

John Ellerman Foundation

**Annual Report and Financial Accounts
1 April 2014 – 31 March 2015**

Registered Charity Number 263207

www.ellerman.org.uk

Chairman's Introduction

In the first full year of return to normal operations since we reviewed our strategy, Trustees and staff have welcomed the consolidation of the new grantmaking direction. Conscious of the challenges faced by charities and their beneficiaries in the current funding climate, we have continued to prioritise core funding and multi-year revenue grants in our three funding categories – Arts, Environment, and Welfare; only four of this year's grants were one-off payments.

This year saw the second round of our Regional Museums and Galleries Fund. This attracted an even higher level of applications than in the first year, a strong endorsement of the value placed on our desire to support curatorial development outside London, and a powerful illustration of the need. Once again, the expertise of our outside advisors, Caroline Collier (Tate) and Virginia Tandy (Independent Consultant), was greatly appreciated in the task of sifting so many high quality projects. Six grants were approved by the Board, bringing our total investment in this scheme to £1.17m through 14 grants over the first two years of the Fund.

In April 2015, Trustees held a special meeting to discuss our spending policy. Detailed briefing material was prepared, including extensive financial analysis and modelling from our investment consultant Stanhope Jewson. Debate centred on striking the appropriate balance between supporting charities, many of which are facing severe funding pressures, and maintaining the real value of the endowment. The decision was taken to continue our aim of operating in the long term, which we now define as 30-plus years. It was agreed that annual expenditure would be calculated at 4.5% of the value of the Foundation's assets, averaged over the quarter-end values of the last three calendar years to smooth the impact of market volatility.

At the end of the year our endowment reached an all-time high of £135m and the investment portfolio provided a very satisfactory 13.3% return (compared to the 'simple' benchmark of 9.1%, which represents a more traditional charity portfolio). A small change to the 1% 'permanent' restriction on our endowment was agreed with the Charity Commission, so we can now treat the whole endowment as expendable. This has the advantage of transparency and simplicity in the management and presentation of our annual accounts.

A comprehensive review of Trustee remuneration was completed in November 2014. This followed confirmation of the Foundation's long-standing and unusual model of operation, in which Trustees undertake responsibilities over and above a normal trustee role; these include sifting initial applications, visiting most of the charities invited to the next stage and preparing reports on these visits. This high degree of engagement brings a number of benefits to the organisation, and remuneration is integral to this way of working. The change in Trustee oversight of the investment arrangements, however, has meant that payment for this element of Trustee work has now ceased.

The new staff structure of two teams under the Head of Grants and Head of Finance & Resources has now been running for a full operational year, and has bedded in well. Linda Crowhurst, in the newly created role of Grants Assistant, is making a considerable difference to our smooth operations as well as freeing up the Head of Grants' time. I would also like to thank Katherine Reichel for her help in developing our office systems and wish her well in her new international grantmaking career. We welcomed Jo Drury early in 2015 as the new Administrative Assistant.

The coming year will see further changes to the Foundation's team. Patricia Yearley, our long-serving Head of Finance & Resources, is leaving us to take up an exciting new position elsewhere. We are going to miss her experience and advice a great deal and consider her new employers to be extremely fortunate. At the time of writing, we are taking the first steps to recruit her successor.

Later in 2015, we plan to hold one of our regular away days to review how our new strategy is working in practice, reflect on the external environment for charities and discuss a variety of topics relating to the future. Plans are also in hand to refurbish and improve our office in order to make better use of the premises and give us the opportunity to bring together and give space to outside parties, including current and future beneficiaries.



Sarah Riddell
Chairman

Trustees' Report

Our history

John Ellerman Foundation was created from a combination of the wealth and generosity of a father and son. The former, 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. 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, his real interests lay elsewhere. Like his father a publicity-shy man, the second Sir John 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. This 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 and responsibilities, anywhere except the American continent south of the USA.

Aim and objectives

Our aim is to advance the wellbeing of people, society and the natural world. We intend to achieve this by:

1. funding charities with a national footprint to make a practical difference, in the fields of arts, environment and welfare; and
2. managing our funds in such a way that balances the desire to maintain grantmaking capacity with operating in the long term, which means 30-plus years.

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 every few years and provide a forum to reflect in greater depth on experience and the Foundation's future direction. A special meeting to discuss the spend policy took place in April 2015, and the next full away day is planned for Autumn 2015.

Achievements and Performance

After change, consolidation

Last year's Annual Report described the results of Trustees' in-depth review of our grant and investment strategies. By contrast, this year has been one of embedding these new approaches, reflecting on the experience and continuing to ensure we operate as effectively as possible.

Our values, personal way of working and responsiveness have provided continuity, as have our three funding categories - Arts, Environment and Welfare.

Continuing our fund for regional museums and galleries

Within our Arts category, we have created a special fund, which is also the main channel for our support of visual arts. This tests a new way of working for the Foundation. Aiming to strengthen curatorial skills in the regions, it tackles a specific need and in its small way seeks to rebalance funding outside London. Unlike our responsive grantmaking, there is an annual application window, and the fund sets out to achieve particular outcomes and identifies criteria against which we assess proposals.

In March 2015, Trustees approved the second round of grants. The number and quality of applications exceeded our expectations, amply demonstrating the value of this kind of funding. While applications to the Foundation overall are declining, we received a healthy 54 requests to this fund. Trustees responded by making six grants (rather than the three to four anticipated) - a grant to each and every applicant which reached the second stage. Unfortunately, this still meant that only 1 in 9 of the museums and galleries applying received a grant, compared with 1 in 5 for all the other applicants.

The fund is a three-year pilot. As we enter the third year, we intend to evaluate our experience and consult others as we think about the longer term.

Monitoring, learning and reflection

We value our relationships with grantees, and realise that making a grant is usually just the beginning of a process. Having settled our new funding categories, we are anxious to learn as much as we can from the work we fund, without this becoming too much of a burden for anyone. We will remain approachable, and Trustees are keen to increase their visits to grantees.

We have also commissioned a formal evaluation of the Regional Museums and Galleries Fund, as Trustees wish to understand the effect of this initiative on grantees and the Foundation. The independent evaluator will report back to us on the individual and collective experiences of the work supported, identify examples of best practice and capture other learning. The high level of interest in the fund indicates that focusing on a specific issue stimulates demand, so Trustees also wish to appreciate better its place in the funding ecology. Our plans include bringing grantees together to discuss their own experience and the findings from the evaluation. This should provide a valuable platform for thinking about our future direction in this area.

As an endowed funder, we rely on our investments to make grants, and keep a very close eye on our finances. This year we put in place the final piece of the new investment jigsaw, with the appointment of Stanhope Capital to assist with monitoring the performance of the investment portfolio. While we are in regular contact with our fund managers and follow the market, Stanhope's overview and intelligence provides essential, independent and rigorous overall analysis of how our funds are performing.

Our operating model

Being an effective grantmaker is very important to us. Our model has several distinguishing features including, where helpful, speaking to people before they apply, visiting all charities being considered for a grant and providing feedback to unsuccessful applicants. Trustees undertake most of the visits to applicants and provide a written report on each visit to the Trustee Board meeting. Such a personalised and intensive way of working takes time; an independent perception study and other comments show this engagement is distinctive and highly valued.

Last year we reported that Trustees had reconsidered and confirmed our model and made some staff changes to improve efficiency. We have now concluded a lengthy review of the remuneration of Trustees, taking account of the Foundation's values, the settlor's wishes, and assurances given to the Charity Commission when the Scheme was created. Having taken advice and considered several options, the Remuneration Committee concluded that our model demands a greater contribution by Trustees than would usually be expected from the role, and that remuneration continues to be appropriate. In contrast, the responsibilities for the investment portfolio are now similar to those of other foundations, so this element of the role is no longer remunerated.

Deciding how much to spend is probably one of the most important decisions for a grantmaking foundation. The Board has debated this on several occasions in recent years, culminating in a special meeting in April 2015 dedicated to this question. Issues covered included the basic principles and responsibilities of trusteeship with its focus on beneficiaries, the investment context and future scenarios, the wider philanthropic landscape and being an effective grantmaker. This led Trustees to confirm a policy of spending 4.5% of the net assets, smoothed over the previous three years to reduce volatility. However, we will be flexible in response to market conditions and the sector's needs.

Flexibility

Our personal approach means that Trustees can venture outside our usual rules when they believe it is the right thing to do; having such a highly engaged Board makes this easier. So, Trustees have overspent in certain funding categories in response to demand, for example by making more grants than anticipated to regional museums and galleries. This year also saw an exceptional grant towards Hull's 2017 City of Culture. The first Sir John Ellerman was born in the city, and this was an opportunity to support something with a link to the Foundation's origins. The grant of £200,000 towards the theatre programme led by Hull Truck Theatre Company matches our interest in the performing arts, though some of the local nature of the work brought it close to the edge of our general funding criteria.

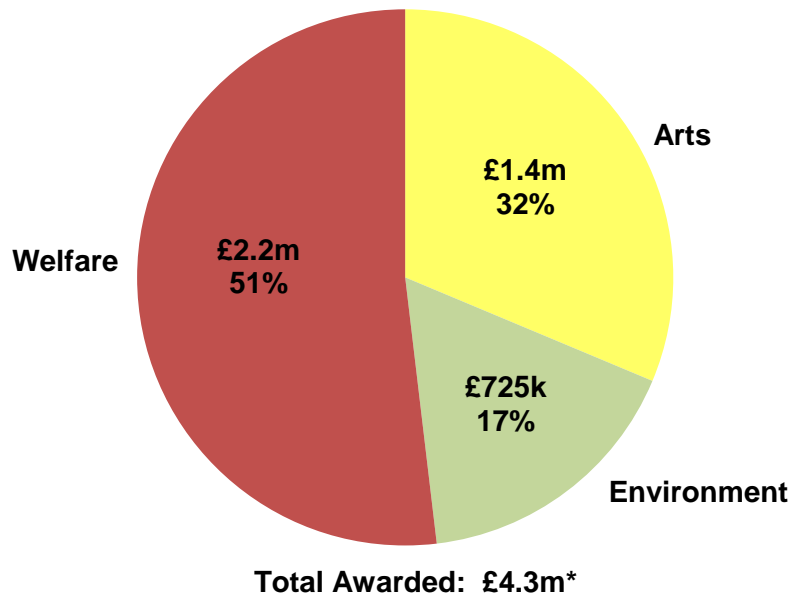
Trustees have also been willing to consider new opportunities such as social investments, which we see as an additional form of support to charities where the work is a close match with our grantmaking funding priorities. More detail of the specific investments can be found in the financial review.

Grants 2014/15

This was the first full year operating under our new funding approach, and we have been bedding in our new funding criteria. Although we launched the website and new guidelines in June 2013, applications only returned to normal levels for a full year in 2014/15, largely because a two-stage application process means it takes time for proposals to filter through the system.

We publish details of grants approved on our website after each bi-monthly board meeting. A full list is also included later in this report.

Grants Awarded in 2014/15



*Plus an exceptional grant of £200,000 towards Hull City of Culture 2017

In the year to 31 March 2015:

- We made 54 grants worth £4.3m, plus an exceptional grant of £200,000 to Hull City of Culture 2017.
- The budget allocation for the three categories was:
 - Arts 25%
 - Environment 25%
 - Welfare 50%
- The average size of a grant was £36,000 pa (£26,000 last year). This increase was due to some larger grants in more than one category.
- Core funding represented 74% of the grants, a higher percentage than last year.
- Most grants were for more than one year:
 - 4 were for one year
 - 21 were for two years
 - 29 were for three years
- In the Arts category, of the total grants made, six were for regional museums and galleries.

Trustees remain conscious of the difficult economic situation and the pressure on charities and their beneficiaries, and agreed to increase the grants budget to £4.8m for 2015/16.

Share of grants between the different categories

The budget for each category is flexible, allowing Trustees to respond to the number and quality of applications. This year the proportion of expenditure on the environment, at 17%, fell short of its 25% target. We believe this is more a question of timing than lack of demand, as some second-stage applications were unexpectedly deferred until the next financial year. There is a good pipeline of proposals from environmental charities and in 2015/16 we expect expenditure to be close to the budget.

In contrast, 32% of expenditure was on the arts, against a budget of 25%. This was largely a result of additional expenditure on the Regional Museums and Galleries Fund.

Emerging artists

We have a long-standing interest in new talent. In the past we funded charities which focused on developing individual artists, perhaps through conservatoires or by running summer schools, but under the new funding criteria this is no longer a priority. As we have continued to receive enquiries and initial proposals for this kind of work, we have amended the guidelines to make our intention clear. They now state we will only support the development of emerging talent when it is part of an organisation's overall programme of work rather than its main focus.

Application rate

Surprisingly, given the increasingly difficult economic climate, we have seen a year-on-year decline in the number of applications. In 2012/13, the final year of our previous strategy, we received 507 proposals. This year there have only been 446 applications – a 12% decrease. We believe the most recent reduction is in large part because of a new exclusion: we no longer support organisations focused on a single disease, organ or condition.

Applications and success rates

During the first full year of operating under our new guidelines, we received an average of 14 applications per month. The majority, at 65%, were in the Welfare category.

Of these, about half (278) matched the guidelines. Most applications declined at this stage did not match our overarching criteria – they were either from charities working locally, rather than across England or the UK, or had income of less than £100k.

Of the 278 eligible initial applications received, 24% were invited to a second stage. Of the 67 second-stage applications, 54 (81%) received a grant.

Compared to the previous full year, the success rate of initial applications invited to the second stage increased slightly, as did the chance of second-stage proposals actually receiving a grant.

Public benefit

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

Financial Review

Investments

The Foundation's investment aim is to manage its funds so that it balances Trustees' desire to maintain its grantmaking capacity with operating in the long term. The objective is to achieve a real return of 4% per annum in the long term. Trustees have adopted a Total Return approach, which means they will spend capital as well as income.

In November 2013, the Finance & Investment Committee implemented a fundamental change to the way in which the investments are managed. We have now seen the first complete financial year under this new structure and are pleased to report that the two main drivers for change have been met. First, the fiduciary responsibility of the Committee is at a more appropriate level, in that asset-class decisions now rest with the investment managers. The Committee's responsibility is limited to the overall investment strategy and is therefore clearer.

Second, the yield on the portfolio has doubled from around 1.5% to 3% and this level has been maintained throughout the year. Consequently, the funding of expenditure has been simplified, with almost 70% coming from income. As some cash was retained during the transition to the new managers, no capital withdrawals were required during this financial year.

The six investment managers were retained during the year. Investec, Ruffer and Smith & Williamson manage segregated portfolios, while the investments with Newton, Barings and the Charities Property Fund are held in pooled funds.

There has been a small change to the restrictions on our endowment. Previously Trustees were obliged to treat around 1% of the total as permanent, with the vast majority being expendable. This created administrative and accounting burdens, with no benefit to the charitable activities. Trustees passed a resolution in October 2014, to the effect that it would help achieve the charity's purposes if the capital part of the endowment could be expended as well as its income, in line with the treatment of the rest of the fund. The Charity Commission had no objection and concurred with this. The whole of the endowment is now treated as a single, expendable whole. This removes a layer of complexity from the accounts and improves their transparency.

Investment performance

The Finance & Investment Committee monitors the performance of each manager against their respective benchmarks. At a total portfolio level, the Committee measures performance against two benchmarks. The real return target of 4% per annum indicates how the total portfolio is performing against its objective. The Committee also compares performance with a 'simple' benchmark of 70% UK equities and 30% UK government bonds. This is used to establish the benefit of running the diversified investment structure.

During the year, we appointed Stanhope Capital to support the Committee with performance measurement analysis, commentary on the managers and modelling options to assist with the review and planning of the investment strategy.

By the end of the financial year, the Foundation's investment portfolio had increased in value from £122m to £135m, continuing to reach new highs. For the financial year ending 31 March 2015, the total portfolio return was 13.3% compared to the 'simple' benchmark of 9.1% and the long-term objective of 4.9% (ie RPI+4% for this year). This performance benefitted from the strength of the underlying global equity markets, returns from property and the relative performance of the multi-asset managers.

Income and expenditure

Total investment income increased from £2.3m the previous year to £3.7m and is now received as cash, a much simpler process than before. The increase was due to a full year of the new, higher-yielding investment structure, compared to only one quarter of last year.

Total expenditure was £5.7m, compared to £4.4m last year. This is largely due to two factors: the reduced spend on grants in 2013/14 (a result of the Foundation being closed to applications for the earlier part of that year) and investment management fees now being paid directly for four out of six investments, whereas previously all the investments were held in pooled funds from which management fees had already been deducted. However, overall, since the change to the investment structure in November 2013, total investment costs have fallen from around 1.1% to 0.7% of total funds.

Trustees and staff 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. In 2013/14, running costs formed a higher proportion of total expenditure than usual at 17%, because the Foundation was closed to new applications for part of the year, so fewer grants were made. For 2014/15, running costs were 11.5% of total expenditure (excluding investment costs).

Spending policy

For this financial year 2014/15, Trustees agreed a grants budget of £4.5m as a temporary measure, pending a full review of the spending policy.

As described earlier in this report, in April 2015, Trustees held a special meeting to determine an appropriate spending policy. Armed with a full briefing, after an in-depth discussion, it was agreed that the Foundation should aim to continue operating in the long term, defined as 30-plus years. Annual expenditure would be calculated as 4.5% of the value of the Foundation's net assets, averaged over the quarter end values of the last three calendar years.

Reserves policy

For the Foundation, the reserves policy is inextricably linked with the spending policy. Trustees have adopted a spending policy which they believe to be stretching but sustainable in the long term. The Total Return investment policy 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 capital value of the investment portfolio, in order to continue to support charities in the long term. 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.

Socially responsible investment

To recognise the link between the Foundation's investments and grantmaking activities, Trustees exclude investment in tobacco-related companies wherever practically possible.

Social investment

In 2007, the Foundation made a social investment of £250,000 in Charity Bank, in the form of an unsecured 10-year loan. This combines a social and financial return. Charity Bank lends to charities and the funds are recycled to help yet more charities. The Foundation receives interest annually and the loan is expected to be repaid at the end of its term. Trustees understand that the financial return on the loan could be lower than other investments over the same period.

Last year, Trustees approved a second social investment, of up to £250,000, in a Fund created by Social Finance to expand the number of Shared Lives schemes in England. These schemes provide a home and family life, instead of life in an institution for adults who are unable to manage on their own. They are a personal, highly-rated form of care about which Trustees are enthusiastic. This investment follows a grant to Shared Lives Plus in 2012, and is intended to help with scaling up a selection of Schemes in a way that a grant could not. During this year, the due diligence, legal work and administration was completed and the first draw-down was made after year end, in April 2015. We expect to report more fully on the progress of this important initiative next year.

Grants made in the year ended 31 March 2015

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 2014/15.

Arts

Aurora Orchestra	£96,000
Towards core costs, specifically the salary of the Chief Executive, to engage and develop new audiences for classical music.	over three years
BalletBoyz	£75,000
Towards core costs, specifically to extend the current programme and develop new projects and relationships.	over three years
Battersea Arts Centre	£90,000
Towards the cost of the Take Out Strategic Partnerships programme, a national touring model, which takes BAC's shows to venues across the UK, and brings shows and artists from those locations to Battersea.	over three years
Britten Sinfonia	£60,000
Towards the core costs of the artistic programme and other activities.	over two years
City of Birmingham Symphony Orchestra	£120,000
Towards the costs of the Chorus Director to maintain the excellence of the CSBO chorus and support other choral work in the city.	over three years
English Touring Opera	£90,000
Towards core costs, specifically to increase audiences by visiting new venues, greater community engagement and developing the volunteer scheme.	over three years
Fevered Sleep	£60,000
Towards core costs, specifically the salary of the Associate Artistic Director and Designer to develop a new artistic programme and model of working.	over two years
Hull Truck Theatre Company Limited	£200,000
Towards Hull City of Culture's Year of Theatre programme in 2017. The grant is to help support the lead-up to and delivery of the programme.	over four years
Mahogany Opera Group	£60,000
Towards core costs, specifically the salary of the Executive Producer.	over two years
The English Concert	£70,000
Towards core costs, specifically the salary of an Artistic Administrator to support the artistic programme.	over two years
Theatre de Complicite Education Limited	£90,000
Towards the core costs of the artistic programme.	over three years

Regional Museums & Galleries Fund

Bowes Museum

Towards the salary of an early-career curator of Fine Art to work closely with the Auckland Castle curatorial team and Durham University to research the collections, disseminate the learning and raise the profile of Spanish Art in Co. Durham.

£89,250
over three years

Bristol Museums Development Trust

Towards the costs of South West Museums Natural Sciences Project, a dedicated programme of training and professional development to enhance curatorial skills across the region.

£85,425
over two years

Gainsborough's House Society

Towards core costs, specifically the salary of the 'Keeper of Art & Place' to develop the 'Art in Suffolk' initiative with museums across the county, by sharing professional art curatorial skills and training to help the county's museums make the best use of their art collections.

£84,000
over three years

Lakeland Arts

Towards the Cumbria Museums Consortium Curatorial Skills Development Programme, which will provide training, share knowledge to strengthen collection care and improve the management of loans by museums across the region.

£90,000
over three years

Manchester Museums Partnership

Towards a programme of curatorial development, to enhance knowledge, skills and confidence in the use of the four partner museums' collections of Islamic art, fabric and other objects.

£97,882
over two years

Royal Pavilion & Museums

Towards the 'Film Pioneers' project, to understand and display better this important film and media collection which illustrates the seminal role Brighton and Hove played in film-making in the 1890s and early 1900s.

£92,505
over two years

Total Arts and Museums & Galleries Grants

£1,550,062

Environment

British Trust for Ornithology Towards the costs of the 'Beyond the Maps' project, establishing how habitat change affects the abundance of birds.	£27,700 over one year
Buglife Towards core costs, specifically the salary of the Chief Executive to support and develop its work to halt and reverse the decline of all invertebrates.	£64,000 over two years
COAST (Community of Arran Seabed Trust) Towards the core costs of their work demonstrating and promoting the sustainable management of the seas.	£75,000 over three years
Future Trees Trust Towards core costs, specifically the salary of the Development Officer.	£50,000 over two years
The Open University Towards the Floodplain Meadows Restoration project, to maintain, support and promote the importance of Britain's floodplain meadows.	£105,395 over three years
Royal Society for the Protection of Birds Towards conservation action to protect the UK Overseas Territory of Gough Island and to complete a review of UKOT environmental governance.	£82,000 over two years
Scottish Environment Link Towards the costs of their work to improve the protection and sustainable stewardship of Scotland's seas.	£35,800 over two years
Sustain Towards the Sustainable Fish Cities project, to develop the market for sustainable fish in the food service and supply sectors.	£60,000 over two years
Wild Trout Trust Towards core costs, specifically the salary of a Conservation Officer to develop and run river habitat workshops.	£70,000 over two years
Wildlife Trusts Towards the salary of a Fisheries Officer to support local trusts and influence policy at an England, UK and European level.	£154,951 over three years
Total Environment Grants	£724,846

Welfare

Action on Disability and Work UK Towards core costs, specifically the salary of the Advice Line Supervisor to develop the national advice service.	£60,000 over two years
Association of Charitable Foundations Towards the core costs of the Association, the representative body for charitable trusts and foundations.	£4,430 over one year
Campaign Against Living Miserably (CALM) Towards the core costs of a web-chat service for young men who are depressed or in crisis.	£90,000 over three years
Campaign to End Loneliness Towards the costs of giving a voice to older people, supporting local community action and influencing commissioners of services to invest in tackling loneliness.	£80,000 over two years
Care & Repair England Towards core costs, specifically to develop local Care & Repair services and enable Care & Repair England to act as a facilitator/link with frontline service providers and academic researchers, in order to lever in additional resources - jointly funded with Tudor Trust.	£150,000 over three years
Choir with No Name Towards core costs, specifically the salary of the Chief Executive.	£50,000 over two years
Circles of Support and Accountability Towards continuation funding for the Business Development Manager's post.	£6,000 over three months
Clinks Towards core costs, specifically the salary of a Network Development Manager to provide better support to people facing multiple needs and exclusions.	£87,000 over three years
Community Links Towards core costs.	£25,000 over one year
Depaul UK Towards core costs, specifically the salary of the Head of Volunteering & Programmes responsible for developing youth participation and volunteering.	£90,000 over three years
ERIC Towards the costs of developing the service to improve the lives of children and young people with continence problems.	£120,000 over three years
Farming Community Network (FCN) Towards core costs, specifically the salary of the Regional Director for South West England, who supports the volunteers helping farmers and their families through difficult times.	£30,000 over two years
Genetic Alliance UK Towards the costs of the Helping Patients Help Themselves project, developing peer support networks for people with rare and genetic conditions.	£80,000 over two years

Giving World Towards core costs to distribute surplus and end-of-line goods to those who need them most, also reducing landfill.	£82,452 over three years
Hijinx Theatre Towards core costs, specifically to create a full-time post to increase touring, audiences and the number of learning disabled people they engage with.	£90,000 over three years
INQUEST Charitable Trust Towards the core costs of their work with bereaved families.	£90,000 over three years
KIDS Towards core costs, specifically the salary of a Business Analyst to enable the charity to better support families with a disabled child, who have their own budget to pay for services.	£117,200 over three years
Leap Confronting Conflict Towards the core costs of their work to equip young people with the skills to understand, manage and resolve conflict, reduce violence in their communities and the Improving Prospects Programme.	£120,000 over three years
Media Trust Towards developing the volunteering network to benefit charities across the UK.	£60,000 over two years
Music In Detention Towards core costs, specifically using music to build relationships between immigration detainees and people in the wider community.	£60,000 over three years
National Autistic Society Towards core costs, specifically the Head of Casework Services, responsible for the information and advice service for people with autism and their families.	£60,000 Over two years
PACE (Parents Against Child Sexual Exploitation) Towards core costs, specifically the salary of a Communications & Fundraising Manager to help parents and families where a child is experiencing or is at risk of sexual exploitation.	£90,000 over three years
Personal Support Unit Towards the salary of the Head of Service to develop and manage existing and new PSU sites, to provide practical support to people who face civil and family court proceedings without a lawyer.	£60,000 over three years
Prison Advice and Care Trust (PACT) Towards the Basic Caring Communities project (BaCC), which supports offenders leaving prison wanting to make a fresh start.	£75,000 over three years
REACH Towards the core costs of their work connecting charities and skilled professional volunteers.	£45,000 over one year
Research Institute for Consumer Affairs Towards a project to involve people with dementia in Rica's national consumer research, and provide consumer input on local services to enhance the lives of people with dementia.	£100,000 over three years

SafeLives	£150,000
Towards the core costs of a new strategy focusing on the whole family affected by domestic abuse.	over three years
Vitalise	£64,400
Towards core costs, specifically the salary of the Head of Care and Quality to ensure that disabled people and their carers experience high quality respite holidays.	over two years
Young Advisors	£105,000
Towards the salaries of the Office Manager and Development Associate to support young people working to improve their local communities.	over three years
Total Welfare Grants	£2,241,482
TOTAL GRANTS MADE IN THE YEAR ENDING 31 MARCH 2015	£4,516,390

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 eight. Trustees are appointed for five years, followed by the possibility of a further five years. A Trustee who is selected to be Chairman 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. Existing Trustees identify where gaps need to be filled, such as those relating to a grant category or profession. Potential candidates are interviewed by the Chairman, a panel of Trustees and the Director. From time to time an external agency assists with recruitment.

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 Chairman, 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.

Organisational Structure

The Trustee Board meets 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, 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
- 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 which 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 the investment objective and policy, 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 checked and updated regularly. An Emergency Disaster 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.

All staff and Trustees complete an annual register of interests form. At each Board Meeting, 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

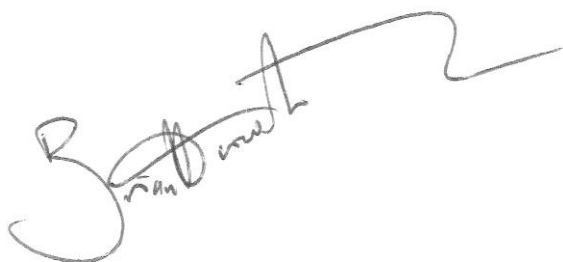
The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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.

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.



BRIAN HURWITZ
Trustee

23 July 2015



DOMINIC CALDECOTT
Chairman, Finance & Investment
Committee

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

We have audited the financial statements of the John Ellerman Foundation for the year ended 31 March 2015, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, the Trustees are responsible for the preparation of financial statements, which give a true and fair view. 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 responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2015, 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.

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
- sufficient accounting records have not been kept; 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 require for our audit.



KINGSTON SMITH LLP

Statutory auditor

Devonshire House

60 Goswell Road

London EC1M 7AD

Date: 3 August 2015

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 2015

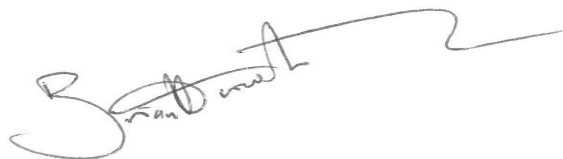
	Notes	Expendable Endowment Income £'000	Expendable Endowment Capital £'000	Permanent Endowment £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Incoming resources						
Incoming resources from generated funds						
Investment income	3	3,692	-	-	3,692	2,312
Total incoming resources		3,692	-	-	3,692	2,312
Resources expended						
Costs of generating funds						
Investment management costs		314	314	3	631	338
Charitable activities						
Grants to charities	4	4,516	-	-	4,516	3,424
Costs in support of grant-making		464	-	-	464	567
Total charitable activities		4,980	-	-	4,980	3,991
Governance costs		48	-	-	48	56
Total resources expended	5	5,342	314	3	5,659	4,385
Net outgoing resources before transfers		(1,650)	(314)	(3)	(1,967)	(2,073)
Gross transfers between funds	13	1,650	(350)	(1,300)	-	-
Net outgoing resources before other recognised gains		-	(664)	(1,303)	(1,967)	(2,073)
Other recognised gains						
Gains on investment assets	9	-	13,071	-	13,071	5,475
Gain on revaluation of property	8	-	490	-	490	-
Net movement in funds	14	-	12,897	(1,303)	11,594	3,402
Reconciliation of funds						
Funds balance bought forward		-	122,516	1,303	123,819	120,417
Total funds at 31 March 2015		-	135,413	-	135,413	123,819

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

Balance Sheet at 31 March 2015

	Notes	2015	2014
		£'000	£'000
FIXED ASSETS			
Tangible Fixed Assets	8	1,263	782
Investments	9	134,547	122,334
Social Investment		250	250
Total Fixed Assets		36,060	123,366
CURRENT ASSETS			
Debtors	10	294	83
Cash at bank and in hand		3,125	4,081
Total Current Assets		3,419	4,164
CURRENT LIABILITIES			
Creditors falling due within one year	11	(2,695)	(2,928)
NET CURRENT ASSETS		24	1,236
TOTAL ASSETS LESS CURRENT LIABILITIES			
		136,784	124,602
Creditors falling due after more than one year	12	(1,371)	(783)
NET ASSETS	15	135,413	123,819
FUNDS			
Expendable Endowment Capital	14, 15	135,413	122,516
Permanent Endowment	13	-	1,303
TOTAL FUNDS		135,413	123,819

The financial statements were approved by the Trustees on 23 July 2015 and were signed on their behalf by:



BRIAN HURWITZ
Trustee



DOMINIC CALDECOTT
Chairman, Finance Committee

Notes to the Financial Accounts for the year ended 31 March 2015

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

The financial statements are prepared under the historical cost convention, with the exception that investments are valued at market value, and in accordance with applicable Accounting Standards, the Charities Act (2011) and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP), issued March 2005. 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 received in three ways and the appropriate accounting treatment applied for each one. 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. Up to their disposal in 2013/14, some funds accumulated income in the fund, which was treated as part of the market value of the investment.

- (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 generating funds include investment management, custody, consultancy and a proportion of staff and trustee costs. Until 17 October 2014 the costs were split between the Permanent Endowment and Expendable Endowment in proportion to the opening fund values. The charge to the Expendable Endowment was then split equally between the Income and Capital Funds. Employee costs and trustee remuneration have been apportioned between costs of generating 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) In line with the Scheme, the Foundation's governing document, the Permanent Endowment Fund was increased in line with inflation each year until 17 October 2014 and a transfer was made from the Expendable Endowment to reflect this. Incoming resources from the Permanent Endowment Fund were unrestricted and expenditure was charged to it when deemed to be attributable.

- (f) 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 quantity surveyor's valuation report. This value was recorded in this year's accounts 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. 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 and freehold properties 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.

The Social Investment represents £250,000 fixed-rate subordinated unsecured loan notes with Charity Bank, maturing on 30 July 2017. The loan notes are valued at purchase cost, which the Trustees believe is reasonable following regular quarterly reviews of the Bank's finances.

- (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 sustainable in the long term. The Total Return investment policy 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 capital value of the investment portfolio to be able to continue to support charities in the long term.
- (l) In line with the exemption in FRS1 (Cash flow statements), the Foundation has not prepared a cash flow statement due to its size.

3 Investment income

	2015	2014
	£'000	£'000
Investment income from assets in the UK	3,303	1,825
Investment income from assets outside the UK	364	458
Interest on cash deposits	<u>25</u>	<u>29</u>
Total investment income	<u>3,692</u>	<u>2,312</u>

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

	2015 £'000	2014 £'000
Grants awarded in the year	4,516	3,449
Grant cancelled in the year	-	(25)
Total Grants to Charities (note 5)	<u>4,516</u>	<u>3,424</u>

A list of grants awarded during the year ended 31 March 2015 is shown in the Annual Report.

Grants awarded in the year:

	2015 £'000	2014 £'000
Grants paid in the year	1,765	1,468
Grants payable within one year	1,550	1,247
Grants payable after more than one year	1,201	709
Total Grants to Charities	<u>4,516</u>	<u>3,424</u>

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.

This financial year 2014/15 there were no conflicts of interest.

5 Analysis of total resources expended

	Costs of Generating Funds £'000	Charitable Activities £'000	Governance Costs £'000	2015 £'000	2014 £'000
Investment fees	<u>559</u>	<u>-</u>	<u>-</u>	559	<u>255</u>
Grants to Charities (note 4)	<u>-</u>	<u>4,516</u>	<u>-</u>	4,516	<u>3,424</u>
Staff costs (note 7)	48	287	17	352	452
Trustee costs (note 6)	9	75	9	93	81
Audit fees	-	-	10	10	12
Legal fees	-	-	5	5	5
Depreciation	1	8	1	10	11
Monitoring & Evaluation	-	8	-	8	-
General expenses	<u>14</u>	<u>86</u>	<u>6</u>	106	<u>145</u>
	72	464	48	584	706
Total resources expended – 2015	631	4,980	48	5,659	4,385
Total resources expended – 2014	<u>338</u>	<u>3,991</u>	<u>56</u>		<u>4,385</u>

6 Trustees' remuneration

Trustees receive remuneration in accordance with the authority in the Scheme. In carrying out their duties, including visits to applicant charities, five Trustees incurred travelling and related expenses totalling £6,883 (2014: £6,446), which have been included under general expenses.

	2015 £'000	2014 £'000
Remuneration paid to Trustees during the year:		
Sarah Riddell, Chairman	13	13
Dominic Caldecott, Chairman of the Finance Committee	14	14
Tim Glass	11	11
Vivien Gould	11	11
Brian Hurwitz	10	9
Peter Kyle	10	1
Hugh Raven	10	9
Diana Whitworth	10	9
Total remuneration	89	77
Social Security costs	4	4
Total remuneration and Social Security costs	93	81

7 Employees

	2015	2014
	£'000	£'000
Wages and salaries	275	350
Employer's National Insurance costs	33	37
Pension costs	35	37
Temporary staff	9	28
Total staff costs	352	452

The average number of employees during the year ended 31 March 2015 was 5 (2014: 6). The average full-time equivalent number of employees analysed by function was:

	2015	2014
Generating funds	0.2	0.2
Charitable activities	4.5	5.5
Governance	0.1	0.1
Total full-time equivalent staff	4.8	5.8

For each employee, the Foundation contributes to an approved private pension scheme. The total pension cost for the Foundation was £35,000 (2014: £37,000).

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

	2015	2014
	Number	Number
£60,001 - £70,000	2	1
£70,001 - £80,000	-	1
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1

For these employees, the Foundation made contributions to their approved private pension schemes totalling £27,800 (2014: £24,000) during the year.

8 Tangible fixed assets

	Leasehold property £'000	Furniture, Fittings and Equipment £'000	Total £'000
Cost or valuation			
At 1 April 2014	760	150	910
Revaluation during year	490	-	490
Purchases during year	-	1	1
Disposals during year	-	-	-
At 31 March 2015	1,250	151	1,401
Depreciation			
At 1 April 2014	-	128	128
Charge for the year	-	10	10
On disposals during year	-	-	-
At 31 March 2015	-	138	138
Net book value at 31 March 2014	760	22	782
Net book value at 31 March 2015	1,250	13	1,263

During the year, the leasehold property was 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.

9 Investments

	31 March 2015	31 March 2014
	£'000	£'000
Investment assets in the UK	86,076	68,752
Investment assets outside the UK	45,943	49,352
Total investments, excluding cash	132,019	118,104
Investment cash accounts in the UK	2,528	4,230
Total investments at 31 March 2015	134,547	122,334

The historical cost of the investments (including cash) held at 31 March 2015 was £122,395,000 (31 March 2014: £121,665,000).

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

	2015	2014
	£'000	£'000
At 1 April 2014	118,104	117,822
Purchases at cost	45,932	161,987
Disposal proceeds	(45,010)	(167,319)
Net investment gains	12,993	5,614
At 31 March 2015	132,019	118,104

Investments are listed on recognised stock exchanges and valued at the middle market prices ruling at the period end. During the year, £nil (2014: £5m) was withdrawn from the investment portfolios to fund working capital.

Gains on revaluations and disposals of investments:

	2015	2014
	£'000	£'000
Net investment gains	12,993	5,614
Realised gains/(losses) on foreign currency	78	(139)
Total gains on revaluations and disposals of investments	13,071	5,475

10 Debtors

	31 March 2015 £'000	31 March 2014 £'000
Accrued income and prepayments	293	81
Other debtors	1	2
	<hr/>	<hr/>
	294	83
	<hr/>	<hr/>

11 Creditors: amounts falling due within one year

	31 March 2015 £'000	31 March 2014 £'000
Accrued expenditure	179	198
Other creditors	1	1
Grants payable	2,502	2,720
Other taxation and social security	13	9
	<hr/>	<hr/>
	2,695	2,928
	<hr/>	<hr/>

Included within accrued expenditure is an amount of £2,338 (2014: £nil) due to pension schemes.

12 Creditors: amounts falling due after more than one year

	31 March 2015 £'000	31 March 2014 £'000
Grants payable between 1 to 2 years	1,371	783
	<hr/>	<hr/>
	1,371	783
	<hr/>	<hr/>

13 Permanent Endowment

The Permanent Endowment related to a merger in 2002 with the Ellerman Will Trust: General Charitable Fund. The original funds transferred were £925,000.

All income generated from the Expendable Endowment Capital and the Permanent Endowment fund was included in the Expendable Endowment Income Fund for distribution. A transfer of £1,650,000 was made from the Capital Fund to the Income Fund to support the Foundation's grantmaking activities in accordance with the spending policy.

On 17 October 2014, the Charity Commission approved the Trustees' resolution to transfer the Permanent Endowment to Expendable Endowment.

Up to the 17 October 2014, as required by the Foundation's Scheme:

- The Permanent Endowment was increased in line with the March Retail Price Index. The adjustment to the Permanent Endowment for the period up to 17 October 2014 was an increase of £14,000 (2014: £32,000) and a transfer from the Expendable Endowment Capital fund has been made to reflect this.
- Investment management costs of £3,000 (2014: £4,000) were deemed to be attributable to and have been charged to the Permanent Endowment Fund.

Following the above adjustments and transfer, the value of the Permanent Endowment at 31 March 2015 was £nil (2014: £1,303,000).

14 Movement of Funds

	Expendable Endowment Income £'000	Expendable Endowment Capital £'000	Permanent Endowment £'000	Total £'000
At 1 April 2014	-	122,516	1,303	123,819
Net movement in funds	-	12,897	(1,303)	11,594
At 31 March 2015	-	135,413	-	135,413

Of the above Expendable Endowment Capital, £12,152,000 represents unrealised gains on investments.

15 Analysis of Net Assets between Funds

	Expendable Endowment Income £'000	Expendable Endowment Capital £'000	Permanent Endowment £'000	Total £'000
Fixed Assets	-	136,060	-	136,060
Current Assets	-	3,419	-	3,419
Current Liabilities	-	(2,695)	-	(2,695)
Creditors greater than one year	-	(1,371)	-	(1,371)
Total net assets	-	135,413	-	135,413

16 Financial Commitments

During the year, 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 after year end, in April 2015.

At 31 March 2015, the Foundation had a commitment of £19,000 (2014: £nil) in respect of the refurbishment of the internal communal parts of Aria House.

Trustees, Staff and Registered Office of the Foundation

Board of Trustees

Sarah (Lady) Riddell LVO Chairman
Dominic Caldecott
Tim Glass
Vivien Gould
Dr Brian Hurwitz MD
Peter Kyle OBE, CCMI
Hugh Raven
Diana Whitworth

The following Trustees are members of or served on Committees at 31 March 2015:

Finance & Investment Committee: Dominic Caldecott (Chairman), Vivien Gould, Tim Glass

Remuneration Committee: Sarah Riddell (Chairman), Dominic Caldecott, Diana Whitworth, Brian Hurwitz

Risk and Audit Committee: Hugh Raven (Chairman), Vivien Gould

Members of Staff at 31 March 2015

Nicola Pollock	Director
Patricia Yearley FCA, DChA	Head of Finance & Resources
Barbra Mazur	Head of Grants
Linda Crowhurst	Administrative Assistant - Grantmaking
Jo Drury	Administrative Assistant - Office & Facilities (from February 2015)
Katherine Reichel	Administrative Assistant - Office & Facilities (until November 2014)

Registered address of the Foundation

Aria House
23 Craven Street
London WC2N 5NS

Telephone: 020 7930 8566

Website: www.ellerman.org.uk

Fax: 020 7839 3654

Email address: enquiries@ellerman.org.uk

Registered Charity Number 263207

Advisers to the Foundation

Auditors

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

Solicitors

Bates Wells & Braithwaite, 2-6 Cannon Street, London EC4M 6YH

Investment Advisers

Stanhope Consulting, 35 Portman Square, London W1H 6LR
Portfolio Review Services, Palings, Warboys Road, Kingston on Thames, Surrey KT2 7LS

Investment Managers at 31 March 2015

Baring Asset Management (London), 155 Bishopsgate, London EC2M 3XY
Charities Property Fund, Cordea Savills, 33 Margaret Street, London W1G 0JD
Investec Wealth & Investment Limited, 2 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
Charity Bank, 194 High Street, Tonbridge, Kent TN9 1BE
COIF Charities Deposit Fund, 80 Cheapside, London EC2V 6DZ

Regional Museums and Galleries Fund Advisers

Caroline Collier, Director Tate National
Virginia Tandy, Consultant