



Annual Report and Financial Statements

Year ended

31 December 2021

Registered charity number 1078217

www.potterfoundation.com

The David and Elaine Potter Foundation

Annual Report and Financial Statements for the year ended 31 December 2021

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Trustees

David Potter (Chair)
Elaine Potter
Samuel Potter
Michael Langley
Michael Polonsky

Director

Ben Stewart

Registered office

6 Hamilton Close, London, NW8 8QY

Registered charity number

1078217

Auditor

HW Fisher LLP, Acre House, 11-15 William Road, London NW1 3ER

Bankers

Lloyds Banking Group, Ground Floor, 3 City Park, The Droveway, Hove, BN3 7AU
Goldman Sachs International Ltd, River Court, 120 Fleet Street, London, EC4A 2BE

Investment advisors

Delft Investments Limited, 6 Hamilton Close, London, NW8 8QY

The David and Elaine Potter Foundation

Report of the Trustees for the year ended 31 December 2021

Report of the Trustees

The Trustees present their report and financial statements for the year ended 31 December 2021. The financial statements have been prepared in accordance with the accounting policies set out in the *Notes forming part of the financial statements* and comply with the Foundation's trust deed, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

The Trustees have paid due regard to the Charity Commission's guidance on public benefit.

Structure, governance and management

The David and Elaine Potter Foundation was established on 28 September 1999 under a Declaration of Trust, which is the governing document. The governing body is the Board of Trustees. Trustees are proposed by the founders, Dr David Potter and Dr Elaine Potter, and introduced to the Board for approval.

At the Trustees' meetings, held three times during 2021, the Board discussed the efficacy of the strategy, the accounts and investments, reviewed grant proposals and reports, and considered the administrative and management needs of the Foundation.

Trustees

The Trustees who served during the year and up to the date of signature of the financial statements were:

David Potter (Chair)
Elaine Potter
Samuel Potter
Michael Langley
Michael Polonsky

Objectives and activities

The objects of the Foundation, as laid out in the Declaration of Trust, are the advancement of education and research for public benefit in the UK and abroad, and also provides for general charitable purposes; there has been no change in these during the year. The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Foundation should undertake.

Our goals are benevolent with a particular focus to support projects and provide grants that contribute to economic development and well-being in a plural, rational and tolerant society. Our purpose is to support projects promoting reason and education that will improve understanding, governance and a stronger civil society in the UK and South Africa. We believe that the advancement of education and research support the wider goals. We have an international perspective and our charitable objects are pursued across a range of countries, with a primary focus on the UK and South Africa.

In some countries the delivery of public benefit in education, research and economic development has been impeded by corruption or failures in governance. For this reason, the Trustees support the development of a strong civil society, which encompasses human rights, anti-corruption, good governance, transparency and the rule of law, in order to ensure that any grants made to education are built on strong foundations. We look for conditions meeting these basic standards to ensure our funds fulfil their purposes. We are committed to providing core support, multi-year grants, and programme support, depending on the needs of the grantees that we serve.

The David and Elaine Potter Foundation

Report of the Trustees for the year ended 31 December 2021 (*continued*)

Total number of grants and total amount awarded since 2000:

Since 2000 we have made 515 grants, providing £21,844,446 of support to 204 organisations.

Area	Total spend (£)	% of total spend	Number of grants
Education	8,086,661	37.0%	195
Civil Society	6,350,830	29.1%	136
Research	4,846,265	22.2%	17
Arts & Non-strategic	1,801,701	8.2%	116
Community & Health	758,989	3.5%	51
TOTAL	£21,844,446		515

The Foundation originated with a gift from Dr David Potter. Over the following years additional funds have been received through gifts from the Founders and positive investment returns from capital. Since the Foundation started operating in 2000, £21,844,446 has been awarded in grants. Of this, £12,932,926 (59.2%) has been granted for the original primary objects of education and research in the UK and Africa. To support these primary objects, we have also made grants totalling £6,350,830 (29.1%) that support the development of a strong civil society; which consists of the promotion of good governance (£3,427,685 – 15.7%), human rights (£2,495,145 – 11.4%) and the development of the rule of law (£428,000 – 2.0%). Further grants totalling £2,560,690 (11.7%) have been given under the general objects of the Trust Deed for the support of the Arts, Community and Health projects and other charitable donations not related to our strategy.

The Foundation has provided support to postgraduate scholarships in South Africa, teacher training initiatives, mentoring programmes for disadvantaged children, literacy projects, distance learning programmes and the testing of new technologies in education. Major grants supporting governance and human rights, with a particular focus on Africa, have been provided to the Universities of Cambridge, Oxford and Pretoria. Grants to support the development of an effective civil society have been made to organisations such as Amnesty International, Reprieve, Human Rights Watch, Global Witness, Transparency International, Liberty, Africa's Voices Foundation, Forensic Architecture, the Trust for the Bureau of Investigative Journalism and the Bingham Centre for the Rule of Law.

We believe that our record is strong in its effect and in fulfilling its strategic purposes. We also believe it is important to regularly review the strategy, direction and goals of the Foundation to ensure our giving is making a difference and having the most benefit.

Grant making policies

Our website contains information about what we do and do not fund which is informed by our strategy. It also contains details of all grants made since the Foundation started in 2000. In-depth case studies of a number of grants are used to illustrate the Foundation's support, and the use of Google Analytics allows analysis of site traffic to monitor and improve its usability. We also publish additional information on all grants awarded since 2013, in order to meet the 360Giving standard. We believe that with better information, grant makers can be more effective and strategic decision-makers. 360Giving provides support for grant makers to publish their grants data openly, to understand their data, and to use the data to create online tools that make grant making more effective.

The Foundation does not support individuals directly and only registered charities (or locally registered equivalents) are eligible to apply. Applications are by invitation only, and those organisations that are invited to apply must use our forms and guidelines. In some instances, we may encourage projects or search for partner charities with similar goals. The Director provides guidance for applicants and additional support for major applications, which in turn will be reviewed in more depth by Trustees, and in some instances by peer review. We have a simple online grants management system that covers grant application, monitoring and reporting requirements.

The Director is responsible for all administration, the processing of applications and due diligence, the review and management of grants and the preparation of annual reports. Trustees review applications and reports and reach final decisions on awards.

The David and Elaine Potter Foundation

Report of the Trustees for the year ended 31 December 2021 (*continued*)

Assessment and learning

We monitor and follow up all grants to ensure that they are spent effectively and in line with our charitable objects. As a minimum requirement, all grant holders are required to submit a final report on the work funded and carried out under the grant. We review the structure and form of our reporting to gain a better understanding of the difference our grants make and to inform future grant making and share learning.

We support the dissemination of best practice, the principles of open access, the use of open source data and the use of Creative Commons licenses (a set of licenses which automatically give permission to reuse and distribute online and digital content) to support the sharing of learning from the grants we fund. We want to encourage a process of reflection and learning among our grantees, so they are better able to understand and improve their work. Grantees need to understand what they are doing, how well they are doing it, and what they need to change in order to deliver their mission. We believe that an accountable organisation is one that learns and improves as a result.

Grants awarded during the year 2021

In 2021 we awarded 18 new grants totalling £799,131:

Almeida Theatre	10,000	Arts
Performa	30,000	Arts
Philharmonia	50,000	Arts
Open Trust (openDemocracy)	40,000	Civil Society - Governance
Spotlight on Corruption	35,000	Civil Society - Governance
Transparency International UK	50,000	Civil Society - Governance
Trust for the Bureau of Investigative Journalism	100,000	Civil Society - Governance
Border Forensics	41,953	Civil Society - Human Rights
Death Penalty Project	35,000	Civil Society - Human Rights
Index on Censorship	40,000	Civil Society - Human Rights
Reprieve	50,000	Civil Society - Human Rights
Future Frontiers	35,000	Education
IkamvaYouth	24,434	Education
IntoUniversity	100,000	Education
Nuffield College, University of Oxford	50,000	Education
University of Cape Town	92,718	Education
University of Cape Town	10,000	Education
University of Cape Town	5,026	Education

TOTAL GRANTS AWARDED 2021 **£799,131**

Centre for Evaluation and Monitoring, University of Durham (repaid)	(5,079)	Education
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NET GRANTS AWARDED 2021 **£794,052** (See Note 7)

The David and Elaine Potter Foundation

Report of the Trustees for the year ended 31 December 2021 (*continued*)

Highlights of major grants awarded in 2021:

University of Cape Town, project grant of ZAR 1,897,324 (£92,718)

We provide support for scholarships for South African students across a broad array of subject areas at the doctoral and masters level at the University of Cape Town in South Africa. An important criterion for support, beyond academic excellence, is a strong engagement with civil society. The scholarships aim to identify future leaders in South Africa that will provide the base of a vibrant and successful civil society. In 2021 the programme entered its nineteenth year, supporting seven new students. Over this period a total amount of £1,996,319 has been awarded for scholarships, supporting 119 postgraduate students. A number of these scholars have since set up their own non-profit organisations in South Africa and are contributing to the development of the country, including Numeric, IkamvaYouth, Women in Engineering, Dikakapa-Everyday Heroes and the Teacher Development Initiative.

IntoUniversity, core funding grant of £100,000

IntoUniversity runs learning centres in locations across the UK, providing long-term education programmes that address underachievement and social exclusion. It targets children and young people most at risk of failing to meet their full potential, owing to economic and social disadvantage, providing them with a programme of long-term academic and pastoral support. IntoUniversity has three main elements to their programmes. The first element is academic support, where students visit their local centre after school to receive weekly help with their homework from staff and trained volunteers. Young people are encouraged to develop effective study skills, and to become curious, independent and successful learners. The second element is a mentoring programme, where university undergraduates and corporate mentors act as inspirational role models to support students' learning and help sustain their academic and personal aspirations. The final element involves specially designed study weeks, days and workshops that aim to promote a love of learning. These encourage young people to be informed about future educational and career opportunities, providing them with the tools and knowledge to take responsibility for their own development. IntoUniversity has an effective model, impressive management, and good evidence of the difference they are making. In 2021 its operations were still affected by the Covid-19 pandemic and it continued to provide a blended model of in-person and remote support to its learners. Despite the challenges of the last couple of years, it is still growing and is partnering with more local communities and universities to open new centres around the UK in order to reach more young people.

Nuffield College, University of Oxford, project grant of £50,000

Nuffield College have established a vision to fully fund every single graduate student by endowing graduate scholarships at the College. They have created the first endowed scholarship in Politics at Nuffield, which honours Emeritus Fellow Sir David Butler – the Oxford Nuffield David Butler Scholarship in Politics. The scholarship is open to all students applying for graduate study in Politics (MPhil and DPhil) at Nuffield, who have the potential to become successful academics, researchers, policy makers, journalists and social scientists. The scholarship covers 100% of the student's University and College fees, as well as providing them with a living allowance. We made a contribution of £50,000 to help establish the newly endowed scholarship fund.

Transparency International UK, core funding grant of £50,000

Transparency International UK is the country's leading anti-corruption organisation, and the UK chapter of the global Transparency International movement. Their priorities are stopping corrupt capital, raising public service integrity, improving global anti-corruption standards, and being the accountability watchdog for key UK institutions and law enforcement. They do this through designing practical tools and working with organisations, companies and individuals wishing to combat corruption, producing research on corruption in the UK and internationally, empowering individuals, companies and civil society to engage in the fight against corruption, and advocating for legal and regulatory reform both nationally and internationally.

The David and Elaine Potter Foundation

Report of the Trustees for the year ended 31 December 2021 (*continued*)

Trust for the Bureau of Investigative Journalism, core funding grant of £100,000

The Bureau of Investigative Journalism (BIJ) was founded in 2010 to provide a trusted and reliable source of information and facts to improve understanding of the complex issues affecting society, and to hold the increasing global networks of power to account. Since then the organisation has undergone considerable change and significant growth, doubling in size since 2015. The BIJ's mission is to inform the public about the realities of power in today's world. Through fact-based, unbiased reporting, it exposes systemic wrongs, counters misinformation and sparks change. It seeks to provide the evidence base that informs public and political debate around serious issues, calls for transparency and accountability in governments and corporations, strengthens civil society and democratic processes, and supports the rights of vulnerable individuals and communities across the UK and more widely.

The Trust for the Bureau of Investigative Journalism (TBIJ) was established in 2018, allowing charitable donations to be made to the BIJ for the parts of its work that are clearly charitable. In 2021 we funded the charitable aspects of the BIJ's work through the TBIJ.

Reprieve, core funding grant of £50,000

Reprieve is a UK charity that provides free legal and investigative support to some of the world's most vulnerable people: those facing execution and those victimised by states' abusive counter-terror policies (rendition, torture, extrajudicial imprisonment and extrajudicial killing).

Reprieve:

- litigates on behalf of prisoners on death row around the world, appealing their sentences and ensuring that their trials are fair and just;
- represents cleared detainees in Guantánamo Bay, helping to secure their safe release;
- campaigns to raise awareness about unlawful CIA drone strikes which routinely kill civilians in Pakistan and Yemen, helping their partners in these countries to challenge strikes in court;
- works with the pharmaceutical industry to help them put a stop to US departments of corrections abusing their medicines in executions;
- represents men detained in US run secret prisons, where alleged terrorists are tortured and detained without trial beyond the rule of law; and,
- investigates allegations of abuse by the police or government authorities when British civilians are arrested and detained overseas.

The Philharmonia Orchestra, core funding grant of £50,000

The Philharmonia Orchestra is one of the world's great orchestras, being renowned for the quality of its playing, innovative work with residencies, music education, audience development and the use of new technology to reach a global audience. The Orchestra normally performs more than 160 concerts a year, across the world, as well as recording music for films, video games and commercial audio releases. We provided a core funding grant to the Philharmonia to support their recovery from the pandemic and to help them return to live programming (both online and in-person).

Director's report

2021 was another extremely difficult year for the organisations and sectors that we support. We were pleased that the majority of them have strong organisational structures, governance and management which helped them continue to operate. As restrictions have changed these organisations were well placed to continue, and resume, their work. Given the unprecedented challenges they have faced over the last two years we continued to be flexible in our monitoring, reporting and payment processes to support these organisations as needed. Many of them pivoted their work online early in the pandemic to continue helping the communities they serve, which whilst universally challenging, was largely successful. We were pleased that they were able to continue their work and have been interested in how they are returning to the post-pandemic landscape and in how they are adapting some of the most successful online practices into more blended delivery models going forward.

We continue to monitor developments in South Africa closely but have not, as yet, seen enough positive change to move back into supporting strategic mainstream education projects.

The David and Elaine Potter Foundation

Report of the Trustees for the year ended 31 December 2021 (*continued*)

The Covid-19 pandemic continued to impact our ability to function normally but, as our systems and processes were all able to be carried out remotely, there was little impact on our day to day work. The greatest impact continued to be on our ability to meet with potential applicants and grant holders, especially those in South Africa. This meant we had to work smarter and harder with our due diligence and monitoring and reporting processes. We are committed to helping those organisations we fund survive this crisis so that they can continue their important work.

We also kept an extremely close watch over our investment portfolio, which continued to be affected by difficult global market environments. The portfolio continued to perform well throughout 2021, given our close and effective management of risk and our diversity of the investment portfolio. The Trustees continue to be aware that if the portfolio loses value, our ability to support the organisations carrying out vital work will be affected.

Despite these ongoing challenges, we continue to look at how we work with and support our grantees so that our funding can make the biggest difference. We partner with civil society organisations and other funders to share knowledge and learning, something which is more important than ever. We continue to be members of the International Education Funders Group and Ariadne and liaise closely with organisations such as 360Giving, the Transparency & Accountability Initiative, the Independent Philanthropy Association of South Africa and the Association of Charitable Foundations in the UK.

Financial review

The *Statement of Financial Activities* for the year, *Balance Sheet* and *Cash Flow Statement* are set out on pages 14 to 16.

The opening balance of funds in the Foundation on 1 January 2021 was £16,472,210. The capital value of investments increased by £904,634 (2020 – decreased by £154,576) in sterling and there were charges of £147,089 (2020 - £130,171) for investment management. The Foundation's total incoming resources during the year were £271,189 (2020 – £308,341). After support and governance costs of £120,283 (2020 – £125,716) and grants payable of £794,052 (2020 – £901,271), funds at the end of the year were £16,586,609.

The investment policy of the Foundation is to generate secure income annually by investing over a wide and diversified global portfolio of bonds, money deposits, equity, and property. The Foundation manages and monitors risks rigorously and targets low volatility. The spread offered by a global portfolio is likely to produce optimum returns subject to a small risk profile.

To mitigate the volatility of individual currencies in a global portfolio, the Foundation uses a compound of currencies weighted by gross domestic product in the major economic zones – the global currency index (GCI). This is a geometric weighting based on 30% US Dollars, 20% Euros, 20% Chinese Renminbi, 10% Japanese Yen, 10% Great British Pounds and 10% Australian Dollars. It is similar in form to the International Monetary Fund special drawing rights. Investment performance is measured in GCI. In this measure total returns during the year were a gain of 8.24% (2020 – loss of 1.80%). The volatility of the portfolio was 3.93% (2020 – 6.28%). During the year, sterling rose relative to other currencies, as measured by the GCI, and recorded a gain of 1.67% (2020 – loss of 1.68%). The investment performance in sterling produced a gain of 6.46% (2020 – sterling loss of 0.15%).

The David and Elaine Potter Foundation

Report of the Trustees for the year ended 31 December 2021 (*continued*)

Financial review (*continued*)

Value in Sterling	2018 £	2019 £	2020 £	2021 £
Investment income	309,816	377,245	186,536	150,782
Donations and legacies	15,197	149,187	121,805	120,407
Total income	325,013	526,432	308,341	271,189
Opening funds	18,986,569	18,727,191	17,475,603	16,472,210
Costs of investment management and charitable activities	(1,043,289)	(1,279,551)	(1,157,158)	(1,061,424)
Movement on capital funds	458,898	(498,469)	(154,576)	904,634
Closing funds	18,727,191	17,475,603	16,472,210	16,586,609
Total return in Sterling per annum	4.13%	(1.04)%	(0.15)%	6.46%
Global Currency Index (GCI)				
Exchange rate currency index/£ January 1st	0.7908	0.8122	0.7795	0.7926
Exchange rate currency index/£ December 31st	0.8122	0.7795	0.7926	0.7796
Increase/(Decrease) in value of Sterling versus GCI	(2.63)%	4.20%	(1.68)%	1.67%
Values in Global Currency Index	GCI	GCI	GCI	GCI
Investment income – GCI, year end	400,164	675,346	213,994	203,218
Opening funds	24,009,318	23,057,364	22,421,842	20,878,391
Income less grants and expenses	(1,284,522)	(1,641,502)	(1,115,752)	(1,064,636)
Movement on capital funds	332,568	1,005,980	(427,699)	1,528,247
Closing funds	23,057,364	22,421,842	20,878,391	21,342,002
Total return in GCI per annum	1.00%	3.11%	(1.80)%	8.24%

The market value of investments at year end was £16,643,785 (2020 - £16,573,550). After grants committed and not yet paid, the funds of the Foundation were £16,586,609 (2020 - £16,472,210).

There are no restrictions on the Trustees' powers of investment. The investment policy of the Trustees is to optimise income and maintain the real value of capital, while mitigating risk through a secure investment spread over a range of assets and currencies.

At the year-end, investments held were spread between cash and deposits, public equities and high quality bonds. The currency spread of assets was US Dollars 30%, Euros 25%, Chinese Renminbi 20%, Australian Dollars 9%, Japanese Yen 8%, Great British Pounds 1%, and other currencies 7%.

The compound average return over the last five years in the GCI is 1.7% with an average annualised volatility of 3.6%. For comparison, the compound average return over the last five years in Sterling is 4.4% with annualised volatility of 7.6%.

The David and Elaine Potter Foundation

Report of the Trustees for the year ended 31 December 2021 (*continued*)

Financial review (*continued*)

The value of a standard currency base can be seen over an extended period. During the financial crisis between the summer of 2007 to December 2010, Sterling fell some 40% against an index of currencies. Over the last few years there had been a partial recovery, undermined by the decline in the pound following the UK referendum to leave the European Union. Over the past sixteen years from 2006 to 2021, which includes the great recession and Covid-19 crash, compound average returns in GCI were 4.1% with an average volatility of 3.7%. In Sterling average compound returns were 5.5% with a volatility of 7.6%. The average Sharpe ratio of returns relative to the GCI is 1.1. Due to the volatility of Sterling, the average Sharpe ratio of returns relative to Sterling is 0.7.

Reserves

As set out in note 12 to the financial statements, the Foundation's reserves have been reclassified from expendable endowment to unrestricted funds. The charity now has free reserves of £16.6m. The Trustees are currently considering their reserves policy and will disclose the policy in next year's financial statements.

Office facilities

The Trustees were very grateful for the use of office space in London in 2021, which was provided, at no cost, by Dr David Potter. The financial statements do not provide for this benefit.

Volunteers

The Trustees were very grateful for the use of a finance officer and personal assistant, whose time was paid for by Dr David Potter. The financial statements provide for this benefit.

Risk management

The Trustees have examined the major strategic, business, investment and operational risks that the charity faces and confirm that the systems in place remain adequate to manage risk. The results over the last few years demonstrate tight control of the investment portfolio during an extremely volatile period in world markets. Funds have been maintained such as to ensure funding of the charitable activities for as long as possible.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". Such amounts receivable would be presented in the financial statements as "Donations and legacies". As a private Foundation, the David and Elaine Potter Foundation does not undertake any fundraising activities whatsoever.

Statement of Trustees' responsibilities

The Trustees 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).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Foundation and of the incoming resources and application of resources of the Foundation for that year.

The David and Elaine Potter Foundation

Report of the Trustees for the year ended 31 December 2021 (*continued*)

Statement of Trustees' responsibilities (*continued*)

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

The Trustees confirm that in so far as each of the Trustees is aware:

- There is no relevant audit information of which the charity's auditor is not aware; and,
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board of Trustees

David P

Dr David Potter
Chair of Trustees

Date 25 Oct 2022

The David and Elaine Potter Foundation

Independent Auditor's Report for the year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE DAVID AND ELAINE POTTER FOUNDATION

Opinion

We have audited the financial statements of the David and Elaine Potter Foundation (the 'Foundation') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, cash flow statement and the notes forming part of the financial statements, including 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 charity's affairs as at 31 December 2021 and of its incoming resources and application of resources, 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 Charities Act 2011.

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 Foundation 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 Foundation'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 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 we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

The David and Elaine Potter Foundation

Independent Auditor's Report for the year ended 31 December 2021 (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or,
- sufficient accounting records have not been kept; or,
- the financial statements are not in agreement with the accounting records; or,
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the Foundation'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 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 section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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.

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The charity did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following were most relevant: the Charity SORP, FRS 102, Charities Regulations 2008 and the Charities Act 2011.
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the charity, together with the discussions held with the charity at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The David and Elaine Potter Foundation

Independent Auditor's Report for the year ended 31 December 2021 (*continued*)

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key income lines, in particular cut-off, for evidence of management bias.
- Obtaining third-party confirmation of investment valuations and bank balances.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation, such as the charity board minutes, for discussions of irregularities including fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees of the charity.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

HW Fisher LLP

HW Fisher LLP

Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom
25 Oct 2022
.....

HW Fisher LLP is eligible for appointment as auditor of the Foundation by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

The David and Elaine Potter Foundation

Statement of Financial Activities Including income and expenditure account for the year ended 31 December 2021

		Unrestricted funds 2021 £	Unrestricted funds as restated 2020 £
	Notes		
<u>Income from:</u>			
Donations and legacies	3	120,407	121,805
Investments	4	150,782	186,536
Total income		271,189	308,341
<u>Expenditure on:</u>			
Raising funds	5	147,089	130,171
Charitable activities	6	914,335	1,026,987
Total resources expended		1,061,424	1,157,158
Net gains/(losses) on investments	11	904,634	(154,576)
Net incoming/(outgoing) resources before transfers		114,399	(1,003,393)
Net movement in funds		114,399	(1,003,393)
Fund balances at 1 January 2021		16,472,210	17,475,603
Fund balances at 31 December 2021		16,586,609	16,472,210

All funds are now regarded as unrestricted as explained in note 12 to the financial statements.

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 17 to 25 form part of these financial statements.

The David and Elaine Potter Foundation

Balance Sheet as at 31 December 2021

		2021	2020
	Notes	£	as restated £
Fixed assets			
Investments	13	16,643,785	16,573,550
Current assets			
Debtors	14	111,907	91,600
Cash at bank and in hand		303,088	101,638
		<hr/>	<hr/>
Creditors: amounts falling due within one year	15	414,995 (457,976)	193,238 (287,577)
		<hr/>	<hr/>
Net current liabilities		(42,981)	(94,339)
Total assets less current liabilities		<hr/> 16,600,804	<hr/> 16,479,211
Creditors: amounts falling due after more than one year	16	(14,195)	(7,001)
		<hr/>	<hr/>
Net assets		<hr/> 16,586,609	<hr/> 16,472,210
		<hr/>	<hr/>
Income funds			
Unrestricted funds		16,586,609	16,472,210
		<hr/>	<hr/>
		<hr/> 16,586,609	<hr/> 16,472,210
		<hr/>	<hr/>

The financial statements were approved by the Board and authorised for issue on 25 Oct 2022 2022.

David P

Dr D Potter
Chair of Trustees

The notes on pages 17 to 25 form part of these financial statements.

The David and Elaine Potter Foundation

Cash Flow Statement for the year ended 31 December 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	18		(748,550)		(924,569)
Investing activities					
Withdrawals from investment fund		<u>950,000</u>		<u>901,470</u>	
Net cash generated from investing activities			950,000		901,470
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			201,450		(23,099)
Cash and cash equivalents at beginning of year			<u>101,638</u>		<u>124,737</u>
Cash and cash equivalents at end of year			<u><u>303,088</u></u>		<u><u>101,638</u></u>

The notes on pages 17 to 25 form part of these financial statements.

The David and Elaine Potter Foundation

Notes forming part of the financial statements for the year ended 31 December 2021

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with the Foundation's governing document, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The Foundation is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the Foundation. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

There has been a prior year adjustment in respect of the reclassification of funds as unrestricted as explained in note 12 to the financial statements.

1.2 Going concern

The Trustees have considered the effect of the Covid-19 outbreak. The Trustees consider that the outbreak so far has caused little disruption to the Charity's business and do not anticipate any future significant disruption.

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

1.4 Income

All voluntary income is accounted for when received. Investment income is accounted for on accruals basis. Gifts in kind are included at fair value to the charity.

1.5 Expenditure

Expenditure is included on an accruals basis.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

Allocation of overhead, governance and support costs

Overhead, governance and support costs have been allocated entirely to charitable activities. They have then been apportioned based on the grant awards made.

Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice. These costs include costs relating to the statutory audit and legal fees. These are reallocated to charitable activities.

The David and Elaine Potter Foundation

Notes forming part of the financial statements for the year ended 31 December 2021 (*continued*)

Expenditure on raising funds

Expenditure on raising funds consists of investment management fees directly attributable to managing the investment portfolio.

1.6 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

1.8 Financial instruments

The Foundation has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Foundation's balance sheet when the Foundation becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Foundation's contractual obligations expire or are discharged or cancelled.

The David and Elaine Potter Foundation

Notes forming part of the financial statements for the year ended 31 December 2021 (*continued*)

1.9 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Foundation is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the Foundation's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There were no estimates within these financial statements.

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Donations and gifts		
In-Kind office space	-	21,705
In-Kind volunteer support	8,500	8,500
Donation from Dr David Potter	<u>111,907</u>	<u>91,600</u>
Total	<u>120,407</u>	<u>121,805</u>

Delft Investments Limited no longer provide free use of office space in central London for the Foundation as they sub-let the office. The Foundation moved back to a private property owned by Dr David Potter.

Two paid employees of Dr David Potter provided administrative support on a voluntary basis to the Foundation during the reporting period.

The David and Elaine Potter Foundation

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

4 Investments

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Income from fixed asset investments	150,782	186,536

5 Investment management

	Unrestricted funds	Unrestricted Funds
	2021 £	2020 £
Goldman Sachs	35,181	38,570
Delft Investments Limited	111,908	91,601
	147,089	130,171

6 Charitable activities

For the year ended 31 December 2021

	Arts	Non- strategic	Civil Society	Education	Total
	2021 £	2021 £	2021 £	2021 £	2021 £
Grant funding of activities (see note 7)	90,000	-	391,953	312,099	794,052
Share of support costs (see note 8)	15,111	-	58,131	47,041	120,283
	105,111	-	450,084	359,140	914,335

For the year ended 31 December 2020

	Arts	Non- strategic	Civil Society	Education	Total
	2020 £	2020 £	2020 £	2020 £	2020 £
Grant funding of activities (see note 7)	110,000	25,000	419,951	346,320	901,271
Share of support costs (see note 8)	15,344	3,487	58,578	48,307	125,716
	125,344	28,487	478,529	394,627	1,026,987

The David and Elaine Potter Foundation

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

7 Grants awarded

	Total 2021	Total 2020
Arts		
Almeida Theatre	10,000	10,000
Donmar Warehouse	-	10,000
Performa	30,000	30,000
Philharmonia	50,000	50,000
Royal Opera House	-	10,000
Sub-total – Arts	90,000	110,000
Non-Strategic		
Blood Cancer UK	-	5,000
Listening Place	-	10,000
National Youth Jazz Orchestra	-	10,000
Sub-total – Non-strategic	-	25,000
Civil Society		
Bingham Centre for the Rule of Law	-	40,000
Border Forensics	41,953	-
Corruption Watch South Africa	-	44,951
Death Penalty Project	35,000	-
Ethical Journalism Network	-	10,000
Index on Censorship (Writers & Scholars Educational Trust)	40,000	-
openDemocracy (Open Trust)	40,000	60,000
Relieve	50,000	50,000
Spotlight on Corruption	35,000	20,000
Transparency International UK	50,000	45,000
Trust for the Bureau of Investigative Journalism	100,000	150,000
Sub-total – Civil Society	391,953	419,951
Education		
Centre for Evaluation and Monitoring, University of Durham	(5,079)	-
Future Frontiers	35,000	-
IkamvaYouth	24,434	-
IntoUniversity	100,000	100,000
MyBnk	-	25,000
Nuffield College, University of Oxford	50,000	-
Numeric		
(Bluestream Education)	-	48,462
Ubuntu Pathways	-	35,000
Ukwanda Projects	-	31,000
University of Cape Town (three grants awarded in 2021, one in 2020)	107,744	106,858
Sub-total - Education	312,099	346,320
TOTAL	794,052	901,271

The David and Elaine Potter Foundation

Notes forming part of the financial statements for the year ended 31 December 2021 (*continued*)

7 Grants awarded (continued)

	2021 Number	2021 £	2020 Number	2020 £
Grants paid to institutions	18	794,052	22	901,271

No grants were awarded to individuals in 2021 (2020 – zero).

Three (3) grants were awarded to the University of Cape Town in 2021 (2020 – one).

8 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Staff costs	83,245	-	83,245	85,382	-	85,382
Audit and accountancy	-	12,332	12,332	-	13,080	13,080
Bank charges	482	-	482	57	-	57
Other expenses	2,549	-	2,549	2,831	-	2,831
Website, web hosting and grant system costs	4,945	-	4,945	4,835	-	4,835
Foreign exchange (gain)/loss	8,230	-	8,230	(10,674)	-	(10,674)
Office in-kind costs	-	-	-	21,705	-	21,705
Volunteer in-kind costs	8,500	-	8,500	8,500	-	8,500
Analysed between charitable activities	107,951	12,332	120,283	112,636	13,080	125,716

Governance costs includes payments to the auditors of £12,332 (2020 - £13,080) for audit fees.

The David and Elaine Potter Foundation

Notes forming part of the financial statements for the year ended 31 December 2021 (*continued*)

9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Foundation during the year.

10 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
	1	1
	<u>1</u>	<u>1</u>
Employment costs	2021	2020
	£	£
Wages and salaries	44,674	44,261
Social security costs	19,401	21,951
Other pension costs	19,170	19,170
	<u>83,245</u>	<u>85,382</u>

There was one employee whose emoluments (including pensions) were in the range between £70,001 and £80,000 (2020 - one).

11 Net gains/(losses) on investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Investments gains / (losses)	904,634	(154,576)
	<u>904,634</u>	<u>(154,576)</u>

12 Prior year adjustment

Historically, the Statement of Financial Activities distinguished between unrestricted funds and expendable endowment funds. An annual adjustment was made to transfer all funds carried forward from unrestricted funds to endowment funds.

The Foundation has received legal advice that the Foundation's funds are not by nature "expendable endowment" but more properly unrestricted funds.

A prior year adjustment has therefore been made to amalgamate all funds, totalling £16,472,210 at 31 December 2020, as unrestricted.

The David and Elaine Potter Foundation

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

13 Fixed asset investments

	Listed investments	Cash in Portfolio	Other investments	Total
	£	£		£
Cost or valuation				
At 1 January 2021	9,018,737	7,479,471	75,342	16,573,550
Dividends and interest received	-	150,782	-	150,782
Valuation changes	(2,798,851)	3,800,733	(97,248)	904,634
Withdrawals from investment fund	-	(950,000)	-	(950,000)
Investment manager's fees	-	(35,181)	-	(35,181)
	<u>6,219,886</u>	<u>10,445,805</u>	<u>(21,906)</u>	<u>16,643,785</u>
At 31 December 2021	6,219,886	10,445,805	(21,906)	16,643,785
Carrying amount				
At 31 December 2021	<u>6,219,886</u>	<u>10,445,805</u>	<u>(21,906)</u>	<u>16,643,785</u>
At 31 December 2020	<u>9,018,737</u>	<u>7,479,471</u>	<u>75,342</u>	<u>16,573,550</u>

14 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Other debtors	<u>111,907</u>	<u>91,600</u>

15 Creditors: amounts falling due within one year

	2021 £	2020 £
Grants payable	265,975	200,247
Other creditors and accruals	<u>192,001</u>	<u>87,330</u>
	<u>457,976</u>	<u>287,577</u>

16 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Grants payable	<u>14,195</u>	<u>7,001</u>

The David and Elaine Potter Foundation

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

17 Related party transactions

Dr David Potter is a Director of:

- Delft Investments Limited
- The Bureau of Investigative journalism

Dr Elaine Potter is a Trustee of the following organisations:

- Writers and Scholars Educational Trust (Index on Censorship) (resigned October 2021);
 - openDemocracy Limited (non-exec director) (resigned May 2021);
 - University of Cape Town Trust; and
 - Westminster School Foundation (UK) Limited
- and a Director of:
- The Bureau of Investigative journalism

Mr Samuel Potter is a Trustee of the following organisation:

- Numeric
- and a Director of:
- Delft Investments Limited

Grant commitments during the year to the above organisations were:

- The Bureau of Investigative Journalism - £nil (2020 - £nil)
- The Trust for the Bureau of Investigative Journalism - £100,000 (2020 - £150,000)
- Numeric - £nil (2020 - £48,462)
- openDemocracy (Open Trust) - £40,000 (2020 - £60,000)
- Philharmonia Orchestra (Philharmonia Ltd) - £50,000 (2020 - £50,000)
- University of Cape Town - £107,744 (2020 - £106,858)
- Westminster School - £nil (2020 - nil)
- Writers and Scholars Educational Trust (Index on Censorship) - £40,000 (2020 - nil)

Transactions with Delft Investments Limited were conducted on an arm's length basis. The total amount paid to Delft Investments Limited in the reporting period was £111,907 (2020 - £91,600).

Included within creditors is £146,621 owed to Dr David Potter (2020 - £58,108). This consists of a short term loan provided and a duplicate receipt of the 2020 Delft Investments Limited fees incorrectly received by the Foundation. The full amount was paid to Dr David Potter post year end.

18 Cash generated from operations	2021 £	2020 £
Surplus / (deficit) for the year	114,399	(1,003,393)
Adjustments for:		
Investment income recognised in statement of financial activities	(150,782)	(186,536)
Investment management fees paid from portfolio	35,181	38,570
Fair value (gains) and losses on investments	(904,634)	154,576
Movements in working capital:		
(Increase) / decrease in debtors	(20,307)	28,200
Increase in creditors	177,593	44,014
Cash absorbed by operations	(748,550)	(924,569)

19 Analysis of changes in net funds

The Foundation had no debt during the year.