

THE HARBOUR FOUNDATION

(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

Company registered number: 00975116
Charity registered number: 264927

THE HARBOUR FOUNDATION

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

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THE HARBOUR FOUNDATION

LEGAL AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 MAY 2022

Directors and Trustees

Prof. D. Harbour
Mrs S. Harbour
Mr E. Harbour
Mr G.M. Harbour
Mr R. S. Hermer
Mr H. P. Rich

Secretary

Mr D. Abrahams

Company Registration Number

00975116

Charity Registration Number

264927

Registered and Principal Office

1 Red Place
London
W1K 6PL

Independent Auditors

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

THE HARBOUR FOUNDATION

DIRECTORS' AND TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MAY 2022

The directors, who are also charity trustees for the purposes of charity law (the Director-Trustees), present their annual report and the financial statements of the Harbour Foundation (the Charity) for the year ended 31 May 2022. The Director-Trustees confirm that the annual report and these financial statements comply with the governing document, the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice.

Structure, Governance and Management

a. Constitution

The Charity is a company limited by guarantee incorporated on 9 March 1970 and subsequently registered as a charity with the Charity Commission. It is governed by its Memorandum and Articles of Association (as amended by Special Resolutions passed on 20 July 1970, 17 August 1973, 23 January 1995, 3 June 1998 and 1 March 2017).

b. Method of appointment or election of Director-Trustees

The Director-Trustees are responsible for the general control and management of the Charity. Director-Trustees are appointed, elected or co-opted in accordance with the Memorandum and Articles of Association.

All Director-Trustees give their time voluntarily and receive no remuneration from the Charity. None of the Director-Trustees were reimbursed for expenses incurred on Charity business during the year.

c. Policies Adopted for the Induction and Training of Director-Trustees

Advice is sought from professional advisors where necessary to ensure that Director-Trustees are aware of and comply with current and emerging laws and regulations.

There is a formal induction process for newly appointed Director-Trustees. This includes an induction pack, an initial meeting with the Chair and the other Director-Trustees.

Director-Trustees are required to disclose all relevant interests to the Charity and withdraw from decisions where a conflict of interest arises. There is a formal conflict of interest policy in place that was last updated in 2017 and against which compliance is regularly reviewed.

d. Organisational Structure and Decision Making

The Charity's activities are managed by the Director-Trustees, who are responsible for setting the strategic direction of the Charity and establishing policy, as well as approving grants. The Director-Trustees meet as often as is required for the effective operation of the Charity. During the year they met 3 times.

e. Related Party Transactions

The Charity has one wholly-owned subsidiary, Conlatuse Limited (Conlatuse), which carries out commercial activity in real estate. The distributable profits of this subsidiary are donated to the Charity on an annual basis under a deed of covenant.

During the year, the Charity received real estate and accounting services from HDG Ltd ("HDG"), a service provision company within the Harbour family business group. The Charity was not charged for the services provided to it by HDG. Conlatuse also received services from HDG during the year. Conlatuse was not charged for the services provided to it by HDG.

f. Risk management

The Director-Trustees risk management strategy provides for:

- an ongoing review of the risks the Charity may face to ensure best practice and continuous improvement;
- the establishment of systems and procedures to mitigate identified risks;
- the implementation of procedures and contingencies designed to minimise any potential impact on the Charity should those risks materialise.

The Charity's principal activity is grant-making; as such it is not exposed to a number of risks which affect operational charities. In relation to the Charity's grant-making activities, the Director-Trustees minimise the risk of misapplication of grant moneys by checking recipients' track record as shown by its published accounts and other available evidence. Major recipients are asked to confirm the purposes for which grant moneys are to be applied and to report back to the Charity at regular intervals. The monitoring undertaken by the Charity is proportionate to the level of the donation in question and the purpose for which the donation is made.

The Director-Trustees have prepared a formal policy on grant-making in order to ensure that funds are applied for exclusively charitable purposes also the charity predominantly makes grants to other UK registered charities.

Internal control risks are minimised by the implementation of appropriate procedures for authorisation of all transactions and projects. Risk is also managed by taking appropriate advice from specialists on activities affecting the Charity's operations, including in relation to legal and planning regulations, and investment and real estate matters.

The Director-Trustees have prepared an Investment Policy Statement which discusses the Charity's approach to risk in more detail, which was first adopted in the year ended 31 May 2017. This policy has been kept under review since, and was formally reviewed in 2022 and confirmed to be appropriate.

THE HARBOUR FOUNDATION

DIRECTORS' AND TRUSTEES' ANNUAL REPORT (Continued)

FOR THE YEAR ENDED 31 MAY 2022

The Director-Trustees also note the risks inherent in their subsidiary trading company operating in commercial real estate. This is mitigated by having directors of the subsidiary being experienced in commercial real estate and the management of real estate development and asset management. The investment policy implemented in the year also mitigates investment risk and is reviewed regularly by the Board.

Objects and Activities for the Public Benefit

In setting objectives and planning for activities, the Director-Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, and to other guidance of relevance to grant making charities.

The Charity's activities consist of the making of grants in furtherance of its charitable objects to charitable organisations which are based in the UK or abroad.

The Charity's objects, laid down in its Memorandum and Articles of Association, are:

- a. The relief of poverty, suffering and distress among refugees and other homeless people;
- b. The advancement of education, learning and research and the dissemination of the results of such research;
- c. To make donations to any institution established for charitable purposes according to the law of England and Wales.

During the year, the Charity furthered its objects by making 38 (2021: 48) grants totalling £637,050 (2021: £701,700) to various charitable organisations and institutions registered in England and Wales.

Grant Making

The Director-Trustees have a formal policy on grant-making which sets out the basis for proposing, approving, monitoring and reviewing grants made by the charity.

All recipient organisations must further the Charity's objects and deliver a public benefit and are reviewed on a case by case basis in the light of the status of the applicant, its organisational structure and the requested purpose of the grant. One or more individual Director-Trustees research appropriate institutions or individuals to be recipients of grants, and then make recommendations to the Council for formal approval.

There is no minimum level of grant which will be awarded, with the maximum grant during the year being £200,000.

How the Charity's Grant-Making Policy has furthered its Objects and Public Benefit

The emphasis on support for scientific and technical postgraduate training has been maintained and at the same time additional funds have been made available to assist organisations involved in poverty alleviation and positive social and cultural change.

As envisaged in last year's Annual Report, the Director-Trustees have continued the pursuit of educational charitable objects by supporting a post-graduate assistance programme available to impoverished post-graduate students for science and medical related degrees at the two Israeli universities: the Hebrew University of Jerusalem and Ben Gurion University of the Negev.

The Charity refers to the Charity Commission's general guidance on public benefit when reviewing the Charity's grant making. The Charity's grants have contributed to the following:

- Enabling those in financial hardship to be educated where a potential students' education and future prospects might otherwise be at risk;
- Widening the pool of educated students in the field of science and medicine, giving opportunities for those in poverty and the further public benefit from the skills those students will bring to their working lives and communities;
- Properly co-ordinated medical research into finding a cure or new treatment for illnesses, generating improvements in medical care to those who are sick;
- Relief of poverty, support for refugees and support for victims of disasters affecting the international community regardless of race, religion or nationality;
- Maintenance and improvement of the arts and the training of musicians to a high standard who might otherwise not succeed professionally or have opportunity to perform;
- Bringing music training to underprivileged inner-London areas.

THE HARBOUR FOUNDATION

DIRECTORS' AND TRUSTEES' ANNUAL REPORT (Continued)

FOR THE YEAR ENDED 31 MAY 2022

Financial Review

a. Investment Policy and Performance

The financial results of the Charity are shown in the attached financial statements. The net group movement in funds for the year was a deficit of £461,921 (2021: deficit of £657,616). This includes an unrealised loss on revaluation of listed investments of £559,146 (2021: gain of £319,081), and a realised gain on sale of listed investments of £961 (2021: gain of £319,081), and a gain on foreign exchange of £490,347 (2021: loss of £818,207). The net assets as at 31 May 2022 therefore decreased in value by the deficit for the year, from £19,563,833 to £19,101,912.

The Director-Trustees slightly increased the level of grants to £690,000 from £637,050.

The Charity's wholly owned subsidiary, Conlatuse Limited, made a profit of £217,168 (2021: loss of £427,868). Its reserves at 31 May 2022 increased to a net deficit of £234,067 (2021: deficit of £451,235).

The properties held by the subsidiary are held at the lower of historic cost and market value, with historic cost acting as a cap, meaning that any value increases are not reflected in the financial results.

b. Reserves Policy

The Director-Trustees assess the Charity's requirements for reserves in light of operational requirements, planned donations and assessed risk levels. The level of reserves is reviewed quarterly by reference to management accounting information, including as assessment of cash flow projections of revenue, expenses and donations, as well as the anticipated future gift aid receipts from Conlatuse.

The balance held by the Charity as unrestricted funds at the balance sheet date was £19,336,079 (2021: £20,015,168), the majority of which remains tied up at yearend in unlisted investment assets. The level of reserves is in line with the Charity's Policies and reflect planned donation levels and expected investment returns. Assets held for investment are held for the longer term to generate an income from which grants are to be made and constitute substantially all of reserves

The Charity has liquid cash balance of £11.4m which are sufficient to fulfil its strategic plans for the next 12-18 months.

Financial and Investment Planning for the Future

Increasing revenues and ensuring more measured growth of the Charity's investments will enable the Charity to support its current grant-making activity and, where appropriate, to engage in longer term funding commitments and relationships with recipient organisations.

THE HARBOUR FOUNDATION

DIRECTORS' AND TRUSTEES' ANNUAL REPORT (Continued)

FOR THE YEAR ENDED 31 MAY 2022

Funds Held as Custodian

No funds are held as custodian.

Stock asset properties

Conlatuse holds its properties as trading stock in its accounts, which are listed at the lower of market value or book cost. In the opinion of the directors of Conlatuse its properties have a market value of substantially above the carrying value in the accounts, which is verified by periodic external valuations for borrowing purposes.

Directors and Their Interests

The Director-Trustees who served during the year were:

Prof. Harbour

Mrs S. Harbour

Mr E. Harbour

Mr G. M. Harbour

Mr R. S. Hermer

Mr H. P. Rich

In accordance with the Articles of Association, all Director-Trustees are members of the Charity. The Charity is a company limited by guarantee and has no share capital. The Director-Trustees do not have a financial interest in the Charity. Members are required to contribute a maximum sum of £1 each in the event the Charity is wound up.

Statement of Director-Trustees' Responsibilities

The Director-Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards including FRS 102. Company law requires the Director-Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charity for that period. In preparing these financial statements, the Director-Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles of 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 charity will continue in operation.

The Director-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, Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the governing document. 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 HARBOUR FOUNDATION

DIRECTORS' AND TRUSTEES' ANNUAL REPORT (Continued)

FOR THE YEAR ENDED 31 MAY 2022

Provision of information to auditors

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

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

In preparing this report, Director-Trustees have taken advantage of the small companies' exemptions provided by Section 415A of the Companies Act 2006.

This report was approved by the Council and signed on its behalf by

G Harbour

Gideon Harbour, Director-Trustee

Date: 20 January 2023

Opinion

We have audited the financial statements of The Harbour Foundation for the year ended 31 May 2022 which comprise the Charity and Consolidated Statement of Financial Activities, the Charity and Consolidated Balance Sheets, the Consolidated 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 group's and of the parent charitable company's affairs as at 31 May 2022 and of the group's and parent charitable company's net movement in funds, including the 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 group 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 group and 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 trustees are responsible for the other information. The other information comprises the information included in the Directors' and Trustees' 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 Directors' and Trustees' Annual Report (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within Directors' and Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' and Trustees' Annual Report (which incorporates the directors' 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 by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 7, 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 group's and the parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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:

Based on our understanding of the group and parent charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with charity law,

and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and income tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in significant accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates and judgements.

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.

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.


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Richard Weaver (Senior Statutory Auditor)
for and on behalf of Haysmacintyre LLP, Statutory Auditor

Date: 27 February 2023

10 Queen Street Place
London EC4R 1AG

THE HARBOUR FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING THE INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MAY 2022

		Unrestricted 2022 £	Unrestricted 2021 £
	Note		
INCOME FROM:			
Income from other trading activities:			
Commercial trading operations	3	583,661	562,565
Investments	3	58,757	330,106
Total income		<u>642,418</u>	<u>892,671</u>
EXPENDITURE:			
Costs of Raising funds	4	(271,422)	(433,520)
Expenditure on charitable activities:			
Grants	5	(690,000)	(637,050)
Support costs	6	(75,079)	(48,724)
Total expenditure		<u>(1,036,501)</u>	<u>(1,119,294)</u>
Net income/(expenditure) for the year before gains/(losses) and tax		(394,083)	(226,623)
Gains/(losses)			
Foreign exchange gains/(losses)	3	490,347	(818,207)
Realised gain/(loss) on current assets investments		961	31,786
Unrealised gain/(loss) on current assets investments		(559,146)	319,081
Net movement in funds before tax		<u>(461,921)</u>	<u>(693,963)</u>
Tax charge		-	36,347
Net movement in funds		<u>(461,921)</u>	<u>(657,616)</u>
Reconciliation of funds			
Total funds brought forward at 31 May 2021		19,563,833	20,221,449
Total funds carried forward at 31 May 2022		<u><u>19,101,912</u></u>	<u><u>19,563,833</u></u>

The group and the charity does not have any restricted or endowment funds.

All amounts relate to continuing activities. There was no other comprehensive income for 2022 (2021: £nil).

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 16 to 28 form part of these financial statements.

THE HARBOUR FOUNDATION

COMPANY STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING COMPANY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MAY 2022

		Unrestricted 2022 £	Unrestricted 2021 £
	Note		
INCOME FROM:			
Investments	3	175,881	372,492
Total income		<u>175,881</u>	<u>372,492</u>
EXPENDITURE:			
Costs of raising funds	4	(57,382)	(58)
Expenditure on charitable activities:			
Grants	5	(690,000)	(637,050)
Support costs	6	(40,350)	(31,024)
Total expenditure		<u>(787,732)</u>	<u>(668,131)</u>
Net income/(expenditure) for the year		(611,851)	(295,640)
Gains/(losses):			
Foreign exchange gains/(losses)		490,347	(285,333)
Realised gain/(loss) on current asset investments		(1,561)	32,144
Unrealised gain/(loss) on current investments		(559,146)	319,081
Net movement in funds		<u>(679,089)</u>	<u>(229,748)</u>
Reconciliation of funds			
Total funds brought forward to 31 May 2021		20,015,168	20,244,917
Total funds carried forward to 31 May 2022		<u>19,336,079</u>	<u>20,015,168</u>

The group and the charity does not have any restricted or endowment funds.
All amounts relate to continuing activities. There was no other comprehensive income for 2022 (2021: £nil).

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 16 to 28 form part of these financial statements.

THE HARBOUR FOUNDATION

CONSOLIDATED AND CHARITY BALANCE SHEET

FOR THE YEAR ENDED 31 MAY 2022

Company No. 00975116

	Note	GROUP 2022 £	GROUP 2021 £	CHARITY 2022 £	CHARITY 2021 £
TANGIBLE FIXED ASSETS					
Investment in subsidiary	8	-	-	100	100
		<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
		-	-	100	100
CURRENT ASSETS					
Trading properties	9	2,408,520	2,396,716	-	-
Investments	10	9,781,194	5,373,518	9,781,194	5,373,518
Debtors	12	302,510	401,665	3,689,144	3,734,430
Cash at bank and in hand	13	6,743,679	11,438,141	5,879,681	10,916,121
		<u>19,235,903</u>	<u>19,610,040</u>	<u>19,350,019</u>	<u>20,024,068</u>
CREDITORS: amounts falling due within one year	14	(133,991)	(46,207)	(14,040)	(9,000)
		<u>(133,991)</u>	<u>(46,207)</u>	<u>(14,040)</u>	<u>(9,000)</u>
NET CURRENT ASSETS		<u>19,101,912</u>	<u>19,563,833</u>	<u>19,335,979</u>	<u>20,015,068</u>
Total assets less current liabilities		19,101,912	19,563,833	19,336,079	20,015,168
NET ASSETS		<u>19,101,912</u>	<u>19,563,833</u>	<u>19,336,079</u>	<u>20,015,168</u>
FUNDS:					
Unrestricted		<u>19,101,912</u>	<u>19,563,833</u>	<u>19,336,079</u>	<u>20,015,168</u>

The consolidated financial statements have been prepared in accordance with the provisions applicable to companies' subject to the small companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved by the board and signed on its behalf by:

G Harbour

Gideon Harbour, Director-Trustee

Date: 20 January 2023

The notes on pages 16 to 28 form part of these financial statements.

THE HARBOUR FOUNDATION

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2022

	Note	2022 £	2021 £
Net cash inflow from operations:			
Net cash provided by operations	A	213,603	(14,567,370)
Cash flows from investing activities:			
Interest and dividends received		58,757	2,667
Dividends from Epsilon Unit Trust		-	305,560
Payments to acquire listed investments		(5,251,950)	(5,488,144)
Proceeds from the disposal of investments		285,128	14,225,829
Net cash provided by/(used in) investing activities		(4,908,065)	9,045,912
Cash flows from financing activities:			
Interest paid		-	(301,294)
Net cash provided by/(used in) financing activities		-	(301,294)
Change in cash and cash equivalents in the reporting period			
	B	(4,694,462)	(5,822,752)
Net cash and cash equivalents at beginning of period		11,438,141	17,260,893
Net cash and cash equivalents at end of period	B	6,743,679	11,438,141
A. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATIONS			
		2022 £	2021 £
Net movement in funds		(461,921)	(693,963)
Unrealised (losses)/gains on listed investments		559,146	(319,081)
Interest payable		-	301,294
Interest receivable		(58,757)	(308,227)
(Increase) / decrease in stock		(11,804)	-
(Increase) / decrease in debtors		99,155	401,668
Increase / (decrease) in creditors		87,784	(13,949,061)
Net cash inflow from operations		213,603	(14,567,370)
B. RECONCILIATION OF NET DEBT			
	At 1 June 2021 £	Cashflows £	At 31 May 2022 £
Cash at bank	11,391,966	(4,728,086)	6,663,879
Held by investment managers	46,175	33,625	79,800
	11,438,141	(4,694,462)	6,743,679

1. ACCOUNTING POLICIES

Basis of preparation and accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS102 (second edition effective 1 January 2021) - (Charities SORP (FRS 102)). The accounts have been prepared under the historical cost convention unless otherwise stated in the relevant notes to these accounts.

Group financial statements

These financial statements consolidate the results of the charitable company and its wholly owned subsidiary, Conlatuse Limited, on a line by line basis. The trading results of the subsidiary undertaking are shown in note 9.

Preparation of accounts on a going concern basis

The Director-Trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives Director-Trustees confidence the charity and the group remains a going concern for the foreseeable future.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, the Director-Trustees are required to make certain judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from available sources. The estimates and underlying assumptions are based on historic experience, and any other factors that are considered to be relevant, and are monitored and reviewed on an ongoing basis. Actual results may differ from the estimates made. 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 affected current and future periods.

In the view of the Director-Trustees, the following are areas where there is uncertainty, and significant judgements have been used in applying estimates;

- The classification of the properties held by Conlatuse Limited as stock on the basis of the Directors' intent to trade these properties, despite them having been held long-term due to other factors outside of the Directors' control;
- The valuation of the shares held in the listed investments for specific shareholdings which have been fully provided against on the basis the Director-Trustees believe that these are negligible in value;

The Director-Trustees do not consider there to be any other assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the future periods.

1. ACCOUNTING POLICIES (continued)

Income

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

Incoming resources include rents receivable and interest which has been recognised over the period to which it relates. Property sale income has been recognised at the point of sale. Dividends are recognised when received. Income under deed of covenant is recognised when payment is reflected in the subsidiary's financial statements. Donations are accounted for as received by the charity.

Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements and are included within support costs.

Stock

Stocks comprising of trading properties are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase. At each reporting date, stocks are assessed for impairment, with any impairment loss recognised within expenditure.

Investments

Investments in listed shares are re-measured to fair value at each Statement of Financial Position date. Gains and losses on re-measurement are recognised in Statement of Financial Activity for the period.

Investments in unlisted shares, whose market value can be reliably determined, are re-measured to fair value at each balance sheet date. Gains and losses on re-measurement are recognised in the Statement of Financial Activity for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

All investments are held primarily for an investment return. There are no programme related investments.

Investment properties are included in the balance sheet at valuation, being the estimated open market value as carried out by a Chartered Surveyor with sufficient experience and expertise. The investment properties are revalued annually.

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

Fund accounting

None of the funds are restricted. The funds can be used for charitable purpose in such manner as the Director-Trustees may determine in accordance with the charities objectives.

Debtors

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

Creditors and provisions

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 fund to a third part 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 in hand

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.

Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2. INCOME UNDER DEED OF COVENANT

Income is received by the charity under deed of covenant from Conlatuse Limited, a wholly owned trading subsidiary, if it has distributable profit in the year and when it has distributable reserves available.

The company has no distributable reserves as at 31 May 2022 (2021: £nil) and so no gift aid has been accrued in respect of the profits, and a tax charge has been recognised.

THE HARBOUR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MAY 2022

3. INCOME

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Rents receivable	583,661	562,565	-	51,435
Total commercial trading income	583,661	562,565	-	51,435
Dividends receivable	50,275	21,879	50,275	21,879
Interest on unit trust investment	-	305,560	-	305,560
Interest on loan to subsidiary	-	-	124,926	44,707
Interest on bank deposits	8,482	2,667	680	345
Total investment income	58,757	330,106	175,881	372,492
Total income	642,418	892,671	175,881	372,492

4. COST OF RAISING FUNDS

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Property expenses	213,915	132,029	-	-
Bank charges and interest	507	301,491	382	58
Investment manager fees	57,000	-	57,000	-
	271,422	433,520	57,382	58

THE HARBOUR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MAY 2022

5. GRANTS

The charity undertakes its charitable activities through making grants and awarded grants to a number of institutions in furtherance of its charitable activities.

Type	Number of Donations	2022 £	Number of Donations	2021 £
Social Organisations	17	137,500	14	106,000
Arts	5	51,500	6	68,000
Education	4	409,000	7	419,050
Religious Bodies	2	5,500	-	-
Relief	9	83,500	11	44,000
Medical	1	3,000	-	-
	<u>38</u>	<u>690,000</u>	<u>38</u>	<u>637,050</u>

Recipients of institutional grants

2022
£

To fund Social Organisations:

British Friends of Israel Guide Dog Centre	10,000	
Community Security Trust	10,000	
Alliance for Middle East Peace via New Israel Fund	50,000	
Keshet	5,000	
New Israel Fund	17,500	
Solutions not Sides via One Voice Movement	9,000	
Yachad	5,500	
Other grants below £5,000	<u>30,500</u>	
		137,500

To fund Art:

The Wigmore Hall Trust	5,000	
The Royal Society of the Arts	20,000	
Royal College of Music	5,000	
Royal Academy of Music	15,000	
Other grants below £5,000	<u>6,500</u>	
		51,500

To fund Education:

Ben Gurion University Foundation	200,000	
Council for At-Risk Academics (CARA)	5,000	
Hebrew University (British Friends)	200,000	
Other grants below £5,000	<u>4,000</u>	
		409,000

To fund Religious Bodies

Other grants below £5,000	<u>5,500</u>	
		5,500

To fund Relief Organisations:

World Jewish Relief	60,000	
British Red Cross	5,000	
Other grants below £5,000	<u>18,500</u>	
		83,500

THE HARBOUR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MAY 2022

5. Grants (continued)

To fund Medical:

Other grants below £5,000

3,000

3,000

690,000

PRIOR YEAR

Recipients of institutional grants

2021

£

To fund Social Organisations:

BNAI Brith Hillel Foundation- UJS

15,000

Community Security Trust

20,000

Alliance for Middle East Peace via New Israel Fund

15,000

New Israel Fund

7,500

One Voice Europe

15,000

Solutions not Sides via One Voice

15,000

Movement

Other grants below £5,000

18,500

106,000

To fund Art:

The Wigmore Hall Trust

22,000

The Royal Society of the Arts

20,000

Royal College of Music

20,000

Royal Academy of Music

5,000

Other grants below £5,000

1,000

68,000

To fund Education:

UCL Medical School

9,550

Ben Gurion University Foundation

200,000

Council for At-Risk Academics (CARA)

5,000

Hebrew University (British Friends)

200,000

Other grants below £5,000

4,500

419,050

To fund Relief Organisations:

World Jewish Relief

21,000

Islington Giving

6,000

Other grants below £5,000

17,000

44,000

637,050

THE HARBOUR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MAY 2022

6. SUPPORT COSTS

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Costs of governance				
Audit fees	31,200	23,750	16,200	10,750
Other charity running costs	10,080	5,235	4,080	5,235
Other support costs				
Legal and professional fees	24,849	19,739	11,120	15,039
Bad debt expense	8,950	-	8,950	-
	<u>75,079</u>	<u>48,724</u>	<u>40,350</u>	<u>31,024</u>

Support costs are allocated based on the activity they relate to. Neither the charity or group has any employees. The Director-Trustees did not receive any remuneration, any benefits in kind or any reimbursement of expenditure during the current or previous year. None of the Director-Trustees incurred any expenses on behalf of the charity.

7. AUDITORS REMUNERATION

	Group 2022 £	Group 2021 £
Fees payable to the Group's auditor and its associates for;		
The audit of the Group's and subsidiary's annual financial statements	23,000	19,000
Tax compliance services	3,200	4,700
Accounts preparation fees	5,000	3,000
Other services	2,000	-

THE HARBOUR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MAY 2022

8. Investment in subsidiary undertaking

	2022 £	2021 £
Company		
Shares at cost	100	100

The charity owns 100% of the equity shares in Conlatuse Limited, a company incorporated in the United Kingdom registered in England and Wales. The principal activities of Conlatuse Limited comprise carrying out commercial activities in properties and securities. Its registered address is 1 Red Place, London, W1K 6PL.

A summary of the results of the company's non-charitable subsidiary are given below:

	2022 £	2021 £
Turnover	583,661	562,565
Cost of sales	(213,915)	(132,028)
Gross profit	369,746	430,537
Administrative expenses	(34,854)	(17,840)
Foreign currency gains/(losses)	-	(532,874)
	334,892	(120,177)
Profit/(loss) on sale of investments	(600)	(358)
Interest receivable and similar income	7,802	2,321
Interest payable and similar charges	(124,926)	(346,001)
Profit for the financial year before taxation	217,168	(464,215)
Tax on profit/(loss) on ordinary activities	-	36,347
Profit for the financial year	217,168	(427,868)
Surplus/(deficit) funds brought forward	(451,335)	(23,467)
Accumulated surplus/(deficit) funds carried forward	(234,167)	(451,335)
Share capital	100	100
Share capital and reserves	(234,067)	(451,235)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MAY 2022

9. TRADING PROPERTIES

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trading properties stated at cost	2,408,520	2,396,716	-	-

10. CURRENT ASSET INVESTMENTS

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Unlisted	1	1	1	1
Listed	9,781,193	5,373,517	9,781,193	5,373,517
	<u>9,781,194</u>	<u>5,373,518</u>	<u>9,781,194</u>	<u>5,373,518</u>

The listed investments are shown at fair market value. Listed investments of £9,781,193 (2021: £5,373,517) are quoted on stock exchanges outside the United Kingdom.

Under FRS102, unlisted investments are to be shown at fair market value if available, otherwise at cost less accumulated impairment. The unlisted investments are stated at cost on this basis, and in the directors' opinion the fair value of unlisted investments is not less than cost.

11. UNLISTED INVESTMENTS

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
At 1 June 2021	1	13,751,454	1	13,751,454
Disposals	-	(13,751,453)	-	(13,751,453)
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
As at 31 May 2022	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

LISTED INVESTMENTS

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
At 1 June 2021	5,373,517	4,321	5,373,517	4,321
Additions	5,251,950	5,488,144	5,251,950	5,488,144
Disposals	(286,089)	(470,173)	(286,089)	(470,173)
Realised gains	961	32,144	961	32,144
Unrealised (losses) / gains	(559,146)	319,081	(559,146)	319,081
	<u>9,781,193</u>	<u>5,373,517</u>	<u>9,781,193</u>	<u>5,373,517</u>
As at 31 May 2022	<u>9,781,193</u>	<u>5,373,517</u>	<u>9,781,193</u>	<u>5,373,517</u>

THE HARBOUR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MAY 2022

12. DEBTORS

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts falling due within one year:				
Amount due from subsidiary	-	-	7,676	44,009
Other debtors	76,347	153,908	-	-
Prepayments and accrued income	226,163	247,757	181,468	190,421
	<u>302,510</u>	<u>401,665</u>	<u>189,144</u>	<u>234,430</u>
Amounts falling due after one year:				
Amount due from subsidiary	-	-	3,500,000	3,500,000
	<u>-</u>	<u>-</u>	<u>3,500,000</u>	<u>3,500,000</u>

The loan to the subsidiary undertaking carries interest at 3.25% per annum above the Bank of England base rate, and is due for repayment on 15 December 2025. The loan is secured on properties held by the subsidiary.

13. CASH

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank	6,663,879	11,391,966	5,799,881	10,869,945
Held by investment managers	79,800	46,175	79,800	46,175
	<u>6,743,679</u>	<u>11,438,141</u>	<u>5,879,681</u>	<u>10,916,121</u>

THE HARBOUR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MAY 2022

14. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	2,708	-	-	-
Other taxes and social security	12,040	8,555	-	-
Other creditors	73,553	-	-	-
Accruals	30,040	22,000	14,040	9,000
Deferred income	15,652	15,652	-	-
	<u>133,993</u>	<u>46,207</u>	<u>14,040</u>	<u>9,000</u>

15. DEFERRED INCOME

	Group 2022 £	Company 2022 £
Deferred income comprises rent received in advance.		
As at 1 June 2021	15,652	15,652
Amount released to income	(15,652)	(15,652)
Amount deferred in year	15,652	15,652
	<u>15,652</u>	<u>15,652</u>
As at 31 May 2022	<u>15,652</u>	<u>15,652</u>

THE HARBOUR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MAY 2022

16. MEMBERS LIABILITIES

The Harbour Foundation is a company limited by guarantee and has no share capital but under the terms of the Memorandum of Association, every member is liable to contribute a sum not exceeding £1 in the event of the company being wound up during the time he or she is a member or one year thereafter. At 31 May 2022 there were 6 members (2021: 6 members).

17. OPERATING LEASE COMMITMENTS

At 31 May 2022 the charity and group had no annual commitments under non-cancellable operating leases (2021: none).

18. Rent Deposits

The group holds rent deposits from certain tenants and maintains a separate interest bearing bank account for them. The total balance held in this designated bank account at the balance sheet date was £114,492 (2021: £84,294).

19. Related Party Transactions

Company

At the balance sheet date, S. Harbour, D. Harbour, E. Harbour and G. Harbour were directors of The Harbour Foundation. Z.S. Blackman and B.B. Green were trustees of The Harbour Charitable Trust. These individuals are related persons as they are members of the same family.

The directors of the company's subsidiary Conlatuse Limited are also directors of HDG, who in turn are one of the Trustees of The Epsilon Unit Trust. The total amount invested in The Epsilon Unit Trust by the charitable company at the balance sheet date was £1 (2021: £1) and this is disclosed in current asset investments in note 11. During the year, the charitable company had dividends receivable from The Epsilon Unit Trust of £nil (2021: £305,560). At the balance sheet date, the charitable company was owed £181,471 (2021: £190,421) by The Epsilon Unit Trust.

The company has taken advantage of the exemption in Financial Reporting Standard 102 Section 1A from the requirement to disclose transactions with group companies of which it is part of that have been eliminated on consolidation.