

**THE VARRIER-JONES FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**COMPANY REGISTRATION NO 03377965
REGISTERED CHARITY NO 1064595**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

THE VARRIER-JONES FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

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LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	P Gutteridge (Chairman) M. Alexander P Agar R Norton S Navin A Thompson S Beach D Atkinson W Cuell	
Company Secretary	M Blake	
Registered Office	Upper Pendrill Court Ermine Street North Papworth Everard Cambridge CB23 8UY	
Auditors	Ensors Accountants LLP Warwick House Ermine Business Park Spitfire Close Huntingdon Cambridge PE29 6XY	
Bankers	National Westminster Bank PLC 92 High Street Huntingdon PE29 3DT	
Solicitors	Ellisons Solicitors Headgate Court Head Street Colchester C01 1NP	
Property advisers	Bidwell's Trumpington Road Cambridge CB2 9LD	
Investment Managers	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU	
Status	A registered charity A company limited by guarantee	No. 1064595 No. 03377965

THE VARRIER-JONES FOUNDATION

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TRUSTEES' REPORT

INTRODUCTION

The trustees of The Varrier-Jones Foundation (the charity) have pleasure in presenting their report and the audited financial statements of the charity for the year ended 31 March 2018.

The company was incorporated on 29 May 1997. The company registration number is 03377965 and the registered charity number is 1064595.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

DIRECTORS AND TRUSTEES

The directors of the charitable company (the charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees serving during the year were as follows:

P Gutteridge (Chairman)
M Alexander
G Burnand (Resigned 23rd May 2017)
M Richards (Resigned 9th Nov 2017)
D Ogilvy (Resigned 9th Nov 2017)
R Norton
P L Agar
S Navin
S Beach (Appointed 9th Nov 2017)
A Thomson (Appointed 9th Nov 2017))
D Atkinson (Appointed 9th Nov 2017)
W Cuell (Appointed 9th Nov 2017)

OBJECTIVES AND ACTIVITIES

The principal objective of the charity is to provide financial support for the work of the Papworth Trust, whose mission is for disabled people to have equality, choice and independence. The Trust delivers this through the provision of supported housing, care services, support to access employment and a range of day service provision. The charity meets its commitment by maintaining investments, in both market investments via its appointed investment managers, or in land and property assets, mostly situated within the village of Papworth Everard, with a view to making a financial return which can be used to support the work of The Papworth Trust.

In addition to its principal objective the charity also aims to support disabled people more generally, and achieves this through making financial contributions towards the work of other organisations providing services for disabled people.

APPOINTMENT AND TRAINING OF NEW TRUSTEES

The Board of Trustees are responsible for the appointment of any new trustees and for ensuring that a broad range of relevant skills and expertise are represented on the Board. In reviewing the membership of the Board, and any nominations for new Trustees or election of the Chair, the Board seeks to:

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TRUSTEES' REPORT

1. Ensure a good distribution of skills and experience amongst Trustees;
2. Ensure the timely and effective succession of the Chair of the Board;
3. Implement an induction programme and ensure relevant information is provided to new Trustees, and monitor on any on-going training needs for all Trustees.

PUBLIC BENEFIT

The Trustees confirm they have considered their duties and have regard to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. The Foundation supports work to provide equality and independence for disabled people, ensuring access to facilities and opportunities that may be available to the public in general.

All activities delivered provide benefits to meet this aim, and the Trustees are confident that the activities of The Varrier-Jones Foundation are carried out for the benefit of others, monitored by regular reporting on impact and effectiveness of activities undertaken by beneficiary organisations, and have due regard to public benefit tests when making decisions.

FIXED ASSETS

Fixed assets are held in order to achieve the objectives of the charity. The movements in fixed assets during the year are set out in note 9 to the financial statements.

ACHIEVEMENTS AND PERFORMANCE

In the Trustees' Report for the year ended 31 March 2017, The Foundation set out the following objectives for the year, achievement against which is shown in the table below:

<i>Objective</i>	<i>Achievement</i>
Deliver the budget for the year 2017/18	Overall financial performance exceeded the budget set for the year, enabling the value of funds to be maintained for future use.
Manage the Trust's Property and Investment Assets in order to maximize their long term value	The general funds of the organisation increased by 1.7% (£765k) in the year, principally driven by a positive revaluation on investment properties and strong operating performance, though the fall in equity markets in quarter 4 impacted the valuation of listed investments. The investment portfolio is designed to generate consistent returns over the long term, enabling the charity to continue to provide support to activities and programmes for the benefit of disabled people.
Maintain the real value of donations to the Papworth Trust	The donation to Papworth Trust remained stable in the year, against a background of low inflation, and is planned to be maintained in the future period, matched to requirements and impact, designed to achieve maximum benefit.

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FINANCIAL REVIEW

The charity made an operating surplus for the year of £178,906 (2017: loss of £690,150). The surplus on operations is stated after direct grants of £1,625,900 (2017: £1,590,000).

The value of listed market and property investments still held increased by £586,165 (2017: £5,111,540)

The charity made donations as follows

	£
The Papworth Trust	1,590,000
Bedfordshire Opportunities Learning/Development	10,000
Disability Huntingdonshire	8,000
Headway	10,000
Wheel power	8,500
Papworth Community Transport	-600
Total	1,625,900

Reserves policy

The trustees have reviewed the reserves of the charity to ensure that it is able to fulfil its objectives for the foreseeable future, and are confident that it currently has sufficient, diversified holdings to meet its needs.

The unrestricted funds at 31 March 2018 totalled £45,629,361 (2017: £44,864,290). These funds are held in long term investments designed to provide an income return to enable the charity to meet its principal objectives, whilst preserving the underlying capital value of the assets to enable sustainable programmes to be delivered.

Comments on events that have affected financial performance

The income for the year has grown considerably, from £1,197,030 to £2,213,025, principally due to the recognition of dividend and bond income received in the year, which has been paid directly to the Foundation as income, as opposed to being automatically reinvested in individual fund holdings, as was the case previously. Rent receivable has also shown an increase in the year, principally due to positive rent reviews on a number of properties and close to full occupancy of lettable premises.

Reported investment management costs have also risen, as we are now able to discretely identify the costs of managing the investment portfolio, and have broken these out in these accounts. Otherwise costs remain largely under control and under budget, showing some reduction on costs from the previous year (£264,801 vs. £281,235).

Price volatility in equity markets has resulted in some significant fluctuations in the valuation of the portfolio throughout the year, with the significant downturn experienced in the first quarter of 2018 eliminating much of the gain that had been experienced to date, though we did manage to broadly maintain the overall value of the portfolio over the year.

Investment policy

The Foundation seeks to produce the best risk adjusted financial returns from its financial investments. These are invested both in property assets and listed market investments. The property assets are actively managed, yielding a rental return and surplus which is used to meet its charitable objectives by providing a grant to the Papworth Trust.

The investment objective is to maintain the real value of the assets over the long term, whilst also preserving the purchasing power of distributions.

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The target level of distributions is calculated as 3.25% of the average portfolio value of most recent twelve quarters, plus the identified surplus on the property portfolio in any given period. In recent times distributions have fallen below this level, helping to build surpluses within the Trust for future use.

Principal risks the charity faces

The Foundations key risks are as follows:

Risk	Impact	Mitigation
There is a significant fall in investment returns.	The current level of donations would be unsustainable and would need to be reduced.	The Foundation has a broad asset allocation and the Joint Investment Committee closely monitors its performance and market conditions/risks with help from investment professionals.
Rental income from the Foundation's property portfolio could fall due to loss of tenants or higher defaults. In particular the Papworth Hospital move to Cambridge could result in higher voids if replacement tenants are not found.	The current level of donations would be unsustainable and would need to be reduced.	The Property Committee closely manages the property portfolio with support and input from Bidwell's and looks to mitigate future voids by developing plans well in advance. Active consideration and options appraisals are being prepared for sites scheduled to become vacant in the foreseeable future.
Loss of key skills to manage and govern the Foundation.	<p>The Foundation relies on individuals with key skills to manage complex property and investment portfolios.</p> <p>Loss of those skills could impact on performance and result in lower returns.</p>	The VJF Board considers Governance and succession planning regularly. The Board ensures it employs appropriate staff and establishes strategic partnerships with key advisors to ensure the trustees are properly advised. The organisation also purchases services from external parties to support operations, where required.
Fraud risk due to small numbers of staff employed, with significant funds under management.	Financial and reputational loss. Charity unable to maintain level of support to third parties.	Appropriate delegations of authority drafted, with key payments and investment instructions approved by Trustees. Close monitoring by management via monthly management accounts and on-line access to investment reports and transaction information.

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PLANS FOR FUTURE PERIODS

In the next financial year The Foundation plans to:

- Develop a longer term business plan to take full account of likely impacts on the property portfolio, following Papworth Hospital's relocation, and mitigate appropriately;
- Manage the Trust's Property and Investment Assets in order to maximize their long term value, developing suitable strategies to minimize risk, and;
- Maintain the real value of donations to Papworth Trust

STRUCTURE, GOVERNANCE AND MANAGEMENT

The charity is a company limited by guarantee governed by its Memorandum and Articles of Association. It is a registered charity with the Charity Commission. The charity is governed by its Board of Trustees, which consists of the trustees, as stated on page 1 of the financial statements, and which meets quarterly.

The Trustees also maintain two sub-Committees to oversee the property portfolio and the investment portfolio respectively, capturing input from external advisors to ensure that these are well informed and can report performance effectively to the Board.

The Trustees assisted by staff are responsible for formulating the strategy and policies of the charity as a whole, including the approval of budgets and exercising financial control, through regular financial reporting.

The Trustees retain a number of professional advisers in connection with the operation of the charity. The advisers currently appointed are listed on page 1 of the financial statements.

Investments

The Trustees have discretionary powers to invest trust monies in the purchase of investments or property of whatever nature.

Listed investments are managed on a Total Return basis, though the investment and distribution objectives, and the asset allocation parameters are agreed by the Board, through the Investment Committee. This Committee which reports to Trustees, comprises Trustees and independent experts who oversee the asset allocation policies and who monitor the performance of the investment managers.

Property

There is a Property Committee, comprising Trustees and independent experts, who oversee all property and land related matters. The Committee reports to the Trustees and provides an annual report to the Investment Committee on Investment Property.

Risk management

The Trustees and management are able to control the activities of the charity by their day-to-day involvement in the operations of the charity and through a system of internal controls designed to manage key risks, to give reasonable assurance as to the accuracy of financial information and to safeguard the charity's assets and reputation.

The charity also uses a risk register to identify the key risks faced by the charity and the methods employed to mitigate those risks. This register is reviewed annually by the Trustees.

Fund raising approach

The trust income is generated mainly through returns on its investment and property portfolios that are appropriately managed to fully meet with the objectives of the charitable organisation. There is no formal fund raising activity deployed by the trust to generate income from members of the public. Whilst members of the public are able to donate contributions voluntarily if they so wish, the trust does not promote fund raising. No professional fundraisers are employed by the charity.

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Name of the trustee who manages the charity on a day to day basis

P Gutteridge, as Chair, oversees the day to day operations of the charity along with M Alexander who oversees all property matters as Chair of the Property Committee and S Navin who oversees financial investments as Chair of the Joint Investment Committee. The Trustees are supported by employed staff, as well as outsourced governance and financial management support from Papworth Trust.

Trustees' responsibilities

The trustees (who are also directors of The Varrier-Jones Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. 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 UK 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 charitable company will continue in operation.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Ensors Accountants LLP were reappointed as auditors of the charitable company and in accordance with section 485 of the Companies Act 2006 a resolution proposing that they be reappointed will be put at a general meeting.

OUR THANKS

Finally the trustees would like to thank the staff of the charity for their hard work and excellent commitment.

Registered office:

Upper Pendrill Court
Ermine Street North
Papworth Everard
Cambridge
CB2 3UY

By order of the Board



P Gutteridge
Chairman

Date: 20th August 2018

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE VARRIER-JONES FOUNDATION

Opinion

We have audited the financial statements of The Varrier-Jones Foundation for the year ended 31 March 2018 which comprise the Statement of Financial Activities, Balance Sheet and Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018, and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

James Francis
for and on behalf of Ensors Accountants LLP

James Francis

Chartered Accountants
Statutory Auditor

Warwick House
Ermine Business Park
Spitfire Close
Huntingdon
PE29 6XY

Date: *30 August 2018*

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STATEMENT OF FINANCIAL ACTIVITIES (including income & expenditure account)

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Total Unrestricted Funds 2018 £	Total Unrestricted Funds 2017 £
Income:			
Investment income	5	2,201,697	1,185,055
Other Income		11,328	11,975
Total income		2,213,025	1,197,030
Expenditure			
<i>Costs of raising funds:</i>			
Investment management costs	2	391,260	281,235
<i>Expenditure on charitable activities:</i>			
Grants and support costs	3	1,631,090	1,595,341
Other costs	4	11,769	10,604
Total expenditure		2,034,119	1,887,180
Movement in total funds for the year - Net incoming/ (outgoing) resources for the year before investments		178,906	(690,150)
Gains on investments		109,865	4,015,926
Profit on disposal of investment property		-	-
Net income for the year		288,771	3,325,776
Revaluation of investments		476,300	1,095,614
Net movement in funds		765,071	4,421,390
Reconciliation of funds			
Total funds at 1 April 2017		44,864,290	40,442,900
Total funds at 31 March 2018		45,629,361	44,864,290

The statement of financial activities includes all gains and losses recognised in the year.

All of the above results derive from continuing operations.

The notes on pages 13 to 20 form part of these financial statements.

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COMPANY REGISTRATION NUMBER 03377965


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BALANCE SHEET AT 31 MARCH 2018

	Notes	2018 £	2017 £
Fixed assets			
Investment properties	9	12,319,601	11,843,301
Market investments	9	32,872,296	33,095,213
		<u>45,191,897</u>	<u>44,938,514</u>
Current assets			
Debtors:			
Amounts falling due within one year	10	82,440	117,463
Cash at bank and in hand		638,532	372,470
		<u>720,972</u>	<u>489,933</u>
Creditors — amounts falling due within one year	11	<u>(94,708)</u>	<u>(369,357)</u>
Net current assets		<u>626,264</u>	<u>120,576</u>
Total assets less current liabilities		<u>45,818,161</u>	<u>45,059,090</u>
Creditors – amounts falling due after More than one year	12	<u>(188,800)</u>	<u>(194,800)</u>
Net assets		<u><u>45,629,361</u></u>	<u><u>44,864,290</u></u>
Funds			
Unrestricted funds		<u>45,629,361</u>	<u>44,864,290</u>
Total funds		<u><u>45,629,361</u></u>	<u><u>44,864,290</u></u>

Approved by the Board of Trustees on *30th August* and signed on its behalf by:


Peter Gutteridge
Trustee


Richard Norton
Trustee

The notes on pages 13 to 20 form part of these financial statements.

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£	£
Reconciliation of operating deficit to net		
Cash outflow from operating activities		
Operating deficit/surplus	178,906	(690,150)
Interest receivable	(64)	(24)
(Increase) / Decrease in debtors	35,023	(14,000)
(Decrease) / Increase in creditors	(274,649)	79,852
Deferred income released	(6,000)	(6,000)
	<hr/>	<hr/>
Net cash outflow from operating activities	(66,784)	(630,322)
	<hr/>	<hr/>
Cash flow		
Net cash outflow from operating activities	(66,784)	(630,322)
Returns on investments and servicing of finance	64	24
Withdrawals from Sarasin Portfolio – fees with vat	132,782	
Withdrawals from Sarasin Portfolio – capital	200,000	600,000
Capital expenditure	-	-
	<hr/>	<hr/>
Increase /(Decrease) in cash	266,062	(30,298)
	<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds		
Increase /Decrease) in cash in the year	266,062	(30,298)
	<hr/>	<hr/>
Change in net funds	266,062	(30,298)
	<hr/>	<hr/>
Net funds at 1 April 2017	372,470	402,768
	<hr/>	<hr/>
Net funds at 31 March 2018	638,532	372,470
	<hr/>	<hr/>

See note 18 for the notes to this statement.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting Policies

Accounting convention and standards

The Varrier-Jones Foundation is a company limited by guarantee incorporated in England & Wales. The registered office is Upper Pendrill Court, Papworth Everard, Cambridge CB23 8UY.

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

The Varrier-Jones Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Going concern

The financial statements have been prepared on a going concern basis as, after making appropriate enquiries, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements.

Group accounts

No group accounts have been prepared because, in the opinion of the trustees, the inclusion of the figures for the subsidiary company would not be material in providing a true and fair view of the state of the charitable company's affairs at 31 March 2018.

Incoming resources

All incoming resources capable of accurate financial measurement are accounted for when receivable.

Deferred income

Where applicable, deferred income is credited to Incoming Resources equally over the period to which it relates.

Resources expended

All expenditure is accounted for on an accruals basis and includes any irrecoverable VAT.

Direct charitable expenditure, management and administration

Direct charitable expenditure comprises all expenditure directly relating to the objects of the charity. When necessary, costs are allocated between direct charitable expenditure, fund raising and management and administration on an actual basis.

Investments

Listed investments are stated at market value. A full professional revaluation of investment properties is conducted every three years as part of a five year rolling valuation programme. The statement of financial activities includes realised and unrealised gains / (losses) on revaluations and disposals throughout the year.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (continued)

Fixed assets

Fixed assets are included at cost less accumulated depreciation. Fixed assets with a cost of less than £5,000 are written off to the statement of financial activities on acquisition.

Depreciation

Depreciation is provided to write off on the straight line basis the cost or valuation, less estimated residual value, of all fixed assets over their expected useful lives, calculated on a daily basis from acquisition date.

Investment properties are stated at market value and are not depreciated. Although this is in accordance with FRS 102 it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. Investment properties are held for their investment potential and therefore their current value is of prime importance. The departure from the provisions of the Act is considered to be necessary in order to present a true and fair view.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will result in the transfer of funds to a third party and the amount to settle the obligation can be measured or estimated reliably.

Capitalisation of finance costs

All finance costs that are directly attributable to investment properties are capitalised as part of those assets.

Defined contribution pension scheme

Contributions to a money purchase pension scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Fund accounting

Funds held by the charity are:

- Unrestricted general funds – these are funds that can be used in accordance with the charitable objects at the discretion of the trustees.

Company status

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of the charity being wound up is limited to £1.

2 Investment management costs

	2018 £	2017 £
Property portfolio	166,186	179,758
Listed Investment portfolio	126,459	-
Support costs	98,615	101,477
	<u>391,260</u>	<u>281,235</u>

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

3 Charitable activity costs

	2018 £	2017 £
Support costs	5,190	5,341
Direct grants (as explained in the Trustees' report)	1,625,900	1,590,000
	<u>1,631,090</u>	<u>1,595,341</u>

4 Other costs

	2018 £	2017 £
Audit fees	7,000	6,800
Trustees indemnity insurance	2,345	1,380
Other professional fees	2,424	2,424
	<u>11,769</u>	<u>10,604</u>

5 Investment income

	2018 £	2017 £
Rent receivable	1,205,188	1,152,460
Interest	64	24
Other investment income	996,445	32,571
	<u>2,201,697</u>	<u>1,185,055</u>

6 Staff costs and trustees' remuneration

	2018 £	2017 £
Staff costs:		
Staff salaries	37,487	36,120
Social security	(1,827)	1,435
Pension costs	1,440	1,440
	<u>37,100</u>	<u>38,995</u>

During the year no trustee received any remuneration but two trustees were reimbursed £148 for expenses (2017: £133 expenses reimbursed for two trustees).

THE VARRIER-JONES FOUNDATION

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

7 Staff numbers

The average number of full-time equivalent employees (including casual and part-time staff) during the year was made up as follows:

	2018	2017
Support & administration	<u>2</u>	<u>2</u>

8 Net expenditure for the year

	2018	2017
	£	£
Stated after charging:		
Auditors' remuneration:		
Audit services	7,000	6,800
Depreciation provided in the year:		
Owned assets	<u>-</u>	<u>-</u>

Defined contribution pension scheme

During the year the charity paid contributions into an employees' personal pension scheme. The pension cost charge represents contributions payable by the charity to the fund and amounted to £1,440 (2017: £1,440).

No contributions were outstanding to the fund at 31 March 2018 (2017: £nil).

THE VARRIER-JONES FOUNDATION
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9 Investments

Investment Properties

	2018 £	2017 £
At 1 April 2017	11,843,301	10,916,301
Additions	-	-
Disposals at valuation	-	-
Unrealised gains in the year	476,300	927,000
	<u>12,319,601</u>	<u>11,843,301</u>
At 31 March 2018	<u>12,319,601</u>	<u>11,843,301</u>
Included in		
Fixed assets	12,319,601	11,843,301
Current assets	-	-
	<u>12,319,601</u>	<u>11,843,301</u>

All investments are included in unrestricted funds

Summary:

	2018 £	2017 £
Property:		
Freehold	<u>12,319,601</u>	<u>11,843,301</u>

The historical cost of all the investment properties at 31 March 2018 was £13,603,078 (2017: £13,603,078).

Investment properties are re-valued based on a professional valuation by Bidwell's on a 3 or 5 year rolling review. Those properties not included in the professional valuation at 31 March 2018, have been reviewed by the trustees who are of the opinion that the valuation included in the accounts is consistent with the current market value for these properties.

Investment in subsidiary company

	2018 £	2017 £
Cost at 1 April 2017 and 31 March 2018	<u>-</u>	<u>1</u>

The investment relates to the charity's trading subsidiary, Pendrill Limited, which is wholly owned and is a company registered in England and Wales.

The Company became dormant in June 2011 after all operations ceased and any residual net assets transferred to the Foundation. The company was dissolved on 2 January 2018.

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9 Investments (continued)

Listed investments

	2018 £	2017 £
At 1 April 2017	33,095,213	29,510,673
Additions	-	-
Disposals	(200,000)	(600,000)
Realised (loss)/gain in the year	-	4,015,926
Unrealised (loss)/gain in the year	(22,917)	168,614
	<u>32,872,296</u>	<u>33,095,213</u>
At 31 March 2018	<u>32,872,296</u>	<u>33,095,213</u>
 Included in		
Fixed assets	<u>32,872,296</u>	<u>33,095,213</u>
	<u>32,872,296</u>	<u>33,095,213</u>

10 Debtors

	2018 £	2017 £
Trade debtors	18,114	32,574
Other debtors	64,326	84,889
	<u>82,440</u>	<u>117,463</u>

All amounts are due within one year.

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11 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	21,116	35,239
Other creditors and accruals	23,752	283,677
Taxation and social security	43,840	44,441
Deferred income (note 13)	6,000	6,000
	<u>94,708</u>	<u>369,357</u>

12 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Deferred income (note 13)	38,000	44,000
Other creditors and accruals	150,800	150,800
	<u>188,800</u>	<u>194,800</u>

Other creditors and accruals include an accrual of £150,800 (2017 - £150,800) for potential compensation claims arising from the development of the Papworth bypass.

13 Deferred income

	2018	2017
	£	£
Balance at 1 April 2017	50,000	56,000
Amount released in year	(6,000)	(6,000)
Balance at 31 March 2018	<u>44,000</u>	<u>50,000</u>

Deferred income relates to monies received for the granting of a 25 year lease. Amounts have been deferred to spread the income over the remaining term of the lease.

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14 Trustees indemnity insurance

During the year insurance was purchased to indemnify the trustees against default on their part. The amount paid was £2,345 (2017: £1,380).

15 Controlling party

The charity is controlled by the Board of Trustees.

16 Related party transactions

During the year the charity was charged costs of £60,724 (2017: £69,117) by Papworth Trust, of which £16,667 (2017: £19,968) was for gardening services provided by The Papworth Trust. All of the transactions were carried out on an arm's length basis and no amounts were outstanding as at the year end.

The charity charged The Papworth Trust rental costs of £15,463 (2017: £27,425), service charges of £7,227 (2017: £12,505) and other costs of £875 (2017: £895) during the year.

During the year the charity paid grants of £1,625,900 (2017: £1,590,000) of which £1,590,000 was paid to The Papworth Trust (2017: £1,590,000).

17 Transactions with trustees

There were no transactions with the trustees during the year.

18 Notes to the cash flow statement

	2018 £	2017 £
Capital expenditure		
	-	-
	-	-
	<u> </u>	<u> </u>
Capital receipts		
Sale of listed investments	200,000	600,000
	<u>200,000</u>	<u>600,000</u>