
THE PAOLOZZI FOUNDATION (CIO)

**UNAUDITED
TRUSTEES REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

THE PAOLOZZI FOUNDATION (CIO)

CONTENTS

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2 - 4
Independent examiner's report	5 - 6
Statement of financial activities	7
Balance sheet	8
Notes to the financial statements	9 - 15

THE PAOLOZZI FOUNDATION (CIO)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2022**

Trustees

David Ross, Chairman (appointed 25 April 2022)
Ann Gallagher (appointed 25 April 2022)
Daniel Herrmann (appointed 25 April 2022)
Sir Christopher Frayling
Adrian Barr-Smith, Secretary
Toby Treves
Robert Hiscox (resigned 25 April 2022)
David, Marquess of Queensbury (resigned 18 August 2021)

Charity registered number

1162290

Principal office

Calder and Co, 30 Orange Street, London, WC2H 7HF

Accountants

Calder & Co, 30 Orange Street, London, WC2H 7HF

Investment Managers

Punter Southall Wealth, 11 Strand, London , WC2N 5HR

THE PAOLOZZI FOUNDATION (CIO)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Trustees present their annual report together with the financial statements for the 1 April 2021 to 31 March 2022.

Objectives and Activities

a. POLICIES AND OBJECTIVES

The principal objective of the Foundation is to advance the education of the public by the promotion of their appreciation of fine arts and, in particular, the works of Sir Eduardo Paolozzi. The Trustees' policy is to utilise the assets held by the Charity to achieve this objective.

b. ACTIVITIES FOR ACHIEVING OBJECTIVES

Following the death of Sir Eduardo Paolozzi in April 2005 and the significant legacies received, the Trustees continually review the most appropriate methods for generating the funds necessary to achieve their objectives.

c. MAIN ACTIVITIES UNDERTAKEN TO FURTHER THE CHARITY'S PURPOSES FOR PUBLIC BENEFIT

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit and are confident that there is an identifiable public benefit.

Achievements and performance

a. KEY FINANCIAL PERFORMANCE INDICATORS

The Foundation generates income from sales of artwork, royalties and licences. In the period to 31st March 2022, income of £71,007 was earned as well as investment income of £18,013

b. REVIEW OF ACTIVITIES

The pandemic continued to restrict and delay activities, but afforded an opportunity for planning.

The Trustees have agreed to finance some limited restoration work to the Paolozzi sculpture 'Rio', owned by the Hunterian Gallery, Glasgow. The intention is to fund a temporary placement of the work at Hospitalfield, Arbroath.

A first cohort of students at Edinburgh College of Art received 4 Paolozzi awards.

The Trustees have continued to monitor the conservation (now completed) of, and relocation proposals for, the Paolozzi sculpture 'Piscator', previously sited at Euston Station.

The Edinburgh Beer Factory continues to brew 'Paolozzi' lager under licence from the Trustees and now from a new site at Dunbar. The Trustees were heartened to note that the Paolozzi Bar and Grill in Edinburgh had re-opened following the pandemic.

The Trustees have applied to the Church of England for permission to site a Paolozzi sculpture on Dovehouse Green, Chelsea, very close to the studios where Sir Eduardo Paolozzi lived and worked for over 40 years.

THE PAOLOZZI FOUNDATION (CIO)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2022

David Ross has succeeded Robert Hiscox as chairman of Trustees. David Queensberry has also retired as Trustee and Ann Gallagher and Daniel Herrmann have been appointed as new Trustees.

c. INVESTMENT POLICY AND PERFORMANCE

In order to diversify risk and generate additional income, the Foundation has invested £704,444 into a number of funds with Punter Southall Wealth (formerly Psigma Investment Management). The fund value at the year end was £847,748. The trustees are taking a long term view on the investments and no immediate changes are planned. Income of £18,013 was generated in the period compared to £16,671 in the previous year.

d. FACTORS RELEVANT TO ACHIEVE OBJECTIVES

The principal mechanisms which enable the Foundation to achieve its objectives are the public exhibition of works of art, in particular those by Sir Eduardo Paolozzi, and activities in print and other media. Since the Foundation does not itself actively trade, it requires the cooperation and support of art historians and others. It is then able to respond to initiatives with funding and/or other support, utilising reserves which it holds.

Financial review

a. GOING CONCERN

After making appropriate enquiries, the Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. RESERVES POLICY

The Foundation needs to maintain reserves in order to fund the conservation and storage of artwork. However, there is no intention to hold significant reserves for the long-term and grants and/or donations will be made as appropriate.

Structure, governance and management

a. CONSTITUTION

The Foundation is constituted as a charitable incorporated organisation.

b. METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

The management of the Foundation is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

THE PAOLOZZI FOUNDATION (CIO)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2022

c. ORGANISATIONAL STRUCTURE AND DECISION MAKING

The Foundation is managed by the Trustees with the assistance of a qualified Treasurer. All decisions are made by the Trustees at regular meetings held not less than three times a year. The Foundation has no employees.

d. RELATED PARTY RELATIONSHIPS

During the period, no Trustees received remuneration or benefits in kind. Routine expenses were reimbursed.

e. RISK MANAGEMENT

The Trustees have assessed the major risks to which the Foundation is exposed, in particular those related to the operations and finances of the Foundation, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

FUNDS HELD AS CUSTODIAN

There are no funds held as custodian for other parties.

TRUSTEES' RESPONSIBILITIES STATEMENT

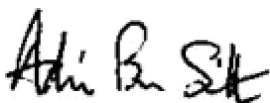
The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year and 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 charity and of the incoming resources and application of resources of the charity 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;
- 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 proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees, on 12 September 2022 and signed on their behalf by:



Adrian Barr-Smith
Secretary

THE PAOLOZZI FOUNDATION (CIO)

INDEPENDENT EXAMINER'S REPORT FOR THE YEAR ENDED 31 MARCH 2022

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE PAOLOZZI FOUNDATION (CIO) (the 'charity')

I report to the charity Trustees on my examination of the accounts of the charity for the year ended 31 March 2022.

This report is made solely to the charity's Trustees, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. My work has been undertaken so that I might state to the charity's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for my work or for this report.

RESPONSIBILITIES AND BASIS OF REPORT

As the Trustees of the charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the 2011 Act').

I report in respect of my examination of the charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

As permitted by Direction 2, issued by the Charity Commission the firm for which I work has provided the Company with bookkeeping services during the year ended 31 March 2022. As a consequence I have followed the requirement of the FRC's Ethical Standard when undertaking this assignment.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the financial statements. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no opinion as to whether the financial statements present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

INDEPENDENT EXAMINER'S STATEMENT

I have completed my examination. I can confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 130 of the 2011 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

THE PAOLOZZI FOUNDATION (CIO)

INDEPENDENT EXAMINER'S REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2022

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:



Dated: 12 September 2022

David J Lyon FCA

CALDER & CO

Chartered Accountants

30 Orange Street
London
WC2H 7HF

THE PAOLOZZI FOUNDATION (CIO)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2022

	Note	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
INCOME FROM:				
Trading activities	2	71,007	71,007	23,047
Investments	3	18,013	18,013	16,671
TOTAL INCOME		89,020	89,020	39,718
EXPENDITURE ON:				
Charitable activities	5	38,504	38,504	34,228
TOTAL EXPENDITURE	6	38,504	38,504	34,228
NET INCOME BEFORE INVESTMENT GAINS		50,516	50,516	5,490
Net gains on investments	8	29,911	29,911	216,150
NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES		80,427	80,427	221,640
NET MOVEMENT IN FUNDS		80,427	80,427	221,640
RECONCILIATION OF FUNDS:				
Total funds brought forward		1,999,634	1,999,634	1,777,994
TOTAL FUNDS CARRIED FORWARD		2,080,061	2,080,061	1,999,634

The notes on pages 9 to 15 form part of these financial statements.

THE PAOLOZZI FOUNDATION (CIO)

**BALANCE SHEET
AS AT 31 MARCH 2022**

	Note	£	2022 £	£	2021 £
FIXED ASSETS					
Investments	8		857,748		825,623
CURRENT ASSETS					
Stocks	9	1,071,037		1,071,037	
Debtors	10	2,623		1,828	
Cash at bank and in hand		162,344		106,565	
		<u>1,236,004</u>		<u>1,179,430</u>	
CREDITORS: amounts falling due within one year	11	(13,691)		(5,419)	
NET CURRENT ASSETS			<u>1,222,313</u>		<u>1,174,011</u>
NET ASSETS			<u>2,080,061</u>		<u>1,999,634</u>
CHARITY FUNDS					
Unrestricted funds	12		<u>2,080,061</u>		<u>1,999,634</u>
TOTAL FUNDS			<u>2,080,061</u>		<u>1,999,634</u>

The financial statements were approved by the Trustees on 12 September 2022 and signed on their behalf, by:



David Ross, Chairman

The notes on pages 9 to 15 form part of these financial statements.

THE PAOLOZZI FOUNDATION (CIO)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

The Paolozzi Foundation (CIO) constitutes a public benefit entity as defined by FRS 102.

1.2 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Trustees is not recognised and refer to the Trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES (continued)

1.3 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Charitable activities and Governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

Grants payable are charged in the year when the offer is made 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.

1.4 Turnover

Turnover comprises revenue recognised by the charity in respect of goods and services supplied during the year, exclusive of Value Added Tax.

1.5 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

1.6 Interest receivable

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

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

THE PAOLOZZI FOUNDATION (CIO)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES (continued)

1.9 Creditors and provisions

Creditors are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.10 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.11 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Investment income, gains and losses are allocated to the appropriate fund.

2. TRADING ACTIVITIES

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Charity trading income			
Sale of artwork	-	-	1,023
Royalties	38,036	38,036	14,781
Licence agreement	32,971	32,971	7,243
	<u>71,007</u>	<u>71,007</u>	<u>23,047</u>
Net income from trading activities	<u>71,007</u>	<u>71,007</u>	<u>23,047</u>

THE PAOLOZZI FOUNDATION (CIO)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

3. INVESTMENT INCOME

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Investment income	18,013	18,013	16,671
	<u>18,013</u>	<u>18,013</u>	<u>16,671</u>
<i>Total 2021</i>	<u>16,671</u>	<u>16,671</u>	

4. SUPPORT COSTS

	Activities £	Total 2022 £	Total 2021 £
Storage costs	7,916	7,916	7,916
Gifts	739	739	-
Printing postage and stationery	92	92	-
Computer costs	215	215	201
Restoration costs	-	-	5,680
Secretarial support	44	44	238
Other support costs	1,823	1,823	3,871
Entertaining	365	365	-
	<u>11,194</u>	<u>11,194</u>	<u>17,906</u>
<i>Total 2021</i>	<u>17,906</u>	<u>17,906</u>	

5. GOVERNANCE COSTS

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Accountancy	7,345	7,345	6,775
Insurance	1,863	1,863	1,862
Legal	-	-	386
Bank charges	102	102	69
Books	-	-	1,230
	<u>9,310</u>	<u>9,310</u>	<u>10,322</u>

THE PAOLOZZI FOUNDATION (CIO)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

6. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Other costs 2022 £	Total 2022 £	Total 2021 £
Support costs	11,194	11,194	17,906
Other donations	12,000	12,000	6,000
Other grants	6,000	6,000	-
Charitable activities	29,194	29,194	23,906
Governance costs	9,310	9,310	10,322
	38,504	38,504	34,228
<i>Total 2021</i>	<i>34,228</i>	<i>34,228</i>	

7. INDEPENDENT EXAMINATION

The Independent Examiner's remuneration amounts to an Independent Examination fee of £2,750 and other accounting, bookkeeping and administration fees of £4,575 totalling £7,345.

THE PAOLOZZI FOUNDATION (CIO)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

8. FIXED ASSET INVESTMENTS

	Listed securities £
Market value	
At 1 April 2021	825,623
Revaluations	32,125
	<hr/>
At 31 March 2022	857,748
	<hr/>

Investments at market value comprise:

	2022 £	2021 £
Listed investments	857,747	825,623
	<hr/>	<hr/>

All the fixed asset investments are held in the UK

9. STOCKS

	2022 £	2021 £
Other works	142,500	142,500
Probate value of artwork donated from the Estate of Sir Eduardo Paolozzi	928,537	928,537
	<hr/>	<hr/>
	1,071,037	1,071,037
	<hr/>	<hr/>

10. DEBTORS

	2022 £	2021 £
Trade debtors	-	1,700
Other debtors	-	128
Prepayments and accrued income	2,623	-
	<hr/>	<hr/>
	2,623	1,828
	<hr/>	<hr/>

THE PAOLOZZI FOUNDATION (CIO)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. CREDITORS: Amounts falling due within one year

	2022	<i>2021</i>
	£	£
Trade creditors	2,647	2,169
Other taxation and social security	1,544	-
Accruals and deferred income	9,500	3,250
	<u>13,691</u>	<u>5,419</u>

12. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2021	Income	Expenditure	Gains/ (Losses)	Balance at 31 March 2022
	£	£	£	£	£
Unrestricted funds					
General Funds - all funds	<u>1,999,634</u>	<u>89,020</u>	<u>(38,504)</u>	<u>29,911</u>	<u>2,080,061</u>

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 April 2020</i>	<i>Income</i>	<i>Expenditure</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2021</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
General Funds - all funds	<u>1,777,994</u>	<u>39,718</u>	<u>(34,228)</u>	<u>216,150</u>	<u>1,999,634</u>
Total of funds	<u><u>1,777,994</u></u>	<u><u>39,718</u></u>	<u><u>(34,228)</u></u>	<u><u>216,150</u></u>	<u><u>1,999,634</u></u>