

Registered Charity No: 1063916
Company No: 03406339

THE LEADERSHIP TRUST FOUNDATION
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



THE LEADERSHIP TRUST FOUNDATION

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THE LEADERSHIP TRUST FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

H C Baldock
P Gordon
R Stichbury
C R Balkwill

Registered & Principal Office

Penyard House
Weston-under-Penyard
Ross-on-Wye
Herefordshire
HR9 7YH

Solicitors

Higgs & Sons
3 Waterfront Business Park
Brierley Hill
DY5 1LX

Farrer & Co LLP
66 Lincoln's Inn Fields
London
WC2A 3LH

Independent Examiner

Murdoch McGregor-Smith
Chartered Accountant
Collinstown Consulting
14 Rathbone Place
London
W1T 1HT

Bankers

National Westminster Bank plc
12 Broad Street
Hereford
HR4 9AH

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The trustees, who are the directors of The Leadership Trust Foundation, which is a charitable company, present their report, comprising the Trustees' Annual Report, including the Legal and Administrative Information, together with the financial statements for the year ended 31 December 2016, which have been subject to independent examination.

BACKGROUND AND OPERATING STRUCTURE

The Leadership Trust was established in 1975 as an educational charity dedicated to the advancement of leadership and leadership development, throughout all sectors of Society.

The Leadership Trust was incorporated as a company limited by guarantee and registered as a charity with the Charity Commission as The Leadership Trust Foundation ("The Foundation") on 16 July 1997. On 1 January 1998, The Foundation commenced operations, following the transfer to it of the entire undertaking, including the assets and liabilities, of its precursor charity, The Leadership Trust.

The Foundation is a company limited by guarantee and the liability in respect of the guarantee, as set out in the Memorandum and Articles of Association, is limited to £10 per member of the company.

Following a review of operations and in the light of detailed professional advice, the Foundation took the decision to divest itself of the leadership training and development activities and this took effect from 1 August 2015. The Foundation retains a 20% shareholding in the company which acquired these activities, Leadership Trust Training and Development Limited, it receives a royalty payment for the use of the name and its intellectual property. The overriding objects of the Foundation remain unchanged.

The Foundation now has only one active subsidiary company, The Leadership Trust (Training) Limited, which administers the receipt of royalty income on behalf of the Foundation.

The trustees govern The Foundation in accordance with its Memorandum and Articles of Association and are empowered to invest the resources of The Foundation at their discretion. The trustees meet at least quarterly.

RECRUITMENT AND TRAINING

The appointment of trustees is governed by the Articles of Association. The Board may appoint new trustees with the approval of members.

The membership and skill set of the Board are reviewed regularly and all new trustees follow an induction programme and thereafter are offered opportunities to update their knowledge on charity legislation and trustee duties and responsibilities.

OBJECTIVES AND ACTIVITIES IN THE YEAR 2016

1. CHARITABLE OBJECTS

The objects for which The Foundation was established are:

1. To advance education and research in the fields of management and leadership, by the training of effective managers and leaders;
2. To advance the education of the public, in particular, their knowledge and understanding of the principles of effective leadership; and
3. To advance the education of the public, in particular, to encourage and support individuals who are or wish to be in positions of leadership to learn about and develop leadership skills.

Following its divestment, The Foundation continues to explore effective ways to fulfil its objectives.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

2. INITIATIVES

Since The Foundation divested itself of its training activities in 2015, the Trustees have continued to focus on delivering the charity's objectives using all appropriate means.

ACHIEVEMENTS AND PERFORMANCE

The financial performance is set out in the Statement of Financial Activities and reflect the simpler operation the charity has now become.

INVESTMENTS POLICY

The trustees have unrestricted investment powers. In view of changes to the Foundation the trustees are currently reviewing and appraising proposals provided by independent investment advisers and this is expected to reflect a continued low to medium risk profile.

RESERVES POLICY

The value of The Foundation's reserves at the balance sheet date was £520,000 (2015: £452,000).

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The trustees keep The Foundation's reserves under regular review, considering in particular:

- (a) The Foundation's strategy and plans for the fulfilment of its objects;
- (b) The Foundation's financial needs and constraints (both present and future);
- (c) The nature of The Foundation's assets and the sources of its income, and
- (d) The need and capacity to sustain The Foundation's charitable activities during times of retrenchment or income downturn.

GENERAL FUND £520,000

The General Fund represents The Foundation's original capital together with unappropriated surpluses, which have been retained to provide working capital. The Foundation needs general reserves to ensure that it can fulfil and meet its charitable obligations and its commitments.

The General Fund also incorporates realised investment gains and losses.

SUBSIDIARY UNDERTAKINGS

THE LEADERSHIP TRUST (TRAINING) LIMITED

With effect from 1 August 2015 this company administers the collection of royalty income on behalf of The Foundation. It has an independent director.

RISK MANAGEMENT

The Foundation has a proactive Risk Management Policy. The trustees have undertaken an exercise to establish a framework for the identification, evaluation and management of risk within the charity. This encompasses all types of risk, over all activities, at all levels. The exercise ensures that the charity is in full compliance with the law, all relevant regulations and best practice generally.

The major risks identified are:

- a. Demonstrating clear fulfilment of its charitable objectives
- b. Financial performance
- c. An adequate return on its intellectual property and investments

The Risk Register is revisited and reviewed on a yearly basis by the trustees.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Independent Examiner

Insofar as each of the Trustees of the charity at the date of approval of this report is aware there is no relevant information (information needed by the charity's Independent Examiner in connection with preparing their report) of which the charity's Independent Examiner is unaware. Each Trustee has taken all of the steps that he/she should have taken as a Trustee in order to make himself/herself aware of any relevant information and to establish that the charity's independent examiner is aware of that information

Approved by the Trustees on 26 September 2017

and signed on their behalf by



**H C Baldock
Chairman**

INDEPENDENT EXAMINER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

I report on the financial statements of the Trust for the year ended 31 December 2016 as set out on pages 7 to 16.

This report is made solely to the charity's Trustees, as a body, in accordance with section 145 of the Charities Act 2011. My work has been undertaken so that I might state to the charity's Trustees those matters I am required to state to them in this report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for my work, for this report, or the opinions I have formed.

Respective responsibilities of trustees and examiner

The charity's Trustees are responsible for the preparation of financial statements. The charity's Trustees consider that an audit is not required for this year under Section 144(1) of the Charities Act 2011 ("the 2011 Act") and that an independent examination is needed.

It is my responsibility to:

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

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

Independent examiner's statement

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

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
 - a. to keep accounting records in accordance with section 130 of the 2011 Act; and
 - b. to prepare financial statements which accord with the accounting records and comply with the accounting requirements of the 2011 Act have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Independent Examiner's
Name: Murdoch McGregor Smith, Chartered Accountant

For and on behalf of
Collinstown Consulting
14 Rathbone Place
London
W1T 1HT



Date 28th September 2017

Statement of Financial Activities

For the year ended 31 December 2016

		Year to 31 Dec 2016	2015
		Company Unrestricted funds	Company Unrestricted funds
	Note	£000's	£000's
INCOMING RESOURCES			
Incoming resources from charitable activities	3		
Other ancillary trading income		-	47
The advancement of education in leadership		-	876
Incoming resources from generated funds			
Investment income	4	100	1
Total Incoming Resources		100	924
 RESOURCES EXPENDED			
Costs of generating funds		21	73
Trading expenditure – discontinued operations		-	206
The advancement of education in leadership		10	1,141
Governance costs		1	5
Total Resources Expended	6	32	1,425
 NET (OUTGOING) RESOURCES	7		
Continuing operations		68	-
Discontinued operations		-	(501)
Total net (outgoing) resources		68	(501)
Net Surplus/(Deficit) for the Year		68	(501)
Net Movement in Funds		68	(501)
Funds Brought Forward at 1 January 2016		452	953
Funds Carried Forward at 31 December 2016		520	452

The notes on pages 9 to 16 form part of these financial statements.

The Leadership Trust Foundation
Registered Number 03406339

Balance Sheet

As at 31 December 2016

		2016	2015
	Note	£000s	£000s
Fixed Assets			
Intangible fixed assets	11	13	16
Investments	12	100	100
		<u>113</u>	<u>116</u>
Current Assets			
Debtors	13	122	149
Short term deposits		336	249
		<u>458</u>	<u>398</u>
Creditors:			
Amounts falling due within one year	14	(51)	(62)
Net Current Assets/(Liabilities)		<u>407</u>	<u>336</u>
Net Assets		<u>520</u>	<u>452</u>
Funds			
Unrestricted funds - General	15	<u>520</u>	<u>452</u>

The notes on pages 9 to 16 form part of these financial statements.

For the financial year in question the company was entitled to exemption under section 447 of the Companies Act 2006 relating to small companies.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

H. C. Baldock

H. C Baldock
Chair of Trustees

This financial statements on page 7 to 16 are approved by the board of trustees on 26 September 2017 and authorised for issue.

Notes to the Financial Statements

For the year ended 31 December 2016

1 Accounting Policies

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with FRS102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (as applied to small entities by Section 1A of the standard) as well as the Charities Act 2011 and follow the recommendations in the Statement of Recommended Practice ("Accounting and Reporting by Charities" (the Charities SORP)) issued in March 2005.

Going Concern

Having reviewed the funds available to the charity by working through the forecasts and projected cash flows, the Trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities.

b) Income

Course Fees - Course fees represent monies receivable for courses held in the year. Fees raised for courses to be held in future accounting periods are treated as deferred income in the financial statements and shown as fees in advance.

Other Ancillary Trading Income - This comprises royalty income receivable from a third party that makes use of the company's intellectual property, being its investment in course materials.

Investment Income - Investment income is accounted for on an accruals basis and reflected in the funds to which the investments relate. Royalty income, in respect of the licencing of intellectual property, is received through the company's wholly owned subsidiary, The Leadership Trust (Training) Limited, which makes an administrative charge before also covenanteeing up any surplus.

c) Expenditure

Expenditure is accounted for on an accruals basis.

Costs of generating funds include marketing and publicity costs together with investment management expenses.

Governance costs comprise the costs of running the charity, including independent examination and legal fees.

Costs incurred are attributed directly to expenditure categories, in line with managerial and budgetary responsibility.

d) Grants

Grants payable are accounted for on an accruals basis.

e) Fixed Assets

Intangible fixed assets comprise investment in course materials and are held at cost. They are being amortised over 5 years.

Fixed asset investments are stated at cost less any permanent diminution in value.

Notes to the Financial Statements

For the year ended 31 December 2016

f) Leases

When the company enters into a lease that involves taking substantially all the risks and rewards that ownership of an asset entails, the lease is treated as a "finance lease". The asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated over its estimated useful economic life. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the Statement of Financial Activities, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the Statement of Financial Activities on a straight line basis over the life of the lease.

g) Research Expenditure

Expenditure on research is charged to the Statement of Financial Activities in the year in which it is incurred.

h) Taxation

No provision for taxation, other than Value Added Taxation, has been made in these financial statements because The Foundation, a registered charity, is exempt from taxation on its charitable income.

i) Pensions

The charity operates a defined contribution scheme. Pension costs are accounted for on the basis of contributions payable in each accounting period.

A funded employee group personal pension scheme through Scottish Equitable plc is also operated for certain employees. Contributions are charged to the Statement of Financial Activities in the year in which they are payable.

No other post retirement benefits are provided to employees.

j) Recognition of Liabilities

Liabilities are recognised once there is a legal or constructive obligation that commits the company to the obligation.

k) Financial Instruments

The charity only 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 their settlement value.

l) Funds

Unrestricted funds are expendable at the discretion of the Trustees.

Notes to the Financial Statements

For the year ended 31 December 2016

2 Company Status

The charitable company is a company limited by guarantee. The liability in respect of the guarantee, as set out in the Memorandum, is limited to £10 per member of the company. There were four members at the balance sheet date.

3 Incoming Resources

All trading activities were discontinued during 2015 apart from the receipt of royalty income, which is included within other ancillary trading income.

A geographical analysis of charitable income from courses and accommodation fees is as follows:

	2016 £000s	2015 £000s
Course and accommodation fees – UK	-	856
Course and accommodation fees – Rest of World	-	20
	<u>-</u>	<u>876</u>

4 Investment Income

	2016 £000s	2015 £000s
Interest receivable	-	1
Royalty income and covenant from subsidiary	100	-
	<u>100</u>	<u>1</u>

Notes to the Financial Statements

For the year ended 31 December 2016

5 Staff Numbers and Costs

	2016 £000s	2015 £000s
Wages and Salaries	-	367
Social security costs	-	40
Pension costs	-	6
	-	413
	2016	2015

Full time equivalent employees during the year:

Course sales and marketing	-	5
Support staff	-	7
Senior management	-	4

The number of employees who received emoluments in the following ranges above £60,000 was as follows:

£60,000- £70,000	-	1
£120,000- £130,000	-	1

The number of higher paid employees accruing retirement benefits in respect of money purchase pension schemes.

-

Money purchase pension contributions payable with regard to the above totalled £0 (2015 £6,093)

6 Analysis of total resources expended

Costs of generating funds

	Staff Costs £000s	Other £000s	Depreciation £000s	2016 Total £000s	2015 Total £000s
Cost of generating funds	-	18	3	21	73
Trading Expenses	-	-	-	-	206
Charitable expenditure:					
Course expenses	-	10	-	10	622
Support costs (see below)	-	-	-	-	519
Governance costs (see below)	-	1	-	1	5
	-	29	3	32	1,425

Notes to the Financial Statements

For the year ended 31 December 2016

7 Net outgoing resources for the Financial Year

2016 £000s	2015 £000s
---------------	---------------

Net outgoing resources are stated after charging/(crediting):

Depreciation of tangible fixed assets:

owned by the charity

-	(4)
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Impairment of intangible fixed assets

3	-
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8 Trading Income and Taxation

The Leadership Trust Foundation controls The Leadership Trust (Training) Limited ("LTT"), a company limited by guarantee. Its trading results extracted from its unaudited financial statements for 2016 are set out below.

LTT's results for 2016:

Profit & Loss Account

£000's

Turnover

100

Cost of sales

(90)

Gross profit

10

Operating Profit

10

Interest Payable

(10)

Profit for the financial year

-

Balance Sheet

Debtors

91,667

Creditors

(91,667)

Reserves

-

9 Trustees expenses

Expenses totalling £391 were reimbursed to 4 trustees (2015 - 0) to cover travelling expenses.

Notes to the Financial Statements

For the year ended 31 December 2016

10. Taxation

The company is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits are applied solely for charitable purposes.

11 Intangible Fixed Assets

Cost	Royalties £000's	Total £000's
At 1 January 2016	16	16
Additions in the year	-	-
Disposals in year	-	-
	<u>16</u>	<u>16</u>
Amortisation		
At 1 January 2016	-	-
Charge for the year	3	3
Disposals	-	-
	<u>3</u>	<u>3</u>
Net book value at 31 December 2016	13	13
Net book value at 31 December 2015	16	16

12 Fixed Asset investments

	2016 £000s	2015 £000s
Listed investments	-	-
Shares in unlisted companies (at cost)	100	100
Shares in subsidiary companies	-	-
Impairment charge	-	-
	<u>100</u>	<u>100</u>

The Leadership Trust Foundation owns a 20% holding in The Leadership Trust Training and Development Limited, a company registered in England. It is recorded as shares in unlisted companies. Only income receivable has been accounted for.

The Leadership Trust Foundation also controls The Leadership Trust (Training) Limited, a company limited by guarantee.

Notes to the Financial Statements

For the year ended 31 December 2016

13 Debtors

	2016 £000s	2015 £000s
Amounts falling due within one year:		
Course and accomodation fees	29	101
Other debtors	1	6
Prepayments	-	0
Amounts owing in respect of royalties from The Leadership Trust (Training) Limited	92	42
	<u>122</u>	<u>149</u>

14 Creditors: amounts falling due within one year

	2016 £000s	2015 £000s
Trade creditors	-	(35)
Other Taxes and social security	-	(1)
Other creditors	(46)	-
Fees in advance	-	-
Accruals	(5)	(26)
	<u>(51)</u>	<u>(62)</u>

The fees in advance relate to fees received for events taking place in the following financial year:

	2016 £000s	2015 £000s
Brought forward balance	-	250
Released to income during the year	-	(250)
Accrued in the year	-	-
Carried forward balances	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 31 December 2016

15 Funds

	2016 Unrestricted fund £000s	2015 Total funds £000s
At 1 January 2016	452	953
Net incoming/(outgoing) resources in the year	68	(501)
Investment gains	-	-
Net assets at the end of the year	520	452

General Fund

The General Fund represents the original monies provided by the founders on the formation of The Foundation together with un-appropriated surpluses retained to provide working capital. Monies are set aside from this fund into designated funds which are created to finance specific charitable objectives, as appropriate.

16 Analysis of Net Assets Between Funds

	2016			2015
	Tangible Fixed Assets £000's	Other Net Assets £000's	Total £000's	Total Funds £000's
General Funds	-	520	520	452
Total	-	520	520	452

17 Pension obligations

The company formerly operated a salary sacrifice pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge of £Nil (2015 £6,092) represents contributions payable by the company to the fund. There were £nil outstanding contributions at the year end (2015: £Nil)

18 First time adoption of FRS102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or income and expenditure.