

# **THE GATSBY CHARITABLE FOUNDATION**

ANNUAL REPORT

5 APRIL 2015

The Peak  
5 Wilton Road  
LONDON SW1V 1AP

# THE GATSBY CHARITABLE FOUNDATION

## 5 April 2015

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## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

### REPORT OF THE TRUSTEES

#### Legal and Administrative

The Gatsby Charitable Foundation was established under a Trust Deed dated 17 March 1967 and is registered with the Charity Commission under No. 251988.

<b>Settlor</b>	Lord Sainsbury of Turville	
<b>Trustees</b>	Sir Andrew Cahn KCMG Miss J S Portrait OBE Mr B J C Willis (Retired 17 October 2014) Mr J C Burns (Appointed 17 October 2014)	
<b>Registered Office</b>	The Peak, 5 Wilton Road London SW1V 1AP	
<b>Principal Officers</b>	Mr A Bookbinder Mr P Hesketh Mr Paul Spokes Mrs Karen Everett Mr N Thomas Mr J Highstead	Head of the Sainsbury Family Charitable Trusts Director Finance Director (To August 2015) Finance Director (From August 2015) Executive Executive
<b>Bankers</b>	Child & Co, 1 Fleet Street, London EC4Y 1BD	
<b>Solicitors</b>	Portrait Solicitors 21 Whitefriars Street London EC4Y 8JJ	SNR Denton LLP 1 Fleet Place London EC4M 7WS
<b>Auditor</b>	Crowe Clark Whitehill LLP St Bride's House, 10 Salisbury Square, London EC4Y 8EH	
<b>Investment Advisers</b>	Sarabaite Limited Lower Mill, Kingston Road, Ewell, Surrey KT17 2AE	
<b>Investment Managers</b>	Troy Asset Management Limited Brookfield House, 44 Davies Street, London W1K 5JA  Cooke & Bieler, L.P. 1700 Market Street, Suite 3222, Philadelphia, USA  Tweedy Browne Company LLC 350 Park Avenue, New York, NY 10022, USA	
<b>Investment Powers</b>	The Trust Deed empowers the Trustees to appoint investment advisers, who have discretion to invest the funds of the Foundation within guidelines established by the Trustees.	

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### REPORT OF THE TRUSTEES (continued)

#### Legal and Administrative (continued)

#### Objects

The objects of the Trust as given in the Trust Deed are for general charitable purposes.

#### Organisation

The Trust is one of the Sainsbury Family Charitable Trusts which share a common administration.

#### Objectives

The Trustees' objectives within their current fields of interest are:

- **Plant Science**, to develop basic research in fundamental processes of plant growth and development and molecular plant pathology, and to encourage young researchers in the field of plant science in the UK.
- **Neuroscience**, to support world-class research in the area of neural circuits and behaviour and theoretical neuroscience, and to support activities which enhance our understanding in these fields.
- **Science and Engineering Education**, to strengthen science and engineering skills in the UK by developing and enabling innovative programmes and informing national policy.
- **Africa**, to promote economic development in East Africa that benefits the poor through support to the growth and sustainability of key sectors.
- **The Arts**, to support the fabric and programming of institutions with which Gatsby's founding family has connections.
- **Public Policy**, to support: the Institute for Government as an independent centre available to politicians and the civil service focused on making government more effective; and the Centre for Cities, which provides practical research and policy advice that helps cities understand how they can succeed economically.

The Trustees occasionally support other charitable work which falls outside their main fields of interest.

Within these categories the Trustees make grants in support of work which they judge to have particular merit. Many of their grants fund projects which the Foundation has helped to initiate. It is the policy of the Trustees to evaluate programmes and projects rigorously and carefully, and to assess when the evaluations should most usefully take place.

Generally, the Trustees do not make grants in response to unsolicited applications or to individuals.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### **REPORT OF THE TRUSTEES (continued)**

##### **Statement on Public Benefit**

Trustees are aware of the Charity Commission's guidance on Public Benefit and confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have regard to it. They consider that the very full information about the Foundation's aims, activities and achievements in the many areas of interest that the Foundation supports, which follows in this annual report, demonstrates the benefit to its beneficiaries, and through them to the public, that arise from carrying out those aims.

##### **Financial overview of the past year**

Trustees met four times to approve grants and twice to review investments.

During the year Gatsby received further gifts from the Settlor totalling £60.75 million which have been added to the Foundation's expendable endowment and is available for grant making. The Foundation also received £7.17 million from dividends and interest and £2.27 million in grants from other organisations.

Gatsby has significant unpaid forward commitments totalling £106.7 million. Trustees approved grants amounting to £9.7 million and made payments of £49.5 million covering some of these grants and others approved in earlier years. In addition, payments of £9.8 million were made in relation to directly managed programmes. With Trustees' intention to spend out the assets of the Foundation, and with the expectation that grant making over the next two to three years is likely to be maintained at a significant level, the Foundation had short term deposits and cash at bank of £248.0 million at the year end. In arriving at these balances, it is the Trustees' intention to hold cash and near cash investments that equate to at least three years of grant expenditure, which should avoid a forced sale of investments should investment markets deteriorate.

In 2005 Gatsby received a gift of shares with a value of £14.7 million in Aquifer Limited, a UK registered company with operating subsidiaries in Mozambique. These shares which were designated as 'A' shares comprised the whole of the issued capital in that class of share. The 'A' shares are entitled to all distributions, but do not have any voting rights which are all attributable to the 'B' shares. Subsequently, in 2009 Gatsby was gifted the 'B' shares and therefore had ownership of all the issued share capital. Gatsby staff are also involved in the management of the company and, as a consequence, Aquifer is a wholly owned subsidiary of Gatsby and its accounts are therefore consolidated into those of Gatsby (see note 19 for further information).

This investment is considered by the Trustees as a programme related investment (PRI), and as reported in note 11, the company was established with the objective of relieving poverty in Mozambique by the promotion of industrialisation in that country. Because Gatsby's investment is that of a PRI, Gatsby's objective has not been to obtain returns as if it was a normal commercial investment. Further investment, but on a smaller scale will be required and Gatsby acquired shares with a value of £1.6m in the year and a further £4.1m after the year end. A loan of £2.8m was also made to Aquifer in September 2015. Gatsby has written down the value of its investment in line with the net asset value of Aquifer at the latter's year end, due partly to some further provisions resulting from the severe flooding in Mozambique in 2013.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### **REPORT OF THE TRUSTEES (continued)**

During the 2010/11 financial year, Gatsby acquired 89% of the issued share capital of African Agricultural Capital Limited (AAC) for £3.46M. This programme related investment has been made to provide finance to small and medium sized enterprises in East Africa in the agricultural sector, and to improve employment opportunities. Trustees do not consider this investment to be material relative to the net assets of the Foundation, and therefore the financial statements of AAC have not been consolidated. During the year to 30 June 2015 the company made a small operating loss.

#### **Reserves policy**

The Trustees treat their expendable endowment and unrestricted income funds as a single resource for grant-making, and do not consider necessary a particular level of income reserves. The Charity Commission nevertheless requires that income is shown separate from capital, and as grant expenditure is shown on the face of the Statement of Financial Activities as a charge against income, a significant deficit of income arises. As this deficit is non-reversing, a transfer of £29.79 million (2013: £26.78 million) has been made from expendable endowment to eliminate the deficit.

#### **Risk assessment**

The Trustees have examined the major strategic, business and operational risks to which the Foundation may be exposed. Through the joint office of the Sainsbury Family Charitable Trusts, adequate systems are in place to meet such potential risks as the Trustees have identified in the context of their grant-making. In addition, an explicit review has been undertaken into the potential risks for direct programme-related activities and the Trustees believe that adequate systems and processes are also in place for these. They continue to keep processes under review.

#### **Investment policy and performance**

During the year under review, the Foundation's endowment comprised mainly cash and cash equivalents, shares of J Sainsbury plc and other equity investments. Active cash management ensured that a return above normally available market rates was achieved.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### **REPORT OF THE TRUSTEES (continued)**

#### **GRANT-MAKING**

The Gatsby Charitable Foundation ('Gatsby') was established in 1967 by David Sainsbury (now Lord Sainsbury of Turville). Gatsby acts as the enabler for projects, developing, overseeing and, in some cases, delivering activities across a small number of focus areas where the Trustees believe charitable funding can secure significant impact. Gatsby's commitment to these areas dates back many years, as Trustees understand that long-term investment and development are often needed to secure significant, sustainable change. Each of Gatsby's focus areas presents different challenges and each demands different models of support, intervention and evaluation. However, some common characteristics can be identified across the different areas.

Across all of Gatsby's programmes the Trustees aim to secure maximum impact with a minimum of bureaucracy. To this end, as well as limiting itself to a small range of fields, Gatsby also adopts a tight focus within each programme area. Trustees are very aware that across even narrowly-defined fields such as plant science or neuroscience research, there will never be a shortage of need and spreading support too thinly risks a disproportionate reduction in impact.

Another common factor across all of Gatsby's focus areas is a proactive approach to grant-making. Rather than awaiting proposals from third parties, Gatsby identifies areas for action and builds hypotheses for action which can then be tested in the field. Where successful these can then be scaled up and rolled-out. Such hypotheses are informed both by knowledge of the field in question (drawing on the experience of Trustees, expert advisers and staff) and by previous experience of what type of intervention is most likely to work. Where available, independent evaluation evidence is also fed into this process.

Underlying Gatsby's approach to grant-making is an acceptance that, while rigorous research from the outset can greatly reduce the chance of failure, not all projects will be successful if innovation is to be fostered. This is especially true of proof-of-principle initiatives which seek novel solutions to stubborn problems. Trustees are therefore willing to take calculated risks with their grant-making in situations where there clearly exists significant potential for impact.

This report describes Gatsby's aims in its main areas of interest and gives an indication of how Gatsby pursued them over the last 12 months. More detailed information can be found at [www.gatsby.org.uk](http://www.gatsby.org.uk)

#### **PLANT SCIENCE**

*"To develop basic research in fundamental processes of plant growth and development and molecular plant pathology, and to encourage young researchers in the field of plant science in the UK."*

Gatsby's work in support of plant science seeks to nurture, sustain and increase the number of high quality researchers for fundamental studies in plant biology. The programme aims to inspire an interest and excitement in plant science at all levels – from school students to graduate researchers – while also attracting world class talent to the UK by creating centres of excellence in the field.

## **THE GATSBY CHARITABLE FOUNDATION**

### **5 April 2015**

#### **REPORT OF THE TRUSTEES (continued)**

Gatsby's largest ever commitment in plant science funded the building of a state-of-the-art research institute, the Sainsbury Laboratory Cambridge University, which opened in 2011. Set within the inspirational grounds of the University's Botanic Garden, the aim of the Laboratory is to elucidate the regulatory systems underlying plant growth and development.

Since 1987 Gatsby has supported the Sainsbury Laboratory at the John Innes Centre in Norwich. The Laboratory is a world-leading research facility focused on making fundamental discoveries about plants and how they interact with microbes. It continues to excel scientifically, as evidenced by the number of high quality publications, and to pursue its strategy of leveraging support and translating its fundamental findings. The Laboratory has a pipeline of applied projects, which includes a partnership with the US-based non-profit organisation, the Two Blades Foundation. Gatsby also provides funding to Two Blades, which continues to support the development of crops with long-term disease resistance and to promote their deployment in agriculture worldwide.

Gatsby supports a network of excellence in plant science, and funds undergraduates, PhD students and their supervisors, and postdoctoral researchers. Earlier in the educational system, Gatsby funds the Science and Plants for Schools (SAPS) programme which supports teachers to deliver plant science lessons in engaging ways, and promotes this area as a key part of the curriculum.

**Total grant payments made this year (from new and previous grants): £14,505,347**

#### **University of Cambridge - £10,077,151**

Towards: research activities and equipment costs at the Sainsbury Laboratory; and the Gatsby Fellowship Programme.

#### **Sainsbury Laboratory - Norwich - £3,381,220**

Towards core research activities.

#### **Two Blades Foundation - £715,976**

Towards project costs.

#### **Cambridge Network - £250,000**

Towards the costs of a secretariat to develop the Norwich-Cambridge Agri-Tech Cluster.

#### **John Innes Centre - £50,000**

Towards Dr Hogenhout's research work.

One further grant payment totalling £31,000 was also paid in the year

**Total direct programme expenses paid this year: £797,390**

#### **Undergraduate Summer Schools & SAPS - £456,600**

Towards the SAPS programme and undergraduate summer schools.



## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### **REPORT OF THE TRUSTEES (continued)**

#### **Gatsby Sainsbury PhD Studentships - £249,911**

Towards plant science PhD studentships.

Other direct programme expenses paid in the year totalled £90,879

#### **NEUROSCIENCE**

*“To support world-class research in the areas of neural circuits and behaviour and theoretical neuroscience, and to support activities which enhance our understanding in these fields.”*

Gatsby’s support of neuroscience is focused in the area of neural circuits and behaviour. Impressive progress has been made over the last 20 years in understanding the organisation and function of the brain. The challenge now is to understand how the brain’s neural circuits carry out the information processing that directly underlies behaviour. This will require the application of new techniques that lie at the interface of a number of traditional scientific disciplines, including computation, physics and chemistry. Trustees believe this can best be achieved by developing a world-class research centre hosting a diverse group of scientists with a common interest in the workings of the brain. As such, Gatsby is leading a partnership with the Wellcome Trust to create the Sainsbury Wellcome Centre for Neural Circuits and Behaviour at University College London, which recently opened. The Gatsby Computational Neuroscience Unit took up residence in the summer of 2015 and recruitment of academic and non-academic staff is underway. Gatsby looks forward to research activity commencing in early 2016.

Gatsby is also supporting world class research programmes in this area to enhance progress alongside efforts of the new Centre:

In the UK, Gatsby is providing core support, jointly with the Wellcome Trust, for the development and support of the Centre for Neural Circuits and Behaviour at the University of Oxford to investigate the circuit mechanisms by which valuations and error signals are constructed. At University College London, Gatsby continues to provide core support for the Gatsby Computational Neuroscience Unit.

Gatsby is collaborating with University College London, the Wellcome Trust, the Allen Institute for Brain Science, the Howard Hughes Medical Institute and IMEC to develop and manufacture a state-of-the-art device for detecting the activity of multiple neurons in animal brains. Gatsby provides grant support to University College London to support their leadership role in this project.

In the US, Gatsby supports: a Gatsby-initiated consortium of five laboratories at the Salk Institute, the University of California, San Diego and Stanford University, tackling the functional analysis of inhibitory interneurons; and the Centre for Theoretical Neuroscience at Columbia University, which receives funding for a computational approach to neurobiology.

In Israel, Gatsby supports a programme in theoretical neuroscience that fosters collaborative research into the dynamics and plasticity of cortical circuits at the Safra Centre for Brain Sciences (ELSC) at the Hebrew University.

Gatsby provides support for numerous meetings and symposia, as well as convening our own meetings, in partnership with other foundations.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### **REPORT OF THE TRUSTEES (continued)**

There is a dearth of publicly available authoritative information about the progress and promise of brain research. To address this, Gatsby is partnering with the Kavli Foundation to support the Society for Neuroscience to create and maintain *BrainFacts.org*. The website targets information about the brain and nervous system to the public, educators and public policy audiences.

Gatsby is supporting WiredDifferently, a new non-for-profit organisation leading several citizen science projects for neuroscience. This will involve an expansion of the EyeWire platform, which has become an online gaming community for neuroscience that contributes to high-impact discoveries. In this way, WiredDifferently are a unique, genuine entwining of education, research and entertainment in the field of neuroscience.

**Total grant payments made this year (from new and previous grants): £18,996,888**

#### **University College London - £16,785,553**

Towards: the construction and capital costs, and the research activities and core costs of the Sainsbury Wellcome Centre for Neural Circuits and Behaviour; the core costs of the Gatsby Computational Neuroscience Unit; and the development of very high site-count silicon probes

#### **Salk Institute, San Diego – California Consortium - £270,362**

#### **Stanford University – California Consortium - £135,382**

#### **University of California, San Diego – California Consortium - £270,325**

Towards a collaborative project: 'Functional Analysis of Cortical Circuits Underlying Higher Brain Function'.

#### **University of Oxford - £638,091**

Towards the Oxford Centre for Neural Circuits and Behaviour.

#### **Columbia University - £250,000**

Towards the Centre for Theoretical Neuroscience.

#### **Hebrew University of Jerusalem - £250,000**

Towards research into Dynamics and Plasticity of Cortical Circuits: Computational Studies.

#### **New York University – School of Medicine – £194,470**

Towards support of work of Oliver Sacks.

#### **Wired Differently - £169,216**

Towards the expansion of the Eye Wire Project.

Further grant payments totalling £33,489 were also paid in the year

**Total direct programme expenses paid this year: £34,391**

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### **REPORT OF THE TRUSTEES (continued)**

#### **SCIENCE AND ENGINEERING EDUCATION**

*“To strengthen science and engineering skills in the UK by developing and enabling innovative programmes and informing national policy.”*

Gatsby is committed to strengthening science and engineering skills within the UK workforce. It does this by enabling and incubating programmes which support: an increase in Level 3 and 4 Science, Technology, Engineering and Mathematics (STEM) skills within the UK workforce; the teaching of science and technology in schools; and increased coherence in the national STEM education system.

The UK has a shortage of technicians – those in the workforce with intermediate-level STEM skills – and this shortage threatens our future economic prosperity. Tackling this shortage is a key priority for Gatsby. In the last year Gatsby continued its work to strengthen the supply of technicians in the UK by supporting development of a coherent framework of professional technician registration.

Apprenticeships can be an excellent way to train technicians, and Gatsby has supported a number of consortia of employers that are ‘trailblazers’ for the government’s new apprenticeship reform programme. These reforms will see apprenticeship standards linked to professional registration, which should ensure that apprentices are equipped with the knowledge and transferable skills they will need in their careers. Gatsby also continued to support and develop programmes which develop the skills of lecturers in Further Education (FE) colleges, not least because the FE sector is so critical to the training of the future technician workforce.

The quality of career guidance offered to young people in England has been the subject of much criticism. In 2014, Gatsby published a major report on what good career guidance should look like, and Gatsby staff continue to work with a range of partners to promote its findings.

Gatsby continues to take a keen interest in how practical science in schools can be made more effective and more relevant to the workplace and further study. Gatsby also works to ensure continuing impact for its Science Enhancement Programme and Technology Enhancement Programme which, for more than 20 years, produced a wide range of practical classroom resources to help teachers make lessons more engaging.

Gatsby also continues to support the National STEM Centre in York, the Big Bang Fair, the STEM Clubs Network, and the SCORE and ACME initiatives, which all seek to bring greater coherence and improved collaboration to the STEM education landscape.

**Total grant payments made this year (from new and previous grants): £2,709,707**

#### **Gatsby Technical Education Projects (GTEP) - £1,612,069**

Towards core office costs and GTEP programmes including: the National STEM Centre; support for ACME and SCORE; and work to secure the long-term legacy impact of the Science Enhancement Programme (SEP), Technology Enhancement Programme (TEP) and projects seeking to attract physics specialists to teaching.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### **REPORT OF THE TRUSTEES (continued)**

##### **Royal Academy of Engineering - £330,000**

Towards the Sainsbury Management Fellowship scheme.

##### **Baker Dearing Educational Trust - £150,000**

Towards development of the University Technical Colleges initiative.

##### **Sainsbury Management Fellows' Society - £140,000**

Towards core costs.

##### **New Engineering Foundation - £120,000**

Towards core costs and the delivery of a range of programmes to support science and engineering lecturers in the Further Education sector.

##### **STEMNET - £113,138**

Towards the STEM Clubs Network.

##### **Group Training Associations England - £60,000**

Towards expanding the network of Group Training Associations.

##### **Engineering UK - £50,000**

Towards the costs of the Big Bang Fair.

Further grant payments totalling £134,500 were also paid in the year

#### **Total direct programme expenses paid this year: £2,961,918**

##### **Technician Registration Schemes - £1,218,206**

Towards the costs of developing and promoting a coherent framework of professional registration schemes for technicians.

##### **Curriculum and Careers Resources - £598,615**

Towards the costs of transferring curriculum resources to the National STEM Centre and the improvement of careers resources for schools.

##### **Apprenticeship Reform Pilot Projects - £288,826**

To support employer groups and professional bodies in the piloting of new apprenticeships initiated through the government's 'Trailblazer' reforms.

##### **Practical Work in School Science - £147,427**

Towards a programme of work to support practical work in school science.

##### **Review of careers advice in schools - £104,067**

Towards the costs of work to identify measures to improve careers advice in schools.

##### **Supporting technicians in universities - £95,000**

Towards work in supporting technicians in universities.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### **REPORT OF THE TRUSTEES (continued)**

#### **FE STEM Workforce - £92,309**

Towards work establishing a better understanding of the composition of the FE STEM workforce.

Other direct programme expenses paid in the year totalled £417,468

#### **AFRICA**

*“To promote economic development in East Africa that benefits the poor through support to the growth and sustainability of key sectors.”*

Gatsby has funded, designed and run programmes in Africa since 1985, with the overall aim of driving sustainable economic growth to create jobs and raise incomes for poor people.

Gatsby focuses on sector development, targeting high-potential, competitive sectors where growth could benefit large numbers of poor people and where the pre-conditions for change - such as private sector momentum and a degree of political support - are in place. As a funder and implementer, Gatsby initiates, designs and then manages and runs programmes, adopting a pragmatic, patient approach to delivering sustainable change in sectors.

Gatsby is working in the Tanzanian cotton and textile sector, the tea sectors in Tanzania and Rwanda (in partnership with the Wood Family Trust), and forestry sectors across East Africa. In addition, Gatsby supports two African institutions it founded that are now focusing on sector development. In 2011 Gatsby launched a partnership with the Department for International Development to support the Kenya Markets Trust in developing key Kenyan sectors. Gatsby is also giving technical assistance to the Kilimo Trust as it focuses on regional markets for food staples.

Beyond sector development activities, Gatsby retains a social investment in two venture capital funds, which invest in agricultural small and medium-sized enterprises in East Africa, and supports the investment company Aquifer to catalyse economic development in Mozambique by creating sustainable agri-businesses.

Gatsby is also providing loans, equity and technical assistance to the independent country trusts it has established across Africa as those trusts look to scale micro-finance activities to sustainability.

**Total grant payments made this year (from new and previous grants): £1,138,698**

#### **Kenya Markets Trust (formerly Kenya Gatsby Trust) - £761,186**

Towards core costs and a series of scoping studies for, and implementation of, sector development programmes in Kenya.

#### **Aquifer Limited - £200,000**

Towards research and development in Mozambique.

## **THE GATSBY CHARITABLE FOUNDATION**

### **5 April 2015**

#### **REPORT OF THE TRUSTEES (continued)**

##### **Mozfood SA - £101,297**

Towards humanitarian relief in Mozambique.

##### **Fanikiwa Microfinance Company Ltd - £50,102**

Towards core costs

One further grant payment totalling £26,113 was also paid in the year

**Total direct programme expenses paid this year: £5,609,048**

##### **Tanzania Cotton & Textiles Programme - £3,605,387**

Towards the continued implementation of the Tanzanian cotton and textile development programme.

##### **Tanzania Forestry Programme – £1,143,015**

To support the development of the Tanzanian forestry programme in partnership with DFID.

##### **Msingi EAC - £449,599**

Towards a feasibility project for the development of an East Africa regional innovation facility.

##### **Regional East African Forestry Sector - £186,582**

Towards development of nurseries and forestry institutions in East Africa.

##### **Transitional Support for Microfinance Institutions - £100,049**

To cover staff and technical assistance for the transitions of three MFIs in Uganda, Tanzania and Cameroon towards independence from Gatsby.

Other direct programme expenses paid in the year totalled £124,416

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### **REPORT OF THE TRUSTEES (continued)**

#### **THE ARTS**

*“To support the fabric and programming of institutions with which Gatsby’s founding family has connections.”*

Trustees continue to provide core support for organisations with which Gatsby has a long-standing history, in particular the Sainsbury Centre for Visual Arts, the Sainsbury Institute for the Study of Japanese Arts and Cultures, and the Sainsbury Research Unit (all at the University of East Anglia), the Royal Shakespeare Company and the Chamber Orchestra of Europe.

**Total grant payments made this year (from new and previous grants): £7,784,579**

#### **Sainsbury Centre for Visual Arts - £2,523,590**

Towards core costs, special exhibitions and long-term building maintenance.

#### **Backstage Trust - £2,000,000**

Towards grant-making programme.

#### **Royal Shakespeare Theatre & Royal Shakespeare Company (RSC) - £1,500,000**

Towards the redevelopment of the Courtyard Theatre and the Artists Development Programme.

#### **Sainsbury Institute for the Study of Japanese Arts and Cultures - £578,004**

Towards core costs.

#### **Chamber Orchestra of Europe - £500,000**

Towards core costs.

#### **Sainsbury Research Unit for the Arts of Africa, Oceania & the Americas - £275,000**

Towards core costs.

#### **Columbia University - New York - £148,280**

Towards the establishment of a Sainsbury Fund for Africa at the School of International Public Affairs (SIPA), and towards the core costs of the Arts Initiative.

#### **Tricycle Theatre - £100,000**

Towards core costs.

#### **Clore Leadership Programme - £60,000**

Towards cost of fellowships.

Further grant payments totalling £99,705 were also paid in the year

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### **REPORT OF THE TRUSTEES (continued)**

#### **PUBLIC POLICY**

*“To support: the Institute for Government as an independent centre available to politicians and the civil service focused on making government more effective; and the Centre for Cities, which provides practical research and policy advice that helps cities understand how they can succeed economically.”*

Gatsby established the Institute for Government in 2008 with the ambitious objective of improving the working of government in the UK. It is independent and non-partisan, is directed by Peter Riddell and accountable to a distinguished all-party board of governors chaired by Lord Sainsbury. The Institute works with all the main political parties at Westminster and with senior civil servants in Whitehall, undertaking research and providing evidence-based advice that draws on best practice from around the world. The Institute's findings are disseminated through a wide range of discussions and seminars. It also runs a learning and development programme for existing and shadow members of government.

The Centre for Cities is an independent research organisation, chaired by Nigel Hugill and directed by Alexandra Jones, which studies the economic drivers of cities in the UK and works with city, regional and national government, business, academic and practical expertise, to improve economic performance.

**Total grant payments made this year (from new and previous grants): £4,459,288**

#### **Institute for Government - £3,442,621**

Towards core costs.

#### **Centre for Cities - £800,000**

Towards core costs.

#### **British Institute for International and Comparative Law - £116,667**

Towards producing and publishing a constitutional review.

#### **Coalition for Inclusive Capitalism - £100,000**

Towards the 2015 conference.



## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### **REPORT OF THE TRUSTEES (continued)**

#### **MENTAL HEALTH**

*“To improve the quality of life for people with long-term problems by improved delivery of services.”*

In 2009 Trustees agreed gradually to bring to a close their long-standing and fruitful support for the Sainsbury Centre for Mental Health, which is now known as the Centre for Mental Health. Support for the Centre dates back to its foundation in 1985. Gatsby will continue to support it in the short term to help ensure its long-term future. During this period the Centre will focus on its two core areas of activity: the mental health of people in the criminal justice system, and mental health and employment.

**Total grant payments made this year (from new and previous grants): £103,486**

#### **Centre for Mental Health - £103,486**

Towards core costs.

#### **GENERAL**

*‘To support on occasion other charitable work which falls outside the Trustees’ main fields of interest.’*

**Total grant payments made this year (from new and previous grants): £209,000**

#### **Media Standards Trust - £100,000**

Towards core costs.

Further grant payments totalling £109,000 were also paid in the year

**Total direct programme expenses paid this year: £68,622**

#### **GRANTS CANCELLED**

Grants totalling £1,705,873 were cancelled or amended during the year.

Approved by the Board of Trustees on 2 February 2015 and signed on their behalf by

.....TRUSTEE  
Mr J C Burns

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 5 APRIL 2015

	Notes	Unrestricted Funds	Restricted Funds	Expendable Endowment	Total Funds 2015	Total Funds 2014
		£'000	£'000	£'000	£'000	£'000
<b>INCOMING RESOURCES</b>						
Donations and gifts	2	-	1,995	60,390	62,385	48,250
Investment income	3	5,114	-	-	5,114	6,070
Bank deposit interest		1,775	-	-	1,775	2,009
Interest on short term deposits		283	-	-	283	1,479
Subsidiary company activity	4	6,598	-	-	6,598	6,257
Total incoming resources		13,770	1,995	60,390	76,155	64,065
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>						
Investment management fee		-	-	771	771	645
<b>Charitable activities</b>						
Grant expenditure	5	20,489	-	-	20,489	28,975
Direct programme expenses	6	7,510	2,256	-	9,766	5,806
Support costs	8	3,254	-	-	3,254	3,024
Cost of charitable activities		31,253	2,256	-	33,509	37,805
Subsidiary company activity	7	12,240	-	-	12,240	12,058
Governance costs	8	52	-	-	52	52
Total resources expended		43,545	2,256	771	46,572	50,560
<b>Net outgoing resources before transfers</b>		(29,775)	(261)	59,619	29,583	13,505
Transfers between funds	18	29,792	-	(29,792)	-	-
<b>Net incoming/(outgoing) resources</b>		17	(261)	29,827	29,583	13,505
<b>Other Recognised Gains and Losses</b>						
Gains/(losses) on investment assets:						
Realised		-	-	1,333	1,333	7,141
Unrealised	11	-	-	8,284	8,284	(2,784)
Provision against loans		-	-	(1,991)	(1,991)	
Foreign exchange gains arising from retranslation of subsidiary undertaking		(1,224)	-	-	(1,224)	(351)
Foreign exchange (losses)/gains		(17)	-	294	277	(437)
<b>Net movement in funds</b>		(1,224)	(261)	37,747	36,262	17,074
Balances brought forward		946	361	346,045	347,352	330,278
<b>Balances carried forward at 5 April 2015</b>		(278)	100	383,792	383,614	347,352

There are no recognised gains or losses other than those shown above.  
The notes on pages 20 to 33 form part of these accounts

# THE GATSBY CHARITABLE FOUNDATION

## 5 April 2015

### CONSOLIDATED AND CHARITY BALANCE SHEETS

#### AS AT 5 APRIL 2015

		2015		2014	
	<i>Notes</i>	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>FIXED ASSETS</b>					
Tangible fixed assets	<b>10</b>	5,449	537	6,142	625
Investments	<b>11</b>	266,586	273,829	193,105	205,604
		<u>272,035</u>	<u>274,366</u>	<u>199,247</u>	<u>206,229</u>
<b>CURRENT ASSETS</b>					
Stock and work in progress	<b>12</b>	1,286	-	851	-
Debtors	<b>13</b>	4,868	1,763	9,611	6,224
Assets held for resale		1,383	-	1,621	-
Cash at bank and in hand		<u>215,491</u>	<u>215,323</u>	<u>275,966</u>	<u>271,511</u>
		223,028	217,086	288,049	277,735
<b>CURRENT LIABILITIES</b>					
<b>Creditors - amounts falling due within 1 year</b>	<b>14</b>	<u>(67,197)</u>	<u>(64,586)</u>	<u>(69,391)</u>	<u>(67,059)</u>
<b>NET CURRENT ASSETS</b>		<u>155,831</u>	<u>152,500</u>	<u>218,658</u>	<u>210,676</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		427,866	426,866	417,905	416,905
<b>Creditors – amounts falling due after 1 year</b>	<b>15</b>	<u>(44,252)</u>	<u>(44,252)</u>	<u>(70,553)</u>	<u>(70,553)</u>
<b>NET ASSETS</b>		<u>383,614</u>	<u>382,614</u>	<u>347,352</u>	<u>346,352</u>
<b>CAPITAL FUNDS</b>					
Expendable endowment	<b>16</b>	383,792	382,514	346,045	345,991
<b>INCOME FUNDS</b>					
Unrestricted funds	<b>16</b>	-	-	-	-
Restricted funds	<b>16</b>	100	100	361	361
Revaluation reserve		(278)	-	946	-
		<u>383,614</u>	<u>382,614</u>	<u>347,352</u>	<u>346,352</u>

These financial statements were approved and authorised for issue by Trustees on 2 February 2015 and were signed on their behalf by :

.....  
Mr J C Burns

TRUSTEE

The notes on pages 20 to 33 form part of these accounts

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 5 APRIL 2015

#### RECONCILIATION OF CHANGES IN RESOURCES TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2015 £'000	2014 £'000
Net outgoing resources	29,583	13,505
Depreciation charge	669	814
Impairment of fixed assets	-	156
Gift of shares	(2,445)	(2,527)
Surplus on disposal of fixed assets	(343)	(257)
(Increase)/decrease in stocks	(435)	877
Decrease in assets held for resale	238	-
Decrease in debtors	2,752	2,949
Decrease in creditors	(28,495)	(21,811)
Provisions	11	806
	1,535	(5,488)

#### CASH FLOW STATEMENT

Net cash inflow/(outflow) from operating activities	1,535	(5,488)
Capital expenditure and financial investment:		
Purchase of investments	(97,187)	(69,162)
Sale of investments	35,768	177,927
Purchase of tangible fixed assets	(974)	(724)
Proceeds from sale of tangible fixed assets	622	332
Effect of foreign exchange gains	(239)	4
	(62,010)	108,377
Increase in cash	(60,475)	102,889

Analysis of increase in group cash during the year

	2015 £'000	2014 £'000	Change in year £'000
Cash at bank in in hand	215,491	275,966	(60,475)
	215,491	275,966	(60,475)

The notes on pages 20 to 33 form part of these accounts

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP 2005) "Accounting and Reporting by Charities", applicable accounting standards and the Charities Act 2011, and comply with the Charities (Accounts and Reports) Regulations 2008.

The principal accounting policies adopted are as follows:

#### a) Basis of consolidation

The consolidated Statement of Financial Activities and Balance Sheet incorporate the results of the Gatsby Charitable Foundation for the year ended 5 April 2015 and its wholly owned subsidiary group Aquifer Limited which is registered in England, and whose own operating subsidiaries are registered in Mozambique. Aquifer's figures comprise the audited financial statements for the year ended 30 June 2015. The Trustees acknowledge that this is not in accordance with paragraph 43 of Financial Reporting Standard 2, Accounting for Subsidiary Undertakings, since the accounts are drawn to a period which ends after that of the Parent Undertaking. However, in the opinion of the Trustees, the seasonal nature of the activities in Mozambique means it is necessary to use these financial statements in order that the Group accounts show a true and fair view, and that this would not be achieved by the use of interim financial statements.

In the 2010/11 financial year, Gatsby acquired 89% of the issued share capital of African Agricultural Capital Limited (AAC) for £3,465,031. Trustees do not consider this investment to be material relative to the net assets of the Foundation, and therefore the financial statements of AAC have not been consolidated. During the year to 30 June 2015 the company made a small operating loss and redeemed 7.8% of the redeemable preference shares in issue. Gatsby's share of the issued share capital remains at 89%.

#### b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairments in value. Fixed assets are depreciated at rates which reflect their useful lives to the Group. The following rates have been used:

Leasehold improvements - over the remaining lifetime of the lease

Land and buildings - 2% straight line

Equipment - 10-33% straight line

Furniture and fittings - 10-25% straight line

Transport equipment - 20-25% straight line.

#### c) Income

- (i) Income is shown gross which includes the associated tax credit unless the tax so deducted is considered irrecoverable.
- (ii) Dividends are included by reference to their due dates.
- (iii) Interest is recorded on an accruals basis.
- (iv) Income from commercial trading operations comprises sales of goods and services and deduction of discounts and sales taxes. It does not include sales between group companies. The income is recognised when the risks and rewards of the underlying products and services have been transferred to the customer. Revenue from services is recognised as the services are performed.

#### d) Grants payable

Grants for which there is a legal obligation, or a valid expectation of receipt by the beneficiary at the year end, and for which conditions attaching to their payment have been fulfilled, are accounted for within the Statement of Financial Activities. Grants approved subject to conditions that have not been met at the year end are not accrued (see note 5).

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### NOTES TO THE ACCOUNTS (Continued)

##### 1. ACCOUNTING POLICIES (Continued)

- e) Other provisions  
Grants for which there is a legal obligation, or a valid expectation of receipt by the beneficiary at the year end, and for which conditions attaching to their payment have been fulfilled, are accounted for within the Statement of Financial Activities. Grants approved subject to conditions that have not been met at the year end are not accrued (see note 5).
- f) Investments  
Net realised and unrealised gains and losses are reflected in the Statement of Financial Activities. Investments are shown at mid market value. Partial disposals are accounted for using average book value.
- g) Support costs  
Most of these costs support the grant-making activity of the Foundation and are so allocated. They comprise in the main a share of the staff and office costs of the joint office of the Sainsbury Family Charitable Trusts, which are allocated in proportion to time spent on Foundation matters and grants paid.
- h) Governance costs  
Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include fees for statutory audit, legal fees where relevant, together with an allocation of support costs.
- i) Commercial trading costs  
Expenditure relating to commercial trading operations has been accounted for on an accruals basis.
- j) Fund accounting  
Details of the nature and purpose of each fund is set out in note 18.
- k) Pension costs  
The Foundation has a money purchase scheme for qualifying employees. Pension costs charged to the Statement of Financial Activities represent the contributions payable by the Foundation in the year (see note 9).
- l) Foreign currencies  
The effects of exchange rate changes during the year on net assets held by the Mozambique subsidiaries at the beginning of the year are recorded as unrealised gains and losses in the Consolidated Statement of Financial Activities thus effectively forming a revaluation reserve, as is the difference between profit and loss of the subsidiaries for the year retained at average rates of exchange and at the year end rates of exchange.  
  
The accounts of the subsidiary (Aquifer Limited) are presented in UK sterling although the functional currencies of its subsidiaries are Mocambique Meticaïs. Foreign currency transactions are translated into sterling at the rate prevailing at the time of the transaction. Balance sheet items are translated using the year end rate of exchange. Foreign exchange gains and losses resulting from the settlement of transactions and from translation using year end rates of exchange, are recognised in the Consolidated Statement of Financial Activities.
- m) Stock and work in progress  
Stock and work in progress represents raw materials, consumables, finished goods and crops in the fields. They include direct costs incurred, and where appropriate, a proportion of attributable overheads according to the stage of completion. Stock and work in progress have been valued at the lower of cost and net realisable value. Provision is made for slow moving and obsolete items based on an assessment of technological and market developments and an analysis of historic and projected usage.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### NOTES TO THE ACCOUNTS (Continued)

##### 1. ACCOUNTING POLICIES (Continued)

- n) Stock and work in progress

No tax arises from the trading operations included in the consolidated financial statements due to tax losses

##### 2. GRANTS AND DONATIONS

The Foundation received donations from the Settlor during the year totalling £20,115,817 and £2,269,455 in grants from other sources. Further information can be found on page 4 of the annual report.

##### 3. INVESTMENT INCOME

Income received on investments may be analysed as follows:

	<b>2015</b>		<b>2014</b>	
	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>%</b>
Fixed interest	-	-	169	2.8
U.K. equities	4,132	80.8	4,524	74.5
Overseas equities	982	19.2	1,377	22.7
	<b>5,114</b>	<b>100.0</b>	<b>6,070</b>	<b>100.0</b>

##### 4. INCOMING RESOURCES FROM SUBSIDIARY COMPANY ACTIVITY

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	6,596	6,251
Interest receivable	2	6
	<b>6,598</b>	<b>6,257</b>

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### NOTES TO THE ACCOUNTS (Continued)

##### 5. GRANTS PAYABLE

	2015	2014
	£'000	£'000
<b>Reconciliation of grants payable:</b>		
Commitments at 6 April 2014	135,614	158,089
Grants not accrued at 6 April 2014	70,680	16,515
Grants approved in the year	9,653	87,723
Grants cancelled, refunded or amended	(1,706)	(4,583)
Grants not accrued at 5 April 2015	(58,138)	(70,680)
<b>Grants payable for the year</b>	<b>20,489</b>	<b>28,975</b>
Grants paid during the year	(49,452)	(51,450)
Commitments at 5 April 2015	106,651	135,614

##### Commitments at 5 April 2015 are payable as follows:

	2015	2014
	£'000	£'000
Within one year (note 14)	62,399	65,061
After more than one year (note 15)	44,252	70,553
	106,651	135,614

##### Commitments

In addition to the amounts committed and accrued noted above, the Trustees have also authorised certain grants that are subject to the recipient fulfilling certain conditions. The total amount authorised but not accrued as expenditure at 5 April 2015 was £58,137,830 (2014: £70,679,972).

The amount payable in the year includes the following:

£

##### Plant Science

Sainsbury Laboratory	3,155,130
Two Blades Foundation	894,915
University of Cambridge – SAPS and Undergraduate Summer Schools	522,000
University of Cambridge – Gatsby Fellowship Programme	133,527
Cambridge Network	125,000
Woodland Heritage	50,000
Grants cancelled	(1,032,000)



## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### NOTES TO THE ACCOUNTS (Continued)

##### 5. GRANTS PAYABLE (Continued)

The amount payable in the year includes the following:

£

##### Neuroscience

Salk Institute, San Diego – California Consortium	609,021
University of Oxford	600,000
Hebrew University of Jerusalem	250,000
Columbia University	250,000
Sainsbury - Wellcome Centre for Brain Circuitry	232,416
New York University – School of Medicine	200,796
Wired Differently	169,216
Smaller grants	33,511
Grants cancelled	(4,442)

##### Science and Engineering Education

Sainsbury Management Fellows' Society	1,140,000
Gatsby Technical Education Projects	914,189
University of Cambridge - Institute for Manufacturing	338,781
Royal Academy of Engineering	330,000
Unionlearn	168,357
Baker Dearing Educational Trust	150,000
STEMNET	149,000
Group Training Associations England	115,000
Engineering UK	50,000
Smaller grants	70,000
Grants cancelled	(404)

##### Africa

Tanzania Gatsby Trust	227,621
Aquifer Limited	200,000
Kenya Markets Trust (formerly Kenya Gatsby Trust)	130,000
Gatsby Microfinance Limited	97,552
Smaller grants	7,241
Grants cancelled	(127,922)

##### Arts

Backstage Trust	2,000,000
Royal Shakespeare Theatre & Royal Shakespeare Company	1,500,000
Sainsbury Centre of Visual Arts	1,116,000
Chamber Orchestra of Europe	500,000
Columbia University - New York	149,027
Tricycle Theatre	100,000
Sainsbury Institute for the Study of Japanese Arts and Cultures	62,947
The Sainsbury Archive	56,000
Menuhin Competition Trust	50,000

##### Public Policy

Institute for Government	3,442,621
Centre for Cities	800,000
British Institute for International and Comparative Law	175,000
Coalition for Inclusive Capitalism	100,000

##### Mental Health

Centre for Mental Health	200,000
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## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### NOTES TO THE ACCOUNTS (Continued)

##### 5. GRANTS PAYABLE (Continued)

The amount payable in the year includes the following:

£

##### General

Smaller grants

89,000

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20,489,100

##### 6. DIRECT PROGRAMME EXPENSES

	2015	2014
	£'000	£'000
Plant Science	800	614
Neuroscience	34	41
Science and Engineering Education	3,138	1,752
Africa	5,724	3,384
General	70	15
	<u>9,766</u>	<u>5,806</u>

##### 7. RESOURCES EXPENDED ON SUBSIDIARY COMPANY ACTIVITY

	2015	2014
	£'000	£'000
Cost of sales	4,449	3,857
Administrative expenses	8,304	6,737
Exchange (gains)/losses	(181)	129
Other exceptional items	(332)	1,335
	<u>12,240</u>	<u>12,058</u>

Included in administration expenses is auditor's remuneration of £37,000 (2014: £37,000) in respect of Aquifer Limited together with auditor's remuneration of £23,000 (2014: £31,000) with regard to the audit of the Mozambique subsidiaries of Aquifer Limited. Other non-audit fees of £3,000 (2014: £3,000) are also included for Aquifer Limited.

The exchange (gains)/losses arise from the conversion into sterling of the accounts of the operating companies in Mozambique in accordance with the accounting policy set out in note 1). The resulting surplus is shown on the balance sheet as a revaluation reserve.

Other exceptional items includes a gain on foreign exchange transactions of £181,000 (2014: loss of £129,000), a provision against VAT recoverability in the Mozambique subsidiaries of £nil (2014: £529,000), an impairment provision in the Mozambique subsidiary against fixed assets £nil (2014: 167,000), stocks damaged in the floods of £nil (2014: £110,000) plus some other insignificant non-recurring items.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### NOTES TO THE ACCOUNTS (Continued)

##### 8. ALLOCATION OF SUPPORT COSTS

	Charitable Activities	Governance	2015 Total	2014 Total
	£'000	£'000	£'000	£'000
Staff costs	1,521	19	1,540	1,270
Office costs	1,140	-	1,140	1,219
Trustees expenses	-	-	-	2
Legal and professional fees	199	-	199	157
Advisory charges and consultants	306	-	306	305
Depreciation	88	-	88	88
Auditors' remuneration	-	33	33	35
	3,254	52	3,306	3,076

The auditor's remuneration consisted of the audit fee of £33,960 (2014: £33,090) and other fees of £240 (2014: £1,691). Included in the above is £146,872 (2014: £150,280) paid for legal services to Portraits Solicitors, a firm in which Miss J S Portrait is a partner. Travel expenses of £nil (2014: £1,620) were paid to Trustees in the year. No Trustee received emoluments (2014: £nil).

##### 9. ANALYSIS OF STAFF COSTS

###### Group

	2015	2014
	£'000	£'000
Wages and salaries	4,326	4,441
Social security costs	258	305
Other pension costs	143	124
	4,727	4,870

The average number of employees within the group was as follows

	2015	2014
	No.	No.
Charity	14	12
Subsidiary:		
Operational, technical and marketing	1,965	1,347
Administration and human resources	20	26
Finance	15	20
Management	19	20
	2,033	1,425

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### NOTES TO THE ACCOUNTS (Continued)

##### 9. ANALYSIS OF STAFF COSTS (Continued)

###### Charity

	2015	2014
	£'000	£'000
Wages and salaries	1,251	1,026
Social security costs	146	120
Other pension costs	143	124
	1,540	1,270

The number of employees whose earnings in relation to time spent on the Foundation's affairs exceeded £60,000 p.a. excluding pension contributions was:

	2014	2013
	No.	No.
£60,001 - £70,000	1	1
£70,001 - £80,000	2	1
£80,001 - £90,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
£180,001 - £190,000	1	1

The Foundation's pension contributions to money purchase schemes for its higher paid staff were £78,553 (2014: £60,797) and for the other staff was £64,417 (2014: £63,582).

As mentioned in Note 1(g), the Trust is one of the Sainsbury Family Charitable Trusts, which share a joint administration at the Registered Office. 40.6% of the total support and administration costs of these trusts have been allocated to The Gatsby Charitable Foundation, including a proportionate share of the cost of employing the total number of staff serving in the office in 2014/15. Staff costs equivalent to 14.3 full time employees were charged to The Gatsby Charitable Foundation (2013/14: 12.2). Included in staff costs are contributions to money purchase pension schemes.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### NOTES TO THE ACCOUNTS (Continued)

##### 10. TANGIBLE FIXED ASSETS

###### Group

	Leasehold Improvements	Land & Buildings	Equipment	Furniture & Fittings	Total
<u>Cost</u>	£'000	£'000	£'000	£'000	£'000
<b>As at 6 April 2014</b>	767	4,498	4,912	226	10,403
Additions	-	368	606	-	974
Disposals	-	(261)	(476)	(121)	(858)
Retranslation difference	-	(515)	(658)	(20)	(1,193)
<b>As at 5 April 2015</b>	767	4,090	4,384	85	9,326
<b><u>Depreciation</u></b>					
<b>As at 6 April 2014</b>	153	541	3,478	89	4,261
Charge for the year	77	79	510	3	669
Disposals	-	(104)	(440)	(35)	(579)
Retranslation difference	-	(63)	(403)	(8)	(474)
<b>As at 5 April 2015</b>	230	453	3,145	49	3,877
<b>Net book value at 5 April 2015</b>	537	3,637	1,239	36	5,449
Net book value at 5 April 2014	614	3,957	1,434	137	6,142

###### Charity

	Leasehold Improvements	Land & Buildings	Equipment	Furniture & Fittings	Total
<u>Cost</u>	£'000	£'000	£'000	£'000	£'000
<b>As at 6 April 2014 &amp; 5 April 2015</b>	767	-	34	-	801
<b><u>Depreciation</u></b>					
<b>As at 6 April 2014</b>	154	-	22	-	176
Charge for the year	76	-	12	-	88
<b>As at 5 April 2015</b>	230	-	34	-	264
<b>Net book value at 5 April 2015</b>	537	-	-	-	537
Net book value at 5 April 2014	613	-	12	-	625

Leasehold improvements consist of the Foundation's share of the cost to 5 April 2014 of refurbishment of leasehold premises at The Peak, 5 Wilton Road, London SW1.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### NOTES TO THE ACCOUNTS (Continued)

##### 11. FIXED ASSET INVESTMENTS

###### Group

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Market value 6 April 2014	193,105	294,986
Less: Disposals	(34,435)	(170,785)
Add: Acquisitions at cost	97,187	69,161
Gift of shares	2,445	2,527
Net (losses)/gains on revaluation	8,284	(2,784)
<b>Market value 5 April 2015</b>	<b>266,586</b>	<b>193,105</b>
Historical cost 5 April 2015	254,442	187,858

The investments held as at 5 April 2015 were as follows:

	<b>2015</b>	<b>2014</b>
	<b>Cost</b>	<b>Market Value</b>
	<b>£'000</b>	<b>£'000</b>
U.K. equities	152,647	136,569
Overseas equities	40,150	56,164
Overseas equities – unquoted	20,959	33,076
Short-term deposits	40,686	40,777
	<b>254,442</b>	<b>266,586</b>

###### Charity

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Market value 6 April 2014	205,604	308,537
Less: Disposals	(34,436)	(170,786)
Add: Acquisitions at cost	98,797	74,262
Gift of shares	2,445	2,527
Net gains/(losses) on revaluation	1,419	(8,936)
<b>Market value 5 April 2015</b>	<b>273,829</b>	<b>205,604</b>
Historical cost 5 April 2015	322,795	254,601

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### NOTES TO THE ACCOUNTS (Continued)

##### 11. FIXED ASSET INVESTMENTS (Continued)

The investments held as at 5 April 2015 were as follows:

	<b>Cost</b>	<b>2015 Market Value</b>	<b>Cost</b>	<b>2014 Market Value</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
U.K. equities	152,647	136,569	110,220	95,837
Overseas equities	40,150	56,164	37,817	49,013
Short-term deposits	40,686	40,777	19,331	19,316
	233,483	233,510	167,368	164,166
Overseas equities – unquoted	20,959	33,076	20,489	28,939
UK equities – unquoted (PRI)	68,353	7,243	66,744	12,499
	322,795	273,829	254,601	205,604

UK equities include investment in J Sainsbury plc and Trojan Investment Funds, which at 5 April 2015 had market values of £97,242,909 and £31,914,736 respectively.

Short term deposits include Lloyds Bank and Barclays money market deposits which at 5 April 2015 had market values of £12,637,500 and £20,000,000 respectively.

Overseas equities - unquoted comprise shares in AAC Limited, which is a programme related investment to provide both equity finance and loans to small and medium sized enterprises in the agricultural sector in East Africa, and to improve overall employment opportunities, and support sector development. Also included is a holding in York Select Unit Trust which had a market value of £28,367,412 at 5 April 2015.

UK equities - unquoted comprise shares in Aquifer Limited whose objective is the relief of poverty by the promotion of industrialisation in Mozambique. The basis of valuation is net asset value at 30 June 2015.

##### 12. STOCK AND WORK IN PROGRESS

	<b>2015</b>		<b>2014</b>	
	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Raw materials and consumables	502	-	442	-
Work in progress	770	-	197	-
Finished goods	14	-	212	-
	1,286	-	851	-

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### NOTES TO THE ACCOUNTS (Continued)

##### 13. DEBTORS

	2015		2014	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Trade debtors	1,061	-	1,194	-
Recoverable overseas tax	1,604	-	1,606	-
Gift aid debtor	-	-	3,132	3,132
Other debtors	594	234	568	77
Prepayments and accrued income	655	575	609	513
Loans due within one year	954	954	2,502	2,502
	<u>4,868</u>	<u>1,763</u>	<u>9,611</u>	<u>6,224</u>

##### 14. CREDITORS - amounts falling due within 1 year

	2015		2014	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Grants payable (note 5)	62,399	62,399	65,061	65,061
Bank overdraft	-	-	89	-
Trade creditors	744	-	540	-
Other creditors	3,537	1,822	3,318	1,739
Accruals and deferred income	517	365	383	259
	<u>67,197</u>	<u>64,586</u>	<u>69,391</u>	<u>67,059</u>

##### 15. CREDITORS - amounts falling due after more than 1 year

	2015		2014	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Grants payable (note 5)	44,252	44,252	70,553	70,553
	<u>44,252</u>	<u>44,252</u>	<u>70,553</u>	<u>70,553</u>



## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

## NOTES TO THE ACCOUNTS (Continued)

### 16. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Expendable Endowment	Totals 2015
	£'000	£'000	£'000	£'000
Fund balances at 5 April 2015 are represented by :				
Tangible fixed assets	4,912	-	537	5,449
Investments	-	-	266,586	266,586
Current assets	106,083	100	116,845	223,028
Current liabilities	(67,021)	-	(176)	(67,197)
Long-term liabilities	(44,252)	-	-	(44,252)
<b>Total net assets</b>	<b>(278)</b>	<b>100</b>	<b>383,792</b>	<b>383,614</b>
<b>Unrealised profits included in the above</b>				
On investment assets (see note below)	-	-	12,144	12,144
<b>Total unrealised profits at 5 April 2015</b>	<b>-</b>	<b>-</b>	<b>12,144</b>	<b>12,144</b>
<b>Reconciliation of movements in unrealised profits on investment assets</b>				
Unrealised profits at 6 April 2014	-	-	5,247	5,247
Adjustment in respect of disposals in year	-	-	(1,387)	(1,387)
	-	-	3,860	3,860
Add: net gains arising on revaluation in year	-	-	8,284	8,284
<b>Unrealised profits at 5 April 2015, as above</b>	<b>-</b>	<b>-</b>	<b>12,144</b>	<b>12,144</b>

### 17. CONTINGENT LIABILITY

Gatsby has indemnified the Trustees of two Settlements which donated assets to Gatsby against any claims which may be brought against the Trustees of the Settlements. The Indemnity is limited to the value of the funds at the time the donations were made which totalled £18.15 million, and security has been provided by Gatsby for the same amount.

### 18. FUNDS

**Unrestricted funds** comprise those funds which the Trustees are free to use in accordance with the charitable objects.

**Restricted funds** comprise those funds held by the Foundation which can be used solely for the purpose which they were given.

**Expendable Endowment** represents those assets held by the Trustees principally in investments. Income arising on the expendable endowment fund can be used in accordance with the objects of the charity and is included as unrestricted income. Investment management charges are charged against the fund. The fund is available to meet grant commitments as the Trustees may see fit.

#### Material transfers between funds

Transfers have been made from expendable endowment to eliminate the deficit on unrestricted funds where the deficit is considered to be non-reversing with regard to Gatsby's normal grant making. A further transfer from expendable endowment to unrestricted funds has also been made to eliminate the losses arising from the subsidiary.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### NOTES TO THE ACCOUNTS (Continued)

##### 19. SUBSIDIARY COMPANY

Prior to 27 August 2009, The Gatsby Charitable Foundation (Gatsby) owned the whole of the 'A' Ordinary shares of Aquifer Limited which held all rights to distributions, but none of the voting rights which were attached to the 'B' Ordinary shares. On 27 August 2009 Gatsby acquired all of the 'B' Ordinary shares. Aquifer Limited therefore became a wholly owned subsidiary of Gatsby at that date.

By special resolution dated 4 March 2010, Aquifer Limited re-designated all shares in the company as Ordinary shares.

Page 4 of the Report of the Trustees sets out the nature of Gatsby's interest in Aquifer Limited.

Aquifer Limited's results for the year ended 30 June 2015 were:

	<b>£'000</b>
Profit and loss account for the year to 30 June 2015	
<u>Turnover</u>	
Continuing operations	6,500
Discontinued operations	96
	<u>6,596</u>
<u>Operating loss</u>	
Continuing operations	(5,522)
Discontinued operations	(119)
	<u>(5,641)</u>

Aquifer Limited's net assets at 30 June 2015 amounted to £11,343,000.

##### Discontinued operations

As previously reported (page 4), serious flooding in Mozambique has resulted in part of the group's activities being discontinued.

##### 20. POST BALANCE SHEET EVENTS

On 7 May 2015, Gatsby Charitable Foundation purchased further ordinary shares in Aquifer Limited to the value of £4.1m. In addition, an interest-free loan of £2.8m was made to Aquifer Limited.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE ACCOUNTS

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the group's net incoming or outgoing resources 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 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 to operate.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group 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 charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE GATSBY CHARITABLE FOUNDATION

We have audited the financial statements of The Gatsby Charitable Foundation for the year ended 5 April 2015 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 19.

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 Section 154 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 anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 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 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 Report of the Trustees 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 group's and the charity's affairs as at 5 April 2015 and of the group's 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.

#### Emphasis of Matter

Note 1a) to the financial statements records that the basis of consolidation of the wholly owned subsidiary is based on audited financial statements for the year ended 30 June 2015. This is not in accordance with the provisions of paragraph 43 of Financial Reporting Standard 2, Accounting for Subsidiary Undertakings, as the date to which the financial statements are drawn up is after the year-end of The Gatsby Charitable Foundation. Due to the nature of the subsidiary company's operations, the Trustees believe that using financial statements drawn to that date is the only method which facilitates a true and fair position for the group. We concur with this view and, as such, our audit opinion is not qualified.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2015

#### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE GATSBY CHARITABLE FOUNDATION (Continued)

##### **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 Report of the Trustees is inconsistent in any material respect with the financial statements; or
- returns adequate for our audit have not been received from branches not visited by us; or
- sufficient accounting records have not been kept by the parent charity; 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.

##### **Crowe Clark Whitehill LLP**

Statutory Auditor

London

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.