

Registered Charity No 1140719
Company No 07430903

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2012
FOR
THE LEGATUM INSTITUTE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

WEDNESDAY



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THE LEGATUM INSTITUTE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2012

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THE LEGATUM INSTITUTE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

CHAIRMAN'S REPORT FOR THE YEAR ENDED 30 NOVEMBER 2012

The Management Committee presents its report and independently examined financial statement for the Year ended 30 November 2012. The accounts are prepared in accordance with the Companies Act 2006, the governing document and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005)

Reference and administration information

Charity name	The Legatum Institute Foundation
Charity registration number	1140719
Company registration number	07430903
Registered office	11 Charles Street London W1J 5DW
Operational address	11 Charles Street London W1J 5DW
Management committee	Warren Harold Lancaster Alan James McCormick Robert Charles Vickers (appointed on 07 01 13) Darrin Russell Arthur Payne (resigned on 31 12 12)
Independent examiner	Avraam Associates 495 Green Lanes Palmer's Green London N13 4BS
Bankers	Barclays Leicester LE87 2BB

THE LEGATUM INSTITUTE FOUNDATION
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CHAIRMAN'S REPORT FOR THE YEAR ENDED 30 NOVEMBER 2012 (cont'd)

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 05 November 2010. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and its Governing under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £10.

Recruitment and Appointment of Management committee

The directors of the company are also charity trustees for the purpose of charity law and under company's articles are known as members of the management committee. Under the requirements of the Memorandum and Articles of Association the members of the Management Committee are elected to serve for a period of three years after which they must be re-elected at the next General meeting.

Trustees Induction and Training

Current trustees are already familiar with the practical work of the charity, and in most cases involve themselves actively in the programme. New trustees are sought invariably from the fields of Education, Sport and Leisure. New Trustees have the opportunity to shadow a current Trustee and the CEO.

2012 was the inaugural year of The Legatum Institute Foundation in the United Kingdom. The Foundation was started to provide research and insights into economic, political and social policy related to development, governance, values and culture, how matter function and economic growth and the role of social capital in encouraging greater prosperity. The Foundation does this through funding robust research, convening, encouraging debate and working collaboratively with its partners. The Foundation places a great deal of emphasis on working collaboratively and creatively and in identifying research areas that have previously gone unnoticed or are undervalued.

In its first year The Legatum Institute Foundation put in place the basics required for operational effectiveness which meant confirming its legal status, opening a bank account and processing its first grant provided by the Smith Richardson Foundation. The grant was provided to fund a research trip and report on Egypt's transition following the Arab Spring. The result was a report published in June 2012 (available at www.li.com) which was presented on Capitol Hill to various committees and was broadly well received.

The Legatum Institute Foundation is now fully operational and will look to build on foundations laid last year in 2013 with an exciting new range of new research programmes.

Financial Review

This is the first year that the charity has been operating and has generated income of £35,053. Despite the current economic climate the trustees are confident that the income generated will increase year on year.

Reserves Policy

The management Committee has examined charity's requirements for reserves in light of the risks to the Trust. It has established a policy whereby unrestricted funds, not committed, held by the Charity should be between three and six months of expenditure.

THE LEGATUM INSTITUTE FOUNDATION
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CHAIRMAN'S REPORT FOR THE YEAR ENDED 30 NOVEMBER 2012 (cont'd)

Responsibilities of the Management Committee

The Members of the Management Committee are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of the affairs to the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the management committee should follow best practice and

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis

The Management Committee is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Management Committee is also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

So far as the Members of the Management Committee are aware, there is no relevant information of which the charitable company's independent examiners are unaware, and each Member of the Management Committee has taken all the steps that they ought to have taken as a Member of the Management Committee in order to make them aware of any relevant information and to establish that the charitable company's independent examiners are aware of that information

Members of the Management Committee.

Members of the Management Committee, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 1

Independent examiners report

This report has been prepared in accordance with the Statement of Recommended Practice Accounting and reporting by Charities (issued in March 2005) and accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities

Avraam Associates were appointed independent examiners and have expressed their willingness to continue in office and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting

Approved by the Management Committee on .. 13/08/12 . . and signed on its behalf by:


Director

THE LEGATUM INSTITUTE FOUNDATION
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INDEPENDENT EXAMINERS REPORT TO THE MEMBERS OF THE LEGATUM INSTITUTE FOUNDATION

I report on the accounts of the charitable company for the year ended 30 November 2012, which are set out on pages 5 to 10

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under part 16 of the Companies Act 2006 and is eligible for independent examination, it is my responsibility to

- examine the accounts under section 145 of the 2011 Act,
- to follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act, and
- to state whether particular matters have come to my attention.

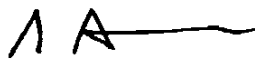
Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking of explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention

- which gives me reasonable cause to believe that, in any material respect, the requirements
 - (a) to keep accounting records in accordance with section 386 of the Companies Act 2006 and
 - (b) to prepare accounts which accord with the accounting records, comply with the accounting requirements of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice Accounting and Reporting by Charities (revised 2005) have not been met, or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.


Costas L Avraam
Avraam Associates
Institute of Chartered Accountants in England & Wales
495 Green Lanes
Palmers Green
London
N13 4BS

Date: 13 August 2013

THE LEGATUM INSTITUTE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 30 NOVEMBER 2012

	Note	Unrestricted Funds 2012	Restricted Funds 2012	Total Funds 2012	Total Funds 2011
		£	£	£	£
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
Donations and grants	2	35,053	-	35,053	-
		<u>35,053</u>	<u>-</u>	<u>35,053</u>	<u>-</u>
Total incoming resources		35,053	-	35,053	-
Resources expended					
Governance costs	3	4,733	-	4,733	10,320
		<u>4,733</u>	<u>-</u>	<u>4,733</u>	<u>10,320</u>
Total resources expended		4,733	-	4,733	10,320
Net incoming resources before transfers		30,320	-	30,320	-
Reconciliation of funds					
Total funds brought forward		(10,320)	-	(10,320)	-
Transfer between reserves		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds carried forward	7	20,000	-	20,000	(10,320)

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

The accompanying policies and notes form part of these financial statements.

**THE LEGATUM INSTITUTE FOUNDATION
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BALANCE SHEET AS AT 30 NOVEMBER 2012

		2012		2011	
	Notes	£	£	£	£
CURRENT ASSETS					
Cash at bank		32,120		-	
		<u>32,120</u>		<u>-</u>	
CREDITORS - Amounts falling due within one year	6	(12,120)		(10,320)	
		<u>(12,120)</u>		<u>(10,320)</u>	
NET CURRENT ASSETS			20,000		(10,320)
			<u>20,000</u>		<u>(10,320)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>20,000</u>		<u>(10,320)</u>
RESERVES					
Balance brought forward	7		(10,320)		-
Surplus for the year	7		30,320		(10,320)
			<u>20,000</u>		<u>(10,320)</u>

For the year ended 30th November 2012, the company was entitled to exemption under Section 477 of the Companies Act 2006. The members have not required the company to obtain an audit of its financial statements for the year ended 30th November 2012 in accordance with Section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standards for Smaller Entities (effective April 2008)

ON BEHALF OF THE BOARD



Director

Approved by the Board on ... 13/02/13.

The notes form part of these financial statements

THE LEGATUM INSTITUTE FOUNDATION
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2012

1 Accounting Policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and the Statement of Recommended Practice Accounting and Reporting by Charities issued in March 2005.

(b) Company Status

The Charity is a company limited by guarantee. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

(c) Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

(d) Incoming Resources

- a) Cash donations are included in the accounts when they are received.
- b) Incoming resources in respect of voluntary income are accounted for on an accruals basis, provision being made for amounts due but not received until after the year end.
- c) Revenue and fixed asset grants are accounted for in the period to which they relate when the grant provider has notified the amounts for the period.
- d) Investment income is accounted for on an accruals basis.

(e) Resources Expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the accountancy and bookkeeping fees and costs linked to the strategic management of the charity.

**THE LEGATUM INSTITUTE FOUNDATION
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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2012
(Cont'd)**

2 Donations and grants

	2012	2011
	£	£
InterMediate	6,000	-
Atlantic Council	29,053	-
	<u>35,053</u>	<u>-</u>

3 Total Resources Expended

	Basis of Allocation	Governance	2012 Total	2011 Total
	£	£	£	£
Costs directly allocated to activities				
Accountancy	Direct	1,800	1,800	-
Legal and professional	Direct	2,783	2,783	10,320
Support costs allocated to activities				
Sundry expenses	Usage	150	150	-
		<u>4,733</u>	<u>4,733</u>	<u>10,320</u>

THE LEGATUM INSTITUTE FOUNDATION
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2012 (cont'd)

4 TRUSTEE REMUNERATION AND RELATED PARTY TRANSACTIONS

No remuneration or expenses were paid or reimbursed to the Trustees during the year (2011 - £nil)

5 TAXATION

As a Charity, The Legatum Institute Foundation is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

THE LEGATUM INSTITUTE FOUNDATION
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2012 (cont'd)

6	CREDITORS. Amounts falling due within one year	2012 £	2011 £
	Accruals and deferred income	1,800	-
	Other creditors	10,320	10,320
		<u>12,120</u>	<u>10,320</u>

7. MOVEMENTS IN FUNDS

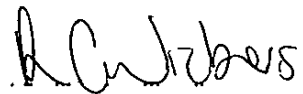
	Balance At 1 December 2011 £	Incoming Resources £	Outgoing Resources £	Balance At 30 November 2012 £
Unrestricted Fund				
Generated Funds	(10,320)	35,053	(4,733)	20,000
<i>Total Unrestricted Fund</i>	<u>(10,320)</u>	<u>35,053</u>	<u>(4,733)</u>	<u>20,000</u>
Restricted Fund				
Generated Funds	-	-	-	-
<i>Total Restricted Fund</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Funds	<u>(10,320)</u>	<u>35,053</u>	<u>(4,733)</u>	<u>20,000</u>

THE LEGATUM INSTITUTE FOUNDATION
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SUPPLEMENTARY NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2012

The following individuals were appointed to the management committee on 27 06 13

Toby Baxendale
Peter Raymond Barnett


Director