

THE BRITISH INSTITUTE OF FLORENCE

England & Wales · Charity number 290647

Details

Status Registered

Legal form Other

Registered 1984-11-22

Register [View on the Charity Commission register](#)

Contact

Address Director And Legal Representative
The British Institute Of Florence
Palazzo Lanfredini
Lungarno Guicciardini
9
FIRENZE

Phone 0039055267781

Email director@britishinstitute.it

Website <http://www.britishinstitute.it>

Activities

Objects: (A) THE PROMOTION OF THE STUDY IN ITALY OF THE ENGLISH LANGUAGE AND OF BRITISH LITERATURE, ART, HISTORY, PHILOSOPHY AND INSTITUTIONS. (B) THE PROMOTION OF THE STUDY OF THE ITALIAN LANGUAGE AND OF ITALIAN LITERATURE, ART, HISTORY, PHILOSOPHY AND INSTITUTIONS, AND OF A GREATER KNOWLEDGE AND APPRECIATION OF ITALIAN CULTURE; (C) THE PROMOTION OF A GOOD UNDERSTANDING BETWEEN THE CITIZENS OF ITALY AND THOSE STUDENTS, WHETHER OF BRITISH OR OTHER NATIONALITY, AS MAY BE PURSUING STUDIES AS DESCRIBED IN (A) AND (B) OF THIS ARTICLE; (D) TO SUPPORT THE OTHER OBJECTS OF THE INSTITUTE AS HEREIN SET OUT BY, INTER ALIA, MAINTAINING A LIBRARY IN FLORENCE FROM SUCH FUNDS AS MAY BE AUTHORISED FOR THIS PURPOSE BY THE GOVERNING BODY.

Activities: Promotion of cross cultural understanding between Italy and the English-speaking world; organisation of cultural activities; teaching of Italian language and culture; teaching of English language and culture; teaching of History of Art and fine art; maintenance of Library and Archive.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services
- **What:** Education/training, Arts/culture/heritage/science
- **Who:** The General Public/mankind

Geography

- Italy

Finances

Period end	Income	Expenditure	Assets	Employees
2025-06-30	£1,867,719	£1,644,638	£4,903,631	25
2024-06-30	£1,522,889	£1,469,715	£4,956,604	39
2023-06-30	£1,442,806	£1,550,665	£4,631,915	41
2022-06-30	£1,452,340	£1,449,430	£5,594,430	28
2021-06-30	£1,515,320	£1,273,960	£5,577,580	29

Trustees

Name	Role	Appointed
Beatrice Bargagli Stoffi		2024-07-01
Gilbert Luke Syson		2022-11-11
Helen Farrell		2024-11-01
James Stewart		2017-03-25
Katherine Zock		2024-11-01
Mary Ellen Stumpf		2025-11-01
Robin Anthony Mason		2023-11-11
Shalina Ganatra		2024-11-01
Tessa Capponi		2024-11-01

Accounts

Trustees' Annual Report and Accounts

For the year ended 30 June 2025



Contents	Page
Administrative details	3
Trustees' report	5
Governance	5
Objectives	6
Review of the year	9
Performance	11
The Future	14
Statement of Trustee Responsibilities	14
Independent auditor's report	16
Balance sheet	21
Statement of financial activities	22
Statement of cash flows	23
Notes to the financial statements	24

Administration

Trustees

Members of the Governing Body

Elected

Christopher Prentice* Chairman

Beatrice Bargagli Stoffi Deputy Chair

Maria Grazia Antoci* (to 23/5/25)

Tessa Capponi

Helen Farrell

Shalina Ganatra

Lady Hannah Lowy Mitchell* (to 23/5/25)

Professor Robin Mason Universities UK nominee

James Stewart^ Treasurer

Luke Syson British Academy nominee

Katerine Zock

Ex officio

Alessandra Petrucci Rector, University of Florence

Brian Young* Director, British Council, Italy

HMA Ed Llewelyn Honorary President

Honorary Governor

Michael Griffiths

Senior Management Team 2024-2025

Simon Gammell*	Director
Amanda Lowe+	Deputy Director
Penny Walsh+	Head of Finance and Administration
Louise Barker	Schools Coordinator
Sara Bini	International Group Operations Manager
Jeremy Boudreau	Head of History of Art
Annette Cooper	Young Learner Coordinator
Diletta Melani	Exams Coordinator and Operations Manager

^ denotes Chair of Management Committee

* denotes member of Management Committee

+ attends Management Committee

Bankers:

Barclays Bank plc
21 Hanover Square
London W1S 1J

Banca Intesa Sanpaolo
Filiale Firenze 62
Via Bufalini, 4
50122 Florence

Italian lawyers:

Avv. Lorenzo Contri
Via Lorenzo Il Magnifico, 78
50129 Firenze

Avv. Roberto Borlè Gioppi
Via Calabria, 56
00187 Roma

Auditor:

Moore Kingston Smith LLP
4 Victoria Square
St Albans
AL1 3TF

Accountant:

Studio Pignatelli
Dr Elena Pignatelli
Via Ruggero Ruggeri, 3
50135 Firenze

Trustees' Report for the year ended 30 June 2025

The British Institute of Florence is a charity registered with the Charity Commission of England and Wales under charity number 290647 and operates from the following addresses.

Palazzo Lanfredini, Lungarno Guicciardini 9, 50125 Florence, Italy.

Viale Mazzini 10-12, 50132, Florence, Italy

Website: <http://www.britishinstitute.it/en/>

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the requirements of the Charities Act 2011, 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 published on 16 July 2014 and the Royal Charter.

1. Governance

Structure, Governance and Management

The Institute was founded in 1917 and granted a Royal Charter in 1923. The Charter of Incorporation was confirmed by warrant on 14 May 1923. Amendments were undertaken to the Charter and Statutes on 3 June 1958, 14 December 1994 and 7 June 2006.

In 1953 the British Institute was formally appointed by Her Majesty's Government as one of three agencies for the execution of the provisions of the Anglo-Italian Cultural Convention of 28 November 1953, the other two being The British Council and the British School of Rome.

This was recorded in an official exchange of letters dated 1 July 1953 between the UK Ambassador to Italy at the time, Sir Victor Mallet and the then Italian Minister of Foreign Affairs, Alcide De Gasperi. The British Institute of Florence is thus recognised as representing and promoting UK culture in Italy.

The British Institute is directed by a Board of Governors which meets twice a year. A sub-committee of the Board of Governors, the Management Committee, meets more frequently both in person and by remote conferencing. The Director of the British Institute sits on the Management Committee. Working groups of Governors are appointed as required to assume specific responsibilities. The day-to-day operation of the British Institute is delegated to the Director.

Governors act as charitable Trustees and are appointed through nomination and election by the Board of Governors. The number of Governors was set at a minimum of 10 and maximum of 18 in an amendment to the Statutes of the British Institute of Florence in June 2006. New Governors receive induction which provides full briefing on the role and responsibilities of Governors and on procedural matters.

The Board of Governors is responsible for the aims, strategy and governance of the British Institute. It considers and approves strategic direction, budgeting and financial management, and quality assurance and improvement measures. It appoints the Director.

The pay and remuneration of the Director and key management personnel is set by the Management Committee.

The current Director, Mr Simon Gammell, took up office on 22 October 2018.

2. Objectives

2.1 Charitable Objects

The objects of the Institute as set out in its Charter (as amended) are as follows.

- The promotion of the study in Italy of the English language and of British literature, art, history, philosophy and institutions.
- The promotion of the study of the Italian language and of Italian literature, art, history, philosophy, and institutions; and of a greater knowledge and appreciation of Italian culture.
- The promotion of understanding between the citizens of Italy and those pursuing studies described above.
- The maintenance of a Library in Florence to support the other objects.

2.2 Aims

To meet its objects, the Institute has the following aims.

- To provide educational programmes of the highest quality, making a difference to the lives of those taught.
- To maintain and develop its unique Library and Archive and ensure its accessibility to students, researchers, scholars, and the general public, and to raise financial resources to this end.
- To be at the centre of Florence's rich cultural life through the organisation of and participation in a wide range of cultural events and programmes.

Strategic aims for the year to June 2025

2024-25 was the first year of the new Business Plan 2024–27, approved at the May 2024 Governors' Meeting. This plan is designed to build on the progress made against the previous three-year plan to build an Institute which is properly sustainable for the future. The agreed focus for 2024-25 was to:

1. Continuously improve our offer to our Florentine and International customers, including building up a greater social outreach programme;
2. Further upgrade our marketing, communications and customer service to steadily increase the number of people who buy our products and services;

3. Continue to seek ways to control our costs, whilst investing in our existing staff and steadily increasing our capacity to manage a growing business;
4. Further develop our fundraising capacity and introduce innovative approaches to achieving steady growth in the value of funds raised;
5. Overall Management and Governance of the British Institute of Florence continues to meet Charity Commission requirements and demonstrates best practice in relation to staff and staffing, financial management and control, product development and delivery, customer satisfaction, estate and resource management, staff development and quality assurance.

We complied with the duty in section 17 of the Charities Act 2011 to refer to guidance published by the Charity Commission on public benefit when reviewing our aims and objectives and planning our future activities.

3. Review of the year

For more than a century, the Institute has given life changing educational and cultural opportunities to thousands of people inspired by, and connected with, the beautiful historic city of Florence. Florence, famously the cradle of the Renaissance, is a deeply international city with its entire historic centre designated a UNESCO World Heritage site. This internationalism has deep roots, reaching back to the eighteenth-century tradition of the Grand Tour – slow travel for educational and cultural enlightenment. And by the nineteenth century more and more visitors were staying on, making Florence their home. By 1900 over 20% of the resident population of Florence were foreigners (mostly Brits), and it was from that community that the British Institute of Florence emerged.

From the start the Institute has had an important role in the intellectual and cultural life of Florence. Over the decades the Institute built up one of Italy's largest and highest quality humanities libraries in English, a resource that remains open and available to everyone to this day. It is a beautiful heritage Library, situated on the *piano nobile* of the sixteenth century Palazzo Lanfredini, with a huge window overlooking the river Arno towards Palazzo Corsini, the finest baroque building in Florence. It is a dreamy place.

Reinventing the tradition of the Grand Tour for modern times, the Institute has long been offering a series of month-long immersion courses in Florence's remarkable art history, combined with the study of Italian, for discerning long stay visitors – gap year students, mid-career sabbaticals and retired people following their dream. And the Library now functions as a vibrant cultural and social space, with a rich programme of fine lectures and seminars exploring the history, art and life of Florence, sublime concerts, literary evenings and wine tastings. Discussions on contemporary issues with leaders of the city, workshops in renaissance art making, a life drawing session, traditional afternoon tea and even a Bridge group. It's all happening in the Library these days! In a city that sometimes feels overrun by short stay Instagram tourists, the Institute offers the inside track through deep study of the history, art and life of Florence, together with authentic social connection – many of the participants at our events live in Florence permanently or spend part of each year here. And they come from all over the world: roughly a third from UK, another third from North America and the rest from everywhere else - all united by the international language (English) and deep fascination for the splendour that is Florence.

Highlights of the year have included well attended *Wednesday Lectures* by Timothy Verdon, Director of the Museo delle Opere del Duomo, Filippo Camerota, Director of the Galileo Museum and Katie Lysy, Iris Origo's granddaughter and current curator of her celebrated Villa, *La Foce*, amongst many others. Our concert series, *Music al British*, featured some wonderful recitals from brilliant young international pianists, provided by our partners the Keyboard Trust; and for our *Meet the Author* programme we were delighted to welcome Vanessa Nicholson, Amber Guinness and Livia Frescobaldi. A new strand to complement our flagship Art History courses is our Tuesday Seminars, which explore in depth the social, literary and political history of Florence. This year we had a guided reading of *Boccaccio's Decameron*, a series on *Radical Renaissance Women* and another on *Love and Marriage in the Renaissance*.

A particular highlight was a beautiful exhibition in our renovated ground floor *SOTTO* space *Speaking through Colour*, co-sponsored by Michael Griffiths and Christian Levett. This showed several outstanding paintings from Michael's neurologically diverse son John in dialogue with abstract expressionist works from the Levett Collection. A brilliant and important exhibition which looked great in *SOTTO*, and was very well attended. We donated the proceeds from catalogue sales to the *Centro Educativo Europeo*, a residential facility where John spent his last years and learned to paint.

The educational and cultural programme in the Library was supported by strong growth for both Event Sponsorship and Memberships. The social dimension was well supported by Wine Partnerships with Chianti Classico wineries *Cafaggio* and *Vignamaggio* – we only drink good wine in the Library these days!

The performance of the History of Art programme has been steady, with further evidence that the largest demand by far relates to the Florentine Renaissance. The subsequent periods of Florentine art history struggle to attract sufficient participant numbers. So, we have designed a new three-month cycle of courses that focus completely on the three centuries from 1300, which will allow us to explore the Florentine Renaissance in greater depth than ever before – for launch in September 2025.

The Italian department's numbers remain stable, with over 150 students enrolled in group courses and more than 50 in private lessons, the majority of whom attend in person. Feedback has been very positive, with a strong base of returning students and new ones joining primarily through word of mouth. It is a boutique business offering very high quality and complementing the Art History and Cultural programmes for discerning visitors and new residents of Florence. We were also pleased to provide tailor made short courses for groups of students from Cambridge University, Dulwich College and North London Collegiate School.

For the Florentines, *Il British* (as they affectionately call us) is valued mostly for the high-quality **English language teaching** that we have offered for generations – and this activity still accounts for some 70% of our annual turnover. Our brand is highly respected, but the market for English language learning remains competitive, and the impact of ICT and AI is driving significant changes. The relocation of our English school to the new, better premises at Viale Mazzini three years ago is the cornerstone for our strategic response to these challenges, and this year the new school has got fully into its stride, with a vibrant atmosphere generated by the 270 young learners who come in for classes, along with the many adults who attend in the evenings. Altogether we delivered English courses to 877 students, both in-person and online.

Over half of our English teaching is now delivered off-site in Florence's state schools (1,050 students) and also at the premises of corporate clients. We are much in demand for our after-school courses delivered in state schools in Florence, and this year we worked with a number of new schools. The corporate sector has also seen significant growth - we secured a number of contracts with the hotel groups in Florence, for example – and there are good prospects for further expansion. The future direction lies in tailoring English instruction to

specific purposes and contexts, such as Employability Skills, Communication, Problem Solving and other Soft Skills, as well as English for the workplace – and we have seen our new courses in Professional Development Skills gaining interest and enrolments this year.

The British Institute of Florence is woven into the fabric of the city, and regarded locally with deep affection and respect. Though we are a small independent non-profit of slender means, we like to give back to our hometown. So it was that during the pandemic, we raised funds for the local charities helping the most vulnerable Florentines. This year we have raised funds for a local special education centre through an exhibition of brilliant paintings by one of their neurodivergent students. And we also delivered the third year of our social outreach programme, *Advantage al British* programme, which offers BIF English learning opportunities to disadvantaged young people in Florence. The build-and-test phase of this new product has now been completed with our partner hospitality school *Istituto Saffi*, and we now have an effective programme delivering good results. We will now focus on developing new partners to fund a scaling-up of the Advantage programme. A nice bonus was that two of the *Saffi* students won bursaries from our partners the Monte San Martino Trust to study English in UK for a month in the summer.

We are now the only Cambridge Exams Centre in Florence, and we continue to work closely with Cambridge to grow the Exams business, arranging exams for nearly 3,000 candidates. The demand for the new computer-based exams has started to accelerate, and there are many new opportunities, as well as potential risks, for us in this sector.

4. Performance

Performance is managed on a weekly basis by the leadership team comprising Director, Deputy Director and Head of Finance and Resources, and at meetings of the Senior Management Team every six weeks. Both the Governing Body and Management Committee review overall performance, management accounts and progress against budget at their regular scheduled meetings.

4.1 Operational Performance

The 2024-25 FY was the first year of the new 2024-27 three-year plan. We built on the good result achieved in 2023-24, to achieve another surplus, which saw the Reserves increase by €54,115 to €272,094. The surplus was achieved thanks to another successful year of fundraising. But it should be noted that the two operational Groups are both trading closer to net break even each year.

Florentine Group

The Florentine Group runs our English language and exams business, which primarily targets Florentine individuals and organisations. This was the third year of operations in the new and better Mazzini school and the financial results continued to move substantially in the right direction following the anticipated business downturn following relocation.

International Group

The International Group constitutes our offer to international residents and visitors – primarily History of Art, Italian, Library Services and the Cultural Programme.

Fundraising has gone well again this year. The Patrons Tour and associated Gala Event at Palazzo Feroni again performed strongly. In a significant new development, we ran two successful Days of Giving, in December and then again in June. We were also honoured to enrol three new Life Memberships.

Volunteers and work placements

Volunteers and university interns make an important contribution to running the library and other programmes. We were pleased to welcome a number of students enrolled in the Università degli Studi di Firenze for internships under our partnership convention with the University.

Marketing

We continue to make incremental gains in the effectiveness of our marketing, maximising the limited resources we have to invest in this important activity. This year we started a new initiative to upgrade our digital marketing and communications, under the guidance of a Working Group ably chaired by Shalina Ganatra.

Steady improvements in customer service are seeing better sales results, both in terms of converting enquiries and also with more effective cross-selling between products and up-selling to interested customers. We are grateful to the support of the Adrian Swire Charitable Foundation for their support of our marketing programme over the past three years.

4.2 Financial

The financial year 2024-25 finished with a net loss of €12,001, a net use of provisions of €30,000 and a gain on the investment fund of €15,853 giving a net movement of the charity's funds of €33,853.

In 2024-25 the Institute received donations and legacies totalling €408,002.

At 30 June 2025 the Institute held € 272,094 of unrestricted funds, an endowment fund of €51,474, restricted reserves with a value of €3,912,798 and a heritage asset valued at €1,500,000.

Cash in hand on 30 June 2025 totalled €548,520.

Fundraising Policy

Fundraising activity is carried out by Governors, staff and volunteers. A professional fundraiser was not engaged in any fundraising activities, nor did a commercial participator carry out any fundraising activities.

The Director and the Senior Management team supervise all fundraising activities. A member of staff is always present during fundraising activities that take place on the premises of the British Institute in Florence. The Management Committee receives regular reports on fundraising activity.

The Fundraising sub-committee of the Board of Governors is chaired by Lady Hannah Lowy Mitchell until May 2025; a new chair was appointed in September 2025. The Governors, Director and Senior Management team constantly monitor fundraising activities to ensure that they adhere to the standards of the Institute.

Reserves Policy

The policy of Trustees is that the British Institute should hold financial reserves to enable it to continue operating its charitable activities in the event of a failure of income. The target level of reserves is set at the equivalent of three months' operating costs. As of 30 June 2025, the level of reserves was €272,094 against a target of €480,880.

Restricted assets of €3,912,798 comprise €3,713,205 as the value of Palazzo Lanfredini which is restricted to use as a library; and donations to restricted to fund depreciations changes, the cultural programme, running and maintenance costs of the library, and the Advantage English programme.

Grant-making policy

The British Institute does not make grants and therefore does not have a grant-making policy.

Investment policy and objectives

The British Institute set up an endowment fund in 2012-13 which is able to invest in long term assets to generate income to fund charitable purposes. Other funds are held in cash or short-term liquid assets.

ISO accreditation

The Institute successfully obtained the new ISO 9001 standard for its English language teaching activities, which was reconfirmed at an interim review in January 2025.

Risk Assessment

A formal risk assessment is carried out each year and a Risk Assessment Report is approved by the Board of Governors at its spring meeting. It identifies the main risks to which the charity is exposed, the current level of risk and its likely impact, the procedures in place to mitigate the effects of identified risks and the level of residual risk, using a traffic light system. Any unanticipated risk emerging during the year is brought to the Management Committee of the Board of Governors for further consideration.

There are two ongoing legal cases. The claim by the descendants of Mrs Beacci for a share of our property at Palazzo Lanfredini is longstanding, see significant events section. A

former employee raised a case the Institute relating to their contracts and social security entitlements, which will likely be resolved in 2025-26.

5. The Future

The 2024-2025 year produced another good financial result, leading to an increase in Reserves of €54,115. This was achieved thanks once again to a strong performance in Fundraising that more than covered our net losses from trading activities. The 2025-26 budget is designed to build on these gains with a further surplus at year-end, derived from improved trading results alongside continuing success with fundraising. This will be the second year of our new Business Plan for 2024-27, approved at the November 2024 Governors' Meeting, that is designed to move our trading activities to net break-even and allow fundraising to focus more on raising money for investment in our charitable operations, as well as strengthening our capital reserves.

6. Statement of Trustee Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

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

- a) select suitable accounting policies and apply them consistently;
- b) observe the methods and principles in the Charities SORP;
- c) make judgments and accounting estimates that are reasonable and prudent;
- d) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- e) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping sufficient accounting records that 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.

The major risks to which the charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks.

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

Approved by the Governing Body and signed on its behalf by

Christopher Prentice

DocuSigned by:
Christopher Prentice
E38AED719FEB42A...

29/4/2026 April 2026

Chairman.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BRITISH INSTITUTE OF FLORENCE

Opinion

We have audited the financial statements of the British Institute of Florence for the year ended 30 June 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to 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 FRS 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 30 June 2025, 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 charity 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 charity'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, except to the extent otherwise explicitly stated in our report, 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 there is 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charity.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the UK financial reporting standards as issued by the Financial Reporting Council, UK Charity Law, compliance with charitable objectives, public benefit requirements, safeguarding, data protection and both UK and Italian employment law.
- We obtained an understanding of how the charity complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Date: 30/4/2026

Signed by:

FE06C486F34044F...

James Saunders

for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

4 Victoria Square

St Albans

Hertfordshire

AL1 3TF

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Balance Sheet 30 June 2025

	Note	2025 (€)	2024 (€) (re-stated – note 21)
Fixed assets			
Tangible assets	3	4,139,103	4,169,708
Heritage assets	3	1,500,000	1,500,000
Total fixed assets		5,639,103	5,669,708
Current assets			
Debtors	4	317,665	237,404
Investments	4	563,681	548,317
Cash at bank and in hand		548,520	525,433
Total current assets		1,429,866	1,311,154
Liabilities			
Creditors: amounts falling due within one year	5	(691,675)	(646,919)
Net current assets		738,191	664,235
Total assets less current liabilities		6,377,294	6,333,943
Provisions for liabilities	6	(640,928)	(631,429)
Net assets		5,736,366	5,702,514
Total funds of the charity			
Endowment funds	15	51,474	54,460
Restricted funds	15	3,912,798	3,930,075
Unrestricted funds	15	272,094	217,979
Revaluation Reserve	15	1,500,000	1,500,000
Total charity funds	15	5,736,366	5,702,514

The financial statements of The British Institute of Florence were approved by the Trustees on 29th April 2026.

DocuSigned by:

Christopher Prentice

Signed on behalf of the Board of Trustees, Chairman

Statement of financial activities incorporating income and expenditure account for the year ended 30 June 2025

		2025 (€)	2025 (€)	2025 (€)	2025 (€)	2024 (€) -
	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
Income from:						
Donations and legacies	8	298,001	110,001	-	408,002	392,962
Charitable activities	9	1,503,927	-	-	1,503,927	1,404,443
Total		1,801,928	110,001	-	1,911,929	1,797,405
Expenditure on:						
Charitable activities	10	(1,794,391)	(127,278)	-	(1,921,669)	(1,734,646)
Exchange rate gain (loss)		(1,772)	-	(489)	(2,261)	1,114
Total		(1,796,163)	(127,278)	(489)	(1,923,930)	(1,733,532)
Net income/ (expenditure)		5,765	(17,277)	(489)	(12,001)	63,873
Other recognised gains/ (losses):						
Movement in other legal provisions	6	30,000	-	-	30,000	(30,000)
Movement in provision for Beacci claim	6	-	-	-	-	2,000,000
Gain (loss) on investment fund		18,350	-	(2,497)	15,853	(6,718)
Net movement in funds	15	54,115	(17,277)	(2,986)	33,852	2,027,155
Reconciliation of Funds						
Total funds brought forward restated	22	1,717,979	3,930,075	54,460	5,702,514	3,675,359
Total funds carried forward		1,772,094	3,912,798	51,474	5,736,366	5,702,514

The notes on pages 24 to 40 form part of the financial statements.

Statement of cash flows for the year ended 30 June 2025

		2025 (€)	2024 (€)
Net income / (expenditure) for the reporting period		33,852	2,027,155
Adjustments for:			
Depreciation charges		43,988	47,233
(Decrease) /increase/ in provisions		9,499	(1,926,683)
Increase in creditors: current liabilities		44,756	30,596
Decrease/ (increase) in debtors: current assets		(80,261)	75,926
Foreign exchange (gains) and losses		2,261	(1,114)
Net cash provided by/ (used in) operating activities		54,095	253,113
Cash flows from investing activity			
Purchase of tangible fixed assets		(13,383)	(4,185)
Movement in Investment portfolio		(15,364)	5,872
Purchase of Investments		-	-
Net cash provided by / (used in) investing activity		(28,747)	1,687
Change in cash and cash equivalents in the year		25,348	254,800
Cash and cash equivalents at the beginning of the year		525,433	269,519
Change in cash & cash equivalents due to exchange rate movements		(2,261)	1,114
Cash and cash equivalents at the end of the year		548,520	525,433
Cash and cash equivalents at the end of the year comprise:			
Cash at bank and in hand		548,520	525,433

Changes in net debt		At 1 July 2024	Cash flows	At 30 June 2025
Cash at bank and in hand		525,433	23,087	548,520

Notes to the financial statement for the year ended 30 June 2025

1. Basis of preparation of financial statements

The British Institute of Florence meets the definition of a public benefit entity under FRS 102.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, 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 United Kingdom and the Republic of Ireland (FRS 102) (Second Edition) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts (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 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015. The accounts (financial statements) have been prepared to give a 'true and fair' view and 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 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 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The preparation of financial statements in compliance with SORP 2015 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies (see note 2).

The following principal accounting policies have been applied:

a) Going concern

The Trustees assess that the Institute is a going concern. The entity is in a net assets position €5,736,366 (2024: €5,702,514) and has sufficient cash and reserves to meet upcoming liabilities as they fall due. Additionally, the entity could sell its listed investments should the need arise. In the current year there is a net income of €33,852 (2024: net income €63,873)

The balance sheet position is expected to remain good. Activities in the financial year 2025-2026 are progressing well and the charity expects to continue to be able to steadily increase reserves over the coming years. The cash position of the charity is good and future outgoing cash flows can be met.

b) Incoming resources

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

All income is gross without deduction for related expenditure.

Incoming resources from charitable activities represent fees for services (library services; history of art, English and Italian language and cultural courses and activities) provided for the benefit of the charity's beneficiaries.

Grants and donations are accounted for when receivable.

c) Resources expended

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

Charitable activities include the direct costs of the activities and depreciation of related assets.

Support costs, including governance costs, which cannot be directly attributed to the activities have been allocated on a basis consistent with the use of resources.

Irrecoverable VAT or IVA is charged as a cost against the expenditure heading for which it was incurred.

d) Tangible fixed assets

Tangible fixed assets are stated at valuation (library and Lanfredini property) or at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Lanfredini refurbishing	– 3 to 20% straight line
Computers and other equipment	– 20 to 33.33% straight line
Mazzini refurbishing	– 15% straight line

Additions to fixed assets with a value below €1,000 are written off directly to the Statement of Financial Activities (SoFA).

No depreciation is charged on the Lanfredini Building, the Library or donated furniture as any charge would be immaterial due to the indefinite useful life and high residual values of the assets.

Heritage assets relate to art works which are owned by the charity. Heritage assets are held

at historical cost, where purchased, valuation at acquisition, where donated or formal valuation. No depreciation is charged as the assets are considered to have an indefinite life. They are assessed for indicators of impairment on an annual basis.

e) Valuation of investments

Securities are stated at market value.

f) Debtors

Short-term debtors are measured at transaction price, less any impairment losses.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks.

h) Financial instruments

The Charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as debtors and creditors.

Financial instruments are initially measured at transaction value. They 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 SoFA.

i) Creditors

Short term creditors are measured at the transaction price.

j) Foreign currency translation

The financial statements are presented in Euros, which is the functional currency of the Institute.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the SoFA.

Foreign exchange gains and losses that relate to monetary assets and liabilities are presented separately on the face of the SoFA within income or expenditure.

k) Holiday pay accrual

A liability is recognised to the extent of any unused pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the Balance sheet date.

l) Provisions for liabilities

Provisions are made where an event has taken place that gives the Institute a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the SoFA in the year that the Institute becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When settlements are eventually made, they are charged to the provision carried in the Balance sheet.

Included within provisions is an amount relating to an unfunded severance plan liability.

In accordance with Italian law, the Charity has an unfunded severance plan under which all Italian employees are entitled to receive severance indemnities (*Trattamento di Fine Rapporto* or “TFR”) upon termination of their employment. The amounts payable are based on salary paid and increases in cost of living. The severance indemnities accrue approximately at the rate of 1/13.5 of the gross salaries paid during the year, and are revalued applying a cost-of-living factor established by the Italian Government. The amounts accrued become payable upon termination of the individual employee, for any reason, e.g., resignation, retirement, dismissal or reduction in staff. The full amount of the potential liability is provided for when it is incurred.

m) Funds

Unrestricted funds are funds which the Trustees are free to use for any purpose in furtherance of the charity’s objectives.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. Their restriction may apply to the use of income or capital or both.

Endowment funds comprise amounts donated to the Institute as a permanent endowment.

Gains and losses on the investment capital are recognised within the endowment fund and related investment management costs are charged to the fund.

The revaluation reserves relate to gains or losses on the revaluation of fixed assets.

n) Operating leases

Rentals under operating leases are charged to the Statement of Financial Activity on a straight-line basis over the period of the lease.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means the actual outcomes could differ from those estimates.

The key source of estimation uncertainty that could have an impact on the financial statements relates to provisions (see note 6) and contingent liabilities (see note 7).

3. Fixed assets

2024-2025	Donated Furniture	Library	Lanfredini refurbishing and equipment	Lanfredini Building	Computers and equipment	Total
Cost						
At 1 July 2024	40,996	105,354	1,119,335	3,713,205	964,329	5,943,219
Additions (Sales)	(396)	-		-	13,779	13,383
At 30 June 2025	40,600	105,354	1,119,335	3,713,205	978,108	5,956,602
Accumulated depreciation at 1 July 2024	-	(17,858)	(857,820)	-	(897,833)	(1,733,511)
Charge for the year	-	-	(29,628)	-	(14,360)	(43,988)
Transfers			39,077		(39,077)	
At 30 June 2025	-	(17,858)	(848,371)	-	(951,270)	(1,817,499)
Net book value at 30 June 2024	40,996	87,496	261,515	3,713,205	66,496	4,169,708
Net book value at 30 June 2025	40,600	87,496	270,964	3,713,205	26,838	4,139,103

The donated furniture includes some old and historic furniture valued at €40,600 with an indefinite useful life and high residual value resulting in any depreciation charge being immaterial.

The ground and first floor apartments in Palazzo Lanfredini (housing the Director's flat, library and cultural centre of the British Institute of Florence) were bequeathed by Sir

Harold Acton (who passed away in 1994) to the Institute under a will under Italian law dated 15 April 1993. Under a later will written in the US dated 13 December 1993, Sir Harold Acton revoked all previous testamentary dispositions. The Lanfredini apartments were treated as falling within his residuary estate.

The residuary Trustees have provided written confirmation recognising Sir Harold Acton's bequest to the Institute under his Italian will and stating that they would not interpose any claim to the assets bequeathed to the Institute under the Italian will. The Institute's title to the Lanfredini apartments has been registered.

The full value of Lanfredini has been included on the balance sheet at €4 million following a valuation in December 2010 by Knight Frank. The value of the building is estimated at €3,713,205 (valuation decided by the Trustees based on advice and current property market in Florence) and refurbishment at €286,975.

Heritage asset at valuation

At 1 July 2024 (€)	1,500,000
Change in year	-
At 30 June 2025 (€)	1,500,000

In 1987, the Institute received as a gift from Mrs. Moore (widow of Henry Spencer Moore) a bronze statue, created by Henry Moore, known as "Warrior with Shield". This statue has been moved to Palazzo Signoria. The value of the asset is considered to be €1,500,000.

4. Current assets

Debtors

	2025 (€)	2024 (€) - restated
Debtors for courses	171,191	81,174
Prepayments	14,880	25,343
Other debtors	131,594	130,887
Total	317,665	237,404

The cash and bank balances reflect the situation as shown in the cash flow statement.

Other debtors has been restated in included a credit of Regional Production Tax at 30 June 2024 of Euro 104,844. See note 21.

Investments

As at 30 June 2024 investments are represented by COIF Charity Investment Fund Income Units and Italian Government Bonds (BTP):

	2025 (€)	2024 (€)
COIF Charity Investment Funds Income Units	52,281	55,267
Italian Government bonds (BTP)	511,400	493,050
Total	563,681	548,317

The Institute invests temporary liquidity in financial instruments and adopts a “mark to market” valuation approach in relation to its investment portfolio.

Analysis of Movement of investments

	2025 (€)	2024 (€)
Carrying value (market value) at 1 July	548,317	554,189
Disposal	-	-
Purchase	-	-
Change in market value	15,364	(5,872)
Carrying value (market value) at 30 June	563,681	548,317

5. Liabilities

Creditors: amounts falling due within one year

	2025 (€)	2024 (€) As restated
Trade creditors	53,716	53,605
Accruals	135,743	148,150
Other creditors	502,216	445,164
Total	691,675	646,919

Trade creditors comprise services received from suppliers in the normal course of the Institute's activities.

Accruals are mainly composed of accruals for services received from suppliers, staff salaries to be paid and fees received in advance for courses in 2024-2025.

Other creditors are composed of the accounting value of staff holidays, social security charges, taxes and pension charges, credit vouchers issued for courses and deposits to be refunded to Library users, taxes due to the Italian authorities.

Other creditors at 30 June 2024 has been restated to reflect Euro 252,412 tax owed to the Italian authorities, see note 21.

6. Provisions for liabilities and charges 2025

	Beacci claim	TFR	Legal Claim	Total
At 1 July 2024 (€)	-	601,429	30,000	631,429
Expense in the year (€)	-	64,114	-	64,114
Decrease in liability for year (€)	-	-	-	
Utilisation (€)	-	(24,615)	(30,000)	(54,615)
At 30 June 2025 (€)	-	640,928	-	640,928

Previous reporting year:

	Beacci Claim	TFR	Legal Claim	Total
At 1 July 2023 (€)	2,000,000	558,112	-	2,558,112
Expense in the year (€)	-	59,881	30,000	89,881
Decrease in liability for year (€)	(2,000,000)	-	-	2,000,000
Utilisation (€)		(16,564)	-	(16,564)
At 30 June 2024 (€)	-	601,429	30,000	631,429

Beacci legal claim

The ground and first floor apartments in Palazzo Lanfredini (housing the Director's flat, library and cultural centre of the British Institute of Florence) were bequeathed by Sir Harold Acton (who passed away in 1994) to the Institute under a will under Italian law dated 15 April 1993. Under a later will written in the US dated 13 December 1993, Sir Harold Acton revoked all previous testamentary dispositions. The Lanfredini apartments were treated as falling within his residuary estate.

The residuary Trustees have provided written confirmation recognising Sir Harold Acton's bequest to the Institute under his Italian will and stating that they would not interpose any claim to the assets bequeathed to the Institute under the Italian will. The Institute's title to the Lanfredini apartments has been registered.

Proceedings initiated in 1995 against New York University (as beneficiaries of the residuary estate) and the British Institute of Florence by the children of an Italian citizen, Mrs Beacci, for recognition that their mother was the natural daughter of Sir Arthur Acton (Harold Acton's father) in order to claim a share of Harold Acton's estate in accordance with Italian succession law were dismissed in September 2009 by the Tribunal of Florence. Following a series of appeals and hearings, in May 2014 the Supreme Court annulled the previous judgements and upheld the right of the heirs of Mrs Beacci to bring a claim. The case continues.

The full value of Lanfredini has been included on the balance sheet at €4,000,000 following a valuation in December 2010 by Knight Frank. The value of the building is estimated at €3,713,205 (valuation decided by the Trustees based on advice and current property market in Florence) and refurbishment at €286,795. An associated provision of €2 million against what is calculated as a 50% risk of loss of title was recognised within provisions. The ruling on 26 April 2024 was in the favour of the British Institute of Florence and as such the provision has been unwound entirely. An appeal was lodged by the Beacci heirs on 11 June 2024 and the outcome of the appeal is expected to be decided by the judge in mid-2026 – see note 7.

Terminal Gratuity Benefit (TFR)

The Institute accounts for staff leaving indemnity (TFR) in accordance with Italian law. This is payable to employees upon termination of employment for whatever reason. The amounts are reliably estimated but the timing of outflows is uncertain.

7. Contingent liabilities

During the year a ruling was reached on the Beacci legal case (note 6). However an appeal was lodged during the on 11/06/2024. It is expected the judge will reach a verdict in mid-2026. The outcome is uncertain and the amount cannot be reliably measured, so no provision has been recognised.

A ruling was made in August 2025 on a legal dispute brought by a former employee regarding employment contracts issued during the period 2001-2018. The ruling made was not in the favour of the British Institute of Florence and the British Institute of Florence was ordered to compensate the employee and pay legal and court expert fees. The Institute is appealing part of the ruling relating to payment of INPS (social security) contributions of approximately euro 25,000 relating to historical contributions. The outcome is uncertain and the amount cannot be reliably measured, so no provision has been recognised.

In addition there are three current employees who may potentially bring similar claims in the future. Due to differing contractual circumstances and the inability to reliably estimate any financial effect, no provision has been made.

These matters are disclosed as contingent liabilities.

8. Donations and legacy

Amounts included in donations and legacies comprise donations receivable. The cost associated with fundraising was €38,618 for arrangements, venue hire and other costs associated with a fundraising visit organised during the year as well as a small charge for subscription to the services of Justgiving.

9. Income from charitable activities.

The Institute's resources from charitable activities are as follows:

Activity or programme	2024-2025 (€) Income	2023-2024 (€) Income
English Adult	266,592	192,125
English Young Learners	276,080	299,307
English State Schools	239,998	199,353
Exams	435,259	427,843
Italian	104,860	123,028
History Of Art	103,772	105,271
Library	55,420	40,216
Other	21,946	17,300
Total	1,503,927	1,404,443

10. Breakdown of cost of charitable activities

Activity or programme	2024-2025 (€) Activities undertaken directly	2024-2025 (€) Support Costs	2024- 2025 (€) Total	2023-2024 (€) Activities undertaken directly	2023-2024 (€) Support Costs	2023- 2024 (€) Total
English Adult On Site	92,855	61,606	154,461	109,381	49,363	158,744
English Adult Off-Site	81,401	35,136	116,537	44,645	17,146	61,791
English Young Learners	181,314	138,347	319,661	210,570	120,372	330,942
English State Schools	210,698	67,165	277,863	212,127	43,458	255,585
Exams	339,966	141,664	481,630	326,323	107,183	433,506
Italian	78,326	50,865	129,191	79,916	47,872	127,788
History Of Art	70,625	46,353	116,978	64,882	39,540	104,422
Library	14,795	32,753	47,548	13,909	35,530	49,439
Cultural Programmes	56,849	90,604	147,453	52,054	76,438	128,492
Partnership Activities	32,310	37,150	69,460	25,633	32,794	58,427
Fundraising	47,089	13,798	60,887	13,037	12,473	25,510
Total	1,206,228	715,441	1,921,669	1,152,478	582,168	1,734,646

Governance costs of 30% of the costs of the Director, expenses reimbursed to Governors and audit costs totalled € 51,702 in 2024-20245 (2023-2024 €50,586)

Overheads	2024-2025	2023-2024
Marketing Pay costs	15,388	34,405
Administration Pay Costs	185,008	155,667
Cleaning Pay costs	12,432	12,456
Marketing and Communications	1,539	3,822
Administrations Costs	294,549	162,789
Florentine Group Premises	126,730	118,701
International Group Premises	79,785	94,328
Subtotal Overheads	715,441	582,168

11. Trustees' expenses

	2025 (€)	2024 (€)
Governors' expenses	8,679	9,357

Governor's meetings are held in Florence each year in November and May and governors can ask to be reimbursed their travels costs. The Institute arranges hotel accommodation for the overnight stay of the governors who do not live in Florence. No governors were remunerated for their activities as governors. Four governors were reimbursed for travel expenses.

12. Indemnity insurance

Trustee indemnity insurance cover with a maximum limit of €500,000 is in place at a cost of € 1,833.

13. Net incoming resources

Net incoming resources is stated after charging:

	2025 (€)	2024 (€)
Depreciation of fixed assets (owned)	43,988	47,233
Amounts payable under operating leases	42,937	72,971
Audit fee	21,324	20,181

14. Staff costs, emoluments and numbers

Staff costs

	2025 (€)	2024 (€) - restated
Gross salaries (UK and IT)	791,471	732,767
National Insurance and Pension (UK)	3,632	3,403
INPS (IT)	203,583	231,082
INAIL (IT)	3,063	3,684
IRAP (IT)	8,275	6,028
Trattamento di Fine Rapporto (TFR-IT)	64,115	59,881
Total	1,074,140	1,030,817

Staff costs and emoluments are included under "charitable activities" in the attached Statement of Financial Activities. One employee earned between £60,000 and £70,000 (including benefits) in this year and in the previous year. The 2024 costs has been restated to reflect the reduction in the amount of IRAP (Regional Production tax due). See note 21.

Staff numbers

	2025 (No.)	2025 (FTE)
English Teaching, Exams and Administration staff	28	20.1
Italian, History of Art Teaching and Administration staff	4	1.8
Library staff	1	0.5
Cultural Programmes staff	3	1.4
Administration, Marketing, Building Management, Cleaning and Support Staff	6	5.0
Total	42	28.8

Staff numbers previous year

	2024 (No.)	2024 (FTE)
English Teaching, Exams and Administration staff	25	20.4
Italian, History of Art Teaching and Administration staff	4	1.9
Library staff	1	0.5
Cultural Programmes staff	3	1.4
Administration, Marketing, Building Management, Cleaning and Support Staff	6	5.4
Total	39	29.6

The average number of full time equivalent (FTE) employees does not include the freelance teachers who teach the History of Art Department.

Key management costs total € 362,234 (previous year € 317,876) and are made up of the salary costs of the Director and the Senior Management Team (the Director and seven staff – three of whom work part time).

15. Movement of funds

	At 1 July 2024 (€) - restated	Incoming Resource (€)	Spend (€)	Investment Gain (Loss) (€)	Exchange Rate Gain (Loss)	Carried Forward (€) at 30 June 2025
Restricted Funds						
Palazzo Lanfredini Building	3,713,205	-	-	-	-	3,713,205
Restricted Funds	216,870	110,001	(127,278)	-	-	199,593
Total	3,930,075	110,001	(127,278)	-	-	3,912,798
Unrestricted funds						
General	217,979	1,801,928	(1,764,391)	18,350	(1,772)	272,094
Revaluation reserve	1,500,000	-	-	-	-	1,500,000
Total	1,717,979	1,801,928	(1,764,391)	18,350	(1,772)	1,772,094
Endowment Funds	54,460	-	-	(2,497)	(489)	51,474
Total Funds	5,702,514	1,911,929	(1,921,669)	15,853	(2,261)	5,736,366

	At 1 July 2023 (€) - restated	Incoming Resource (€)	Spend (€)	Investment Gain (Loss) (€)	Exchange Rate Gain (Loss)	Carried Forward (€) at 30 June 2024 restated
Restricted Funds	1,713,205	2,000,000	-			3,713,205
Palazzo Lanfredini Building	277,426	93,638	(154,194)	-	-	216,870
Restricted Funds	1,990,631	2,093,638	(154,194)	-	-	3,930,075
Total						
Unrestricted funds						
General (re-stated)	135,269	1,703,767	(1,610,452)	(10,885)	280	217,979
Revaluation reserve (restated)	1,500,000	-	-	-	-	1,500,000
Total	1,644,135	1,703,767	(1,610,452)	(10,885)	280	1,717,979
Endowment Funds	49,459	-	-	4,167	834	54,460
Total Funds (restated)	3,675,359	3,797,405	(1,764,646)	(6,718)	1,114	5,702,514

Restricted funds at 30 June 2025 totalled €199,593 of which € 158,778 are for future depreciation charges for infrastructure works undertaken in Palazzo Lanfredini from 2018-2020, € 4,076 for future depreciation charges for equipment purchased for Palazzo Lanfredini in 2019 and 2022, € 7,514 to cover Library direct costs and overheads not covered by membership fees, €669 for the restoration of library books, €5,700 for the cultural programme, and €22,856 to fund building maintenance work in Palazzo Lanfredini.

16. Analysis of net assets

	2025 (€) (Tangible fixed assets)	2025 (€) Net current assets	2025 (€) Provisions	2025 (€) Total
Un-restricted funds	425,898	487,124	(640,928)	272,094
Revaluation reserve - unrestricted	1,500,000	-	-	1,500,000
Restricted funds	3,713,205	199,593	-	3,912,798
Endowment funds	-	51,474	-	51,474
Total funds	5,639,103	738,191	(640,928)	5,736,366

	2024 (€) Tangible fixed assets (restated)	2024 (€) Net current assets (re-stated)	2024 (€) Provisions	2024 (€) Total (re-stated)
Un-restricted funds	456,503	392,905	(631,429)	217,979
Revaluation reserve – unrestricted (restated)	1,500,000	-	-	1,500,000
Restricted funds	3,713,205	216,870	-	3,930,075
Endowment funds	-	54,460	-	54,460
Total funds	5,669,708	664,235	(631,429)	5,702,514

The Institute's revaluation reserve funds are the value of a bronze statue, created by Henry Moore, known as "Warrior with Shield" which was received as a gift from Mrs. Moore (widow of Henry Spencer Moore) in 1987.

The restricted funds represent the interest held in Lanfredini Building €3,713,205 (previous year €3,713,205) – see note 6. Other restricted funds include donations restricted to the Library and Cultural Programme.

The endowment fund represents a permanent endowment set up for the Library.

17. Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 2025 (€)	Land and buildings 2024 (€)
Expiry date		
-within one year	42,937	72,971
- between one and five years	6,360	103,501
- more than five years	-	-
Total	49,297	176,472

18. Fiscal status of the institute

The Institute is a registered charity in accordance with the 2011 Charities Act of England and Wales (Registered Charity no. 290647) and is recognised by a Presidential Decree of the Italian Republic dated 25 February 1953.

The *Corte di Cassazione* (Italian Supreme Court) recognised The British Institute of Florence as an “*Ente di Diritto Pubblico*” in a ruling dated 1 October 1998. On 28 August 2024 the Prefect of Florence confirmed that the British Institute of Florence is registered under number 853 in the Register of Legal Persons of the Prefecture of Florence and as a result is recognised as a legal entity in accordance with Article 1 of Presidential Decree 361/2000.

19. Donations From Trustees

There were no donations from Trustees in 2024-2025 nor in the previous financial year.

20. Related Party Transactions

There were no related party transactions.

21. Prior year restatement

The accounts have been restated to incorporate the impact of the tax assessment as due for the year July 2019 to June 2024.

	2019-2020 (€)	2020-2021 (€)	2021-2022 (€)	2022-2023 (€)	2023-2024 (€)	TOTAL (€)
Corporation tax, fines and interest	45,432	108,093	29,084	-	34,117	216,727
VAT, fines and interest	5,347	1,767	258	1,138	2,789	11,298
Regional Production Tax (IRAP)	5,320	12,257	3,170	-	6,028	26,775
TOTAL tax due	56,099	122,117	32,512	1,138	42,934	254,800
Regional Production tax (IRAP) credit	(24,959)	(1,573)	(16,531)	(27,713)	(34,068)	(104,844)

22. 2023-2024 - Statement of financial activities incorporating income and expenditure account for the year (re-stated)

		2024 (€)	2024 (€)	2024 (€)	2024 (€)	2023 (€)
	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
Income from:						
Donations and legacies	8	299,324	93,638	-	392,962	336,917
Charitable activities	9	1,404,443	-	-	1,404,443	1,337,734
Total		1,703,767	93,638	-	1,797,405	1,674,651
Expenditure on:						
Charitable activities	10	(1,580,452)	(154,194)	-	(1,734,646)	(1,797,644)
Exchange rate gain (loss)		280	-	834	1,114	(2,197)
Total		(1,580,172)	(154,194)	834	(1,733,532)	(1,799,841)
Net income/ (expenditure)		123,595	(60,556)	834	63,873	-
Other recognised gains/ (losses):						
Movement in other legal provisions	6	(30,000)	-	-	(30,000)	-
Movement in provision for Beacci claim	6	-	2,000,000	-	2,000,000	(1,000,000)
Loss on investment fund		(10,885)	-	4,167	(6,718)	5,446
Net movement in funds	15	82,710	1,939,444	5,001	2,027,155	(1,119,744)
Reconciliation of Funds						
Total funds brought forward	22	1,641,748	1,990,631	49,458	3,681,837	4,942,671
2020 restatement		-	-	-	-	(31,140)
2021 restatement		-	-	-	-	(120,544)
2022 restatement		-	-	-	-	(15,981)
2023 restatement		-	-	-	-	26,575
2024 restatement		(6,478)	-	-	(6,478)	-
Total funds brought forward restated		1,635,270	1,990,631	49,458	3,675,359	4,801,581
Total funds carried forward		1,717,980	3,930,075	54,459	5,702,514	3,681,837



Accounts

Trustees' Annual Report and Accounts

For the year ended 30 June 2024



Contents	Page
Administrative details	3
Trustees' report	5
Governance	5
Objectives	6
Review of the year	7
Performance	7
The Future	9
Statement of Trustee Responsibilities	10
Independent auditor's report	11
Balance sheet	15
Statement of financial activities	16
Statement of cash flows	17
Notes to the financial statements	18 - 34

Administration

Trustees

Members of the Governing Body

Elected

Christopher Prentice*	Chairman
Beatrice Bargagli Stoffi	Deputy Chair
Maria Grazia Antoci*	
Giacomo Cortese (to 24/02/2024)	
Morgan Fiume (to 14/02/2024)	
Lady Hannah Lowy Mitchell*	
Professor Robin Mason (from 10/11/2023)	Universities UK nominee
Isobel McGregor (to 10/11/2023)	
James Stewart^	Treasurer
Luke Syson	British Academy nominee

Ex officio

Alessandra Petrucci	Rector, University of Florence
Rachel Launay* (to 23/05/2023)	Director, British Council, Italy
Brian Young* (from 10/11/2023)	Director, British Council, Italy
HMA Ed Llewelyn	Honorary President

Honorary Governor

Michael Griffiths

Senior Management Team 2023-2024

Simon Gammell*	Director
Amanda Lowe+	Deputy Director
Penny Walsh+	Head of Finance and Administration
Louise Barker	Schools Coordinator
Sara Bini	International Group Operations Manager
Jeremy Boudreau	Head of History of Art
Annette Cooper	Young Learner Coordinator
Diletta Melani	Exams Coordinator and Operations Manager

^ denotes Chair of Management Committee

* denotes member of Management Committee

+ attends Management Committee

Bankers:

Barclays Bank plc
21 Hanover Square
London W1S 1JW

Banca Intesa Sanpaolo
Filiale Firenze 62
Via Bufalini, 4
50122 Florence
Italy

Italian lawyers:

Avv. Lorenzo Contri
Via Lorenzo Il Magnifico, 78
50129 Firenze
Italy

Avv. Roberto Borlè Gioppi
Via Calabria, 56
00187 Roma
Italy

Auditor:

Moore Kingston Smith LLP
4 Victoria Square
St Albans
AL1 3TF

Accountant:

Studio Pignatelli
Dr Elena Pignatelli
Via Ruggero Ruggeri, 3
50135 Firenze
Italy

Trustees' Report for the year ended 30 June 2024

The British Institute of Florence is a charity registered with the Charity Commission of England and Wales under charity number 290647 and operates from the following addresses.

Palazzo Lanfredini, Lungarno Guicciardini 9, 50125 Florence, Italy.

Viale Mazzini 10-12, 50132, Florence, Italy

Website: <http://www.britishinstitute.it/en/>

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the requirements of the Charities Act 2011, 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 published on 16 July 2014 and the Royal Charter.

1. Governance

Structure, Governance and Management

The Institute was founded in 1917 and granted a Royal Charter in 1923. The Charter of Incorporation was confirmed by warrant on 14 May 1923. Amendments were undertaken to the Charter and Statutes on 3 June 1958, 14 December 1994 and 7 June 2006.

In 1953 the British Institute was formally appointed by Her Majesty's Government as one of three agencies for the execution of the provisions of the Anglo-Italian Cultural Convention of 28 November 1953, the other two being The British Council and the British School of Rome.

This was recorded in an official exchange of letters dated 1 July 1953 between the UK Ambassador to Italy at the time, Sir Victor Mallet and the then Italian Minister of Foreign Affairs, Alcide De Gasperi. The British Institute of Florence is thus recognised as representing and promoting UK culture in Italy.

The British Institute is directed by a Board of Governors which meets twice a year. A sub-committee of the Board of Governors, the Management Committee, meets more frequently both in person and by remote conferencing. The Director of the British Institute sits on the Management Committee. Working groups of Governors are appointed as required to assume specific responsibilities. The day-to-day operation of the British Institute is delegated to the Director.

Governors act as charitable Trustees and are appointed through nomination and election by the Board of Governors. The number of Governors was set at a minimum of 10 and maximum of 18 in an amendment to the Statutes of the British Institute of Florence in June 2006. New Governors receive induction which provides full briefing on the role and responsibilities of Governors and on procedural matters.

The Board of Governors is responsible for the aims, strategy and governance of the British Institute. It considers and approves strategic direction, budgeting and financial management, and quality assurance and improvement measures. It appoints the Director.

The pay and remuneration of the Director and key management personnel is set by the Management Committee.

The current Director, Mr Simon Gammell, took up office on 22 October 2018.

2. Objectives

2.1 Charitable Objects

The objects of the Institute as set out in its Charter (as amended) are as follows.

- The promotion of the study in Italy of the English language and of British literature, art, history, philosophy and institutions.
- The promotion of the study of the Italian language and of Italian literature, art, history, philosophy, and institutions; and of a greater knowledge and appreciation of Italian culture.
- The promotion of understanding between the citizens of Italy and those pursuing studies described above.
- The maintenance of a Library in Florence to support the other objects.

2.2 Aims

To meet its objects, the Institute has the following aims.

- To provide educational programmes of the highest quality, making a difference to the lives of those taught.
- To maintain and develop its unique Library and Archive and ensure its accessibility to students, researchers, scholars, and the general public, and to raise financial resources to this end.
- To be at the centre of Florence's rich cultural life through the organisation of and participation in a wide range of cultural events and programmes.

Strategic aims for the year to June 2024

2023-24 was the final year of the Business Plan 2021–24, approved at the November 2021 Governors' Meeting, designed to develop an Institute which is properly sustainable for the future. The agreed focus for 2023-24 was to:

1. Continuously improve our offer to our Florentine and International customers
2. Further upgrade our marketing, communications and customer service to steadily increase the number of people who buy our products and services
3. Continue to seek ways to control our costs, whilst investing in our existing staff and steadily increasing our capacity to manage a growing business
4. Further develop our fundraising capacity and introduce innovative approaches to achieving steady growth in the value of funds raised.
5. Overall Management and Governance of the British Institute of Florence continues to meet Charity Commission requirements and demonstrates best practice in relation to staff and staffing, financial management and control, product development and delivery, customer satisfaction, estate and resource management, staff development and quality assurance.

We complied with the duty in section 17 of the Charities Act 2011 to refer to guidance published by the Charity Commission on public benefit when reviewing our aims and objectives and planning our future activities.

3. Review of the year

The 2023-24 FY was the third year of the 2021-24 three-year plan. Following the disappointing losses in 2022-23, we achieved a surplus which saw the Reserves increase by €82,710 to €365,548. This is an encouraging result, noting the reliance on annual fundraising to achieve an overall surplus.

4. Performance

Performance is managed on a weekly basis by the leadership team comprising Director, Deputy Director and Head of Finance and Resources, and at meetings of the Senior Management Team every six weeks. Both the Governing Body and Management Committee review overall performance, management accounts and progress against budget at their regular scheduled meetings.

4.1 Operational Performance

Florentine Group

The Florentine Group runs our English language and exams business, which primarily targets Florentine individuals and organisations. This was the second year of operations in the new and better Mazzini school and the financial results have moved substantially in the right direction following the anticipated losses of the first year (2022-23). Nevertheless, a net deficit of €109,441 (on a turnover of €1,113,127) is still some way short of the results we were achieving before the Covid pandemic. Our brand remains highly valued, but patterns of demand have changed in a rapidly evolving market. We have a number of strategies in place to address these challenges and return the Group's annual performance to net break-even.

We are now the only Cambridge Centre in Florence, following their decision to reduce sharply the number of Exam Centres in Italy. We continue to work closely with Cambridge to grow the Exams business. At the same time, we have started to deliver the first computer-based exams, a revolution which will accelerate rapidly in the next few years. So, there are many new opportunities, as well as potential risks, for us in this sector.

We are much in demand for our after-school courses delivered in state schools in Florence. This has also been the second year of our Advantage al British programme, funded by Paul Brown's Advantage Foundation, which offers BIF English learning opportunities to disadvantaged young people. While results have been mixed, there are many lessons to take into the third year of the build-and-test phase of this new product. We have also gathered some interest from other partners to fund a scaling-up of the Advantage programme, when the time is right.

International Group

The International Group constitutes our offer to international residents and visitors – primarily History of Art, Italian, Library Services and the Cultural Programme. It saw encouraging growth, with income up by €90,839 from last year, and net deficit reduced by €26,251 year on year to €38,247 (on a turnover of €430,321)

The stand-out department was the Cultural Programme, which saw an encouraging increase in both audience numbers and income. We had good success with an innovative partnership programme with Alexandra Lawrence; the Community Events strand (successor to SOTTO, a previous initiative for cultural, educational and social activities) also yielded useful income. Together with strong take-up of sponsorship options (all the Wednesday Lectures since January have had a named sponsor, for example) and the growing popularity of our Gold and Patron Membership offers, the Cultural Programme saw a significant increase in income from last year (up by €59,307).

The flagship Renaissance Florence art history course has performed strongly this year (back to pre-pandemic levels), and the income for the History of Art course exceeded the 2022-23 result by €18,230. Italian has performed at a similar—good—level to last year. Both departments are now close to net break-even: an important fact, given that the support for Library Services from the Janie Fund will end in 2025-26.

Our Room Use partnerships strand is struggling to win enough business, partly because our legal and fiscal status inhibits commercial rental, and also because many potential partners do not wish to make adequate financial contributions.

Fundraising

It has been another successful year for Fundraising, which achieved €193,146 net of costs.

A large portion of this money was raised through the second edition of the Patrons Tour and associated Gala Event at Palazzo Feroni in May. This project, designed and steered with great energy and skill by Lady Hannah Lowy Mitchell (Chair of the Fundraising Committee) made a significant contribution to the Institute's fundraising target. The other major contribution came from the third and final donation—gratefully received—of €58,400 from the John Murray Family Foundation.

Volunteers and work placements

Volunteers and university interns make an important contribution to running the library and other programmes. We were pleased to see the volunteers and interns back to full strength this year.

Marketing

We continue to make incremental gains in the effectiveness of our marketing, maximising the limited resources we have to invest in this important activity. Steady improvements in customer service are seeing better sales results, both in terms of converting enquiries and also with more effective cross-selling between products and up-selling to interested customers. We are grateful to the support of the Adrian Swire Charitable Foundation for their support of our marketing programme.

4.2 Financial

The financial year 2023-24 finished with a net surplus of €63,873, a net movement in provisions of €1,970,000 and a loss on the investment fund of €6,718 giving a net movement of the charity's funds of €2,027,155. .

In 2023-24 the Institute received donations and legacies totalling €392,962.

At 30 June 2024 the Institute held €365,548 of unrestricted funds, an endowment fund of €54,460, restricted reserves with a value of €3,930,075 and a heritage asset valued at €1,500,000.

Cash in hand on 30 June 2024 totalled €525,433.

Fundraising Policy

Fundraising activity is carried out by Governors, staff and volunteers. A professional fundraiser was not engaged in any fundraising activities, nor did a commercial participator carry out any fundraising activities.

The Director and the Senior Management team supervise all fundraising activities. A member of staff is always present during fundraising activities that take place on the premises of the British Institute in Florence. The Management Committee receives regular reports on fundraising activity.

The Fundraising sub-committee of the Board of Governors is chaired by Lady Hannah Lowy Mitchell. The Governors, Director and Senior Management team constantly monitor fundraising activities to ensure that they adhere to the standards of the Institute.

Reserves Policy

The policy of Trustees is that the British Institute should hold financial reserves to enable it to continue operating its charitable activities in the event of a failure of income. The target level of reserves is set at the equivalent of three months' operating costs. As of 30 June 2024, the level of reserves was €365,548 against a target of €441,000.

Restricted assets of €3,930,075 comprise €3,713,205 as the value of Palazzo Lanfredini which is restricted to use as a library; and donations to restricted to fund the cultural programme and running costs of the library.

Grant-making policy

The British Institute does not make grants and therefore does not have a grant-making policy.

Investment policy and objectives

The British Institute set up an endowment fund in 2012-13 which is able to invest in long term assets to generate income to fund charitable purposes. Other funds are held in cash or short-term liquid assets.

ISO accreditation

The Institute successfully obtained the new ISO 9001 standard for its English language teaching activities, which was reconfirmed at an interim review in January 2024.

Risk Assessment

A formal risk assessment is carried out each year and a Risk Assessment Report is approved by the Board of Governors at its spring meeting. It identifies the main risks to which the charity is exposed, the current level of risk and its likely impact, the procedures in place to mitigate the effects of identified risks and the level of residual risk, using a traffic light system. Any unanticipated risk emerging during the year is brought to the Management Committee of the Board of Governors for further consideration.

There are two on-going legal cases. The claim by the descendants of Mrs Beacci for a share of our property at Palazzo Lanfredini is longstanding, see significant events section. A former employee raised a case the Institute relating to their contracts and social security entitlements, which will likely be resolved in 2025.

5. The Future

The 2023-2024 year produced an encouraging financial result, leading to an increase in Reserves of €82,710. This was achieved thanks once again to a strong performance in Fundraising that more than covered our net losses from trading activities. The 2024-25 budget is designed to build on these gains with a further surplus at year-end, derived from improved trading results alongside continuing success with fundraising. This will be the first year of our new Business Plan for 2024-27, approved at the November 2024 Governors' Meeting, that is designed to move our trading activities to net break-even and allow fundraising to focus more on raising money for investment in our charitable operations, as well as strengthening our capital reserves.

Significant Events

The Beacci case (see note 6) received a positive ruling in the year and so a material provision has been unwound. However, there was an appeal during the year which means we have included a contingent liability.

It came to light that the heritage asset owned by the Institute, a bronze statue created by Henry Moore, has a restriction on its export licence, as such an impairment was recognised as a prior year adjustment (see note 21).

6. Statement of Trustee Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted

Accounting Practice (United Kingdom Accounting Standards and applicable law). The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

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

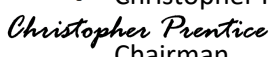
- a) select suitable accounting policies and apply them consistently;
- b) observe the methods and principles in the Charities SORP;
- c) make judgments and accounting estimates that are reasonable and prudent;
- d) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- e) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping sufficient accounting records that 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.

The major risks to which the charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks.

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

Approved by the Governing Body and signed on its behalf by

DocuSigned by

 Christopher Prentice
 Chairman.
 E38AED719FEB42A...

29 April 2025

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BRITISH INSTITUTE OF FLORENCE

Opinion

We have audited the financial statements of the British Institute of Florence for the year ended 30 June 2024 which comprise the Balance Sheet, the Statement of Financial Activities, the Statement of Cash Flows and notes to 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 FRS 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 30 June 2024, 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 charity 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 charity'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, except to the extent otherwise explicitly stated in our report, 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 there is 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charity.

Our approach was as follows:

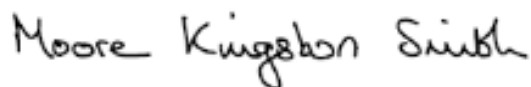
- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the UK financial reporting standards as issued by the Financial Reporting Council, UK Charity Law, compliance with charitable objectives, public benefit requirements, safeguarding, data protection and both UK and Italian employment law.
- We obtained an understanding of how the charity complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.



Elizabeth Wicks (Senior Statutory Auditor)

for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

4 Victoria Square

St Albans

Hertfordshire

AL1 3TF

Date: 29/04/2025

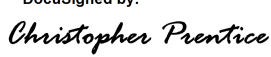
Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Balance Sheet 30 June 2024

	Note	2024 (€)	2023 (€) (re-stated – note 21)
Fixed assets			
Tangible assets	3	4,169,708	4,212,756
Heritage assets	3	1,500,000	1,500,000
Total fixed assets		5,669,708	5,712,756
Current assets			
Debtors	4	132,560	208,486
Investments	4	548,317	554,189
Cash at bank and in hand		525,433	269,519
Total current assets		1,206,310	1,032,194
Liabilities			
Creditors: amounts falling due within one year	5	(394,507)	(363,911)
Net current assets		811,803	668,283
Total assets less current liabilities		6,481,511	6,381,039
Provisions for liabilities	6	(631,429)	(2,558,112)
Net assets		5,850,082	3,822,927
Total funds of the charity			
Endowment funds	15	54,460	49,458
Restricted funds	15	3,930,075	1,990,631
Unrestricted funds	15	365,547	282,838
Revaluation Reserve	15	1,500,000	1,500,000
Total charity funds	15	5,850,082	3,822,927

The financial statements of The British Institute of Florence were approved by the Trustees on 29/04/2025

Signed on behalf of the Board of Trustees, Chairman

DocuSigned by:

 E38AED719FEB42A...

29/4/2025

Statement of financial activities incorporating income and expenditure account for the year ended 30 June 2024

		2024 (€)	2024 (€)	2024 (€)	2024 (€)	2023 (€)
	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
Income from:						
Donations and legacies	8	299,324	93,638	-	392,962	336,917
Charitable activities	9	1,404,443	-	-	1,404,443	1,337,734
Total		1,703,767	93,638	-	1,797,405	1,674,651
Expenditure on:						
Charitable activities	10	(1,580,452)	(154,194)	-	(1,734,646)	(1,797,644)
Exchange rate gain (loss)		280	-	834	1,114	(2,197)
Total		(1,580,172)	(154,194)	834	(1,733,532)	(1,799,841)
Net income/ (expenditure)		123,595	(60,556)	834	63,873	- (125,190)
Other recognised gains/ (losses):						
Movement in other legal provisions	6	(30,000)	-	-	(30,000)	-
Movement in provision for Beacci claim	6	-	2,000,000	-	2,000,000	(1,000,000)
Loss on investment fund		(10,885)	-	4,167	(6,718)	5,446
Net movement in funds	15	82,710	1,939,444	5,001	2,027,155	(1,119,744)
Reconciliation of Funds						
Total funds brought forward restated	22	1,782,838	1,990,631	49,458	3,822,927	4,942,671
Total funds carried forward		1,865,548	3,930,075	54,459	5,850,082	3,822,927

The notes on pages 18 to 34 form part of the financial statements.

Statement of cash flows for the year ended 30 June 2024

		2024 (€)	2023 (€)
Net income / (expenditure) for the reporting period		2,027,155	(1,119,744)
Adjustments for:			
Depreciation charges		47,233	64,799
(Decrease) /increase/ in provisions		(1,926,683)	1,056,676
Increase in creditors: current liabilities		30,596	8,105
Decrease/ (increase) in debtors: current assets		75,926	(60,717)
Foreign exchange (gains) and losses		(1,114)	2,197
Net cash provided by/ (used in) operating activities		253,113	(48,685)
Cash flows from investing activity			
Purchase of tangible fixed assets		(4,185)	(90,019)
Movement in Investment portfolio		5,872	(5,446)
Purchase of Investments		-	(500,000)
Net cash provided by / (used in) investing activity		1,687	(595,465)
Change in cash and cash equivalents in the year		254,800	(644,150)
Cash and cash equivalents at the beginning of the year		269,519	915,866
Change in cash & cash equivalents due to exchange rate movements		1,114	(2,197)
Cash and cash equivalents at the end of the year		525,433	269,519
Cash and cash equivalents at the end of the year comprise:			
Cash at bank and in hand		525,433	269,519

Changes in net debt		At 1 July 2023	Cash flows	At 30 June 2024
Cash at bank and in hand		269,519	255,914	525,433

Notes to the financial statement for the year ended 30 June 2024

1. Basis of preparation of financial statements

The British Institute of Florence meets the definition of a public benefit entity under FRS 102.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, 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 United Kingdom and the Republic of Ireland (FRS 102) (Second Edition) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts (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 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015. The accounts (financial statements) have been prepared to give a 'true and fair' view and 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 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 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The preparation of financial statements in compliance with SORP 2015 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies (see note 2).

The following principal accounting policies have been applied:

a) Going concern

The Trustees assess that the Institute is a going concern. The entity is in a net assets position €5,850,082 €(2023: €3,822,927) and has sufficient cash and reserves to meet upcoming liabilities as they fall due. Additionally, the entity could sell its listed investments should the need arise. In the current year there is a net income of €63,873 (2023: net expenditure €125,190)

The balance sheet position is expected to remain good. Activities in the financial year (2024-2025) are progressing well and the charity expects to continue to be able to steadily increase reserves over the coming years. The cash position of the charity is good and future outgoing cash flows can be met.

b) Incoming resources

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

All income is gross without deduction for related expenditure.

Incoming resources from charitable activities represent fees for services (library services; history of art, English and Italian language and cultural courses and activities) provided for the benefit of the charity's beneficiaries.

Grants and donations are accounted for when receivable.

c) Resources expended

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

Charitable activities include the direct costs of the activities and depreciation of related assets.

Support costs, including governance costs, which cannot be directly attributed to the activities have been allocated on a basis consistent with the use of resources.

Irrecoverable VAT or IVA is charged as a cost against the expenditure heading for which it was incurred.

d) Tangible fixed assets

Tangible fixed assets are stated at valuation (library and Lanfredini property) or at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Lanfredini refurbishing	– 3 to 20% straight line
Computers and other equipment	– 20 to 33.33% straight line
Mazzini refurbishing	– 15% straight line

Additions to fixed assets with a value below €1,000 are written off directly to the Statement of Financial Activities (SoFA).

No depreciation is charged on the Lanfredini Building, the Library or donated furniture as any charge would be immaterial due to the indefinite useful life and high residual values of the assets.

Heritage assets relate to art works which are owned by the charity. Heritage assets are held

at historical cost, where purchased, valuation at acquisition, where donated or formal valuation. No depreciation is charged as the assets are considered to have an indefinite life. They are assessed for indicators of impairment on an annual basis.

e) Valuation of investments

Securities are stated at market value.

f) Debtors

Short-term debtors are measured at transaction price, less any impairment losses.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks.

h) Financial instruments

The Charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as debtors and creditors.

Financial instruments are initially measured at transaction value. They 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 SoFA.

i) Creditors

Short term creditors are measured at the transaction price.

j) Foreign currency translation

The financial statements are presented in Euros, which is the functional currency of the Institute.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the SoFA.

Foreign exchange gains and losses that relate to monetary assets and liabilities are presented separately on the face of the SoFA within income or expenditure.

k) Holiday pay accrual

A liability is recognised to the extent of any unused pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the Balance sheet date.

l) Provisions for liabilities

Provisions are made where an event has taken place that gives the Institute a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the SoFA in the year that the Institute becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When settlements are eventually made, they are charged to the provision carried in the Balance sheet.

Included within provisions is an amount relating to an unfunded severance plan liability.

In accordance with Italian law, the Charity has an unfunded severance plan under which all Italian employees are entitled to receive severance indemnities (*Trattamento di Fine Rapporto* or “TFR”) upon termination of their employment. The amounts payable are based on salary paid and increases in cost of living. The severance indemnities accrue approximately at the rate of 1/13.5 of the gross salaries paid during the year, and are revalued applying a cost-of-living factor established by the Italian Government. The amounts accrued become payable upon termination of the individual employee, for any reason, e.g., resignation, retirement, dismissal or reduction in staff. The full amount of the potential liability is provided for when it is incurred.

m) Funds

Unrestricted funds are funds which the Trustees are free to use for any purpose in furtherance of the charity’s objectives.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. Their restriction may apply to the use of income or capital or both.

Endowment funds comprise amounts donated to the Institute as a permanent endowment.

Gains and losses on the investment capital are recognised within the endowment fund and related investment management costs are charged to the fund.

The revaluation reserves relates to gains or losses on the revaluation of fixed assets.

n) Operating leases

Rentals under operating leases are charged to the Statement of Financial Activity on a straight-line basis over the period of the lease.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means the actual outcomes could differ from those estimates.

The key source of estimation uncertainty that could have an impact on the financial statements relates to the heritage asset impairment (see note 3), provisions (see note 6) and contingent liabilities (see note 7).

3. Fixed assets

2023-2024	Donated Furniture	Library	Lanfredini refurbishing and equipment	Lanfredini Building	Computers and equipment	Total
Cost						
At 1 July 2023	40,996	105,354	1,115,150	3,713,205	964,329	5,939,034
Additions (Sales)	-	-	4,185	-	-	4,185
At 30 June 2024	40,996	105,354	1,119,335	3,713,205	964,329	5,943,219
Accumulated depreciation at 1 July 2023	-	(17,858)	(821,366)	-	(887,054)	(1,726,278)
Charge for the year	-	-	(36,454)	-	(10,779)	(47,233)
At 30 June 2024	-	(17,858)	(857,820)	-	(897,833)	(1,773,511)
Net book value at 30 June 2023	40,996	87,496	293,784	3,713,205	77,275	4,212,756
Net book value at 30 June 2024	40,996	87,496	261,515	3,713,205	66,496	4,169,708

The donated furniture includes some old and historic furniture valued at €40,996 with an indefinite useful life and high residual value resulting in any depreciation charge being immaterial.

The ground and first floor apartments in Palazzo Lanfredini (housing the Director's flat, library and cultural centre of the British Institute of Florence) were bequeathed by Sir Harold Acton (who passed away in 1994) to the Institute under a will under Italian law dated

15 April 1993. Under a later will written in the US dated 13 December 1993, Sir Harold Acton revoked all previous testamentary dispositions. The Lanfredini apartments were treated as falling within his residuary estate.

The residuary Trustees have provided written confirmation recognising Sir Harold Acton's bequest to the Institute under his Italian will and stating that they would not interpose any claim to the assets bequeathed to the Institute under the Italian will. The Institute's title to the Lanfredini apartments has been registered.

The full value of Lanfredini has been included on the balance sheet at €4 million following a valuation in December 2010 by Knight Frank. The value of the building is estimated at €3,713,205 (valuation decided by the Trustees based on advice and current property market in Florence) and refurbishment at €286,975.

Heritage asset at valuation

At 1 July 2023 (€) – (re-stated)	1,500,000
Impairment	-
At 30 June 2024 (€)	1,500,000

In 1987, the Institute received as a gift from Mrs. Moore (widow of Henry Spencer Moore) a bronze statue, created by Henry Moore, known as "Warrior with Shield". This statue has been moved to Palazzo Signoria. The value of the asset thus been re-assessed and is considered to be €1,500,000. The previous value €3,000,000 was based on incorrect information and the current value has been reassessed at €1,500,000. See note 21. An external valuer at Sotheby's, a reputable auction house, carried out this valuation in April 2025. The trustees have reviewed this valuation and consider it to be appropriate and have adjusted the accounts accordingly (see note 21).

4. Current assets

Debtors

	2024 (€)	2023 (€)
Debtors for courses	81,174	169,735
Prepayments	25,343	22,460
Other debtors	26,043	16,291
Total	132,560	208,486

The cash and bank balances reflect the situation as shown in the cash flow statement.

Investments

As at 30 June 2024 investments are represented by COIF Charity Investment Fund Income Units and Italian Government Bonds (BTP):

	2024 (€)	2023 (€)
COIF Charity Investment Funs Income Units	55,267	50,192
Italian Government bonds (BTP)	493,050	503,997
Total	548,317	554,189

The Institute invests temporary liquidity in financial instruments and adopts a “mark to market” valuation approach in relation to its investment portfolio.

Analysis of Movement of investments

	2024 (€)	2023 (€)
Carrying value (market value) at 1 July	554,189	48,743
Disposal	-	-
Purchase	-	500,000
Change in market value	(5,872)	5,446
Carrying value (market value) at 30 June	548,317	554,189

5. Liabilities

Creditors: amounts falling due within one year

	2024 (€)	2023 (€) As restated
Trade creditors	53,605	29,921
Accruals	148,150	133,124
Other creditors	192,752	200,866
Total	394,507	363,911

Trade creditors comprise services received from suppliers in the normal course of the Institute’s activities.

Accruals are mainly composed of accruals for services received from suppliers, staff salaries to be paid and fees received in advance for courses in 2024-2025.

Other creditors are composed of the accounting value of staff holidays, social security charges, taxes and pension charges, credit vouchers issued for courses and deposits to be refunded to Library users.

6. Provisions for liabilities and charges 2024

	Beacci claim	TFR	Legal Claim	Total
At 1 July 2023 (€)	2,000,000	558,112	-	2,558,112
Expense in the year (€)	-	59,881	30,000	89,881
Decrease in liability for year (€)	(2,000,000)	-	-	(2,000,000)
Utilisation (€)	-	(16,564)	-	(16,564)
At 30 June 2024 (€)	-	601,429	30,000	631,429

Previous reporting year:

	Beacci Claim	TFR	Legal Claim	Total
At 1 July 2022 (€)	1,000,000	501,436	-	1,501,436
Expense in the year (€)	-	91,996	-	91,996
Increase in liability for year (€)	1,000,000	-	-	1,000,000
Utilisation (€)	-	(35,320)	-	(35,320)
At 30 June 2023 (€)	2,000,000	558,112	-	2,558,112

Beacci legal claim

The ground and first floor apartments in Palazzo Lanfredini (housing the Director's flat, library and cultural centre of the British Institute of Florence) were bequeathed by Sir Harold Acton (who passed away in 1994) to the Institute under a will under Italian law dated 15 April 1993. Under a later will written in the US dated 13 December 1993, Sir Harold Acton revoked all previous testamentary dispositions. The Lanfredini apartments were treated as falling within his residuary estate.

The residuary Trustees have provided written confirmation recognising Sir Harold Acton's bequest to the Institute under his Italian will and stating that they would not interpose any claim to the assets bequeathed to the Institute under the Italian will. The Institute's title to the Lanfredini apartments has been registered.

Proceedings initiated in 1995 against New York University (as beneficiaries of the residuary estate) and the British Institute of Florence by the children of an Italian citizen, Mrs Beacci, for recognition that their mother was the natural daughter of Sir Arthur Acton (Harold Acton's father) in order to claim a share of Harold Acton's estate in accordance with Italian succession law were dismissed in September 2009 by the Tribunal of Florence. Following a series of appeals and hearings, in May 2014 the Supreme Court annulled the previous judgements and upheld the right of the heirs of Mrs Beacci to bring a claim. The case continues.

The full value of Lanfredini has been included on the balance sheet at €4,000,000 following a valuation in December 2010 by Knight Frank. The value of the building is estimated at €3,713,205 (valuation decided by the Trustees based on advice and current property market in Florence) and refurbishment at €286,795. An associated provision of €2 million against what is calculated as a 50% risk of loss of title was recognised within provisions. The ruling on 26 April 2024 was in the favour of the British Institute of Florence and as such the provision has been unwound entirely. An appeal was lodged by the Beacci heirs on 11 June 2024 (before year-end) and so we have disclosed a contingent liability. See note number 7.

Terminal Gratuity Benefit (TFR)

The Institute accounts for staff leaving indemnity (TFR) in accordance with Italian law. This is payable to employees upon termination of employment for whatever reason. The amounts are reliably estimated but the timing of outflows is uncertain.

Legal claim

The Institute is defending a claim made by a former employee in relation to employment contracts. A provision of €30,000 has been recognised this year as the court overseeing the claim has not yet made a ruling, and as such the timing of outflows is uncertain.

7. Contingent liabilities

During the year a ruling was reached on the Beacci legal case (note 6). However an appeal was lodged during the on 11/06/2024. The timing and outcome of the appeal cannot be determined and therefore it is not practicable to estimate the financial effect at this time.

The *Agenzia delle Entrate* (Italian tax authority) investigated the tax status of the British Institute of Florence during the year and found that there was tax owed from 2018 and 2019. This has been processed as a prior year adjustment (see note 21). As a result of this there is a potential additional tax to pay for the period 2020 – 2024. However the tax status of the British Institute of Florence is still under discussion and the outcome of the discussion will significantly alter the amount owed. Furthermore the timing of the verdict on each individual tax year is unknown and therefore it is not practicable to assess the financial impact at this time.

There is an existing employment case regarding employment contracts issued to an employee during the period 2001-2018 (see note 6). There has been no ruling on this case however should the ruling not be in the favour of the British Institute of Florence there is a possibility that additional costs may have to be met but this cannot be practically estimated at this time.

8. Donations and legacy

Amounts included in donations and legacies comprise donations receivable. The cost associated with fundraising was €25,510 for arrangements, venue hire and other costs associated with a fundraising visit organised during the year as well as a small charge for subscription to the services of Justgiving.

9. Income from charitable activities.

The Institute's resources from charitable activities are as follows:

Activity or programme	2023-2024 (€) Income	2022-2023 (€) Income
English Adult	192,125	216,625
English Young Learners	299,307	302,696
English State Schools	199,353	212,118
Exams	427,843	371,022
Italian	123,028	116,046
History Of Art	105,271	87,041
Library	40,216	26,782
Other	17,300	5,404
Total	1,404,443	1,337,734

10. Breakdown of cost of charitable activities

Activity or programme	2023-2024 (€) Activities undertaken directly	2023-2024 (€) Support Costs	2023-2024 (€) Total	2022-2023 (€) Activities undertaken directly	2022-2023 (€) Support Costs	2022-2023 (€) Total
English Adult On Site	109,381	49,363	158,744	126,852	67,247	194,099
English Adult Off-Site	44,645	17,146	61,791	73,454	18,519	91,973
English Young Learners	210,570	120,372	330,942	237,957	154,774	392,731
English State Schools	212,127	43,458	255,585	222,941	48,007	270,948
Exams	326,323	107,183	433,506	289,492	119,298	408,790
Italian	79,916	47,872	127,788	79,916	45,290	113,897
History Of Art	64,882	39,540	104,422	64,883	37,768	97,497
Library	13,909	35,530	49,439	13,909	31,221	46,652
Cultural Programmes	52,054	76,438	128,492	52,054	58,587	86,696
Partnership Activities	25,633	32,794	58,427	25,633	33,356	59,238
Fundraising	13,037	12,473	25,510	23,718	11,404	35,122
Total	1,152,478	582,168	1,734,646	1,172,173	625,471	1,797,644

Governance costs of 30% of the costs of the Director, expenses reimbursed to Governors and audit costs totalled € 50,586 in 2023-2024 (2022-2023 €38,797)

Overheads	2023-2024	2022-2023
Marketing Pay costs	34,405	28,707
Administration Pay Costs	155,667	172,768
Cleaning Pay costs	12,456	13,041
Marketing and Communications	3,822	2,204
Administrations Costs	162,789	139,250
Moving and Inauguration Costs New Premises	-	76,201
Florentine Group Premises	118,701	102,563
International Group Premises	94,328	90,737
Subtotal Overheads	582,168	625,471

11. Trustees' expenses

	2024 (€)	2023 (€)
Governors' expenses	9,375	5,757

Governor's meetings are held in Florence each year in November and May and governors can ask to be reimbursed their travels costs. The Institute arranges hotel accommodation for the overnight stay of the governors who do not live in Florence. No governors were

remunerated for their activities as governors. Five governors were reimbursed for travel expenses.

12. Indemnity insurance

Trustee indemnity insurance cover with a maximum limit of €500,000 is in place at a cost of € 1,776.

13. Net incoming resources

Net incoming resources is stated after charging:

	2024 (€)	2023 (€)
Depreciation of fixed assets (owned)	47,233	64,799
Amounts payable under operating leases	72,971	72,971
Audit fee	20,181	14,438

14. Staff costs, emoluments and numbers

Staff costs

	2024 (€)	2023 (€)
Gross salaries (UK and IT)	732,767	675,500
National Insurance and Pension (UK)	3,403	3,639
INPS (IT)	231,082	203,561
INAIL (IT)	3,684	5,346
IRAP (IT)	33,306	29,527
Trattamento di Fine Rapporto (TFR-IT)	59,881	91,996
Total	1,064,123	1,009,569

Staff costs and emoluments are included under “charitable activities” in the attached Statement of Financial Activities. One employee earned between £60,000 and £70,000 (including benefits) in this year and in the previous year.

Staff numbers

	2024 (No.)	2024 (FTE)
English Teaching, Exams and Administration staff	25	20.4
Italian, History of Art Teaching and Administration staff	4	1.9
Library staff	1	0.5
Cultural Programmes staff	3	1.4
Administration, Marketing, Building Management, Cleaning and Support Staff	6	5.4
Total	39	29.6

Staff numbers previous year

	2023 (No.)	2023 (FTE)
English Teaching, Exams and Administration staff	27	19.1
Italian, History of Art Teaching and Administration staff	4	1.9
Library staff	1	0.5
Cultural Programmes staff	3	1.1
Administration, Marketing, Building Management, Cleaning and Support Staff	6	5.4
Total	41	28

The average number of full time equivalent (FTE) employees does not include the freelance teachers who teach the History of Art Department.

Key management costs total € 317,876 (previous year € 289,762) and are made up of the salary costs of the Director and the Senior Management Team (the Director and seven staff – three of whom work part time).

15. Movement of funds

	At 1 July 2023 (€) (restated)	Incoming Resource (€)	Spend /Increase in liability (€)	Investment Gain (Loss) (€)	Exchange Rate Gain (Loss)	Carried Forward (€) at 30 June 2024
Restricted Funds						
Palazzo Lanfredini Building	1,713,205	2,000,000	-	-	-	3,713,205
Restricted Funds	277,426	93,638	(154,194)	-	-	216,870
Total	1,990,631	2,093,638	(154,194)	-	-	3,930,075
Unrestricted funds						
General	282,838	1,703,767	(1,610,452)	(10,885)	280	365,548
Revaluation reserve	1,500,000	-	-	-	-	1,500,000
Total	1,782,838	1,703,767	(1,610,452)	(10,885)	280	1,865,548
Endowment Funds	49,458	-	-	4,167	834	54,459
Total Funds	3,822,927	3,797,405	(1,764,646)	(6,718)	1,114	5,850,082

	At 1 July 2022 (€) (restated)	Incoming Resource (€)	Spend /Increase in liability (€)	Investment Gain (Loss) (€)	Exchange Rate Gain (Loss)	Carried Forward (€) at 30 June 2023 (restated)
Restricted Funds						
Palazzo Lanfredini Building	2,713,205	-	(1,000,000)	-	-	1,713,205
Restricted Funds	308,652	130,122	(161,348)	-	-	277,426
Total	3,021,857	130,122	(1,161,348)	-	-	1,990,631
Unrestricted funds						
General (re-stated)	372,783	1,544,529	(1,636,296)	4,002	(2,180)	282,838
Revaluation reserve (restated)	1,500,000	-	-	-	-	1,500,000
Total	1,872,783	1,544,529	(1,636,296)	4,002	(2,180)	1,782,838
Endowment Funds	48,031	-	-	1,444	(17)	49,458
Total Funds (restated)	4,942,671	1,674,651	(2,797,644)	5,446	(2,197)	3,822,927

Restricted funds at 30 June 2024 totalled €216,870 of which € 166,715 are for future depreciation charges for infrastructure works undertaken in Palazzo Lanfredini from 2018-2020, € 8,356 for future depreciation charges for equipment purchased for Palazzo Lanfredini in 2019 and 2022, € 38,130 to cover Library direct costs and overheads not covered by membership fees, €669 for the restoration of library books and €3,000 for the cultural programme.

16. Analysis of net assets

	2024 (€) (Tangible fixed assets)	2024 (€) Net current assets	2024 (€) Provisions	2024 (€) Total
Un-restricted funds	456,503	540,474	(631,429)	365,548
Revaluation reserve - unrestricted	1,500,000	-	-	1,500,000
Restricted funds	3,713,205	216,870	-	3,930,075
Endowment funds	-	54,459	-	54,459
Total funds	5,669,708	811,803	(631,429)	5,850,082

	2023 (€) Tangible fixed assets (restated)	2023 (€) Net current assets (re-stated)	2023 (€) Provisions	2023 (€) Total (re-stated)
Un-restricted funds	412,055	372,219	(501,436)	282,838
Revaluation reserve – unrestricted (restated)	1,500,000	-	-	1,500,000
Restricted funds	3,713,205	277,426	(2,000,000)	1,990,631
Endowment funds	-	49,458	-	49,458
Total funds	5,625,260	699,103	(2,501,436)	3,822,927

The Institute's revaluation reserve funds are the value of a bronze statue, created by Henry Moore, known as "Warrior with Shield" which was received as a gift from Mrs. Moore (widow of Henry Spencer Moore) in 1987. See note 21.

The restricted funds represent the interest held in Lanfredini Building €3,713,205 (previous year €3,713,205) – see note 6. Other restricted funds include donations restricted to the Library and Cultural Programme.

The endowment fund represents a permanent endowment set up for the Library.

17. Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 2024 (€)	Land and buildings 2023 (€)
Expiry date		
-within one year	72,971	72,971
- between one and five years	36,631	103,501
- more than five years	-	-
Total	109,602	176,472

18. Fiscal status of the institute

The Institute is a registered charity in accordance with the 2011 Charities Act of England and Wales (Registered Charity no. 290647) and is recognised by a Presidential Decree of the Italian Republic dated 25 February 1953.

The *Corte di Cassazione* (Italian Supreme Court) recognised The British Institute of Florence as an “*Ente di Diritto Pubblico*” in a ruling dated 1 October 1998. On 28 August 2024 the Prefect of Florence confirmed that the British Institute of Florence is registered under number 853 in the Register of Legal Persons of the Prefecture of Florence and as a result is recognised as a legal entity in accordance with Article 1 of Presidential Decree 361/2000.

19. Donations From Trustees

There were no donations from Trustees in 2023-2024. Donations from Trustees in the previous financial year totalled €11,468.

20. Related Party Transactions

One Trustee took part in a fundraising visit and a family member of one Trustee took part in the fundraising visit for which the individual concerned made a donation on the same terms as the other persons participating on the visit and no special benefit arose.

21. Prior year restatement

The accounts have been restated to:

- i) incorporate the impact of the tax assessment as due for the year 2018 (€7,466) and 2019 (€45,825) - see note 7. The change has resulted in a €53,291 increase in creditors, €7,466 in 2018 and €45,825 in 2019, and a €53,291 decrease in the 2019 and 2020 brought forward unrestricted funds.
- ii) reflect the value of the heritage asset based on specialist legal advice obtained in January 2025 regarding potential restrictions on the statue that may be considered to have been in place since 1987 when the statue was received as a gift - see note 4. The initial value of €3,000,000 was based on incorrect information and as such the value of the asset been reassessed and is considered

to be €1,500,000 The change has resulted in a €1,500,000 decrease in heritage assets and decrease in the brought forward unrestricted funds for FY 2020.

22. 2022-2023 - Statement of financial activities incorporating income and expenditure account for the year (re-stated)

		2023 (€)	2023 (€)	2023 (€)	2023 (€)	2022 (€)
	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds (restated)
Income from:						
Donations and legacies	8	206,795	130,122	-	336,917	311,277
Charitable activities	9	1,337,734	-		1,337,734	1,349,343
Grant from Italian Government		-	-		-	25,775
Total		1,544,529	130,122	-	1,674,651	1,686,395
Expenditure on:						
Charitable activities	10	(1,636,296)	(161,348)	-	(1,797,644)	(1,683,005)
Exchange rate gain (loss)		(2,180)	-	- (17)	(2,197)	(2,272)
Total		(1,638,476)	(161,348)	(17)	(1,799,841)	(1,685,277)
Net income/ (expenditure)		(93,947)	(31,226)	(17)	(125,190)	1,118
Other recognised gains/ (losses):						
Increase in liability for Beacci claim		-	(1,000,000)	-	(1,000,000)	-
Loss on investment fund		4,002	-	1,444	5,446	(2,843)
Net movement in funds	15	(89,945)	(1,031,226)	1,427	(1,119,744)	(1,725)
Reconciliation of Funds						
Total funds brought forward		3,426,074	3,021,857	48,031	6,495,962	6,497,687
2018 restatement						(7,466)
2019 restatement						(45,825)
2020 restatement						(1,500,000)
Total funds brought forward (restated)		1,872,783	3,021,857	48,031	4,942,671	4,944,396
Total funds carried forward (restated)		1,782,838	1,990,631	49,458	3,822,927	4,942,671



Accounts

Trustees' Annual Report and Accounts

For the year ended 30 June 2023



Contents	Page
Administrative details	3
Trustees' report	5
Governance	5
Objectives	6
Review of the year	7
Performance	7
The Future	11
Statement of Trustee Responsibilities	12
Independent auditor's report	13
Balance sheet	17
Statement of financial activities	18
Statement of cash flows	19
Notes to the financial statements	20

Administration

Trustees

Members of the Governing Body

Elected

Christopher Prentice*	Chairman
Beatrice Bargagli Stoffi	Deputy Chair
Maria Grazia Antoci*	
Giacomo Cortese	
Morgan Fiume	
Lady Hannah Lowy Mitchell	
Isobel McGregor	
James Stewart*	Treasurer
Luke Syson	British Academy nominee

Ex officio

Alessandra Petrucci	Rector, University of Florence
Rachel Launay*	Director, British Council, Italy
HMA Ed Llewelyn	Hon. President

Honorary Governor

Michael Griffiths

Senior Management Team 2022-2023

Simon Gammell*	Director
Amanda Lowe+	Deputy Director
Penny Walsh+	Head of Finance and Administration
Louise Barker	Schools Coordinator
Jeremy Boudreau	Head of History of Art
Annette Cooper	Young Learner Coordinator
Giulia Galeazzi	Library coordinator
Diletta Melani	Exams Coordinator and Operations Manager

* denotes member of Management Committee

+ attends Management Committee

Bankers:

Barclays Bank plc
21 Hanover Square
London W1S 1JW

Banca Intesa Sanpaolo
Filiale Firenze 62
Via Bufalini, 4
50122 Florence
Italy

Italian lawyers:

Avv. Lorenzo Contri
Via Lorenzo Il Magnifico, 78
50129 Firenze
Italy

Avv. Roberto Borlè Gioppi
Via Calabria, 56
00187 Roma
Italy

Auditor:

WMT
Chartered Accountants & Statutory Auditor
Verulam Point
Station Way
St Albans
Herts AL1 5HE

Accountant:

Studio Pignatelli
Dr Elena Pignatelli
Via Ruggero Ruggeri, 3
50135 Firenze
Italy

Trustees' Report for the year ended 30 June 2023

The British Institute of Florence is a charity registered with the Charity Commission of England and Wales under charity number 290647 and operates from the following addresses.

Palazzo Lanfredini, Lungarno Guicciardini 9, 50125 Florence, Italy.

The British Institute of Florence at The British Academy, 10 Carlton House Terrace, London SW1, United Kingdom.

<http://www.britishinstitute.it/en/>

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the requirements of the Charities Act 2011, 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 published on 16 July 2014 and the Royal Charter.

1. Governance

Structure, Governance and Management

The Institute was founded in 1917 and granted a Royal Charter in 1923. The Charter of Incorporation was confirmed by warrant on 14 May 1923. Amendments were undertaken to the Charter and Statutes on 3 June 1958, 14 December 1994 and 7 June 2006.

In 1953 the British Institute was formally appointed by Her Majesty's Government as one of three agencies for the execution of the provisions of the Anglo-Italian Cultural Convention of 28 November 1953, the other two being The British Council and the British School of Rome.

This was recorded in an official exchange of letters dated 1 July 1953 between the UK Ambassador to Italy at the time, Sir Victor Mallet and the then Italian Minister of Foreign Affairs, Alcide De Gasperi. The British Institute of Florence is thus recognised as representing and promoting UK culture in Italy.

The British Institute is directed by a Board of Governors which meets twice a year. A sub-committee of the Board of Governors, the Management Committee, meets more frequently both in person and by remote conferencing. The Director of the British Institute sits on the Management Committee. Working groups of Governors are appointed as required to assume specific responsibilities. The day-to-day operation of the British Institute is delegated to the Director.

Governors act as charitable Trustees and are appointed through nomination and election by the Board of Governors. The number of Governors was set at a minimum of 10 and maximum of 18 in an amendment to the Statutes of the British Institute of Florence in June

2006. New Governors receive induction which provides full briefing on the role and responsibilities of Governors and on procedural matters.

The Board of Governors is responsible for the aims, strategy and governance of the British Institute. It considers and approves strategic direction, budgeting and financial management, and quality assurance and improvement measures. It appoints the Director.

The pay and remuneration of the Director and key management personnel is set by the Management Committee.

The current Director, Mr Simon Gammell, took up office on 22 October 2018.

2. Objectives

2.1 Charitable Objects

The objects of the Institute as set out in its Charter (as amended) are as follows.

- The promotion of the study in Italy of the English language and of British literature, art, history, philosophy and institutions.
- The promotion of the study of the Italian language and of Italian literature, art, history, philosophy, and institutions; and of a greater knowledge and appreciation of Italian culture.
- The promotion of understanding between the citizens of Italy and those pursuing studies described above.
- The maintenance of a Library in Florence to support the other objects.

2.2 Aims

To meet its objects, the Institute has the following aims.

- To provide educational programmes of the highest quality, making a difference to the lives of those taught.
- To maintain and develop its unique Library and Archive and ensure its accessibility to students, researchers, scholars, and the general public, and to raise financial resources to this end.
- To be at the centre of Florence's rich cultural life through the organisation of and participation in a wide range of cultural events and programmes.

Strategic aims for the year to June 2023

2022-23 was the second year of the Business Plan 2021–24, approved at the November 2021 Governors' Meeting, designed to develop an Institute which is properly sustainable for the future. The agreed focus for 22-23 was:

1. Continuously improve our offer to our Florentine and International customers

2. Significantly upgrade our marketing, communications and customer service to steadily increase the number of people who buy our products and services
3. Continue to seek ways to control our costs, whilst investing in our existing staff and steadily increasing our capacity to manage a growing business
4. Further develop our fundraising capacity and introduce innovative approaches to achieving steady growth in the value of funds raised.
5. Overall Management and Governance of the British Institute of Florence continues to meet Charity Commission requirements and demonstrates best practice in relation to staff and staffing, financial management and control, product development and delivery, customer satisfaction, estate and resource management, staff development and quality assurance.

We complied with the duty in section 17 of the Charities Act 2011 to refer to guidance published by the Charity Commission on public benefit when reviewing our aims and objectives and planning our future activities.

3. Review of the year

In the 2022-23 year the damage caused by the COVID pandemic was replaced by the new challenge of persistent high levels of inflation, creating significant head winds. It was also the first year of operations in our new premises for the School at Viale Mazzini which was always likely to involve a disruption in business. And this was the year we implemented an overdue pay rise for staff, which saw a significant increase in our payroll costs. These factors combined to produce a net loss of €90K which will result in an €90K reduction in Reserves.

But paradoxically it has been a successful year for our businesses in many ways. The move to Mazzini has been successfully achieved, and it is certainly a much better base for our English Language school going forward; the International Group has made encouraging progress; and we have some good new impetus in our fundraising. So there is much to build on as we plan for 23/24.

4. Performance

Performance is managed on a weekly basis by the leadership team comprising Director, Deputy Director and Head of Finance and Resources, and at meetings of the Senior Management Team every six weeks. Both the Governing Body and Management Committee review overall performance, management accounts and progress against budget.

4.1 Departmental Performance

Florentine Group

All English and Exams

Total income for the Florentine group stood at €1,102K at end June 2023. This is 8% less than the same time last year.

Lower than expected enrolments for English courses and Exams are probably due to a change in location and also an autumn of worry about spiralling prices and inflation just when people usually enrol on courses. With lower enrolments and higher costs plus the move it has been a difficult year for the Florentine Group resulting in a loss of €227K. This includes €76K as a one-off cost for the move.

Reduced income and enrolments have concentrated mainly in three areas: Cambridge Exam enrolments, the Young Learner onsite courses, the online courses for Adults and Companies. However adults are starting to return to the classroom.

Young Learners Onsite

Young Learner onsite total income for the financial year end 2023 was €303K. This is -8% against the budget of €329K. Direct costs are also higher than budget.

The move to Mazzini was a big change for many families but we managed to bring the large majority of existing students with us to the new location. In the 23-24 academic year we need to build on this good base and attract more new students from the local area.

State Schools

We ran 57 courses in 8 schools this year compared to 56 in 7 schools last year, earning €235K against budget of €243K.

We won all the public tenders we competed for, but the economic situation meant that families were more careful with their finances. Classes weren't all as full as we would like them to be – and class-fill is always a key factor for profitability.

Exams

Income from Cambridge Exam enrolments was affected by ferocious competition from other Cambridge centres and also the providers of other exams, especially in the middle school age range. Income achieved was €337 against budget of €412K.

Advantage English

This was the first year of a new programme offering the opportunity to learn English for employability to young people from Florence's most disadvantaged communities. Advantage English is funded by a donor for three years (€25K pa), with the intention of developing a programme with demonstrably good results that can be scaled up with the financial support of corporate Florence going forward. The first year was successful, with many valuable lessons learned for the second year of the programme.

International Group

History of Art

2022-23 Financial results Income: 87K Costs: 60K - so gross surplus of 27K (32%). Enrolments improved, getting closer to pre-pandemic levels. This year we discontinued the Modern Florence course, replacing it with shorter flexible modules covering the period after the Renaissance through to modern times.

Italian

The total income for the Italian Department for 22-23 was €116K, up €40K on 21-22. This was powered by an encouraging increase in demand, with the Group Courses performing particularly well. There was also an increase in school groups from UK.

Cultural Programme

The Cultural Programme has settled into a steady rhythm with an average of 2-3 events per week. The audience numbers are steadily growing, and more people are taking up sponsorship packages.

Wine partnerships have ensured that we always serve good wine at the events, which are highly social. The Cultural Programme is central to the strong sense of community engagement in the Library. Feedback from participants is excellent.

The Cultural Programme achieved income of €74K, with a gross surplus of €45K in 22/23. This compares to €45K income with €4K gross surplus last year.

Lanfredini Partnerships

From July 2022 to June 2023 we saw an increase in room use compared to last year. We hosted **22 events** in 2021/2022 and **39 events** in 2022/2023. In the past years we had an average of 20 events in the fiscal year. A new programme for ACA (**American Collegiate Adventures**) contributed substantially to Partnerships income.

Library Services

In September 2022 we launched new Membership categories resulting in a total of 125 new members - about 20 fewer than the last year but with income increased by about €1K.

Demand for Library Services remains low.

Fundraising

It was another successful year for Fundraising, achieving €179K net of costs. The particular innovation was the delivery of special fundraising tours for our patrons to London and Florence. These were well subscribed and earned €48K surplus between them. Significant unrestricted donations were made by the Murray Charitable Trust (Euro 57K) and Christian Levett (Euro 20K).

Volunteers and work placements

Volunteers and university interns make an important contribution to running the library and other programmes. It was a pleasure to welcome back a number of volunteers and interns this year, following the suspension of the programme during COVID.

Marketing and Sales

The work on improving the effectiveness of our marketing continued, concentrating mostly on promoting the new location of the language school at Viale Mazzini. We continue to work on consistently excellent customer service and improving the efficiency of the systems underpinning our marketing efforts

4.2 Financial

The financial year 2022-23 finished with a net loss of €89K. In 2022-23 the Institute received donations, and legacies totalling €337K.

Fundraising Policy

Fundraising activity is carried out by Governors, staff and volunteers (who are also library members). A professional fundraiser was not engaged in any fundraising activities nor did a commercial participator carry out any fundraising activities.

The Director supervises fundraising activities carried out by staff and volunteers. A member of staff is present during fundraising activities that take place on the premises of the British Institute in Florence. The Management Committee receives regular reports on fundraising activity.

The Fundraising sub-committee of the Board of Governors got a new Chair in May 2022 when Lady Hannah Lowy Mitchell joined the Board. The Governors, Director and Senior Management team constantly monitor fundraising activities to ensure that there is no unreasonable intrusion on a person's privacy, and that requests for donations are not unreasonably persistent.

Reserves Policy

The policy of Trustees is that the British Institute should hold financial reserves to enable it to continue operating its charitable activities in the event of a failure of income. The target level of reserves is set at the equivalent of three months operating costs. As of 30 June 2023, the level of reserves was €336K against a target of three months operating costs of €441K.

Restricted assets of €2,991K comprise € 2,713K as the value of Palazzo Lanfredini which is restricted to use as a library and €278K representing donations restricted to funding the Library and Cultural Programme. The Institute also owns a bronze sculpture, created by Henry Moore, known as "Warrior with Shield", received as a gift in 1987 from Mrs. Irina Moore (widow of Henry Spencer Moore). This heritage asset has been valued for insurance purposes at € 3,000K.

Grant-making policy

The British Institute does not make grants and therefore does not have a grant-making policy.

Investment policy and objectives

The British Institute set up an endowment fund in 2012-13 which is permitted to invest in long term assets to generate income to fund charitable purposes. At present the funds held by the Endowment are only €49K, which is too small to make a significant contribution. Other funds are held in cash or short-term liquid assets, and Italian government bonds.

ISO accreditation

The Institute successfully obtained the new ISO 9001 standard, which was reconfirmed at an interim review in January 2023.

Risk Assessment

A formal risk assessment is carried out each year and a Risk Assessment Report is approved by the Board of Governors at its spring meeting. It identifies the main risks to which the charity is exposed, the current level of risk and its likely impact, the procedures in place to mitigate the effects of identified risks and the level of residual risk, using a traffic light system. Any unanticipated risk emerging during the year is brought to the Management Committee of the Board of Governors for further consideration.

5. The Future

Business Plan and building up reserves

The 2022-2023 year produced a disappointing financial result, leading to a reduction in Reserves of €89K. This was caused partly by the first year of teaching English in our new premises at Viale Mazzini (a risk that was anticipated) plus unforeseen increases in Italian TFR benefit caused by inflation. The 2023-2024 budget is designed to recoup some of these losses and return to build up Reserves in the final year of the current three-year Business Plan. A new Business Plan for 2024-2027 will be written, focussing on improving the stability and financial sustainability of the Institute, by addressing the main risks that we face in a challenging market. This will include enhanced capabilities in Fundraising.

Going concern

The Trustees assess that the Institute is a going concern but there is a material uncertainty related to the Beacci case. The legal claim by the descendants of Sig.ra Beacci for a share of the property at Palazzo Lanfredini, a case that has been running for 29 years, will reach an important Judgement of First Instance in spring 2024. What the value of any award to the Beacci might be is very hard to predict, but an adverse judgement could have serious repercussions for the Institute. It is possible that an adverse judgement could award the Beacci a 50% share of the title to Palazzo Lanfredini, together with a significant sum in damages. The provision in the accounts has been increased to €2M representing 50% of the estimated value of the building. The amount of damages cannot be reliably established at

this time and therefore no provision has been recognised this year. A Working Group has also been set up to analyse the various possible scenarios and ensure that the Institute is well prepared to manage the consequences of an adverse Judgement - see note 6 for more detail.

6. Statement of Trustee Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

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

- a) select suitable accounting policies and apply them consistently.
- b) observe the methods and principles in the Charities SORP.
- c) make judgments and accounting estimates that are reasonable and prudent.
- d) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- e) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping sufficient accounting records that 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.

The major risks to which the charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks.

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

Approved by the Governing Body and signed on its behalf by



Christopher Prentice, Chairman

22 March 2024

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BRITISH INSTITUTE OF FLORENCE

Opinion

We have audited the financial statements of the British Institute of Florence (the 'charity') for the year ended 30 June 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 2023 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 charity 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.

Material uncertainty relating to going concern

We draw attention to Note 1a (going concern) in the financial statements, which indicates there is an outstanding legal case against the charity that is due to pass judgement in the foreseeable future, the outcome of which cannot be reliably estimated. As stated in Note 1a, these events or conditions, along with other matters as set forth in Note 1a, indicate that a material uncertainty exists that may cast significant doubt on the charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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, except to the extent otherwise explicitly stated in our report, 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.

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 11 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under 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:

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards and Charity Law.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the charity and therefore may have a material effect on the financial statements include compliance with the charitable objectives, public benefit, regional law, employment law, safeguarding, data protection, health & safety legislation, fire safety and disability regulations.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and the Trustees as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of Trustee meeting minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

WMT

WMT.

Chartered Accountants
Statutory Auditor
4 Beaconsfield Road
St Albans
Hertfordshire, AL1 3RD
Date: 25 March 2024

WMT is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

Balance Sheet 30 June 2023

	Note	2023 (€)	2022 (€)
Fixed assets			
Tangible assets	3	4,212,756	4,187,537
Heritage assets	3	3,000,000	3,000,000
Total fixed assets		7,212,756	7,187,537
Current assets			
Debtors	4	208,486	147,769
Investments	4	554,189	48,743
Cash at bank and in hand		269,519	915,866
Total current assets		1,032,194	1,112,378
Liabilities			
Creditors: amounts falling due within one year	5	(310,620)	(302,517)
Net current assets		721,574	809,862
Total assets less current liabilities		7,934,330	7,997,398
Provisions for liabilities	6	(2,558,112)	(1,501,436)
Net assets		5,376,218	6,495,962
Total funds of the charity			
Endowment funds	14	49,458	48,031
Restricted funds	14	1,990,632	3,021,858
Unrestricted funds	14	336,128	426,073
Revaluation Reserve	14	3,000,000	3,000,000
Total charity funds	14	5,376,218	6,495,962

The financial statements of The British Institute of Florence were approved by the Trustees on 22/03/2024

Signed on behalf of the Board of Trustees, Chairman

Christopher Pringle

Statement of financial activities incorporating income and expenditure account for the year ended 30 June 2023

		2023 (€)	2023 (€)	2023 (€)	2023 (€)	2022 (€)
	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
Income from:						
Donations and legacies	7	206,795	130,122	-	336,917	311,277
Charitable activities	8	1,337,734	-		1,337,734	1,349,343
Grant from Italian Government		-	-		-	25,775
Total		1,544,529	130,122	-	1,674,651	1,686,395
Expenditure on:						
Charitable activities	9	(1,636,296)	(161,348)	-	(1,797,644)	(1,683,005)
Exchange rate gain (loss)		(2,180)		(17)	(2,197)	(2,272)
Total		(1,638,476)	(161,348)	(17)	(1,799,841)	(1,685,277)
Net income/ (expenditure)		(93,947)	(31,226)	(17)	(125,190)	1,118
Other recognised gains/ (losses):						
Increase in liability for Beacci claim			(1,000,000)		(1,000,000)	
Loss on investment fund		4,002		1,444	5,446	(2,843)
Net movement in funds	14	(89,945)	(1,031,226)	1,427	(1,119,744)	(1,725)
Reconciliation of Funds						
Total funds brought forward		3,426,074	3,021,857	48,031	6,495,962	6,497,687
Total funds carried forward		3,336,129	1,990,631	49,458	5,376,218	6,495,962

The notes on pages 20 to 34 form part of the financial statements.

Statement of cash flows for the year ended 30 June 2023

		2023 (€)	2022 (€)
Net income / (expenditure) for the reporting period		(1,119,744)	(1,725)
Adjustments for:			
Depreciation charges		64,799	45,327
Net movements in provisions		1,056,676	34,984
Increase/ (decrease) in creditors: current liabilities		8,105	(9,290)
Decrease/ (increase) in debtors: current assets		(60,717)	(80,016)
Foreign exchange (gains) and losses		2,197	2,272
Net cash provided by/ (used in) operating activities		(48,685)	(8,448)
Cash flows from investing activity			
Purchase of tangible fixed assets		(90,019)	(12,314)
Movement in Investment portfolio		(5,446)	2,869
Disposal of Investment Portfolio		-	4,456
Purchase of Investments		(500,000)	-
Net cash provided by / (used in) investing activity		(404,535)	(4,989)
Change in cash and cash equivalents in the year		(644,150)	(13,437)
Cash and cash equivalents at the beginning of the year		915,866	931,575
Change in cash & cash equivalents due to exchange rate movements		(2,197)	(2,272)
Cash and cash equivalents at the end of the year		269,519	915,866
Cash and cash equivalents at the end of the year comprise:			
Cash at bank and in hand		269,519	915,866

Changes in net debt		At 1 July 2022	Cash flows	At 30 June 2023
Cash at bank and in hand		915,866	(646,347)	269,519

Notes to the financial statement for the year ended 30 June 2023

1. Basis of preparation of financial statements

The British Institute of Florence meets the definition of a public benefit entity under FRS 102.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, 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 United Kingdom and the Republic of Ireland (FRS 102) (Second Edition) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and 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 Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) (Second Edition) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The preparation of financial statements in compliance with SORP 2015 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies (see note 2).

The following principal accounting policies have been applied:

- a) Going concern – The Trustees assess that the Institute is a going concern but there is a material uncertainty related to the Beacci case.

The legal claim by the descendants of Sig.ra Beacci for a share of the property at Palazzo Lanfredini, a case that has been running for 29 years, will reach an important Judgement of First Instance in spring 2024. What the value of any award to the Beacci might be is very hard to predict, but an adverse judgement could have serious repercussions for the Institute. It is possible that an adverse judgement could award the Beacci a 50% share of the title to Palazzo Lanfredini, together with a significant sum in damages. The provision in the accounts has been increased to €2M, and a Working Group has also been set up to analyse the various possible scenarios and ensure that the Institute is well prepared to manage the consequences of an adverse Judgement - see note 6 for more detail.

b) Incoming resources

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

All income is gross without deduction for related expenditure.

Incoming resources from charitable activities represent fees for services (library services; history of art, English and Italian language and cultural courses and activities) provided for the benefit of the charity's beneficiaries.

Grants and donations are accounted for when receivable.

c) Resources expended

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

Charitable activities include the direct costs of the activities and depreciation of related assets.

Support costs, including governance costs, which cannot be directly attributed to the activities have been allocated on a basis consistent with the use of resources.

Irrecoverable VAT or IVA is charged as a cost against the expenditure heading for which it was incurred.

d) Tangible fixed assets

Tangible fixed assets are stated at valuation (library and Lanfredini property) or at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Lanfredini refurbishing	– 3 to 20% straight line
Computers and other equipment	– 20 to 33.33% straight line
Mazzini refurbishing	– 15% straight line

Additions to fixed assets with a value below £1,000 are written off directly to the Statement of Financial Activities (SoFA).

No depreciation is charged on the Lanfredini Building, the Library or donated furniture as any charge would be immaterial due to the indefinite useful life and high residual values of the assets.

Heritage assets relate to art works which are owned by the charity. Heritage assets are held at historical cost, where purchased, valuation at acquisition, where donated or formal valuation. No depreciation is charged as the assets are considered to have an indefinite life

e) Valuation of investments

Securities are stated at market value.

f) Debtors

Short-term debtors are measured at transaction price, less any impairment losses.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks.

h) Financial instruments

The Charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as debtors and creditors.

Financial instruments are initially measured at transaction value. They 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 SoFA.

i) Creditors

Short term creditors are measured at the transaction price.

j) Foreign currency translation

The financial statements are presented in Euros, which is the functional currency of the Institute.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the SoFA.

Foreign exchange gains and losses that relate to monetary assets and liabilities are presented separately on the face of the SoFA within income or expenditure.

k) Holiday pay accrual

A liability is recognised to the extent of any unused pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the Balance sheet date.

l) Provisions for liabilities

Provisions are made where an event has taken place that gives the Institute a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the SoFA in the year that the Institute becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When settlements are eventually made, they are charged to the provision carried in the Balance sheet.

Included within provisions is an amount relating to an unfunded severance plan liability.

In accordance with Italian law, the Charity has an unfunded severance plan under which all Italian employees are entitled to receive severance indemnities (Trattamento di Fine Rapporto or "TFR") upon termination of their employment. The amounts payable are based on salary paid and increases in cost of living. The severance indemnities accrue approximately at the rate of 1/13.5 of the gross salaries paid during the year, and are revalued applying a cost of living factor established by the Italian Government. The amounts accrued become payable upon termination of the individual employee, for any reason, e.g., resignation, retirement, dismissal or reduction in staff. The full amount of the potential liability is provided for when it is incurred.

m) Funds

Unrestricted funds are funds which the Trustees are free to use for any purpose in furtherance of the charity's objectives.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. Their restriction may apply to the use of income or capital or both.

Endowment funds comprise amounts donated to the Institute as a permanent endowment.

Gains and losses on the investment capital are recognised within the endowment fund and related investment management costs are charged to the fund.

The revaluation reserves relates to gains or losses on the revaluation of fixed assets.

n) Operating leases

Rentals under operating leases are charged to the Statement of Financial Activity on a straight-line basis over the period of the lease.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means the actual outcomes could differ from those estimates.

The key source of estimation uncertainty that could have an impact on the financial statements relates to the valuation of the Lanfredini property and the “Warrior with Shield” statue and the provision for liabilities and charges relating to the Beacci claim. Further information is provided in note 6 to the accounts.

3. Fixed assets

	Donated Furniture and Art	Library	Lanfredini Refurbishing & equipment	Lanfredini Building	Computers & equipment	Total
Cost						
At 1 July 2022	30,996	105,354	1,075,952	3,713,205	923,508	5,849,015
Additions	10,000	-	39,198	-	40,821	90,019
Disposals	-	-	-	-	-	-
At 30 June 2023	40,996	105,354	1,075,952	3,713,205	964,329	5,939,034
Accumulated depreciation At 1 July 2022	-	(17,858)	(782,238)	-	(861,383)	(1,661,479)
Charge for the year	-	-	(39,128)	-	(25,671)	(64,799)
At 30 June 2023	-	(17,858)	(821,366)	-	(887,054)	(1,726,278)
Net book value at 30 June 2022	30,996	87,496	293,715	3,713,205	62,125	4,187,537
Net book value at 30 June 2023	40,996	87,496	293,784	3,713,205	77,275	4,212,756

The donated furniture includes some old and historic furniture valued at €40,996 with an indefinite useful life and high residual value resulting in any depreciation charge being immaterial. In July 2022 a bronze statue ‘Wild Honey’ with a market value of €10,000 was donated to the Institute.

The ground and first floor apartments in Palazzo Lanfredini (housing the Director’s flat, library and cultural centre of the British Institute of Florence) were bequeathed by Sir Harold Acton (who passed away in 1994) to the Institute under a will under Italian law dated 15 April 1993. Under a later will written in the US dated 13 December 1993, Sir Harold

Acton revoked all previous testamentary dispositions. The Lanfredini apartments were treated as falling within his residuary estate.

The residuary Trustees have provided written confirmation recognising Sir Harold Acton's bequest to the Institute under his Italian will and stating that they would not interpose any claim to the assets bequeathed to the Institute under the Italian will. The Institute's title to the Lanfredini apartments has been registered.

Proceedings initiated in 1995 against New York University (as beneficiaries of the residuary estate) and the British Institute of Florence by the children of an Italian citizen, Mrs. Beacci, for recognition that their mother was the natural daughter of Sir Arthur Acton (Harold Acton's father) in order to claim a share of Harold Acton's estate in accordance with Italian succession law were dismissed in September 2009 by the Tribunal of Florence. Following a series of appeals and hearings, in May 2014 the Supreme Court annulled the previous judgements and upheld the right of the heirs of Mrs Beacci to bring a claim. The case continues.

The full value of Lanfredini has been included on the balance sheet at €4 million following a valuation in December 2010 by Knight Frank. The value of the building is estimated at €3,713,205 (valuation decided by the Trustees based on advice and current property market in Florence) and refurbishment at €286,975. An associated provision of €2 million against what is calculated as a 50% risk of loss of title is recognised within provisions (see note 6).

In 1987, the Institute received as a gift from Mrs. Moore (widow of Henry Spencer Moore) a bronze statue, created by Henry Moore, known as "Warrior with Shield". This statue has been moved to Palazzo Signoria. A professional valuation was undertaken in 2020 by Christies and this valuation has been included since June 2020 in the financial statements. The basis of valuation is insurance value.

Heritage asset at valuation

At 1 July 2022 (€)	3,000,000
Revaluation in period	-
At 30 June 2023 (€)	3,000,000

4. Current assets

Debtors

	2023 (€)	2022 (€)
Debtors for courses	169,735	96,730
Prepayments	22,460	23,955
Other debtors	16,291	27,084
Total	208,486	147,769

The cash and bank balances reflect the situation as shown in the cash flow statement.

Investments

As at 30 June 2023 investments are represented COIF Charity Investment Fund Income Units and Italian Government Bonds (BTP) purchased in March 2023 as follows:

	2023 (€)	2022 (€)
COIF Charity Investment Funds Income Units	50,192	48,743
Italian Government bonds (BTP)	503,997	-
Total	554,189	48,743

The Institute invests temporary liquidity in financial instruments and adopts a “mark to market” valuation approach in relation to its investment portfolio.

Analysis of Movement of investments

	2023 (€)	2022 (€)
Carrying value (market value) at 1 July	48,743	56,068
Disposal		(4,456)
Purchase	500,000	
Change in market value	5,446	(2,869)
Carrying value (market value) at 30 June	554,189	48,743

5. Liabilities

Creditors: amounts falling due within one year

	2023 (€)	2022 (€)
Trade creditors	29,921	23,336
Accruals	133,124	134,963
Other creditors	147,576	144,218
Total	310,621	302,517

Trade creditors comprise services received from suppliers in the normal course of the Institute's activities.

Accruals are mainly composed of accruals for services received from suppliers, staff salaries to be paid and fees received in advance for courses in 2023-2024.

Other creditors are composed of the accounting value staff holidays, social security charges, taxes and pension charges, credit vouchers issued for courses and deposits to be refunded to Library users.

6. Provisions for liabilities and charges 2023

	Beacci claim	TFR	Total
At 1 July 2022 (€)	1,000,000	501,436	1,501,436
Expense in the year (€)	-	91,996	91,996
Increase in liability for year (€)	1,000,000	-	1,000,000
Utilisation (€)	-	(35,320)	(35,320)
At 30 June 2023 (€)	2,000,000	558,112	2,558,112

Previous reporting year:

	Beacci claim	TFR	Total
At 1 July 2021 (€)	1,000,000	466,452	1,466,452
Expense in the year (€)	-	69,941	69,941
Utilisation (€)	-	(34,957)	(34,957)
At 30 June 2022 (€)	1,000,000	501,436	1,501,436

Beacci claim

The ground and first floor apartments in Palazzo Lanfredini (housing the Director's flat, library and cultural centre of the British Institute of Florence) were bequeathed by Sir Harold Acton (who passed away in 1994) to the Institute under a will under Italian law dated 15 April 1993. Under a later will written in the US dated 13 December 1993, Sir Harold Acton revoked all previous testamentary dispositions. The Lanfredini apartments were treated as falling within his residuary estate.

The residuary Trustees have provided written confirmation recognising Sir Harold Acton's bequest to the Institute under his Italian will and stating that they would not interpose any claim to the assets bequeathed to the Institute under the Italian will. The Institute's title to the Lanfredini apartments has been registered.

Proceedings initiated in 1995 against New York University (as beneficiaries of the residuary estate) and the British Institute of Florence by the children of an Italian citizen, Mrs. Beacci, for recognition that their mother was the natural daughter of Sir Arthur Acton (Harold Acton's father) in order to claim a share of Harold Acton's estate in accordance with Italian succession law were dismissed in September 2009 by the Tribunal of Florence. Following a series of appeals and hearings, in May 2014 the Supreme Court annulled the previous judgements and upheld the right of the heirs of Mrs Beacci to bring a claim. The case continues.

The full value of Lanfredini has been included on the balance sheet at €4 million following a valuation in December 2010 by Knight Frank. The value of the building is estimated at €3,713,205 (valuation decided by the Trustees based on advice and current property market in Florence) and refurbishment at €286,795. An associated provision of €2 million against what is calculated as a 50% risk of loss of title is recognised within provisions. A claim for damages has also been made by the heirs of Mrs Beacci however the amount cannot be reliably established at this time and therefore no provision has been recognised this year.

Terminal Gratuity Benefit (TFR)

The Institute accounts for staff leaving indemnity (TFR) in accordance with Italian law. This is payable to employees upon termination of employment for whatever reason.

Other

The Institute's is defending claim a case made by a former employee in relational to employment contracts egal advisors are currently assessing a claim made by a former employee relating to Italian labour law. It is not possible to assess the financial impact, if any, of this claim until final judgement is made by the Florence labour tribunal therefore no provision has been recognised this year.

7. Donations and legacy

Amounts included in donations and legacies comprise donations receivable. The cost associated with fundraising was €23,718 for arrangements, venue hire and other costs associated with two fundraising visits organised during the year, as well as a small charge for subscription to the services of Justgiving.

8. Income from charitable activities.

The Institute's resources from charitable activities are as follows:

Activity or programme	2022-2023 (€) Income	2021-2022 (€) Income
English Adult	216,625	254,826
English Young Learners	302,696	315,632
English State Schools	212,118	242,648
Exams	371,022	380,116
Italian	116,046	75,602
History Of Art	87,041	63,174
Library	26,782	9,250
Other	5,404	8,097
Total	1,337,734	1,349,343

9. Breakdown of cost of charitable activities

Activity or programme	2022-2023 (€) Activities undertaken directly	2022- 2023 (€) Support Costs	2022- 2023 (€) Total	2021-2022 (€) Activities undertaken directly	2021- 2022 (€) Support Costs	2021- 2022 (€) Total
English Adult On Site	126,852	67,247	194,099	88,385	67,027	155,412
English Adult Off-Site	73,454	18,519	91,973	97,143	27,277	124,420
English Young Learners	237,957	154,774	392,731	224,436	156,016	380,452
English State Schools	222,941	48,007	270,948	179,702	60,516	240,218
Exams	289,492	119,298	408,790	229,860	128,284	358,144
Italian	68,607	45,290	113,897	47,189	21,361	68,549
History Of Art	59,729	37,768	97,497	60,183	20,323	80,506
Library	15,431	31,221	46,652	18,128	43,719	61,847
Cultural Programmes	28,110	58,587	86,696	70,918	40,188	111,106
Partnership Activities	25,882	33,356	59,238	71,303	24,470	95,773
Fundraising	23,718	11,404	35,122	6,578	-	6,578
Total	1,172,173	625,471	1,797,644	1,093,825	589,181	1,683,005

Governance costs of 30% of the costs of the Director, expenses reimbursed to Governors and audit costs were € 38,797 in 2022-2023 (2021-2022 €39,236)

Overheads	2022-2023	2021-2022
Marketing Pay costs	28,707	22,560
Administration Pay Costs	172,768	161,739
Cleaning Pay costs	13,041	12,870
Marketing and Communications	2,204	10,803
Administrations Costs	139,250	130,991
Moving and Inauguration Costs New Premises	76,201	14,695
Florentine Group Premises	102,563	141,931
International Group Premises	90,737	93,591
Subtotal Overheads	625,471	589,181

10. Trustees' expenses

	2023 (€)	2022 (€)
Governors' expenses	5,757	4,341

Governor's meetings are held in Florence each year in November and May and governors can be asked to be reimbursed their travel costs. No governors were remunerated for their activities as governors.

11. Indemnity insurance

Trustee indemnity insurance cover with a maximum limit of €500,000 is in place at a cost of € 1,834.

12. Net incoming resources

Net incoming resources is stated after charging:

	2023 (€)	2022 (€)
Depreciation of fixed assets (owned)	64,799	45,327
Amounts payable under operating leases	72,971	59,780
Audit fee	14,438	13,292

13. Staff costs, emoluments and numbers

Staff costs

	2023 (€)	2022 (€)
Gross salaries (UK and IT)	675,500	705,935
National Insurance and Pension (UK)	3,639	4,330
INPS (IT)	203,561	186,107
INAIL (IT)	5,346	1,964
IRAP (IT)	29,527	20,181
Trattamento di Fine Rapporto (TFR-IT)	91,996	69,941
Total	1,009,569	988,458

Staff costs and emoluments are included under “charitable activities” in the attached Statement of Financial Activities. One employee earned between £60,000 and £70,000 (including benefits) in this year and in the previous year.

Staff numbers

	2023 (No.)	2023 (FTE)
English Teaching, Exams and Administration staff	27	19.1
Italian, History of Art Teaching and Administration staff	4	1.9
Library staff	1	0.5
Cultural Programmes staff	3	1.1
Administration, Marketing, Building Management, Cleaning and Support Staff	6	5.4
Total	41	28.0

Staff numbers previous year

	2022 (No.)	2022 (FTE)
English Teaching and Administration staff	21.0	17.2
Italian Teaching and Administration staff	2.0	2.0
Library, History of Art, Exams & Support staff	17.0	8.7
Total	40.0	27.9

The average number of full time equivalent (FTE) employees does not include the freelance teachers who teach the History of Art Department.

Key management costs total € 289,762 (previous year € 327,733) and are made up of the salary costs of the Director and the Senior Management Team (the Director and six staff – three of whom work part time).

14. Movement of funds

	At 1 July 2022 (€)	Incoming Resource (€)	Spend /Increase in liability (€)	Investment Gain (Loss) (€)	Exchange Rate Gain (Loss)	Carried Forward (€) at 30 June 2023
Restricted Funds						
Palazzo Lanfredini Building	2,713,205	-	(1,000,000)	-	-	1,713,205
Restricted Funds	308,652	130,122	(161,348)	-	-	277,426
Total	3,021,857	130,122	(1,161,348)	-	-	1,990,631
Unrestricted funds						
General	426,074	1,544,529	(1,636,296)	4,002	(2,180)	336,129
Revaluation reserve	3,000,000	-	-	-	-	3,000,000
Total	3,426,074	1,544,529	(1,636,296)	4,002	(2,180)	3,336,129
Endowment Funds	48,031	-	-	1,444	(17)	49,458
Total Funds	6,495,962	1,674,651	(2,797,644)	5,446	(2,197)	5,376,218

	At 1 July 2021 (€)	Incoming Resource (€)	Spend (€)	Investment Gain (Loss) (€)	Exchange Rate Gain (Loss)	Carried Forward (€) at 30 June 2022
Restricted Fund						
Palazzo Lanfredini Building	2,713,205	-	-	-	-	2,713,205
Restricted Funds	307,085	242,519	(240,952)	-	-	308,652
Total	3,020,290	242,519	(240,952)	-	-	3,021,857
Unrestricted funds						
General	426,538	1,443,876	(1,442,053)	(191)	(2,097)	426,074
Revaluation reserve	3,000,000	-	-	-	-	3,000,000
Total	3,426,538	1,443,876	(1,442,053)	(191)	(2,097)	3,426,074
Endowment Funds	50,858	-	-	(2,652)	(175)	48,031
Total Funds	6,497,687	1,686,395	(1,683,005)	(2,843)	(2,272)	6,495,962

Restricted funds at 30 June 2023 totalled €277,425 of which € 174,634 are for future depreciation charges for infrastructure works undertaken in Palazzo Lanfredini from 2018-2020, € 13,143. for future depreciation charges for equipment purchased for Palazzo Lanfredini in 2019 and 2022, € 69,962 to cover Library direct costs and overheads not covered by membership fees, €669 for the restoration of library books, €1,395 for Advancing Women in Arts projects, € 12,000 for marketing activities, and €5,622 for Advantage Foundation English language courses.

15. Analysis of net assets

	2023 (€) (Tangible fixed assets	2023 (€) Net current assets	2023 (€) Provisions	2023 (€) Total
Un-restricted funds	412,055	425,510	(501,436)	336,129
Revaluation reserve - unrestricted	3,000,000	-	-	3,000,000
Restricted funds	3,713,205	277,426	(2,000,000)	1,990,631
Endowment funds	-	49,458	-	49,458
Total funds	7,125,260	752,394	(2,501,436)	5,376,218

	2022 (€) Tangible fixed assets	2022 (€) Net current assets	2022 (€) Provisions	2022 (€) Total
Un-restricted funds	474,332	453,179	(501,436)	426,074
Revaluation reserve – unrestricted	3,000,000	-	-	3,000,000
Restricted funds	3,713,205	308,652	(1,000,000)	3,021,857
Endowment funds	-	48,031	-	48,031
Total funds	7,187,537	809,862	(1,501,436)	6,495,962

The Institute's revaluation reserve funds are the value of a bronze statue, created by Henry Moore, known as "Warrior with Shield the Institute, which was received as a gift from Mrs. Moore (widow of Henry Spencer Moore) in 1987. The restricted funds represent the interest held in Lanfredini Building €3,713,205 (previous year €3,713,205) – see note 6. Other restricted funds include donations restricted to the Library and Cultural Programme. The endowment fund represents a permanent endowment set up for the Library.

16. Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 2023 (€)	Land and buildings 2022 (€)
Expiry date		
-within one year	72,971	83,818
- between one and five years	103,501	175,983
- more than five years	-	489
Total	176,472	260,290

18. Fiscal status of the institute

The Institute is a registered charity in accordance with the 2011 Charities Act of England and Wales (Registered Charity no. 290647) and is recognised by a Presidential Decree of the Italian Republic dated 25 February 1953.

The Corte di Cassazione (Supreme Court) recognised The British Institute of Florence as an *“Ente di Diritto Pubblico”* in a ruling dated 1 October 1998.

19. Donations From Trustees

Donations from Trustees in 2022-2023 totalled € 11,468. There were no donations from Trustees in 2021-2022.

20. Related Party Transactions

One Trustee and a family member of one Trustee took part in a fundraising visit for which they made donations.

21. 2021-2022 - Statement of financial activities incorporating income and expenditure account for the year

		2022 (€)	2022 (€)	2022 (€)	2022 (€)	2021 (€)
	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
Income from:						
Donations and legacies	7	68,758	242,519	-	311,277	464,941
Charitable activities	8	1,349,343	-	-	1,349,343	1,210,727
Grant from Italian Government		25,775	-	-	25,775	89,631
Total		1,443,876	242,519	-	1,686,395	1,765,299
Expenditure on:						
Charitable activities	9	(1,442,053)	(240,952)	-	(1,683,005)	(1,484,119)
Exchange rate gain (loss)		(2,097)		(175)	(2,272)	2,017
Total		(1,444,150)	(240,952)	(175)	(1,685,277)	(1,482,102)
						-
Net income/ (expenditure)		(274)	1,567	(175)	1,118	283,197
Other recognised gains/ (losses):						
Loss on investment fund		(191)	-	(2,652)	(2,843)	-
						-
Net movement in funds	14	(465)	1,567	(2,827)	(1,725)	283,197
						-
Reconciliation of Funds						-
Total funds brought forward		3,426,538	3,020,291	50,858	6,497,687	6,214,490
						-
Total funds carried forward		3,426,073	3,021,858	48,031	6,495,962	6,497,687



Accounts

Trustees' Annual Report and Accounts

For the year ended 30 June 2022



Contents	Page
Administrative details	3
Trustees' report	5
Governance	5
Objectives	6
Review of the year	7
Performance	8
The Future	11
Statement of Trustee Responsibilities	12
Independent auditor's report	14
Balance sheet	18
Statement of financial activities	19
Statement of cash flows	20
Notes to the financial statements	21

Administration

Trustees

Members of the Governing Body

Elected

Christopher Prentice*	Chairman
Beatrice Bargagli Stoffi	Deputy Chair
Maria Grazia Antoci*	
Giacomo Cortese	
Morgan Fiume	
Loyd Grossman	
Lady Hannah Lowy Mitchell	
Isobel McGregor	
David Nightingale	Universities UK nominee
James Stewart*	Treasurer
Luke Syson	British Academy nominee

Ex officio

Luigi Dei	Rector, University of Florence (to 31 August 2021)
Alessandra Petrucci	Rector, University of Florence (to 31 2021)
Rachel Launay*	Director, British Council, Italy
HMA Jill Morris	President (to 16 January 2022)
HMA Ed Llewelyn	President (from 01 February 2022)

Honorary Governor

Michael Griffiths

Senior Management Team 2021-2022

Simon Gammell*	Director
Amanda Lowe+	Deputy Director
Penny Walsh+	Head of Finance and Administration
Louise Barker	Schools Coordinator
Jeremy Boudreau	Head of History of Art
Annette Cooper	Young Learner Coordinator
Giulia Galeazzi	Library coordinator
Diletta Melani	Exams Coordinator and Operations Manager

* denotes member of Management Committee

+ attends Management Committee

Bankers:

Barclays Bank plc
21 Hanover Square
London W1S 1JW

Banca Intesa Sanpaolo
Filiale Firenze 62
Via Bufalini, 4
50122 Florence
Italy

Italian lawyers:

Avv. Lorenzo Contri
Via Lorenzo Il Magnifico, 78
50129 Firenze
Italy

Avv. Roberto Borlè Gioppi
Via Calabria, 56
00187 Roma
Italy

Auditor:

WMT
Chartered Accountants & Statutory Auditor
Verulam Point
Station Way
St Albans
Herts AL1 5HE

Accountant:

Studio Pignatelli
Dr Elena Pignatelli
Via Ruggero Ruggeri, 3
50135 Firenze
Italy

Trustees' Report for the year ended 30 June 2022

The British Institute of Florence is a charity registered with the Charity Commission of England and Wales under charity number 290647 and operates from the following addresses.

Palazzo Lanfredini, Lungarno Guicciardini 9, 50125 Florence, Italy.

The British Institute of Florence at The British Academy, 10 Carlton House Terrace, London SW1, United Kingdom.

<http://www.britishinstitute.it/en/>

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the requirements of the Charities Act 2011, 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 published on 16 July 2014 and the Royal Charter.

1. Governance

Structure, Governance and Management

The Institute was founded in 1917 and granted a Royal Charter in 1923. The Charter of Incorporation was confirmed by warrant on 14 May 1923. Amendments were undertaken to the Charter and Statutes on 3 June 1958, 14 December 1994 and 7 June 2006.

In 1953 the British Institute was formally appointed by Her Majesty's Government as one of three agencies for the execution of the provisions of the Anglo-Italian Cultural Convention of 28 November 1953, the other two being The British Council and the British School of Rome.

This was recorded in an official exchange of letters dated 1 July 1953 between the UK Ambassador to Italy at the time, Sir Victor Mallet and the then Italian Minister of Foreign Affairs, Alcide De Gasperi. The British Institute of Florence is thus recognised as representing and promoting UK culture in Italy.

The British Institute is directed by a Board of Governors which meets twice a year. A sub-committee of the Board of Governors, the Management Committee, meets more frequently both in person and by remote conferencing. The Director of the British Institute sits on the Management Committee. Working groups of Governors are appointed as required to assume specific responsibilities. The day-to-day operation of the British Institute is delegated to the Director.

Governors act as charitable Trustees and are appointed through nomination and election by the Board of Governors. The number of Governors was set at a minimum of 10 and maximum of 18 in an amendment to the Statutes of the British Institute of Florence in June 2006. New Governors receive induction which provides full briefing on the role and responsibilities of Governors and on procedural matters.

The Board of Governors is responsible for the aims, strategy and governance of the British Institute. It considers and approves strategic direction, budgeting and financial management, and quality assurance and improvement measures. It appoints the Director.

The pay and remuneration of the Director and key management personnel is set by the Management Committee.

The current Director, Mr Simon Gammell, took up office on 22 October 2018.

2. Objectives

2.1 Charitable Objects

The objects of the Institute as set out in its Charter (as amended) are as follows.

- The promotion of the study in Italy of the English language and of British literature, art, history, philosophy and institutions.
- The promotion of the study of the Italian language and of Italian literature, art, history, philosophy, and institutions; and of a greater knowledge and appreciation of Italian culture.
- The promotion of understanding between the citizens of Italy and those pursuing studies described above.
- The maintenance of a Library in Florence to support the other objects.

2.2 Aims

To meet its objects, the Institute has the following aims.

- To provide educational programmes of the highest quality, making a difference to the lives of those taught.
- To maintain and develop its unique Library and Archive and ensure its accessibility to students, researchers, scholars, and the general public, and to raise financial resources to this end.
- To be at the centre of Florence's rich cultural life through the organisation of and participation in a wide range of cultural events and programmes.

Strategic aims for the year to June 2022

1. Control costs and retain income to ensure that the Institute survives the continuing COVID pandemic without damaging losses in financial year 2021-2022
2. Provide teaching and learning programmes recognised as being of the highest quality, to ensure that the British Institute of Florence is the natural first choice for those wishing to study English, Italian and History of Art in Florence, and sit Cambridge English language exams. Further develop the quality and reach of our online and hybrid delivery of courses.
3. Further develop the Cultural Programme and partner events at Palazzo Lanfredini, designed to significantly increase and diversify the number of visitors and customers, whilst building significant new revenue streams.
4. Build up our partnerships with educational, cultural, governmental, and corporate organisations in Florence and throughout the world, encouraging them to engage with the Institute both in

support of our programmes and as a venue for running other events that contribute to the Institute's Aims and Objects.

5. Further develop all-Institute marketing and communications, by improving the website and building stronger digital channels, to build profile, attract more partners and patrons and drive increased revenue from donations and sales
6. Further develop our fundraising capacity and introduce innovative approaches to achieving steady growth in the value of funds raised.
7. Overall Management and Governance of the British Institute of Florence continues to meet Charity Commission requirements and demonstrates best practice in relation to staff and staffing, financial management and control, product development and delivery, customer satisfaction, estate and resource management, staff development and quality assurance.

We complied with the duty in section 17 of the Charities Act 2011 to refer to guidance published by the Charity Commission on public benefit when reviewing our aims and objectives and planning our future activities.

3. Review of the year

2021-2022 was the second year to be significantly affected by the COVID pandemic, with continuing tough trading conditions and operational challenges. The Institute continued to weather the storm and closed the year with a break-even financial result. The strategy for the year was to prepare for a strong re-emergence in autumn 2022, by when it was expected that the worst of the pandemic would be over. So a new three year Business Plan 22-25 was developed and approved by the Board of Governors in May 2022. The aim of the Business Plan is to build on recent financial successes (which by end of financial year 21-22 had fully restored the charity's reserves) to develop a business structure and operations that will deliver stable financial sustainability for years to come.

A first step for the new business plan was to reorganise the Institute into two customer facing operational groups: the Florentine group which will deliver English language courses and exams to Florentine customers; and the International Group, which will deliver History of Art and Italian language courses, together with a rich programme of cultural and social events and library services for international residents and visitors to Florence, from our heritage premises at Palazzo Lanfredini.

The major change for the Florentine Group was the relocation of the school to new premises at Viale Mazzini, completed in time for launch with the 2022 academic year. This provides much improved classrooms with greater amenity than our long-term base at Palazzo Strozzi, together with more convenient access for our customers. The new premises provide the opportunity for a fresh new chapter for our long-standing English teaching operation. The Florentine Group continued to recover from the pandemic with a small year-end deficit (better than budget).

The International Group made a steady recovery, with most programmes once more delivered live in the Library, whilst continuing to offer hybrid access via zoom. Italian language teaching recovered well from the total collapse of demand in the previous year, and posted a surplus way ahead of budget. A substantial restricted donation from John Hoenig was used to do a major refurbishment of the ground floor room at Lanfredini, and experiment with a new programme of contemporary cultural events, targeting a younger demographic than our traditional offering in the Library. Named *SOTTO al British*, this new programme made significant impact.

An important highlight of the drive to improve marketing for the Institute was the design and implementation of a completely new website.

The overall financial result for the Institute in 2021-22 was a net deficit of Euro 2K.

4. Performance

Performance is managed on a weekly basis by the leadership team comprising Director, Deputy Director and Head of Finance and Resources, and at meetings of the Senior Management Team every six weeks. Both the Governing Body and Management Committee review overall performance, management accounts and progress against budget.

4.1 Departmental Performance

Florentine Group

All English and Exams

Income received in 2021-22 totalled €1,193K, 7% up on the previous year. The Florentine Group ended the year with a €51K loss against budget set, however if the costs (€14.5K) of the move to new premises in Viale Mazzini are not taken into account then overall the Group came in on budget (loss of €35K).

Adult English

Adult English was still deeply affected by the pandemic and enrolments remained low, despite changes to reduce course fees and offer an online option.

Young Learners Onsite

Our main Young Learner annual courses were steady this academic year, with a similar number of students overall compared to 20/21.

We still have a way to go to reach pre-pandemic overall income, mainly due to the ongoing effect of the pandemic on summer courses.

State Schools

We ran 56 courses this year compared to 63 in 20/21 and have again worked with 7 schools including 2 middle schools. Income was up, as we negotiated longer courses with two of the schools.

State schools total income this year was above the budget of €222K - at €242K compared to €211K last year.

The *English for Work Skills* project (PCTO) we started last year continued to grow, with 33 groups of students generating more than €40K this year.

Exams

Exams continued to grow back towards pre-pandemic levels, and was the most successful product for the Group in financial terms, yielding a €17K net surplus. This excellent performance was enabled in part by the continuing practice of delivering most of the exams in house.

International Group

History of Art

Income came in below budget, but was matched by a reduction in costs, resulting in a small net loss.

Though for the first time since the start of the pandemic onsite registrations are beginning to outnumber online registrations, and it was possible to resume the visits to sites round Florence (an integral part of the normal programme), numbers of enrolments remain somewhat depressed. Improving this is a priority focus for our continuing efforts to improve marketing for the Institute's products and services.

The Italian Department

After a year of near collapse due to the pandemic, Italian saw a strong return of demand, led by individuals and University groups. The University of Cambridge returned for their usual 10 day course with double the amount of students because there had been no course last year. And James Madison University returned, albeit with smaller groups. Individuals have started returning for private lessons in significant numbers. And in May we restarted Group Courses, and got enough enrolments to cover costs. All Italian lessons are now delivered in the Lanfredini rooms, which gives our customers a richer cultural experience, and allows for more effective cross-selling with other International Group products.

The department staffing has been reduced to two part-time teachers on 12 hours a week, which enables trading at surplus; the financial result for Italian in 21/22 was a €6K net surplus on €75K income – an encouraging result.

Cultural Programme

In September 2021 it was possible to resume running the Cultural Programme in the Library, and this continued throughout the year. We continued to deliver most events in hybrid form, with audiences joining on zoom alongside those in the room – and this worked well. Income received for the events was around €30K

The Cultural Programme featured four event strands:

Wednesday Lectures. The classic flagship programme presents a lecture each week on a theme related to the *History, Art and Life of Florence*.

Music al British. We are partnering with the Keyboard Trust (UK) and the Mascarade Opera Studio (Florence) to programme very talented young musicians, giving us consistently high quality for this series of piano and chamber music in the Library.

Meet the Author. This is a new strand where we present writers and their work in the Library. We have presented five writers so far

Wine tasting. Another new strand, where we invite wine producers to give us a detailed wine tasting with the full story of their Winery.

In all, we presented over 50 events, with an average live audience around 35 people (with a further 50 joining by zoom for hybrid events). With better marketing, it should be possible to grow these audiences, and the associated income, significantly.

The new *SOTTO al British* programme started in April in the beautifully refurbished Sala Hoenig. The programming so far has been a mixture of community art making events (such as Life Drawing classes), some experimental performance pieces, and a couple of art exhibitions. The project is getting some attention in the city, and bringing in some new people, but is not yet generating much income.

We also partnered with the AWA Legacy fund to present a project called *Oltrarno Gaze*, which delivers a number of workshops and events looking at the dialogue between contemporary creative women and the historical legacy of Florence. This project came to us fully funded, with a project manager attached and a management fee.

Lanfredini Partnerships

The use of our rooms by partners for their events began slowly to recover as the pandemic started to recede. By the end of the year some 25 partner events generating donations amounting to around €5K, with low direct costs. Partners include a number of local cultural associations, the British Embassy in Rome and the British Chamber of Commerce, American and British Universities.

Library Services

After a difficult two-year period of partial closures and re-openings, the Library and the Archive definitively re-opened with regular access from 1st September 2021, in the afternoon only (14.30-18.30). From that date the Library Coordinator, working part-time, has been the only person coordinating the basic library and archive services.

The library had over 350 members, but the number of loans has seen a notable and constant decrease, a situation which is common to other libraries in the world, which has only been accelerated by the pandemic.

There is still keen interest in the Archive materials. We receive many e-mail enquiries and visits from serious students, scholars and University professors, and there were 10 scholarly visits during the year.

Fundraising

It was another good year for fundraising, which continues to be essential for the maintenance of the Institute's financial stability. To memorialise our great supporter and long-time Governor, the late Lady Jane Roberts, we established the Jane Roberts Memorial Fund to raise funds for the Library that was her passion. Launched at her memorial service at St George's Chapel, Windsor, by year end the Fund stood at €64K. Other highlights included a legacy from another long serving Governor, Anthony Smith (€58K), and a Grant for the Library from the Foyle Foundation (€23K). And we were delighted to secure a new three year Grant totalling €165K for the years 2022 to 2024. A fundraising dinner at Palazzo Lanfredini realised €5K net of costs.

In May 2022 Lady Hannah Lowy Mitchell joined the Board of Governors. Lady Mitchell brings extensive fundraising experience and has taken over as Chair of the Fundraising Committee. This will give our Fundraising programme a welcome boost in the coming years.

Volunteers and work placements

Volunteers and university interns normally make an important contribution to running the library and other programmes. Because of the uncertainties of the pandemic, we were unable to welcome any volunteers or interns this year. We expect to revive the programme in the coming year.

Marketing and Sales

The work on improving the effectiveness of our Marketing continued, concentrating mostly on developing our digital channels, with differentiated messages for our Italian and international audiences. A full revision of our website was completed by Easter 2022. This has been complemented by improvements in the online customer experience for online sales and registrations.

4.2 Financial

The financial year 2021-22 finished with a net loss of €1,725. In 2021-22 the Institute received donations, and legacies totalling €311,277.

Fundraising Policy

Fundraising activity is carried out by Governors, staff and volunteers (who are also library members). A professional fundraiser was not engaged in any fundraising activities nor did a commercial participator carry out any fundraising activities.

The Director and the Senior Management team supervise fundraising activities carried out by staff and volunteers. A member of staff is present during fundraising activities that take place on the premises of the British Institute in Florence. The Management Committee receives regular reports on fundraising activity.

The Fundraising sub-committee of the Board of Governors got a new Chair in May 2022 when Lady Hannah Lowy Mitchell joined the Board. The Governors, Director and Senior Management team constantly monitor fundraising activities to ensure that there is no unreasonable intrusion on a person's privacy, and that requests for donations are not unreasonably persistent.

Reserves Policy

The policy of Trustees is that the British Institute should hold financial reserves to enable it to continue operating its charitable activities in the event of a failure of income. The target level of reserves is set at the equivalent of three months operating costs. As of 30 June 2022, the level of reserves was €426K against a target of three months operating costs of €391K. This is the first time in many years that we have held reserves at the target level.

Restricted assets of €3,022K comprise € 2,713K as the value of Palazzo Lanfredini which is restricted to use as a library and €309K representing donations restricted to funding the Library and Cultural Programme. The Institute also owns a bronze statue, created by Henry Moore, known as "Warrior with Shield", received as a gift in 1987 from Mrs. Moore (widow of Henry Spencer Moore). This heritage asset has been valued for insurance purposes at € 3,000K.

Grant-making policy

The British Institute does not make grants and therefore does not have a grant-making policy.

Investment policy and objectives

The British Institute set up an endowment fund in 2012-13 which is able to invest in long term assets to generate income to fund charitable purposes. Other funds are held in cash or short-term liquid assets.

ISO accreditation

The Institute successfully obtained the new ISO 9001 standard, which was reconfirmed at an interim review in January 2020.

Risk Assessment

A formal risk assessment is carried out each year and a Risk Assessment Report is approved by the Board of Governors at its spring meeting. It identifies the main risks to which the charity is exposed, the current level of risk and its likely impact, the procedures in place to mitigate the effects of identified risks and the level of residual risk, using a traffic light system. Any unanticipated risk emerging during the year is brought to the Management Committee of the Board of Governors for further consideration.

There are two legal cases currently unresolved. The claim by the descendants of Sig.ra Beacci for a share of our property at Palazzo Lanfredini is longstanding and remains some time from any final resolution. A former employee raised a case the Institute relating to her contracts and social security entitlements.

5. The Future

Exceptional fundraisings results, together with tenacious trading during the continuing pandemic, have put the Institute into a relatively strong financial position at the end of financial year 2021-2022. In the 2022-2023 year the impact of the pandemic will likely recede, to be replaced by the challenges posed by rising inflation. We have adopted a three year business plan designed to capitalise on our current financial stability and set the Institute firmly on a sustainable financial footing for the long term. The aim is to generate the revenues needed to balance the books, to provide funding for judicious investments for future innovation and growth, and eventually reduce the dependence on annual fundraising.

6. Statement of Trustee Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted

Accounting Practice (United Kingdom Accounting Standards and applicable law). The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

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

- a) select suitable accounting policies and apply them consistently.
- b) observe the methods and principles in the Charities SORP.
- c) make judgments and accounting estimates that are reasonable and prudent.
- d) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

e) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping sufficient accounting records that 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.

The major risks to which the charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks.

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

Approved by the Governing Body and signed on its behalf by



Christopher Prentice

5 February 2023

Chairman.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BRITISH INSTITUTE OF FLORENCE

Opinion

We have audited the financial statements of the British Institute of Florence (the 'charity') for the year ended 30 June 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 2022 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 charity 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 charity'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, except to the extent otherwise explicitly stated in our report, 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.



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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 12 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under 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:

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards and Charity Law.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the charity and therefore may have a material effect on the financial statements include compliance with the charitable objectives, public benefit, regional law, employment law, safeguarding, data protection, health & safety legislation, fire safety and disability regulations.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and the Trustees as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of Trustee meeting minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

WMT

Chartered Accountants
Statutory Auditor
Verulam Point
Station Way
St Albans
Hertfordshire
AL1 5HE

23 February 2023

WMT is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Balance Sheet
30 June 2022

	Not e	2022 (€)	2021 (€)
Fixed assets			
Tangible assets	3	4,187,537	4,220,550
Heritage assets	3	3,000,000	3,000,000
Total fixed assets		7,187,537	7,220,550
Current assets			
Debtors	4	147,769	79,278
Investments	4	48,743	56,068
Cash at bank and in hand		915,866	931,575
Total current assets		1,112,378	1,066,921
Liabilities			
Creditors: amounts falling due within one year	5	(302,517)	(323,332)
Net current assets		809,862	743,589
Total assets less current liabilities		7,997,398	7,964,139
Provisions for liabilities	6	(1,501,436)	(1,466,452)
Net assets		6,495,962	6,497,687
Total funds of the charity			
Endowment funds	14	48,031	50,858
Restricted funds	14	3,021,858	3,020,291
Unrestricted funds	14	426,073	426,538
Revaluation Reserve	14	3,000,000	3,000,000
Total charity funds	14	6,495,962	6,497,687

The financial statements of The British Institute of Florence were approved by the Trustees on 05/02/2023

Christopher Prentice

Signed on behalf of the Board of Trustees, Chairman

Statement of financial activities incorporating income and expenditure account for the year ended 30 June 2022

		2022 (€)	2022 (€)	2022 (€)	2022 (€)	2021 (€)
	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
Income from:						
Donations and legacies	7	68,758	242,519	-	311,277	464,941
Charitable activities	8	1,349,343	-	-	1,349,343	1,210,727
Grant from Italian Government		25,775	-	-	25,775	89,631
Total		1,443,876	242,519	-	1,686,395	1,765,299
Expenditure on:						
Charitable activities	9	(1,442,053)	(240,952)	-	(1,683,005)	(1,484,119)
Exchange rate gain (loss)		(2,097)		(175)	(2,272)	2,017
Total		(1,444,150)	(240,952)	(175)	(1,685,277)	(1,482,102)
						-
Net income/ (expenditure)		(274)	1,567	(175)	1,118	283,197
Other recognised gains/ (losses):						
Loss on investment fund		(191)	-	(2,652)	(2,843)	-
						-
Net movement in funds	14	(465)	1,567	(2,827)	(1,725)	283,197
						-
Reconciliation of Funds						-
Total funds brought forward		3,426,538	3,020,291	50,858	6,497,687	6,214,490
						-
Total funds carried forward		3,426,073	3,021,858	48,031	6,495,962	6,497,687

The notes on pages 21 to 35 form part of the financial statements.

Statement of cash flows for the year ended 30 June 2022

		2022 (€)	2021 (€)
Net income / (expenditure) for the reporting period		(1,725)	283,197
Adjustments for:			
Depreciation charges		45,327	46,220
Net movements in provisions		34,984	(38,348)
Increase/ (decrease) in creditors: current liabilities		(9,290)	11,166
Decrease/ (increase) in debtors: current assets		(80,016)	34,275
Foreign exchange (gains) and losses		2,272	(2,017)
Net cash provided by/ (used in) operating activities		(8,448)	334,493
Cash flows from investing activity			
Purchase of tangible fixed assets		(12,314)	(6,920)
Movement in Investment portfolio		2,869	(8,893)
Disposal of Investment Portfolio		4,456	-
Purchase of Investments		-	-
Net cash provided by / (used in) investing activity		(4,989)	(15,813)
Change in cash and cash equivalents in the year		(13,437)	316,680
Cash and cash equivalents at the beginning of the year		931,575	610,878
Change in cash & cash equivalents due to exchange rate movements		(2,272)	2,017
Cash and cash equivalents at the end of the year		915,866	931,575
Cash and cash equivalents at the end of the year comprise:			
Cash at bank and in hand		915,866	931,575

Changes in net debt		At 1 July 2021	Cash flows	At 30 June 2022
Cash at bank and in hand		931,575	(15,709)	915,866

Notes to the financial statement for the year ended 30 June 2022

1. Basis of preparation of financial statements

The British Institute of Florence meets the definition of a public benefit entity under FRS 102.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, 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 United Kingdom and the Republic of Ireland (FRS 102) (Second Edition) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and 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 Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) (Second Edition) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The preparation of financial statements in compliance with SORP 2015 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies (see note 2).

The following principal accounting policies have been applied:

a) Incoming resources

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

All income is gross without deduction for related expenditure.

Incoming resources from charitable activities represent fees for services (library services; history of art, English and Italian language and cultural courses and activities) provided for the benefit of the charity's beneficiaries.

Grants and donations are accounted for when receivable.

b) Resources expended

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

Charitable activities include the direct costs of the activities and depreciation of related assets.

Support costs, including governance costs, which cannot be directly attributed to the activities have been allocated on a basis consistent with the use of resources.

Irrecoverable VAT or IVA is charged as a cost against the expenditure heading for which it was incurred.

c) Tangible fixed assets

Tangible fixed assets are stated at valuation (library and Lanfredini property) or at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Lanfredini refurbishing	– 3 to 20% straight line
Computers and other equipment	– 20 to 33.33% straight line
Strozzino refurbishing	– 15% straight line

Additions to fixed assets with a value below £1,000 are written off directly to the Statement of Financial Activities (SoFA).

No depreciation is charged on the Lanfredini Building, the Library or donated furniture as any charge would be immaterial due to the indefinite useful life and high residual values of the assets.

Heritage assets relate to art works which are owned by the charity. Heritage assets are held at historical cost, where purchased, valuation at acquisition, where donated or formal valuation. No depreciation is charged as the assets are considered to have an indefinite life

d) Valuation of investments

Securities are stated at market value.

e) Debtors

Short-term debtors are measured at transaction price, less any impairment losses.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks.

g) Financial instruments

The Charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as debtors and creditors.

Financial instruments are initially measured at transaction value. They 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 SoFA.

h) Creditors

Short term creditors are measured at the transaction price.

i) Foreign currency translation

The financial statements are presented in Euros, which is the functional currency of the Institute.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the SoFA.

Foreign exchange gains and losses that relate to monetary assets and liabilities are presented separately on the face of the SoFA within income or expenditure.

j) Holiday pay accrual

A liability is recognised to the extent of any unused pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the Balance sheet date.

k) Provisions for liabilities

Provisions are made where an event has taken place that gives the Institute a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the SoFA in the year that the Institute becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When settlements are eventually made, they are charged to the provision carried in the Balance sheet.

Included within provisions is an amount relating to an unfunded severance plan liability.

In accordance with Italian law, the Charity has an unfunded severance plan under which all Italian employees are entitled to receive severance indemnities (Trattamento di Fine Rapporto or "TFR") upon termination of their employment. The amounts payable are based on salary paid and increases in cost of living. The severance indemnities accrue approximately at the rate of 1/13.5 of the gross salaries paid during the year, and are revalued applying a cost of living factor established by the Italian Government. The amounts accrued become payable upon termination of the individual employee, for any reason, e.g., resignation, retirement, dismissal or reduction in staff. The full amount of the potential liability is provided for when it is incurred.

l) Funds

Unrestricted funds are funds which the Trustees are free to use for any purpose in furtherance of the charities objectives.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. Their restriction may apply to the use of income or capital or both.

Endowment funds comprise amounts donated to the Institute as a permanent endowment. Gains and losses on the investment capital are recognised within the endowment fund and related investment management costs are charged to the fund.

The revaluation reserves relates to gains or losses on the revaluation of fixed assets.

m) Operating leases

Rentals under operating leases are charged to the Statement of Financial Activity on a straight line basis over the period of the lease.

n) Going concern

The Trustees are of the opinion that there are no material uncertainties regarding going concern.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means the actual outcomes could differ from those estimates.

The key source of estimation uncertainty that could have an impact on the financial statements relates to the valuation of the Lanfredini property and the “Warrior with Shield” statue and the provision for liabilities and charges relating to the Beacci claim. Further information is provided in note 3 to the accounts.

3. Fixed assets

	Donated Furniture	Library	Lanfredini Refurbishing & equipment	Lanfredini Building	Computers & equipment	Total
Cost						
At 1 July 2021	41,196	105,354	1,061,802	3,713,205	915,144	5,836,701
Additions	-	-	14,150	-	8,364	22,314
Disposals	(10,200)					(10,200)
At 30 June 2022	30,996	105,354	1,075,952	3,713,205	923,508	5,849,015
Accumulated depreciation At 1 July 2021	-	(17,858)	(746,144)	-	(852,148)	(1,616,151)
Charge for the year	-	-	(36,093)	-	(9,234)	(45,327)
At 30 June 2022	-	(17,858)	(782,238)	-	(861,383)	(1,661,478)
Net book value at 30 June 2021	41,196	87,496	315,658	3,713,205	62,995	4,220,550
Net book value at 30 June 2022	30,996	87,496	293,715	3,713,205	62,125	4,187,537

The donated furniture includes some old and historic furniture valued at €30,996 with an indefinite useful life and high residual value resulting in any depreciation charge being immaterial.

The ground and first floor apartments in Palazzo Lanfredini (housing the Director's flat, library and cultural centre of the British Institute of Florence) were bequeathed by Sir Harold Acton (who passed away in 1994) to the Institute under a will under Italian law dated 15 April 1993. Under a later will written in the US dated 13 December 1993, Sir Harold Acton revoked all previous testamentary dispositions. The Lanfredini apartments were treated as falling within his residuary estate.

The residuary Trustees have provided written confirmation recognising Sir Harold Acton's bequest to the Institute under his Italian will and stating that they would not interpose any claim to the assets bequeathed to the Institute under the Italian will. The Institute's title to the Lanfredini apartments has been registered.

Proceedings initiated in 1995 against New York University (as beneficiaries of the residuary estate) and the British Institute of Florence by the children of an Italian citizen, Mrs. Beacci, for recognition that their mother was the natural daughter of Sir Arthur Acton (Harold Acton's father) in order to claim a share of Harold Acton's estate in accordance with Italian succession law were dismissed in September 2009 by the Tribunal of Florence. Following a

series of appeals and hearings, in May 2014 the Supreme Court annulled the previous judgements and upheld the right of the heirs of Mrs Beacci to bring a claim. The case continues.

The full value of Lanfredini has been included on the balance sheet at €4 million following a valuation in December 2010 by Knight Frank. An associated provision of €1 million against what is calculated as a 25% risk of loss of title is recognised within provisions.

In 1987, the Institute received as a gift from Mrs. Moore (widow of Henry Spencer Moore) a bronze statue, created by Henry Moore, known as "Warrior with Shield". This statue is on public display in the cloister of Santa Croce in Florence. A professional valuation was undertaken in 2020 by Christies and this valuation has been included since June 2020 in the financial statements. The basis of valuation is insurance value.

Heritage asset at valuation

At 1 July 2021 (€)	3,000,000
Revaluation in period	-
At 30 June 2022 (€)	3,000,000

4. Current assets

Debtors

	2022 (€)	2021 (€)
Debtors for courses	96,730	38,288
Prepayments	23,955	31,620
Other debtors	27,084	9,370
Total	147,769	79,278

The cash and bank balances reflect the situation as shown in the cash flow statement.

Investments

As at 30 June 2022 investments are represented COIF Charity Investment Fund Income Units as follows:

	2022 (€)	2021 (€)
Eurizon	-	4,456
COIF Charity Investment Funds Income Units	48,743	51,612
Total	48,743	56,068

The Institute invests temporary liquidity in financial instruments and adopts a “mark to market” valuation approach in relation to its investment portfolio.

Analysis of Movement of investments

	2022 (€)	2021 (€)
Carrying value (market value) at 1 July	56,068	47,176
Disposal	(4,456)	-
Change in market value	(2,869)	8,892
Carrying value (market value) at 30 June	48,743	56,068

5. Liabilities

Creditors: amounts falling due within one year

	2022 (€)	2021 (€)
Trade creditors	23,336	39,407
Accruals	134,963	145,322
Other creditors	144,218	138,603
Total	302,517	323,332

Trade creditors comprise services received from suppliers in the normal course of the Institute’s activities.

Accruals are mainly composed of accruals for services received from suppliers, staff salaries to be paid and fees received in advance for courses in 2022-2023.

Other creditors are composed of staff holidays, social security charges, taxes and pension charges, credit vouchers issued for courses and deposits to be refunds to Library users and deposits for courses that had to be postponed to due to the Covid 19 pandemic.

6. Provisions for liabilities and charges 2022

	Beacci claim	TFR	Total
At 1 July 2021 (€)	1,000,000.00	466,452	1,466,452
Expense in the year (€)	-	69,941	69,941
Utilisation (€)	-	(34,957)	(34,957)
At 30 June 2022 (€)	1,000,000.00	501,436	1,501,436

Previous reporting year:

	Beacci claim	TFR	Total
At 1 July 2020 (€)	1,000,000	504,800	1,504,800
Expense in the year (€)	-	55,873	55,873
Utilisation (€)	-	(94,221)	(94,221)
At 30 June 2021 (€)	1,000,000	466,452	1,466,452

The Institute accounts for staff leaving indemnity (TFR) in accordance with Italian law. This is payable to employees upon termination of employment for whatever reason. The Institute has retained a provision of €1,000,000 in the event that the Beacci claim were to succeed. See note 3 above. The Institute's legal advisors are currently assessing a claim made by a former employee relating to Italian labour law. It is not possible to assess the financial impact, if any, of this claim until comprehensive legal advice has been received.

7. Donations and legacy

Amounts included in donations and legacies comprise donations receivable. There have been no material costs associated with the generation of donations.

8. Income from charitable activities.

The Institute's resources from charitable activities are as follows:

	2022 (€)	2021 (€)
Activity or programme		
English courses	813,105	743,196
Italian courses	75,602	15,803
History of art courses	63,842	75,780
Exams fees	379,956	369,784
Library	9,250	3,388
Other	7,589	2,776
Total	1,349,343	1,210,727

9. Breakdown of cost of charitable activities

	2022 (€) Activities undertaken directly	2022 (€) Support Costs	2022 (€) Total	2021 (€) Activities undertaken directly	2021 (€) Support Costs	2021 (€) Total
Activity or programme						
English courses	589,666	286,510	876,176	528,106	248,458	776,564
Italian courses	47,189	21,860	69,049	64,303	5,800	70,103
History of art courses	60,183	19,470	79,653	61,213	21,244	82,457
Exams fees	229,860	116,871	346,731	266,571	110,490	377,061
Library	166,927	105,234	272,161	71,677	76,019	147,696
Governance costs		39,236	39,236		30,238	30,238
Total	1,093,825	589,181	1,683,005	991,870	492,249	1,484,119

Governance costs includes 30% of the costs of the Director, expenses reimbursed to Governors and audit costs.

Overheads	2022 (€)	2021 (€)
Stationery and telecommunications	18,137	17,864
Pay costs for administrative support staff and director	197,169	201,909
Premises costs (rent, utilities, upkeep) (minus depreciation)	186,754	106,920
Other administration expenditure (professional fees, payroll administration, insurance, audit, equipment, staff training)	130,991	118,116
Depreciation	45,327	46,220
Other	1,735	-
Marketing (Website and general marketing)	10,803	1,220
Total	589,181	492,249

10. Trustees' expenses

	2022 (€)	2021 (€)
Governors expenses	4,341	-

The Governor's meetings in November 2021 and May 2022 were held in Florence and some governors were reimbursed for travels costs. No governors were remunerated for their activities as governors.

In 2020/2021 there were no governors expenses as the meetings in November 2020 and May 2021 were held by teleconference.

11. Indemnity insurance

Trustee indemnity insurance cover with a maximum limit of €500,000 is in place at a cost of €1,815.

12. Net incoming resources

Net incoming resources is stated after charging:

	2022 (€)	2021 (€)
Depreciation of fixed assets (owned)	45,327	46,220
Amounts payable under operating leases	59,780	136,755
Audit fee	13,292	11,589

13. Staff costs, emoluments and numbers

Staff costs

	2022 (€)	2021 (€)
Gross salaries (UK and IT)	705,935	736,069
National Insurance and Pension (UK)	4,330	3,541
INPS (IT)	186,107	171,407
INAIL (IT)	1,964	1,663
IRAP (IT)	20,181	20,113
Trattamento di Fine Rapporto (TFR-IT)	69,941	55,873
Total	988,458	988,666

Staff costs and emoluments are included under “charitable activities” in the attached Statement of Financial Activities. One employee earned between £60,000 and £70,000 (including benefits) in this year and in the previous year.

Staff numbers

	2022 (No.)	2021 (No.)
English Teaching and Administration staff	21	23
Italian Teaching and Administration staff	2	4
Library, History of Art, Exams & Support staff	17	20
Total	40	47

Average number of full time equivalent (FTE) employees (excluding freelance teachers who teach the History of Art Department):

	2022 (No. of FTE)	2021 (No. of FTE)
English Teaching and Administration staff	17.2	17.7
Italian Teaching and Administration staff	2.0	2.6
Library, History of Art, Exams, & Support staff	8.7	8.7
Total	27.9	29.0

Key management costs total € 327,733 (previous year € 302,786) and are made up of the salary costs of the Director and the Senior Management Team (the Director and eight staff – four of whom work part time).

14. Movement of funds

Restricted Funds	At 1 July 2021 (€)	Incoming Resource (€)	Spend (€)	Investment Gain (Loss) (€)	Exchange Rate Gain (Loss)	Carried Forward (€)
Palazzo Lanfredini Building	2,713,205	-	-	-	-	2,713,205
Restricted Funds	307,085	242,519	(240,952)	-	-	308,652
Total	3,020,290	242,519	(240,952)	-	-	3,021,857
Unrestricted Funds						
General	426,538	1,443,876	(1442,053)	(191)	(2,097)	426,074
Revaluation reserve	3,000,000	-	-	-	-	3,000,000
Total	3,426,538	1,443,876	(1442,053)	(191)	(2,097)	3426,074
Endowment Funds	50,858	-	-	(2,652)	(175)	48,031
Total Funds	6,497,687	1,686,395	(1,683,005)	(2,843)	(2,272)	6495,962

Restricted Funds	At 1 July 2020 (€)	Incoming Resource (€)	Spend (€)	Investment Gain (Loss) (€)	Exchange Rate Gain (Loss)	Carried Forward (€)
Palazzo Lanfredini Building	2,713,205	-	-	-	-	2,713,205
Restricted Funds	210,643	150,169	(53,726)	-	-	307,086
Total	2,923,848	150,169	(53,726)	-	-	3,020,291
Unrestricted Funds						
General	248,513	1,608,492	(1,430,393)	-	(74)	426,538
Revaluation reserve	3,000,000	-	-	-	-	3,000,000
Total	3,248,513	1,608,492	(1,430,467)	-	-	3,426,538
Endowment Funds	42,129	-	-	6,638	2,091	50,858
Total Funds	6,214,490	1,758,661	(1,484,194)	6,638	2,091	6,497,687

Restricted funds at 30 June 2022 totalled € 308,652 of which € 182,554 are for future depreciation charges for infrastructure works undertaken in Palazzo Lanfredini from 2018-2020, € 17,930 for future depreciation charges for equipment purchased for Palazzo Lanfredini in 2019 and 2022, € 100,245 to cover Library direct costs and overheads not covered by membership fees, € 5,249 for History of Arts programmes, € 669 for the restoration of library books and € 2,005 for Advancing Women in Arts projects.

15. Analysis of net assets

	2022 (€) Tangible fixed assets	2022 (€) Net current assets	2022 (€) Provisions	2022 (€) Total
Un-restricted funds	474,332	453,179	(501,436)	426,074
Revaluation reserve – unrestricted	3,000,000	-	-	3,000,000
Restricted funds	3,713,205	308,652	(1,000,000)	3,021,857
Endowment funds	-	48,031	-	48,031
Total funds	7,187,537	809,862	(1,501,436)	6,495,962

	2021 (€) (Tangible fixed assets	2021 (€) Net current assets	2021 (€) Provisions	2021 (€) Total
Un-restricted funds	507,345	385,645	(466,452)	426,538
Revaluation reserve - unrestricted	3,000,000	-	-	3,000,000
Restricted funds	3,713,205	307,086	(1,000,000)	3,020,291
Endowment funds	-	50,858	-	50,858
Total funds	7,220,550	743,589	(1,466,452)	6,497,687

The Institute's revaluation reserve funds are the value of a bronze statue, created by Henry Moore, known as "Warrior with Shield the Institute, which was received as a gift from Mrs. Moore (widow of Henry Spencer Moore) in 1987. The restricted funds represent the interest held in Lanfredini Building €2,713,205 (previous year €2,713,205). Other restricted funds include donations restricted to the Library and Cultural Programme. The endowment fund represents a permanent endowment set up for the Library.

16. Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 2022 (€)	Land and buildings 2021 (€)
Expiry date		
-within one year	83,818	143,622
- between one and five years	310,183	11,905
- more than five years	61,000	-
Total	455,001	155,527

17. Financial Instruments

	2022 (€)	2021 (€)
Financial assets measured at fair value through profit or loss	48,743	56,068

Financial assets measured at fair value through profit or loss comprise of investments.

18. Fiscal status of the institute

The Institute is a registered charity in accordance with the 2011 Charities Act of England and Wales (Registered Charity no. 290647) and is recognised by a Presidential Decree of the Italian Republic dated 25 February 1953.

The Corte di Cassazione (Supreme Court) recognised The British Institute of Florence as an “*Ente di Diritto Pubblico*” in a ruling dated 1 October 1998.

19. Donations From Trustees

There were no donations from Trustees in 2022-2023 and 2021-2022.

20. Related Party Transactions

There were no related party transactions in the current or prior period.

21. Statement of financial activities incorporating income and expenditure account for the year ended 30 June 2021

		2021 (€)	2021 (€)	2021 (€)	2021 (€)	2020 (€)
	Not e	Unrestricted Funds	Restricted Funds	Endow- ment Funds	Total Funds	Total Funds
Income from:						
Donations and legacies	7	308,134	150,169	6,638	464,941	231,917
Charitable activities	8	1,210,727	-		1,210,727	1,365,798
Grant from Italian Government		89,631	-		89,631	64,153
Total		1,608,493	150,169	6,638	1,765,299	1,661,868
						-
Expenditure on:						-
Charitable activities	9	(1,430,393)	(53,726)	-	(1,484,119)	(1,612,115)
Exchange rate gain (loss)		(74)		2,091	2,017	3,034
Total		(1,430,467)	(53,726)	2,091	(1,482,102)	(1,609,081)
						-
Net income/ (expenditure)		178,026	96,443	8,729	283,197	52,787
						-
Other recognised gains/ (losses):						-
Gain in revaluation of fixed assets		-	-	-	-	3,000,000
						-
Net movement in funds	14	178,026	96,443	8,729	283,197	3,052,787
						-
Reconciliation of Funds						-
Total funds brought forward		3,248,513	2,923,848	42,129	6,214,490	3,161,703
						-
Total funds carried forward		3,426,539	3,020,291	50,858	6,497,687	6,214,490



Accounts

Trustees' Annual Report and Accounts

For the year ended 30 June 2021



Contents	Page
Administrative details	3
Trustees' report	5
Governance	5
Objectives	6
Review of the year	7
Performance	7
The Future	11
Statement of Trustee Responsibilities	12
Independent auditor's report	14
Balance sheet	18
Statement of financial activities	19
Statement of cash flows	20
Notes to the financial statements	21

Administration

Trustees

Members of the Governing Body

Elected

Christopher Prentice*	Chairman
Beatrice Bargagli Stoffi^	Vice Chair (from May 2021)
Maria Grazia Antoci	
Giacomo Cortese	From May 2021
Morgan Fiume	
Loyd Grossman	
Isobel McGregor	
Agnese Mazzei	Until November 2020
Lady Hannah Lowy Mitchell	From May 2021
David Nightingale	Universities UK nominee
James Stewart*	Treasurer
Luke Syson	British Academy nominee (from May 2021)

^ Elected Vice Chair in May 2021

Ex officio

Luigi Dei	Rector, University of Florence
Rachel Launay*	Director, British Council, Italy
HMA Jill Morris	President

Honorary Governor

Michael Griffiths

Senior Management Team 2020-2021

Simon Gammell*	Director
Amanda Lowe*	Deputy Director, Head of Courses
Penny Walsh*	Head of Finance and Resources
Jeremy Boudreau	Head of History of Art
Annette Cooper	Young Learner Coordinator
Giulia Galeazzi	Library coordinator
Louise Barker	Schools Coordinator
Diletta Melani	Exams Coordinator, Head of Reception

* denotes member of Management Committee

Bankers:

Barclays Bank plc
21 Hanover Square
London W1S 1JW

Banca Intesa Sanpaolo (formerly Cassa di Risparmio Firenze)
Filiale Firenze 62
Via dei Pescioni ang Via dei Corsi
50123 Florence
Italy

Italian lawyers:

Avv. Lorenzo Contri
Via Pico della Mirandola 9
50132 Florence
Italy

Avv. Roberto Borlè Gioppi
Via Calabria, n. 56
00187 Roma
Italy

Auditor:

WMT
Chartered Accountants & Statutory Auditor
Verulam Point
Station Way
St Albans
Herts
AL1 5HE

Accountant:

Studio Pignatelli
Dr Elena Pignatelli
Via Ruggero Ruggeri,3,
50135 Firenze (FI)

Trustees' Report for the year ended 30 June 2021

The British Institute of Florence is a charity registered with the Charity Commission of England and Wales under charity number 290647 and operates from the following addresses.

Palazzo Lanfredini, Lungarno Guicciardini 9, 50125 Florence, Italy.

The British Institute of Florence at The British Academy, 10 Carlton House Terrace, London SW1, United Kingdom.

<http://www.britishinstitute.it/en>

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the requirements of the Charities Act 2011, 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 published on 16 July 2014 and the Royal Charter.

1. Governance

Structure, Governance and Management

The Institute was founded in 1917 and granted a Royal Charter in 1923. The Charter of Incorporation was confirmed by warrant on 14 May 1923. Amendments were undertaken to the Charter and Statutes on 3 June 1958, 14 December 1994 and 7 June 2006.

In 1953 the British Institute was formally appointed by Her Majesty's Government as one of three agencies for the execution of the provisions of the Anglo-Italian Cultural Convention of 28 November 1953, the other two being The British Council and the British School of Rome.

This was recorded in an official exchange of letters dated 1 July 1953 between the UK Ambassador to Italy at the time, Sir Victor Mallet and the then Italian Minister of Foreign Affairs, Alcide De Gasperi. The British Institute of Florence is thus recognised as representing and promoting UK culture in Italy.

The British Institute is directed by a Board of Governors which meets twice a year. A sub-committee of the Board of Governors, the Management Committee, meets more frequently both in person and by remote conferencing. The Director of the British Institute sits on the Management Committee. Working groups of Governors are appointed as required to assume specific responsibilities. The day-to-day operation of the British Institute is delegated to the Director.

Governors act as charitable Trustees and are appointed through nomination and election by the Board of Governors. The number of Governors was set at a minimum of 10 and maximum of 18 in an amendment to the Statutes of the British Institute of Florence in June 2006. New Governors receive induction which provides full briefing on the role and responsibilities of Governors and on procedural matters.

The Board of Governors is responsible for the aims, strategy and governance of the British Institute. It considers and approves strategic direction, budgeting and financial management, and quality assurance and improvement measures. It appoints the Director.

The pay and remuneration of the Director and key management personnel is set by the Management Committee.

The current Director, Mr Simon Gammell, took up office on 22 October 2018.

2. Objectives

2.1 Charitable Objects

The objects of the Institute as set out in its Charter (as amended) are as follows.

- The promotion of the study in Italy of the English language and of British literature, art, history, philosophy and institutions.
- The promotion of the study of the Italian language and of Italian literature, art, history, philosophy, and institutions; and of a greater knowledge and appreciation of Italian culture.
- The promotion of understanding between the citizens of Italy and those pursuing studies described above.
- The maintenance of a Library in Florence to support the other objects.

2.2 Aims

To meet its objects, the Institute has the following aims.

- To provide educational programmes of the highest quality, making a difference to the lives of those taught.
- To maintain and develop its unique Library and Archive and ensure its accessibility to students, researchers, scholars, and the general public, and to raise financial resources to this end.
- To be at the centre of Florence's rich cultural life through the organisation of and participation in a wide range of cultural events and programmes.

Strategic aims for the year to June 2021

1. Control costs and retain income to ensure that the Institute survives the COVID pandemic without damaging losses in financial year 2020-2021
2. Provide teaching and learning programmes recognised as being of the highest quality, to ensure that the British Institute of Florence is the natural first choice for those wishing to study English and History of Art in Florence, and sit Cambridge English language exams. Further develop the quality and reach of our online and hybrid delivery of courses.
3. When possible, restart the new strategy for the Cultural Programme and partner events at Palazzo Lanfredini, designed to significantly increase and diversify the number of visitors and customers, whilst building significant new revenue streams.
4. Build up our partnerships with educational, cultural, governmental, and corporate organisations in Florence and throughout the world, encouraging them to engage with the Institute both in support of our programmes and as a venue for running other events that contribute to the Institute's Aims and Objects.
5. Further develop all-Institute marketing and communications, by improving the website and building stronger digital channels, to build profile, attract more partners and patrons and drive increased revenue from donations and sales
6. Further develop our fundraising capacity and introduce innovative approaches to achieving steady growth in the value of funds raised.
7. Overall Management and Governance of the British Institute of Florence continues to meet Charity Commission requirements and demonstrates best practice in relation to staff and

staffing, financial management and control, product development and delivery, customer satisfaction, estate and resource management, staff development and quality assurance.

We complied with the duty in section 17 of the Charities Act 2011 to refer to guidance published by the Charity Commission on public benefit when reviewing our aims and objectives and planning our future activities.

3. Review of the year

2020-2021 was a full year of the COVID pandemic, which made normal business operations for the Institute very difficult, as there were frequent periods when we were obliged to close our premises and operate exclusively online. The learning and experience we gained round online programme development and delivery during the first months of the pandemic in the financial year 2019-2020 was extremely valuable, helping us to achieve considerable success with a mixture of online, hybrid and in presence delivery for English, Exams, History of Art and Wednesday lectures. Library Services continued where possible, but with limited take up. Italian had very few customers, as there were few international visitors to Florence during the year and there was no demand for online learning. Leveraging the experience of online Wednesday Lectures, we delivered two successful and profitable courses for people drawn to study the *Divine Comedy* in the 700th Anniversary of Dante's death. Another innovation was *Firenze NOW!*, a programme designed to look at contemporary issues in Florence and position the Institute as valuable partner for the city. The first series of *Firenze NOW!*, events, which produced a well-received Report, looked at the *Future of Florence*, as the city was planning recovery from the pandemic.

The teams all worked with high levels of commitment and resilience through a very demanding year and delivered trading results that were better than budget. We also benefited from a full year of the Italian government furlough scheme (FIS) and were able to extend our reduced rental agreement for Palazzo Strozzi. But the outstanding financial successes of the year were some extraordinary fundraising results. Taken together, these produced a surplus of €283K in the 2020-2021 financial year of which €178K are unrestricted funds, increasing the financial reserves from €249K to €427K on 30 June 2021. The Institute has now exceeded the target of having reserves equal to the value of three months running costs (currently €391K) for the first time for several years.

4. Performance

Performance is managed on a weekly basis by the leadership team comprising Director, Deputy Director and Head of Finance and Resources, and at meetings of the Senior Management Team every six weeks. Both the Governing Body and Management Committee review overall performance, management accounts and progress against budget.

4.1 Departmental Performance

All English

English ended the year with total income from sales of courses of €743K, 19% lower than 2019-2020 when only four months were affected by the pandemic. However the costs of the department were 18% lower than the previous year thanks to the furlough scheme and a reduction in rental costs. The English Language business is divided into three departments: Adult English, Young Learners Onsite, State Schools and Exams

Adult English was deeply affected by the pandemic. In the uncertainty of the autumn 2020 less than half of the normal number of adults decided to enrol on group courses. Most were returning students with very few new customers. After one month in the classroom, government restrictions moved all adult group courses online only. While we managed to retain most of the participants the situation made it almost impossible to attract new customers

Online options saw a surge in requests from January 2021 and these courses sold well up until the summer.

The strategy implemented in 2020-2021 was to offer the maximum flexibility to adults in terms of length of enrolments, type of courses, and hybrid delivery models. We will continue with this strategy.

Young Learners Onsite experienced a difficult start to the year with low uptake for places on the July and September 2020 summer schools, but academic year course (October 2020 to May 2021) take up was good considering the circumstances. The full year results were lower than the previous year, which was much less affected by the pandemic, however indications are that the demand for Young Learner courses will recover well as we start to transition to the new normal in autumn 2021. Customer loyalty has been very good, with a high level of returning students signing up despite the uncertainty of conditions. Feedback from parents of students regarding the quality, organisation and swift responses maintained throughout the crisis have been excellent.

For **State Schools** we ran 63 courses in 2020-2021 compared to 71 in 2019-20, working with seven schools compared to ten the previous year. We won all the public tenders we participated in. However, we struggled to start middle school courses during the year as parents were reluctant for their children to spend more time online. Despite this, income was only €2k less than the previous year.

We started a brand-new *English for Work* course for high school students from a state school in Florence. The course took place in the library and involved ten teachers, eighteen groups of students and six weeks of courses. The feedback was excellent and the school involved has already expressed interest in doing the same again next year. It was good publicity for the library too as the students were very enthusiastic about the location.

Exams achieved excellent results despite disruption caused by government covid restrictions at various times throughout the year, with €370K income at the end of the financial year. This compares to €206K for the previous year and €394K for 2018-2019.. Flexible arrangements sanctioned by Cambridge Exams has meant that we were able to deliver most of the exams in our Strozzi premises which improved profitability significantly. However, it is likely that exams will return to the previous format as Cambridge is withdrawing the flexible delivery model.

Italian Department

It was not possible to hold Italian courses due to international travel for leisure being difficult during the pandemic. Some individual online lessons ran generating income of €16K from customers resident in Florence. Realistically, we are unable to compete with the large Chinese and American companies offering much cheaper online lessons. During the year one of our long serving teachers retired, and another took unpaid leave to work in a state school, the other two teachers were mainly on furlough, teaching only two or three hours per week.

History of Art

It was an extraordinary year for our History of Art department. After one month of teaching in the classroom in Florence in October, for the rest of the year we delivered courses online only. In 2019-20 the total income for the department was €96K, of which €17K was earned from online delivery; in 2020-21 the total income was €76K, with €60K coming from online delivery. This was the result of a lot of hard work, generating a series of brand-new online courses for our global audience. It will stand us in good stead going forward as we experiment with hybrid formats to draw larger audiences to Florence.

Library

2020-21 was particularly challenging for the library. While government regulations allowed libraries to stay open some of the time, we witnessed a strong decline in participation. The general perception that public spaces might be dangerous, led most of our members to refrain from visiting us. Moreover, part of the English-speaking community deserted the city leaving a gap in our audience. There was a 60% decline in membership producing just €3K, against €21K earned in 2018-19, the last normal year.

We took advantage of the months of public closure to finish the large weeding project that we started in 2019. We removed 13,545 books from the collection, with a 27% decrease from the 48,867 total recorded in 2019. Most of the books were donated, as reported last year, while a few hundred books were kept apart for the next Christmas fair, and only a small number of severely damaged volumes were recycled.

Cultural Programme

Apart from a handful of live events in the Sala Ferragamo in September and October, the Cultural Programme has been limited to online events by zoom only. These have done quite well, finding a good audience, and earning steady income. There have been three strands of online events:

The long tradition of Wednesday Lectures continued, with a series of lectures delivered via zoom throughout the year. The programming policy was to focus all lectures on *the history, art and life of Florence*, and we worked hard to engage consistently high-quality speakers. Audiences averaged around 100 people per session, with a further 400+ watching the recordings of the sessions on our YouTube channel. This is a much greater reach than we ever achieved with the classic live events in the library – which averaged 50-60 participants. The zoom audience donated on average €450 for each session, and the series will have earned around €16,000 by the end of the year. These figures are much higher than achieved by the traditional live only lecture series; we will retain simultaneous zoom broadcasting of the lectures.

We launched *Firenze NOW!* our new strand of events focussed on contemporary issues in Florence in autumn 2020, with a series of panel discussions on the *Future of Florence*. This programme connected us with many new leaders and influencers in the city and helped build our profile as a significant Florentine institution. We produced a report synthesising the findings of the *Future of Florence* sessions, which was distributed widely and well received in the city.

Marking the 700th Anniversary of Dante's death we ran a programme of two linked courses on the *Divine Comedy* - a six-part guided reading of the whole *Comedy* delivered by Alexandra Lawrence, followed by a deeper study of selected cantos delivered by Jason Houston – both American Dante specialists living in Florence. These programmes were available by registration and subscription (as for the History of Art courses), and were well attended, and so profitable. 60 people subscribed to the first part and 30 for the second, and they yielded a combined surplus of around € 5,000 on direct

costs. These courses represented an important example of our developing new strategy of hosting programmes that are developed and built by trusted partners. They provide the content, whilst we promote it as part of our programme, arrange the logistics and handle the registrations and split the income earned with the partner.

Other elements of the cultural programme – *Music al British*, *Thursday Tea*, *SOTTO al British* and *Lungarno Chats* had to be suspended for the entire year – because of the pandemic;

Partner Events

As a result of the pandemic, it was not possible to host many partner events in Palazzo Lanfredini this year. One of the few exceptions was a seminar presented by the British Chamber of Commerce in Italy.

Fundraising

It was an exceptional year for fundraising.

The standout donation was made by John Hoenig, a resident of Florence and long-term friend of the Institute, who gave more than €250K (of which circa €100K was restricted funding to support the development of the new *SOTTO al British* programme). The Sala Lungarno at Palazzo Lanfredini will be renamed Sala Hoenig in recognition of this exceptional gift.

Another notable contribution came from the John R Murray Charitable Trust, who donated a further £70K – a larger than usual gift in recognition of the exceptional challenges we have been facing during the pandemic.

Contributions from other donors continued through the multi-year grants from The Gloriette Fund (£2.5K), The Adrian Swire Charitable Trust (£25K) and others.

We are grateful to Jane Roberts, John Hoenig, Wayne McArdle, and Margie McKinnon who took up life memberships (€5,000) of the library. There was one platinum sponsorship for the Cultural Programme, from Lauri Thorndyke, matched by a donation from the Michael Griffiths Trust.

Volunteers and work placements

Volunteers and university interns normally make an important contribution to running the library and other programmes. Because of the uncertainties of the pandemic, we were unable to welcome any volunteers or interns this year. We expect to revive the programme in the coming year.

Marketing and Sales

The work on improving the effectiveness of our Marketing continued, concentrating mostly on developing our digital channels, with differentiated messages for our Italian and international audiences. Work was started on a complete revision of our website, which will be completed by early 2022. This has been complemented by improvements in the online customer experience for online sales and registrations.

4.2 Financial

The financial year 2020-21 finished with a surplus of €283K. In 2020-21 the Institute received donations, legacies and endowments totalling €458K.

Fundraising Policy

Fundraising activity is carried out by Governors, staff and volunteers (who are also library members). A professional fundraiser was not engaged in any fundraising activities nor did a commercial participator carry out any fundraising activities.

The Director and the Senior Management team supervise fundraising activities carried out by staff and volunteers. A member of staff is present during fundraising activities that take place on the premises of the British Institute in Florence. The Management Committee receives regular reports on fundraising activity.

A Fundraising sub-committee of the Board of Governors has been set up, chaired by the Chair of the Board of Governors, and reporting to the Governors. The Governors, Director and Senior Management team constantly monitor fundraising activities to ensure that there is no unreasonable intrusion on a person's privacy, and that requests for donations are not unreasonably persistent.

Reserves Policy

The policy of Trustees is that the British Institute should hold financial reserves to enable it to continue operating its charitable activities in the event of a failure of income. The target level of reserves is set at the equivalent of three months operating costs. As of 30 June 2021, the level of reserves was €427K against a target of three months operating costs of €391K. This is the first time in many years that we have held reserves at the target level.

Restricted assets of €3,020K comprise € 2,713K as the value of Palazzo Lanfredini which is restricted to use as a library and €307K representing donations restricted to funding the Library and Cultural Programme. The Institute also owns a bronze statue, created by Henry Moore, known as "Warrior with Shield", received as a gift in 1987 from Mrs. Moore (widow of Henry Spencer Moore). This heritage asset has been valued for insurance purposes at € 3,000K.

Grant-making policy

The British Institute does not make grants and therefore does not have a grant-making policy.

Investment policy and objectives

The British Institute set up an endowment fund in 2012-13 which is able to invest in long term assets to generate income to fund charitable purposes. Other funds are held in cash or short-term liquid assets.

ISO accreditation

The Institute successfully obtained the new ISO 9001 standard, which was reconfirmed at an interim review in January 2020.

Risk Assessment

A formal risk assessment is carried out each year and a Risk Assessment Report is approved by the Board of Governors at its spring meeting. It identifies the main risks to which the charity is exposed, the current level of risk and its likely impact, the procedures in place to mitigate the effects of identified risks and the level of residual risk, using a traffic light system. Any unanticipated risk emerging during the year is brought to the Management Committee of the Board of Governors for further consideration.

There are two legal cases currently unresolved. The claim by the descendants of Sig.ra Beacci for a share of our property at Palazzo Lanfredini is longstanding and remains some time from any final resolution. A former employee raised a case the Institute relating to her contracts and social security entitlements.

5. The Future

Exceptional fundraisings results, together with tenacious trading during the chronic phase of the pandemic, have put the Institute into a relatively strong financial position at the end of financial year

2020-2021. It is likely that the 2021-2022 year will see a transition from the pandemic to a New Normal. And this creates the context for an ambitious relaunch of the Institute, building on the successes we were starting to see before the pandemic, and incorporating the important new online capabilities that we have learned over the last eighteen months. We are developing a three year business plan designed to set the Institute firmly on a sustainable financial footing for the long term. The aim is to generate the revenues needed to balance the books, whilst reducing the dependence on annual fundraising and also enabling judicious investments for future innovation and growth.

6. Statement of Trustee Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted

Accounting Practice (United Kingdom Accounting Standards and applicable law). The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

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

- a) select suitable accounting policies and apply them consistently.
- b) observe the methods and principles in the Charities SORP.
- c) make judgments and accounting estimates that are reasonable and prudent.
- d) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- e) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping sufficient accounting records that 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.

The major risks to which the charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks.

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

Approved by the Governing Body and signed on its behalf by

Christopher Prentice
Chairman

17 February 2022





INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BRITISH INSTITUTE OF FLORENCE

Opinion

We have audited the financial statements of the British Institute of Florence (the 'charity') for the year ended 30 June 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 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 charity 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 charity'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, except to the extent otherwise explicitly stated in our report, 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.

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 12 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under 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:

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards and Charity Law.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the charity and therefore may have a material effect on the financial statements include compliance with the charitable objectives, public benefit, regional law, employment law, safeguarding, data protection, health & safety legislation, fire safety and disability regulations.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and the Trustees as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of Trustee meeting minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

WMT

WMT

Chartered Accountants
Statutory Auditor
Verulam Point
Station Way
St Albans
Hertfordshire
AL1 5HE

Date: 1 March 2022

WMT is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Balance Sheet
30 June 2021

	Note	2021 (€)	2020 (€)
Fixed assets			
Tangible assets	3	4,220,550	4,259,850
Heritage assets	3	3,000,000	3,000,000
Total fixed assets		7,220,550	7,259,850
Current assets			
Debtors	4	79,278	113,553
Investments	4	56,068	47,176
Cash at bank and in hand		931,575	610,878
Total current assets		1,066,921	771,607
Liabilities			
Creditors: amounts falling due within one year	5	(323,332)	(312,167)
Net current assets		743,589	459,440
Total assets less current liabilities		7,964,139	7,719,290
Provisions for liabilities	6	(1,466,452)	(1,504,800)
Net assets		6,497,687	6,214,490
Total funds of the charity			
Endowment funds	14	50,858	42,129
Restricted funds	14	3,020,291	2,923,848
Unrestricted funds	14	426,538	248,513
Revaluation Reserve	14	3,000,000	3,000,000
Total charity funds	14	6,497,687	6,214,490

The financial statements of The British Institute of Florence were approved by the Trustees on 17/02/2022

Signed on behalf of the Board of Trustees, Chairman

Christopher Prentice

Statement of financial activities incorporating income and expenditure account for the year ended 30 June 2021

		2021 (€)	2021 (€)	2021 (€)	2021 (€)	2020 (€)
	Note	Unrestricted Funds	Restricted Funds	Endow-ment Funds	Total Funds	Total Funds
Income from:						
Donations and legacies	7	308,134	150,169	6,638	464,941	231,917
Charitable activities	8	1,210,727	-	-	1,210,727	1,365,798
Grant from Italian Government		89,631	-	-	89,631	64,153
Total		1,608,492	150,169	6,638	1,765,299	1,661,868
Expenditure on:						
Charitable activities	9	(1,430,393)	(53,726)	-	(1,484,119)	(1,612,115)
Exchange rate gain (loss)		(74)		2091	2,017	3,034
Total		(1,430,467)	(53,726)	2091	(1,482,102)	(1,609,081)
Net income/ (expenditure)		178,025	96,443	8,729	283,197	52,787
Other recognised gains/ (losses):		-	-	-	-	-
Gain in revaluation of fixed assets		-	-	-	-	3,000,000
Net movement in funds	14	178,025	96,443	8,729	283,197	3,052,787
Reconciliation of Funds						
Total funds brought forward		3,248,513	2,923,848	42,129	6,214,490	3,161,703
Total funds carried forward		3,426,538	3,020,291	50,858	6,497,687	6,214,490

The notes on pages 21 to 35 form part of the financial statements.

Statement of cash flows for the year ended 30 June 2021

		2021 (€)	2020 (€)
Net income / (expenditure) for the reporting period		283,197	52,787
Adjustments for:			
Depreciation charges		46,220	44,747
Net movements in provisions		(38,348)	(103,527)
Increase/ (decrease) in creditors: current liabilities		11,166	(77,812)
Decrease/ (increase) in debtors: current assets		34,275	(6,896)
Foreign exchange (gains) and losses		(2,017)	(3,034)
Net cash provided by/ (used in) operating activities		334,493	(93,735)
Cash flows from investing activity			
Purchase of tangible fixed assets		(6,920)	(70,026)
Movement in Investment portfolio		(8,893)	2,032
Disposal of Investment Portfolio		-	-
Purchase of Investments		-	(44,820)
Net cash provided by / (used in) investing activity		(15,813)	(112,814)
Change in cash and cash equivalents in the year		316,680	(206,549)
Cash and cash equivalents at the beginning of the year		610,878	814,393
Change in cash and cash equivalents due to exchange rate movements		2,017	3,034
Cash and cash equivalents at the end of the year		931,575	610,878
Cash and cash equivalents at the end of the year comprise:			
Cash at bank and in hand		931,575	610,878

Changes in net debt		At 1 July 2020	Cash flows	At 30 June 2021
Cash at bank and in hand		610,878	320,697	931,575

Notes to the financial statement for the year ended 30 June 2021

1. Basis of preparation of financial statements

The British Institute of Florence meets the definition of a public benefit entity under FRS 102.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, 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 United Kingdom and the Republic of Ireland (FRS 102) (Second Edition) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and 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 Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) (Second Edition) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The preparation of financial statements in compliance with SORP 2015 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies (see note 2).

The following principal accounting policies have been applied:

a) Incoming resources

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

All income is gross without deduction for related expenditure.

Incoming resources from charitable activities represent fees for services (library services; history of art, English and Italian language and cultural courses and activities) provided for the benefit of the charity's beneficiaries.

Grants and donations are accounted for when receivable.

b) Resources expended

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

Charitable activities include the direct costs of the activities and depreciation of related assets.

Support costs, including governance costs, which cannot be directly attributed to the activities have been allocated on a basis consistent with the use of resources.

Irrecoverable VAT or IVA is charged as a cost against the expenditure heading for which it was incurred.

c) Tangible fixed assets

Tangible fixed assets are stated at valuation (library and Lanfredini property) or at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Lanfredini refurbishing	– 3 to 20% straight line
Computers and other equipment	– 20 to 33.33% straight line
Strozzi refurbishing	– 15% straight line

Additions to fixed assets with a value below £1,000 are written off directly to the Statement of Financial Activities (SoFA).

No depreciation is charged on the Lanfredini Building, the Library or donated furniture as any charge would be immaterial due to the indefinite useful life and high residual values of the assets.

Heritage assets relate to art works which are owned by the charity. Heritage assets are held at historical cost, where purchased, valuation at acquisition, where donated or formal valuation. No depreciation is charged as the assets are considered to have an indefinite life

d) Valuation of investments

Securities are stated at market value.

e) Debtors

Short-term debtors are measured at transaction price, less any impairment losses.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks.

g) Financial instruments

The Charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as debtors and creditors.

Financial instruments are initially measured at transaction value. They 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 SoFA.

h) Creditors

Short term creditors are measured at the transaction price.

i) Foreign currency translation

The financial statements are presented in Euros, which is the functional currency of the Institute.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the SoFA.

Foreign exchange gains and losses that relate to monetary assets and liabilities are presented separately on the face of the SoFA within income or expenditure.

j) Holiday pay accrual

A liability is recognised to the extent of any unused pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the Balance sheet date.

k) Provisions for liabilities

Provisions are made where an event has taken place that gives the Institute a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the SoFA in the year that the Institute becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When settlements are eventually made, they are charged to the provision carried in the Balance sheet.

Included within provisions is an amount relating to an unfunded severance plan liability.

In accordance with Italian law, the Charity has an unfunded severance plan under which all Italian employees are entitled to receive severance indemnities (Trattamento di Fine Rapporto or "TFR") upon termination of their employment. The amounts payable are based on salary paid and increases in cost of living. The severance indemnities accrue approximately at the rate of 1/13.5 of the gross salaries paid during the year, and are revalued applying a cost of living factor established by the Italian Government. The amounts accrued become payable upon termination of the individual employee, for any reason, e.g., resignation, retirement, dismissal or reduction in staff. The full amount of the potential liability is provided for when it is incurred.

l) Funds

Unrestricted funds are funds which the Trustees are free to use for any purpose in furtherance of the charities objectives.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. Their restriction may apply to the use of income or capital or both.

Endowment funds comprise amounts donated to the Institute as a permanent endowment. Gains and losses on the investment capital are recognised within the endowment fund and related investment management costs are charged to the fund.

The revaluation reserves relates to gains or losses on the revaluation of fixed assets.

m) Operating leases

Rentals under operating leases are charged to the Statement of Financial Activity on a straight line basis over the period of the lease.

n) Going concern

The Trustees are of the opinion that there are no material uncertainties regarding going concern.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means the actual outcomes could differ from those estimates.

The key source of estimation uncertainty that could have an impact on the financial statements relates to the valuation of the Lanfredini property and the “Warrior with Shield” statue and the provision for liabilities and charges relating to the Beacci claim. Further information is provided in note 3 to the accounts.

3. Fixed assets

	Donated Furniture	Library	Lanfredini refurbishing	Lanfredini Building	Computers & equipment	Total
Cost						
At 1 July 2020	41,196	105,354	1,061,802	3,713,205	908,224	5,829,781
Additions	-	-	-	-	6,920	6,920
At 30 June 2021	41,196	105,354	1,061,802	3,713,205	915,144	5,836,701
Accumulated depreciation At 1 July 2020	-	(17,858)	(710,157)	-	(841,916)	(1,569,931)
Charge for the year	-	-	(35,987)	-	(10,233)	(46,220)
At 30 June 2021	-	(17,858)	(746,144)	-	(852,149)	(1,616,151)
Net book value at 30 June 2020	41,196	87,496	351,645	3,713,205	66,308	4,259,850
Net book value at 30 June 2021	41,196	87,496	315,658	3,713,205	62,995	4,220,550

The donated furniture includes some old and historic furniture valued at €41,196 with an indefinite useful life and high residual value resulting in any depreciation charge being immaterial.

The ground and first floor apartments in Palazzo Lanfredini (housing the Director's flat, library and cultural centre of the British Institute of Florence) were bequeathed by Sir Harold Acton (who passed away in 1994) to the Institute under a will under Italian law dated 15 April 1993. Under a later will written in the US dated 13 December 1993, Sir Harold Acton revoked all previous testamentary dispositions. The Lanfredini apartments were treated as falling within his residuary estate.

The residuary Trustees have provided written confirmation recognising Sir Harold Acton's bequest to the Institute under his Italian will and stating that they would not interpose any claim to the assets bequeathed to the Institute under the Italian will. The Institute's title to the Lanfredini apartments has been registered.

Proceedings initiated in 1995 against New York University (as beneficiaries of the residuary estate) and the British Institute of Florence by the children of an Italian citizen, Mrs. Beacci, for recognition that their mother was the natural daughter of Sir Arthur Acton (Harold Acton's father) in order to claim a share of Harold Acton's estate in accordance with Italian

succession law were dismissed in September 2009 by the Tribunal of Florence. Following a series of appeals and hearings, in May 2014 the Supreme Court annulled the previous judgements and upheld the right of the heirs of Mrs Beacci to bring a claim. The case continues.

The full value of Lanfredini has been included on the balance sheet at €4 million following a valuation in December 2010 by Knight Frank. An associated provision of €1 million against what is calculated as a 25% risk of loss of title is recognised within provisions.

In 1987, the Institute received as a gift from Mrs. Moore (widow of Henry Spencer Moore) a bronze statue, created by Henry Moore, known as "Warrior with Shield". This statue is on public display in the cloister of Santa Croce in Florence. A professional valuation was undertaken in 2020 by Christies and this valuation has been included since June 2020 in the financial statements. The basis of valuation is insurance value.

Heritage asset at valuation

At 1 July 2020	3,000,000
Revaluation in period	-
At 30 June 2021	3,000,000

4. Current assets

Debtors

	2021 (€)	2020 (€)
Debtors for courses	38,288	89,200
Prepayments	31,620	12,014
Other debtors	9,370	12,339
Total	79,278	113,553

The cash and bank balances reflect the situation as shown in the cash flow statement.

Investments

As at 30 June 2021 investments are represented by security investment trusts (Eurizon) and COIF Charity Investment Fund Income Units as follows:

	2021 (€)	2020 (€)
Eurizon	4,456	4,422
COIF Charity Investment Funds Income Units	51,612	42,754
Total	56,068	47,176

The Institute invests temporary liquidity in financial instruments and adopts a “mark to market” valuation approach in relation to its investment portfolio.

Analysis of Movement of investments

	2021 (€)	2020 (€)
Carrying value (market value) at 1 July	47,176	4,388
Disposal of Eurizon		
Purchase of COIF Charity Investment Funds Income Units	-	44,820
Change in market value	8,892	(2,032)
Carrying value (market value) at 30 June	56,068	47,176

5. Liabilities

Creditors: amounts falling due within one year

	2021 (€)	2020 (€)
Trade creditors	39,407	18,696
Accruals	145,322	136,187
Other creditors	138,603	157,284
Total	323,332	312,167

Trade creditors comprise services received from suppliers in the normal course of the Institute’s activities.

Accruals are mainly composed of accruals for services received from suppliers, staff salaries to be paid and fees received in advance for courses in 2021-2022.

Other creditors are composed of staff holidays, social security charges, taxes and pension charges, credit vouchers issued for courses and deposits to be refunds to Library users and deposits for courses that had to be postponed to 2021-2022 due to the Covid 19 pandemic.

6. Provisions for liabilities and charges 2021

	Beacci claim	TFR	Total
At 1 July 2020	1,000,000	504,800	1,504,800
Expense in the year	-	55,873	55,873
Utilisation	-	(94,221)	(94,221)
At 30 June 2021	1,000,000	466,452	1,466,452

Previous reporting year:

	Beacci claim	TFR	Total
At 1 July 2019	1,000,000	608,327	1,608,327
Expense in the year	-	58,168	58,168
Utilisation	-	(161,695)	(161,695)
At 30 June 2020	1,000,000	504,800	1,504,800

The Institute accounts for staff leaving indemnity (TFR) in accordance with Italian law. This is payable to employees upon termination of employment for whatever reason. The Institute has retained a provision of €1,000,000 in the event that the Beacci claim were to succeed. See note 3 above. The Institute's legal advisors are currently assessing a claim made by a former employee relating to Italian labour law. It is not possible to assess the financial impact, if any, of this claim until comprehensive legal advice has been received.

7. Donations and legacy

Amounts included in donations and legacies comprise donations receivable. There have been no material costs associated with the generation of donations.

8. Income from charitable activities.

The Institute's resources from charitable activities are as follows:

Income from charitable activities. The Institute's resources from charitable activities are as follows:	2021 (€)	2020 (€)
Activity or programme		
English courses	743,196	919,295
Italian courses	15,803	112,537
History of art courses	75,780	96,383
Exams fees	369,784	205,867
Library	3,388	12,091
Other	2,776	19,625
Total	1,210,727	1,365,798

9. Breakdown of cost of charitable activities

	2021 (€) Activities undertaken directly	2021 (€) Support Costs	2021 (€) Total	2020 (€) Activities undertaken directly	2020 (€) Support Costs	2020 (€) Total
Activity or programme						
English courses	528,106	248,458	776,564	614,650	343,933	958,583
Italian courses	64,303	5,800	70,103	119,941	41,881	161,822
History of art courses	61,213	21,244	82,457	69,402	20,173	89,575
Exams fees	266,571	110,490	377,061	129,538	49,224	178,762
Library	71,677	76,019	147,696	86,676	99,896	186,572
Other	-	-	-	-	-	-
Governance costs		30,238	30,238	-	36,801	36,801
Total	991,870	492,249	1,484,119	1,020,207	591,908	1,612,115

Governance costs includes 30% of the costs of the Director, expenses reimbursed to Governors and audit costs.

Overheads	2021 (€)	2020 (€)
Stationery and telecommunications	17,864	20,888
Pay costs for administrative support staff and director	201,909	209,756
Premises costs (rent, utilities, upkeep) (minus depreciation)	106,920	207,661
Other administration expenditure (professional fees, payroll administration, insurance, audit, equipment, staff training)	118,116	105,256
Depreciation	46,220	44,747
Other	-	1,248
Marketing (Website and general marketing)	1,220	2,352
Total	492,249	591,908

10. Trustees' expenses

	2021 (€)	2020 (€)
Governors expenses	-	2,461

The Governor's meetings in November 2020 and May 2021 were held by teleconference. No governors were remunerated for their activities as governors.

In 2019/2020 expenses were met for travel and hotel costs for four Governors attendance at the November 2019 Governors meeting. The May 2020 Governor's meeting was held by teleconference.

11. Indemnity insurance

Trustee indemnity insurance cover with a maximum limit of €2 million is in place at a cost of €1,815.

12. Net incoming resources

Net incoming resources is stated after charging:

	2021 (€)	2020 (€)
Depreciation of fixed assets (owned)	46,220	44,747
Amounts payable under operating leases	136,755	69,600
Audit fee	11,589	14,059

13. Staff costs, emoluments and numbers

Staff costs

	2021 (€)	2020 (€)
Gross salaries (UK and IT)	736,069	811,796
National Insurance and Pension (UK)	3,541	5,381
INPS (IT)	171,407	197,483
INAIL (IT)	1,663	933
IRAP (IT)	20,113	18,139
Trattamento di Fine Rapporto (TFR-IT)	55,873	58,168
Total	988,666	1,091,900

Staff costs and emoluments are included under “charitable activities” in the attached Statement of Financial Activities. One employee earned between £60,000 and £70,000 (including benefits) in this year and in the previous year.

Staff numbers

	2021 (No.)	2020 (No.)
English Teaching and Administration staff	23	25
Italian Teaching and Administration staff	4	5
Library, History of Art, Exams & Support staff	20	14
Total	47	44

Average number of full time equivalent (FTE) employees (excluding freelance teachers who teach the History of Art Department):

	2021 (No. of FTE)	2020 (No. of FTE)
English Teaching and Administration staff	17.7	17.4
Italian Teaching and Administration staff	2.6	3.6
Library, History of Art, Exams, & Support staff	8.7	8.9
Total	29.0	29.9

Key management costs total Euro 302,786 (previous year Euro 297,125 and are made up of the salary costs of the Director and the Senior Management Team (the Director and eight staff – four of whom work part time).

14. Movement of funds

Restricted Fund	At 1 July 2020 (€)	Incoming Resource (€)	Spend (€)	Revaluation (€)	Carried Forward (€)
Palazzo Lanfredini Building	2,713,205	-	-		2,713,205
Restricted Funds	210,643	150,169	(53,726)		307,086
Total	2,923,848	150,169	(53,726)		3,020,291
Unrestricted funds					
General	248,513	1,608,492	(1,430,467)	-	426,538
Revaluation reserve	3,000,000	-	-	-	3,000,000
Total	3,248,513	1,608,492	(1,430,467)	-	3,426,538
Endowment fund	42,129	6,638	2,091	-	50,858
Total funds	6,214,490	1,765,299	(1,482,102)	-	6,497,687

Restricted Fund	At 1 July 2019 (€)	Incoming Resource (€)	Spend (€)	Revaluation (€)	Carried Forward (€)
Palazzo Lanfredini Building	2,713,205	-	-		2,713,205
Restricted Funds	215,402	85,809	(90,568)		210,643
Total	2,928,607	85,809	(90,568)		2,923,848
Unrestricted funds					
General	188,931	1,575,866	(1,516,284)	-	248,513
Revaluation reserve	-	-	-	3,000,000	3,000,000
Total	188,931	1,575,866	(1,516,284)	3,000,000	3,248,513
Endowment fund	44,165	193	(2,229)	-	42,129
Total funds	3,161,703	1,661,868	(1,609,081)	3,000,000	6,214,490

Restricted funds at 30 June 2021 consisted of Euro 197,797 to meet future depreciation charges for infrastructure works that were undertaken in Palazzo Lanfredini from 2018-2020, Euro 102,695 for new Sotto Al British Cultural Programme activities, Euro 5,791 for the Autumn 2021 season of the Wednesday Cultural Programme and Euro 803 for the restoration of books.

15. Analysis of net assets

	2021 (€) (Tangible fixed assets	2021 (€) Net current assets	2021 (€) Provisions	2021 (€) Total
Un-restricted funds	507,345	385,645	(466,452)	426,538
Revaluation reserve – unrestricted	3,000,000	-	-	3,000,000
Restricted funds	3,713,205	307,086	(1,000,000)	3,020,291
Endowment funds	-	50,858	-	50,858
Total funds	7,220,550	743,589	(1,466,452)	6,497,687

	2020 (€) (Tangible fixed assets	2020 (€) Net current assets	2020 (€) Provisions	2020 (€) Total
Un-restricted funds	546,644	206,667	(504,800)	248,511
Revaluation reserve - unrestricted	3,000,000	-	-	3,000,000
Restricted funds	3,713,205	210,645	(1,000,000)	2,923,850
Endowment funds	-	42,129	-	42,129
Total funds	7,259,849	459,441	(1,504,800)	6,214,490

The Institute's revaluation reserve funds are the value of a bronze statue, created by Henry Moore, known as "Warrior with Shield the Institute, which was received as a gift from Mrs. Moore (widow of Henry Spencer Moore) in 1987. The restricted funds represent the interest held in Lanfredini Building €2,713,205 (2019 €2,713,205). Other restricted funds include donations restricted to the Library and Cultural Programme. The endowment fund represents a permanent endowment set up for the Library.

16. Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 2021 (€)	Land and buildings 2020 (€)
Expiry date		
-within one year	143,622	75,950
- between one and five years	11,905	166,663
Total	155,527	242,613

17. Financial Instruments

	2021 (€)	2020 (€)
Financial assets measured at fair value through profit or loss	56,068	49,242

Financial assets measured at fair value through profit or loss comprise of investments.

18. Fiscal status of the institute

The Institute is a registered charity in accordance with the 2011 Charities Act of England and Wales (Registered Charity no. 290647) and is recognised by a Presidential Decree of the Italian Republic dated 25 February 1953.

The Corte di Cassazione (Supreme Court) recognised The British Institute of Florence as an *“Ente di Diritto Pubblico”* in a ruling dated 1 October 1998.

19. Donations From Trustees

There were no donations from Trustees in 2020-2021. In 2020 donations totaling €4,012 were received from one Trustee.

20. Related Party Transactions

There were no related party transactions in the current or prior period.

21. Statement of financial activities incorporating income and expenditure account for the year ended 30 June 2020

		2020 (€)	2020 (€)	2020 (€)	2020 (€)	2019 (€)
	Note	Unrestricted Funds	Restricted Funds	Endow-ment Funds	Total Funds	Total Funds
Income from:						
Donations and legacies	7	145,915	85,809	193	231,917	322,930
Charitable activities	8	1,365,798			1,365,798	1,639,378
Grant from Italian Government		64,153			64,153	-
Total		1,575,866	85,809	193	1,661,868	1,962,308
Expenditure on:						
Charitable activities	9	(1,521,547)	(90,568)		(1,612,115)	(1,843,549)
Exchange rate gain (loss)		5,263		(2,229)	3,034	(5,638)
Total		(1,516,284)	(90,568)	(2,229)	(1,609,081)	(1,849,187)
Net income/ (expenditure)		59,582	(4,759)	(2,036)	52,787	113,121
Other recognised gains/ (losses):						
Gain in revaluation of fixed assets		3,000,000	-	-	3,000,000	-
Net movement in funds	14	3,059,582	(4,759)	(2,036)	3,052,787	113,121
Reconciliation of Funds						
Total funds brought forward		188,931	2,928,607	44,165	3,161,703	3,048,582
Total funds carried forward		3,248,513	2,923,848	42,129	6,214,490	3,161,703

