

Charity number
1147246

Company number
07926570

FINANCIAL MARKET POLICIES FOUNDATION

**TRUSTEES' REPORT AND
UNAUDITED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2015

WEDNESDAY



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FINANCIAL MARKET POLICIES FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Denys G Bennett
Lester D Corp
Nicholas S Dove
Kjell O Hauge
John M A Howell

Registered office

St Martin's House
16 St Martin's Le Grand
London
EC1A 4EN

Solicitors

Keates Ferris
St Martin's House
16 St Martin's Le Grand
London
EC1A 4EN

Independent Examiner

R C P P Spofforth FCA
Spofforths LLP
Springfield House
Springfield Road
Horsham
West Sussex
RH12 2RG

Bankers

Barclays Bank
366 Strand
London
WC2R 0JF

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FINANCIAL MARKET POLICIES FOUNDATION

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FINANCIAL MARKET POLICIES FOUNDATION

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2015

The Trustees present their report and accounts for the financial year ended 31 December 2015. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in 2014, in accordance with the Financial Reporting Standard for Smaller Entities (FRSSE).

The company is limited by guarantee and does not have share capital. The liability of the members is limited to £1 each. At 31 December 2015 all Trustees were members.

Public benefit reporting

The Trustees have due regard to the Charity Commission guidance on public benefit while setting the objectives and activities of the charity.

Legal constitution

Financial Market Policies Foundation ("FMPF") is a charitable company. It was incorporated as a company limited by guarantee on 27 January 2012 (No 07926570) and registered as a charity in England and Wales on 14 May 2012 (No 1147246).

The Trustees who served during the year are as follows:

Denys G Bennett
Lester D Corp
Nicholas S Dove (appointed 16 October 2015)
Kjell O Hauge
John M A Howell (appointed 16 October 2015)

Objectives

FMPF was founded in response to the severe shock that the world economy suffered in 2008 from which it is still slowly recovering. This shock was largely unanticipated. The complexity of relationships between financial institutions had obscured the consequence of failure of one component upon the others. This was not properly understood either by the institutions themselves or by the regulating authorities. Moreover a widespread belief in the efficiency of financial markets had led policy-makers to downplay the risks inherent in rapidly rising private sector debt.

FMPF's mission is to advance public learning and knowledge about relationships between policy-makers (governments, treasuries, regulators and central banks) and financial markets and other financial entities. Through grants (at present only to institutions), and sometime in the future also bursaries and other financial assistance, FMPF supports study and research - by specific university fellows and graduates - to further the understanding of such relationships.

Our aim is to provide tools for a better understanding of these relationships, with the intent that practitioners, governments and regulators may be appraised of the research findings and their implications; and that such knowledge is widely disseminated so that public support for rational policies may be more likely to be forthcoming.

FMPF supports and publishes academic research into the role and impact of financial markets in contemporary and historical society; the relations between governments and financial markets; and their impact on the public good. FMPF supports its programme of academic research through the making of grants (at present only to institutions), and sometime in the future also scholarships and bursaries. It seeks where possible to place the results of such work in the public domain through journals, seminars, presentations and the internet. FMPF and its programmes are supported by advisors who are academically or professionally eminent in their own fields internationally.

FMPF expects public benefit to arise:

- a) through advancing learning and education within this field of study;
- b) through holding lectures, seminars and workshops at a leading university and at other educational establishments, inviting students, especially postgraduates, for their further education;
- c) by providing the opportunity to study the subject through scholarships, bursaries and grants as enumerated in the Foundation's objects;
- d) by identifying issues of contemporary interest and importance and making the work of researchers and scholars more accessible to practitioners.

FINANCIAL MARKET POLICIES FOUNDATION

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2015

Organisation

The administration of FMPF is controlled by the Trustees. The current Trustees are detailed on the legal and administrative information page for the year. Trustees have the power to recruit and appoint candidates as Trustees. The decision is based on the individual's background.

Grant making policy

The Trustees have decided initially to limit charitable activities to grant making as far as possible. Applications will be reviewed by the Trustees, with the assistance of scrutiny by experts as considered necessary.

Review of the year

FMPF continued to fund the Political Economy of Financial Markets ("PEFM") programme, which it is supporting at St Anthony's College, Oxford University. PEFM continued in pursuit of its goal to improve the institutional design of policy frameworks affecting financial markets, in order to help foster sustainable and crisis-free growth. The programme focused on the interaction between official policies and financial market behaviour. It explored how incentives affecting the financial sector can be coordinated to foster more stable growth in the real economy in the future. The scope of the 'official policies' reviewed under the programme goes well beyond the design of regulatory frameworks and of financial supervision. The programme devoted special attention to two things. The first is the role of macroeconomic frameworks in setting the stage for sustainable financial flows. The second is the change in ethical framework which appears to be necessary if the financial system is to again play a constructive role within the economy. FMPF's grant was limited to the continued funding of the first of these.

The well-attended and successful core seminars series continued throughout the University's three academic Terms. Workshop reports, policy briefs and research publications were scheduled on issues covered in the seminars.

The broader aim to bring together a community of experts from different academic disciplines, and from official and private market institutions, so that their complementary research efforts and discussions can help develop and promulgate new policy insights, continued to progress. This response capacity has helped address the new and potentially destabilising market tendencies as these emerge, of which there were many in 2015. There is still much material for PEFM to review and offer educating insights. Progress continued towards realising the aim to build PEFM into a go-to place in Oxford for policy-related work on the financial system.

No further donations were received in the year. FMPF has the reserves to fund the existing grant agreement and will enter into new grant agreements only when new funds have been raised in advance. During the year St Antony's College returned unspent grant of £21,081 on a grant period that ended on 31 March 2015.

Incoming resources of £502 comprised bank interest. Resources expended of £60,755 comprised expenditure on charitable activities amounting to £58,919 and on governance costs, amounting to £1,836. The deficit of £60,253 has been carried forward on the balance sheet.

The Trustees' policy is to hold funds in short term readily realisable bank deposits.

Reserves policy

It is the intention of the Trustees to build up reserves at least equal to the value of grants awarded so that each present and future grant is fully funded before the grant commitment is entered into. Beyond this key policy objective, the Trustees do not consider it necessary to maintain minimum reserves at a level that ensures that FMPF's core strategic activities are able to continue in the longer term.

Risk management

FMPF has no employees. The Trustees have established procedures to ensure that all transactions are properly authorised. They review financial and other risks when appropriate. The Trustees are pleased to report that FMPF's internal financial controls conform to guidelines issued by the Charity Commission.

FINANCIAL MARKET POLICIES FOUNDATION

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2015

Plans for the future

The Trustees will continue to concentrate on supporting the PEFM programme whose goal is to improve the institutional design of policy frameworks affecting financial markets, in order to help foster sustainable and crisis-free growth. Arrangements put in place for an Acting Director and Deputy Director throughout 2015 were successful, and will continue pending the recruitment of a permanent replacement for Max Watson, who founded the PEFM programme.

The Trustees will monitor the potential for donations to be received from companies and trusts, from whom it is anticipated the majority of income will arise in future years, with the intention of funding an extension to the PEFM programme and to support additional charitable activities. The Trustees will also look for opportunities to work with others in related fields close to our objectives.

Statement of Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each year, which give a true and fair view of the state of affairs of FMPF and of its incoming resources and application of resources, including the income and expenditure, of FMPF for the 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that FMPF will continue in operation.

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

Approved by the Trustees on 15 bank 2016 and signed on behalf of the trustees by



Lester D Corp
Trustee

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF FINANCIAL MARKET POLICIES FOUNDATION

I report on the accounts of the company for the period ended 31 December 2015 which are set out on pages 5 to 8.

Respective Responsibilities of the Trustees and the Examiner

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

Having satisfied myself that the charity is not subject to an audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts 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)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

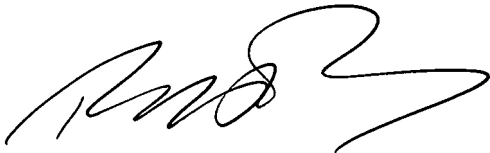
Basis of Independent Examiner's Statement

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

Independent Examiner's Statement

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

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements:
- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities
- 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.



R C P P Spofforth FCA
Spofforths LLP
Chartered Accountants
Springfield House
Springfield Road
Horsham
West Sussex
RH12 2RG

Date:

18 March 2016

FINANCIAL MARKET POLICIES FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	For the year to 31/12/2015 Unrestricted funds £	For the year to 31/12/2014 Unrestricted funds £
INCOME FROM:			
Donations		-	71,280
Bank interest		502	475
TOTAL INCOME		502	71,755
EXPENDITURE FROM:			
Charitable activities	3	60,755	22,058
TOTAL EXPENDITURE		60,755	22,058
NET MOVEMENT IN FUNDS		(60,253)	49,697
RECONCILIATION OF FUNDS:			
Total funds brought forward		134,192	84,495
Total funds carried forward	8	73,939	134,192

FINANCIAL MARKET POLICIES FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2015

REGISTERED NO: 07926570

	Notes	£	2015 £	£	2014 £
Current assets					
Debtors	5	-		30	
Cash at bank		<u>110,506</u>		<u>145,813</u>	
		110,506		145,843	
Creditors: amounts falling due within one year	6	<u>(36,567)</u>		<u>(11,651)</u>	
Net current assets			73,939		134,192
Net assets			<u>73,939</u>		<u>134,192</u>
Unrestricted funds	8		<u>73,939</u>		<u>134,192</u>

The directors are satisfied that the company is entitled to audit exemption under Section 477 of the Companies Act 2006 and that no member or members have requested an audit pursuant to Section 476 of the Act.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps proper accounting records which comply with Section 386 of the Companies Act 2006; and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its results for the financial year in accordance with the requirements of Section 396 of the Companies Act 2006, and which otherwise comply with the requirements of this Act relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions in Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective July 2014).

The financial statements were approved by the board and authorised for issue on 15 March 2016 and signed on its behalf by



Lester D Corp
Trustee

FINANCIAL MARKET POLICIES FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Principal accounting policies

(a) Basis of accounting:

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", the Financial Reporting Standard for Smaller Entities (FRSSE) published in 2014, the Charities Act 2011 and the Financial Reporting Standard for Smaller Entities (effective July 2014). The financial statements have been prepared on a going concern basis by the trustees on the basis of expected future donations.

(b) Income recognition:

All income is recognised in the statement of financial activities when FMPF has entitlement to the income, there is sufficient certainty of receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably. Tax recoverable from gift aid is accounted for on an accruals basis.

(c) Expenditure:

All expenditure is accounted for on an accruals basis. It is classified by reference to the cost of generating funds, charitable activities which may be further sub-classified by specific activity, and governance costs (which includes Trustees' expenses and examination fees), each of which aggregates all costs related to the category. Grants to third parties for specific activities are charged in the financial statements when an award is made.

(d) Funds:

Unrestricted funds are funds which are expendable at the discretion of the Trustees in furtherance of FMPF's objectives. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by FMPF for particular purposes.

(e) Taxation:

FMPF is a registered charity and as such is exempt from taxation on its income to the extent that it is applied to its charitable purposes. FMPF is not registered for VAT and expenditure is shown inclusive of VAT.

2 Amounts committed for research grants

	2015 £	2014 £
Balance at 1 January	10,000	43,500
Awarded	80,000	20,000
Payments	(55,000)	(53,500)
Balance at 31 December	<u>35,000</u>	<u>10,000</u>
Estimated to be disbursed:		
Within one year	<u>35,000</u>	<u>10,000</u>
	<u>35,000</u>	<u>10,000</u>

FINANCIAL MARKET POLICIES FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

3 Charitable activities

	2015 £	2014 £
Charitable activities		
Grant funding of activities	80,000	20,000
Repayment of grant	(21,081)	-
	<u>58,919</u>	<u>20,000</u>
Governance costs		
Independent examiner fees	1,506	1,560
Trustee expenses	75	190
Web hosting and email	137	155
Bank charges	105	140
Companies House filing fee	13	13
	<u>1,836</u>	<u>2,058</u>
	<u>60,755</u>	<u>22,058</u>

4 Trustees' expenses and remuneration

No Trustees or any person connected with the Trustees received any remuneration for his services during the period. One Trustee (2014: one) was reimbursed expenses for attending meetings which amounted to £75 (2014: £190).

5 Debtors

	2015 £	2014 £
Other debtors	-	30
	<u>-</u>	<u>30</u>

6 Creditors: amounts falling due within one year

	2015 £	2014 £
Amounts committed for grants	35,000	10,000
Accruals	1,567	1,651
	<u>36,567</u>	<u>11,651</u>

7 Members' liability

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

FINANCIAL MARKET POLICIES FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

8 Unrestricted funds	2015	2014
	£	£
Opening balance at 1 January 2015	134,192	84,495
(Deficit)/surplus for the year	(60,253)	49,697
Closing balance at 31 December 2015	<u>73,939</u>	<u>134,192</u>

9 Controlling party

The charity is controlled by the trustees.

10 Transition to Charities SORP (FRSSE)

This year is the first year that the charity has presented its financial statements under Charities SORP (FRSSE). The last financial statements for the year ended 31 December 2014 were prepared under previous SORP (2005) and the transition date to Charities SORP (FRSSE) is therefore 1 January 2014. No figures have required restatement at the transition date.