

REGISTRAR OF COMPANIES



Annual Report and Financial Statements

31 July 2018

Company Limited by Guarantee
Registration Number
2953431 (England and Wales)

Charity Registration Number
1039962



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Reference and administrative information

Current Members of Council	Mr J C Carrington (Chairman) Mr N Bensted-Smith Professor G Brock Dr A Burnett Professor C S Crawford Mrs X Dennen Professor Sir Richard Evans Professor D H Hodson Mr T Hoffman MBE Alderman Professor M Mainelli Ms D Ounsted CBE Hon T Palmer Mr J Scott CC Dr G R E Shilson Professor M Thomas
Provost	Professor Sir Richard Evans
Company Secretary	Dr V Shrimplin
Registered office	Barnard's Inn Hall Holborn London EC1N 2HH
Company registration number	2953431 (England and Wales)
Charity registration number	1039962
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers	Bank of Scotland 33 Broad Street London EC2N 1HZ
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Solicitors	Radcliffes LeBrasseur 5 Great College Street Westminster London SW1P 3SJ
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Report of the council 31 July 2018

The Members of the Council, who are the Directors of the Company, present their Report. The audited Financial Statements for the year ended 31 July 2018 are also presented.

The financial statements have been prepared in accordance with the accounting policies set out on pages 18 to 20 of the attached financial statements and comply with the charity's Memorandum and Articles, applicable laws and the requirements of 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

Status

Gresham College was founded in 1597 under the will of Sir Thomas Gresham to provide free public lectures. The College was a registered charity until 28 July 1994, when it was incorporated as a charitable company in England and Wales, governed by a Memorandum and Articles of Association. Grants to meet the College's core costs are awarded by the beneficiaries of Sir Thomas' will (the Mercers' Company and the City of London Corporation – the College's core funders).

Objectives and Activities

The College's principal activity is the provision and administration of its academic programme in a tradition going back more than 400 years. The programme comprises free lectures, seminars, conferences and papers, delivered by the Gresham Professors and others selected by them through the Academic Board. These activities foster academic consideration of contemporary issues; challenge those who live and work in the City of London – and now further afield – to engage in intellectual debate on subjects in which the City has a proper concern; and provide a window on the City for learned societies, both national and international. The Council's further intention that Gresham College should be a centre of international excellence is achieved today by live streaming worldwide and dissemination of the academic programme online.

In setting the charitable objectives and planning future activities, the Council Members have considered the Charity Commission's guidance on public benefit.

Achievements and Performance

The Academic Year 2017/18 was considered successful and attracted good audiences, both in person and online, as well as considerable media, social media and press interest. Beginning on 12 September 2017 with the launch of the Booklet on *Sir Thomas Gresham and his Vision for Gresham College*, the Programme proper started on 13 September and ran to the end of June 2018. The programme of 131 lectures was presented by the Gresham Professors, sponsored and Visiting Professors plus a number of guest speakers.

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Attendances for 2017/18 were 17,576 (average 134 per event), which was slightly lower than attendances (and averages) for 2016-17. However, some specialist events are not expected to attract large audiences and venues selected in relation to expected audience size were generally filled well. Fewer people were turned away from full lecture theatres than in previous years, of which more than half were for just two lectures (by Vernon Bogdanor and Mary Beard).

In addition to work on the 2017/18 programme, the devising of the programme for 2018/19 was also a huge task, due to the requirement to manage the appointment of no fewer than 6 new Professors and 5 new Visiting Professors.

A great deal of effort was put into detailed documentation and proposals for future strategy and funding, culminating in a fully costed major Proposal and Presentation to the Sponsors and other Stakeholders on 22 February 2018. A formal response was received on 23 April 2018, questioning the proposals and lack of clear vision, and requiring the appointment of a consultant. In the meantime, additional funding of £99,000 for the year 2018/19 was agreed in May 2018.

In the Communications area, the live streaming of all Gresham Lectures was the most notable area of success during 2017/18. Piloted in June 2017 and then applied to lectures in Academic Year 2017/18, it continues to work well and is increasingly attracting interest. A great deal of press attention was achieved, as well as promoting lectures to wider groups, especially students. There is a possibility that availability online and live streaming is reducing attendances in person, indicating the need to market and promote the College's offering more. Staff shortages precluded detailed audience surveys but more new followers on YouTube (now 86,000) and mailing and distribution lists have been observed. GDPR issues were fully addressed.

Finally, there were significant staffing issues in 2017/18, with turnover in the areas of Accounts, Facilities, Communications and PR (3 maternity covers), and the appointment of a new Registrar from 1 September 2018. The Provost was away overseas from 12 January – 30 April. There was also, as it happened a significant amount of illness and bereavement amongst the small number of staff which made covering for events very challenging at times.

Financial Review

The financial results of the College's operations are shown on page 16. The results this year include a combination of restricted and unrestricted income and expenditure. The overall total income was £929,938 (2017 - £816,347) against an overall total expenditure of £1,025,880 (2017 - £761,840). The restricted expenditure of £73,590 (2017 - £1,650) was for research expenses in producing the biography of Sir Thomas Gresham. The restricted income was £73,590 (2017 - £1,650), of this £68,400 was funding from the City of London Corporation and the Mercers' Company, and £5,190 was income from publishers.

The total unrestricted expenditure was £952,290 (2017 - £760,190). The 2016/17 unrestricted expenditure included the fourth-year commitment of £2,500 for the research grant.

Report of the council 31 July 2018

The College's core income of £775,308 for 2016/17 was increased in line with 1.6% (RPI). The unrestricted core income this year is £798,568, which was supplemented by lettings of the Hall to outside bodies and income from Donations. With the total unrestricted income in 2017/18 being £856,348 (2017 - £814,697), the College reported a deficit of expenditure over income of £95,942 (2017 - surplus of £54,507).

Sales of a new booklet entitled "Sir Thomas Gresham and his vision for Gresham College" by Dr Valerie Shrimplin, the College's Academic Registrar, have so far generated income of £6,646, the book was completed in 2016/17.

- **Additional Sponsorship:** The College has continued to seek sponsorship including sponsorship in kind. During 2017/18 sponsorship for lecture services was received from The Jackson Foundation £16,300 (2017 - £11,300) and from The Worshipful Company of Information Technologists £16,300 (2017 - £11,300). Donations of venues, facilities and other services were also received. These donated facilities have not been shown as income within the financial statements due to the difficulty in quantifying their value accurately, but details of the estimated value of these donations are given in note 4 to the financial statements.

Overall, the College continues to maintain costs broadly within the allocation made in the core funders' Memorandum of Understanding. The College is pleased to report that it has security of tenure for its lecture premises both at Barnard's Inn Hall (10-year lease term remaining) and the Museum of London (rolling agreement).

Report of the council 31 July 2018

Reserves policy and financial position

Funding arrangements were finalised in 2013/14 through an agreement with the Mercers' Company and the City of London Corporation. The agreement is for five academic years and took effect from 1 August 2014 and will continue through to 31st July 2019. The annual payment for 2014/15 was calculated using the base amount for 2013/14 being £700,920 and multiplied by the lesser of either the Retail Price Index or a fixed 3%, plus a one-off increase payment of £36,400. The total core income calculated for 2014/15 £755,544 was used as the base amount for the following year. Subsequent future years' payments under this agreement have used recalculated base amounts multiplied by the lesser of either the Retail Price Index or 3%.

Council policy is that the College should hold approximately 4 months' operational and academic support costs as a minimum reserve, and the Memorandum of Understanding endorses this requirement. This minimum is now £265,210 (2017 - £208,500). In addition, at 31 July 2018, the College held free reserves of £13,708 (2017 - £127,737). The Members of the Council are satisfied that the level of reserves is deemed adequate but not excessive.

Plans for the future

The programme for 2018/19 is excellent and varied with many exciting lectures already attracting attention.

During academic year 2018/19 the Chairman of Council and the Provost have outlined a proposed strategy to ensure that the vision and mission, as expressed in the Will of Sir Thomas Gresham (1579) continues to be fulfilled, building the College's reputation and audience (both in person and online).

As well as continuing to appoint Gresham Professors in the Foundation subjects and provide lectures of the highest academic standard (whilst still aimed at public audiences), the vision of Sir Thomas in terms of supporting innovation and new learning (aimed at younger generations who are economically active and productive), should be promoted. New learning in science and the arts (such as advances in technology, robotics, IT, AI, new literature, new music, new art, new scientific discoveries and developments in subjects like mathematics, medicine, commerce and environmental science) should be delivered, at the same time as stimulating ideas and discussion on areas such as human rights and philosophical debate.

The current timing for strategic planning is appropriate in terms of the imminent renewal of the Funding arrangements with the Sponsors (City of London Corporation and the Mercers' Company) and because discussion is also taking place about the physical location and premises for the College. Having a base at Barnard's Inn Hall is good for the College's identity but the Hall is being outgrown as a venue for lectures, and is difficult to manage and promote lectures on a site located nearly a mile away at the Museum, where major changes will also soon take place.

Risk management

The College has undertaken a study of risks including health and safety, fire, public liability and risk to reputation. Procedures are in place to manage risk.

Report of the council 31 July 2018

Members of Council considered staffing, ICT, financial and premises as the principal risks to the College. Staffing is an operational risk, and controls and procedures such as staff development programmes, regular appraisals are all in place to manage this.

It was agreed at the EGM 19th April 2018, that the term of office of a Director could be extended in exceptional circumstances to ensure continuity. (see Article 32 and amendment)

ICT is also an operational risk with the possibility of inadequate systems in place, expansion outstripping infrastructure, loss and/or corruption of data and loss and/or weakening of online provision. The Communications/IT Advisory Group was set up in January 2015 but is no longer needed. With investment during the year and replacement of video hosting companies and developers, the ICT risk, although still high, is being managed very well.

The main financial risks considered by the Members of Council are the reliance on the College's existing income source, financial shortfall and control of internal financial procedures. With a five-year financial planning process in place together with annual budgets presented to both sponsors, quarterly reports to Council and management controls by the Finance Committee and auditors, this risk is managed well. A five-year Funding Agreement is currently in place with The Mercers' Company and the City of London Corporation, up to 31 July 2019. A formal review was required in 2017/18 and was completed in February 2018.

The premises of the College are considered an operational/resources risk by the Members of Council. The continuation of the lease together with an increase in charges (rent, rates, fees), are the main factors but after liaison with the landlords and the renewal of a longer-term lease these have significantly reduced the risk. However, the need for expensive renovations and repairs continues to increase. The College continues to review alternative lecture venues and alternative plans relevant to its growth.

Structure, Governance and Management

Members of the Company

The Charitable Company is a Company limited by guarantee.

Following a special resolution passed on 31 August 2004, the members of the company are the City of London Corporation and the Mercers' Company.

The nominee of the City of London Corporation for 2017/18 was Dr Giles Shilson and the nominee of the Mercers' Company during this period was Professor Daniel H. Hodson. (Vice Chairman)

Report of the council 31 July 2018

Members of Council

Members of Council comprise up to four appointees each of the City of London Corporation and the Mercers' Company, together with up to four co-opted members, two Gresham Professors and the Provost.

Members of Council are Directors of the Charitable Company for the purposes of the Companies Act 2006. They are also Trustees of the Charitable Company within the Charities Act 2011. Insurance cover was maintained for Members of Council against liabilities arising from their duties, at a cost of £1,500 (2017 - £1,414) and provides cover of up to a maximum of £1 million (2017 - £1 million).

The Members of Council who served during the financial year 1 August 2017 to 31 July 2018 and up to the date of approval of this report were as follows:

Provost

Professor Sir Richard Evans

Appointed 1 August 2014

Appointed by City of London Corporation

Mr Tom Hoffman CC

Appointed 21 July 2009

Mr John Scott CC

Appointed 1 August 2016

Dr Giles Shilson

Appointed 7 March 2014

Mr Nick Bensted-Smith CC

Appointed 1 September 2017

Appointed by the Mercers' Company

Professor Daniel H Hodson (Vice Chairman)

Appointed 13 March 2009

Mrs Xenia Dennen

Appointed 8 July 2011

Hon Tim Palmer

Appointed 1 August 2013

Ms Debby Ounsted CBE (Chair of the Nominations Committee)

Appointed 1 March 2016

Co-opted

Professor George Brock

Appointed 15 March 2012

Dr Andrew Burnett (Chairman of the Finance and Remuneration Committee)

Appointed 4 May 2010

Mr John C Carrington (Chairman of Council)

Appointed 1 September 2008

Alderman Professor Michael Mainelli

Appointed 24 November 2009

Gresham Professors

Professor Carolin Crawford

Appointed 1 August 2014

Professor Martyn Thomas

Appointed 1 March 2017

Report of the council 31 July 2018

Procedures adopted for the induction and training of Members of Council

Upon appointment, Members of Council are provided with an information pack which includes the following documents:

1. Charity Commission: *The Essential Trustee: What you need to know* (updated July 2015)
2. Gresham College Handbook (now in 7th edition, 2018), incorporating:
 - a. The Articles of Association of Gresham College
 - b. Historical Background (including the Will of Sir Thomas Gresham)
 - c. Governance arrangements
 - d. Committee structure and Terms of Reference for all Committees
 - e. Definition of roles and appointments
 - f. Information on the Academic Programme
 - g. Quality Assurance and Monitoring arrangements
 - h. Collaborative activities
 - i. Fees and Honoraria
3. Minutes and papers of at least the two previous meetings

Decision making

The Charitable Company has two voting Members: the Mercers' Company and the Corporation of the City of London. The Members of Council are charity trustees and directors under the Companies Act.

The Council has two Committees: a Finance and Remuneration Committee and a Nominations Committee, which make recommendations to Council on an advisory basis. The Finance Committee reviews the accounts and proposed budget and recommends the policy for the remuneration of staff. The Nominations Committee determines and agrees with the Council the framework and nominations relating to the appointment of new Members of the Council (other than those nominated by the core funders). It also determines the appointments process for new Professorial appointments. Proposals regarding the academic programme, including costs, are first discussed by the Academic Board, and then recommended to the Council for approval.

Key management personnel

The Members of Council, including the Provost, consider that they together with the Academic Registrar (Dr Valerie Shrimplin) comprise the key management of the College in charge of directing and controlling, running and operating the College on a day to day basis.

Arrangements for setting the pay and remuneration of Gresham College's key management personnel are determined by linking them to the University of Cambridge pay spines or equivalent positions. (<http://www.hr.admin.cam.ac.uk/Salaries/242>). This provides a most appropriate benchmark.

Report of the council 31 July 2018

Members of Council are not remunerated for their services to the College as Trustees. The Provost is remunerated for his services as the College's Provost. One member (one of the representatives of Academic Board) also received a Professorial stipend in their capacity as a Gresham College Professor at the agreed rate.

Statement of Members of Council's responsibilities

The Members of Council (who are the Directors of Gresham College for the purposes of company law and trustees for the purposes of charity law) are responsible for preparing the report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Members of Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the income and expenditure of the College for that period.

In preparing these financial statements, the Members of Council are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Members of Council are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Each of the Members of Council confirms that:

- so far as the Member is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- the Member has taken all the steps that he/she ought to have taken as a Member in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

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Statement of Members of Council's responsibilities *(continued)*

The Members of Council are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the Members of Council on 15 November 2018

A handwritten signature in black ink, appearing to read 'MR J. C. CARRINGTON', written over the printed name.

MR J. C. CARRINGTON
Registered Office
Barnard's Inn Hall
Holborn
London
EC1N 2HH

Independent auditor's report 31 July 2018

Independent auditor's report to the members of Gresham College

Opinion

We have audited the financial statements of Gresham College (the College) for the year ended 31 July 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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).

This report is made solely to the College'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 College'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 College and the College'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 College's affairs as at 31 July 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 College 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 Members of Councils' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the Members of Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to

Independent auditor's report 31 July 2018

Conclusions relating to going concern (*continued*)

- ◆ 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 Members of Council 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, 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.

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 report of the council for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the report of the council has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the council.

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:

- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of Members of Councils' remuneration specified by law are not made;
or

Independent auditor's report 31 July 2018

Matters on which we are required to report by exception (*continued*)

- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the Members of Council 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 report of the council and from the requirement to prepare a strategic report.

Responsibilities of Members of Council

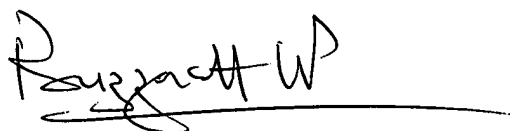
As explained more fully in the statement of Members of Council's responsibilities, the Members of Council are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members of Council determine is necessary 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 Members of Council are responsible for assessing the College'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 Members of Council either intend to liquidate the College 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Avnish Savjani (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

14 December 2018

Statement of financial activities Year to 31 July 2018

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Income and expenditure					
Income from:					
Donations	3	33,327	—	33,327	23,782
Other trading activities	4	24,169	5,190	29,359	15,363
Interest receivable	5	284	—	284	244
Charitable activities					
. Provision of lectures, seminars and conferences	6	798,568	—	798,568	775,308
. Production of Biography	7	—	68,400	68,400	1,650
Total income		856,348	73,590	929,938	816,347
Expenditure					
Charitable activities					
. Provision of lectures, seminars and conferences	8	949,790	—	949,790	757,690
. Production of Biography	9	—	73,590	73,590	1,650
. Research grants payable	10	2,500	—	2,500	2,500
Total expenditure		952,290	73,590	1,025,880	761,840
Net (expenditure) / income and net movement in funds	13	(95,942)	—	(95,942)	54,507
Reconciliation of funds					
Balance brought forward at 1 August 2017		374,860	—	374,860	320,353
Balance carried forward at 31 July 2018		278,918	—	278,918	374,860

There is no difference between the net movement in funds stated above and the historical cost equivalent.

All of the Charitable Company's activities were derived from continuing operations during the above two financial periods.

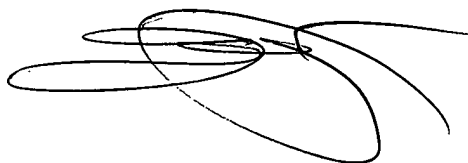
All recognised gains and losses are included in the above statement of financial activities.

Balance sheet 31 July 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible Fixed Assets	15	17,721	—
Current assets			
Debtors	16	85,880	24,721
Cash at bank and in hand		371,015	432,696
		456,895	457,417
Creditors: amounts falling due within one year	17	(195,698)	(82,557)
Net current assets		261,197	374,860
Total net assets		278,918	374,860
The funds of the charity:			
Unrestricted funds			
. General fund		265,210	127,739
. Designated funds		13,708	247,121
	18	278,918	374,860

The notes on pages 18 to 28 form an integral part of these financial statements.

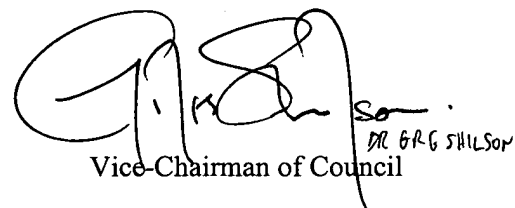
Signed on behalf of the Council of Gresham College (Company registration number 2953431 (England and Wales)) on 15 November 2018



MR J C CARRINGTON
Chairman of Gresham College Council



Vice-Chairman of Council PROFESSOR D H HODSON



Vice-Chairman of Council DR GREG SHILSON

Statement of cash flows Year to 31 July 2018

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(35,383)	45,326
Cash flows from investing activities:			
Interest received		284	244
Purchase of Plant & Equipment		(26,582)	—
Net cash provided by investing activities		(26,298)	244
Change in cash and cash equivalents in the year		(61,681)	45,570
Cash and cash equivalents at 1 August 2017	B	432,696	387,126
Cash and cash equivalents at 31 July 2018	B	371,015	432,696

Notes to the statement of cash flows for the year to 31 July 2018.

A Reconciliation of net income to net cash (used in) provided by operating activities

	2018 £	2017 £
Net income (as per the statement of financial activities)	(95,942)	54,507
Adjustments for:		
Depreciation charge	8,861	—
Interest receivable	(284)	(244)
Increase in debtors	(61,159)	(8,906)
Increase in creditors	113,141	311
Net cash (used in) provided by operating activities	(35,383)	45,326

B Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	371,015	432,696
Total cash and cash equivalents	371,015	432,696

Notes to the financial statements 31 July 2018

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation:

These financial statements have been prepared for the year to 31 July 2018.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the remaining notes to these financial statements.

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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement:

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- ◆ the estimates of the useful economic lives of tangible fixed assets used to determine the annual depreciation charge; and
- ◆ The assumptions adopted by the trustees and management in determining the value of any designations required from the charity's general unrestricted funds.

Assessment of going concern

The Members of Council have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Members of Council have made this assessment in respect to a period of one year from the date of approval of these accounts.

The Members of Council have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the College to continue as a going concern. The Members of Council are of the opinion that the College will have sufficient resources to meet its liabilities as they fall due.

Notes to the financial statements 31 July 2018

1 Accounting policies (continued)

Income

Income is recognised in the period in which the College is entitled to receipt and the amount can be measured with reasonable certainty and it is probable that the income will be received. Income is deferred only when the College has to fulfil certain conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income comprises donations receivable, bank interest and income from charitable activities, principally the grants receivable from The City of London Corporation and The Mercers Company Charitable Foundation, and other charitable grants.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the College to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is stated inclusive of irrecoverable VAT.

All expenses are allocated to the applicable expenditure headings. The majority of expenditure is directly attributable and any apportionment between headings is negligible. Expenditure on charitable activities comprises expenditure on the charity's primary charitable purposes as described in the Report of the Council. Such costs include, academic expenses, professors' stipends and technology costs associated with the delivery of the College lectures, grants payable towards research and other support costs associated with the furtherance of the College's objectives.

Governance costs, which comprise the costs involving the public accountability of the College (including audit costs) and costs in respect to its compliance with regulation and good practice, are allocated in full to the cost of the College's principal charitable activity.

Tangible fixed assets:

All assets costing more than £5,000 and with an expected useful life exceeding one year are capitalised.

Tangible fixed assets are capitalised and depreciated at the following annual rates in order to write them off over their estimated future lives:

- | | |
|--|--|
| • Furniture and general office equipment | 33 $\frac{1}{3}$ % per annum based on cost |
| • Computer and similar equipment | 33 $\frac{1}{3}$ % per annum based on cost |

Debtors:

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Notes to the financial statements 31 July 2018

1 Accounting policies (continued)

Cash at bank and in hand:

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions:

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the College anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund accounting:

Restricted funds comprise monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

General funds represent those monies that are freely available for application towards achieving any charitable purpose that falls within the College's charitable objects.

Leased assets:

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain within the lessor, are charged to the statement of financial activities in equal amounts over the lease terms.

Pension costs:

Gresham College participates in Superannuation Arrangements of the University of London ("SAUL") which is a centralised defined benefit scheme and is contracted-out of the Second State Pension. SAUL is a "last man standing" scheme so that in the event of the insolvency of any participating employers in SAUL, the amount of pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation. A formal valuation of SAUL is carried out every three years by professionally qualified and independent actuaries using Projected Unit method. Informal reviews of SAUL's position are carried out between formal valuations.

It is not possible to identify the College's share of the underlying assets and liabilities of the scheme. Therefore contributions are accounted for as if the scheme were a defined contribution scheme and pension costs are based on the amounts actually paid. Further details on the scheme are given in note 20.

The College continues to be fully compliant with the Government's auto-enrolment scheme for pensions (for which the staging date was 1 February 2016).

Notes to the financial statements 31 July 2018

2 Administration

The Charitable Company is governed by its Memorandum and Articles of Association dated 28 July 1994, which were subsequently amended on 31 August 2004, and again in November 2007 (with a minor amendment to Article 23 in 2013). On 1 January 1995 it took over the assets, liabilities and undertakings of Gresham College Trust, a registered charity number 283467. On behalf of the Mercers' Company, the City of London Corporation and the Mercers' School Memorial Trust it discharges their liability for the payment of stipends to the eight Gresham Professors. Under these arrangements, the accounts of the Charitable Company reflect in all respects a continuation of the activities of the predecessor body.

3 Income from donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Donations	33,327	—	33,327	23,782
Total funds 2018	33,327	—	33,327	23,782
Total funds 2017	23,782	—	23,782	

4 Income from other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Income from lettings	17,523	—	17,523	15,363
Publication sales and royalties	6,646	5,190	11,836	184
Total Funds	24,169	5,190	29,359	15,363
Total funds 2017	15,636	—	15,636	

Donated facilities, venues and other services:

During the year the College received sponsorship in kind in the form of donations of venues, facilities and other services. The value of these donations of venues, facilities and other services is not of sufficient reliability to be included in the statutory accounts, but an approximation is as below:

	2018 £
Sponsored Events and donation of speaker fees	7,500
Total donated facilities, venues and other services for the year ended 31 July 2018	7,500

5 Income from investments

	Unrestricted funds	
	2018 £	2017 £
Bank interest	284	244

Notes to the financial statements 31 July 2018

6 Income from charitable activities:

Provision of lectures, seminars and conferences

	Unrestricted funds					
	Professors' stipends £	General grant £	Total 2018 £	Professors' stipends £	General grant £	Total 2017 £
The Mercers' Company Charitable Foundation	28,000	364,284	392,284	28,100	352,654	380,754
The City of London Corporation	35,000	364,284	399,284	35,000	352,654	387,654
Mercers' School Memorial Trust	7,000	-	7,000	6,900	-	6,900
	70,000	728,568	798,568	70,000	705,308	775,308

7 Income from charitable activities:

Production of Biography

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
The Mercers' Company Charitable Foundation	—	34,200	34,200	825
The City of London Corporation	—	34,200	34,200	825
Publisher Income	—	5,190	5,190	—
Total funds 2018	—	73,590	73,590	1,650
Total funds 2017	—	1,650	1,650	

8 Expenditure on charitable activities:

Provision of lectures, seminars and conferences

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Staff costs (note 12)	433,924	—	433,924	337,539
Operating costs	300,229	—	300,229	234,619
Sundry Fees and lecture expenses	249	—	249	753
Academic expenses	83,910	—	83,910	87,792
Professors' stipends	70,000	—	70,000	70,000
Governance costs (note 11)	61,478	—	61,478	26,987
Total funds 2018	949,790	—	949,790	757,690
Total funds 2017	757,690	—	757,690	

9 Expenditure on charitable activities:

Production of Biography

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Development costs	—	68,400	68,400	1,650
Total funds 2018	—	68,400	68,400	1,650
Total funds 2017	—	1,650	1,650	

Notes to the financial statements 31 July 2018

10 Expenditure on charitable activities:

Grants payable

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Research grants	2,500	—	2,500	2,500
Total funds 2018	2,500	—	2,500	2,500
Total funds 2017	2,500	—	2,500	

11 Governance costs

	2018 £	2017 £
Legal and professional	3,411	3,308
Auditor's remuneration	7,350	8,390
Council and Academic Board	8,248	6,461
Professional indemnity insurance	1,500	1,414
Appointment of professors	40,969	7,414
	61,478	26,987

12 Staff costs and remuneration of key management personnel

The average number of persons employed during the year was 8 (2017 -18).

	2018 £	2017 £
The total remuneration was as follows:		
Gross salaries	346,198	270,162
Social security costs	34,729	26,088
Pension contributions	43,407	20,269
	424,334	316,519
Accounting support	—	5,839
Temporary Staff	—	2,115
Other costs	9,590	13,066
	433,924	337,539

One employee earned £70,000 per annum or more (between £70,000 and £80,000) in 2017/18. (2016/17 – £60,000 one). Employer pension contributions totalling £12,254 (2016/17 - £11,013) were payable for the year in respect of this employee.

The Members of Council, including the Provost, consider that they together with the Provost and the Academic Registrar comprise the key management of the College in charge of directing and controlling, running and operating the College on a day to day basis.

Notes to the financial statements 31 July 2018

12 Staff costs and remuneration of key management personnel (*continued*)

The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £136,391 (2016/17 - £127,425).

None of the Members of Council are remunerated for their services as trustees of the College. The Provost is remunerated for his services as the College's Provost. His remuneration for 2017/18 was £36,226 (2016/17 - £34,417).

One of the Members of Council was a Gresham Professor during the year and received Professors' Stipends of £7,000. No other Members of Council received any remuneration or reimbursement of expenses in respect of their services as members of Council during the year (2017 - £nil).

13 Net income and net movement in funds

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	8,861	—
Operating lease charges		
. Land and buildings	39,420	35,000
. Plant and machinery	11,649	5,503
Auditors' remuneration		
. Current year audit fee (note 11)	7,416	8,390
. Non-audit services	2,628	3,260

14 Taxation

As a registered charity, Gresham College is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

15 Tangible fixed assets

	IT Equipment £	Total £
Cost at 1 August 2017	—	—
Additions	26,582	26,582
At 31 July 2018	26,582	26,582
Depreciation at 1 August 2017		
Charge for year 2018	8,861	8,861
At 31 July 2018	8,861	8,861
Net book value		
At 31 July 2018	17,721	17,721
At 31 July 2017	—	—

Notes to the financial statements 31 July 2018

16 Debtors

	2018 £	2017 £
Trade debtors	700	3,558
Other debtors	68,400	3,320
Prepayments	16,780	17,843
	85,880	24,721

17 Creditors: amounts falling due within one year

	2018 £	2017 £
Accruals and deferred income	108,075	70,332
Taxation and social security	9,212	8,286
Other creditors	78,411	3,939
	195,698	82,557

Movements on deferred income (included above)

Balance brought forward at 1 August 2017	27,978	36,226
Income deferred in current reporting period	83,293	27,978
Amounts released to income from prior reporting period	(27,978)	(36,266)
Balance carried forward at 31 July 2018	83,293	27,978

Deferred income relates to part grant payment made by The Mercers' Company in advance for the forthcoming academic year 2018/19.

18 Total Funds

	At 1 August 2017 £	Incoming resources £	Resources expended £	New designations/ released £	At 31 July 2018 £
General fund	127,739	856,348	(914,577)	(55,802)	13,708
Designated funds:					
Minimum reserves	208,500	—	—	56,710	265,210
Future website/IT upgrade	37,861	—	(37,681)	—	—
Sir Thomas Gresham Booklet	940	—	(32)	(908)	—
Total designated funds	247,121	—	(37,713)	55,802	265,210
Restricted funds:					
Biography Fund	—	73,590	(73,590)	—	—
Total Restricted funds	—	73,590	(73,590)	—	—
Total funds	374,860	929,938	(1,025,880)	—	278,918

Notes to the financial statements 31 July 2018

Designated funds include the minimum reserve required by Council – 4 months operational and academic support costs – including provision for paying committed academic and staff costs should the College be wound up, as per the reserves policy noted in the Report of the Council.

18 Total Funds (continued)

Funds for core annual events and projects spanning more than one year are reviewed and accounted for at year-end.

A designated fund was also created in 2016/17 to finance the production of a booklet (for sale) of Sir Thomas Gresham with a small balance carried forward to meet costs incurred in 2017/18.

Restricted funds include the biography fund. This relates to funding received from The City of London Corporation and The Mercers' Company Charitable Foundation to be applied towards the production of a biography of Sir Thomas Gresham.

19 Operating lease commitments

At 31 July 2018 the College had total future commitments under non-cancellable operating leases as follows:

	Land and buildings		Plant and machinery	
	2018 £	2017 £	2018 £	2017 £
Within one year	39,420	35,000	2,688	2,688
Between one and five years	157,680	140,000	2,688	—
After more than five years	—	—	—	—
	197,100	175,000	5,376	2,688

20 Pension commitments

Gresham College participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and was contracted out of the Second State Pension (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings ("CARE") basis.

Gresham College is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

Notes to the financial statements 31 July 2018

20 Pension commitments (continued)

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2017 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The main assumptions used to assess the technical provisions were:

	31 March 2017
Discount rate	
– pre-retirement	4.06%
– post-retirement	1.96%
General Salary Increases	3.49%
Retail Prices Index inflation (“RPI”)	3.39%
Consumer Price Index Inflation (“CPI”)	2.49%
Pension Increases in payment (excess over GMP)	2.49%
Mortality – base table	S2PA year of birth tables weighted 100% for males and 94% females
Mortality – future improvements	CMI 2016 projections with a long-term Improvement rate of 1.75 p.a.

SAUL’s statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL’s benefits as they fall due (the “Technical Provisions”). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members’ accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2017. Informal reviews of SAUL’s position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and employers in June 2018 and are due to be reviewed at SAUL’s next formal valuation in 2020.

At the 31 March 2017 valuation SAUL was fully funded on its Technical Provisions basis so no deficit contributions were required. The Trustee and the Employers have agreed that the ongoing Employers’ contributions will continue at a rate of 16% of CARE Salaries.

Pension contributions charged to the statement of financial activities during the year amounted to £43,407 (2017 - £17,896).

Notes to the financial statements 31 July 2018

21 Donated income

During the year the College received donations from the Jackson Foundation of £16,300 (2017 – £11,300). The College also received donations from The Worshipful Company of Information Technologists of £16,300 (2017 – £11,300).

22 Related party transactions

City of London Corporation and The Mercers' Company Charitable Foundation are the College's principal funders. Both parties are able to appoint up to four Members of Council each and together up to four co-opted members, two Gresham Professors and the Provost. Details of the funding received from the City of London Corporation and The Mercers' Company Charitable Foundation are provided in notes 6 and 7 to the financial statements.

Professor Sir Richard Evans is a Member of Council and received remuneration totalling £36,227 (2017 - £34, 418) for his services as Provost.

One Member of the Council was a Gresham professor during the year and received Professors' Stipends of £7,000 (2016 - £14,000).

One member of the council was an additional lecturer during the year and received a payment of £500 (2016 - £nil).

None of the Members of Council received remuneration in respect of their services as members of the Council during the year.

Three Members of the Council (2017 - 2) were reimbursed expenses of £295 (2017 - £198) for travel to lectures, accommodation and sundry expenses, and attendance at Council, Academic Board meeting and interviews for new Professor appointments during the year.

The registered office of Gresham College: Barnard's Inn Hall, EC1N 2HH is owned by The Mercers' Company Charitable Foundation. The office is occupied under an operating lease, during the year rental payments totalling £39,420 (2017 - £35,000) were made under the terms of the lease.