

THE NGT FOUNDATION

England & Wales · Charity number 1064635

Details

Status	Registered
Legal form	Charitable company
Company number	03444689
Registered	1997-09-30
Register	View on the Charity Commission register

Contact

Address	C/o The National Gallery Trafalgar Square London WC2N 5DN
Phone	02077472436
Email	victoria.hayes@nationalgallery.org.uk

Activities

Objects: TO SUPPORT THE CHARITABLE OBJECTS OF THE NATIONAL GALLERY, LONDON("THE NATIONAL GALLERY) AND TO ASSIST THE NATIONAL GALLERY IN CARRYING OUT ITS CHARITABLE OBJECTS BY SUCH CHARITABLE MEANS AS SHALL BE THOUGHT FIT

Activities: The NGT Foundation manages its investment responsibly and efficiently so as to be able to support the charitable objects of the National Gallery. The Foundation achieves this by making grants to the National Gallery Trust.

Classification

- **How:** Makes Grants To Organisations
- **What:** Arts/culture/heritage/science
- **Who:** Other Charities Or Voluntary Bodies

Geography

- **Area of benefit:** NATIONAL
- City Of Westminster

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£3,238,392	£4,404,890	£37,441,258	0
2024-03-31	£3,165,742	£2,321,050	£40,557,755	0
2023-03-31	£2,568,779	£2,521,188	£39,713,063	0
2022-03-31	£2,517,016	£2,102,148	£42,965,473	0
2021-03-31	£3,013,380	£2,672,274	£43,649,803	0

Trustees

Name	Role	Appointed
David Benjamin Marks	Chair	2018-10-16
Daniel Peltz		2019-04-15
Diane Lees		2026-04-01
John Booth		2026-04-01
Sir John Kingman		2026-04-01
Stefan Ratibor		2024-03-12

Accounts

THE NGT FOUNDATION
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

Registered company number: 03444689

Registered charity number: 1064635

THE NGT FOUNDATION

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Legal and administrative information

The NGT Foundation was incorporated in England and Wales as a company limited by guarantee on 30 September 1997 (company number 03444689). It is registered as a charity with the Charity Commission (number 1064635). The foundation is governed by the memorandum and articles of association dated 30 September 1997 (amended 7 October 2005 and 12 October 2021).

Registered Office: The NGT Foundation
Trafalgar Square
London
WC2N 5DN

Trustees: The names of the Trustees who served during and since the year end are given below.

David Marks (Chair)
Catherine Bedford
Ben Broadbent
Daniel Peltz
Natasha Pope
Stefan Ratibor

Secretary: Victoria Hayes

Bankers: Coutts & Co
St Martin's Office
440 Strand
London
WC2R 0QS

Auditor: Price Bailey – Statutory Auditor
24 Old Bond Street
London
W1S 4AP

Solicitors: Hamlins LLP
Roxburghe House
273-287 Regent Street
London
W1B 2AD

Managing agent: Ashdown Phillips & Partners Ltd
Pippingford Manor
Nutley
East Sussex
TN22 3HW

Trustees' Annual Report (incorporating the Director's report) for the year ended 31 March 2025

Structure, governance and management

The Trustees submit their Trustees' Annual Report, which includes the Directors' Report for Companies Act purposes and the audited financial statements of the NGT Foundation for the year ended 31 March 2025. The Trustees' Annual Report has been prepared in accordance with the provisions applicable to small companies entitled to the small company's exemption, including the exemption not to include a Strategic Report.

The NGT Foundation ("the Foundation") is a public benefit entity which is governed by a Board of Trustees. Power to appoint new Trustees is exercisable by surviving or continuing Trustees. Trustees are normally appointed for a period of five years with the possibility of reappointment. They are fully briefed on the objectives of the Foundation and their role as Trustees as part of their induction. Further training is available as necessary.

The Board of Trustees consists of a Chairman and five Trustees, chosen for their skills and experience. The Board of Trustees is responsible for providing governance and leadership for the Foundation and for taking all important decisions. Under a service level agreement, administration of the Foundation is undertaken by staff of the National Gallery and by the managing agent. The Foundation does not directly employ any staff.

Risk management

The Trustees have assessed the major risks to which the Foundation is exposed and consider that adequate systems are in place to mitigate exposure to those risks where possible. The Foundation seeks to maintain its property, St Vincent House, so as to enhance its value; and to sustain, and where possible increase, rental income from tenants. A key risk is that market conditions cause the value of the property to decrease or rents to fall, but the Foundation has a planned cycle of maintenance works to maintain the property in optimum condition and mitigate this risk. It also seeks the advice of experienced professionals when negotiating any new leases or lease extensions, to maximise rental values.

Going concern

Having scrutinised forecasts in light of the revised rental settlements reached with tenants and subsequent reduction in income, Trustees are satisfied of the Foundation's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have been prepared on the going concern basis.

Charitable objects for the benefit of the public

The objectives of the Foundation are to support the charitable objects of the National Gallery and to assist the National Gallery in carrying out its charitable objects by such means as shall be thought fit. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning future activities.

The Foundation was established with the support of a grant for the purpose of acquiring a property (St Vincent House), for the long-term benefit of the National Gallery. The net rental income from the property, after making adequate provision for property refurbishment and maintenance costs, is used to further the objectives of the charity.

The Foundation seeks to support the gallery yearly from the surpluses generated from the investment property.

Current year activities

The Foundation's main aim at present is to keep up over time the level of support it is able to give to the National Gallery by means of grants to the National Gallery Trust. To that end the Foundation seeks to maintain its property, St Vincent House, so as to enhance its value; and to sustain, and where possible increase, rental income from tenants.

Achievements and performance

Rental and service charge income for the year was at £3.1 million (2024: £3.1 million). This was offset by a loss on the valuation of the investment property of £1.95m (2024: nil). The freehold interest in St Vincent House as at 31 March 2025 was estimated to be of the value of £36 million (2024: £38 million). A market valuation was performed by Montagu Evans LLP as at 31 March 2025. The Foundation agreed a grant from general funds of £3.58 million (2024: £1.5 million) to the National Gallery Trust. The Foundation employs no staff and uses agents to manage its investment properties.

Plans for future periods

On 10 September 2025 an architectural competition was launched to explore the potential for redeveloping St Vincent House as a new wing to be used by the National Gallery.

Until the outcome of the competition is known and a decision on potential redevelopment routes is made, the Foundation will focus on maintaining the level of the annual grant to NGT, and ensuring the estate remains in good order and well maintained.

Policies

Grant-making policy

Grants are made only with the agreement of the Board of Trustees. Grants are made to the National Gallery Trust to the extent that resources allow, to be used by the Trust for the benefit of the National Gallery, in accordance with the charity's objectives.

Investment policy

The Trustees have considered the most appropriate policy for investing funds and decided that placing funds in a short-term money market deposit meets their requirement to generate income without compromising liquidity. The investment property is largely represented by expendable endowment and valuation reserves. The Trustees review the open market value of the property annually, revalue the property to fair value and approve refurbishment works to enhance its value. The movement in fixed asset investments during the year is set out in note 5 to the financial statements.

Reserves policy

The reserves policy is to ensure that the level of general reserves is adequate to meet the needs of the Foundation. The Trustees have reviewed the reserves of the Foundation. This review encompassed the nature of income and expenditure streams, the current market for rental property and the likelihood of future capital works being required. The review concluded that the current level of general reserves would be adequate to meet the needs of the Foundation, together with the £500,000 designated in previous years for property maintenance. There is no formal target set for the level of general reserves to be maintained outside this designation, but in recent years they have been maintained at around £5 million. Further information on reserves can be found in notes 8 and 9.

Fundraising policy

The Foundation understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate but does not currently fundraise from the public or use any internal fundraisers or external fundraising agencies for either telephone or face to face campaigns and received no fundraising complaints during the year.

Approval of reduced disclosures

The Foundation, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Foundation's trustees have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Trustees' responsibility statement

The Trustees (who are also directors of NGT Foundation 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 financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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 the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

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.

Disclosure of Information to Auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees on 7 October 2025.

and signed on its behalf by

A handwritten signature in blue ink, appearing to read 'David Marks', with a stylized, flowing script.

David Marks

Independent Auditor's Report to the Members of The NGT Foundation for the year ended 31 March 2025

Opinion

We have audited the financial statements of The NGT Foundation (the 'charitable company') for the year ended 31 March 2025 which comprise the Statement of Financial Activities, Balance Sheet and Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 trustees' 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 our 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 directors' 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 directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 4, the trustees (who are also the directors of the charitable company for the purposes of company law) 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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the sector in which it operates and considered the risk of the Charitable Company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Charities Act 2011 and SORP 2019.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and made enquiries of officers of the Charitable Company. We have also reviewed the procedures in place for the reporting of any incidents to the Board of Trustees including serious incident reporting of these matters as necessary with the Charity Commission.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override.

We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Cooper-Davis ACCA FCA
Senior statutory auditor
For and on behalf of Price Bailey LLP (Statutory auditors)
24 Old Bond Street
London
W1S 4AP

Date:

THE NGT FOUNDATION

Statement of Financial Activities (incorporating the income and expenditure account) For the year ended 31 March 2025

	Note	Unrestricted Funds 2025 £	Expendable Endowment 2025 £	Total Funds 2025 £	Total Funds 2024 £
Income					
Investment income	2	3,238,392	-	3,238,392	3,165,742
Total income		3,238,392	-	3,238,392	3,165,742
Expenditure on					
Costs of raising funds					
Investment property management costs	3	(786,487)	-	(786,487)	(792,267)
Charitable activities	3	(3,618,403)	-	(3,618,403)	(1,528,783)
Total expenditure		(4,404,890)	-	(4,404,890)	(2,321,050)
Loss on investment asset	5	(249,303)	(1,700,697)	(1,950,000)	-
Net income/(expenditure)		(1,415,800)	(1,700,697)	(3,116,497)	844,692
Net movement in funds		(1,415,800)	(1,700,697)	(3,116,497)	844,692
Total funds at 1 April		6,776,400	33,781,355	40,557,755	39,713,063
Total funds at 31 March	8,9	5,360,600	32,080,658	37,441,258	40,557,755

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All of the above results are derived from continuing activities.

The company has no recognised gains or losses other than those stated above.

For full details of the prior year comparatives please see note 12.

The notes on pages 13 to 19 form part of these financial statements.

THE NGT FOUNDATION

Registered company number: 03444689

**Balance Sheet
As at 31 March 2025**

		2025		2024	
	Note	£	£	£	£
Fixed assets					
Investments	5		36,000,000		37,950,000
Current assets					
Debtors due within one year	6	823,281		1,401,366	
Debtors due after one year	6	739,457		739,457	
Investments	5	1,618,522		1,561,971	
Cash at bank and in hand		1,841,149		1,450,309	
		<u>5,022,409</u>		<u>5,153,103</u>	
Creditors					
Amounts falling due within one year	7	<u>(3,581,151)</u>		<u>(2,545,348)</u>	
Net current assets			1,441,258		2,607,755
Net assets			<u>37,441,258</u>		<u>40,557,755</u>
Represented by:					
Unrestricted funds:					
Designated funds	8	500,000		500,000	
General funds	8	3,799,736		4,966,233	
Revaluation reserve	8	1,060,864		1,310,167	
			5,360,600		6,776,400
Expendable endowment:					
Expendable endowment	8	19,500,000		19,500,000	
Revaluation reserve	8	12,580,658		14,281,355	
			32,080,658		33,781,355
Total funds			<u>37,441,258</u>		<u>40,557,755</u>

The notes on pages 13 to 19 form part of these financial statements.

The financial statements are prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Approved and authorised for issue by the Board of Trustees on 7 October 2025

and signed on its behalf by:



David Marks

THE NGT FOUNDATION

Statement of cash flows

For the year ended 31 March 2025

	Note	2025 £	2024 £
Cash flows from operating activities			
Net cash (used by)/provided by operating activities	(i)	<u>347,965</u>	<u>445,342</u>
Cash flows from investing activities			
Interest received		99,426	70,492
Purchase of fixed assets		<u>-</u>	<u>-</u>
Net cash provided by investing activities		<u>99,426</u>	<u>70,492</u>
Change in cash and cash equivalents in the reporting period		447,391	515,834
Cash and cash equivalents at the beginning of the reporting period		3,012,280	2,496,446
Cash and cash equivalents at the end of the reporting period	(ii)	<u>3,459,671</u>	<u>3,012,280</u>

Notes to the Statement of cash flows

(i) Reconciliation of net income to net cash flow from operating activities

	2025 £	2024 £
Net (expenditure) for the reporting period (as per SoFA)	(3,116,497)	844,692
Loss on investment	1,950,000	-
Interest income	(99,426)	(70,492)
(Increase)/decrease in debtors	578,085	(178,672)
Increase in creditors and provisions	1,035,803	(150,186)
Net cash (used by) provided by operating activities	<u>347,965</u>	<u>445,342</u>

(ii) Analysis of cash and cash equivalents

	2025 £	2024 £
Cash held with commercial banks	1,841,149	1,450,309
Deposit accounts (90 days notice)	1,618,522	1,561,971
Cash held with commercial banks	<u>3,459,671</u>	<u>3,012,280</u>

(iii) Net debt reconciliation

	As at 1 April 2024 £	Cash Flows £	As at March 2025 £
Cash and Cash Equivalents	3,012,280	447,391	3,459,671
Cash			

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2025

1. Accounting Policies

a) Accounting convention

The financial statements are prepared under the historic cost convention as modified by the valuation of certain investments and in accordance with the recommendations set out in the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' published in 2019, the Financial Reporting Standard 102, other applicable accounting standards and the Charities Act 2011. The NGT Foundation is a public benefit entity. The Company's functional and presentational currency is Pounds Sterling.

b) Going concern

In 2024/25 tenants have occupied all floors and revised rental settlements have come into effect. Trustees have carefully evaluated financial forecasts in conjunction with the rental schedule. Based on contractual income, expected costs, and the existing levels of reserves, Trustees are satisfied with the Foundation's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have therefore been prepared on the going concern basis.

c) Company status

The Foundation is a company limited by guarantee. The guarantors are the Trustees named on page 1. The liability in respect of the guarantee, as set out in the memorandum, is limited to an amount not exceeding £1 per member of the company. The Foundation has availed itself of Paragraph 3 (3) Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the company's activities.

The registered office of the Foundation is: National Gallery, Trafalgar Square, London WC2N

d) Rental income

Future minimum lease payments receivable under non-cancellable operating leases are disclosed in note 10.

Where income is received in advance, and the NGT Foundation does not have entitlement to these resources until the services have been provided. The income is deferred in the accounts.

e) Service charge income and related property costs

Service charge income from tenants to reimburse the Foundation for property costs and the expenditure to which it relates are recognised in full in the Statement of Financial Activities.

f) Donations

Cash donations, gifts and legacies are included in full in the Statement of Financial Activities when the NGT Foundation is legally entitled to the income, when receipt is probable and when the amount can be quantified with reasonable accuracy.

g) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Governance costs are allocated based on the direct expenditure of the activity. These costs include the costs of statutory audit, costs associated with constitutional and statutory requirements, and reimbursed Trustee expenses. Grants payable are recognised when the grant is approved by the board of Trustees and communicated to the recipient.

No support costs are allocated to the endowment.

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2025 (continued)

1. Accounting Policies (continued)

h) Investments

Investments comprise a freehold investment property and short-term deposits. In accordance with FRS 102 Section 16, investment properties are measured at fair value at each reporting period and all changes in fair value of the investment property are included in net income. This year a market valuation was performed as at 31 March 2025 by Montagu Evans LLP, Chartered Surveyors. Any surplus or deficit is included in net income/expenditure. The unrealised gains or losses are apportioned between unrestricted funds and the expendable endowment, in line with how the original cost of the property was funded.

i) Current Asset Investments

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or more.

j) Unrestricted Funds

The funds include income arising from the NGT Foundation's investments where no restriction exists as to the use of the funds. Income is recognised as it arises and is allocated as explained in the Statement of Financial Activities. Designated funds are amounts set aside out of unrestricted funds by the Trustees for specific purposes.

k) Expendable endowment

The expendable endowment fund represents a capital grant to the charity, given to enable the charity to purchase an investment property. The investment property provides the charity with an income stream for its charitable purposes. The Trustees are able to convert capital to income.

l) Taxation

The NGT Foundation is a registered charity and is therefore potentially exempt from taxation of its income and gains to the extent that they fall within Chapter 3 of Part 11 to the Corporation Tax Act 2010, Part 10 of the Income Tax Act 2007 and section 256 of the Taxation of Chargeable Gains Act 1992. No direct tax charge has arisen this year.

Other taxes detailed in note 7 relate to a VAT liability.

m) Financial instruments

The Foundation's financial instruments, as defined in FRS 102 section 11, consist of investments, cash, debtors and creditors. Investments are discussed in note 1(h). The measurement of debtors is based on the anticipated recoverable value of cash or services owed to the Foundation at the end of the year. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Information on the NGT Foundation's overall approach to financial risk management may be found in the investments, reserves and risk sections of the Annual Report.

n) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charities accounting policies, which are described above, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The Trustees do not consider there to be any sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above. The Trustees consider the valuation of the investment property to be a critical judgement. Further details of the valuation are given in note 5.

m) The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of:

- Investment property which is measured at fair value.

2. Investment income

	2025 £	2024 £
Rental income	2,406,131	2,459,181
Service charge income	677,681	586,068
Other costs recharged to tenants (insurance and electricity)	55,154	50,001
Interest on UK cash deposits and overdue rent	99,426	70,492
	<u>3,238,392</u>	<u>3,165,742</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2025 (continued)

Investment income (continued)

Interest on UK cash deposits and overdue rent	2025 £	2024 £
Interest on 90-day notice account	56,550	31,630
Interest on special reserve account	37,690	34,634
Interest on overdue rent	5,185	4,228
Total interest on UK cash deposits and overdue rent	99,425	70,492

3. Expenditure

	Direct Costs £	Support Costs £	Total 2025 £	Total 2024 £
Investment management activities	778,140	8,347	786,487	792,267
Charitable activities	3,580,000	38,403	3,618,403	1,528,783
	4,358,140	46,750	4,404,890	2,321,050

Direct Costs

	2025 £	2024 £
Investment management activities		
Service charge expenditure	713,109	736,256
Other costs recharged to tenants (insurance, electricity and other costs)	1,886	10,692
Property management costs	57,277	27,591
Administrative costs	5,868	2,810
	778,140	777,350

Charitable activities

	2025 £	2024 £
Grants to the National Gallery Trust	3,580,000	1,500,000

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2025 (continued)

Expenditure (continued)

	2025 £	2024 £
Support costs and Governance		
Auditor's remuneration		
Fees payable to the charitable company's auditor for the audit of the annual Financial Statements	10,850	9,500
Cost of professional valuation of investment property	5,500	5,000
National Gallery accounting and administration fee	30,400	29,200
	<u>46,750</u>	<u>43,700</u>

4. Staff costs and Trustees' remuneration

NGT Foundation does not employ staff directly. During the year ended 31 March 2024 services were provided by the National Gallery at a charge of £30,400 (2024: £29,200).

The Trustees neither received nor waived any remuneration for their services during the year (2024: £nil). No Trustee travel expenses were reimbursed during the year (2024: £nil).

5. Investments

Fixed Assets

	2025 £	2024 £
Value brought forwards	37,950,000	37,950,000
Additions	-	-
Disposals	-	-
Revaluations	(1,950,000)	-
Value carried forwards	<u>36,000,000</u>	<u>37,950,000</u>
Cost	22,358,479	22,358,479

A desktop market valuation of the investment property was undertaken by Montagu Evans LLP, Chartered Surveyors, as at 31 March 2025 which shows the overall value decreased by £1.95m from the prior year valuation (2024: nil).

This fall in value is in part due to some greater uncertainty on some of the tenant covenants and resulting security of their income, though rental income has largely remained the same in 2024/25. In addition, there are shorter unexpired lease terms of tenants who will be leaving at expiry.

Furthermore, from March 2024 headline market rents have on some floors decreased, given the uncertainty on lease length and lack of appetite for Grade B office spaces. Generally, across the market, office assets are seeing less occupier demand for secondary office accommodation.

Current Assets

	2025 £	2024 £
UK current asset investments	<u>1,618,522</u>	<u>1,561,971</u>

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or more.

6. Debtors

	2025 £	2024 £
Trade debtors	1,027,093	1,365,750
Prepayments and accrued income	535,645	775,073
	<u>1,562,738</u>	<u>2,140,823</u>
Analysis of debtors by due date	2025 £	2024 £
Amounts falling due within one year	823,281	1,401,366
Amounts falling due in more than one year	739,457	739,457
	<u>1,562,738</u>	<u>2,140,823</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2025 (continued)

7. Creditors

	2025 £	2024 £
Amounts falling due within one year:		
Other creditors	2,735,087	1,683,872
Accruals and deferred income	738,411	754,545
Other taxes	107,653	106,931
	<u>3,581,151</u>	<u>2,545,348</u>

Other creditors includes an amount of £2.58m (2024: £1.5m), being the grant payable to the National Gallery Trust. There are no creditor balances that are due in more than one year; all balances are payable within one year.

	2025	2024
The movement on the deferred income balance in the year was as follows:		
As at 1 April	745,045	715,583
Amounts released from previous years	(745,045)	(715,583)
Income deferred in the current year	727,561	745,045
As at 31 March	<u>727,561</u>	<u>745,045</u>

Deferred income relates to rental and service charge income that is invoiced to tenants quarterly, in advance. The income relating to the first quarter of the next financial year, which is billed in March, therefore needs to be deferred, so that it is recorded in the financial period to which the rent and service charges relate.

8. Funds

	Balance at 1 April 2024	Income	Expenditure	Loss on revaluation of investment property	Balance at 31 March 2025
	£	£	£	£	£
Unrestricted funds:					
Designated funds - property maintenance reserve	500,000	-	-	-	500,000
General funds	4,966,233	3,238,392	(4,404,889)	-	3,799,736
Revaluation reserve	1,310,167	-	-	(249,303)	1,060,864
Total unrestricted funds	<u>6,776,400</u>	<u>3,238,392</u>	<u>(4,404,889)</u>	<u>(249,303)</u>	<u>5,360,600</u>
Expendable endowment:					
Expendable endowment - general	19,500,000	-	-	-	19,500,000
Expendable endowment - revaluation reserve	14,281,355	-	-	(1,700,697)	12,580,658
Total expendable endowment	<u>33,781,355</u>	<u>-</u>	<u>-</u>	<u>(1,700,697)</u>	<u>32,080,658</u>
Total funds	<u>40,557,755</u>	<u>3,238,392</u>	<u>(4,404,889)</u>	<u>(1,950,000)</u>	<u>37,441,258</u>

The expendable endowment fund represents a capital grant to the NGT Foundation which enabled it to purchase Saint Vincent House and is attributed upon revaluation.

Prior year Funds note

	Balance at 1 April 2023	Income	Expenditure	Loss on revaluation of investment property	Balance at 31 March 2024
	£	£	£	£	£
Unrestricted funds:					
Designated funds - property maintenance reserve	500,000	-	-	-	500,000
General funds	4,121,541	3,165,742	(2,321,050)	-	4,966,233
Revaluation reserve	1,310,167	-	-	-	1,310,167
Total unrestricted funds	<u>5,931,708</u>	<u>3,165,742</u>	<u>(2,321,050)</u>	<u>-</u>	<u>6,776,400</u>
Expendable endowment:					
Expendable endowment - general	19,500,000	-	-	-	19,500,000
Expendable endowment - revaluation reserve	14,281,355	-	-	-	14,281,355
Total expendable endowment	<u>33,781,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,781,355</u>
Total funds	<u>39,713,063</u>	<u>3,165,742</u>	<u>(2,321,050)</u>	<u>-</u>	<u>40,557,755</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2025 (continued)

9. Analysis of net assets between funds

	Fixed assets £	Net current assets £	Net current liabilities £	Total 2025 £
Unrestricted funds	3,919,342	5,022,409	(3,581,151)	5,360,600
Expendable endowment	32,080,658	-	-	32,080,658
Total funds	36,000,000	5,022,409	(3,581,151)	37,441,258

	Fixed assets £	Net current assets £	Net current liabilities £	Total 2024 £
Unrestricted funds	4,168,645	5,153,103	(2,545,348)	6,776,400
Expendable endowment	33,781,355	-	-	33,781,355
Total funds	37,950,000	5,153,103	(2,545,348)	40,557,755

10. Related party transactions

During the year ended 31 March 2025, the NGT Foundation did not enter into any transactions with related parties (2024: nil). Therefore, no related party transactions are disclosed in these financial statements.

11. Future lease payments receivable

	2025 £	2024 £
Future minimum lease payments receivable under non-cancellable operating leases:		
no later than one year	2,534,563	2,534,563
later than one year and not later than five years	8,035,721	8,035,721
later than five years	706,127	706,127
Total future minimum lease payments receivable under non-cancellable operating leases	11,276,411	11,276,411

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2025 (continued)

12. Prior Year Statement of Financial Activities For the year ended 31 March 2023

	Unrestricted Funds 2024 £	Expendable Endowment 2024 £	Total Funds 2024 £
Income			
Investment income	3,165,742	-	3,165,742
Total income	3,165,742	-	3,165,742
Expenditure on			
Costs of generating funds			
Investment management costs	(792,267)	-	(792,267)
Charitable activities	(1,528,783)	-	(1,528,783)
Total expenditure	(2,321,050)	-	(2,321,050)
Loss on investment asset	-	-	-
Net expenditure for the year	844,692	-	844,692
Net movement in funds	844,692	-	844,692
Total funds at 1 April	5,931,708	33,781,355	39,713,063
Total funds at 31 March	6,776,400	33,781,355	40,557,755

Accounts

THE NGT FOUNDATION
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

Registered company number: 03444689

Registered charity number: 1064635

THE NGT FOUNDATION

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Legal and administrative information

The NGT Foundation was incorporated in England and Wales as a company limited by guarantee on 30 September 1997 (company number 03444689). It is registered as a charity with the Charity Commission (number 1064635). The foundation is governed by the memorandum and articles of association dated 30 September 1997 (amended 7 October 2005 and 12 October 2021).

Registered Office: The NGT Foundation
Trafalgar Square
London
WC2N 5DN

Trustees: The names of the Trustees who served during and since the year end are given below.

David Marks (Chair)
Catherine Bedford
Ben Broadbent
David Landau (resigned 12 March 2024)
Daniel Peltz
Natasha Pope
Stefan Ratibor (appointed 12 March 2024)

Secretary: Victoria Hayes

Bankers: Coutts & Co
St Martin's Office
440 Strand
London
WC2R 0QS

Auditor: Price Bailey – Statutory Auditor
24 Old Bond Street
London
W1S 4AP

Solicitors: Hamlins LLP
Roxburghe House
273-287 Regent Street
London
W1B 2AD

Managing agent: Ashdown Phillips & Partners Ltd
Pippingford Manor
Nutley
East Sussex
TN22 3HW

Trustees' Annual Report (incorporating the Director's report) for the year ended 31 March 2024

Structure, governance and management

The Trustees submit their Trustees' Annual Report, which includes the Directors' Report for Companies Act purposes and the audited financial statements of the NGT Foundation for the year ended 31 March 2024. The Trustees' Annual Report has been prepared in accordance with the provisions applicable to small companies entitled to the small company's exemption, including the exemption not to include a Strategic Report.

The NGT Foundation ("the Foundation") is a public benefit entity which is governed by a Board of Trustees. Power to appoint new Trustees is exercisable by surviving or continuing Trustees. Trustees are normally appointed for a period of five years with the possibility of reappointment. They are fully briefed on the objectives of the Foundation and their role as Trustees as part of their induction. Further training is available as necessary.

The Board of Trustees consists of a Chairman and five Trustees, chosen for their skills and experience. The Board of Trustees is responsible for providing governance and leadership for the Foundation and for taking all important decisions. Under a service level agreement, administration of the Foundation is undertaken by staff of the National Gallery and by the managing agent. The Foundation does not directly employ any staff.

Risk management

The Trustees have assessed the major risks to which the Foundation is exposed and consider that adequate systems are in place to mitigate exposure to those risks where possible. The Foundation seeks to maintain its property, St Vincent House, so as to enhance its value; and to sustain, and where possible increase, rental income from tenants. A key risk is that market conditions cause the value of the property to decrease or rents to fall, but the Foundation has a planned cycle of maintenance works to maintain the property in optimum condition and mitigate this risk. It also seeks the advice of experienced professionals when negotiating any new leases or lease extensions, to maximise rental values.

Going concern

Having scrutinised forecasts in light of the revised rental settlements reached with tenants and subsequent reduction in income, Trustees are satisfied of the Foundation's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have been prepared on the going concern basis.

Charitable objects for the benefit of the public

The objectives of the Foundation are to support the charitable objects of the National Gallery and to assist the National Gallery in carrying out its charitable objects by such means as shall be thought fit. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning future activities.

The Foundation was established with the support of a grant for the purpose of acquiring a property (St Vincent House), for the long-term benefit of the National Gallery. The net rental income from the property, after making adequate provision for property refurbishment and maintenance costs, is used to further the objectives of the charity.

The Foundation seeks to support the gallery yearly from the surpluses generated from the investment property.

Current year activities

The Foundation's main aim at present is to keep up over time the level of support it is able to give to the National Gallery by means of grants to the National Gallery Trust. To that end the Foundation seeks to maintain its property, St Vincent House, so as to enhance its value; and to sustain, and where possible increase, rental income from tenants.

Achievements and performance

Rental and service charge income for the year was at £3.1 million (2023: £2.6 million). There was no movement on the value of the investment property during the year (2023: £3.3m loss). The freehold interest in St Vincent House as at 31 March 2024 was estimated to be of the value of £38 million (2023: £38 million). A market valuation was performed by Montagu Evans LLP as at 31 March 2024. The Foundation agreed a grant from general funds of £1.5 million (2023: £1.65 million) to the National Gallery Trust. The Foundation employs no staff and uses agents to manage its investment properties.

Plans for future periods

Having now fully let St Vincent House, the Foundation will focus on maintaining the level of the annual grant to NGT, and ensuring the estate remains in good order and well maintained.

Policies

Grant-making policy

Grants are made only with the agreement of the Board of Trustees. Grants are made to the National Gallery Trust to the extent that resources allow, to be used by the Trust for the benefit of the National Gallery, in accordance with the charity's objectives.

Investment policy

The Trustees have considered the most appropriate policy for investing funds and decided that placing funds in a short-term money market deposit meets their requirement to generate income without compromising liquidity. The investment property is largely represented by expendable endowment and valuation reserves. The Trustees review the open market value of the property annually, revalue the property to fair value and approve refurbishment works to enhance its value. The movement in fixed asset investments during the year is set out in note 5 to the financial statements.

Reserves policy

The reserves policy is to ensure that the level of general reserves is adequate to meet the needs of the Foundation. The Trustees have reviewed the reserves of the Foundation. This review encompassed the nature of income and expenditure streams, the current market for rental property and the likelihood of future capital works being required. The review concluded that the current level of general reserves would be adequate to meet the needs of the Foundation, together with the £500,000 designated in previous years for property maintenance. There is no formal target set for the level of general reserves to be maintained outside this designation, but in recent years they have been maintained at around £5 million. Further information on reserves can be found in notes 8 and 9.

Fundraising policy

The Foundation understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate but does not currently fundraise from the public or use any internal fundraisers or external fundraising agencies for either telephone or face to face campaigns and received no fundraising complaints during the year.

Trustees' responsibility statement

The Trustees (who are also directors of NGT Foundation 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 financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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 the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

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.

Disclosure of Information to Auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees on 14 October 2024.

and signed on its behalf by

David Marks

Independent Auditor's Report to the Members of The NGT Foundation for the year ended 31 March 2024

Opinion

We have audited the financial statements of The NGT Foundation (the 'charitable company') for the year ended 31 March 2024 which comprise the Statement of Financial Activities, Balance Sheet and Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 trustees' 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 our 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 directors' 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 directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 4, the trustees (who are also the directors of the charitable company for the purposes of company law) 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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the sector in which it operates and considered the risk of the Charitable Company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Charities Act 2011 and SORP 2019.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and made enquiries of officers of the Charitable Company. We have also reviewed the procedures in place for the reporting of any incidents to the Board of Trustees including serious incident reporting of these matters as necessary with the Charity Commission.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override.

We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Cooper-Davis FCA
Senior statutory auditor
For and on behalf of Price Bailey LLP (Statutory auditors)
24 Old Bond Street
London
W1S 4AP

Date:

THE NGT FOUNDATION

Statement of Financial Activities (incorporating the income and expenditure account)
For the year ended 31 March 2024

	Note	Unrestricted Funds 2024 £	Expendable Endowment 2024 £	Total Funds 2024 £	Total Funds 2023 £
Income					
Investment income	2	3,165,742	-	3,165,742	2,568,779
Total income		3,165,742	-	3,165,742	2,568,779
Expenditure on					
Costs of raising funds					
Investment property management costs	3	(792,267)	-	(792,267)	(848,516)
Charitable activities	3	(1,528,783)	-	(1,528,783)	(1,672,673)
Total expenditure		(2,321,050)	-	(2,321,050)	(2,521,189)
Loss on investment asset	5	-	-	-	(3,300,000)
Net income/(expenditure)		844,692	-	844,692	(3,252,410)
Net movement in funds		844,692	-	844,692	(3,252,410)
Total funds at 1 April		5,931,708	33,781,355	39,713,063	42,965,473
Total funds at 31 March	8,9	6,776,400	33,781,355	40,557,755	39,713,063

-

All of the above results are derived from continuing activities.

The company has no recognised gains or losses other than those stated above.

For full details of the prior year comparatives please see note 11.

The notes on pages 13 to 19 form part of these financial statements.

THE NGT FOUNDATION

Registered company number: 03444689

**Balance Sheet
As at 31 March 2024**

		2024		2023	
	Note	£	£	£	£
Fixed assets					
Investments	5		37,950,000		37,950,000
Current assets					
Debtors due within one year	6	1,401,366		1,227,256	
Debtors due after one year	6	739,457		734,895	
Investments	5	1,561,971		30,341	
Cash at bank and in hand		1,450,309		2,466,105	
		<u>5,153,103</u>		<u>4,458,597</u>	
Creditors					
Amounts falling due within one year	7	<u>(2,545,348)</u>		<u>(2,695,534)</u>	
Net current assets			2,607,755		1,763,063
Net assets			<u>40,557,755</u>		<u>39,713,063</u>
Represented by:					
Unrestricted funds:					
Designated funds	8	500,000		500,000	
General funds	8	4,966,233		4,121,541	
Revaluation reserve	8	1,310,167		1,310,167	
			6,776,400		5,931,708
Expendable endowment:					
Expendable endowment	8	19,500,000		19,500,000	
Revaluation reserve	8	14,281,355		14,281,355	
			33,781,355		33,781,355
Total funds			<u>40,557,755</u>		<u>39,713,063</u>

The notes on pages 13 to 19 form part of these financial statements.

The financial statements are prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Approved and authorised for issue by the Board of Trustees on

and signed on its behalf by:

David Marks

THE NGT FOUNDATION

Statement of cash flows

For the year ended 31 March 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Net cash (used by)/provided by operating activities	(i)	<u>445,342</u>	<u>483,394</u>
Cash flows from investing activities			
Interest received		70,492	10,055
Purchase of fixed assets		-	-
Net cash provided by investing activities		<u>70,492</u>	<u>10,055</u>
Change in cash and cash equivalents in the reporting period		515,834	493,449
Cash and cash equivalents at the beginning of the reporting period		2,496,446	2,002,998
Cash and cash equivalents at the end of the reporting period	(ii)	<u>3,012,280</u>	<u>2,496,447</u>

Notes to the Statement of cash flows

(i) Reconciliation of net income to net cash flow from operating activities

	2024 £	2023 £
Net (expenditure) for the reporting period (as per SoFA)	844,692	(3,252,409)
Loss on investment	-	3,300,000
Interest income	(70,492)	(10,055)
(Increase)/decrease in debtors	(178,672)	(82,499)
Increase in creditors and provisions	(150,186)	528,357
Net cash (used by) provided by operating activities	<u>445,342</u>	<u>483,394</u>

(ii) Analysis of cash and cash equivalents

	2024 £	2023 £
Cash held with commercial banks	1,450,309	2,466,105
Deposit accounts (90 days notice)	1,561,971	30,341
Cash held with commercial banks	<u>3,012,280</u>	<u>2,496,446</u>

(iii) Net debt reconciliation

	As at 1 April 2023 £	Cash Flows £	As at March 2024 £
Cash and Cash Equivalents	2,496,446	515,834	3,012,280
Cash			

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2024

1. Accounting Policies

a) Accounting convention

The financial statements are prepared under the historic cost convention as modified by the valuation of certain investments and in accordance with the recommendations set out in the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' published in 2019, the Financial Reporting Standard 102, other applicable accounting standards and the Charities Act 2011. The NGT Foundation is a public benefit entity. The Company's functional and presentational currency is Pounds Sterling.

b) Going concern

In 2023/24 tenants have occupied all floors and revised rental settlements have come into effect. Trustees have carefully evaluated financial forecasts in conjunction with the rental schedule. Based on contractual income, expected costs, and the existing levels of reserves, Trustees are satisfied with the Foundation's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have therefore been prepared on the going concern basis.

c) Company status

The Foundation is a company limited by guarantee. The guarantors are the Trustees named on page 1. The liability in respect of the guarantee, as set out in the memorandum, is limited to an amount not exceeding £1 per member of the company. The Foundation has availed itself of Paragraph 3 (3) Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the company's activities.

The registered office of the Foundation is: National Gallery, Trafalgar Square, London WC2N 5DN.

d) Rental income

Future minimum lease payments receivable under non-cancellable operating leases are disclosed in note 10.

Where income is received in advance, and the NGT Foundation does not have entitlement to these resources until the services have been provided. The income is deferred in the accounts.

e) Service charge income and related property costs

Service charge income from tenants to reimburse the Foundation for property costs and the expenditure to which it relates are recognised in full in the Statement of Financial Activities.

f) Donations

Cash donations, gifts and legacies are included in full in the Statement of Financial Activities when the NGT Foundation is legally entitled to the income, when receipt is probable and when the amount can be quantified with reasonable accuracy.

g) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Governance costs are allocated based on the direct expenditure of the activity. These costs include the costs of statutory audit, costs associated with constitutional and statutory requirements, and reimbursed Trustee expenses. Grants payable are recognised when the grant is approved by the board of Trustees and communicated to the recipient.

No support costs are allocated to the endowment.

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

1. Accounting Policies (continued)

h) Investments

Investments comprise a freehold investment property and short-term deposits. In accordance with FRS 102 Section 16, investment properties are measured at fair value at each reporting period and all changes in fair value of the investment property are included in net income. This year a market valuation was performed as at 31 March 2024 by Montagu Evans LLP, Chartered Surveyors. Any surplus or deficit is included in net income/expenditure. The unrealised gains or losses are apportioned between unrestricted funds and the expendable endowment, in line with how the original cost of the property was funded.

i) Current Asset Investments

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or more.

j) Unrestricted Funds

The funds include income arising from the NGT Foundation's investments where no restriction exists as to the use of the funds. Income is recognised as it arises and is allocated as explained in the Statement of Financial Activities. Designated funds are amounts set aside out of unrestricted funds by the Trustees for specific purposes.

k) Expendable endowment

The expendable endowment fund represents a capital grant to the charity, given to enable the charity to purchase an investment property. The investment property provides the charity with an income stream for its charitable purposes. The Trustees are able to convert capital to income.

l) Taxation

The NGT Foundation is a registered charity and is therefore potentially exempt from taxation of its income and gains to the extent that they fall within Chapter 3 of Part 11 to the Corporation Tax Act 2010, Part 10 of the Income Tax Act 2007 and section 256 of the Taxation of Chargeable Gains Act 1992. No direct tax charge has arisen this year.

Other taxes detailed in note 7 relate to a VAT liability.

m) Financial instruments

The Foundation's financial instruments, as defined in FRS 102 section 11, consist of investments, cash, debtors and creditors. Investments are discussed in note 1(h). The measurement of debtors is based on the anticipated recoverable value of cash or services owed to the Foundation at the end of the year. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Information on the NGT Foundation's overall approach to financial risk management may be found in the investments, reserves and risk sections of the Annual Report.

n) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charities accounting policies, which are described above, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The Trustees do not consider there to be any sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above. The Trustees consider the valuation of the investment property to be a critical judgement. Further details of the valuation are given in note 5.

m) The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of:

- Investment property which is measured at fair value.

2. Investment income

	2024 £	2023 £
Rental income	2,459,181	2,158,724
Service charge income	586,068	361,441
Other costs recharged to tenants (insurance and electricity)	50,001	38,559
Interest on UK cash deposits and overdue rent	70,492	10,055
	<u>3,165,742</u>	<u>2,568,779</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

Investment income (continued)

Interest on UK cash deposits and overdue rent	2024 £	2023 £
Interest on 90-day notice account	31,630	280
Interest on special reserve account	34,634	9,475
Interest on overdue rent	4,228	299
Total interest on UK cash deposits and overdue rent	70,492	10,054

3. Expenditure

	Direct Costs £	Support Costs £	Total 2024 £	Total 2023 £
Investment management activities	777,350	14,917	792,267	848,515
Charitable activities	1,500,000	28,783	1,528,783	1,672,673
	2,277,350	43,700	2,321,050	2,521,188

Direct Costs

	2024 £	2023 £
Investment management activities		
Service charge expenditure	736,256	473,541
Other costs recharged to tenants (insurance, electricity and other costs)	10,692	64,779
Property management costs	27,591	182,594
Administrative costs	2,810	116,099
	777,350	837,013

Charitable activities

	2024 £	2023 £
Grants to the National Gallery Trust	1,500,000	1,650,000

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

Expenditure (continued)

	2024 £	2023 £
Support costs and Governance		
Auditor's remuneration		
Fees payable to the charitable company's auditor for the audit of the annual Financial Statements	9,500	6,775
Cost of professional valuation of investment property	5,000	6,000
National Gallery accounting and administration fee	29,200	21,400
	<u>43,700</u>	<u>34,175</u>

4. Staff costs and Trustees' remuneration

NGT Foundation does not employ staff directly. During the year ended 31 March 2024 services were provided by the National Gallery at a charge of £29,200 (2023: £21,400).

The Trustees neither received nor waived any remuneration for their services during the year (2023: £nil). No Trustee travel expenses were reimbursed during the year (2023: £nil).

5. Investments

Fixed Assets

	2024 £	2023 £
Value brought forwards	37,950,000	41,250,000
Additions	-	-
Disposals	-	-
Revaluations	-	(3,300,000)
Value carried forwards	<u>37,950,000</u>	<u>37,950,000</u>
Cost	22,358,479	22,358,479

A desktop market valuation of the investment property was undertaken by Montagu Evans LLP, Chartered Surveyors, as at 31 March 2024 which shows the overall value remains in line with the prior year valuation (2023: £3.3m decrease).

The value has remained stable as, although there is some greater uncertainty on some of the tenant covenants and security of their income, as well as shorter unexpired lease terms, the rental income position has increased with the expiration of rental concessions on Save the Children and Pennine Way.

Therefore, the rental position has countered the softer investment yields applied to the income.

Current Assets

	2024 £	2023 £
UK current asset investments	<u>1,561,971</u>	<u>30,341</u>

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or more.

6. Debtors

	2024 £	2023 £
Trade debtors	1,365,750	1,304,410
Prepayments and accrued income	775,073	657,744
	<u>2,140,823</u>	<u>1,962,154</u>

	2024 £	2023 £
Analysis of debtors by due date		
Amounts falling due within one year	1,401,366	1,227,256
Amounts falling due in more than one year	739,457	734,895
	<u>2,140,823</u>	<u>1,962,151</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

7. Creditors

	2024 £	2023 £
Amounts falling due within one year:		
Other creditors	1,683,872	1,862,694
Accruals and deferred income	754,545	724,918
Other taxes	106,931	107,922
	<u>2,545,348</u>	<u>2,695,534</u>

Other creditors includes an amount of £1.5m (2023: £1.65m), being the grant payable to the National Gallery Trust. There are no creditor balances that are due in more than one year; all balances are payable within one year.

	2024	2023
The movement on the deferred income balance in the year was as follows:		
As at 1 April	715,583	502,208
Amounts released from previous years	(715,583)	(502,208)
Income deferred in the current year	745,045	715,583
As at 31 March	<u>745,045</u>	<u>715,583</u>

Deferred income relates to rental and service charge income that is invoiced to tenants quarterly, in advance. The income relating to the first quarter of the next financial year, which is billed in March, therefore needs to be deferred, so that it is recorded in the financial period to which the rent and service charges relate.

8. Funds

	Balance at 1 April 2023	Income	Expenditure	Loss on revaluation of investment property	Balance at 31 March 2024
	£	£	£	£	£
Unrestricted funds:					
Designated funds - property maintenance reserve	500,000	-	-	-	500,000
General funds	4,121,541	3,165,742	(2,321,050)	-	4,966,233
Revaluation reserve	1,310,167	-	-	-	1,310,167
Total unrestricted funds	<u>5,931,708</u>	<u>3,165,742</u>	<u>(2,321,050)</u>	<u>-</u>	<u>6,776,400</u>
Expendable endowment:					
Expendable endowment - general	19,500,000	-	-	-	19,500,000
Expendable endowment - revaluation reserve	14,281,355	-	-	-	14,281,355
Total expendable endowment	<u>33,781,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,781,355</u>
Total funds	<u>39,713,063</u>	<u>3,165,742</u>	<u>(2,321,050)</u>	<u>-</u>	<u>40,557,755</u>

The expendable endowment fund represents a capital grant to the NGT Foundation which enabled it to purchase Saint Vincent House an attributed upon revaluation.

Prior year Funds note

	Balance at 1 April 2022	Income	Expenditure	Loss on revaluation of investment property	Balance at 31 March 2023
	£	£	£	£	£
Unrestricted funds:					
Designated funds - property maintenance reserve	500,000	-	-	-	500,000
General funds	4,073,951	2,568,779	(2,521,189)	-	4,121,541
Revaluation reserve	1,732,064	-	-	(421,897)	1,310,167
Total unrestricted funds	<u>6,306,015</u>	<u>2,568,779</u>	<u>(2,521,189)</u>	<u>(421,897)</u>	<u>5,931,708</u>
Expendable endowment:					
Expendable endowment - general	19,500,000	-	-	-	19,500,000
Expendable endowment - revaluation reserve	17,159,458	-	-	(2,878,103)	14,281,355
Total expendable endowment	<u>36,659,458</u>	<u>-</u>	<u>-</u>	<u>(2,878,103)</u>	<u>33,781,355</u>
Total funds	<u>42,965,473</u>	<u>2,568,779</u>	<u>(2,521,189)</u>	<u>(3,300,000)</u>	<u>39,713,063</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

9. Analysis of net assets between funds

	Fixed assets £	Net current assets £	Net current liabilities £	Total 2024 £
Unrestricted funds	4,168,645	5,153,103	(2,545,348)	6,776,400
Expendable endowment	33,781,355	-	-	33,781,355
Total funds	37,950,000	5,153,103	(2,545,348)	40,557,755

	Fixed assets £	Net current assets £	Net current liabilities £	Total 2023 £
Unrestricted funds	4,168,645	4,458,597	(2,695,534)	5,931,708
Expendable endowment	33,781,355	-	-	33,781,355
Total funds	37,950,000	4,458,597	(2,695,534)	39,713,063

10. Future lease payments receivable

	2024 £	2023 £
Future minimum lease payments receivable under non-cancellable operating leases:		
no later than one year	2,534,563	2,146,018
later than one year and not later than five years	8,035,721	8,680,097
later than five years	706,127	2,534,915
Total future minimum lease payments receivable under non-cancellable operating leases	11,276,411	13,361,030

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

**11. Prior Year Statement of Financial Activities
For the year ended 31 March 2023**

	Unrestricted Funds 2023 £	Expendable Endowment 2023 £	Total Funds 2023 £
Income			
Investment income	2,568,779	-	2,568,779
Total income	2,568,779	-	2,568,779
Expenditure on			
Costs of generating funds			
Investment management costs	(848,515)	-	(848,515)
Charitable activities	(1,672,673)	-	(1,672,673)
Total expenditure	(2,521,188)	-	(2,521,188)
Loss on investment asset	(421,897)	(2,878,103)	(3,300,000)
Net expenditure for the year	(374,306)	(2,878,103)	(3,252,409)
Net movement in funds	(374,306)	(2,878,103)	(3,252,409)
Total funds at 1 April	6,306,016	36,659,458	42,965,474
Total funds at 31 March	5,931,710	33,781,355	39,713,065

Accounts

THE NGT FOUNDATION
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Registered company number: 03444689

Registered charity number: 1064635

THE NGT FOUNDATION

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Legal and administrative information

The NGT Foundation was incorporated in England and Wales as a company limited by guarantee on 30 September 1997 (company number 03444689). It is registered as a charity with the Charity Commission (number 1064635). The foundation is governed by the memorandum and articles of association dated 30 September 1997 (amended 7 October 2005 and 12 October 2021).

Registered Office: The NGT Foundation
Trafalgar Square
London
WC2N 5DN

Trustees: The names of the Trustees who served during and since the year end are given below.

David Marks (Chair)
Catherine Bedford
Ben Broadbent (appointed 21 February 2023)
David Landau
Daniel Peltz
Natasha Pope (appointed 03 January 2023)

Secretary: Victoria Hayes

Bankers: Coutts & Co
St Martin's Office
440 Strand
London
WC2R 0QS

Auditor: Price Bailey – Statutory Auditor
24 Old Bond Street
London
W1S 4AP

Solicitors: Hamlins LLP
Roxburghe House
273-287 Regent Street
London
W1B 2AD

Managing agent: Ashdown Phillips & Partners Ltd
Pippingford Manor
Nutley
East Sussex
TN22 3HW

Trustees' Annual Report (incorporating the Director's report) for the year ended 31 March 2023

Structure, governance and management

The Trustees submit their Trustees' Annual Report, which includes the Directors' Report for Companies Act purposes and the audited financial statements of the NGT Foundation for the year ended 31 March 2023. The Trustees' Annual Report has been prepared in accordance with the provisions applicable to small companies entitled to the small company's exemption, including the exemption not to include a Strategic Report.

The NGT Foundation ("the Foundation") is a public benefit entity which is governed by a Board of Trustees. Power to appoint new Trustees is exercisable by surviving or continuing Trustees. Trustees are normally appointed for a period of five years with the possibility of reappointment. They are fully briefed on the objectives of the Foundation and their role as Trustees as part of their induction. Further training is available as necessary.

The Board of Trustees consists of a Chairman and five Trustees, chosen for their skills and experience. The Board of Trustees is responsible for providing governance and leadership for the Foundation and for taking all important decisions. Under a service level agreement, administration of the Foundation is undertaken by staff of the National Gallery and by the managing agent. The Foundation does not directly employ any staff.

Related parties

At any point during the year there was one Trustee of the Foundation who was also a Trustee of the National Gallery. Full details of transactions with related parties are given in note 10 to the financial statements.

Risk management

The Trustees have assessed the major risks to which the Foundation is exposed and consider that adequate systems are in place to mitigate exposure to those risks where possible. The Foundation seeks to maintain its property, St Vincent House, so as to enhance its value; and to sustain, and where possible increase, rental income from tenants. A key risk is that market conditions cause the value of the property to decrease or rents to fall, but the Foundation has a planned cycle of maintenance works to maintain the property in optimum condition and mitigate this risk. It also seeks the advice of experienced professionals when negotiating any new leases or lease extensions, to maximise rental values.

Going concern

Having scrutinised forecasts in light of the revised rental settlements reached with tenants and subsequent reduction in income, Trustees are satisfied of the Foundation's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have been prepared on the going concern basis.

Charitable objects for the benefit of the public

The objectives of the Foundation are to support the charitable objects of the National Gallery and to assist the National Gallery in carrying out its charitable objects by such means as shall be thought fit. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning future activities.

The Foundation was established with the support of a grant for the purpose of acquiring a property (St Vincent House), for the long-term benefit of the National Gallery. The net rental income from the property, after making adequate provision for property refurbishment and maintenance costs, is used to further the objectives of the charity.

The Foundation seeks to support the gallery yearly from the surpluses generated from the investment property.

Current year activities

The Foundation's main aim at present is to keep up over time the level of support it is able to give to the National Gallery by means of grants to the National Gallery Trust. To that end the Foundation seeks to maintain its property, St Vincent House, so as to enhance its value; and to sustain, and where possible increase, rental income from tenants.

Pennine Way Limited started occupying the upper ground east and first floors in August 2022, taking tenancy over from National Gallery Global Limited and the National Gallery.

Achievements and performance

Rental and service charge income for the year was at £2.6 million (2022: £2.5 million). This was offset by a loss on the valuation of the investment property of £3.3m (2022: £0.95m). The freehold interest in St Vincent House as at 31 March 2023 was estimated to be of the value of £38 million (2022: £41.3 million). A market valuation was performed by Montagu Evans LLP as at 31 March 2023. The Foundation agreed a grant from general funds of £1.65 million (2022: £1.5 million) to the National Gallery Trust. The Foundation employs no staff and uses agents to manage its investment properties.

Plans for future periods

Having now fully let St Vincent House, the Foundation will focus on maintaining the level of the annual grant to NGT, and ensuring the estate remains in good order and well maintained.

Policies

Grant-making policy

Grants are made only with the agreement of the Board of Trustees. Grants are made to the National Gallery Trust to the extent that resources allow, to be used by the Trust for the benefit of the National Gallery, in accordance with the charity's objectives.

Investment policy

The Trustees have considered the most appropriate policy for investing funds and decided that placing funds in a short-term money market deposit meets their requirement to generate income without compromising liquidity. The investment property is largely represented by expendable endowment and valuation reserves. The Trustees review the open market value of the property annually, revalue the property to fair value and approve refurbishment works to enhance its value. The movement in fixed asset investments during the year is set out in note 5 to the financial statements.

Reserves policy

The reserves policy is to ensure that the level of general reserves is adequate to meet the needs of the Foundation. The Trustees have reviewed the reserves of the Foundation. This review encompassed the nature of income and expenditure streams, the current market for rental property and the likelihood of future capital works being required. The review concluded that the current level of general reserves would be adequate to meet the needs of the Foundation, together with the £500,000 designated in previous years for property maintenance. There is no formal target set for the level of general reserves to be maintained outside this designation, but in recent years they have been maintained at around £4 million. Further information on reserves can be found in notes 8 and 9.

Fundraising policy

The Foundation understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate but does not currently fundraise from the public or use any internal fundraisers or external fundraising agencies

for either telephone or face to face campaigns and received no fundraising complaints during the year.

Trustees' responsibility statement

The Trustees (who are also directors of NGT Foundation 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 financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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 the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

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.

Disclosure of Information to Auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees on 30/10/23 and signed on its behalf by



David Marks

Independent Auditor's Report to the Members of The NGT Foundation for the year ended 31 March 2023

Opinion

We have audited the financial statements of The NGT Foundation (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, Balance Sheet and Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 trustees' 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 our 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 directors' 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 directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 4, the trustees (who are also the directors of the charitable company for the purposes of company law) 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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the sector in which it operates and considered the risk of the Charitable Company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Charities Act 2011 and SORP 2019.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and made enquiries of officers of the Charitable Company. We have also reviewed the procedures in place for the reporting of any incidents to the Board of Trustees including serious incident reporting of these matters as necessary with the Charity Commission.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override.

We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

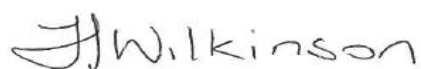
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Helena Wilkinson FCA
Senior statutory auditor
For and on behalf of Price Bailey LLP (Statutory auditors)
24 Old Bond Street
London
W1S 4AP

Date: 30 October 2023

THE NGT FOUNDATION

Statement of Financial Activities (incorporating the income and expenditure account)
For the year ended 31 March 2023

	Note	Unrestricted Funds 2023 £	Expendable Endowment 2023 £	Total Funds 2023 £	Total Funds 2022 £
Income					
Investment income	2	2,568,779	-	2,568,779	2,517,016
Total income		2,568,779	-	2,568,779	2,517,016
Expenditure on					
Costs of raising funds					
Investment property management costs	3	(848,515)	-	(848,515)	(574,793)
Charitable activities	3	(1,672,673)	-	(1,672,673)	(1,527,355)
Total expenditure		(2,521,188)	-	(2,521,188)	(2,102,148)
Loss on investment asset	5	(421,897)	(2,878,103)	(3,300,000)	(1,099,197)
Net income/(expenditure)		(374,306)	(2,878,103)	(3,252,409)	(684,329)
Net movement in funds		(374,306)	(2,878,103)	(3,252,409)	(684,329)
Total funds at 1 April		6,306,016	36,659,458	42,965,474	43,649,802
Total funds at 31 March	8,9	5,931,710	33,781,355	39,713,065	42,965,473

-

All of the above results are derived from continuing activities.

The company has no recognised gains or losses other than those stated above.

For full details of the prior year comparatives please see note 12.

The notes on pages 11 to 17 form part of these financial statements.

THE NGT FOUNDATION

Registered company number: 03444689

**Balance Sheet
As at 31 March 2023**

		2023		2022	
	Note	£	£	£	£
Fixed assets					
Investments	5		37,950,000		41,250,000
Current assets					
Debtors due within one year	6	1,227,256		1,531,459	
Debtors due after one year	6	734,895		348,193	
Investments	5	30,341		30,061	
Cash at bank and in hand		2,466,105		1,972,937	
		<u>4,458,597</u>		<u>3,882,650</u>	
Creditors					
Amounts falling due within one year	7	<u>(2,695,534)</u>		<u>(2,167,177)</u>	
Net current assets			1,763,063		1,715,473
Net assets			<u>39,713,063</u>		<u>42,965,473</u>
Represented by:					
Unrestricted funds:					
Designated funds	8	500,000		500,000	
General funds	8	4,121,541		4,073,951	
Revaluation reserve	8	1,310,167		1,732,064	
			5,931,708		6,306,015
Expendable endowment:					
Expendable endowment	8	19,500,000		19,500,000	
Revaluation reserve	8	14,281,355		17,159,458	
			33,781,355		36,659,458
Total funds			<u>39,713,063</u>		<u>42,965,473</u>

The notes on pages 11 to 17 form part of these financial statements.

The financial statements are prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Approved and authorised for issue by the Board of Trustees on 30/10/2023

and signed on its behalf by:



David Marks

THE NGT FOUNDATION

Statement of cash flows

For the year ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash (used by)/provided by operating activities	(i)	483,394	(831,548)
Cash flows from investing activities			
Interest received		10,055	322
Purchase of fixed assets		-	(149,197)
Net cash provided by investing activities		10,055	(148,875)
Change in cash and cash equivalents in the reporting period		493,449	(980,423)
Cash and cash equivalents at the beginning of the reporting period		2,002,998	2,983,421
Cash and cash equivalents at the end of the reporting period	(ii)	2,496,446	2,002,998

Notes to the Statement of cash flows

(i) Reconciliation of net income to net cash flow from operating activities

	2023 £	2022 £
Net (expenditure) for the reporting period (as per SoFA)	(3,252,409)	(684,329)
Loss on investment	3,300,000	1,099,197
Interest income	(10,055)	(322)
(Increase)/decrease in debtors	(82,499)	(847,671)
Increase in creditors and provisions	528,357	(398,423)
Net cash (used by) provided by operating activities	483,394	(831,548)

(ii) Analysis of cash and cash equivalents

	2023 £	2022 £
Cash held with commercial banks	2,466,105	1,972,937
Deposit accounts (90 days notice)	30,341	30,061
Cash held with commercial banks	2,496,446	2,002,998

(iii) Net debt reconciliation

	As at 1 April 2022 £	Cash Flows £	As at March 2023 £
Cash and Cash Equivalents	2,002,998	493,448	2,496,446
Cash			

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2023

1. Accounting Policies

a) Accounting convention

The financial statements are prepared under the historic cost convention as modified by the valuation of certain investments and in accordance with the recommendations set out in the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' published in 2019, the Financial Reporting Standard 102, other applicable accounting standards and the Charities Act 2011. The NGT Foundation is a public benefit entity. The Company's functional and presentational currency is Pounds Sterling.

b) Going concern

Trustees have carefully evaluated financial forecasts in conjunction with the timetable for replacing currently vacant floors. Based on contractual income, expected costs, and the existing levels of reserves, Trustees are satisfied with the Foundation's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have therefore been prepared on the going concern basis.

c) Company status

The Foundation is a company limited by guarantee. The guarantors are the Trustees named on page 1. The liability in respect of the guarantee, as set out in the memorandum, is limited to an amount not exceeding £1 per member of the company. The Foundation has availed itself of Paragraph 3 (3) Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the company's activities.

The registered office of the Foundation is: National Gallery, Trafalgar Square, London WC2N

d) Rental income

Future minimum lease payments receivable under non-cancellable operating leases are disclosed in note 11.

Where income is received in advance, and the NGT Foundation does not have entitlement to these resources until the services have been provided, the income is deferred in the accounts.

e) Service charge income and related property costs

Service charge income from tenants to reimburse the Foundation for property costs and the expenditure to which it relates are recognised in full in the Statement of Financial Activities.

f) Donations

Cash donations, gifts and legacies are included in full in the Statement of Financial Activities when the NGT Foundation is legally entitled to the income, when receipt is probable and when the amount can be quantified with reasonable accuracy.

g) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Governance costs are allocated based on the direct expenditure of the activity. These costs include the costs of statutory audit, costs associated with constitutional and statutory requirements, and reimbursed Trustee expenses. Grants payable are recognised when the grant is approved by the board of Trustees and communicated to the recipient.

No support costs are allocated to the endowment.

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2023 (continued)

1. Accounting Policies (continued)

h) Investments

Investments comprise a freehold investment property and short-term deposits. In accordance with FRS 102 Section 16, investment properties are measured at fair value at each reporting period and all changes in fair value of the investment property are included in net income. This year a market valuation was performed as at 31 March 2023 by Montagu Evans LLP, Chartered Surveyors. Any surplus or deficit is included in net income/expenditure. The unrealised gains or losses are apportioned between unrestricted funds and the expendable endowment, in line with how the original cost of the property was funded.

i) Current Asset Investments

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or more.

j) Unrestricted Funds

The funds include income arising from the NGT Foundation's investments where no restriction exists as to the use of the funds. Income is recognised as it arises and is allocated as explained in the Statement of Financial Activities. Designated funds are amounts set aside out of unrestricted funds by the Trustees for specific purposes.

k) Expendable endowment

The expendable endowment fund represents a capital grant to the charity, given to enable the charity to purchase an investment property. The investment property provides the charity with an income stream for its charitable purposes. The Trustees are able to convert capital to income.

l) Taxation

The NGT Foundation is a registered charity and is therefore potentially exempt from taxation of its income and gains to the extent that they fall within Chapter 3 of Part 11 to the Corporation Tax Act 2010, Part 10 of the Income Tax Act 2007 and section 256 of the Taxation of Chargeable Gains Act 1992. No direct tax charge has arisen this year.

Other taxes detailed in note 7 relate to a VAT liability.

m) Financial instruments

The Foundation's financial instruments, as defined in FRS 102 section 11, consist of investments, cash, debtors and creditors. Investments are discussed in note 1(h). The measurement of debtors is based on the anticipated recoverable value of cash or services owed to the Foundation at the end of the year. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Information on the NGT Foundation's overall approach to financial risk management may be found in the investments, reserves and risk sections of the Annual Report.

n) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charities accounting policies, which are described above, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The Trustees do not consider there to be any sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above. The Trustees consider the valuation of the investment property to be a critical judgement further details of the valuation are given in note 5.

m) The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of:

- Investment property which is measured at fair value.

2. Investment income

	2023 £	2022 £
Rental income	2,158,724	2,282,978
Service charge income	361,441	209,794
Other costs recharged to tenants (insurance and electricity)	38,559	23,922
Interest on UK cash deposits and overdue rent	10,055	322
	<u>2,568,779</u>	<u>2,517,016</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2023 (continued)

Investment income (continued)

Interest on UK cash deposits and overdue rent	2023 £	2022 £
Interest on 90-day notice account	280	35
Interest on special reserve account	9,475	220
Interest on overdue rent	299	67
Total interest on UK cash deposits and overdue rent	10,054	322

3. Expenditure

	Direct Costs £	Support Costs £	Total 2023 £	Total 2022 £
Investment management activities	837,013	11,502	848,515	574,793
Charitable activities	1,650,000	22,673	1,672,673	1,527,355
	2,487,013	34,175	2,521,188	2,102,148

	2023 £	2022 £
Investment management activities		
Service charge expenditure	473,541	474,712
Other costs recharged to tenants (insurance, electricity and other costs)	64,779	53,619
Property management costs	182,594	32,228
Administrative costs	116,099	3,939
	837,013	564,498

	2023 £	2022 £
Charitable activities		
Grants to the National Gallery Trust	1,650,000	1,500,000

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2023 (continued)

Expenditure (continued)

	2023 £	2022 £
Support costs and Governance		
Auditor's remuneration		
Fees payable to the charitable company's auditor for the audit of the annual Financial Statements	6,775	6,750
Cost of professional valuation of investment property	6,000	3,000
National Gallery accounting and administration fee	21,400	27,900
	<u>34,175</u>	<u>37,650</u>

4. Staff costs and Trustees' remuneration

NGT Foundation does not employ staff directly. During the year ended 31 March 2023 services were provided by the National Gallery at a charge of £21,400 (2022: £27,900).

The Trustees neither received nor waived any remuneration for their services during the year (2022: £nil). No Trustee travel expenses were reimbursed during the year (2022: £nil).

5. Investments

Fixed Assets

	2023 £	2022 £
Value brought forwards	41,250,000	42,200,000
Additions	-	149,197
Disposals	-	-
Revaluations	(3,300,000)	(1,099,197)
Value carried forwards	<u>37,950,000</u>	<u>41,250,000</u>
Cost	22,358,479	22,358,479

A desktop market valuation of the investment property was undertaken by Montagu Evans LLP, Chartered Surveyors, as at 31 March 2023 which shows the overall value decreased by £3.3m from the prior year (2022: £1.1m decrease).

This fall in value is in part due to a reduction in income resulting from tenant vacancies, and the associated vacancy costs related to that space prior to reletting. Furthermore, the expected rental value on the vacant office space has been reduced in line with current Market Rents and the interest received to date in the marketing of the space.

In addition, there are a number of leases with relatively short unexpired terms, with the uncertainty associated with upcoming lease expiries and break options factored into the valuation with a slight outward shift in the capitalisation rates adopted on the future income to reflect the uncertainty on the future income associated with that accommodation.

Current Assets

	2023 £	2022 £
UK current asset investments	<u>30,341</u>	<u>30,061</u>

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or more.

6. Debtors

	2023 £	2022 £
Trade debtors	1,304,410	1,524,336
Prepayments and accrued income	657,744	355,319
	<u>1,962,154</u>	<u>1,879,655</u>
Analysis of debtors by due date		
	2023 £	2022 £
Amounts falling due within one year	1,227,256	1,531,459
Amounts falling due in more than one year	734,895	348,193
	<u>1,962,151</u>	<u>1,879,652</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2023 (continued)

7. Creditors

	2023 £	2022 £
Amounts falling due within one year:		
Other creditors	1,862,694	1,578,865
Accruals and deferred income	724,918	509,567
Other taxes	107,922	78,745
	<u>2,695,534</u>	<u>2,167,177</u>

Other creditors includes an amount of £1.65m (2022: £1.5m), being the grant payable to the National Gallery Trust. There are no creditor balances that are due in more than one year; all balances are payable within one year.

	2023	2022
The movement on the deferred income balance in the year was as follows:		
As at 1 April	502,208	372,774
Amounts released from previous years	(502,208)	(372,774)
Income deferred in the current year	715,583	502,208
As at 31 March	<u>715,583</u>	<u>502,208</u>

Deferred income relates to rental and service charge income that is invoiced to tenants quarterly, in advance. The income relating to the first quarter of the next financial year, which is billed in March, therefore needs to be deferred, so that it is recorded in the financial period to which the rent and service charges relate.

8. Funds

	Balance at 1 April 2022	Income	Expenditure	Loss on revaluation of investment property	Balance at 31 March 2023
	£	£	£	£	£
Unrestricted funds:					
Designated funds - property maintenance reserve	500,000	-	-	-	500,000
General funds	4,073,951	2,568,779	(2,521,189)	-	4,121,541
Revaluation reserve	1,732,064	-	-	(421,897)	1,310,167
Total unrestricted funds	<u>6,306,015</u>	<u>2,568,779</u>	<u>(2,521,189)</u>	<u>(421,897)</u>	<u>5,931,708</u>
Expendable endowment:					
Expendable endowment - general	19,500,000	-	-	-	19,500,000
Expendable endowment - revaluation reserve	17,159,458	-	-	(2,878,103)	14,281,355
Total expendable endowment	<u>36,659,458</u>	<u>-</u>	<u>-</u>	<u>(2,878,103)</u>	<u>33,781,355</u>
Total funds	<u>42,965,473</u>	<u>2,568,779</u>	<u>(2,521,189)</u>	<u>(3,300,000)</u>	<u>39,713,063</u>

The expendable endowment fund represents a capital grant to the NGT Foundation which enabled it to purchase Saint Vincent House and the attributed upon revaluation.

Prior year Funds note

	Balance at 1 April 2022	Income	Expenditure	Loss on revaluation of investment property	Balance at 31 March 2022
	£	£	£	£	£
Unrestricted funds:					
Designated funds - property maintenance reserve	500,000	-	-	-	500,000
General funds	3,659,084	2,517,016	(2,102,149)	-	4,073,951
Revaluation reserve	1,872,594	-	-	(140,530)	1,732,064
Total unrestricted funds	<u>6,031,678</u>	<u>2,517,016</u>	<u>(2,102,149)</u>	<u>(140,530)</u>	<u>6,306,015</u>
Expendable endowment:					
Expendable endowment - general	19,500,000	-	-	-	19,500,000
Expendable endowment - revaluation reserve	18,118,125	-	-	(958,667)	17,159,458
Total expendable endowment	<u>37,618,125</u>	<u>-</u>	<u>-</u>	<u>(958,667)</u>	<u>36,659,458</u>
Total funds	<u>43,649,803</u>	<u>2,517,016</u>	<u>(2,102,149)</u>	<u>(1,099,197)</u>	<u>42,965,473</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2023 (continued)

9. Analysis of net assets between funds

	Fixed assets £	Net current assets £	Net current liabilities £	Total 2023 £
Unrestricted funds	4,168,645	4,458,597	(2,695,534)	5,931,708
Expendable endowment	33,781,355	-	-	33,781,355
Total funds	37,950,000	4,458,597	(2,695,534)	39,713,063

	Fixed assets £	Net current assets £	Net current liabilities £	Total 2022 £
Unrestricted funds	4,590,542	3,882,650	(2,167,177)	6,306,015
Expendable endowment	36,659,458	-	-	36,659,458
Total funds	41,250,000	3,882,650	(2,167,177)	42,965,473

10. Related party transactions

Details of related party transactions for the year ended 31 March 2023 are shown below. Comparative balances for the prior year are shown in italics against each related party.

Related Party	Nature of relationship	Year	Value of income in year £	Value of expenditure in year £	Outstanding balances due (to)/from at year end £	Nature of transactions
National Gallery Global Limited	The National Gallery Global Limited is a wholly owned subsidiary of the National Gallery, a related party.	2022-23	-	-	174,885	Rent and service charge paid to the Foundation by the related party.
		2021-22	(2,390)	-	(3,045)	
The National Gallery	At any one time during the year, one Trustee of the NGT Foundation served as Trustee of the National Gallery.	2022-23	(7,857)	21,400	(61,450)	Rent and service charge paid by the related party to the Foundation; annual accounting fee and security patrol charges paid by the Foundation to the related party.
		2021-22	413,355	27,900	(29,271)	

There were no other related party transactions (2022: Nil).

11. Future lease payments receivable

	2023 £	2022 £
Future minimum lease payments receivable under non-cancellable operating leases:		
no later than one year	2,146,018	1,715,422
later than one year and not later than five years	8,680,097	6,378,498
later than five years	2,534,915	3,107,453
Total future minimum lease payments receivable under non-cancellable operating leases	13,361,030	11,201,373

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2023 (continued)

12. Prior Year Statement of Financial Activities
For the year ended 31 March 2022

	Unrestricted Funds 2022 £	Expendable Endowment 2022 £	Total Funds 2022 £
Income			
Investment income	2,517,016	-	2,517,016
Total income	2,517,016	-	2,517,016
Expenditure on			
Costs of generating funds			
Investment management costs	(574,793)	-	(574,793)
Charitable activities	(1,527,355)	-	(1,527,355)
Total expenditure	(2,102,148)	-	(2,102,148)
Loss on investment asset	(140,530)	(958,667)	(1,099,197)
Net expenditure for the year	274,338	(958,667)	(684,329)
Net movement in funds	274,338	(958,667)	(684,329)
Total funds at 1 April	6,031,678	37,618,125	43,649,803
Total funds at 31 March	6,306,016	36,659,458	42,965,473

Accounts

THE NGT FOUNDATION
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Registered company number: 03444689

Registered charity number: 1064635

THE NGT FOUNDATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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THE NGT FOUNDATION

Legal and administrative information

The NGT Foundation was incorporated in England and Wales as a company limited by guarantee on 30 September 1997 (company number 03444689). It is registered as a charity with the Charity Commission (number 1064635).

Registered Office: The NGT Foundation
Trafalgar Square
London
WC2N 5DN

Trustees: The names of the Trustees who served during and since the year end are given below.

David Marks (Chair)
Catherine Bedford
Katrín Henkel (resigned 15 March 2022)
David Landau
Daniel Pelz

Secretary: Victoria Hayes

Bankers: Coutts & Co
St Martin's Office
440 Strand
London
WC2R 0QS

Auditor: Price Bailey – Statutory Auditor
24 Old Bond Street
London
W1S 4AP

Solicitors: Hamlin's LLP
Roxburghe House
273-287 Regent Street
London
W1B 2AD

Managing agent: Ashdown Phillips & Partners Ltd
Pippingford Manor
Nutley
East Sussex
TN22 3HW

THE NGT FOUNDATION

Trustees' Annual Report (incorporating the Director's report) for the year ended 31 March 2022

Structure, governance and management

The Trustees submit their Trustees' Annual Report, which includes the Directors' Report for Companies Act purposes and the audited financial statements of the NGT Foundation for the year ended 31 March 2022. The Trustees' Annual Report has been prepared in accordance with the provisions applicable to small companies entitled to the small company's exemption, including the exemption not to include a Strategic Report.

The NGT Foundation ("the Foundation") is a public benefit entity which is governed by a Board of Trustees. Power to appoint new Trustees is exercisable by surviving or continuing Trustees. Trustees are normally appointed for a period of five years with the possibility of reappointment. They are fully briefed on the objectives of the Foundation and their role as Trustees as part of their induction. Further training is available as necessary.

The Board of Trustees consists of a Chairman and three Trustees, chosen for their skills and experience. The Board of Trustees is responsible for providing governance and leadership for the Foundation and for taking all important decisions. Under a service level agreement, administration of the Foundation is undertaken by staff of the National Gallery and by the managing agent. The Foundation does not directly employ any staff.

Related parties

At any point during the year there were two Trustees of the Foundation who were also Trustees of the National Gallery; and there was one Trustee who was also Trustee of the National Gallery Trust, to which a grant was made during the year. Full details of transactions with related parties are given in note 10 to the financial statements.

Risk management

The Trustees have assessed the major risks to which the Foundation is exposed and consider that adequate systems are in place to mitigate exposure to those risks where possible. The Foundation seeks to maintain its property, St Vincent House, so as to enhance its value; and to sustain, and where possible increase, rental income from tenants. A key risk is that market conditions cause the value of the property to decrease or rents to fall, but the Foundation has a planned cycle of maintenance works to maintain the property in optimum condition and mitigate this risk. It also seeks the advice of experienced professionals when negotiating any new leases or lease extensions, to maximise rental values.

Going concern

Having scrutinised forecasts in light of the revised rental settlements reached with tenants and subsequent reduction in income, Trustees are satisfied of the Foundation's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have been prepared on the going concern basis.

THE NGT FOUNDATION

Trustees' Annual Report for the year ended 31 March 2022 (continued)

Charitable objects for the benefit of the public

The objectives of the Foundation are to support the charitable objects of the National Gallery and to assist the National Gallery in carrying out its charitable objects by such means as shall be thought fit. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning future activities.

The Foundation was established with the support of a grant for the purpose of acquiring a property (St Vincent House), for the long-term benefit of the National Gallery. The net rental income from the property, after making adequate provision for property refurbishment and maintenance costs, is used to further the objectives of the charity.

The Foundation seeks to support the gallery yearly to the sum of £1.5m, from the surpluses generated from the investment property.

Current year activities

The Foundation's main aim at present is to keep up over time the level of support it is able to give to the National Gallery by means of grants to the National Gallery Trust. To that end the Foundation seeks to maintain its property, St Vincent House, so as to enhance its value; and to sustain, and where possible increase, rental income from tenants.

The impact from Covid-19 and the resulting response to assist the tenants was a significant factor of 20/21. This year however, these issues have been addressed: all tenants have resumed payments in line with their agreements.

There are currently two vacancies, the Upper Ground Floor East and the First Floor, formerly occupied respectively by the National Gallery Global Limited and the National Gallery. Refurbishment works have taken place this year on the reception and exterior building, which is intended to attract new tenants.

THE NGT FOUNDATION

Trustees' Annual Report for the year ended 31 March 2022 (continued)

Achievements and performance

Rental and service charge income for the year was at £2.5 million (2021: £3 million). This was offset by a loss on the valuation of the investment property of £0.95m (2021: £8.1m). The freehold interest in St Vincent House as at 31 March 2022 was estimated to be of the value of £41.3 million (2021: £42.2 million). A market valuation was performed by Montagu Evans LLP as at 31 March 2022. The Foundation agreed a grant from general funds of £1.5 million (2021: £2 million) to the National Gallery Trust. The Foundation employs no staff and uses agents to manage its investment properties.

Plans for future periods

With two vacancies this year formerly occupied by the National Gallery Global Limited and the National Gallery, the foundation will focus on securing replacement tenants. The main reception area and waiting areas have had a design refurbish to replace the current decor with a more modern concept, an update of this nature may also be given to the first floor lobby.

Policies

Grant-making policy

Grants are made only with the agreement of the Board of Trustees. Grants are made to the National Gallery Trust to the extent that resources allow, to be used by the Trust for the benefit of the National Gallery, in accordance with the charity's objectives.

Investment policy

The Trustees have considered the most appropriate policy for investing funds and decided that placing funds in a short-term money market deposit meets their requirement to generate income without compromising liquidity. The investment property is largely represented by expendable endowment and valuation reserves. The Trustees review the open market value of the property annually, revalue the property to fair value and approve refurbishment works to enhance its value. The movement in fixed asset investments during the year is set out in note 5 to the financial statements.

Reserves policy

The reserves policy is to ensure that the level of general reserves is adequate to meet the needs of the Foundation. The Trustees have reviewed the reserves of the Foundation. This review encompassed the nature of income and expenditure streams, the current market for rental property and the likelihood of future capital works being required. The review concluded that the current level of general reserves would be adequate to meet the needs of the Foundation, together with the £500,000 designated in previous years for property maintenance. There is no formal target set for the level of general reserves to be maintained outside this designation, but in recent years they have been maintained at around £4 million. Further information on reserves can be found in notes 8 and 9.

Fundraising policy

The Foundation understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate but does not currently fundraise from the public or use any internal fundraisers or external fundraising agencies for either telephone or face to face campaigns and received no fundraising complaints during the year.

THE NGT FOUNDATION

Trustees' Annual Report (continued) for the year ended 31 March 2022

Trustees' responsibility statement

The Trustees (who are also directors of NGT Foundation 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 financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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 the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

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.

Disclosure of Information to Auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees on

and signed on its behalf by

.....Trustee

David Marks

THE NGT FOUNDATION

Independent Auditor's Report to the Members of The NGT Foundation for the year ended 31 March 2022

Opinion

We have audited the financial statements of The NGT Foundation (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, Balance Sheet and Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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.

THE NGT FOUNDATION

Independent Auditor's Report to the Members of The NGT Foundation for the year ended 31 March 2022 (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the trustees' 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 our 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 directors' 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 directors' report and from the requirement to prepare a strategic report.

THE NGT FOUNDATION

Independent Auditor's Report to the Members of The NGT Foundation for the year ended 31 March 2022 (continued)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 4, the trustees (who are also the directors of the charitable company for the purposes of company law) 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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the sector in which it operates and considered the risk of the Charitable Company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Charities Act 2011 and SORP 2019.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and made enquiries of management and officers of the Charitable Company. We have also reviewed the procedures in place for the reporting of any incidents to the Board of Trustees including serious incident reporting of these matters as necessary with the Charity Commission.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override risk and evaluated the business rationale of significant transactions to identify large or unusual transactions. We reviewed key authorisation procedures and decision making processes for any unusual or one-off transactions.

We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

THE NGT FOUNDATION

Independent Auditor's Report to the Members of The NGT Foundation for the year ended 31 March 2022 (continued)

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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Helena Wilkinson FCA
Senior statutory auditor
For and on behalf of Price Bailey LLP (Statutory auditors)
24 Old Bond Street
London
W1S 4AP

Date:

THE NGT FOUNDATION

Statement of Financial Activities (incorporating the income and expenditure account)
For the year ended 31 March 2022

	Note	Unrestricted Funds 2022 £	Expendable Endowment 2022 £	Total Funds 2022 £	Total Funds 2021 £
Income					
Investment income	2	2,517,016	-	2,517,016	3,013,380
Total income		2,517,016	-	2,517,016	3,013,380
Expenditure on					
Costs of raising funds					
Investment property management costs	3	(574,793)	-	(574,793)	(643,705)
Charitable activities	3	(1,527,355)	-	(1,527,355)	(2,028,569)
Total expenditure		(2,102,148)	-	(2,102,148)	(2,672,274)
Loss on investment asset	5	(140,530)	(958,667)	(1,099,197)	(8,075,243)
Net (expenditure)		274,338	(958,667)	(684,329)	(7,734,137)
Net movement in funds		274,338	(958,667)	(684,329)	(7,734,137)
Total funds at 1 April		6,031,678	37,618,125	43,649,802	51,383,940
Total funds at 31 March	8,9	6,306,016	36,659,458	42,965,473	43,649,803

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All of the above results are derived from continuing activities.

The company has no recognised gains or losses other than those stated above.

For full details of the prior year comparatives please see note 12.

The notes on pages 10 to 16 form part of these financial statements.

THE NGT FOUNDATION

Registered company number: 03444689

Balance Sheet

As at 31 March 2022

		2022		2021	
	Note	£	£	£	£
Fixed assets					
Investments	5		41,250,000		42,200,000
Current assets					
Debtors due within one year	6	1,531,459		740,291	
Debtors due after one year	6	348,193		291,690	
Investments	5	30,061		30,026	
Cash at bank and in hand		1,972,937		2,953,394	
		<u>3,882,650</u>		<u>4,015,401</u>	
Creditors					
Amounts falling due within one year	7	<u>(2,167,177)</u>		<u>(2,565,594)</u>	
Net current assets			1,715,473		1,449,807
Net assets			<u>42,965,473</u>		<u>43,649,807</u>
Represented by:					
Unrestricted funds:					
Designated funds	8	500,000		500,000	
General funds	8	4,073,951		3,659,084	
Revaluation reserve	8	1,732,064		1,872,594	
			6,306,015		6,031,678
Expendable endowment:					
Expendable endowment	8	19,500,000		19,500,000	
Revaluation reserve	8	17,159,458		18,118,125	
			36,659,458		37,618,125
Total funds			<u>42,965,473</u>		<u>43,649,803</u>

The notes on pages 10 to 16 form part of these financial statements.

The financial statements are prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Approved and authorised for issue by the Board of Trustees on

and signed on its behalf by:

.....Trustee

David Marks

THE NGT FOUNDATION

Statement of cash flows

For the year ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash (used by)/provided by operating activities	(i)	<u>(831,543)</u>	<u>(331,479)</u>
Cash flows from investing activities			
Interest received		<u>322</u>	<u>1,566</u>
Net cash provided by investing activities		<u>322</u>	<u>1,566</u>
Change in cash and cash equivalents in the reporting period		<u>(980,422)</u>	<u>(405,151)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>2,983,421</u>	<u>3,388,572</u>
Cash and cash equivalents at the end of the reporting period	(ii)	<u>2,002,999</u>	<u>2,983,421</u>

Notes to the Statement of cash flows

(i) Reconciliation of net income to net cash flow from operating activities

	2022 £	2021 £
Net (expenditure) for the reporting period (as per SoFA)	(684,329)	(7,734,137)
Loss on investment	1,099,197	8,075,243
Interest income	(322)	(1,566)
(Increase)/decrease in debtors	(847,671)	225,212
Increase in creditors and provisions	(398,417)	(896,231)
Net cash (used by) provided by operating activities	<u>(831,543)</u>	<u>(331,479)</u>

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(ii) Analysis of cash and cash equivalents

	2022 £	2021 £
Cash held with commercial banks	1,972,937	2,953,394
Deposit accounts (90 days notice)	30,061	30,026
Cash held with commercial banks	<u>2,002,999</u>	<u>2,983,421</u>

(iii) Net debt reconciliation

	As at 1 April 2021 £	Cash Flows £	As at March 2022 £
Cash and Cash Equivalents	2,983,421	(980,422)	2,002,999
Cash			

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2022

1. Accounting Policies

a) Accounting convention

The financial statements are prepared under the historic cost convention as modified by the valuation of certain investments and in accordance with the recommendations set out in the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' published in 2019, the Financial Reporting Standard 102, other applicable accounting standards and the Charities Act 2011. The NGT Foundation is a public benefit entity. The Company's functional and presentational currency is Pounds Sterling.

b) Going concern

Trustees have carefully evaluated financial forecasts in conjunction with the timetable for replacing currently vacant floors. Based on contractual income, expected costs, and the existing levels of reserves, Trustees are satisfied with the Foundation's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have therefore been prepared on the going concern basis.

c) Company status

The Foundation is a company limited by guarantee. The guarantors are the Trustees named on page 1. The liability in respect of the guarantee, as set out in the memorandum, is limited to an amount not exceeding £1 per member of the company. The Foundation has availed itself of Paragraph 3 (3) Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the company's activities.

The registered office of the Foundation is: National Gallery, Trafalgar Square, London WC2N 5DN.

d) Rental income

Future minimum lease payments receivable under non-cancellable operating leases are disclosed in note 11.

Where income is received in advance, and the NGT Foundation does not have entitlement to these resources until the services have been provided, the income is deferred in the accounts.

e) Service charge income and related property costs

Service charge income from tenants to reimburse the Foundation for property costs and the expenditure to which it relates are recognised in full in the Statement of Financial Activities.

f) Donations

Cash donations, gifts and legacies are included in full in the Statement of Financial Activities when the NGT Foundation is legally entitled to the income, when receipt is probable and when the amount can be quantified with reasonable accuracy.

g) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Governance costs are allocated based on the direct expenditure of the activity. These costs include the costs of statutory audit, costs associated with constitutional and statutory requirements, and reimbursed Trustee expenses. Grants payable are recognised when the grant is approved by the board of Trustees and communicated to the recipient.

No support costs are allocated to the endowment.

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

1. Accounting Policies (continued)

h) Investments

Investments comprise a freehold investment property and short-term deposits. In accordance with FRS 102 Section 16, investment properties are measured at fair value at each reporting period and all changes in fair value of the investment property are included in net income. This year a market valuation was performed as at 31 March 2022 by Montagu Evans LLP, Chartered Surveyors. Any surplus or deficit is included in net income/expenditure. The unrealised gains or losses are apportioned between unrestricted funds and the expendable endowment, in line with how the original cost of the property was funded.

i) Current Asset Investments

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or more.

j) Unrestricted Funds

The funds include income arising from the NGT Foundation's investments where no restriction exists as to the use of the funds. Income is recognised as it arises and is allocated as explained in the Statement of Financial Activities. Designated funds are amounts set aside out of unrestricted funds by the Trustees for specific purposes.

k) Expendable endowment

The expendable endowment fund represents a capital grant to the charity, given to enable the charity to purchase an investment property. The investment property provides the charity with an income stream for its charitable purposes. The Trustees are able to convert capital to income.

l) Taxation

The NGT Foundation is a registered charity and is therefore potentially exempt from taxation of its income and gains to the extent that they fall within Chapter 3 of Part 11 to the Corporation Tax Act 2010, Part 10 of the Income Tax Act 2007 and section 256 of the Taxation of Chargeable Gains Act 1992. No direct tax charge has arisen this year.

Other taxes detailed in note 7 relate to a VAT liability.

m) Financial instruments

The Foundation's financial instruments, as defined in FRS 102 section 11, consist of investments, cash, debtors and creditors. Investments are discussed in note 1(h). The measurement of debtors is based on the anticipated recoverable value of cash or services owed to the Foundation at the end of the year. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Information on the NGT Foundation's overall approach to financial risk management may be found in the investments, reserves and risk sections of the Annual Report.

n) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charities accounting policies, which are described above, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The Trustees do not consider there to be any sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above. The Trustees consider the valuation of the investment property to be a critical judgement further details of the valuation are given in note 5.

m) The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of:

- Investment property which is measured at fair value.

2. Investment income

	2022 £	2021 £
Rental income	2,282,978	2,586,269
Service charge income	209,794	377,931
Other costs recharged to tenants (insurance and electricity)	23,922	47,615
Interest on UK cash deposits and overdue rent	322	1,566
	<u>2,517,016</u>	<u>3,013,380</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

Investment income (continued)

Interest on UK cash deposits and overdue rent

	2022 £	2021 £
Interest on 90-day notice account	35	43
Interest on special reserve account	220	1,221
Interest on overdue rent	67	303
Total interest on UK cash deposits and overdue rent	<u>322</u>	<u>1,567</u>

3. Expenditure

	Direct Costs £	Support Costs £	Total 2022 £	Total 2021 £
Investment management activities	564,498	10,295	574,793	643,705
Charitable activities	1,500,000	27,355	1,527,355	2,028,569
	<u>2,064,498</u>	<u>37,650</u>	<u>2,102,147</u>	<u>2,672,273</u>

	2022 £	2021 £
Investment management activities		
Service charge expenditure	474,712	412,075
Other costs recharged to tenants (insurance, electricity and other costs)	53,619	48,911
Property management costs	32,228	109,267
Administrative costs	3,939	64,386
	<u>564,498</u>	<u>634,639</u>

	2022 £	2021 £
Charitable activities		
Grants to the National Gallery Trust	<u>1,500,000</u>	<u>2,000,000</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

Expenditure (continued)

	2022 £	2021 £
Support costs and Governance		
Auditor's remuneration		
Fees payable to the charitable company's auditor for the audit of the annual Financial Statements	6,750	6,434
Cost of professional valuation of investment property	3,000	2,500
National Gallery accounting and administration fee	27,900	28,700
	<u>37,650</u>	<u>37,634</u>

4. Staff costs and Trustees' remuneration

NGT Foundation does not employ staff directly. During the year ended 31 March 2022 services were provided by the National Gallery at a charge of £27,900 (2021: £28,700).

The Trustees neither received nor waived any remuneration for their services during the year (2021: £nil). No Trustee travel expenses were reimbursed during the year (2021: £nil).

5. Investments

Fixed Assets

	2022 £	2021 £
Value brought forwards	42,200,000	50,200,000
Additions	149,198	75,243
Disposals	-	-
Revaluations	(1,099,198)	(8,075,243)
Value carried forwards	<u>41,250,000</u>	<u>42,200,000</u>
Cost	22,358,479	22,209,282

A desktop market valuation of the investment property was undertaken by Montagu Evans LLP, Chartered Surveyors, as at 31 March 2022 which shows the overall value decreased by £1.1m from the prior year (2021: £8.1m decrease).

This fall in value is in part due to a reduction in income resulting from tenant vacancies, and the associated vacancy costs related to that space prior to reletting. Furthermore, the expected rental value on the vacant office space has been reduced in line with current Market Rents and the interest received to date in the marketing of the space.

In addition, there are a number of leases with relatively short unexpired terms, with the uncertainty associated with upcoming lease expiries and break options factored into the valuation with a slight outward shift in the capitalisation rates adopted on the future income to reflect the uncertainty on the future income associated with that accommodation.

Current Assets

	2022 £	2021 £
UK current asset investments	<u>30,061</u>	<u>30,026</u>

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or more.

6. Debtors

	2022 £	2021 £
Trade debtors	1,524,336	900,492
Prepayments and accrued income	355,319	131,489
	<u>1,879,655</u>	<u>1,031,980</u>
	2022	2021
	£	£
Analysis of debtors by due date		
Amounts falling due within one year	1,531,459	740,291
Amounts falling due in more than one year	348,196	291,690
	<u>1,879,655</u>	<u>1,031,981</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

7. Creditors

	2022 £	2021 £
Amounts falling due within one year:		
Other creditors	1,578,865	2,058,120
Accruals and deferred income	509,567	496,848
Other taxes	78,745	10,626
	<u>2,167,177</u>	<u>2,565,594</u>

Other creditors includes an amount of £1.5m (2021: £2m), being the grant payable to the National Gallery Trust. There are no creditor balances that are due in more than one year; all balances are payable within one year.

	2022	2021
The movement on the deferred income balance in the year was as follows:		
As at 1 April	372,774	678,205
Amounts released from previous years	(372,774)	(678,205)
Income deferred in the current year	502,208	372,774
As at 31 March	<u>502,208</u>	<u>372,774</u>

Deferred income relates to rental and service charge income that is invoiced to tenants quarterly, in advance. The income relating to the first quarter of the next financial year, which is billed in March, therefore needs to be deferred, so that it is recorded in the financial period to which the rent and service charges relate.

8. Funds

	Balance at 1 April 2021	Income	Expenditure	Loss on revaluation of investment property	Balance at 31 March 2022
	£	£	£	£	£
Unrestricted funds:					
Designated funds - property maintenance reserve	500,000	-	-	-	500,000
General funds	3,659,084	2,517,016	(2,102,149)	-	4,073,951
Revaluation reserve	1,872,594	-	-	(140,530)	1,732,064
Total unrestricted funds	<u>6,031,678</u>	<u>2,517,016</u>	<u>(2,102,149)</u>	<u>(140,530)</u>	<u>6,306,015</u>
Expendable endowment:					
Expendable endowment - general	19,500,000	-	-	-	19,500,000
Expendable endowment - revaluation reserve	18,118,125	-	-	(958,667)	17,159,458
Total expendable endowment	<u>37,618,125</u>	<u>-</u>	<u>-</u>	<u>(958,667)</u>	<u>36,659,458</u>
Total funds	<u>43,649,803</u>	<u>2,517,016</u>	<u>(2,102,149)</u>	<u>(1,099,197)</u>	<u>42,965,473</u>

The expendable endowment fund represents a capital grant to the NGT Foundation which enabled it to purchase Saint Vincent House an attributed upon revaluation.

Prior year Funds note

	Balance at 1 April 2020	Income	Expenditure	Loss on revaluation of investment property	Balance at 31 March 2021
	£	£	£	£	£
Unrestricted funds:					
Designated funds - property maintenance reserve	500,000	-	-	-	500,000
General funds	3,317,978	3,013,380	(2,672,274)	-	3,659,084
Revaluation reserve	2,857,682	-	-	(985,088)	1,872,594
Total unrestricted funds	<u>6,675,660</u>	<u>3,013,380</u>	<u>(2,672,274)</u>	<u>(985,088)</u>	<u>6,031,678</u>
Expendable endowment:					
Expendable endowment - general	19,500,000	-	-	-	19,500,000
Expendable endowment - revaluation reserve	25,208,280	-	-	(7,090,155)	18,118,125
Total expendable endowment	<u>44,708,280</u>	<u>-</u>	<u>-</u>	<u>(7,090,155)</u>	<u>37,618,125</u>
Total funds	<u>51,383,940</u>	<u>3,013,380</u>	<u>(2,672,274)</u>	<u>(8,075,243)</u>	<u>43,649,803</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

9. Analysis of net assets between funds

	Fixed assets £	Net current assets £	Net current liabilities £	Total 2022 £
Unrestricted funds	4,590,542	3,882,650	(2,167,177)	6,306,015
Expendable endowment	36,659,458	-	-	36,659,458
Total funds	41,250,000	3,882,650	(2,167,177)	42,965,473

	Fixed assets £	Net current assets £	Net current liabilities £	Total 2021 £
Unrestricted funds	4,581,875	4,015,401	(2,565,594)	6,031,682
Expendable endowment	37,618,125	-	-	37,618,125
Total funds	42,200,000	4,015,401	(2,565,594)	43,649,807

10. Related party transactions

Details of related party transactions for the year ended 31 March 2022 are shown below. Comparative balances for the prior year are shown in italics against each related party.

Related Party	Nature of relationship	Year	Value of income in year £	Value of expenditure in year £	Outstanding balances due (to)/from at year end £	Nature of transactions
National Gallery Global Limited	The National Gallery Global Limited is a wholly owned subsidiary of the National Gallery, a related party.	2021-22	(2,390)	-	(3,045)	Rent and service charge paid to the Foundation by the related party.
		2020-21	77,139	-	-	
National Gallery Trust	At any one time during the year, three Trustees of the NGT Foundation were also Trustees of the National Gallery Trust.	2021-22	-	1,500,000	(1,500,000)	Grant paid to the related party.
		2020-21	-	2,000,000	(2,000,000)	
The National Gallery	At any one time during the year, two Trustees of the NGT Foundation served as Trustees of the National Gallery.	2021-22	413,355	27,900	(29,271)	Rent and service charge paid by the related party to the Foundation; annual accounting fee and security patrol charges paid by the Foundation to the related party.
		2020-21	767,599	28,700	(79,691)	

There were no other related party transactions (2021: Nil).

11. Future lease payments receivable

	2022 £	2021 £
Future minimum lease payments receivable under non-cancellable operating leases:		
no later than one year	1,715,422	1,442,825
later than one year and not later than five years	6,378,498	6,246,420
later than five years	3,107,453	3,962,969
Total future minimum lease payments receivable under non-cancellable operating leases	11,201,373	11,652,215

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

12. Prior Year Statement of Financial Activities

For the year ended 31 March 2020

	Unrestricted Funds 2021 £	Expendable Endowment 2021 £	Total Funds 2021 £
Income			
Investment income	3,013,380	-	3,013,380
Total income	3,013,380	-	3,013,380
Expenditure on			
Costs of generating funds			
Investment management costs	(643,705)	-	(643,705)
Charitable activities	(2,028,569)	-	(2,028,569)
Total expenditure	(2,672,274)	-	(2,672,274)
Loss on investment asset	(985,088)	(7,090,155)	(8,075,243)
Net expenditure for the year	(643,982)	(7,090,155)	(7,734,137)
Net movement in funds	(643,982)	(7,090,155)	(7,734,137)
Total funds at 1 April	6,675,660	44,708,280	51,383,940
Total funds at 31 March	6,031,678	37,618,125	43,649,803

Accounts

THE NGT FOUNDATION
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Registered company number: 03444689

Registered charity number: 1064635

THE NGT FOUNDATION

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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THE NGT FOUNDATION

Legal and administrative information

The NGT Foundation was incorporated in England and Wales as a company limited by guarantee on 30 September 1997 (company number 03444689). It is registered as a charity with the Charity Commission (number 1064635).

Registered Office: The NGT Foundation
 Trafalgar Square
 London
 WC2N 5DN

Trustees: The names of the Trustees who served during and since the year end
 are given below.

David Marks (Chairman)
Dr David Landau
Nicholas Baring (resigned 13th July 2020)
Katrin Henkel
Daniel Peltz
Catherine Bedford (appointed 13th July 2020)

Bankers: Coutts & Co
 St Martin's Office
 440 Strand
 London
 WC2R 0QS

Auditor: Price Bailey - Statutory Auditor
 24 Old Bond Street
 London
 W1S 4AP

Solicitors: Hamblins LLP
 Roxburghe House
 273-287 Regent Street
 London
 W1B 2AD

Managing agent: Ashdown Phillips & Partners Ltd
 Pippingford Manor
 Nutley
 East Sussex
 TN22 3HW

THE NGT FOUNDATION

Trustees' Annual Report (incorporating the Director's report)

Structure, governance and management

The Trustees submit their Trustees' Annual Report, which includes the Directors' Report for Companies Act purposes and the audited financial statements of the NGT Foundation for the year ended 31 March 2021. The Trustees' Annual Report has been prepared in accordance with the provisions applicable to small companies entitled to the small company's exemption, including the exemption not to include a Strategic Report.

The NGT Foundation ("the Foundation") is a public benefit entity which is governed by a Board of Trustees. Power to appoint new Trustees is exercisable by surviving or continuing Trustees. Trustees are normally appointed for a period of five years with the possibility of reappointment. They are fully briefed on the objectives of the Foundation and their role as Trustees as part of their induction. Further training is available as necessary.

The Board of Trustees consists of a Chairman and four Trustees, chosen for their skills and experience. The Board of Trustees is responsible for providing governance and leadership for the Foundation and for taking all important decisions. Under a service level agreement, administration of the Foundation is undertaken by staff of the National Gallery and by the managing agent. The Foundation does not directly employ any staff.

Related parties

At any point during the year there were two Trustees of the Foundation who were also Trustees of the National Gallery; and there was one Trustees who was also Trustee of the National Gallery Trust, to which a grant was made during the year. Full details of transactions with related parties are given in note 10 to the financial statements.

Risk management

The Trustees have assessed the major risks to which the Foundation is exposed and consider that adequate systems are in place to mitigate exposure to those risks where possible. The Foundation seeks to maintain its property, St Vincent House, so as to enhance its value; and to sustain, and where possible increase, rental income from tenants. A key risk is that market conditions cause the value of the property to decrease or rents to fall, but the Foundation has a planned cycle of maintenance works to maintain the property in optimum condition and mitigate this risk. It also seeks the advice of experienced professionals when negotiating any new leases or lease extensions, to maximise rental values.

Going concern

Having scrutinised forecasts in light of the revised rental settlements reached with tenants and subsequent reduction in income, Trustees are satisfied of the Foundation's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have been prepared on the going concern basis.

Charitable objects for the benefit of the public

The objectives of the Foundation are to support the charitable objects of the National Gallery and to assist the National Gallery in carrying out its charitable objects by such means as shall be thought fit. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning future activities.

The Foundation was established with the support of a grant for the purpose of acquiring a property (St Vincent House), for the long-term benefit of the National Gallery. The net rental income from the property, after making adequate provision for property refurbishment and maintenance costs, is used to further the objectives of the charity.

The Foundation seeks to support the gallery yearly to the sum of £2m, from the surpluses generated from the investment property.

Current year activities

The Foundation's main aim at present is to keep up over time the level of support it is able to give to the National Gallery by means of grants to the National Gallery Trust. To that end the Foundation seeks to maintain its property, St Vincent House, so as to enhance its value; and to sustain, and where possible increase, rental income from tenants.

The primary challenge faced by the Foundation during 20-21 has been responding to the Covid-19 pandemic to ensure it is able to still provide the desired level of support to the National Gallery Trust. Tenants have faced understandable difficulties as a result of the pandemic and where required, the Foundation has successfully worked with them to agree temporary arrangements to both ease the financial burden and also protect the Foundation's income streams. New protocols for accessing the building were put in place to ensure it remained safe for those working on site.

Outside of the pandemic, a number of lease events have been addressed during the year including renewing the tenancy on the second floor. We are yet to fill the Upper Ground Floor East vacancy and with the first floor also due to become vacant during 21-22, the Foundation redoubling efforts to secure new tenants.

THE NGT FOUNDATION

Trustees' Annual Report (continued)

Achievements and performance

Rental income for the year was at £3.0 million (2020: £3.3 million). This was offset by a loss on the valuation of the investment property of £8.1m (2020: £2.1m).

The freehold interest in St Vincent House as at 31 March 2021 was estimated to be of the value of £42.2 million (2020: £50.2 million). A market valuation was performed by Montagu Evans LLP as at 31 March 2021.

The Foundation agreed a grant from general funds of £2 million (2020: £2.5 million) to the National Gallery Trust.

The Foundation employs no staff and uses agents to manage its investment properties.

Plans for future periods

Future activities will be guided by the ongoing Covid-19 pandemic, including ensuring that the building is a safe and secure working environment, and also working in partnership with tenants to negotiate rents and recover payments where relevant.

With two expected vacancies this year (the National Gallery Company and the National Gallery), NGTF will also focus on securing replacement tenants. They are also pursuing design options to significantly improve the approach to the ground floor entrance, the main reception area and the upper ground floor waiting areas, to replace the current decor with a more modern concept.

Policies

Grant-making policy

Grants are made only with the agreement of the Board of Trustees. Grants are made to the National Gallery Trust to the extent that resources allow, to be used by the Trust for the benefit of the National Gallery, in accordance with the charity's objectives.

Fixed asset investments

The movement in fixed asset investments during the year is set out in note 5 to the financial statements.

Investment policy

The Trustees have considered the most appropriate policy for investing funds and decided that placing funds in a short-term money market deposit meets their requirement to generate income without compromising liquidity.

The investment property is largely represented by expendable endowment and valuation reserves. The Trustees review the open market value of the property annually, revalue the property to fair value and approve refurbishment works to enhance its value.

Reserves policy

The reserves policy is to ensure that the level of general reserves is adequate to meet the needs of the Foundation. The Trustees have reviewed the reserves of the Foundation. This review encompassed the nature of income and expenditure streams, the current market for rental property and the likelihood of future capital works being required. The review concluded that the current level of general reserves would be adequate to meet the needs of the Foundation, together with the £500,000 designated in previous years for property maintenance. There is no formal target set for the level of general reserves to be maintained outside this designation, but in recent years they have been maintained at around £3 million. Further information on reserves can be found in notes 8 and 9.

Fundraising policy

The Foundation understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate but does not currently fundraise from the public or use any internal fundraisers or external fundraising agencies for either telephone or face to face campaigns and received no fundraising complaints during the year.

THE NGT FOUNDATION

Trustees' Annual Report (continued)

Trustees' responsibility statement

The Trustees (who are also directors of NGT Foundation 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 financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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 the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

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.

Disclosure of Information to Auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

So far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and

- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees on 22 October 2021

and signed on its behalf by

Trustee

David Marks

THE NGT FOUNDATION

Independent Auditor's Report to the Members of The NGT Foundation

Opinion

We have audited the financial statements of The NGT Foundation (the 'charitable company') for the year ended 31 March 2021 which comprise of the Statement of Financial Activities, the Charitable Company Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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.

THE NGT FOUNDATION

Independent Auditor's Report to the Members of The NGT Foundation (continued)

Matters on which we are required to report by exception

In the light of our 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 and proper accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) 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

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

THE NGT FOUNDATION

Independent Auditor's Report to the Members of The NGT Foundation (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the sector in which it operates and considered the risk of the Charitable Company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Charities Act 2011 and SORP 2019.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and made enquiries of management and officers of the Charitable Company. We have also reviewed the procedures in place for the reporting of any incidents to the Board of Trustees including serious incident reporting of these matters as necessary with the Charity Commission.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override risk and evaluated the business rationale of significant transactions to identify large or unusual transactions. We reviewed key authorisation procedures and decision making processes for any unusual or one-off transactions.

We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Helena Wilkinson FCA DChA (Senior Statutory Auditor)

For and on behalf of

Price Bailey LLP

Chartered Accountants and Statutory Auditors

3rd Floor

24 Old Bond Street, Mayfair,

London W1 4AP

Date:

THE NGT FOUNDATION

Statement of Financial Activities (incorporating the income and expenditure account)
For the year ended 31 March 2021

	Note	Unrestricted Funds 2021 £	Expendable Endowment 2021 £	Total Funds 2021 £	Total Funds 2020 £
Income					
Investment income	2	3,013,380	-	3,013,380	3,252,716
Total income		3,013,380	-	3,013,380	3,252,716
Expenditure on					
Costs of raising funds					
Investment property management costs	3	(643,705)	-	(643,705)	(632,655)
Charitable activities	3	(2,028,569)	-	(2,028,569)	(2,533,717)
Total expenditure		(2,672,274)	-	(2,672,274)	(3,166,372)
Loss on investment asset	8	(985,088)	(7,090,155)	(8,075,243)	(2,050,000)
Net (expenditure)		(643,982)	(7,090,155)	(7,734,137)	(1,963,656)
Net movement in funds		(643,982)	(7,090,155)	(7,734,137)	(1,963,656)
Total funds at 1 April		6,675,660	44,708,280	51,383,940	53,347,592
Total funds at 31 March	8,9	6,031,678	37,618,125	43,649,803	51,383,936

All of the above results are derived from continuing activities.

The company has no recognised gains or losses other than those stated above.

For full details of the prior year comparatives please see note 12.

The notes on pages 10 to 16 form part of these financial statements.

THE NGT FOUNDATION

Registered company number: 03444689

**Balance Sheet
As at 31 March 2021**

		2021		2020	
	Note	£	£	£	£
Fixed assets					
Investments	5		42,200,000		50,200,000
Current assets					
Debtors due within one year	6	740,291		1,001,248	
Debtors due after one year	6	291,690		255,945	
Investments	5	30,026		29,984	
Cash at bank and in hand		<u>2,953,394</u>		<u>3,358,588</u>	
		4,015,401		4,645,765	
Creditors					
Amounts falling due within one year	7	<u>(2,565,594)</u>		<u>(3,461,825)</u>	
Net current assets			1,449,807		1,183,940
Net assets			<u>43,649,807</u>		<u>51,383,940</u>
Represented by:					
Unrestricted funds:					
Designated funds	8	500,000		500,000	
General funds	8	3,659,084		3,317,978	
Revaluation reserve	8	1,872,594		2,857,682	
			6,031,678		6,675,660
Expendable endowment:					
Expendable endowment	8	19,500,000		19,500,000	
Revaluation reserve	8	18,118,125		25,208,280	
			37,618,125		44,708,280
Total funds			<u>43,649,803</u>		<u>51,383,940</u>

The notes on pages 10 to 16 form part of these financial statements.

The financial statements are prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Approved and authorised for issue by the Board of Trustees on 22 October 2021

and signed on its behalf by:

Trustee

David Marks

THE NGT FOUNDATION

Statement of cash flows

For the year ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash (used by)/provided by operating activities	(i)	<u>(331,479)</u>	<u>(641,392)</u>
Cash flows from investing activities			
Interest received		<u>1,566</u>	<u>8,450</u>
Net cash provided by investing activities		<u>1,566</u>	<u>8,450</u>
Change in cash and cash equivalents in the reporting period		(405,151)	(632,938)
Cash and cash equivalents at the beginning of the reporting period		<u>3,388,572</u>	<u>4,021,510</u>
Cash and cash equivalents at the end of the reporting period	(ii)	<u>2,983,421</u>	<u>3,388,572</u>

Notes to the Statement of cash flows

(i) Reconciliation of net income to net cash flow from operating activities

	2021 £	2020 £
Net (expenditure) for the reporting period (as per SoFA)	(7,734,137)	(1,963,656)
Loss on investment	8,075,243	2,050,000
Interest income	(1,566)	(8,450)
(Increase)/decrease in debtors	225,212	(678,607)
Increase in creditors and provisions	(896,231)	(40,679)
Net cash (used by) provided by operating activities	<u>(331,479)</u>	<u>(641,392)</u>

(ii) Analysis of cash and cash equivalents

	2021 £	2020 £
Cash held with commercial banks	2,953,394	3,358,588
Deposit accounts (90 days notice)	30,026	29,984
Cash held with commercial banks	<u>2,983,421</u>	<u>3,388,572</u>

(iii) Net debt reconciliation

	As at 1 April 2020 £	Cash Flows £	As at March 2021 £
Cash and Cash Equivalents	3,388,572	(405,151)	2,983,421
Cash			

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2021

1. Accounting Policies

a) Accounting convention

The financial statements are prepared under the historic cost convention as modified by the valuation of certain investments and in accordance with the recommendations set out in the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' published in 2019, the Financial Reporting Standard 102, other applicable accounting standards and the Charities Act 2011. The NGT Foundation is a public benefit entity. The Company's functional and presentational currency is Pounds Sterling.

b) Going concern

Trustees have carefully evaluated financial forecasts in light of potentially reduced income for the year ahead caused by the Covid 19 pandemic impacting on tenants' ability to pay rent. Based on negotiations with tenants, expected costs, and the existing levels of reserves, Trustees are satisfied with the Foundation's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have therefore been prepared on the going concern basis.

c) Company status

The Foundation is a company limited by guarantee. The guarantors are the Trustees named on page 1. The liability in respect of the guarantee, as set out in the memorandum, is limited to an amount not exceeding £1 per member of the company. The Foundation has availed itself of Paragraph 3 (3) Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the company's activities.

The registered office of the Foundation is: National Gallery, Trafalgar Square, London WC2N 5DN.

d) Rental income

Future minimum lease payments receivable under non-cancellable operating leases are disclosed in note 11.

Where income is received in advance, and the NGT Foundation does not have entitlement to these resources until the services have been provided, the income is deferred in the accounts.

e) Service charge income and related property costs

Service charge income from tenants to reimburse the Foundation for property costs and the expenditure to which it relates are recognised in full in the Statement of Financial Activities.

f) Donations

Cash donations, gifts and legacies are included in full in the Statement of Financial Activities when the NGT Foundation is legally entitled to the income, when receipt is probable and when the amount can be quantified with reasonable accuracy.

g) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Governance costs are allocated based on the direct expenditure of the activity. These costs include the costs of statutory audit, costs associated with constitutional and statutory requirements, and reimbursed Trustee expenses. Grants payable are recognised when the grant is approved by the board of Trustees and communicated to the recipient.

No support costs are allocated to the endowment.

h) Investments

Investments comprise a freehold investment property and short-term deposits. In accordance with FRS 102 Section 16, investment properties are measured at fair value at each reporting period and all changes in fair value of the investment property are included in net income.

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

1. Accounting Policies (continued)

Investments (continued)

This year a market valuation was performed as at 31 March 2021 by Montagu Evans LLP, Chartered Surveyors. Any surplus or deficit is included in net income/expenditure. The unrealised gains or losses are apportioned between unrestricted funds and the expendable endowment, in line with how the original cost of the property was funded.

i) Current Asset Investments

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or more.

j) Unrestricted Funds

The funds include income arising from the NGT Foundation's investments where no restriction exists as to the use of the funds. Income is recognised as it arises and is allocated as explained in the Statement of Financial Activities. Designated funds are amounts set aside out of unrestricted funds by the Trustees for specific purposes.

k) Expendable endowment

The expendable endowment fund represents a capital grant to the charity, given to enable the charity to purchase an investment property. The investment property provides the charity with an income stream for its charitable purposes. The Trustees are able to convert capital to income.

l) Taxation

The NGT Foundation is a registered charity and is therefore potentially exempt from taxation of its income and gains to the extent that they fall within Chapter 3 of Part 11 to the Corporation Tax Act 2010, Part 10 of the Income Tax Act 2007 and section 256 of the Taxation of Chargeable Gains Act 1992. No direct tax charge has arisen this year.

Other taxes detailed in note 7 relate to a VAT liability.

m) Financial instruments

The Foundation's financial instruments, as defined in FRS 102 section 11, consist of investments, cash, debtors and creditors. Investments are discussed in note 1(h). The measurement of debtors is based on the anticipated recoverable value of cash or services owed to the Foundation at the end of the year. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Information on the NGT Foundation's overall approach to financial risk management may be found in the investments, reserves and risk sections of the Annual Report.

n) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charities accounting policies, which are described above, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The Trustees do not consider there to be any sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above. The Trustees consider the valuation of the investment property to be a critical judgement further details of the valuation are given in note 5.

2. Investment income

	2021 £	2020 £
Rental income	2,586,269	2,747,361
Service charge income	377,931	447,363
Other costs recharged to tenants (insurance and electricity)	47,615	49,542
Interest on UK cash deposits and overdue rent	1,566	8,450
	<u>3,013,380</u>	<u>3,252,716</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

Investment income (continued)

Interest on UK cash deposits and overdue rent	2021 £	2020 £
Interest on 90-day notice account	43	180
Interest on special reserve account	1,221	7,590
Interest on overdue rent	303	520
	1,567	8,290

3. Expenditure

	Direct Costs £	Support Costs £	Total 2021 £	Total 2020 £
Investment management activities	634,639	9,065	643,705	632,655
Charitable activities	2,000,000	28,569	2,028,569	2,533,717
	2,634,639	37,634	2,672,273	3,166,372

	2021 £	2020 £
Investment management activities		
Service charge expenditure	412,075	494,343
Other costs recharged to tenants (insurance, electricity and other costs)	48,911	67,070
Property management costs	109,267	58,857
Administrative costs	64,386	3,966
	634,639	624,236

	2021 £	2020 £
Charitable activities		
Grants to the National Gallery Trust	2,000,000	2,500,000

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

Expenditure (continued)

	2021 £	2020 £
Support costs and Governance		
Auditor's remuneration		
Fees payable to the charitable company's auditor for the audit of the annual Financial Statements	6,434	6,636
Cost of professional valuation of investment property	2,500	2,500
National Gallery accounting and administration fee	28,700	33,000
	<u>37,634</u>	<u>42,136</u>

Support costs are allocated in proportion to the direct costs in each area.

4. Staff costs and Trustees' remuneration

NGT Foundation does not employ staff directly. During the year ended 31 March 2021 services were provided by the National Gallery at a charge of £28,700 (2020: £33,000).

The Trustees neither received nor waived any remuneration for their services during the year (2020: £nil). No Trustee travel expenses were reimbursed during the year (2020: £nil).

5. Investments

Fixed Assets

	Cost 2021 £	At valuation 2021 £	At valuation 2020 £
UK investment property	<u>22,209,282</u>	<u>42,200,000</u>	<u>50,200,000</u>

A desktop market valuation of the investment property was undertaken by Montagu Evans LLP, Chartered Surveyors, as at 31 March 2021 which shows the overall value decreased by £8m from the prior year (2020: £2.05m decrease).

This fall in value is in part due to a reduction in income resulting from tenant vacancies, and the associated vacancy costs related to that space prior to reletting. Furthermore, the expected rental value on the vacant office space has been reduced in line with current Market Rents and the interest received to date in the marketing of the space.

In addition, there are a number of leases with relatively short unexpired terms, with the uncertainty associated with upcoming lease expiries and break options factored into the valuation with a slight outward shift in the capitalisation rates adopted on the future income to reflect the uncertainty on the future income associated with that accommodation.

Current Assets

	2021 £	2020 £
UK current asset investments	<u>30,026</u>	<u>29,984</u>

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or more.

6. Debtors

	2021 £	2020 £
Trade debtors	900,492	987,513
Prepayments and accrued income	131,489	269,679
	<u>1,031,981</u>	<u>1,257,192</u>
	2021 £	2020 £
Prepayments and accrued income		
Amounts falling due within one year	740,291	1,001,248
Amounts falling due in more than one year	291,690	255,945
	<u>1,031,981</u>	<u>1,257,193</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

7. Creditors

	2021 £	2020 £
Amounts falling due within one year:		
Other creditors	2,058,120	2,549,417
Accruals and deferred income	496,848	782,761
Other taxes	10,626	129,647
	<u>2,565,594</u>	<u>3,461,825</u>

Other creditors includes an amount of £2m (2020: £2.5m), being the grant payable to the National Gallery Trust. There are no creditor balances that are due in more than one year; all balances are payable within one year.

The movement on the deferred income balance in the year was as follows:	2021	2020
As at 1 April	678,205	713,056
Amounts released from previous years	(678,205)	(34,851)
Income deferred in the current year	372,774	-
As at 31 March	<u>372,774</u>	<u>678,205</u>

Deferred income relates to rental and service charge income that is invoiced to tenants quarterly, in advance. The income relating to the first quarter of the next financial year, which is billed in March, therefore needs to be deferred, so that it is recorded in the financial period to which the rent and service charges relate.

8. Funds

	Balance at 1 April 2020	Income	Expenditure	Loss on revaluation of investment property	Transfers between reserves	Balance at 31 March 2021
	£	£	£	£	£	£
Unrestricted funds:						
Designated funds - property maintenance reserve	500,000	-	-	-	-	500,000
General funds	3,317,978	3,013,380	(2,672,274)	-	-	3,659,084
Revaluation reserve	2,857,682	-	-	(985,088)	-	1,872,594
Total unrestricted funds	<u>6,675,660</u>	<u>3,013,380</u>	<u>(2,672,274)</u>	<u>(985,088)</u>	<u>-</u>	<u>6,031,678</u>
Expendable endowment:						
Expendable endowment - general	19,500,000	-	-	-	-	19,500,000
Expendable endowment - revaluation reserve	25,208,280	-	-	(7,090,155)	-	18,118,125
Total expendable endowment	<u>44,708,280</u>	<u>-</u>	<u>-</u>	<u>(7,090,155)</u>	<u>-</u>	<u>37,618,125</u>
Total funds	<u>51,383,940</u>	<u>3,013,380</u>	<u>(2,672,274)</u>	<u>(8,075,243)</u>	<u>-</u>	<u>43,649,803</u>

The expendable endowment fund represents a capital grant to the NGT Foundation which enabled it to purchase Saint Vincent House and the gain attributed upon revaluation.

Prior year Funds note

	Balance at 1 April 2019	Income	Expenditure	Loss on revaluation of investment property	Transfers between reserves	Balance at 31 March 2020
	£	£	£	£	£	£
Unrestricted funds:						
Designated funds - property maintenance reserve	500,000	-	-	-	-	500,000
General funds	3,231,630	3,252,716	(3,166,368)	-	-	3,317,978
Revaluation reserve	3,101,640	-	-	(243,958)	-	2,857,682
Total unrestricted funds	<u>6,833,270</u>	<u>3,252,716</u>	<u>(3,166,368)</u>	<u>(243,958)</u>	<u>-</u>	<u>6,675,660</u>
Expendable endowment:						
Expendable endowment - general	19,500,000	-	-	-	-	19,500,000
Expendable endowment - revaluation reserve	27,014,322	-	-	(1,806,042)	-	25,208,280
Total expendable endowment	<u>46,514,322</u>	<u>-</u>	<u>-</u>	<u>(1,806,042)</u>	<u>-</u>	<u>44,708,280</u>
Total funds	<u>53,347,592</u>	<u>3,252,716</u>	<u>(3,166,368)</u>	<u>(2,050,000)</u>	<u>-</u>	<u>51,383,940</u>

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

9. Analysis of net assets between funds

	Fixed assets £	Net current assets £	Net current liabilities £	Total 2021 £
Unrestricted funds	4,581,875	4,015,401	(2,565,594)	6,031,682
Expendable endowment	37,618,125	-	-	37,618,125
Total funds	42,200,000	4,015,401	(2,565,594)	43,649,807

	Fixed assets £	Net current assets £	Net current liabilities £	Total 2020 £
Unrestricted funds	5,491,720	4,645,765	(3,461,825)	6,675,660
Expendable endowment	44,708,280	-	-	44,708,280
Total funds	50,200,000	4,645,765	(3,461,825)	51,383,940

10. Related party transactions

Details of related party transactions for the year ended 31 March 2021 are shown below. Comparative balances for the prior year are shown in italics against each related party.

Related Party	Nature of relationship	Year	Value of income in year £	Value of expenditure in year £	Outstanding balances due (to)/from at year end £	Nature of transactions
National Gallery Company Ltd	The National Gallery Company Ltd is a wholly owned subsidiary of the National Gallery Trust, a related party.	2020-21	77,139	-	-	Rent and service charge paid to the Foundation by the related party.
		2019-20	222,634	-	(47,135)	
National Gallery Trust	At any one time during the year, three Trustees of the NGT Foundation were also Trustees of the National Gallery Trust.	2020-21	-	2,000,000	(2,000,000)	Grant paid to the related party.
		2019-20	-	2,500,000	(2,500,000)	
The National Gallery	At any one time during the year, two Trustees of the NGT Foundation served as Trustees of the National Gallery.	2020-21	767,599	28,700	(79,691)	Rent and service charge paid by the related party to the Foundation; annual accounting fee and security patrol charges paid by the Foundation to the related party.
		2019-20	877,719	33,000	227,993	

There were no other related party transactions (2020: Nil).

11. Future lease payments receivable

	2021 £	2020 £
Future minimum lease payments receivable under non-cancellable operating leases:		
no later than one year	1,442,825	2,733,989
later than one year and not later than five years	6,246,420	5,022,517
later than five years	3,962,969	8,225,000
Total future minimum lease payments receivable under non-cancellable operating leases	11,652,215	15,981,506

THE NGT FOUNDATION

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

12. Prior Year Statement of Financial Activities
For the year ended 31 March 2020

	Unrestricted Funds 2020 £	Expendable Endowment 2020 £	Total Funds 2020 £
Income			
Investment income	3,252,716	-	3,252,716
Total income	3,252,716	-	3,252,716
Expenditure on			
Costs of generating funds			
Investment management costs	(632,655)	-	(632,655)
Charitable activities	(2,533,717)	-	(2,533,717)
Total expenditure	(3,166,372)	-	(3,166,372)
Loss on investment asset	(243,958)	(1,806,042)	(2,050,000)
Net expenditure for the year	(157,614)	(1,806,042)	(1,963,656)
Net movement in funds	(157,614)	(1,806,042)	(1,963,656)
Total funds at 1 April	6,833,270	46,514,322	53,347,592
Total funds at 31 March	6,675,656	44,708,280	51,383,936