

British Friends of the Hebrew University of Jerusalem
Financial Statements
Year Ended 30 September 2019

Charity registration number: 209691
Company registration number: 06350828

British Friends of the Hebrew University of Jerusalem

Financial Statements

Year Ended 30 September 2019

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British Friends of the Hebrew University of Jerusalem

Reference and administration details

Year Ended 30 September 2019

Charity registration number	209691
Company registration number	06350828
Trustees	Isaac Kaye PhD Hon, Chair Alan Philipp, Honorary Treasurer Jenny Arwas MBE Graham Edwards (resigned 31 Jan 2019) Denise Joseph Jonathan Marks Tony Page Joe Smouha QC Derek Spitz (appointed 16 May 2019) Simon Tobelem David Wernick
Chief Executive Officer	Nigel Salomon
Registered office	2nd Floor Supreme House 300 Regents Park Road London N3 2JX
Independent Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Solicitor	CH. Hausmann & Co. 5, De Walden Court, 85 New Cavendish St, Marylebone, London W1W 6XD
Bankers	Bank Leumi (UK) PLC 20 Stratford Place London W1C 1BG UK Barclays Bank PLC 60 Wembley Park Royal Leicestershire LE87 2BB UK

British Friends of the Hebrew University of Jerusalem

Statement of Financial Activities (Including Income and Expenditure Account)

Year Ended 30 September 2019

The Trustees present their report and the audited financial statements of the charity for the year ended 30th September 2019. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the Charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities / Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014 (as amended by Update Bulletin 1 published on 2 February 2016).

Trustees of the charity

The Directors of the charitable company are its Trustees for the purposes of charity law. The Trustees who have served during the year and since the year end were as follows:

Isaac Kaye PhD Hon, Chairman (RC)
Alan Philipp, Honorary Treasurer (RC, IC, GC)
Jenny Arwas MBE (RC)
Graham Edwards (resigned 31 Jan 2019)
Denise Joseph
Jonathan Marks
Tony Page
Joe Smouha QC
Derek Spitz (appointed 16 May 2019)
Simon Tobelem
David Wernick (GC)

RC= Remuneration Committee

IC = Investment Committee

GC= Grants Committee

Objectives and Activities

The British Friends of the Hebrew University (BFHU) is a national charity, registered in England and Wales, that focuses rigorously on its core purposes, namely, to support research, scholarships and capital projects of the Hebrew University of Jerusalem (hereafter referred to as the Hebrew University) whilst supporting UK students who wish to study at the Hebrew University, student exchange programmes and academic collaboration with the UK's foremost research institutions.

The aims of the BFHU are:

- a. To fundraise in support academic development of the Hebrew University.
- b. To promote awareness and standing of the Hebrew University and its global impact.
- c. To undertake events and activities to generate awareness and in turn income for the cause; and
- d. To ensure the long term financial, operational and reputational sustainability of the organisation

To do this the BFHU aims to operate to the highest professional standards especially in areas of donor care, marketing, financial management and governance.

Achievements and performance

Charitable activities

During the year, the Charity made grants to the Hebrew University and students of £5.5m (2017/18 £5.3m). Included are a small number of grants made to Hebrew University students, or alumni pursuing postgraduate studies in the UK.

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Education, research, awareness and standing

The grants made the BFHU have made a significant impact on the education and research undertaken by the Hebrew University. The events run by the BFHU have also helped in increasing the public awareness and standing. During the year there have been several notable milestones.

- Over 170 scholarships at a total value in excess of £1m at undergraduate, post-graduate, doctoral and post-doctoral levels including UK students at the Hebrew University, Hebrew University students continuing studies in the UK as well as some exchange programmes either directly through the Charity or facilitated by it.

Areas covered include science, biomedicine, dentistry, law, agriculture, veterinary science, Revivim (Jewish education), science/technology, the business school, interfaith studies, history, peace studies and Jewish history

Periodically at the request of donors, scholarships are designated to minority groups of students including Arab, Ethiopian, new immigrants, students with a variety of disabilities and residents of the Israeli periphery

- In excess of £1m in support of International Masters Scholarships in Public Health, Agricultural Sciences and International Development Studies from many developing nations across the globe learning new skills and techniques to support local communities in health, nutrition and community development
- Scholarships & Prizes recognise undergraduate, graduate, doctoral and post-doctoral students represented by the Ellis & Alma Birk prizes in law and agriculture, the Sir Sigmund and Lady Hazel Sternberg prizes for interfaith understanding. Showcased at the annual Board of Governors gathering designed to encourage excellence and beneficial societal impact are the Kaye prizes for scientific innovation and the Polonsky prizes for the humanistic disciplines
- Over £3m supporting a range of cutting edge research programmes including neuroscience, a variety of medical science research projects including stem cell study of human genetic disorders, treatment of HIV infected children, ADB stimulation related to Parkinson's disease, pain relief, drug delivery in cancer treatment, early detection osteoarthritis, an annual lecture series on brain research
- A visiting fellowship in Water, Society and Geopolitics in the Middle East
- A distinguished medical faculty award of over £250,000 annually
- In excess of £1.2m on diverse projects undertaken by Hebrew University bodies such as Minerva Centre for Human Rights, the Harry S. Truman Research Institute for the Advancement of Peace, the Sacher Institute of Law and the 'Israel Justice Centres' Law programmes, the Centre for Jewish Art documenting fast disappearing vestiges of Jewish life especially in Eastern Europe, the Faculty of Science for natural gas extraction in the Eastern Mediterranean basin, high intensity lasers, multi-lingual signage in the law faculty, the faculty of Humanities for the International centre for the study of Antisemitism, the centre for the Study of Multiculturalism
- Additional capital projects for cardiology research equipment at the Faculty of Medicine; for a laboratory in the Koret School of Veterinary Medicine; funding for a bioengineering innovation; for new ecosystem research facilities at the Faculty of Agriculture
- A unique collection of historic postcards on many Jewish topics which will be used for considerable research at the Hebrew University
- During the year the British Friends undertook a wide range of events including the biennial dinner, themed around 'bringing Jerusalem to London'. Over 200 guests dined at Claridges, in the presence of British Ambassador to Israel, Neil Wigan OBE, Hebrew University President Prof Asher Cohen and master chef Assaf Granit whose menu and catering graced the evening. Themed around student scholarships marking the University centenary, several short movies were screened each representing a thank you from a student whose scholarship had come from the BFHU donors. In most cases the donors were in the audience. A letter of support was read out from Israeli president Reuven Rivlin. Projected pledged income for the event is over £1m

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- The annual Lionel Cohen legal dinner hosted by Lord Pannick QC with guest speaker Lord Thomas of Cwmgiedd, former Lord Chief Justice of England & Wales. Funds raised are designated to the Hebrew University law clinics which support all disadvantaged communities in Jerusalem in addition to providing bursaries for law students spending time in London at the Centre for Transnational Law. The Law Faculty at the Hebrew University hosted the annual Lionel Cohen lecture with guest speaker, Prof Philippe Sands QC. Britain's Ambassador to Israel, HE Neil Wigan OBE, also attended
- The BFHU Groups also held an array of events including the Women's Group Q&A panel event in partnership with WIZO chaired by Lord Grabiner QC along with a Klezmer music afternoon and Chanukah tea party; the Young Professionals Group participating in Innovate 2019, an Israeli innovation showcase event curated by UK Israel Business, sponsored by the BFHU and hosted by Amazon UK
- The Honours Club dedicated to special events for our legators community enjoyed a viewing at a little-known film documentary about David Ben-Gurion, as well as the annual Chanukah tea meeting Hebrew University graduates who are undertaking postgraduate studies at some of the UK's leading universities
- On campus the 60-year-old Manchester House (the Einstein Institute of Mathematics) was rededicated attracting many descendants of the original Manchester Friends of the Hebrew University
- The Medical Group in conjunction with JMed (the Jewish Medical Association) hosted Prof Ora Paltiel, Senior Physician, Dept. of Haematology Hadassah Hospital talking on "Women in Medicine – an Israeli perspective". The Medical Group organised and Bank Leumi hosted the visit of Hebrew University 'Tzameret' (military medicine course) students for a panel event explaining their studies and recent 5-week internship at the University of Birmingham
- There was a host of fundraising activities that included:
 - Two appeal mailings at Passover & the Jewish New Year in part segmented to our medical group (the latter accompanies by our annual magazine 'Future') Hebrew
 - University visits accompanying prospective and existing supporters as a catalyst to philanthropic giving, whilst supporting governmental, academic and scientific delegations such as the BIRAX programme, recognising donors at Hebrew University ceremonies and plaque dedications, especially during the annual Board of Governors gathering in Jerusalem in June,
 - The annual BFHU mission to the Hebrew University in 2018, following the proven 'sponsored' model; and
 - The BFHU partnered JW3 Jewish Community Centre event for a second time by hosting a leading speaker from the Hebrew University about Yiddish in German Culture
- Two Alumni events took place: at law firm BCLP with Hebrew University President Prof Asher Cohen with a further event in partnership with NNLS (new North London Synagogue] with Prof Menahem Blondheim who spoke on "A cultural analysis of the Israeli start-up phenomenon"
- Visits to schools and universities to encourage pre-university year abroad programmes and undergraduate student exchange arrangements along with participation at a number of recruitment fairs
- Exposure for Yissum, the Hebrew University Technology Transfer Company at the annual Innovate Israel event of UK Israel Business

Impact of charitable activities

The charity considers that it plays an important role in enabling students to study at the Hebrew University of Jerusalem who might otherwise have been unable to attend due to financial constraints. In addition, the Charity facilitates donations from UK donors for appropriate educational purposes and thereby contributes to world class academic research that benefits society.

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Key Performance Indicators

- Against an income target of £7m, over £10m achieved permitting over time increased grants to the Hebrew University in support of research and scholarships across the 7 current campaign themes: human health, leadership for tomorrow, better world, internationalisation & collaboration, building capacity, hi-tech Jerusalem sustainable planet
- Investment portfolio blended total return 5.61% comfortably permitting the annual 3.5% distribution to the Hebrew University supporting the purposes of the BFHU-held endowments. See the investment policy statement on page 11.
- Operating costs/income ratio 5.1%. This leaves more funds available for trustees to make a (future) special grant to the Hebrew University
- Main projects achieved
 - Gala dinner, £1m donations and future pledges generated, designated for Hebrew University scholarships
 - Marketing capacity, a new team member focused on digital marketing including social media to reach a new younger audience
 - Calendar of events, over 18 events attracting 700 attendees helping to increase profile and grow the BFHU database

Principal Risks and Uncertainties

Risk Policy

The Trustees are responsible for the overseeing of the risks faced by the Charity. Detailed considerations of risk are delegated to the Senior Management of the Charity. Risks are identified, assessed and controls established throughout the year. A formal review of the charity's risk management processes is undertaken on an annual basis.

The Board confirms that the major risks to which the Charity is exposed have been reviewed, reassessed and updated and where reasonable, systems have been established that are intended to mitigate those risks.

A risk analysis table summarising the key risks is monitored by the Chief Executive and is brought to the attention of the Board on at least an annual basis. This process forms an integral part of the Charity's annual review of its strategic plan and budget.

Human Resource risks such as loss of key staff members with localised knowledge

Management mitigation: ensure team is professionally managed and motivated, competitively remunerated with annual appraisal reviews

Data & IT Integrity risks such as data protection, support and maintenance services, fire risk, and fraud

Management mitigation: cloud hosted database, insured risk cover, professional IT support, multiple password protection, adherence to fire & security best practice

Investment risks such as poor returns and foreign exchange exposure

Management mitigation: diversified investment portfolio managed externally by 2 sets of funds managers, the BFHU board sub-committee in place, international benchmarking across other Hebrew University Friends

Income risks such as disproportionate reliance on key donors

Management mitigation: highest quality donor care for donor retention, activities to grow the database with GDPR opt-in, attractive events, creative marketing to maintain engagement, third party partnerships

The trustees believe that the current economic volatility could have a negative financial effect. They have also identified the fact that although annual endowment grants are made in sterling, Hebrew University expends money mainly in shekels. The portfolios have a high weighting in overseas equities and UK equities that generate much of their earnings overseas. This reduces some of the Foreign Exchange risks.

The recent COVID-19 (Coronavirus) has had a limited impact on the global endowment portfolio because it is well diversified. Although income however may be reduced although the trustees believe that the accumulated total return is sufficient to maintain the annual distribution to the Hebrew University. Gifts from

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major donors have continued and although events have been cancelled, most supporters have not asked for a refund.

Reserves Policy

The Trustees of the Charity are keenly aware of the need to secure its future beyond the immediate day-to-day requirements. In order to continue to honour its commitments to the University, the Charity needs to have sufficient funds to be able to absorb periodic setbacks in its ability to raise funds, and to take advantage of opportunities as situations arise. The management of the Charity also considers it prudent that some reserves should be maintained in order to finance working capital requirements.

The Charity has looked at the risk profile of income streams along with past expenditure patterns along with anticipated changes in them and committed expenditure and the extent to which the charity can curtail or change the timing of cash outflows. The Charity has also looked at timing the cash outflows to match the timing of cash inflows. Where this is not possible, reserves needed to fund expenditure in advance of income receipts, or expenditure delayed are estimated.

The charity believes that it will need reserves to cover a least 9 months' overheads plus £150,000 to cover the cost of funding fund raising activities where the sponsorship is received after the event has taken place. Accordingly, as at 30 September 2019 the targeted free reserves position was £680K.

The Trustees continue to monitor a tight approach to expenditure, to maximise unrestricted funds income to a level that covers operating costs, however, doing so without stifling marketing and fund raising.

At the year end the charity held total funds of £35,631,346, the majority of these funds are endowed or restricted and therefore do not form part of the free reserves, excluding these items and those funds held as tangible fixed assets the free reserves were £3,575,597.

The current level of free reserves is above the target level, the Trustees continue to monitor the level of reserves and will seek to address this position in due course. In the meantime, the funds are invested predominantly in the Charities investment portfolio.

Future plans

Our future plans are financed primarily from our annual income and from our expendable endowment reserves. The Board needs to maintain an equitable balance ensuring our current commitment to the University is maintained, whilst, at the same time, taking care that a sound infrastructure and financial base are preserved, so that we can continue the funding of the University with a high degree of predictability at the same level as in the past. When surpluses accumulate beyond the agreed policy level, trustee will review options for the optimum benefit to both the BFHU the Hebrew University

The Board sees 2019/20 as a year of ongoing challenges in light of a volatile economy and investment environment, uncertainties in relation to Brexit, potential operating constraints as a result of new political leadership, competitive demands on philanthropists and the significant needs of the Hebrew University itself.

The Trustees welcome the solid performance of 2018/19, the peak income year in the 93-year history of the organisation. Emphasis will continue to be placed on cost controls and a motivated professional team with commitment to the very highest standards of donor care and satisfaction, supported by brand integrity, creative events and communication with growing emphasis on digital platforms such as social media. Legacy activity will be upweighted as well as diversifying activity into the start-up and tech innovation sector to attract a new cadre of young professionals. Exploring new partnerships and sponsorship opportunities will form a part of expanded marketing activity in 2019/20.

The BFHU will be a key player in Hebrew University led international collaboration to identify synergies and share best practice to include access to new donors and leveraging marketing skills. The BFHU will become more active in a leadership role the Hebrew University Friends European bloc.

All trustees have the potential to help in the achievement of annual objectives and the long-term sustainability of the organisation especially in securing new donors and supporting a range of events.

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Maintaining and growing current donors will be a top priority whilst constantly working to identify a match between new potential donors and specific Hebrew University projects. Match-funding and co-donor opportunities will be explored where it is believed incremental donations can be secured.

The BFHU will continue to maintain a diverse programme of events including specific events designed to expose the Hebrew University and the work of the BFHU to the wider public. This will include a planning gala event in 20/21 and series of lectures marking the centenary of the laying of the Hebrew University cornerstones. Deploying Hebrew University faculty will be a core element.

Encouraging Hebrew university campus visits will continue to expose the University's facilities, activities, faculty and students in a powerful manner especially to the annual BFHU legacy mission.

The BFHU will endeavour to support the Hebrew University in securing new incremental revenue streams such as distance-learning programmes

The BFHU will continue to encourage and help fund students going to the Hebrew University whilst working to help nurture academic collaboration with the best UK academic and research institutions. This will assist the Hebrew University's stated strategic objective of internationalisation, student exchange programmes and facilitating students spending time in overseas academic and research institutions.

The BFHU recognises the demands of new legislation to ensure charity compliance with GDPR – general data protection regulations and will continue to ensure the growth of its database in full compliance with GDPR regulations

The recent COVID-19 (Coronavirus) has had a limited impact on the future as the BFHU has the capacity to operate remotely using the cloud and this enables the BFHU to keep in constant touch with current donors. Some events have been deferred but this has limited impact on the level of donations. Investment income however may be reduced but it only contributes 6.6% on average to the total income for the year.

Financial review

During the year under review, the Charity showed unrestricted net income of £1,606,079, leaving a retained balance on general funds of £3,606,821 as of 30th September 2019.

Income for the year amounted to £7,094,120 (2018: £5,136,547), £6,368,966 (2018: £4,495,582) of which was donated by our generous supporters and £725,154 (2018: £640,965) was generated from other trading activities and our investment funds. This enabled the Charity to give grant funding to the University of £5,702,602 (2018: £5,563,295).

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As the donations made directly by donors associated with BHFU to the HU are significant, to enable the readers of the accounts to appreciate the wider contribution the Charity makes to the HU, the value of these donations and the corresponding donation expenditure are set out in the memorandum income and expenditure analysis table below. The Trustees consider this provides a helpful measure of the scale of funding to the HU that the charity generates.

BFHU's Contribution to the Hebrew University of Jerusalem						
<u>Income</u>	Note	2019			Total £	2018 Total £
		Unrestricted funds £	Restricted funds £	Endowment funds £		
Total income as presented		1,999,408	4,619,912	474,800	7,094,120	5,136,547
Direct donations to the Hebrew University (HU)		-	2,901,355	-	2,901,355	4,045,410
Total income attributable to the BFHU by the HU	18	1,999,408	7,521,267	474,800	9,995,475	9,181,957
<u>Expenditure</u>						
	Note	2019			Total £	2018 Total £
		Unrestricted funds £	Restricted funds £	Endowment funds £		
Grants funding activities as presented	6	-	5,702,602	-	5,702,602	5,563,295
Direct donations to the Hebrew University (HU)		-	2,901,355	-	2,901,355	4,045,410
Total grants attributable to the BFHU by the HU	18	-	8,603,957	-	8,603,957	9,608,705

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At the year end the Charity had unrestricted funds of £3.6m, restricted funds of £845k and available expendable endowment resources of over £5.6m and permanent endowment funds of £25.5m.

Following a comprehensive review of the Charity's endowment funds a number of transfers have been made in order to reclassify the funds. A summary of the significant transfers is as follows:

- £325,893 in respect of Wolfson Family Chair in Biochemistry was re-classified as an expendable endowment fund
- £317,560 in respect of Dame Susan Garth Chair in Cancer Research was re-classified as a restricted fund
- £215,858 in respect of Sacher Institute was re-classified as a restricted fund

On the 26th September 2019 the trustees resolved to lift under S281 of the Charities Act 2011 the capital restrictions on 15 funds totalling £3,359,817 (with income of £30,364) and to apply to the charities commission under S282 Charities Act 2011 to lift the capital restrictions on 12 larger funds totalling £12,504,571 (with income of £299,122).

Structure, Governance and Management

Nature of Governing Document

The Charity is governed by its memorandum and articles of association dated 21/08/2008.

Organisational structure (Structure, Governance and Management)

The Charity is controlled by the Directors/Trustees, the Chief Executive Officer runs the charity on a day to day basis and reports to the trustees monthly.

The support staff are split by function, such as donor support operations, marketing, finance and fundraising all reporting directly to the CEO in a flat organisational structure.

Recruitment and appointment of Trustees

Members of the Board are recruited based on their core competencies, a mix of skills, their experience in the sector and general commitment to the cause. Where possible the Board consider that the skills of the members should provide a mix of the following:

- A Trustee with a legal background.
- A Trustee with a financial/accounting background.
- A Trustee with educational and academic research sector experience.
- A Trustee with senior managerial or business experience; and
- At least one female Trustee and at least one male Trustee

Induction and training of trustees

All new Board members are, before their appointment, provided with a pack of relevant materials, and invited to meet the Chief Executive Officer and other Board members. Following their appointment, they are introduced to the staff of the BFHU and to visiting University officials such as the President. Members of the Board are encouraged to visit the University in Israel. Trustee engagement is an ongoing process. Trustees are encouraged to attend appropriate external training events where these will facilitate the understanding of their role.

Arrangements for setting key management personnel remuneration

The pay of senior staff is reviewed annually by the remuneration committee. The review is performed by using benchmarks from similar organisations and against the performance of personal objectives.

Investment policies & performance

The trustees reserve the right to exclude companies that carry out activities contrary to their aims or from holding particular investments which damage the Charity's reputation.

The British Friends of the Hebrew University adheres to Charity Commission guidance on ethical investments. The Investment Advisory Committee may from time to time, where it is consistent with that advice, direct the investment managers not to make direct investments in specific companies.

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During the year to the end of September 2019 markets generally advanced led by US equities. Funds with Investec benefitted from this and produced a total return of 5.6%. Whilst this was a respectable return it was slightly behind the benchmark return of 6.2%. The prime reason for not matching the Investec benchmarks was that our managers lagged the benchmark in overseas equities as they held less in the US (54%) than the FTSE World ex UK (64%). Performance in other areas and in particular in UK equities was ahead of their benchmarks but Investec also lagged the benchmark in bonds as their holdings in bonds were shorter dated than the index at a time when bond prices rose and yields on bonds fell.

The Trustees monitor the performance of the investment portfolio against benchmarks for total return set for the year as follows:

- Investec General Funds Benchmark 6.2% - Actual Performance 5.5%
- Investec Leffman & Sherman Benchmark 6.2% - Actual Performance 5.4%
- Rothschild Benchmark - Is the average total return after 3 years less distributions and CPI is positive. It is reviewed quarterly - Actual Performance 5.72%

The Rothschild & Co portfolio produced returns of +5.7% over the financial year 2018-19, with a value of £16,720,473 as at 30 September 2019. The portfolio held up well in a challenging final quarter in 2018 (falling -5% during a period in which the global stock market fell -11% in Sterling terms), with the fixed income holdings and direct portfolio protection helping to limit falls during this period. The portfolio was then able to grow strongly (+11%) over the 9-month period to the end of September 2019. The main drivers of returns over the financial year were the equities held, as well as some of the alternative investment strategies. The portfolio remains broadly diversified and continues to perform in line with expectations.

Grant making policies

Grants made from restricted funds and from the income and in some cases the capital derived from endowment funds are made in a manner as closely aligned as possible with the original wishes of the donor. Grants are approved by a BFHU committee with Board delegated authority.

The Charity makes extensive grants to the Hebrew University for purposes such as buildings, equipment, research programmes and scholarships.

£50K annually was allocated for scholarships in 2018/19 some of which are awarded to Hebrew University students extending their studies at Masters Degree and Doctoral level in the UK. £50K has been allocated for these purposes for 2019/20. Any unused budget is carried forward.

Fundraising

Major fundraising is undertaken by personal approaches carried by the director of development and the CEO. The charity has not subscribed to any fundraising schemes and does not use a third-party fundraiser and is registered with The Fundraising Regulator. The principal fundraising event is a biennial gala dinner with a distinguished speaker and not open to the wider public. The BFHU has also updated its website to make it more user friendly and supplements this with e newsletters and an annual hard copy magazine. Smaller events and activities support engagement with potentially new and existing supporters.

Creditor payment policy

Creditors are paid in accordance with their payment terms.

Going concern

The Trustees have evaluated that there are no conditions or events that exist which raise doubt about the Charity's ability to continue as a going concern.

Relationship with donors

The BFHU is committed to the highest standards of fundraising, and to abide by the Code of Fundraising Practice at all times and has registered with the Fundraising Regulator. This shows commitment to good fundraising practice.

We aim to ensure the best experience for our supporters and donors. As a member of the fundraising community we commit to our own professional development, to ensure that we abide by the Charities (Protection and Social Investment) Act 2016 and to the vision - Excellent fundraising for a better world.

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Donors and prospective donors are considered key stakeholders, with major donors allocated an account manager whose role is to 'represent the donor to the Hebrew University and the Hebrew University to the donor'. Regular contact is made with all donors proportionate to the complexity of a project supported. Donors receive regular reports from the Hebrew University via the BFHU office.

Invitations are issued to a series of events including guest Hebrew University lecturers. Donors are all encouraged to visit the Hebrew University to see its work first-hand including students and researchers with whom they might be connected through philanthropic giving.

The BFHU continues to develop groups including legal, young professional, alumni, women's group medical, legators and its long-standing Glasgow Friends. These interest groups serve the specific interests of those associated and connect participants to related Hebrew University projects.

The BFHU issues regular e-newsletters, updates its website with Hebrew University latest news and publishes an annual magazine occasionally featuring specific donors subject to their prior agreement. Social media networks are now used regularly as additional channels of communication

Donors are recognised at the Hebrew University on various plaques at appropriate ceremonies.

Communication directly with donors by the Hebrew University is carefully coordinated with the BFHU to ensure an aligned approach.

There were no complaints from donors during the year.

Public benefit statement

The Hebrew University's objectives include developing advanced learning, to provide for research and instruction excellence in a range of subjects and to ensure their advancement and dissemination for the benefit of humanity worldwide. In conjunction with a network of fellow Friends groups worldwide, the British Friends of the Hebrew University supports the goals of the University and has been active since 1926, one year after the formal opening of the University itself.

The Hebrew University marked the 100th anniversary of its cornerstone laying in 2018 and is now in the second year of a 7-year \$1bn international fund-raising campaign. The BFHU is committed to 9% of this goal. Key disciplines of the Hebrew University in medicine, neuroscience, pharmacology, public health, agriculture, food science and environment, veterinary science (and clinical veterinary work), marine sciences, engineering, nanotechnology, computing, social sciences, law and humanities disciplines where leading-edge research and numerous discoveries continue to help peoples and nations around the globe, feeding, curing, healing and facilitating understanding across borders. Increasingly commercialisation is playing a part in bringing new medicines and technologies to a global market place. This is undertaken by the Hebrew University technology transfer company, Yissum.

The University is open to all and seeks to enhance regional and global dialogue along with mutual understanding, by creating an environment of open-thinking and tolerance.

The University continues to engage closely with its local communities in Israel across the social spectrum, which the BFHU endeavours to support. The BFHU also works to bring leading University faculty members to the UK and to support University alumni in pursuit of further studies in the UK, whether educational or academic exchanges. This is aimed at advancing the exchange of views, as well as academic and research collaboration frameworks.

The Trustees confirm that they have complied with the requirements of Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

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Year Ended 30 September 2019 Trustees' responsibilities statement

The Trustees of the BFHU (who are also Directors for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities SORP 2015 (FRS 102).
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and the
- trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the board



Trustee: Isaac Kaye

Date: 14th May 2020

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Year Ended 30 September 2019

Opinion

We have audited the financial statements of the British Friends of the Hebrew University of Jerusalem for the year ended 30 September 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2019 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going

British Friends of the Hebrew University of Jerusalem

Statement of Financial Activities (Including Income and Expenditure Account)

Year Ended 30 September 2019

concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Use of our report

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



David Sewell (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
10 Queen Street Place
London EC4R 1AG

15 May 2020

British Friends of the Hebrew University of Jerusalem

Statement of Financial Activities (Including Income and Expenditure Account)

Year Ended 30 September 2019

	Note	2019			Total £	2018 Total £
		Unrestricted funds £	Restricted funds £	Endowment funds £		
Income and endowments from:						
Donations and legacies	2	1,936,765	3,957,401	474,800	6,368,966	4,495,582
Other trading activities	3	-	68,290	-	68,290	24,328
Investments	4	62,643	594,221	-	656,864	616,637
Total income and endowments		1,999,408	4,619,912	474,800	7,094,120	5,136,547
Expenditure on:						
Raising funds	5	(394,329)	(23,818)	-	(418,147)	(437,743)
Charitable activities	6	-	(5,702,602)	-	(5,702,602)	(5,563,295)
Total expenditure		(394,329)	(5,726,420)	-	(6,120,749)	(6,001,038)
Net gains on investments	14	-	-	975,462	975,462	1,153,121
Net income		1,605,079	(1,106,508)	1,450,262	1,948,833	288,630
Transfers between funds	18	(67,861)	1,433,399	(1,365,538)	-	-
Net movement in funds	18	1,537,218	326,891	84,724	1,948,833	288,630
Reconciliation of funds:						
Total funds brought forward	18	2,033,880	518,305	31,130,328	33,682,513	33,393,883
Total funds carried forward	18	3,571,098	845,196	31,215,052	35,631,346	33,682,513

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised during the year.

The notes on pages 20 to 39 form part of these financial statements.

British Friends of the Hebrew University of Jerusalem

Balance Sheet

Year Ended 30 September 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	31,225	37,723
Investments	14	32,727,086	31,726,389
		<hr/>	<hr/>
		32,758,311	31,764,112
Current assets			
Debtors	15	1,344,900	711,066
Cash at bank and in hand		1,718,162	1,379,885
		<hr/>	<hr/>
		3,063,062	2,090,951
Creditors: amounts falling due within one year	16	(190,027)	(172,550)
		<hr/>	<hr/>
Net current assets		2,873,035	1,918,401
		<hr/>	<hr/>
Net assets		35,631,346	33,682,513
		<hr/>	<hr/>
Charity Funds			
Endowment funds			
Permanent endowments	18	22,279,533	25,740,454
Expendable endowments	18	8,935,519	5,389,874
Restricted funds	18	845,196	518,305
Unrestricted funds	18	3,571,098	2,033,880
		<hr/>	<hr/>
Total charity funds	18	35,631,346	33,682,513
		<hr/>	<hr/>

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

The financial statements were approved and authorised for issue by the Board on 14th May 2020 .

Signed on behalf of the board of trustees



Trustee: Isaac Kaye

The notes on pages 20 to 39 form part of these financial statements.

British Friends of the Hebrew University of Jerusalem

Statement of Cash Flows

Year Ended 30 September 2019

	Note	2019 £	2018 £
Cash flow from operating activities	23	(293,351)	(1,708,117)
Net cash flow from operating activities		<u>(293,351)</u>	<u>(1,708,117)</u>
Cash flow from investing activities			
Payments to acquire tangible fixed assets		-	-
(Withdrawals from) additions to the Investment Portfolio		(25,353)	838,731
Payments to acquire investments		(4,024,821)	(5,574,536)
Receipts from sales of investments		4,024,938	5,590,826
Interest received		48,690	44,958
Dividends received		608,174	473,271
Net cash flow from investing activities		<u>631,628</u>	<u>1,373,250</u>
Net increase in cash and cash equivalents		338,277	(334,867)
Cash and cash equivalents at 1 October		1,379,885	1,714,752
Cash and cash equivalents at 30 September		<u>1,718,162</u>	<u>1,379,885</u>

The notes on pages 20 to 39 form part of these financial statements.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

1 Summary of significant accounting policies

(a) General information and basis of preparation

British Friends of the Hebrew University of Jerusalem is a company limited by guarantee and is registered with the Charity Commission (Charity Registered Number 209691) and Registrar of Companies (Company Registration Number 06350828) in England and Wales. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity. The address of the registered office is given in the Charity information on page 3 of these financial statements. The nature of the Charity's operations and principal activities are to support research, scholarships and capital projects of the Hebrew University whilst supporting UK students who wish to study at the Hebrew University, student exchange programmes and academic collaboration with the UK's foremost research institutions.

The Charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), issued in March 2018, the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the Charity and rounded to the nearest pound.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Charity to be able to continue as a going concern.

(c) Funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund are set out in the notes to the financial statements.

Endowment funds represent those assets which must be held permanently by the Charity. Income arising on the endowment funds can be used in accordance with the objects of the Charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

(d) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the Charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the Charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained, then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the Charity and it is probable that they will be fulfilled. Amounts donated directly to the Hebrew University from UK donors are not included within the Financial Statements as the charity does not exert enough control over these funds.

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is probable.

Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted.
- The executors have established that there are enough assets in the estate to pay the legacy; and
- All of the conditions attached to the legacy have been fulfilled or are within the charity's control.

Income from fundraising events to raise funds for the Charity is recognised when received.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, and interest. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably.

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

(e) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required, and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes costs incurred seeking voluntary contributions through donations, investment management costs and the running of fundraising events during the year.
- Expenditure on charitable activities includes all costs incurred on furthering the objects of the Charity.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive a grant. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the Charity.

(f) Support costs allocation

Support costs are those that assist the work of the Charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the Charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to expenditure on raising funds and expenditure on charitable activities on a basis consistent with use of the resources, for example, allocating property costs by floor areas, or per capita staff costs by the

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

time spent and other costs by usage. Governance costs are those incurred in connection with the running of the Charity and compliance with constitutional and statutory requirements.

The analysis of these costs is included in Note 7.

(g) Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

The land in Israel was valued on 19th January 2017 at £26,000. The trustees believe that this value has not changed materially.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Office equipment	25% straight line
Fixtures and fittings	20% straight line
Phone system	20% straight line

(h) Investments

The Charity has equity investments in listed entities. Fixed asset investments are a form of basic financial instrument are initially recognised at their transaction value and subsequently measured at their fair value using the closing quoted market price or the share of the Net Asset Value of the fund (if unlisted). All gains and losses are taken to the Statement of Financial Activities as they arise.

The Statement of Financial Activities includes all net gains and losses arising on revaluation and disposals throughout the year.

(i) Debtors and creditors receivable / payable within one year

Debtors are recognised when the Charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably, and it is probable that the income will be received.

Creditors are recognised when the Charity has a present legal or constructive obligation resulting from a past event and the settlement is expected to result in an outflow of economic benefits.

(j) Leases

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

(l) Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

(m) Employee benefits

When employees have rendered service to the Charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

The Charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

(n) Tax

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. It therefore does not suffer tax on income or gains applied for charitable purposes.

(o) Financial instruments

The Charity only holds basic Financial Instruments. The financial assets and financial liabilities of the Charity are as follows:

Debtors – trade and other debtors (including accrued income) are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 16. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Liabilities – trade creditors, accruals and other creditors will be classified as financial instruments and are measured at amortised cost, as detailed in Note 17. Taxation and social security are not included in the financial instruments' disclosure. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

(q) Judgements and key sources of estimation uncertainty

The judgements that have had the most significant effect on amounts recognised in the financial statements are the estimation of legacies receivable, allocation of support costs and depreciation rates. The estimates and associated assumptions are based on historical experience and other relevant factors. The underlying assumptions which affect these judgements are reviewed on an ongoing basis.

2 Income from donations and legacies

	2019	2018
	£	£
Legacies	1,868,997	889,050
Regular giving	4,500,969	3,606,532
Total	6,368,966	4,495,582

Income from donations and legacies was £6,368,966 (2018 - £4,495,582) of which £474,800 (2018 - £189,880) was attributable to endowments, £3,957,401 (2018 - £3,569,780) was attributable to restricted and £1,936,735 (2018 - £735,922) was attributable to unrestricted funds.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

3 Restricted donations from events – Raising Funds

	2019 £	2018 £
Events income – Conferences and similar events	68,290	24,328
Total	68,290	24,328

Donations from events in 2019 and 2018 was attributable to restricted funds.

4 Income from investments

	2019 £	2018 £
Dividends - equities	606,299	571,679
Interest - fixed interest securities	49,977	44,852
Interest - deposits	588	106
Total	656,864	616,637

Income from investment was £656,864 (2018 - £616,637) of which £473,894 (2018 - £549,200) was attributable to endowments, and £62,643 (2018 - £67,437) was attributable to unrestricted endowment funds. The BFHU portfolio at Rothschild does not have any individual Fixed Interest holdings, the Fixed Income element is held via the R Wealth Management Investment Grade Bond Fund. This is a Luxemburg fund and the income received is paid as a dividend.

5 Costs of raising funds

	2019 £	2018 £
Support costs	429,437	339,336
Investment management costs	-	98,407
Total	429,437	437,743

£23,643 (2018 - £87,645) of the above costs were attributable to endowment funds.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

6 Analysis of expenditure on charitable activities

	Grant funding of activities £	Support costs £	Total £
Grants to students	244,000	-	244,000
Grants to the Hebrew University	5,323,729	134,873	5,458,602
2019 Total	5,567,729	134,873	5,702,602
<i>Grants to students</i>	<i>244,000</i>	<i>-</i>	<i>244,000</i>
<i>Grants to the Hebrew University</i>	<i>5,174,512</i>	<i>144,783</i>	<i>5,319,295</i>
<i>2018 Total</i>	<i>5,418,512</i>	<i>144,783</i>	<i>5,563,295</i>

£1,664,226 (2018 - £1,678,085) of the above costs were attributable to endowment funds and £5,885,195 (2018: £3,885,210) were attributable to restricted funds. Total support costs of £134,873 (2018: £144,783) are analysed in Note 7.

The BFHU remits approximately £6 million each year to Hebrew University, mainly from annual gifts but also just over £1 million from existing Endowment Funds.

SCHOLARSHIPS

One of the largest donations is from the Pears Foundation and is used to fund students doing the International Masters in Public Health. These students mainly come from the poorer countries in Africa and without the scholarships they could not attend Hebrew University. There is a major Social Impact from these students when they return to their country and are active in Public Health, often at an extremely high level. Alumni are also in regular contact with their peers.

Other scholarships are specifically given to disadvantaged students who would not be able to attend HU without such external help. They include students with disabilities, Arab Students, Charedi (Religious Jews) and those of Ethiopian backgrounds.

RESEARCH

One example of donations is from the Carey Shaw Endowment Fund. About £250,000 is used each year for a Distinguished Medical Award. This is normally given to encourage very bright Researchers to come to HU, often after Post-Doctoral work in USA. Several of these have subsequently won European Research Council awards which recognises the contribution their Research is making on an International basis. This also enhances the reputation of Hebrew University.

PRIZES

The Kaye Prizes in Experimental Science and the Polonsky prizes in Humanities recognises excellence and important research or teaching at the University. Such prizes help to enhance the reputation not only of the individual recipients but also the University as a whole.

LECTURES

Specific BFHU funds help to support important lectures by top legal and medical experts visiting Israel and also lectures held in UK. These are very important both from the point of view of those attending the lectures and enhancing the Reputation of the University.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

7 Analysis of total expenditure on support costs

Support cost	Basis of allocation	Raising funds £	Grant-making £	Total 2019 £
Salaries & other staff costs	Staff time	235,190	97,335	332,525
Establishment costs	Staff time	68,400	16,979	85,379
Printing, advertising and administration	Direct	53,830	(12,395)	41,435
Motor and travelling expenses	Direct	22,296	-	22,296
Event costs	Direct	19,230	-	19,230
Governance costs	Direct	21,744	32,954	54,698
Information technology	Direct	8,747	-	8,747
Total 2019		429,437	134,873	564,310

<i>Support cost</i>	<i>Basis of allocation</i>	<i>Raising funds</i> £	<i>Grant-making</i> £	<i>Total</i> 2018 £
<i>Salaries & other staff costs</i>	<i>Staff time</i>	<i>200,065</i>	<i>85,742</i>	<i>285,807</i>
<i>Establishment costs</i>	<i>Staff time</i>	<i>50,791</i>	<i>21,768</i>	<i>72,559</i>
<i>Printing, advertising and administration</i>	<i>Direct</i>	<i>36,480</i>	<i>1,295</i>	<i>37,775</i>
<i>Motor and travelling expenses</i>	<i>Direct</i>	<i>14,302</i>	<i>8,922</i>	<i>23,224</i>
<i>Event costs</i>	<i>Direct</i>	<i>23,818</i>	<i>-</i>	<i>23,818</i>
<i>Governance costs</i>	<i>Direct</i>	<i>-</i>	<i>27,056</i>	<i>27,056</i>
<i>Information technology</i>	<i>Direct</i>	<i>13,880</i>	<i>-</i>	<i>13,880</i>
<i>Total 2018</i>		<i>339,336</i>	<i>144,783</i>	<i>484,119</i>

In 2019 & 2018 70% of the salaries, national insurance costs, other staff costs, and establishment costs have been allocated to raising funds. In 2019 & 2018 30% of the salaries, national insurance costs, other staff costs, and establishment costs have been allocated to charitable activities. This is based on the best estimate of staff time.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

8 Governance costs

	2019 £	2018 £
Auditors' remuneration	18,600	19,250
Legal fees	-	5,261
Other	3,144	2,545
Total	21,744	27,056

9 Analysis of grants

	Grants to institutions £	Grants to individuals £	Total £
Grants to students at the Hebrew University	-	194,000	194,000
Grants to Hebrew University students who study abroad	-	50,000	50,000
Grants to the Hebrew University:	5,458,602	-	5,458,602
Designated projects	£3,086,945		
Scholarships	£1,406,313		
Postcard Collection	£900,000		
Prizes	£39,844		
Institute for Medical Research	£25,500		
2019 Total	5,458,602	244,000	5,702,602
<i>Grants to Individuals at the Hebrew University</i>	-	194,000	194,000
<i>Grants to Hebrew University students who study abroad</i>	-	50,000	50,000
<i>Grants to the Hebrew University:</i>	5,319,295	-	5,319,295
<i>Designated projects</i>	£2,608,761		
<i>Scholarships</i>	£2,594,968		
<i>Institute for Medical Research</i>	£82,000		
<i>Prizes</i>	£33,566		
<i>2018 Total</i>	<i>5,319,295</i>	<i>244,000</i>	<i>5,563,295</i>

Further details of the charitable activities supported by the grants made in the year are given in the Trustees Report.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

10 Net income for the year

Net income is stated after charging / (crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	9,996	9,996
Auditors' remuneration - Audit fees	15,500	17,750
Auditors' remuneration – Non-Audit fees (accountancy)	-	1,500
Finance charges payable	2,944	1,295
Operating lease rentals	48,372	48,372
Net (gains) / losses on foreign exchange	(15,339)	(1,232)

11 Trustees' and key management personnel remuneration and expenses

The Trustees neither received nor waived any remuneration during the year (2017- £Nil).

The total amount of employee benefits received by Key Management Personnel is £166,758 (2018 - £137,274) and includes employer's National Insurance contributions at 13.8%. This includes an under provision in last year of £19k and a bonus not paid until after the audit is finalised. The Charity considers its Key Management personnel comprise the trustees and the Chief Executive. The Chief executive is the only full time member of staff.

The Trustees did not have any expenses reimbursed during the year (2018- £Nil).

12 Staff costs and employee benefits

The average monthly number of employees during the year was as follows:

	2019 Number	2018 Number
Raising funds	4	4
Charitable activities	1	1
Governance	1	1
	6	6

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

The average number of full-time equivalent employees (including casual and part-time staff) during the year was made up as follows:

	2019 Number	2018 Number
Raising funds	2	2
Charitable activities	1	1
Governance	1	1
	<hr/>	<hr/>
	4	4
	<hr/>	<hr/>

The total staff costs and employees' benefits was as follows:

	2019 £	2018 £
Wages and salaries	291,980	256,744
Social security	29,084	27,217
Other staff costs	11,461	1,846
	<hr/>	<hr/>
	332,525	285,807
	<hr/>	<hr/>

No staff costs or employee benefits were paid by Related Parties.

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows:

	2019 Number	2018 Number
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
	<hr/>	<hr/>
	1	1
	<hr/>	<hr/>

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

13 Tangible fixed assets

	Land £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation:				
At 1 October 2018	26,000	7,308	60,112	93,420
Additions	-	-	3,497	3,497
At 30 September 2019	26,000	7,308	63,609	96,917
Depreciation:				
At 1 October 2018	-	7,307	48,389	55,696
Charge for the year	-	-	9,996	9,996
At 30 September 2019	-	7,307	58,385	65,692
Net book value:				
At 30 September 2019	26,000	1	5,224	31,225
At 30 September 2018	26,000	-	11,723	37,723

Land in Israel

The land is held as an investment property and no amortisation is deemed required.

14 Fixed asset investments

	Listed investments £
<u>Fair value</u>	
At 1 October 2019	31,726,389
Additions at cost	4,024,821
Disposals proceeds	(4,024,938)
Revaluations	975,461
Transfers in/(out) to portfolio	25,353
At 30 September 2019	32,727,086
<u>Historical Cost:</u>	
At 30 September 2019	26,302,090

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

Listed Investments at fair value comprise:

	2019 £	2018 £
Investment Funds	1,823,493	1,664,933
UK listed investments	8,939,613	9,042,131
UK cash deposits	367,756	1,170,771
Fixed income	5,668,742	5,705,438
UK other investments	1,535,203	1,490,943
Overseas investments	14,392,279	12,652,173
	<hr/>	<hr/>
	32,727,086	31,726,389
	<hr/>	<hr/>

The fair value of listed investments is determined by reference to bid prices from the appropriate Stock Exchange, market makers or from the relevant fund manager. Where fund managers publish a single price, i.e. for OEICS, the valuation has been prepared on the basis of the published price.

15 Debtors

	2019 £	2018 £
Other debtors	81	193
Legacies due	1,286,000	666,500
Prepayments	57,135	43,623
Gift aid recoverable	1,684	750
	<hr/>	<hr/>
	1,344,900	711,066
	<hr/>	<hr/>

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

16 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	9,139	20,708
Amounts held in the UK pending transfer to the Hebrew University	31,107	43,763
Other tax and social security	8,325	7,118
Other creditors	1,159	720
Accruals	140,297	100,241
	<hr/>	<hr/>
	190,027	172,550
	<hr/>	<hr/>

17 Financial commitments

The operating lease represents a premises lease signed on 18th October 2018 and expiring on the 30th September 2023.

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
Not later than one year	73,389	-
Later than one and not later than five years	220,167	-
Later than five years	-	-
	<hr/>	<hr/>
	293,556	-

18 Fund reconciliation

Fund descriptions

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out below.

Restricted funds relate to donated income or grants that have been specified for by the donor or grantor for a specific purpose.

Endowment funds

Permanent Endowment funds relate to donated income or grants that have been specified for by the donor or grantor for a specific purpose and where it has been specified that only income and gains are to be distributed.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

Expendable Endowment funds relate to donated income or grants that have been specified for by the donor or granter for a specific purpose and where it has been specified that both income and gains and original capital are to be distributed over a number of years.

The Trustees have undertaken a review of the classification of, and account treatment for, 124 funds previously shown in the accounts as permanent endowment funds. The Trustees have provided regular updates to the Charity Commission in order to advise the Charity Commission of the review carried out to date and the project is now completed and the Charity is fully compliant.

Unrestricted funds

	Balance at 1 October 2018	Income	Expenditure	Transfers	Gains / (losses)	Balance at 30 September 2019
	£	£	£	£	£	£
Unrestricted – General	2,033,880	1,999,408	(394,329)	(67,861)	-	3,571,098
Total	2,033,880	1,999,408	(394,329)	(67,861)	-	3,571,098

During the year the following transfers were made (from)/to Unrestricted-General Funds.

- Transfers of £32,138 was made from unrestricted funds to restricted funds in respect of the charity's contribution towards signage for the law faculty of £15,600 and £16,538 for IMPH student grants for 18/19 with the Moshal program.

Restricted funds

		Balance at 1 October 2018	Income	Expenditure	Transfers	Gains / (losses)	Balance at 30 September 2019
		£	£	£	£	£	£
Restricted		518,305	4,619,912	(5,726,420)	1,433,399	-	845,196
		518,305	4,619,912	(5,726,420)	1,433,399	-	845,196
Permanent Endowment funds	19	25,740,454	365,050	-	(4,588,471)	762,500	22,279,533
Expendable Endowment funds	20	5,389,874	109,750	-	3,222,933	212,962	8,935,519
		31,130,328	474,800	-	(1,335,538)	975,462	31,215,052
2019 Total		31,648,633	5,094,712	(5,726,420)	67,861	975,462	32,060,248
<i>2018 Total</i>		<i>32,882,602</i>	<i>4,333,188</i>	<i>(5,674,758)</i>	<i>(1,045,520)</i>	<i>1,153,121</i>	<i>31,648,633</i>

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

Restricted Funds

During the year the charity received a large number of donations that were restricted, all of which were applied in accordance with the donors wishes, due to the large number and the immaterial nature of each individual fund it is not practical to report on each fund activity.

At the year end there was £300k worth of legacies restricted for projects within the Hebrew University and £218k of scholarships awaiting confirmation of students and projects.

During the year transfers into this fund of £565,556 were made as follows; £32,138 from unrestricted funds as noted above and £533,418 from the permanent endowment funds.

Endowment Funds

The Trustees have now completed phase 2 of the fund clarification project. On the 26th September 2019 the trustees resolved to lift under S281 of the Charities Act 2011 the capital restrictions on 15 small funds totalling £3,359,817 (with income of £30,364) and to apply to the charities commission under S282 Charities Act 2011 to lift the capital restrictions on 12 larger funds totalling £12,504,571 (with income of £299,122). and removed the capital restrictions on all permanent endowment funds. The 15 small funds have now been reflected in the Expendable Endowment reserves. The transfer of the 12 larger funds into Expendable Endowments took place after the approval of the Charities Commission on the 16th March 2020.

The Trustees have agreed to spend up to a total of 3.5% of the balance of funds at the beginning of the year £901k which is less than the income and gains for the current year.

19 Permanent Endowment Funds

	Balance at 1 October 2018	Income/ Capital Additions	Expenditure	Transfers	Gains / (losses)	Balance at 30 September 2019
	£	£	£	£	£	£
1. Main Fund – held in the UK	5,771,315	364,950	-	(959,834)	269,220	5,445,651
2. Emily Erskine Fund	2,284,795	-	-	-	106,592	2,391,387
3. Gestetner Fund	-	-	-	-	-	-
4. Carew Shaw Fund	8,484,231	-	-	-	131,283	8,615,514
5. Porjes Fund	99,977	-	-	-	4,664	104,641
6. BFHU Research & Teaching	86,864	-	-	(90,916)	4,052	-
7. BFHU Scholarship & Student Aid	3,379,938	100	-	(3,537,721)	157,683	-
8. BFHU Research & Teaching – Israel	2,232,865	-	-	-	35,603	2,268,468
9. BFHU Scholarship & Student Aid - Israel	3,400,469	-	-	-	53,403	3,453,872
2019 Total	25,740,454	365,050	-	(4,588,471)	762,500	22,279,533

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

19 Permanent Endowment Funds (continued)

	Balance at 1 October 2017	Income/ Capital Additions	Expenditure	Transfers	Gains / (losses)	Balance at 30 September 2018
	£	£	£	£	£	£
1. Main Fund – held in the UK	6,751,773	52,387	(385,424)	(956,551)	309,130	5,771,315
2. Emily Erskine Fund	2,147,497	192,022	(143,882)	(9,173)	98,331	2,284,795
3. Gestetner Fund	539,877	1,721	(30,535)	(535,783)	24,720	-
4. Carew Shaw Fund	8,267,028	278,331	(308,006)	-	246,878	8,484,231
5. Porjes Fund	109,551	324	(14,914)	-	5,016	99,977
6. BFHU Research & Teaching	87,321	280	(4,735)	-	3,998	86,864
7. BFHU Scholarship & Student Aid	3,483,085	11,021	(303,135)	29,481	159,486	3,379,938
8. BFHU Research & Teaching – Israel	2,200,363	75,480	(109,928)	-	66,950	2,232,865
9. BFHU Scholarship & Student Aid - Israel	3,354,370	113,221	(167,547)	-	100,425	3,400,469
2018 Total	26,940,865	724,787	(1,468,106)	(1,472,026)	1,014,934	25,740,454

1. The Main Permanent Endowment Fund comprises 74 funds where income is sent annually to the Hebrew University by the BFHU and now includes 25 funds which were previously held in Israel. The BFHU Endowment Funds held in Israel were established for the purposes of supporting the aims and objectives of the Hebrew University of Jerusalem, and where income is distributed annually in support of earmarked projects.

- £325,867 in respect of Wolfson Family Chair in Biochemistry was re-classified as an expendable endowment fund
- £317,560 in respect of Dame Susan Garth Chair in Cancer Research was re-classified as a restricted fund
- £215,858 in respect of Sacher Institute was re-classified as a restricted fund

2. The Emily Erskine Fund was created to establish a Research Foundation in Physics or Mathematics.

3. The Gestetner Fund was established for the purposes of supporting the operating budget of the Abba Eban Centre for Israel Diplomacy, a centre of research and teaching within the Department of Political Science at the Hebrew University of Jerusalem. This is now treated as an expendable endowment.

4. The Carew Shaw Fund was established to fund a Distinguished Faculty Award in medicine and to fund scholarships in memory of Edward Carew Shaw, with a preference being given to the Faculty of Medicine.

5. The Porjes Fund was established for the purposes of the general charitable purposes of the Friends, but as a priority, such income is to be used for the promotion of the Friends ongoing legacies campaign.

6-9. The UK expendable portion has been amalgamated along with other endowment funds into the BFHU permanent Research and Teaching and Scholarship endowment funds.

1, 6-7. On the 26th September 2019 the trustees resolved to lift under S281 of the Charities Act 2011 the capital restrictions on 15 funds totalling £3,359,817 (with income of £30,364) and to apply to the charities commission under S282 Charities Act 2011 to lift the capital restrictions on 12 larger funds totalling £12,504,571 (with income of £299,122).

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

20 Expendable Endowment Funds

	Balance at 1 October 2018	Income/	Expenditure	Transfers	Gains / (losses)	Balance at 30 September 2019
	£	£	£	£	£	£
1. Main Fund – held in the UK	3,016,166	109,750	-	279,954	137,795	3,543,665
2. Polonsky Fund	144,026	-	-	-	(32,000)	112,026
3 Archie Sherman Fund	601,963	-	-	(262,445)	31,228	370,746
4 Leo Leffman Fund	-	-	-	-	-	-
5 Joels Fund	1,091,936	-	-	26	50,943	1,142,905
6 Gestetner Fund	535,783	-	-	5,066	24,996	565,845
7. BFHU Research & Teaching	-	-	-	90,916	-	90,916
8. BFHU Scholarship & Student Aid	-	-	-	3,109,416	-	3,109,416
2019 Total	5,389,874	109,750	-	3,222,933	212,962	8,935,519

	Balance at 1 October 2017	Income/ Capital Additions	Expenditure	Transfers	Gains / (losses)	Balance at 30 September 2018
	£	£	£	£	£	£
1. Main Fund – held in the UK	2,081,263	10,771	(210,574)	1,040,574	94,132	33,016,166
2. Polonsky Fund	213,664	-	(13)	-	(69,625)	144,026
3 Archie Sherman Fund	604,216	-	(22,514)	-	20,261	601,963
4 Leo Leffman Fund	1,274,350	-	-	(1,317,083)	42,732	-
5 Joels Fund	1,106,952	3,522	(64,523)	(4,703)	50,687	1,091,934
6 Gestetner Fund	-	-	-	535,783	-	535,783
2018 Total	5,280,445	14,293	297,624	254,573	138,187	5,389,874

1. The Main Expendable Endowment Fund comprises 43 funds that distribute a fixed amount annually. During the year the following transfers were made into/out of the fund:

- £325,867 was transferred into the fund from the permanent endowment fund in respect of Wolfson Family Chair in Biochemistry.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

2. The Polonsky Endowment Fund is a gift of shares given by the Polonsky Foundation. The income from these shares is used to fund certain grants made to the University on behalf of the foundation.

3. The Archie Sherman Fund was established for the purposes of supporting the Centre for Transgenic Organisms at the Hebrew University, as well as the cost of generating voluntary income of the BFHU.

4. The Leo Leffman Fund has historically been treated as an expendable endowment, however following a review of the charity's fund balances it was concluded that this fund had been incorrectly classified.

5. The Joels Fund, i.e. the Jacob and Lena Memorial Foundation for Innovation in the Life and Medical Sciences, is an endowment for the establishment and support for a visiting chair, a senior lectureship for excellence and a research fund.

6. Gestetner Fund was transferred from the Permanent Endowment Fund in note 20 and is to be used in supporting the operating budget of the Abba Eban Centre for Israel Diplomacy, a Centre of research and teaching within the Department of Political Science at the Hebrew University of Jerusalem.

1,7-8. On the 26th September 2019 the trustees resolved to lift under S281 of the Charities Act 2011 the capital restrictions on 15 funds totalling £3,359,817 (with income of £30,364) and to apply to the charities commission under S282 Charities Act 2011 to lift the capital restrictions on 12 larger funds totalling £12,504,571 (with income of £299,122).

21 Analysis of net assets between funds – As at 30 September 2019

	Unrestricted funds	Restricted funds	Permanent Endowment funds	Expendable Endowment funds	Total
	£	£	£	£	£
Tangible fixed assets	31,225	-	-	-	31,225
Fixed asset investments	1,132,743	-	22,648,876	8,945,467	32,727,086
Current assets	2,217,867	845,196	-	-	3,063,063
Current liabilities	(190,027)	-	-	-	(190,027)
Total 2019	3,191,808	845,196	22,648,876	8,945,467	35,631,347

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Year Ended 30 September 2019

Analysis of net assets between funds – As at 30 September 2018

	Unrestricted funds	Restricted funds	Permanent Endowment funds	Expendable Endowment funds	Total
	£	£	£	£	£
Tangible fixed assets	37,723	-	-	-	37,723
Fixed asset investments	1,217,453	-	25,119,062	5,389,874	31,726,389
Current assets	951,254	518,305	621,392	-	2,090,951
Current liabilities	(172,550)	-	-	-	(172,550)
Total 2018	2,033,880	518,305	25,740,454	5,389,874	33,682,513

22 Related party transactions

Other than Trustee and Key Management Personnel transactions detailed in Note 8, there were no related party transactions during the period (2018: £ 0).

23 Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Net income for year	1,948,834	288,630
Dividends received	(608,174)	(571,679)
Interest receivable	(48,690)	(44,958)
Purchase of fixed assets	3,498	
Depreciation and impairment of tangible fixed assets	9,996	9,996
(Gains) / losses on investments	(975,462)	(1,153,121)
(Increase) / decrease in debtors	(633,834)	(264,988)
Increase / (decrease) in creditors	17,477	28,003
Net cash flow from operating activities	<u>(293,351)</u>	<u>(1,708,117)</u>

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2019

24 Post balance sheet events

The subsequent spread of the coronavirus and its identification as a new coronavirus does not provide additional evidence about the situation that existed at the 30th September 2019 and is therefore not an adjusting event. Notes on the effects on the Charity are covered in the Trustees Report. The value of the Endowment portfolio has seen a decline of approximately 5% and as at the end of April the value was £30.5m.