

REGISTRAR OF COMPANIES

The Freelands Foundation Limited

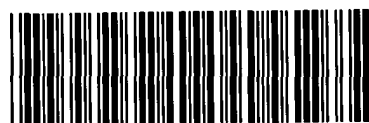
Annual Report and Financial Statements

31 December 2017

Company Registration Number
09497277 (England and Wales)

1162648 Charity Registration Number

WEDNESDAY



A77JE5LM

A25

06/06/2018

#124

COMPANIES HOUSE

Contents

Reports

Reference and administrative information	1
Trustees' report	3
Independent auditor's report	22

Financial statements

Statement of financial activities	25
Balance sheet	26
Statement of cash flows	27
Principal accounting policies	28
Notes to the financial statements	32

Reference and administrative information

Trustees	Elisabeth Murdoch Mark Devereux Sarah von Schmidt
Registered office	34 Park Street London, W1K 2JD
Telephone	020 3696 9970
Company registration number	09497277 (England and Wales)
Charity registration number	1162648
Auditor	Buzzacott LLP 130 Wood Street London, EC2V 6DL
Banker	C Hoare & Co 37 Fleet Street London, EC4P 4DQ
Investment manager	JP Morgan International Bank Ltd 1 Knightsbridge London, SW1X 7LX JP Morgan International Bank Ltd 1 Boulevard du Roi Albert II 1210 Brussels, Belgium BlackRock Investment (UK) Limited c/o BlackRock (Luxembourg) SA PO Box 1058 L-1010, Luxembourg

Reference and administrative information

Solicitors

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

The Law Offices of Suzanne Reisman
35 Piccadilly
London, W1J 0DW

The Trustees present their statutory report together with the financial statements of The Freelands Foundation Limited (the Foundation) for the year ended 31 December 2017.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and equates to a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 28 to 31 of the attached financial statements. The statements comply with the charitable company's memorandum and articles of association and with *Accounting and Reporting by Charities: Statement of Recommended Practice*, relevant to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102). The statements are effective from accounting periods commencing 1 January 2017 or later.

BACKGROUND

The Freelands Foundation was conceived in 2014 by Founder and Chairperson Elisabeth Murdoch to support the visual arts sector in the UK, encouraging arts engagement and education to help engender a vibrant, creative and innovative future for all members of society.

The Foundation was incorporated as a private company limited by shares at Companies House on 18 March 2015 and was registered as a charity by the Charity Commission for England and Wales on 13 July 2015. The Freelands Foundation is a dual-qualified charity that is subject to the United States of America laws regarding "private foundations" as well as UK law. In its previous financial year ended 31 December 2016 it reported total income of £50,593, with expenditure in the year totalling £894,305, which included eleven grants of £295,042 in total.

CHAIRPERSON'S STATEMENT

As the Freelands Foundation concludes its second full year in operation, we can be truly proud of the work we've accomplished at a time when the core value of the arts sector is seemingly under greater scrutiny than at any time in living memory.

The debate about the importance of teaching STEM subjects over traditional arts disciplines continues to rage around us, despite the absurdity of pitting Science against the Arts. They are not diametrically opposed and we should not overlook the vital, intrinsic value of arts education. To succeed in society, professionally and personally, our children need to be given a strong foundation in innovation, entrepreneurialism, lateral and creative thinking and communications, all of which are demonstrably boosted by arts education and greater access to culture.

Cultural Learning Alliance research clearly states that, "Participation in structured arts activities can increase cognitive abilities by 17%" and "Learning through arts and culture develops skills and behaviour that lead children to do better in school." Yet the creative drive we see at an early primary school age is being derailed by a state school curriculum that does not acknowledge why the arts matter. Today Ofsted doesn't even award schools a mark for the arts provision they offer. A simple tick box could change so much.

This is why we're doing everything we can to support and empower teachers within the sector, from working with the University College London (UCL) Institute of Education (IOE) to capturing innovation in arts education on film. We've established strong foundations over the past two years, and in 2018 our goal is to really step up our level of academic engagement and get more teachers confidently bringing the arts into all school classrooms.

Of course, while equipping the next generation with vital skills is a priority for us, it's equally important that we support active and practising artists across the arts ecosystem. The opening of Jacqueline Donachie's solo exhibition at Edinburgh's Fruitmarket Gallery was a landmark moment for the Foundation. Winning our inaugural Freelands Award helped Donachie achieve the breakthrough she deserved, while validating our decision to emphasise support for mid-career artists, a trend we're now seeing elsewhere in the sector, such as the decision to increase the age limit of artists eligible for the Turner Prize. In 2017 the winner of the Freelands Award was Lis Rhodes, a practising artist in her seventies, whose inclusion challenges the very definition of what it means to be 'mid-career' within our sector.

2017 has also seen the launch of our Artist Programme, a five-year UK-wide initiative that is genuinely open call – a bold statement of intent for our organisation. Our hope through the Programme is to bolster regional ecologies and cross-region collaboration, affording our partner organisations – not to mention the artists themselves – access to new opportunities nationwide. When we first teamed up with Gasworks in 2016 to establish a residency programme for artists from outside the capital they were excited by the level of curatorial and artistic talent they found. Since then the organisation has not looked back. Our priority now is to deliver more of these transformational moments, at greater scale.

Looking to the year ahead, our new building presents us with an incredible opportunity to host more work, to be more transparent and to welcome more people into the organisation.

It's an opportunity to embed ourselves within a local community and examine first-hand how we can stimulate arts education at a grassroots level. It is a space that's as much about making as it is about showing. In keeping with our 'Thinking Making' film, the space does not signal our intent to open a new local arts centre – it's about creating an interactive, hands-on environment in which people can explore and experiment.

Above all else, through the new space we can celebrate the work of current and future partners along with the vast number of artists that continue to connect with our organisation, from trainee teachers in London to mid-career artists exhibiting on the other side of the country. Equality of opportunity for artists is vital given the growing, existential threat facing our entire sector. It is time for our sector to spread its wings and look at how we can better demonstrate the intrinsic value of arts to the whole of society, not just by talking, but by making.

In this way, our new space is the ultimate statement of our intent for the year ahead, and the physical manifestation of our passionate belief that every UK citizen should be afforded the right to a cultural education and the opportunity to participate in the visual arts.

Elisabeth Murdoch, Chairperson

OBJECTIVES AND ACTIVITIES

Charitable objects

The charitable objects of The Freelands Foundation are set out in its Articles of Association and are to advance education, in particular by encouraging public understanding and enjoyment of the arts; and such other charitable purposes for the benefit of the public as the Trustees may from time to time see fit.

Mission

The objective of The Freelands Foundation is to support the UK arts ecosystem by empowering artists and cultural institutions, while advancing education to broaden public understanding of the visual arts, and enable ALL young people to actively engage with the creation and enjoyment of art.

Values

1. Innovative – *we do not simply offer financial support but strive to act in a more strategic manner, delivering practical action to create maximum impact in the areas we operate*
2. Collaborative – *we aim to be more than just a grant-giving charity; we work in close partnership with organisations to support projects with clear, achievable goals*
3. Facilitating – *our role is to help progressive and ambitious arts organisations reach further and achieve more, and we act as an enabler to organisations of all sizes and across all UK regions*
4. Provocative – *we focus our efforts on delivering high-impact work that provokes thought, debate and, above all, action, within the arts ecosystem*
5. Engaging – *we recognise that the arts must represent and appeal to all facets of society – not just the most affluent – and we seek to proactively support organisations in broadening their engagement within their communities*
6. Transformative – *we support projects that provoke pronounced, fundamental improvements to the UK arts ecosystem, at an individual, organisational and ecosystem-wide level*

Strategic aims

The Foundation has three strategic aims which support its overarching mission:

- 1) ARTISTS: To support artists in order to nurture their creativity, enhance their skills, exhibit their work and interact with their local communities
- 2) EDUCATION: To encourage young people to engage in the creation and enjoyment of art, particularly through support to teachers and teacher training and the exploration of experimental approaches to art education
- 3) RESEARCH AND PUBLICATION: To explore and articulate the value that art and culture bring to society

Principal objective for 2017

The principal objective for The Freelands Foundation in 2017 was to expand the scope and impact of its artist and arts organisation support programme, as well as education and research activities, while laying the groundwork for a major step-change in both the organisation's operational and philanthropic capabilities planned for 2018.

The Trustees have due regard to the guidance on public benefit provided by the Charity Commission when setting the strategy and direction of the Foundation and in their decision-making. The main activities undertaken in the year in furtherance of the Foundation's objectives and public benefit are outlined below.

ACHIEVEMENTS AND PERFORMANCE

Artists

The Freelands Award

The Freelands Award was established to enable regional arts organisations to exhibit significant new work by mid-career female artists, with particular emphasis on spotlighting previously under-recognised talent.

The annual award, which is designed to support both individual artists as well as regional arts organisations and their wider audiences, totals £100,000, of which £25,000 is paid directly to the artist chosen by the successful organisation.

The Foundation is not involved in the process of selecting the artist, instead ensuring that each arts organisation has the opportunity to identify their own candidate, shape their activity and invest in the artist's own long-term future.

A high-profile judging panel adjudicated the award in 2017 with Elisabeth Murdoch as Chair, joined by Martin Clark (Director of Camden Arts Centre), Teresa Gleadowe (Curator), Jenni Lomax (outgoing Director of Camden Arts Centre) and Cornelia Parker (Artist).

On 29 September 2017 the Foundation announced that the recipient of the Freelands Award was Nottingham Contemporary working in conjunction with artist Lis Rhodes. Thanks to the prize money awarded, in 2019 Nottingham Contemporary will dedicate its entire space to Rhodes' practice, presenting the first comprehensive survey of Rhodes' work to date.

Freelands Artist Programme

The Freelands Artist Programme is a new UK-wide initiative designed to support and grow regional arts ecosystems across the country. The culmination of 18 months' research and planning, the grants programme provides a £1.5m budget to support 80 emerging visual artists in UK regions over the next five years and is centred around three core objectives:

- 1) Supporting emerging artists in their creative and professional development, and bolstering their local networks with other artists and arts professionals
- 2) Supporting regional arts organisations in their collaboration with artists, developing best-practice approaches to engaging with artists, creating new public engagement programmes and enabling the overall development of arts ecosystems
- 3) Sustaining and strengthening arts ecosystems by attracting, developing and retaining talent – both artists and arts sector professionals – across the UK

The Freelands Artist Programme was launched on 28 November 2017 with a three-month application window for interested organisations. The Programme is open to all organisations across England, Scotland, Wales and Northern Ireland (excluding London-based organisations) with one winning entry to be chosen per region by a panel comprising Elisabeth Murdoch as Chair, alongside curator and writer Sacha Craddock, director of Chisenhale Gallery Polly Staple and renowned British artists Mark Wallinger and Simeon Barclay.

The four winners, which will be announced mid-way through 2018, will each receive an annual £25k programming budget and, over the five years of the programme, will work with 20 'emerging artists' for two years at a time, receiving an additional £10k per artist, as well as support for a group exhibition in London.

Education: Projects

The Institute of Education

The Foundation's ongoing partnership with the University College London (UCL) Institute of Education (IOE) began in 2015 and is now in its third year. Designed to address the continued deficiencies of access to the arts, 119 students at IOE/UCL have now completed the joint programme, which is led by Henry Ward, an artist and former teacher and current Creative Director at the Freelands Foundation.

The UCL Institute of Education: Year Two activity

During the 2016/17 academic year, Henry Ward worked closely with PGCE staff and students at IOE/UCL. Their collaboration led them to explore the ways in which space impacts and facilitates learning, and in particular, why learning spaces – from school classrooms to educational spaces in art galleries – are designed the way they are.

The students took part in a series of workshops, lectures and discussions, investigating classroom practice and ideas about space, which they have since been able to put into practice in school placements across Greater London.

In April 2017, the students' work culminated in a three-day event entitled "Occupation" at Tate Exchange, which featured an installation designed to challenge understanding and perception of spaces for learning. "Occupation" also included a programme of provocative discussions, workshops and film screenings.

The UCL Institute of Education: Year Three activity

In September 2017 Henry Ward began working with IOE/UCL on the third year of the partnership with the Freelands Foundation, engaging a new cohort of PGCE staff in a range of extra-curricular activities around the subject of 'Teaching as an Artistic Practice', this year with particular emphasis on the steady erosion of the arts from the UK's school curriculum. An exhibition and accompanying publication launch is planned for April/May 2018 and will take place this year at the Foundation itself.

Education: Films

Thinking Making

Thinking Making is the second documentary film in the Foundation's 'radical pedagogies' film series, which examines innovative approaches to arts and creative teaching. Shot in 2016, *Thinking Making* investigates the pioneering approach taken at Plymouth College of Art, where the art of making has been placed at the centre of the organisation's teaching approach. The film was premiered at The Crafts Council biannual COLLECT event at the Saatchi Gallery on 6 February 2017, followed by a panel discussion featuring Nicky Dewar (Head of Education at The Crafts Council), Andrew Brewerton (Principal at Plymouth College of Art) and the Foundation's Henry Ward. The film was then screened for the Foundation's fifth Salon event, which took place at Plymouth Arts Centre, in April.

Education: Publications

Issue

To coincide with the UCL/IOE 'Occupation' event at Tate Exchange, the Foundation prepared an accompanying newspaper – *Issue* – for distribution to attendees. The three editions of the paper covered the activity for a different day of the three-day event as well as profiling the work of the 41 participating students.

Research

How Can We Support Emerging Artists?

In 2016 the Freelands Foundation commissioned a piece of qualitative research to explore the current landscape of post-university support for emerging artists in the UK, and to gather ideas for enhancing this provision.

In-depth interviews were conducted with fifteen practitioners, including artists, funders, lecturers and leaders from organisations dedicated to supporting artists. A number of other funders offered feedback over email. The individuals interviewed were approached on the basis of their ability to provide insight into the current status of artists' support, and to think strategically about gaps in provision. Most of those interviewed work closely with artists on a regular basis, are professionally invested in championing and mentoring creative practitioners, and all are considered to be 'opinion formers' within the sector.

The research, which was completed and published in 2017 via the Foundations' website, helped to inform and underpin the development of the The Freelands Artist Programme.

Representation of Female Artists in Britain 2017

In 2017, for the second consecutive year, the Foundation published research examining the state of under-representation affecting female artists within Britain. The findings expanded upon its 2016 report, which had concluded that, despite many advances made by women in the art world, a gender imbalance persisted, particularly at the mid-career stage.

In response to the findings of the original report, the Foundation established the annual Freelands Award to enable a regional arts organisation to present an exhibition that would include significant new work by a mid-career female artist, who may not yet have received the acclaim or public recognition that her work deserves.

To ensure this important issue would receive ongoing attention, the Foundation decided to repeat the research into female artist representation on an annual basis. This year's report emphasised some progress made by female artists since 2016 but reiterated a lack of parity between genders, for example, within the representation of women in major not-for-profit galleries in London. It also included new data about the UK's most popular contemporary public artworks (just 13% were by women) and post-war public art sculptures (just 17% were by women), along with data emphasising the continued under-representation of women in the commercial sector.

The Freelands Foundation will continue its efforts to take action against gender imbalance through the Freelands Award, and to promote awareness of gender parity issues in the art world through the publication of this data.

Partnerships

Gasworks

During 2017 the Foundation provided a grant of £25,000 to contemporary art organisation Gasworks to enable the delivery of the second year of the Freelands Artist Programme at Gasworks, a programme for emerging artists based outside London, in line with the Foundation's aim of supporting artists across the whole of the UK. It combines Gasworks' existing three-month residency programme with an exhibition and a series of public events.

Glasgow-based artist Jamie Crewe was the first artist to benefit from the Freelands Artist Programme in 2016, with their exhibition *Female Executioner* displayed at Gasworks between January to March 2017. In 2017, Nottingham-based Rachal Bradley was chosen as the focal artist of the Freelands Artist Programme. Her *Interlocutor* exhibition takes place in early 2018.

The Cultural Learning Alliance

The Foundation has formed a three-year partnership with cultural and education sector membership group the Cultural Learning Alliance (CLA) to fund its general charitable activities working to ensure every child has meaningful access to arts and culture in the UK.

Now in the second year of the partnership, the annual grant of £30,000 per year serves to support the CLA's running costs and enable it to continue to develop as a hub of intelligence gathering and analysis for the arts world. It also funds a range of specific CLA initiatives, including the development of new research into arts GCSE entries in England, Wales and Northern Ireland, and the publication of a report for the Teaching Schools Council on the teaching of art in primary schools.

South London Gallery

The South London Gallery (SLG) is an internationally-recognised centre for contemporary visual art with award-winning education and outreach programmes. The SLG, which welcomes over 130,000 visitors annually, involves thousands of participants in far-reaching education activities every year, in support of its founding mission of "bringing art to the people of South London".

In line with its objective of supporting local arts ecosystems, the Foundation is working with the SLG on a three-year project to extend the reach and impact of its work with artists and residents in neighbouring housing estates. The Foundation's grant of £135,917 in 2017 has enabled the organisation to launch a new creative space for children and families on Sceaux Gardens Estate, directly behind the SLG's main building. It has also funded four artist commissions per year spanning Sceaux Gardens and Pelican Estate, located behind the former Peckham Road Fire Station, which will open as an annexe to the SLG's main building in 2018. Many of the commissions will be extended to international artists and the project will be delivered with the involvement of paid trainees recruited locally, enhancing unemployed young people's chances of accessing jobs in the arts.

Camden Arts Centre

Camden Arts Centre is a place for world-class contemporary art exhibitions and education that puts artists at the core of its programme. It places special emphasis on involving the public in the ideas and processes of today's artists, and the artists who inspire them. In addition to the gallery spaces, the building includes studios in which people of all ages and abilities can learn skills in ceramics, painting, drawing and writing.

The Freelands Foundation is supporting Camden Arts Centre over a four-year period to enhance the scope and impact of its annual Ceramics Fellowship – a residency programme for emerging ceramics artists. Between 2017–21 the Freelands Lomax Ceramics Fellowship will support the work of three Fellowships, each of which will engage with artists, audiences and participants both at the Centre and across the UK. The Foundation's funding, which totalled £30,524 in 2017, is enabling Camden Arts Centre to expand the geographic reach of the programme, as well as enhancing the range of public activities and exhibitions it delivers each year, helping the Centre to reach a wider audience and extend the impact of its work.

Events

Laboratory of Ideas

The Laboratory of Ideas Salon events were conceived as a series of periodic evening discussions for visual arts and education audiences – from A-level students and academic professors and lecturers, to gallery and museum staff and art technicians.

In March 2017 the Salon featured a screening of the Foundation's *Thinking Making* film at Plymouth Arts Centre, which was followed by a Q&A led by Henry Ward with Andrew Brewerton and Benjamin Lintell, a third-year BA student in Contemporary Crafts.

In June 2017, the sixth Laboratory of Ideas took an unusual twist as the audience were blindfolded, before Ben Street, an art historian, museum educator and writer, took attendees on an invisible guided tour through a collection of lost objects. The tour ended with questions from the audience that considered authenticity, voice and the power of different art institutions to write visual narratives.

For the final event of 2017 in October, artist Mat Collishaw was invited to the Foundation to give a talk entitled: 'The Work of Art in the Age of Biological, Mechanical and Digital Reproduction.' Collishaw presented his recent work whilst discussing its myriad of themes spanning evolutionary psychology, the origins of art, as well as sex, violence, Virtual Reality and the possibilities of technology taking full control of our lives.

Alongside the periodic Salon events, the Foundation continued to publish its monthly *LabNotes* newsletter in 2017, which goes out to Laboratory of Ideas attendees as well as interested members of the wider UK arts ecosystem.

Tate Exchange

In April 2017, the Foundation held a three-day occupation of Tate Exchange, in collaboration with new teachers from the UCL/IOE as part of its Year Two partnership activity. 'Occupation' featured an installation designed to challenge people's understanding and perception of spaces for learning as well as a programme of provocative discussions, workshops and film screenings.

The Fruitmarket Gallery showcase

On 19 April 2017 the Foundation hosted a showcase event on behalf of Edinburgh-based arts organisation The Fruitmarket Gallery, winner of the inaugural Freelands Artist Award in 2016. The event, which was attended by Award advisors and representatives from shortlisted arts organisations and other cultural organisations, featured an introduction by Elisabeth Murdoch and a presentation by Fiona Bradley, Director of The Fruitmarket Gallery, as well as a short talk by Jacqueline Donachie, the artist nominated by The Fruitmarket Gallery in its entry for the 2016 Freelands Artist Award.

CHALLENGES/LESSONS LEARNED DURING 2017

When the organisation launched the Freelands Award in 2016, it did so on a nominations basis. With a view to ensuring continued balance and openness regarding access to its funding, the Foundation therefore opted to make its Artist Programme – which launched in 2017 – an open call for entries.

When considering the reach and scope of the Foundation's activities, the organisation notes that it has to date formed three partnerships with London-based organisations, including one additional grant to a London organisation during 2017. While each of these proposals were firmly in line with the Foundation's strategic objectives, the organisation continues to explore new partnership opportunities outside London, as well as supporting its London-based partners as they look to extend their own regional reach.

Similarly, it was noted in the 2016 Trustees' Report that the Foundation had made limited progress in its attempts to form academic partnerships outside of London. While the Foundation's move towards a greater academic reach across the UK has been transitional rather than transformational in 2017, by the close of the year several conversations were progressing towards an advanced stage, fuelled in part by the Foundation's engagement with the National Society for Education in Art and Design in December. By September 2018 the Foundation hopes to have formed relationships with nearly half of the organisations that support arts teacher training at secondary school level in the UK.

NEW PLANS FOR FUTURE PERIODS

Alongside the continuation of all existing partnerships and activity programmes, 2018 is set to be defined by the Foundation's move into a new North London facility, which will include its own workshop and gallery space and will serve as a major step-change for the activities the organisation is able to deliver itself.

The move to a larger, dedicated space in February 2018 will pave the way for the Foundation to launch a greatly expanded programme of curated activities. Planned activities include the introduction of annual Art Teacher Roundtable meetings to help cultivate ideas-sharing and best-practice approaches within the education arena, regular Book Group and Screen Club evenings, as well as a School Artist Project to facilitate relationships between the Foundation and a range of local secondary schools. The Foundation will also seek to use the new space for as much regional programming as possible. This includes hosting exhibitions at the end of each emerging artist cohort from the Freelands Artist Programme, inviting them from their respective regions to exhibit their work in London.

As in previous years, the organisation is continuing to seek out new partnerships and programmes that align with its core objectives of supporting artists, improving visual arts education and generating informative research into the visual arts sector.

The Trustees' perspective on the future direction of the charity

After several years of structured, iterative extensions to its core activity programmes and partnerships, the Foundation is now well-placed to greatly enhance its operations during 2018, a year that will see the organisation radically increase the level of its own curated activities. To achieve this step-change without compromising the success of its other programmes, awards and further commitments, the organisation needs to expand its core team. Making these two additional hires early in 2018 will be an essential move towards delivering upon the Foundation's overarching vision for its new premises.

The Foundation continues to take prodigious care in aligning the activities to which it commits with its three strategic aims of supporting artists, supporting arts education and contributing research to further understand the value of arts and culture within society. This laser-sharp focus will remain going forwards, as will the organisation's commitment to supporting regional arts ecosystems. The launch of the Freelands Artist Programme in 2017 was a key strategic objective for the organisation and, with the programme set to commence the first cohort of artists in autumn 2018, from 2018 onwards we will start to see the broader halo effect of this programme's benefits across non-London regions of the UK.

FINANCIAL REVIEW

Review of the year

Income for the period totalled £8,036,802 (2016 – £50,593). The overall objective is for donations to the Foundation to continue until the endowment grows to such a size whereby the investment income generated will be sufficient to fund all Foundation activities.

The Foundation generated income from trading activities of £45.

The Foundation's investment portfolio during 2017 generated income of £32,133 (2016 – £4,561).

Expenditure in the period totalled £879,977 (2016 – £894,305), which included grants totalling £327,441 (2016 – £295,042).

Total net assets at 31 December 2017 amounted to £10,057,823. These net assets were represented by unrestricted funds only.

The Foundation awarded eleven grants totalling £327,441 to support Camden Arts Centre, Cultural Learning Alliance, The Fruitmarket Gallery, Gasworks and The South London Gallery – as well as £1,000 each to all shortlisted arts organisations for the Freelands Artist Award, to support them with their submission preparation.

Grant-making policy

The Foundation aims to distribute grants of between £250,000 and £700,000 per annum but this may vary from year to year depending on grant-making opportunities, investment returns, and annual top-ups to the investment fund. The Trustees will consider projects for support from UK charities based in any geographical area within the UK. The Foundation's current grant-making policy requires organisations to submit initial concept papers for consideration ahead of developing a full proposal for consideration by the Board.

Reserves policy

The free reserves of the Foundation at 31 December 2017 were £10,057,823. The Foundation retains 5% of the funds in cash at all times in the investment account as a reserves policy and holds a minimum of £100,000 in cash available in the banking account to meet the planned charitable expenditure of the Foundation. The remaining funds are invested as detailed in the investment policy below.

Investment policy

In 2017 an investment of £1.5m was made into the BlackRock Managed Index Portfolio (BMIP) moderate fund – the same fund where the Foundation invested during 2016 – which is comprised of passive, exchange-traded funds and has an average level of risk.

The BMIPs are actively managed, multi-asset funds that are built upon a strong foundation of risk management. Each fund provides diversified exposure across a number of asset classes, and adopts a risk controlled approach, where portfolio risk is carefully considered, and spread across a number of sources.

The Foundation's investment policy provides for funding and anticipated withdrawals on a continuing basis, minimising principal fluctuations over the investment cycle (3–5 years) with the objective of achieving a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding investment objectives.

The Foundation retains 5% of the funds in cash at all times and has a minimum of £100,000 in cash available in the banking account. The Foundation adopts a total return strategy, while assets are diversified to minimise the impact of large losses in individual investments.

The Trustees meet at least quarterly to review the investment portfolio.

Risk management

The Foundation is not reliant on funding from either Government or the private sector, and is thus well insulated against changes to Government spending/private sector investment in the arts.

With the organisation's full-time members of staff permanently contracted and required to give the sector standard notice period of three months, the Foundation is protected against the risk of unanticipated personnel changes.

The Trustees undertake a very high level of due diligence on all organisations that submit proposals prior to approving any funding requests to ensure that they are well-managed, sustainable organisations. The Foundation does not deliver grants directly to individuals at this stage.

To ensure the protection and safety of children served by the Foundation's activities, all staff and volunteers must obtain clearance from the Disclosure and Barring Service (DBS). This clearance is renewed on a regular basis in line with government requirements.

To ensure the organisation maintains adequate funds to cover grant commitments and operating expenses, the Foundation invests in a BlackRock managed fund with a moderate level of risk, providing protection against losses during periods of market turmoil. The Foundation also maintains appropriate cash reserves at all times, while the BlackRock managed fund is liquid so that additional cash will always be available should any grant commitments need urgently addressing.

The organisation has taken out appropriate insurance policies covering employer and third-party liability, Directors and Officers liability, cyber, hardware, travel and personal accident.

The Freelands Foundation is a dual-qualified charity that is subject to the US laws regarding "private foundations" as well as UK law. To ensure there are no unintentional breaches in requirements, which could result in fines, loss of status or reputational issues, the Foundation works closely with specialist UK and US legal counsel. The organisation also works with an accounting and audit firm specialising in dual-jurisdiction entities, to help identify and mitigate structure-specific risks.

To ensure the continued strong governance of the Foundation, the organisation's Managing Director is responsible for regular reporting to all Trustees, with quarterly Trustees' meetings ensuring that all decision-makers are fully up to speed on the Foundation's activities.

Furthermore, the Foundation has established a conflicts of interest register and policy against which it monitors all ongoing activities and grantee engagement.

Principal or key funding sources

The Foundation's principal funding source during the year was charitable donations from Elisabeth Murdoch. Following earlier donations made during 2015, Ms Murdoch made a donation of £4,660,000 in January 2017 and a second donation of \$1,523,740 in December 2017. Further donations are planned for 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure and management reporting

The Trustees currently serving the Foundation are set out on page 1. A full list of the Foundation's past and present Trustees can be found below:

- ◆ Elisabeth Murdoch – 2014 to present
- ◆ Sarah von Schmidt – Appointed 23 February 2018
- ◆ Mark Devereux – 2014 to present
- ◆ Chris Palmer – 2014 to 26 January 2018

Additional or replacement Trustees may be appointed by the Foundation in a general meeting. The Trustees are also the Foundation's company law Directors and hold ultimate responsibility for all key decisions pertaining to the charity.

The Freelands Foundation has two full-time employees, Melanie Cassoff (Managing Director) and Henry Ward (Creative Director). In November 2017 the Foundation announced that it was recruiting for two new positions, Programme Coordinator and Foundation Assistant. Applications for these positions were still being received by the close of 2017, with plans to interview appropriate candidates early in 2018.

Decision-making and how it occurs

The Foundation operates a number of regular reporting processes to ensure that all parties are kept fully informed of the organisation's activities as they progress.

Trustee board meetings – either face-to-face or by means of teleconference in the event that Trustees cannot all attend in person – usually occur on a quarterly basis to allow the Trustees to regularly review the progress of the organisation's programmes and its funding; these meetings are formally documented. Five formal meetings were held during 2017.

Policies and procedures for the induction and training of Trustees

Appointed Trustees are provided with background briefings about their responsibilities and the objectives, operations, governance, funding and achievements of the charity. All Trustees are encouraged to take up relevant training, briefings and conferences.

Pay and remuneration of key management

Senior management pay is agreed by the board of Trustees and reviewed annually. The core Managing Director role is considered by the Trustees to be comparable with equivalent roles at similar large and more complex grant-makers. In addition to general management responsibilities, the Managing Director is responsible for: (a) managing US and UK compliance and coordinating the Foundation's US Board of Directors and UK Board of Trustees; and (b) using her investment management experience and expertise to advise and support the Trustees in relation to investment management. Remuneration is therefore benchmarked against equivalent Chief Executive roles and adjusted to reflect these additional responsibilities.

Relationships with related parties

The Freelands Foundation's premises at 34 Park Street, London, W1K 2JD are provided to the organisation as gifts in kind from The Freelands Family Investment Group Ltd, which is owned by a family trust established by Elisabeth Murdoch.

The Freelands Family Investment Group's operations remain separate and distinct at all times from those of The Freelands Foundation, with no impact on the charity's operating policies.

Ethical considerations

The Foundation currently only distributes funds to charitable organisations rather than individuals. These organisations are required to serve the public benefit, and it is a requirement of the Foundation that each of these organisations has in place its own ethics policy and equal opportunities policy.

REFERENCE AND ADMINISTRATIVE DETAILS

Day-to-day management and external guidance

To ensure the Foundation has access to a broad range of expert guidance while remaining nimble in its decision making, the organisation also draws upon the expertise of six key Advisors who form an Advisory Committee.

Each Committee member has terms of reference confirming their roles and responsibilities and their reporting structure, while the Advisory Committee as a whole reports to the Foundation's board.

Advisors are required to attend quarterly Advisors' meetings, advise on the development of strategy or specific projects, represent The Freelands Foundation at external events or events organised by the Foundation, and evaluate the work of The Freelands Foundation as a 'critical friend'.

Advisors are split into two sub-groups – sector professionals and strategic partners. All Advisor terms are offered on a one-year basis and reviewed annually.

The selection of all of the Foundation's Advisors has been based on the depth of their expertise and the quality of their strategic thinking; in some instances this relates specifically to their work within the arts sector, while in others it relates to general leadership and/or not-for-profit sector experience. The Foundation refreshes its Advisory Committee on an ongoing, iterative basis, to ensure that the organisation continually benefits from access to relevant and new insight and guidance from a wide range of relevant stakeholders.

In addition to the above, the Foundation employs the services of law firms Farrer & Co and The Law Offices of Suzanne Reisman to support the organisation in adhering to its governance and regulatory requirements in the UK and US. The organisation also retains accountancy firm Buzzacott LLP to provide auditing services.

Trustees' responsibilities in relation to the financial statements

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

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

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 *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 United Kingdom 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 operation.

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

Trustees' report 31 December 2017

Each of the Trustees confirms that:

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

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Trustees and signed on their behalf by:

Trustee:



ELISABETH
MURDOCH

Approved on:

3 May 2018

Independent auditor's report to the shareholder of The Freelands Foundation Limited

Opinion

We have audited the financial statements of The Freelands Foundation Limited (the 'charitable company') for the year ended 31 December 2017 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 charitable company's shareholder, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's shareholder, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, 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 trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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



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

21/5/18

Statement of financial activities Period to 31 December 2017

	Notes	Unrestricted funds 31 December 2017 £	Unrestricted funds 31 December 2016 £
Income and expenditure			
Income from:			
Donations and legacies	1	8,004,624	41,536
Other trading activities		45	4,496
Investments		32,133	4,561
Total income		8,036,802	50,593
Expenditure on:			
Charitable activities	2	879,977	894,305
Total expenditure		879,977	894,305
Net income (expenditure) before investment gains		7,156,825	(843,712)
Net gains on investments		163,569	15,797
Net income (expenditure) for the year and net movement in funds		7,320,394	(827,915)
Reconciliation of funds:			
Fund balance brought forward at 1 January 2017		2,737,428	3,565,343
Fund balance carried forward at 31 December 2017		10,057,822	2,737,428

There were no gains or losses in the period other than those included in the statement above.

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

All the charitable company's activities derived from continuing operations during the above financial period.

Balance sheet 31 December 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible fixed assets	9	31,512	–
Investments	10	3,179,366	1,515,797
		<u>3,210,878</u>	<u>1,515,797</u>
Current assets			
Debtors	11	17,116	368
Cash at bank and in hand		6,862,147	1,317,914
		<u>6,879,263</u>	<u>1,318,282</u>
Liabilities			
Creditors: amounts falling due within one year	12	(32,318)	(96,650)
Net current assets		<u>6,846,945</u>	<u>1,221,632</u>
Total net assets		<u>10,057,823</u>	<u>2,737,429</u>
The funds of the charity:			
Capital and funds			
Called up share capital	14	1	1
Income funds			
Unrestricted funds			
. General fund	15	10,057,822	2,737,428
Total charity funds		<u>10,057,823</u>	<u>2,737,429</u>

Approved by the Trustees of The Freelands Foundation Limited, Company Registration Number 09497277 (England and Wales) and signed on their behalf by:

Trustee:



ELISABETH
MURDOCH

Approved on:

3 May 2018

Statement of cash flows 31 December 2017

	Notes	31 December 2017 £	31 December 2016 £
Cash inflow from operating activities:			
Net cash provided by (used in) operating activities	A	7,043,843	(1,042,408)
Cash inflow from investing activities:			
Dividends and interest from investments		32,133	4,561
Purchase of investments		(1,500,000)	(1,500,000)
Purchase of tangible fixed assets		(31,743)	–
Net cash used in investing activities		(1,499,610)	(1,495,439)
Change in cash and cash equivalents in the period		5,544,233	(2,537,847)
Cash and cash equivalents at 1 January 2017		1,317,914	3,855,761
Cash and cash equivalents at 31 December 2016	B	6,862,147	1,317,914

Notes to the statement of cash flows for the period to 31 December 2017.

A Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net movement in funds (as per the statement of financial activities)	7,320,394	(827,915)
Adjustments for:		
Depreciation	232	–
Dividends and interest from investments	(32,133)	(4,561)
Gains on investments	(163,569)	(15,797)
Increase in debtors	(16,749)	(368)
Increase in creditors	(64,332)	(193,767)
Net cash provided by (used in) operating activities	7,043,843	(1,042,408)

B Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	137,594	163,069
Cash held by investment managers	6,724,553	1,154,845
Total cash and cash equivalents	6,862,147	1,317,914

Principal accounting policies 31 December 2017

Basis of accounting

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 period to 31 December 2017.

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 notes to these accounts.

The accounts 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 Companies Act 2006.

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

No critical estimates or areas of judgement have been noted by the Trustees or management.

Assessment of going concern

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

The Trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations and investment income.

Income recognition (continued)

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period. Income tax recoverable on donations is recognised when the charity is entitled to the amount and receipt is probable.

Donated services and facilities provided to the charity are recognised in the period when it is probable that the economic benefits will flow to the charity, provided they can be measured reliably. This is normally when the service is provided/the facilities are used by the charity. An equivalent amount is included as expenditure.

Donated services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain facilities or services of equivalent economic benefit on the open market.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity 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 accounted for on an accruals basis. Expenditure comprises the direct costs of charitable activities and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings.

Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include charitable grants, direct and support costs in respect to the charity's aims on art education and governance costs.

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial year are accrued. Grants where the beneficiary has not been informed or has to fulfil performance conditions before the grant is released are not accrued for but are disclosed as financial commitments in the notes to the accounts.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Fund accounting

Unrestricted general funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charitable objectives.

Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

a. Leasehold improvements

Leasehold improvements are included in the financial statements at cost and depreciated over the life of the lease.

b. Computer equipment

Computer equipment is capitalised at cost and depreciated at the rate of 20% per annum based on cost in order to write off the assets over their estimated useful lives.

Fixed asset investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Realised gains or losses on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains or losses are combined in the statement of financial activities and are credited or debited in the year that they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability.

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. They include amounts held by the investment manager not yet held for reinvestment.

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 charity 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.

1 Donations and legacies

	31 December 2017 Total funds £	31 December 2016 Total funds £
Donations	7,964,585	—
Donated services and facilities (note 3)	40,039	41,536
	8,004,624	41,536

2 Charitable activities

	31 December 2017 Total funds £	31 December 2016 Total funds £
Grant expenditure (see below)	327,441	295,042
Direct costs	88,302	104,916
Direct staff costs	208,858	181,956
Total direct costs of charitable activities	624,601	581,914
Support costs (note 3)	227,862	261,114
Governance costs (note 4)	27,514	51,277
	879,977	894,305

Direct costs comprise consultant costs and other directly attributable costs.

Grant expenditure

The charity authorised the following grants payable during the year ended 31 December 2017:

	31 December 2017 Total funds £	31 December 2016 Total funds £
The Tate	—	150,000
CAST	—	50,000
Gasworks	25,000	25,000
The Cultural Learning Alliance	30,000	30,000
South London Gallery	135,917	34,042
Freeland Award proposal submission grants	6,000	6,000
The Fruit Market Gallery	100,000	—
Camden Arts Centre	30,524	—
	327,441	295,042

In addition to the above grants payable, at 31 December 2017, the Trustees had made grant offers totalling £951,927 (2016 – £786,553). As the payment of these grants is subject to certain specific conditions, these have not been recognised in these financial statements.

3 Support costs

	31 December 2017 Total funds £	31 December 2016 Total funds £
Staff costs	87,612	111,598
Office and accounting costs (donated services and facilities)	40,039	41,536
Website costs	10,239	39,123
Insurance	9,224	10,370
Travel and subsistence	2,906	1,848
Printing and postage	2,509	485
Advisors	47,000	48,250
Other	28,333	7,904
	227,862	261,114

4 Governance costs

	31 December 2017 Total funds £	31 December 2016 Total funds £
Auditor's remuneration (Note 6)	17,858	8,016
Legal and professional fees	9,656	43,261
	27,514	51,277

5 Staff costs

	31 December 2017 Total funds £	31 December 2016 Total funds £
Wages and salaries	252,608	250,129
Social security costs	32,788	32,430
Defined contribution pension costs	11,074	10,995
Other employee benefits	4,497	6,151
	300,967	299,705

The average number of employees during the period was two (2016 – two).

5 Staff costs (continued)

The number of employees who earned £60,000 or more (including taxable benefits but excluding employer pension contributions) during the period was as follows:

	2017 Number	2016 Number
£70,000 - £80,000	1	1
£170,000 - £180,000	1	1

Total employer contribution to defined contribution schemes in respect of employees who earned £60,000 or more during the period amounted to £11,074 (2016 – £10,995).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprises the Trustees and the Managing Director. The total remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was £210,479 (2016 – £211,039).

6 Net income

This is stated after charging:

	31 December 2017 £	31 December 2016 £
<i>Auditor's remuneration</i>		
. Statutory audit	6,000	3,600
. Non-audit services	11,858	4,416
	17,858	8,016

7 Trustees' expenses and remuneration

None of the Trustees received any remuneration in respect of their services, nor reimbursement of expenses during the period.

8 Taxation

The Freelands Foundation Limited is a registered charity and therefore 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.

9 Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Total £
Cost			
At 1 January 2017	—	—	—
Additions	17,845	13,899	31,744
At 31 December 2017	17,845	13,899	31,744
Depreciation			
At 1 January 2017	—	—	—
Charge for year	—	232	232
At 31 March 2017	—	232	232
Net book values			
At 31 December 2017	17,845	13,667	31,512
At 31 December 2016	—	—	—

10 Fixed asset investments

	2017 £	2016 £
Market value at 1 January	1,515,797	—
Additions at cost	1,500,000	1,500,000
Net unrealised gains	163,569	15,797
Market value at 31 December	3,179,366	1,515,797

All listed investments were dealt on a recognised stock exchange.

The historic cost of these investments is £3,000,000 (2016 - £1,500,000).

Listed investments held at 31 December 2017 comprised the following:

	2017 £	2016 £
Overseas managed funds	3,179,366	1,515,797

100% of the investment balance was held in the BlackRock Strategic Funds BSF Managed Index Portfolio.

11 Debtors

	2017 £	2016 £
Other debtors	357	368
Prepayments and accrued income	16,759	—
	17,116	368

12 Creditors: amounts falling due within one year

	2017 £	2016 £
Accruals	11,136	62,816
Trade creditors	7,118	21,170
Other creditors	3,258	1,318
Tax and social security	10,807	10,806
	32,318	96,650

13 Financial instruments

	2017 £	2016 £
Financial assets		
. Bank and cash balances	6,862,147	1,317,914
Financial assets measured at fair value through profit and loss		
. Fixed asset investments	3,179,366	1,515,797
Financial assets measured at undiscounted rate receivable		
. Other debtors	357	368
Financial liabilities measured at undiscounted rate receivable		
. Trade creditors	7,118	21,710
. Other creditors	3,258	1,318

14 Called up share capital

	Allotted, called up and fully paid
	2017 £
Ordinary shares of £1 each	1

15 Reconciliation of movements in shareholder's funds

	2017 £	2016 £
Net movement in funds in the financial period	7,320,394	(827,915)
Opening shareholder's funds at 1 January 2017	2,737,428	3,565,343
Closing shareholder's funds at 31 December 2017	10,057,822	2,737,428

16 Company information

The charity is constituted as a company limited by shares.

The registered office of the charity is 34 Park Street, London, W1K 2JD.

17 Ultimate holding company and control

The charitable company is wholly owned by the Freelands Foundation, a US tax-exempt charitable organisation, and was founded to carry out the work of that entity in the UK.

The activities of the Foundation are controlled by the Trustees of the Foundation.

There were no transactions with the holding company during the period.

18 Related party transactions

One of the Trustees of the Foundation during the year was also Director of The Freelands Family Investment Group which has provided donated services and facilities to the Foundation. These include the provision of office space and the services of an accountant.

These services have been valued not at market value to the charity but instead at what the Foundation would pay in an open market for a reasonable alternative.

	2017 £	2016 £
Use of office building	24,000	24,000
Use of accountant	11,000	11,000
Direct costs incurred on behalf of the charity	5,039	6,536
	<u>40,039</u>	<u>41,536</u>

Donations of £5,799,586 were made by one Trustee during the year (2016 – £nil).

In 2016, the Foundation granted £150,000 to the Tate. Elisabeth Murdoch was a Trustee of the Tate until 9 September 2016.