,960		90,805,598
Creditors: amounts due after more than one year	13		(55,000)		(562,191)
NET ASSETS	15		<u>86,286,960</u>		<u>90,243,407</u>
FUNDS	16				
Restricted funds			-		111,475
Unrestricted funds					
- Revaluation fund			26,639,082		30,356,846
- General funds			59,647,878		59,775,086
Total funds			<u>86,286,960</u>		<u>90,243,407</u>

Approved by the trustees and signed on their behalf by:


Janet Morrison
Chair


David Elliott
Treasurer

THE BARING FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2018

Note	2018	2017
	£	£
Cash used in operating activities	<u>(3,598,037)</u>	<u>(2,735,440)</u>
Cashflows from investing activities		
Dividends and interests	1,775,554	1,659,100
Purchase of investments	(10,807,442)	(2,382,411)
Proceeds from sale of investments	13,068,008	3,870,760
Disposal of social investments	45,334	132,985
Net cash provided by/(used in) investing activities	<u>4,039,561</u>	<u>3,280,434</u>
Change in cash and cash equivalents in the reporting period	483,417	544,994
Cash and cash equivalents at the beginning of the reporting period	1,814,696	1,269,702
Cash at cash equivalents at the end of the reporting period	<u><u>2,288,112</u></u>	<u><u>1,814,696</u></u>

NOTES TO THE CASH FLOW STATEMENT

	2018	2017
	£	£
Reconciliation of net expenditure to net cash outflow from operating activities		
Net (expenditure)/income for the reporting period	(3,956,447)	10,390,802
Decrease in debtors	65,000	145,000
(Decrease)/increase in creditors	(1,004,239)	792,721
Dividends and interest	(1,775,554)	(1,659,100)
Losses/(gains) on investments	3,073,203	(12,404,863)
Net cash (used in) operating activities	<u><u>(3,598,037)</u></u>	<u><u>(2,735,440)</u></u>
Analysis of cash and cash equivalents		
Cash at bank and on deposit	2,288,112	1,814,696
Cash held as part of investment portfolio	-	-
	<u><u>2,288,112</u></u>	<u><u>1,814,696</u></u>

THE BARING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Principal Accounting Policies

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

(a) **Basis of accounting**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ((FRS 102) (effective 1 January 2015) - (Charities SORP) (FRS 102)), and the Companies Act 2006.

The charity 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 notes.

(b) **Donations and donated services**

Income from donations is included in full in the statement of financial activities when receivable. Donated services and facilities are recognised as income where the benefit to the Foundation is quantifiable and measurable, and are valued at the estimated cost the Foundation would pay for an equivalent service or facility in the open market. Donated premises and facilities are received from ING Bank N.V. London Branch.

(c) **Investment income**

Income from investments is included in the financial statements when it becomes receivable.

(d) **Grants payable**

The full costs of grants are included in the statement of financial activities in the year in which they are approved. If grants that are approved during the year are payable by instalments or have not been paid, in part or in full, by the end of the year, any unpaid amounts are included as creditors in the balance sheet if the conditions attached to the grant are accepted by the beneficiary before the accounts are signed.

This policy reflects the Foundation's experience that it is highly probable that any further instalments will be paid as it is unlikely that circumstances will arise in which conditions attached to such grants are not met. The trustees consider that the Foundation has a constructive obligation in respect of such unpaid grants and therefore believe it prudent to treat these commitments as liabilities.

(e) **Other expenditure**

Support and governance costs consist of those office and administration costs which are not directly attributed to a grant programme. The majority of these are the estimated costs of the premises and facilities donated by ING Bank N.V. London Branch. (See note 1b)

Total support costs are allocated to the main grant programmes based on the estimated percentage of time spent by the staff on each activity. In 2018, on this basis, the support costs were apportioned as follows:

Governance	3%
Investment management	7%
Strengthening Civil Society programme	24%
Arts programme	20%
International Development programme	15%
Special initiatives	1%
Other charitable work	30%

(f) **Restricted funds**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund together with a fair allocation of management and support costs.

THE BARING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Principal Accounting Policies (continued)

- (g) **Unrestricted funds**
Unrestricted funds are income receivable or generated for the objects of the charity.
- (h) **Going concern**
The trustees consider that there are no material uncertainties regarding the charity's ability to continue as a going concern.
- (i) **Critical accounting judgements and estimates**
In preparing these accounts, management has made judgements, estimates and assumptions that affect the application of the charity's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the accounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
- (j) **Debtors**
Short-term debtors are measured at transaction price, less any impairment.
- (k) **Creditors**
Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.
- (l) **Financial instruments**
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value.
- (m) **Redundancy and termination costs**
The charity recognises employee redundancy and termination costs in full on the date the redundancy or termination is confirmed.
- (n) **Fixed asset investments**
Fixed asset investments are continuously revalued at bid price value and the value at the balance sheet date is the bid price value, as determined by the investment managers. The net gains or losses for the period are taken to the statement of financial activities.
- (o) **Social investments**
Social investments are recognised at fair value. Any gains or losses are taken to the statement of financial activities
- (p) **Foreign currencies**
Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at the relevant rates of exchange ruling at the balance sheet date, or where appropriate, the rates of exchange fixed under the terms of the relevant transaction.

THE BARING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Principal Accounting Policies (continued)

(q) **Pension costs**

Staff from the Baring Foundation receive a pension from the ING UK Pension Fund. For historic reasons one of the staff was an admitted member of a defined benefit scheme. The liability of the scheme is with ING Bank N.V. and not the Baring Foundation.

The pension cost represents contributions payable under the scheme by the Foundation to the fund. The Foundation has no liability under the scheme other than for the payment of those contributions.

2. Donated Services

	2018	2017
	£	£
Services donated by ING Bank NV:		
Premises and facilities	76,039	146,624
Financial accounting services	-	16,000
	<u>76,039</u>	<u>162,624</u>

3. Income from Investments

	2018	2017
	£	£
Income from investments	1,771,707	1,658,605
Bank interest	3,847	495
	<u>1,775,554</u>	<u>1,659,100</u>

THE BARING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4. Total Expenditure - 2018	Investment Management	Strengthening Civil Society programme	Arts Programme	International Programme	Special Initiative	Other charitable work	Governance	Support Costs	Total 2018	Total 2017
	£	£	£	£	£	£	£	£	£	£
Staff costs (note 6)	-	-	-	-	-	-	-	361,615	361,615	347,633
Grants payable (note 7)	-	421,189	639,994	417,700	136,600	-	-	-	1,615,483	3,103,481
Investment managers' fees	423,642	-	-	-	-	-	-	-	423,642	412,871
Auditors' remuneration (note 5)	-	-	-	-	-	-	10,680	-	10,680	10,320
Other support costs	-	31,760	50,298	12,410	-	-	-	196,899	291,367*	330,573
Investment consultants' fees	32,051	-	-	-	-	-	-	-	32,051	30,907
	455,693	452,949	690,292	430,110	136,600	-	10,680	558,514	2,734,837	4,235,785
Allocated support costs	39,096	134,043	111,703	83,777	5,585	167,554	16,755	(558,514)	-	-
Allocated governance costs	1,646	7,682	5,761	4,390	274	7,682	(27,435)	-	-	-
Total expenditure	496,435	594,674	807,756	518,277	142,459	175,236	-	-	2,734,837	4,235,785

* Note £76,039 (2017: £162,624) of the £196,899 (2017: £274,080) "Other support costs" represents services donated by ING, as set out in note 2.

* Special initiative work represents the contribution to the independent Inquiry into the future of Civil Society.

THE BARING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4 a. Total Expenditure - 2017

	Investment Management	Strengthening Civil Society programme	Arts Programme	International Programme	Special Initiative	Other charitable work	Governance	Support Costs	Total 2017
	£	£	£	£	£	£	£	£	£
Staff costs (note 6)	-	-	-	-	-	-	-	347,633	347,633
Grants payable (note 7)	-	1,103,604	589,205	1,159,672	251,000	-	-	-	3,103,481
Investment managers' fees	412,871	-	-	-	-	-	-	-	412,871
Auditors' remuneration (note 5)	-	-	-	-	-	-	10,320	-	10,320
Other support costs	-	7,798	35,599	13,096	-	-	-	274,080	288,086 *
Investment consultants' fees	30,907	-	-	-	-	-	-	-	30,907
	443,778	1,111,402	624,804	1,172,768	251,000	-	10,320	621,713	4,235,785
Allocated support costs	37,303	174,079	130,560	99,474	6,217	174,080	-	(621,713)	-
Allocated governance costs	591	3,060	2,213	1,769	123	2,564	(10,320)	-	-
Total expenditure	481,672	1,288,541	757,577	1,274,011	257,340	176,644	-	-	4,235,785

* Note £162,624 (2016: £230,642) of the £274,080 (2016: £259,601) "Other support costs" represents services donated by ING, as set out in note 2.

* Special initiative work represents the contribution to the independent inquiry into the future of Civil Society.

THE BARING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

5. Net Expenditure for the Year

	2018 £	2017 £
This is stated after charging:		
Trustees' reimbursed expenses	1,012	3,556
Auditors' remuneration		
- for audit of the financial statements	10,680	10,320
- Other services	15,000	-

Trustees' reimbursed expenses represent the reimbursement of travel and subsistence costs of £1,012 (2017: £3,556) relating to visits to grantees, including the international programme, and attendance at meetings.

6. Staff Costs and Numbers

	2018 £	2017 £
Staff costs were as follows:		
Salaries and wages	287,924	277,399
Social security costs	31,559	30,277
Pension contributions	42,132	39,957
	361,615	347,633

Key management and salary pension

The following staff comprise key management and their remuneration is as follows:

David Cutler - Director salary £91,226 (2017: £89,547), employers NI £11,436 (2017: £11,848) and pension £15,965 (2017: £15,575).

David Sampson - Deputy Director salary (4.5 days per week) £62,445 (2017: £61,296), employers NI £7,259 (2017: £6,700) and pension £7,806 (2017: £7,212).

The average number of staff during the year was: 6 (2017: 6).

The number of staff earning over £60,000 in the year was 2 (2017: 2).

7. Grants Payable

	2018 £	2017 £
The grants payable figure in 2018 comprises:		
Grants made in the year	1,615,482	3,123,466
Grants cancelled/written back	-	(19,985)
	1,615,482	3,103,481

All grants were made to institutions.

There is a full list of the grants made during the year on the Baring Foundation's website (www.baringfoundation.org.uk) and this will be listed in the Report on Activities.

8. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

THE BARING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9. Investments	2018 £	2017 £
Market value of investments at 1 January 2018	90,505,741	79,587,728
Disposals at market value	(13,053,064)	(3,870,760)
Additions at cost	10,807,442	2,382,410
Net (loss)/gain on investments	(3,087,047)	12,406,363
	<u>85,173,072</u>	<u>90,505,741</u>
Market Value of investments at 31 December 2018	<u>85,173,072</u>	<u>90,505,741</u>
Historical cost of investments at 31 December 2018	<u>58,533,990</u>	<u>60,148,895</u>

Investments comprise	UK £	Non UK £	2018 £
Pooled funds	85,096,879	76,193	85,173,072
Unlisted shares	-	-	-
	<u>85,096,879</u>	<u>76,193</u>	<u>85,173,072</u>

	UK £	Non UK £	2017 £
Pooled funds	90,084,678	276,354	90,361,032
Unlisted shares	144,710	-	144,710
	<u>90,229,388</u>	<u>276,354</u>	<u>90,505,742</u>

10. Social Investments	2018 £	2017 £
Opening carrying value	87,334	221,819
Return of capital	(60,278)	(132,985)
Net gain/(loss) on investments	13,844	(1,500)
	<u>40,900</u>	<u>87,334</u>
Closing carrying value	<u>40,900</u>	<u>87,334</u>
Held as:		
Investments	40,900	87,334

£40,900 is invested with Charity Bank. Charity Bank provides loans to charities, social enterprises and community organisations to facilitate social change whilst earning a financial return.

11. Other Debtors and Accrued Income	2018 £	2017 £
Accrued contributions to programmes and income in investment funds	<u>-</u>	<u>65,000</u>

THE BARING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

12. Creditors: Amounts due within one year	2018	2017
	£	£
Grants authorised but not yet paid	1,040,880	1,553,027
Other creditors	129,244	114,146
	<u>1,170,124</u>	<u>1,667,173</u>
	<u><u>1,170,124</u></u>	<u><u>1,667,173</u></u>

13. Creditors: Amounts due after more than one year	2018	2017
	£	£
1-2 years - grants authorised but not yet paid	55,000	562,191
	<u>55,000</u>	<u>562,191</u>
	<u><u>55,000</u></u>	<u><u>562,191</u></u>

14. Related party transactions

As is usual in a grantmaking foundation, a number of the trustees and senior staff of the Baring Foundation are involved in other charities, either as staff or volunteers. The charity holds a record of all conflicts of interest, which are also declared at the beginning of each trustee meeting. Where trustees have a conflict of interest in a grant decision they are not involved in the decision and leave the meeting for the discussion if necessary. A grant of £30,000 was awarded to the charity Luminare in the year, which the Baring Foundation trustee Francois Matarasso is connected to. A grant of £99,500 was awarded to the charity Birthrights in the year, which the Baring Foundation trustee Shauneen Lambe is connected to. Both trustees declared their interest and left the meeting prior to the decision to award the grants.

THE BARING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

15. Analysis of Net Assets Between Funds - 2018

	Unrestricted Funds			Total 2018
	Restricted Fund	Revaluation Fund	General Fund	
	£	£	£	£
Investments	-	26,639,082	58,574,890	85,213,972
Net current assets	-	-	1,127,988	1,127,988
Creditors			(55,000)	(55,000)
Net assets at the end of the year	-	26,639,082	59,647,878	86,286,960

Analysis of Net Assets Between Funds - 2017

	Unrestricted Funds			Total 2017
	Restricted Fund	Revaluation Fund	General Fund	
	£	£	£	£
Investments	-	30,356,846	60,236,229	90,593,075
Net current assets	111,475	-	101,048	212,523
Creditors: amounts due after more than one year	-	-	(562,191)	(562,191)
Net assets at the end of the year	111,475	30,356,846	59,775,086	90,243,407

16. Net Movement in Funds - 2018

	At the start of the year	Income	Expenditure/ losses on investments	At the end of the year
	£	£	£	£
Restricted funds				
The Independent Inquiry into the Future of Civil Society	-	-	-	-
Arts Programme	108,000	-	(108,000)	-
	3,475	-	(3,475)	-
Total restricted funds	111,475	-	(111,475)	
Unrestricted funds				
Revaluation reserve	30,356,846	-	(3,717,764)	26,639,082
General funds	59,775,086	1,851,593	(1,978,801)	59,647,878
Total unrestricted funds	90,131,932	1,851,593	(5,696,565)	86,286,960
Total funds	90,243,407	1,851,593	(5,808,040)	86,286,960

The revaluation reserve represents the difference between the historical cost of investments and their current market value.

THE BARING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

17. Net Movement in Funds - 2017

	At the start of the year	Income	Expenditure/ gains on investments	At the start Transfers	At the end of the year
	£	£	£	£	£
Restricted funds					
Strengthening Civil Society:					
Esmée Fairbairn Foundation	-	200,000	(200,000)	-	-
Legal Education Foundation	90,106	200,000	(200,000)	(90,106)	-
The Independent Inquiry into the Future of Civil Society	-	-	-	-	-
Arts Programme	311,000	-	(203,000)	-	108,000
	6,832	-	(3,357)	-	3,475
Total restricted funds	<u>407,938</u>	<u>400,000</u>	<u>(606,357)</u>	<u>(90,106)</u>	<u>111,475</u>
Unrestricted funds					
Revaluation reserve	19,031,144	-	11,325,702	-	30,356,846
General funds	60,413,524	1,867,110	(2,595,654)	90,106	59,775,086
Total unrestricted funds	<u>79,444,668</u>	<u>1,867,110</u>	<u>8,730,048</u>	<u>90,106</u>	<u>90,131,932</u>
Total funds	<u>79,852,606</u>	<u>2,267,110</u>	<u>8,123,691</u>	<u>-</u>	<u>90,243,407</u>

18. Capital Commitments and Contingent Liabilities

	<u>2018</u>	<u>2017</u>
	£	£
There are uncalled capital commitments with respect to the following funds:		
Baring-Coller Secondaries Fund Limited	-	518,407
Baring-Coller Secondaries Fund II Limited	78,407	74,058
Coller International Partners V1 Feeder Fund, L.P. Secondaires Fund II Limited	124,042	116,666
	<u>202,449</u>	<u>709,131</u>