

# **THE GATSBY CHARITABLE FOUNDATION**

ANNUAL REPORT

5 APRIL 2018

The Peak  
5 Wilton Road  
LONDON SW1V 1AP

**THE GATSBY CHARITABLE FOUNDATION**  
**5 April 2018**

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# THE GATSBY CHARITABLE FOUNDATION

## 5 April 2018

### REPORT OF THE TRUSTEES

#### Legal and Administrative

The Gatsby Charitable Foundation (Gatsby) 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 J C Burns	
<b>Registered Office</b>	The Peak, 5 Wilton Road London SW1V 1AP	
<b>Principal Officers</b>	Mr P Hesketh	CEO
	Mrs K Everett	Finance Director
	Mr J Highstead	Executive
	Mr N Thomas	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 U.K. 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 Gatsby within guidelines established by the Trustees.	

# THE GATSBY CHARITABLE FOUNDATION

## 5 April 2018

### REPORT OF THE TRUSTEES (continued)

#### Legal and Administrative (continued)

##### Objects

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

##### Organisation

Gatsby is one of the Sainsbury Family Charitable Trusts (SFCT), which share a common administration. The remuneration of the senior staff (including key management personnel) is reviewed by the Trustees on an annual basis taking into account the requirements of their role and performance during the year. From time to time the SFCT Management Committee benchmarks pay levels against the comparable positions in similar organisations.

##### 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 supporting 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 Gatsby 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 2018

### **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 Gatsby's aims, activities and achievements in the many areas of interest that Gatsby 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.

#### **Charity Governance Code**

The Trustees are aware of the Charity Governance Code published in 2017 which sets out the principles and recommended practice for good governance within the sector. The Trustees are reviewing its current governance arrangements against the principles within the code and will address any issues which may arise where required in 2019.

#### **Appointment and Powers of Trustees and Management**

As per the Gatsby Charitable Foundation Trust Deed, the statutory powers of appointing Trustees are vested in the Settlor during his life. The Trust Deed enables the Trustees to delegate certain powers. Trustees are provided with relevant information relating to their responsibilities as Trustees.

#### **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 £53.4 million which have been added to Gatsby's expendable endowment and is available for grant making. Gatsby also received £5.8 million from dividends and interest and £762 in grants from other organisations.

Gatsby has significant unpaid forward commitments totalling £68.6 million. Trustees approved grants amounting to £24.5 million and made payments of £58.3 million covering some of these grants and others approved in earlier years. In addition, payments of £3.2 million were made in relation to directly managed charitable programmes, including the use of restricted grants. With Trustees' intention to spend out the assets of Gatsby, and with the expectation that grant making over the next two to three years is likely to be maintained at a significant level, Gatsby had short term deposits and cash at bank of £264 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 November 2017, having undertaken due diligence and received professional advice, Gatsby disposed of the entire issued share capital of its wholly owned subsidiary, Aquifer Limited, to an entity which has the operational skills, scale, financial capability and social impact credentials to maximise the potential for continuation of what has been achieved, and preserve and develop the substantial socioeconomic impact of the subsidiary's activities. Consequently the financial statements no longer consolidate the financial results of Aquifer. As a result the financial statements for the current year are not consolidated. Comparative figures represent the activities of Gatsby itself in the year ended 5 April 2017.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2018

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

Furthermore, Gatsby continues to consider its programme related investment in 89% of the issued capital of African Agricultural Capital Limited (AAC) as not material relative to the net assets of Gatsby. Therefore the financial results of AAC are not consolidated in the financial statements of Gatsby. In view of the uncertainty as to the amount and timing of any repayment of capital from AAC a further provision of £0.2 million has been made against the cost of the investment to bring the carrying value to £Nil.

#### **Future Plans**

For the immediate future Trustees expect to continue to support long standing major beneficiaries and to continue making grants throughout the year in the areas in which they are interested, as detailed in the objectives section earlier in this report.

#### **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 £20.1 million (2017: £36.5 million) has been made from the expendable endowment to eliminate the deficit.

#### **Risk assessment**

The Trustees have examined the major strategic, business and operational risks to which Gatsby 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.

The Trustees have evaluated that a major risk faced by Gatsby is that grant payments may not be applied for the charitable purposes for which they were awarded. To mitigate this risk the Trustees have implemented a rigorous, proportionate set of governance procedures which considers whether programmes and activities of the organisation which are to be the recipients of payments are aligned with the charitable objectives of Gatsby. During implementation of these programmes there is a series of performance reviews which checks, amongst other matters, that the funding paid has been and/or continues to be applied to programme outputs approved originally.

The Trustees have also identified the uncertainty of financial returns and the potential for a significant reduction in the value of investments to constitute the charity's major financial risks. This is mitigated by holding a high proportion of cash and having a diversified financial portfolio which is professionally managed. The Trustees regularly review investment strategy and monitor financial performance.

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.



# THE GATSBY CHARITABLE FOUNDATION

## 5 April 2018

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

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

During the year under review, Gatsby'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.

#### **CHARITABLE ACTIVITIES**

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 both grant-making and directly managed programmes. 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 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 charitable expenditure 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)

## THE GATSBY CHARITABLE FOUNDATION

5 April 2018

### REPORT OF THE TRUSTEES (continued)

#### 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.

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. During this reporting period, two new research group leaders recently joined the Laboratory. Dr Edwige Moyroud investigates the mechanisms for pattern formation in petals. The colourful patterns on the petals of flowering plants are key to attracting pollinators, and as such participate directly in reproductive success. Professor Giles Oldroyd studies the processes in plants that allow mutualistic interactions with mycorrhizal fungi and nitrogen-fixing bacteria. The long-term aim of his research is to broaden the crop plant host species that can accommodate nitrogen-fixing bacteria to help deliver more sustainable and secure food production systems. The Laboratory continues to contribute to the greater plant science and agricultural technology community in East Anglia. As part of the CambPlants Hub, the Sainsbury Laboratory is participating in an effort to broker connections between academia and industry to more effectively translate research into business outcomes. This includes two other Gatsby-funded activities, Agri-Tech East and the Centre for Science, Technology and Innovation Policy. In the first instance, this will focus on the potato and its value chain to identify improvement opportunities and to engage the research base to tackle them.

Since 1987 Gatsby has supported The Sainsbury Laboratory (TSL) at the Norwich Research Park to investigate how plants defend themselves against microbes that cause disease, and conversely how microbes manipulate host plants and cause disease. Over these three decades, TSL has built an outstanding international reputation for scientific excellence. Four TSL scientists - Professors Jonathan Jones, Sophien Kamoun, Cyril Zipfel, and Dr Joe Win - were named in the 2017 Highly Cited Researchers List compiled by Clarivate Analytics. TSL continues to make crucial discoveries and to engage with the public and policy makers. For example, the Kamoun Group revealed that many immune receptors in plants act in concert with proteins called NRCs, forming a complex network that may explain the robustness of plant immune signalling. The Jones Group conducted a successful field trial of blight-resistant GM potatoes in Norwich, and the lead researcher, Dr Marina Pais, took part in the Royal Society MP/scientist pairing scheme with Norman Lamb, chair of the Parliamentary Science and Technology Committee, offering a good opportunity to discuss public acceptance of GM foods and the challenges facing the scientific community post-Brexit. Over the current reporting period, TSL launched its new vision and announced the appointment as Executive Director of Professor Nicholas Talbot FRS, a world-renowned expert in molecular plant pathology who is currently Deputy Vice-Chancellor for Research and Impact at the University of Exeter. The new scientific and strategic vision will further strengthen the position of the Laboratory as a global institute for plant health that focuses on the fundamental and translational research required to tackle important and emerging plant diseases affecting crop production worldwide. This new vision will be further enabled by an even closer partnership with the University of East Anglia, other research institutes present on the Norwich Research Park, and the Gatsby-supported Two Blades Foundation.



## THE GATSBY CHARITABLE FOUNDATION

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

The Two Blades Foundation is a charitable organisation based in the United States of America that supports the development of crops with durable disease resistance and promotes their deployment in agriculture worldwide, focusing particularly on developing countries. Core support from Gatsby has enabled Two Blades to initiate a new collaboration with BecA-ILRI hub in Nairobi, Kenya – a centre of life science excellence for the continent to advance research projects on disease-resistant crops for smallholder farmers and to forge a link between Two Blades, the BecA-ILRI Hub and TSL. In early 2018, Two Blades added support to Professor Sir David Baulcombe at Cambridge University, who is working with scientists in East Africa to develop a new solution to Maize Lethal Necrosis Disease, a serious threat to maize production in the region.

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): £15,130,306**

##### University of Cambridge - £9,025,000

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

##### Sainsbury Laboratory - Norwich - £2,850,000

Towards core research activities.

##### Two Blades Foundation - £2,688,614

Towards core and project costs.

##### Science & Plants for Schools (SAPS) and the Gatsby Plant Science Summer School - £316,692

To support the plant science education projects.

##### Cambridge Network - £250,000

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

#### **TOTAL DIRECT PROGRAMME EXPENSES paid this year: £518,720**

##### Gatsby Sainsbury PhD Studentships - £225,133

Expenditure on plant science PhD studentships.

##### Undergraduate Summer Schools & SAPS - £144,199

Expenditure on the SAPS programme and undergraduate summer schools.

Other direct programme expenses paid in the year totalled £149,388.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2018

#### REPORT OF THE TRUSTEES (continued)

#### 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.”*

One of the most exciting challenges of the 21st century is to understand how the brain performs the computations that directly underpin our behaviour. Gatsby’s view, shared by many, is to work towards this by harnessing the efforts of a dynamic and multi-disciplinary group of scientists with a common interest in the workings of the brain. To this end, Gatsby is supporting world-class research centres, programmes and activities.

Gatsby is partnering with Wellcome and University College London to develop and support the Sainsbury Wellcome Centre for Neural Circuits and Behaviour (SWC) – a recently-constructed research centre where scientists are using state-of-the-art techniques to investigate how circuits in the brain process information to create neural representations and guide behaviour. The fit-out of the laboratory spaces on the third and fourth floors of the building was completed in early 2018 to accommodate newly-recruited experimental groups: The group of the Director, Professor Thomas Mrsic-Flogel, is investigating how the neural circuit organisation relates to the computations that support sensory and behavioural function. The aim of Dr Sonja Hofer’s research is to understand how different environments and contexts can modulate sensory responses and influence how information is interpreted. Dr Marcus Stephenson-Jones’s group works on how representations of the world in the brain are processed to give rise to critical aspects of goal-directed behaviour, such as motivation and choice. Professor Tom Otis has joined as Chief Scientific Officer to coordinate strategy, operations and technology transfer activities.

Gatsby continues to provide joint core support with Wellcome, for the Centre for Neural Circuits and Behaviour at the University of Oxford under the leadership of Professor Gero Miesenboeck.

In the area of theoretical neuroscience, this year marked twenty years of support for the Gatsby Computational Neuroscience Unit (GCNU) at University College London. The leadership of the Unit recently changed and Gatsby is pleased that Professor Maneesh Sahani has been appointed as the new Director. Gatsby has provided additional funding to support Professor Sahani’s strategic vision that includes a dedicated Data and Algorithms Centre, as well as a programme of prestigious senior postdoctoral fellows to link the Unit to their experimental colleagues in SWC. In the United States of America (USA), Gatsby supports the Centre for Theoretical Neuroscience at Columbia University and over the previous period additional support from Gatsby has facilitated recruitment efforts for additional theory faculty members to promote greater theory-experiment interplay at Columbia’s new Zuckerman Institute. In 2017, the annual collaborative Gatsby TriCentre Meeting was hosted in Israel by the members of the Gatsby programme in theoretical neuroscience at the Safra Centre for Brain Sciences (ELSC) at the Hebrew University.

Gatsby has made a six-year grant to initiate the Stanford Optogenetics Moonshot for Autism under the direction of Professor Karl Deisseroth. This project at Stanford University in the USA aims to elucidate the mechanisms of autism brain dynamics and to resolve relationships among multiple brain-wide projections and cell populations for particular behaviours. These findings will help Professor Deisseroth and colleagues design and create novel, safe, effective and precision therapies to have a transformative impact on the treatment landscape for Autism Spectrum Disorder.

## THE GATSBY CHARITABLE FOUNDATION

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

In recent years, there has been considerable progress in our understanding of the biological basis of many brain and mental health disorders. In 2016, in partnership with Wellcome, Gatsby supported the United Kingdom's (UK) Royal College of Psychiatrists to review and overhaul the postgraduate curriculum for psychiatry to incorporate a modern neuroscience perspective as a core component of every formulation and treatment plan. Over the past year, the College has continued to engage stakeholders across the UK to ensure the new syllabus is relevant and reflective of the latest neuroscientific innovations. They have organised annual conferences as flagship events to highlight and promote the role of neuroscience within contemporary psychiatry, as well as initiated neuroscience in psychiatry networks and 'Brain Camp' events for training, teaching and support in neuroscience-related topics. The College are also updating their online training resources to reflect the new syllabus and stronger neuroscience themes.

Gatsby provides support for numerous scientific meetings and symposia, as well as convening its own scientific meetings, in partnership with other foundations and agencies. In the past period, Gatsby has continued its longer-term commitment to Cosyne, an annual scientific conference that provides an inclusive forum for the exchange of experimental and theoretical/computational approaches to problems in systems neuroscience, as well as to the CAJAL Advanced Neuroscience Training Programme in Europe that offers cutting-edge hands-on intensive training in neuroscience. Gatsby renewed its support of the seminar series in Ascona, Switzerland for the 2019, 2021 and 2023 editions of the Assembly and Function of Neuronal Circuits meeting.

Gatsby is collaborating with University College London, Wellcome, the Allen Institute for Brain Science, the Howard Hughes Medical Institute and IMEC on a technology development project to design and manufacture a state-of-the-art device for detecting simultaneously the activity of many hundreds of neurons in animal brains. The successful development phase of Neuropixels culminated in a publication in the high-profile journal Nature in November 2017. Since the start of 2018, the probe model to be commercialised has been tested and finalised and will be released in the second half of the year. Several Gatsby-supported activities such as SWC and the CAJAL courses will provide training workshops. Gatsby continues to provide funding to University College London to support their leadership role in this project, including supplementary funds for UK-based postdoctoral researchers to work on further development of the Neuropixels programme.

### **TOTAL GRANT PAYMENTS made this year (from new and previous grants): £17,350,861**

#### University College London - £15,054,843

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.

#### University of Oxford - £531,699

Towards the Oxford Centre for Neural Circuits and Behaviour.

#### Stanford University - £374,280

Towards support for Stanford Optogenetics Moonshot for Autism.

#### Columbia University - £303,393

Towards the Centre for Theoretical Neuroscience.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2018

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

New York University of Medicine - £274,734

Towards the support of Oliver Sacks' archive.

Hebrew University of Jerusalem - £250,000

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

Federation of European Neurosciences - £222,460

Towards the development and operations of the CAJAL Advanced Neuroscience Training Programme.

Society for Neuroscience - £93,901

Towards the continued development and operations of Brainfacts.org.

Royal College of Psychiatrists - £85,328

Towards the review of the content of the postgraduate curriculum for psychiatry.

Ascona Meetings on Neuronal Circuits - £68,820

Towards the Ascona biennial conference series.

Cosyne - £37,647

Towards travel bursaries, mentoring and lectures at the annual conference.

Further grant payments totalling £53,756 were also paid in the year.

**TOTAL DIRECT PROGRAMME EXPENSES paid this year: £16,878**

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

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

For over 30 years, Gatsby has sought to improve science, technology, engineering and mathematics (STEM) skills by developing innovative programmes and informing national policy. In recent years, Gatsby's efforts in this category have focused on five areas: technical education reform; the supply of STEM skills in the workforce; career guidance; science and maths in schools; and business education for engineers.

While young people and their parents generally have a good understanding of the academic options available beyond the age of 16 – notably the A-level route – the same can certainly not be said for technical education. Thousands of qualifications litter the technical education landscape, with only limited information available about which ones employers value. Fortunately, things are set to change. Following the 2016 report by an independent expert panel chaired by Gatsby's settlor, Lord Sainsbury of Turville, the government announced the most significant reform to technical education in England for 70 years. Gatsby continues to work closely with the Department for Education (DFE) as it develops and implements the new technical education policy. This includes supporting development and promotion of the new T-level qualifications for 16-18 year olds that will be rolled out from 2020, and ensuring that all technical education – regardless of mode of delivery (taught course or apprenticeship) – is based on a straightforward, common framework of employer-set standards.



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Furthermore, as the majority of technical education is delivered in the Further Education (FE) sector, Gatsby continues to support programmes which seek to increase the skills of FE lecturers.

Technical education typically leads to employment in technician roles. Technicians are the driving force behind many of the UK's largest companies, as well as the most innovative. Yet technician occupations and the opportunities they provide are poorly understood by the general public, and especially young people and their parents. Two years ago, Gatsby launched the Technicians Make it Happen (TMiH) campaign to challenge outdated notions of who technicians are and the work they do. This year the campaign has profiled dozens of technicians, working in a diverse range of companies including the BBC, the NHS, Caterpillar, Toyota and Microsoft. TMiH has also taken its exhibition stand to several national events, including New Scientist Live, the Skills Show, and the Big Bang Fair, reaching tens of thousands of young people, teachers and parents with its message.

Gatsby's work promoting the importance of good career guidance continues to go from strength to strength. The eight benchmarks of good practice described in Gatsby's 2014 'Good Career Guidance' report have now been widely accepted across schools, employers and education organisations. Such was the positive reception to Gatsby's work in this field that, in December 2017, the government published a new national strategy for career guidance in schools, with the eight Gatsby benchmarks at its heart. Gatsby continues to work with the DFE and the Careers and Enterprise Company to ensure that schools are supported in the implementation of this strategy, seeking to ensure that all secondary schools are achieving all eight Gatsby benchmarks by the end of 2020.

Gatsby has long-standing interest in the teaching of science and mathematics in schools, including ensuring effective approaches to teacher recruitment and retention. As part of this interest, Gatsby continues to promote the importance of hands-on experience of experiments and other practical techniques in school science. To this end, in September 2017, Gatsby published its 'Good Practical Science' report, which explored how school practical science is delivered in countries where it is done well. Gatsby is now working with partner organisations to embed the report's advice into the everyday practice of school science departments in England. Gatsby also supports a small number of initiatives which aim to bring coherence to what can sometimes be a cluttered STEM education landscape. These include: the Big Bang Fair, that brings together the myriad of STEM prizes and events under one umbrella; the National STEM Learning Centre, which houses the UK's largest collection of STEM curriculum support materials; and activity to support schools to establish and develop STEM Clubs.

The Sainsbury Management Fellowships scheme was established in 1987 to encourage outstanding, early-career engineers to study for an MBA at a top international business school. Each year, ten bursaries of £50,000 are awarded and, in its 30 year history, the scheme has supported more than 300 engineers, enabling them to take on high-profile positions in industry and to start innovative companies. The SMF scheme is managed by the Engineers in Business Fellowship (EIBF), a charity established to promote the importance of business education. Gatsby also supports the EIBF to undertake other initiatives to deliver against this aim, including developing business competitions aimed at undergraduate engineering students and recent graduates.

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**REPORT OF THE TRUSTEES (continued)**

**TOTAL GRANT PAYMENTS made this year (from new and previous grants): £744,383**

Engineers in Business Fellowship - £525,318

Towards the Sainsbury Management Fellowships scheme, core costs, and a competition to encourage engineering undergraduates to business.

Baker Dearing Educational Trust - £150,000

Towards development of the University Technical Colleges initiative.

Engineering UK - £50,000

Towards the costs of the Big Bang Fair.

Unionlearn – £19,065

Towards the second phase of Unionlearn's technician pathways project.

**TOTAL DIRECT PROGRAMME EXPENSES paid this year: £2,588,346**

Promoting technician roles and professional registration schemes - £903,741

Expenditure on a campaign promoting the roles of technicians and their contribution to the UK economy, and developing professional registration schemes for technicians.

Career Guidance in schools - £335,151

Expenditure on work to improve career guidance in schools.

National STEM Centre - £298,894

Expenditure on core costs.

Further Education - £240,870

Expenditure on research into the strengths and weaknesses of the FE sector, and development of programmes which increase the skills of FE lecturers.

Practical Work in School Science - £189,556

Expenditure on a programme of work to support practical work in school science.

Occupational Mapping - £119,798

Expenditure on the development of occupational maps for the new technical education routes.

Technical Education Reform - £94,733

Expenditure on local implementation of technical education routes in Manchester and Sheffield.



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

##### National apprenticeship programme - £94,138

Expenditure on supporting the development of new apprenticeships.

##### Technical Education Panels of Professionals - £52,946

Expenditure on supporting work to develop T-Level qualifications.

##### Group Training Associations - £52,536

Expenditure on expanding the network of Group Training Associations in England.

Other direct programme expenses paid in the year totalled £205,983.

#### **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’s programmes in Africa are now mainly implemented by a separate UK charitable company - Gatsby Africa (GA) - with registered branches in Tanzania and Kenya.

GA’s mission is to accelerate inclusive and resilient economic growth in East Africa by demonstrating how key economic sectors - such as cotton in Tanzania - can be transformed, thereby reducing poverty.

GA aims to achieve this by:

- Funding and implementing programmes that look to catalyse and influence large-scale and lasting change in priority sectors;
- Building and supporting local organisations dedicated to sector transformation; and
- Sharing lessons with others - including donors and governments - who are trying to transform sectors.

GA is implementing programmes in the Tanzanian cotton and textiles sectors, forestry sectors in Kenya and Tanzania, and (in partnership with The Wood Foundation) the Tanzanian and Rwandan tea sectors.

It has also invested resources in building two local independent organisations - Kenya Markets Trust and Msingi - to undertake similar work and influence the broader debate on how to ensure economic growth benefits poor people in East Africa.

GA and its partner organisations are running 10 sector programmes across East Africa. Yet many other sectors also need support. Each programme and organisation thus aims to capture what is working and what is not, and to share this with other stakeholders - particularly governments and donors - so that they can benefit from the lessons learned.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2018

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

In this way, GA aims to contribute to a wider movement, and to see a series of sectors in East Africa and beyond transformed by its own efforts and those of others. This would lead to large-scale and lasting change – accelerating economic growth, creating jobs, raising incomes and reducing poverty.

Beyond sector development activities, Gatsby also continued to support its programme investment company Aquifer in its efforts to create sustainable agri-businesses in Mozambique. In November 2017, having undertaken due diligence and received professional advice, Gatsby transitioned Aquifer to an entity which has the operational skills, scale, financial capability and social impact credentials to maximise the potential for continuation of what has been achieved, and preserve and develop the substantial socioeconomic impact of the subsidiary's activities.

**TOTAL GRANT PAYMENTS made this year (from new and previous grants): £10,578,487**

Gatsby Africa (GA) - £9,500,000

Towards GA programmes and core office costs from 1 October 2016.

Aquifer - £1,078,487

Towards maintaining operations and thereby employment opportunities and income generation for subsistence farmers in one of the poorest regions of Mozambique.

#### **THE ARTS**

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

This year Trustees agreed a major capital grant to the Royal Academy of Music towards the construction of the Susie Sainsbury Theatre which was opened by HRH The Princes Royal in March 2018.

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 Backstage Trust, the Royal Shakespeare Company and the Chamber Orchestra of Europe.

**TOTAL GRANT PAYMENTS made this year (from new and previous grants): £9,089,041**

Royal Academy of Music - £5,500,000

Towards capital costs.

Backstage Trust - £1,000,000

Towards core and project costs.

Sainsbury Centre for Visual Arts - £910,000

Towards core costs, special exhibitions and the museum leadership programme.

Sainsbury Institute for the Study of Japanese Arts and Cultures - £569,541

Towards core costs.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2018

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

Chamber Orchestra of Europe - £500,000

Towards core costs.

Royal Shakespeare Theatre & Royal Shakespeare Company (RSC) - £267,500

Towards the Artists Development Programme.

Sainsbury Research Unit for the Arts of Africa, Oceania & the Americas - £250,000

Towards core costs.

Further grant payments totalling £92,000 were also paid in the year.

#### **PUBLIC POLICY**

*“To support independent research organisations which provide evidence-based advice to policy makers.”*

Gatsby’s grant making in public policy focuses on four organisations – the Institute for Government; the Centre for Cities; the Centre for Science, Technology & Innovation Policy; and, Policy Links.

Gatsby established the Institute for Government in 2008 with the ambitious objective of improving the working of government in the UK. It is directed by Bronwen Maddox and accountable to a distinguished all-party board of governors chaired by Lord Sainsbury. The Institute is independent and non-partisan, and works with the main political parties in Westminster, senior civil servants in Whitehall, and officials, politicians, academics and other stakeholders across the UK to promote more effective government. It provides impartial, evidence-based research, advice and training drawing on best practice and experience from within government and the public sector, universities and business not just in the UK but from around the world. Its findings and ideas are disseminated through a wide range of channels including reports, blogs, public and private roundtable events and seminars. The Institute for Government’s work during the last year has focused on helping government be more effective in devising and implementing solutions. For example, it has looked at: how policy-makers can use evidence, experience and models better in making decisions; the management, professional skills and accountability of the civil service; the devolution of power to UK nations, regions and cities; and, how the Government can devise and implement new arrangements after leaving the EU. The Institute also continued to provide high-level advice, seminars and reports as part of professional development for ministers, advisers, senior officials and select committees. As in previous years, the Institute published many reports and blogs, including another edition of the ‘Whitehall Monitor Annual Report’ (a data-driven analysis of government), plus commentaries on the Brexit process, infrastructure and digital government, as well as a tracker looking at government performance. The Institute also ran a number of successful events, including around Brexit and outsourcing.

**THE GATSBY CHARITABLE FOUNDATION****5 April 2018****REPORT OF THE TRUSTEES (continued)**

The Centre for Cities is an independent research organisation, chaired by Nigel Hugill and directed by Andrew Carter, which is committed to helping Britain's cities improve their economic performance by focusing on the drivers of urban success. The Centre produces practical research and policy advice for city leaders, government and businesses. During 2017 the Centre published over 30 research and policy-based outputs, including briefings on key economic policies such as the industrial strategy, productivity, housing and skills. The Centre's evidence-based rationale for prioritising more investment in intra-city transport was recognised in the Autumn Budget, with the announcement of the £1.7bn Transforming Cities Fund to improve transport links and promote growth within city regions. In May 2017 the first six metro mayors in the UK were elected. The Centre has championed this policy for 12 years, and its significant role was acknowledged both publicly and privately by prominent national politicians. The Centre's significant contribution to this policy area was also recognised at the Prospect Think Tank of the Year awards. In December, the Centre organised a three-day summit bringing together the UK mayors with their counterparts from comparable US cities. The Centre has established itself as the first port of call for insights about the metro mayors, and its online Frequently Asked Questions (FAQs) have received over 30,000 hits since launch; the page had 10,000 visits in the week of the elections alone. The Centre's annual flagship publication, Cities Outlook, had a Brexit focus in 2017. As well as providing the definitive annual economic health check on the UK's 63 biggest urban areas, this year's report included analyses of cities' key export markets, highlighting which will be most affected by Brexit.

The Centre for Science, Technology & Innovation Policy (CSTI), based at Cambridge University's Institute for Manufacturing, carries out practical policy research exploring what makes national innovation systems effective at translating new science and engineering ideas into technologies, industries and economic wealth. Under the direction of Dr Eoin O'Sullivan, CSTI brings a science and engineering perspective to innovation and industrial policy, not least by providing greater insights into the technologies, manufacturing systems and sector value chains involved. The Centre dedicated significant effort over the last year to refining and aligning its research agenda with aspects of the UK's new Industrial Strategy that was launched in November 2017. During the consultation period, CSTI took part in a variety of workshops and other events, and this period saw increasing awareness by policy-makers and agency officials of the need for greater technical understanding of sector value chains, industrial innovation institutions and emerging technology innovation infrastructures. CSTI's evolving research agenda is well-placed to respond to this need. An important aspect will be to share CSTI's knowledge and expertise on emerging technology Research and Development (R&D) programmes and interagency coordination with key stakeholders within the UK Research & Innovation agency (UKRI). An early example of CSTI research in this area is analysing UKRI and central government databases to create novel integrated evidence bases for policy-makers and practitioners working on university-industry knowledge exchange. A new research focus for 2018 will be Technology and Innovation Centres around the globe. CSTI will study intermediate R&D institutes, comparable with UK Catapult centres. As well as more carefully characterising and comparing the missions and functions of such institutes, and their distinctive roles within national innovation systems, this work will also involve detailed analyses of technical workforce development, industrial intelligence gathering (e.g. technology roadmapping and benchmarking), and technology demonstration facilities (e.g. pilot lines, test beds, and 'living labs').



**THE GATSBY CHARITABLE FOUNDATION**  
**5 April 2018**

**REPORT OF THE TRUSTEES (continued)**

Gatsby recently supported the establishment of the knowledge transfer unit of CSTI, called Policy Links, which provides education and consulting services grounded in the latest academic research to address the needs of officials and civil servants working in the fields of science, technology and innovation policy. Over the course of its first year, it convened a number of training workshops, delivered commissioned international benchmarking reports, and provided consultancy services to a number of high-profile clients. Policy Links has already positioned itself successfully in the UK market, establishing strong partnerships with key stakeholders including the Department for Business, Energy & Industrial Strategy; the Science and Innovation Network; and the High Value Manufacturing Catapult. The team have also developed a portfolio of strategic projects including a study carried out to identify innovation partnerships in the potato industry for the CambPlants Hub, which includes the Sainsbury Laboratory in Cambridge and Agri-Tech East. Policy Links also works at an international level, with clients including government departments and agencies in Brazil, Canada, Ireland, South Africa, and Trinidad and Tobago. The unit has developed strong working relationships with multilateral organisations such as the United Nations Industrial Development Organisation, the Inter-American Development Bank, and the World Economic Forum. In early 2018, Gatsby provided additional support to Policy Links to increase operational capacity, particularly to respond to short-notice evidence requests and to organise more client-led workshops and international events. Among other deliverables, the expanded team aims to create a comprehensive Innovation Policy Training Handbook incorporating all the bespoke course material produced to date to support capability building in the UK civil service.

**TOTAL GRANT PAYMENTS made this year (from new and previous grants): £5,218,619**

Institute for Government - £3,836,702 (two grants)

Towards core costs.

Centre for Cities - £800,000

Towards core costs.

University of Cambridge Institute for Manufacturing – 466,917

Towards the creation of the Policy Links Unit, and towards the academic research of the Centre for Science, Technology & Innovation Policy.

School of Oriental and African Studies, University of London - £90,000

Towards research on 'Financialisation, Innovation and Productivity UK'

Further grant payments totalling £25,000 were also paid in the year.

**TOTAL DIRECT PROGRAMME EXPENSES paid this year: £99,785**

**THE GATSBY CHARITABLE FOUNDATION**  
**5 April 2018**

**REPORT OF THE TRUSTEES (continued)**

**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): £203,500**

Olive Luena Education Trust - £100,000

Towards supporting disadvantaged children gain access to educational opportunities.


Further grant payments totalling £103,500 were also paid in the year.

**TOTAL DIRECT PROGRAMME EXPENSES paid this year: £12,910**

**GRANTS CANCELLED**

Grants totalling £7,531,875 were cancelled or amended during the year.

Approved by the Board of Trustees on 29 October 2018 and signed on their behalf by

  
.....  
Mr J C Burns  
TRUSTEE



## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2018

#### STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 5 APRIL 2018

<i>Notes</i>	Unrestricted Funds £'000	Restricted Funds £'000	Expendable Endowment £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
<b>INCOME AND ENDOWMENTS FROM:</b>					
Donations and gifts	2	-	1	53,441	53,442
Investments	3	5,845	-	-	5,845
<b>Total income</b>		<b>5,845</b>	<b>1</b>	<b>53,441</b>	<b>59,287</b>
<b>EXPENDITURE ON:</b>					
<i>Raising funds</i>					
Investment management costs	4	-	-	(907)	(907)
<i>Charitable activities</i>					
Grant expenditure	5	(18,956)	-	-	(18,956)
Direct programme costs	6	(3,236)	(1)	-	(3,237)
Support costs	7,8	(3,728)	-	-	(3,728)
<b>Total cost of grant making</b>		<b>(25,920)</b>	<b>(1)</b>	<b>-</b>	<b>(25,921)</b>
<b>Total expenditure</b>		<b>(25,920)</b>	<b>(1)</b>	<b>(907)</b>	<b>(26,828)</b>
Gains and (losses) on investment assets		-	-	(5,827)	(5,827)
<b>Net income/(expenditure) for the year before transfers</b>		<b>(20,075)</b>	<b>-</b>	<b>47,707</b>	<b>26,632</b>
Transfers between funds		20,075	-	(20,075)	-
<b>Net income/(expenditure) for the year after transfers</b>		<b>-</b>	<b>-</b>	<b>26,632</b>	<b>26,632</b>
<b>Other recognised gains and losses</b>					
Unrealised loss on loans		-	-	-	(2,759)
Foreign exchange gains/(losses)		-	-	1	1
<b>Net movement in funds</b>		<b>-</b>	<b>-</b>	<b>26,633</b>	<b>26,633</b>
<b>Reconciliation of funds</b>					
Total funds brought forward at 6 April 2017		-	-	396,821	396,821
Total funds carried forward at 5 April 2018		-	-	<b>423,454</b>	<b>423,454</b>

The notes on pages 23 to 33 form part of these accounts.

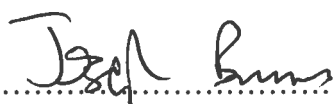
## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2018

#### BALANCE SHEET AS AT 5 APRIL 2018

	<i>Note</i>	<u>2018</u> £'000	<u>2017</u> £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	9	306	383
Investments	10	348,337	351,383
		<u>348,643</u>	<u>351,766</u>
<b>CURRENT ASSETS</b>			
Debtors	11	3,840	1,155
Cash at bank and in hand		139,976	152,170
		<u>143,816</u>	<u>153,325</u>
<b>LIABILITIES</b>			
Creditors - amounts falling due within 1 year	12	(50,378)	(61,570)
		<u>93,438</u>	<u>91,755</u>
<b>NET CURRENT ASSETS</b>			
		<u>442,081</u>	<u>443,521</u>
<b>LIABILITIES</b>			
Creditors - amounts falling due after 1 year	13	(18,627)	(46,700)
<b>NET ASSETS</b>		<u><u>423,454</u></u>	<u><u>396,821</u></u>
<b>THE FUNDS OF THE CHARITY</b>			
<b>Capital funds</b>			
Expendable endowment		423,454	396,821
<b>Income funds</b>			
Unrestricted funds		-	-
Restricted funds		-	-
	14	<u><u>423,454</u></u>	<u><u>396,821</u></u>

These financial statements were approved and authorised for issue by Trustees on 29 October 2018 and were signed on their behalf by:



.....  
Mr J C Burns  
TRUSTEE

The notes on pages 23 to 33 form part of these accounts

# THE GATSBY CHARITABLE FOUNDATION

## 5 April 2018

### CASH FLOW STATEMENT FOR THE YEAR ENDED 5 APRIL 2018

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
Net cash used in operating activities	(64,261)	(34,615)
Net cash provided by investing activities	52,068	30,518
Change in cash and cash equivalents during the year	(12,193)	(4,097)
Cash and cash equivalents at the beginning of year	152,170	156,005
Change in cash and cash equivalents due to exchange rate movements	1	262
Cash and cash equivalents at the end of year	<u>139,976</u>	<u>152,170</u>

### Reconciliation of net income/(expenditure) to net cash used in operating activities

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
Net income for the year (as per the Statement of Financial Activities)	26,633	51,234
Gift of investments	(49,003)	(47,399)
Losses/ (gains) on investments	5,827	(19,200)
Depreciation charges	77	77
Income from investments	(5,845)	(8,643)
Exchange rate movements	(1)	(300)
(Increase)/decrease in debtors	(2,684)	1,093
Decrease in creditors	(39,265)	(11,477)
Net cash used in operating activities	<u>(64,261)</u>	<u>(34,615)</u>

### Net cash provided by investing activities

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
Purchase of investments	(32,145)	(178,884)
Income from investments	5,845	8,643
Sale of investments	78,368	200,759
Net cash provided by investing activities	<u>52,068</u>	<u>30,518</u>

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
Cash at bank and in hand	114,412	150,251
Cash balances held by investment manager for reinvestment	25,564	1,919
	<u>139,976</u>	<u>152,170</u>

The notes on pages 23 to 33 form part of these accounts.

# THE GATSBY CHARITABLE FOUNDATION

## 5 April 2018

### NOTES TO THE ACCOUNTS

#### 1. PRINCIPAL ACCOUNTING POLICIES

##### a) Basis of preparation and consolidation

The financial statements have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair view' and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Gatsby constitutes a public benefit entity as defined by FRS102.

In the view of the Trustees, there are no material uncertainties casting doubt on the going concern of the charity.

Gatsby owns 89% of the issued share capital of African Agricultural Capital Limited (AAC). The Trustees do not consider this investment to be material relative to the net assets of Gatsby, and therefore the financial statements of AAC have not been consolidated. Total assets of AAC as at its most recent year end, 30 June 2018, were £2,285,000 (US \$3.3 million).

##### 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 Gatsby. The following rates have been used:

Leasehold improvements	- over the remaining lifetime of the lease
Equipment	- 10-33% straight line

##### c) Income

- (i) Donations are 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.

##### 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 6).

##### e) 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. Unquoted investments which represent programme related investments are carried at cost less provision for impairment where required (See note 10).

##### f) Support costs

These costs support predominantly the grant-making activity of Gatsby. Such costs include 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.

# THE GATSBY CHARITABLE FOUNDATION

## 5 April 2018

### NOTES TO THE ACCOUNTS (continued)

#### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

#### g) Fund accounting

Details of the nature and purpose of each fund is set out in note 16.

#### h) Pension costs

Gatsby has a money purchase scheme for qualifying employees. Pension costs charged to the Statement of Financial Activities represent the contributions payable by Gatsby in the year (See Note 8).

#### i) Foreign currencies

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 Statement of Financial Activities.

#### j) Financial instruments

Gatsby has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with accrued interest and other debtors. Financial liabilities held at amortised cost comprise grants payable and accruals. Investments, including bonds held as part of an investment portfolio, are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure.

At the balance sheet date the Group held financial assets at amortised cost of £143,816,000 (2017: £153,325,000), financial assets at fair value of £348,337,000 (2017: £351,383,000) and financial liabilities at amortised cost of £69,005,000 (2017: £108,271,000).

#### k) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, cash held for reinvestment and short term deposits.

#### l) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in note 1, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, the critical judgments that have been made at arriving at the amounts recognised in the financial statements and the key estimation uncertainty that has a significant risk of causing a material adjustment to the carrying values of assets and liabilities in the next financial year are as follows:

##### *Impairment of programme related investments.*

The carrying values of these investments are reviewed for impairment only when events or circumstances arise which may indicate impairment. Assessment is made initially in relation to the investments ability to continue to operate and deliver charitable benefit, the net asset values of the companies involved, and the consideration of budgets and any wider economic factors.

# THE GATSBY CHARITABLE FOUNDATION

## 5 April 2018

### NOTES TO THE ACCOUNTS (continued)

#### 2. GRANTS AND DONATIONS

Gatsby received donations from the Settlor during the year totalling £53,440,500 (2017: £55,398,500) and £722 (2017: £733,206) 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:

	2018		2017	
	£'000	%	£'000	%
UK equities	3,308	63%	6,480	75%
Overseas equities	1,040	20%	1,095	13%
Short term deposits	1,497	17%	1,068	12%
	<u>5,845</u>	<u>100%</u>	<u>8,643</u>	<u>100%</u>

#### 4. COST OF RAISING FUNDS

These costs relate to the investment manager's fees. The Trustees are of the opinion that these relate to the generation of a total return on the investment portfolio and, as such, have charged the Expendable Endowment with these fees.

#### 5. GRANTS PAYABLE

	2018		2017	
	£'000	£'000	£'000	£'000
<b>Reconciliation of grants payable:</b>				
Commitments at 6 April 2017		108,002		118,059
Grants not accrued at 6 April 2018	60,406		59,334	
Grants approved in the year	24,477		61,582	
Grants cancelled, refunded or amended	(7,532)		(24,216)	
Grants not accrued at 5 April 2018	<u>(58,395)</u>		<u>(60,406)</u>	
<b>Grants payable for the year</b>		<b>18,956</b>		<b>36,294</b>
Grants paid during the year		(58,315)		(46,351)
Commitments at 5 April 2018		<u>68,643</u>		<u>108,002</u>

Commitments at 5 April 2018 are payable as follows:

	2018	2017
	£'000	£'000
Within one year (note 12)	50,016	61,302
After more than one year (note 13)	18,627	46,700
	<u>68,643</u>	<u>108,002</u>



# THE GATSBY CHARITABLE FOUNDATION

## 5 April 2018

### NOTES TO THE ACCOUNTS (continued)

#### 5. GRANTS PAYABLE (continued)

##### Commitments

In addition to the amounts committed and accrued noted above, the Trustees have also authorised certain grants which are subject to the recipient fulfilling certain conditions relating to the delivery of the grant-funded activities.

The total amount authorised but not accrued as expenditure at 5 April 2018 was £58,394,881 (2017: £60,406,448). Of this total, £22,288,823 will be payable during 2019/20 and £15,574,165 during 2020/21.

The amount payable during 2018/19 includes the following: £

##### Neuroscience

University College London – Sainsbury Wellcome Centre for Neural Circuits and Behaviour	13,201,209
University College London - Gatsby Computational Neuroscience Unit	2,358,078
Columbia University – New York	1,067,000
Stanford University	744,722
University of Oxford	454,063
University of Cambridge	310,272
Federation of European Neurosciences	216,685
Hebrew University of Jerusalem	250,000
New York University – School of Medicine	150,000
Society for Neuroscience	98,291
Royal College of Psychiatrists	94,109
Cosyne	38,427
Ascona meetings on neuronal circuits	34,424
Smaller grants	133,759

##### Plant Science

University of Cambridge – the Sainsbury Laboratory	9,000,000
The Sainsbury Laboratory – Norwich	2,700,000
Two Blades Foundation	2,310,833
Science & Plants for Schools (SAPS) and the Gatsby Plant Science Summer School	530,000
Cambridge Network	125,000
University of Cambridge - Department of Plant Sciences	100,000

##### Science and Engineering Education

Gatsby Technical Education Projects	1,937,654
Sainsbury Management Fellows' Society	1,182,400
National STEM Centre	408,943
Baker Dearing Educational Trust	400,000
Royal Academy of Engineering	30,000
Smaller grants	37,510

##### Africa

Gatsby Africa	3,331,170
Aquifer Limited	1,080,493

##### Arts

Sainsbury Centre of Visual Arts	745,000
Chamber Orchestra of Europe	500,000
Sainsbury Institute for the Study of Japanese Arts and Cultures	400,000
Royal Shakespeare Company	267,500
Sainsbury Research Unit for the Arts of Africa, Oceania & the Americas	250,000
Smaller grants	122,000

**THE GATSBY CHARITABLE FOUNDATION**  
**5 April 2018**

**NOTES TO THE ACCOUNTS (continued)**

**5. GRANTS PAYABLE (continued)**

The amount payable in the year includes the following: £

**Public Policy**

Institute for Government	3,761,473
Centre for Cities	800,000
University of Cambridge - Institute for Manufacturing	649,716
National Institute of Economic and Social Research	30,215
University of Cambridge	25,000
Smaller grants	90,000

**General**

Smaller Grants	50,000
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**Total due within one year (Note 12)** **50,015,946**

**6. DIRECT PROGRAMME EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Africa	-	2,880
Neuroscience	16	41
Plant Science	519	716
Public Policy	100	-
Science and Engineering Education	2,588	2,733
Other	14	-
	<b>3,237</b>	<b>6,370</b>

**7. ALLOCATION OF SUPPORT COSTS**

	<b>Charitable</b>	<b>Governance</b>	<b>2018</b>	<b>2017</b>
	<b>Activities</b>		<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Staff costs	740	20	760	1,560
Share of joint office costs	583	-	583	470
Direct costs including travel	559	-	559	546
Other exceptional items	1,251	-	1,251	-
Depreciation	77	-	77	77
	<b>3,210</b>	<b>20</b>	<b>3,230</b>	<b>2,653</b>
Legal and professional fees	294	-	294	249
Consultancy	180	-	180	331
Auditors' remuneration	-	24	24	39
	<b>3,684</b>	<b>44</b>	<b>3,728</b>	<b>3,272</b>

Other exceptional items include a loss on the disposal of Aquifer Limited of £877,000 (see Note 20) and asset impairment charges of £374,000.

**THE GATSBY CHARITABLE FOUNDATION**  
**5 April 2018**

**NOTES TO THE ACCOUNTS (continued)**

**8. ANALYSIS OF STAFF COSTS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>636</b>	<i>1,311</i>
Social security costs	<b>79</b>	<i>153</i>
Other pension costs	<b>45</b>	<i>166</i>
	<b>760</b>	<i>1,630</i>

The average number of employees within the charity was as follows

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Charity	<b>4</b>	<i>16</i>

As mentioned in Note 1a, Gatsby is one of the Sainsbury Family Charitable Trusts which share a joint administration at the Registered Office. 14.8% of the total support and administration costs of these trusts have been allocated to the Gatsby Charitable Foundation, including a proportionate share of the costs of employing the total number of staff serving in the office in 2017/18.

A total of 12 staff (2017: 37) were charged to Gatsby during the year, with some being on a part-time basis. This equates to 3.2 full-time employees (2017: 16.0). Staff numbers and related staff costs have decreased compared to 2017 as a consequence of the transfer of the activities of Gatsby Africa in the previous year.

The Trust considers its key management personnel to comprise of 4 staff (2017: 4). The total employment benefits, including employer pension contributions, of these key management personnel, were £279,267 (2017: £440,614).

No Trustee received any remuneration for their services during the year or claimed expenses (2017: £Nil).

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	-	<i>1</i>
£70,001 - £80,000	<b>1</b>	<i>2</i>
£130,001 - £140,000	-	<i>1</i>
£290,001 - £300,000	-	<i>1</i>

**THE GATSBY CHARITABLE FOUNDATION**  
**5 April 2018**

**NOTES TO THE ACCOUNTS (continued)**

**9. TANGIBLE FIXED ASSETS**

	Leasehold Improvements	Equipment	Total
	£'000	£'000	£'000
Cost			
As at 6 April 2017 & 5 April 2018	767	34	801
Depreciation			
As at 6 April 2017	384	34	418
Charge for the year	77	-	77
As at 5 April 2018	461	34	495
<b>Net book value at 5 April 2018</b>	<b>306</b>	<b>-</b>	<b>306</b>
Net book value at 5 April 2017	383	-	383

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

**10. FIXED ASSET INVESTMENTS**

	2018	2017
	£'000	£'000
Market value 6 April 2017	351,383	306,621
Less: Disposals	(64,584)	(200,759)
Add: Acquisitions at cost	32,145	178,884
Gift of shares	49,003	47,399
Net gains/(losses) on revaluation	(19,610)	19,238
<b>Market value 5 April 2018</b>	<b>348,337</b>	<b>351,383</b>
Historical cost 5 April 2018	319,270	375,159

The investments held as at 5 April 2018 were as follows:

	2018		2017	
	Cost	Market Value	Cost	Market Value
	£'000	£'000	£'000	£'000
U.K. equities	146,483	161,113	138,959	167,946
U.K. equities - unquoted	-	-	72,453	-
Overseas equities	43,184	62,914	40,271	65,033
Overseas equities – unquoted	5,276	-	5,276	200
Short-term deposits	124,327	124,310	118,200	118,204
	<b>319,270</b>	<b>348,337</b>	<b>375,159</b>	<b>351,383</b>

# THE GATSBY CHARITABLE FOUNDATION

## 5 April 2018

### NOTES TO THE ACCOUNTS (continued)

#### 10. FIXED ASSET INVESTMENTS (continued)

UK equities include investment in J Sainsbury plc and Trojan Investment Funds, which at 5 April 2018 had market values of £64,962,356 (2017: £68,705,229) and £49,769,440 (2017: £64,137,474) respectively.

UK equities - unquoted comprise shares in Aquifer Limited whose objective is the relief of poverty by the promotion of industrialisation, food production and job creation in Mozambique. In November 2017 the Charity sold the entire issued share capital of Aquifer Limited for US\$1 (see Note 20).

Overseas equities - unquoted comprises shares in AAC Limited. AAC Limited 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.

Short term deposits include Lloyds Bank money market deposits and a treasury facility with Barclays Bank which at 5 April 2018 had a market value of £115,000,000 (2017: £110,000,000).

#### 11. DEBTORS

	2018	2017
	£'000	£'000
Gift Aid receivable	588	300
Other debtors	3,188	791
Loans due within one year	64	64
	<b>3,840</b>	<b>1,155</b>

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

	2018	2017
	£'000	£'000
Grants payable (note 5)	50,016	61,302
Trade creditors	178	-
Other creditors	24	183
Accruals and deferred income	160	85
	<b>50,378</b>	<b>61,570</b>

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

	2018	2017
	£'000	£'000
Grant payable (note 5)	18,627	46,700

**THE GATSBY CHARITABLE FOUNDATION**  
**5 April 2018**

**NOTES TO THE ACCOUNTS (continued)**

**14. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted Funds</b>	<b>Restricted Fund</b>	<b>Expendable Endowment</b>	<b>Total Funds 2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fund balances at 5 April 2018 are represented by:				
Tangible fixed assets	-	-	306	306
Investments	-	-	348,337	348,337
Current assets	-	-	143,816	143,816
Current liabilities	-	-	(50,378)	(50,378)
Long term liabilities	-	-	(18,627)	(18,627)
	-	-	423,454	423,454
<b>Movement in the year</b>				
Opening balance as at 5 April 2017	-	-	396,821	396,821
Total income and endowments	5,845	1	53,441	59,287
Cost of raising funds	-	-	(907)	(907)
Cost of grant-making	(25,920)	(1)	-	(25,921)
Net losses on investments	-	-	(5,826)	(5,262)
Transfers between funds	20,075	-	(20,075)	-
Closing balance as at 5 April 2018	-	-	423,454	423,454

**15. 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.

**16. 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 Gatsby 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.



**THE GATSBY CHARITABLE FOUNDATION**  
**5 April 2018**

**NOTES TO THE ACCOUNTS (continued)**

**16. FUNDS (continued)**

**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.

**17. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 5 APRIL 2017**

<i>Note</i>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Expendable Endowment</b>	<b>Total Funds 2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>INCOME AND ENDOWMENTS FROM:</b>				
Donations and gifts	-	733	55,399	56,132
Investments	8,643	-	-	8,643
<b>Total income</b>	<b>8,643</b>	<b>733</b>	<b>55,399</b>	<b>64,775</b>
<b>EXPENDITURE ON</b>				
<i>Raising funds</i>				
Investment management costs	-	-	(773)	(773)
<i>Charitable activities</i>				
Grant expenditure	(36,294)	-	-	(36,294)
Direct programme costs	(5,637)	(733)	-	(6,370)
Support costs	(3,272)	-	-	(3,272)
Total cost of grant making	(45,203)	(733)	-	(45,936)
<b>Total expenditure</b>	<b>(45,203)</b>	<b>(733)</b>	<b>(773)</b>	<b>(46,709)</b>
Unrealised loss on loans	-	-	(2,759)	(2,759)
<b>Net income/(expenditure) for the year before transfers</b>	<b>(36,560)</b>	<b>-</b>	<b>51,867</b>	<b>15,307</b>
Transfers between funds	36,560	(100)	(36,460)	-
<b>Net income/(expenditure) for the year after transfers</b>	<b>-</b>	<b>(100)</b>	<b>15,407</b>	<b>15,307</b>
<b>Other recognised gains and losses</b>				
Gains and (losses) on investment assets	-	-	35,628	35,628
Foreign exchange gains/(losses)	-	-	300	300
<b>Net movement in funds</b>	<b>-</b>	<b>(100)</b>	<b>51,335</b>	<b>51,235</b>
<b>Reconciliation of funds</b>				
Total funds brought forward at 6 April 2016	-	100	345,486	345,586
Total funds carried forward at 5 April 2017	-	-	<b>396,821</b>	<b>396,821</b>

# THE GATSBY CHARITABLE FOUNDATION

## 5 April 2018

### NOTES TO THE ACCOUNTS (continued)

#### 18. COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS AS AT 5 APRIL 2017

	Unrestricted Funds	Restricted Fund	Expendable Endowment	Total Funds 2017
	£'000	£'000	£'000	£'000
Fund balances at 5 April 2017 are represented by:				
Tangible fixed assets	-	-	383	383
Investments	-	-	351,383	351,383
Current assets	-	-	153,325	153,325
Current liabilities	-	-	(61,570)	(61,570)
Long term liabilities	-	-	(46,700)	(46,700)
	-	-	396,821	396,821
<b>Movement in the year</b>				
Opening balance as at 5 April 2016	-	100	345,486	345,586
Total income and endowments	8,643	733	55,399	64,775
Cost of raising funds	-	-	(773)	(773)
Cost of grant-making	(45,203)	(733)	-	(45,936)
Net gains on investments	-	-	33,169	33,169
Transfers between funds	36,560	(100)	(36,460)	-
Closing balance as at 5 April 2017	-	-	396,821	396,821

#### 19. RELATED PARTY TRANSACTIONS

Included within grant-related support costs is a total of £167,682 (2017: £225,512), of which £83,598 (2017: £99,032) is included within creditors payable, for legal services to Portrait Solicitors, a firm in which Miss J S Portrait OBE is a partner.

During 2015/16, Gatsby made a loan of £2.8m to its subsidiary company, Aquifer Limited. As part of the arrangement for the transition of the Aquifer investment, this loan was fully written down in 2016/17, pending finalisation of the sale. Otherwise this loan remained outstanding as at the end of 2017. The loan was interest free, repayable on demand, and had no fixed date of repayment. The loan was forgiven as part of the terms of disposal of Aquifer Limited (See Note 20).

There were no other related party transactions.

#### 20. DISPOSAL OF SUBSIDIARY COMPANY

In November 2017 the Trustees disposed of the entire issued share capital of Aquifer Limited for US \$1. Loans of £7.9 million made to the subsidiary company were forgiven and released in their entirety as part of the terms of sale. Completion of the transaction took place in February 2018.

The terms of the sale and purchase agreement provided that Gatsby would make a grant of up to US \$2.6 million to the subsidiary in furtherance of its charitable objective of poverty alleviation to enable its operations to continue, encouraging industrialisation, food production and job creation in Mozambique.

Prior to entering into the sale and purchase agreement, and having taken professional advice, the Trustees undertook due diligence to satisfy themselves that the purchaser had the skills, complementary enterprises and financial capability to expand and continue to develop the operations of Aquifer Limited so as to ensure the continuation of what has been achieved by the subsidiary. Furthermore the Trustees satisfied themselves that the loans which had been drawn down had been used only for the purposes for which they had been given, namely to relieve poverty by encouraging industrialisation in Mozambique.

## THE GATSBY CHARITABLE FOUNDATION

### 5 April 2018

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

The Trustees are responsible for preparing the Trustees' Report 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 of its net outgoing resources for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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 proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# THE GATSBY CHARITABLE FOUNDATION

## 5 April 2018

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

#### Opinion

We have audited the financial statements of the Gatsby Charitable Foundation for the year ended 5 April 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 5 April 2018 and of its incoming resources and application of resources, including 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 Charities Act 2011.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual 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 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.

# THE GATSBY CHARITABLE FOUNDATION

## 5 April 2018

### 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

#### Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 34, 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

#### Use of our report

This report is made solely to the Charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

Crowe U.K. LLP

Crowe U.K. LLP  
Statutory Auditor  
London

18 December 2018

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.