

**British Friends of the Hebrew University of Jerusalem
Financial Statements
Year Ended 30 September 2017**

British Friends of the Hebrew University of Jerusalem

Financial Statements

Year Ended 30 September 2017

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British Friends of the Hebrew University of Jerusalem

Reference and administration details

Year Ended 30 September 2017

Charity registration number	209691
Company registration number	06350828
Trustees	Isaac Kaye PhD Hon, Chair Alan Philipp, Treasurer Jenny Arwas MBE Graham Edwards Ms Denise Joseph (appointed 24 May 2017) Jonathan Marks Tony Page Joe Smouha QC Simon Tobelem Mr David Wernick (appointed 7 December 2016)
Chief executive officer	Nigel Salomon
Registered office	2nd Floor Supreme House 300 Regents Park Road London N3 2JX Telephone: 020 8349 5757 Fax: 020 8349 5750 e-mail: friends@bfhu.org web: www.bfhu.org
Independent Auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditor New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
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

Trustees Annual Report

Year Ended 30 September 2017

The Trustees present their report and the audited financial statements of the charity for the year ended 30th September 2017. 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:

Mr Isaac Kaye PhD Hon, Chairman
Mr Alan Philipp, Hon, Treasurer
Mrs Jenny Arwas MBE
Mr Graham Edwards
Ms Denise Joseph (appointed 24 May 2017)
Mr Jonathan Marks
Mr Tony Page
Mr Joe Smouha QC
Mr Simon Tobelem
Mr David Wernick (appointed 7 December 2016)

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

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

Achievements and performance

During the year, the Charity made grants to the Hebrew University and students of £4m (2015/16 £5m). Included are a small number of grants made to Hebrew University students, or Alumni pursuing studies in the UK.

During the year, a range of activities at the University were supported by the Charity's grants and these are reflected in part in the following list:

- Over 150 scholarships at a total value in excess of £1m at undergraduate, post-graduate, doctoral and post-doctoral levels including a specific set of generous bursaries to post-graduate students in science, medicine and veterinary science *who would not, without such support, be able to continue their studies;*

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Scholarships cover almost all faculties and departments including medical science, law, agriculture, Revivim (Jewish education), science/technology, interfaith studies, history, and Jewish history;

- Periodically at the request of donors, scholarships are designated to minority groups of students including Arab, Ethiopian, new immigrants and residents of the Israeli periphery;
- In excess of £1m in support of International Masters Scholarships in Public Health, Agricultural Sciences and Community Development from over 20 developing nations learning new skills and techniques to support local communities in health, nutrition and community development;
- Scholarships & Prizes - undergraduate, graduate, doctoral and post-doctoral including in scientific innovation and the humanistic disciplines – showcased at the annual Board of Governors gathering designed to encourage excellence and beneficial societal impact;
- Close to £3m supporting a range of cutting edge research including in the field of 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 function of human NK cells during pregnancy, and pregnancy complications, early detection osteoarthritis, an annual lecture series on brain research;
- A visiting fellowship in Water, Society and Geopolitics In the Middle East;
- In excess of £1m 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 Eastern Mediterranean basin, 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, and for campus security;
- During the year the British Friends undertook over 20 events including the January 2017 gala dinner marking the organisation's 90th anniversary attended by 200 guests raising over £250,000 in support of the recruitment of a new faculty member in the field of psychology. The annual Lionel Cohen legal dinner took place hosted by Lord Pannick QC with guest speaker Lord Dyson, former Master of the Rolls. Funds raised support 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. In May 2017, the Law Faculty at the Hebrew University hosted the 2017 annual Lionel Cohen lecture with guest speaker Lord Thomas of Cwmgledd, Lord Chief Justice of England & Wales. Britain's Ambassador to Israel, HE David Quarrey CMG, also attended;
- BFHU Groups also held an array of events including the Women's Group bi-annual Q&A evening chaired by Lord Grabiner QC, the Young Professional's a popular wine tasting evening at London's Hedonism wine bar. The Medical Group hosted a number of Hebrew University medical science faculty members including Prof Nahmias who spoke about innovations in bioengineering;
- The Honours Club dedicated to special events for our legator community enjoyed several speaker events as well as cultural outings;
- The Medical Group in conjunction with JMed (the Jewish Medical Association) hosted Prof Dame Parveen Kumar DBE, as the 2017 Henry Cohen visiting lecturer to Israel. Upon returning to the UK Prof Kumar gave a return lecture on Women in Medicine;
- BFHU undertook a special week-long programme of events showcasing the Hebrew University International Masters of Public Health programme. This course has been running for 40 years and has graduated some 900 graduates from over 90 mainly developing countries during that period. Thanks to sponsorship from Pears Foundation (a major supporter of these and other similar programmes), BFHU hosted Dr Rilwan Raji, a Pears Scholar from Nigeria, who undertook a number of speaking

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Year Ended 30 September 2017

engagements including schools, medical organisations, an event at the Israeli Embassy, London, private meetings and media interviews. The week was regarded as a great success;

- Other fundraising efforts included 2 appeal mailings at Passover & New Year in part segmented to our medical group, 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, continued emphasis on legacies and the now annual BFHU mission to the Hebrew University, following the proven 'sponsored' model; and
- The appointment of Young Professional Group Chair, Benjamin Stowe, as *ex officio* member of the Board of Trustees so as to engage this group more closely

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

This includes:

- Loss of key staff members with localised knowledge
- Quality of staff
- Fraud
- Litigation
- Over-stretching

Management of risk includes:

- Knowledge and skills not unique to any single member of staff. Key skills in-house
- Donor information and contact history recorded on fundraising database
- Processes documented
- Knowledge dispersed & shared
- Team collegial environment
- Annual appraisals, annual performance objectives setting, selective bonuses
- Sound internal controls, accounts reconciliation, audit, documented processes, training, motivated team
- Professional operation, sound governance and legal guidance, motivated team, competitive pay & conditions

IT support and maintenance services risks

This includes:

- Data loss, IT disruption
- Point of sale intrusions
- Web site vulnerability
- Fire, other loss of physical facilities and original documentation
- Hebrew University reputational decline

Management of risk includes:

- Use of IT support and maintenance services, email and files backed up routinely on the cloud since May 2017 for quick restoration
- Remotely hosted donor database in place since April 2017
- Have good Identification, containment eradication and recovery policies in place

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- Building new state of the art web site
- Register of multiple alternative means of all staff members reaching each other
- Remote working possible
- Fire drills undertaken
- Insurance policies in place
- Implement document digitisation
- Close relationship with donors

Finance risks

This includes:

- Poor investment performance for HUJ designation monies and general income
- Foreign Exchange

Management of risk includes:

- Review of monthly management accounts and performance
- Investment spread across several funds managers/organisations - in place
- Joint BFHU-HU oversight committee in place.
- Managed for total return basis where needed
- Treasury function oversees investment committee - in place
- Extensive use of KPI's

Governance risks

This includes:

- Qualified audit
- Defection & disillusionment of trustees
- Not meeting donor objectives
- Non-compliance with GDPR

Management of risk includes:

- Auditor rotation
- Independent audit of BFHU assets in Israel
- Ensure close working relationship with CEO & team, engagement in BFHU activities, HU visits, personal responsibilities in BFHU/HU
- Taking legal advice on GDPR and implementing changes recommended and train team and communicate externally as needed

Income risks

This includes:

- Disproportionate reliance on key donors
- Public attitude
- Lack of new supporters

Management of risk Includes:

- Ensuring highest quality donor care - ongoing
- Seek to broaden donor base - ongoing
- Annual major event to attract new interest
- Ensure many more activities to increase awareness
- Engage with the community at large

Competition risks

This includes

- Competition for funding for other Universities in Israel

Management of risk includes:

- Ensuring many more activities to increase awareness
- Engaging with stakeholders and staying relevant

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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 past expenditure patterns along with anticipated changes in them 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 six months overheads plus £250,000 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 2017 the targeted free reserves position was £500,000.

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.

As at the year end the charity held total funds of £33,393,883, 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 £463,562.

The current level of free reserves is below the target level, however the Trustees do not consider that the shortfall is significant and will seek to address this in the future.

Future plans

Our future plans are financed primarily from our annual income and from our endowment reserves. The Board needs to maintain an equitable balance ensuring our current commitment to the University is maintained, whilst, at the same time, ensuring 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.

The Board sees 2017/18 as a year of ongoing challenges in light of a volatile economy and investment environment, uncertainties in relation to Brexit, competitive demands on philanthropists and the significant needs of the Hebrew University itself.

The Trustees welcome the solid performance of 2016/17. 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 and consistency. 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

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

BFHU will continue to maintain a diverse programme of events including a limited number of events designed to expose the Hebrew University and the work of BFHU to the wider public. 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

Ensuring excellent donor relations, communications and contact (including a new website and associated social media platforms) will be paramount including to the growing cohort of donors who have committed to a legacy in favour of BFHU

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BFHU's professional team will work closely both with colleagues at the Hebrew University as well as with other Hebrew University Friends groups especially across Europe to develop a more sophisticated approach to engaging new potential donors including philanthropic foundations

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

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

Finally, BFHU recognises the demands of new legislation to ensure charity compliance with GDPR – general data protection regulations and will ensure it meets the May 2018 deadline

Financial review

During the year under review, the Charity showed unrestricted net income of £341,667, leaving a retained balance on general funds of £511,281 as at 30th September 2017.

Income for the year amounted to £4,232,228 (2016 as restated: £3,323,163) £3,638,957 (2016: £2,852,509) of which was given by our generous supporters and £593,271 (2016: £470,654) was generated from other trading activities and our investment funds. This enabled the Charity to give grant funding to the University of £4,161,797 (2016: £5,784,347).

In previous years the charity had included donations made directly to the Hebrew University (HU) within its income. However, following a thorough review of this accounting practice the Trustees have considered the level of control exerted over these donations and have concluded that whilst the Charity plays a pivotal role in facilitating and managing the relationship between the donor and HU it is not able to demonstrate sufficient control over these funds for financial reporting purposes at this time. As such these donations have not been included within the 2017 Financial Statements and the comparative figures have been restated accordingly.

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.

Income	Note	2017			2016	
		Unrestricted funds £	Restricted funds £	Endowment funds £	Total £	
Total Income as presented		616,695	2,946,138	669,395	4,232,228	3,323,163
Direct donations to the Hebrew University (HU)		-	3,246,664	-	3,246,664	3,260,771
Total Income attributable to the BHFU by the HU	19	616,695	6,192,802	669,395	7,478,892	6,583,934

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Expenditure	Note	2017			2016	
		Unrestricted funds £	Restricted funds £	Endowment funds £	Total £	
Grants funding activities as presented	6	-	2,497,571	1,664,226	4,161,797	5,784,347
Direct donations to the Hebrew University (HU)		-	3,246,664	-	3,246,664	3,260,771
Total grants attributable to the BFHU by the HU	19	-	5,744,235	1,664,226	7,408,461	9,045,118

At the year end the Charity had unrestricted funds of £511,281, restricted funds of £261,292 and available expendable endowment resources of over £5.2m and permanent endowment funds of £26.9m.

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 Directors & Trustees

Members of the Board are recruited on the basis of 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 considered to be 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 Chairman and Treasurer. The review is performed by using benchmarks from similar organisations and against the performance of personal objective.

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Year Ended 30 September 2017

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

- Investec general fund Benchmark 9.7% - Actual Performance 11.4%
- Investec Leffman & Sherman Benchmark 9.7% - Actual Performance 11.1%
- Rothschild Benchmark - Is that average total return after 3 years less distributions and CPI is +ve It is reviewed quarterly

During the year the investments have generally performed better than expected. The main cause of the out-performance on the portfolios was at the asset allocation level, where the General fund was some 6% underweight in bonds (index-3.6% for the year); within equities tilt towards Overseas in preference to the UK equities was also beneficial. Stock selection was good in Overseas equities (return 16.7% vs 15.7%) on the index) and in bonds, where they were short duration.

Grant making policies

Grants made from restricted funds and from the income 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 University for purposes such as buildings, equipment, research programmes and scholarships.

£53k annually was allocated for scholarships in 2016/17 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 2017/18. Any unused budget is carried forward.

Use of volunteers

Volunteers are of significant value to the BFHU helping the organisation to reduce costs or provide specific expertise.

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 the supporters and donors who engage with us. As a member of the fundraising community we commit to our own professional development, to ensure that we abide by the Protection and Social Investment Act 2016 and to the vision - Excellent fundraising for a better world.

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.

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BFHU continues to develop groups including legal, young professional, 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.

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.

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 BFHU to ensure an aligned approach.

Public benefit statement

In conjunction with a network of fellow Friends groups worldwide, the British Friends of the Hebrew University supports the goals of the University through its declared pursuit of world-class academic and research output and has been active since 1926, one year after the formal opening of the University itself.

The Hebrew University marked its 90th anniversary in 2015, with the British Friends marking its own 90th anniversary in 2016. 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 HUJ tech 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 BFHU endeavours to support. 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 Directors & Trustees confirm that they have complied with the requirements of section 4 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 2017

Trustees' responsibilities statement

The trustees (who are also directors of the Hebrew University 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:

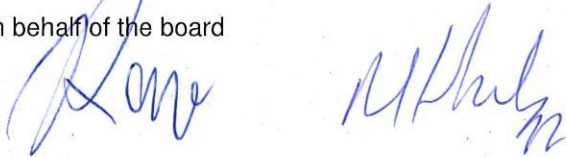
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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

Date:

10.6.18

Independent Auditor's Report to the Members of the British Friends of the Hebrew University of Jerusalem (Registered company number: 06350828)

Year Ended 30 September 2017

Opinion

We have audited the financial statements of British Friends of the Hebrew University of Jerusalem (the 'charitable company') for the year ended 30 September 2017 which comprise the primary statements such as the Statement of Financial Activities, the Balance Sheet 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).

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.

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 2017, and of its incoming resources and application of resources, including its 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 charitable company 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

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

Emphasis of Matter

We have advised the Trustees that the accounting treatment for, and classification of, the funds currently shown in the accounts as permanent endowment funds needs to be reviewed. Whilst our understanding is that the funds have been expended in line with the donors' wishes, we note that expenditure from such funds has exceeded the income generated, as disclosed. A review of the permanent endowment funds is currently underway to confirm the position and the Trustees envisage that a reclassification of at least some of the endowment funds may occur as a result of this review. We draw your attention to note 19 to the financial statements in this regard. Our opinion is not modified in this respect.

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. 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.

Independent Auditor's Report to the Members of the British Friends of the Hebrew University of Jerusalem (Registered company number: 06350828)

Year Ended 30 September 2017

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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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 our 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.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report

Responsibilities of trustees

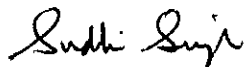
As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and 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.



*Sudhir Singh FCA (Senior Statutory Auditor)
For and on behalf of MHA MacIntyre Hudson, Statutory Auditor,
New Bridge Street House, 30-34 New Bridge Street,
London EC4V6BJ*

Date: *22 June 2018*

British Friends of the Hebrew University of Jerusalem

Statement of Financial Activities (Including Income and Expenditure Account)

Year Ended 30 September 2017

	Note	2017			Total £	2016 (restated) Total £
		Unrestricted funds £	Restricted funds £	Endowment funds £		
Income and endowments from:						
Donations and legacies	2	561,199	2,882,257	195,501	3,638,957	2,852,509
Other trading activities	3	-	63,881	-	63,881	52,854
Investments	4	55,496	-	473,894	529,390	417,800
Total income and endowments		616,695	2,946,138	669,395	4,232,228	3,323,163
Expenditure on:						
Raising funds	5	(275,028)	(32,687)	-	(307,715)	(294,040)
Charitable activities	6	-	(2,638,531)	(1,664,226)	(4,302,757)	(5,931,016)
Total expenditure		(275,028)	(2,671,218)	(1,664,226)	(4,610,472)	(6,225,056)
Net gains on investments	15	-	-	2,368,022	2,368,022	2,960,734
Net income		341,667	274,920	1,373,191	1,989,778	58,841
Transfers between funds	19	-	-	-	-	-
Net movement in funds	19	341,667	274,920	1,373,191	1,989,778	58,841
Reconciliation of funds:						
Total funds brought forward	19	169,614	386,372	30,848,119	31,404,105	31,345,264
Total funds carried forward	19	511,281	661,292	32,221,310	33,393,883	31,404,105

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 19 to 38 form part of these financial statements.

British Friends of the Hebrew University of Jerusalem

Balance Sheet

Year Ended 30 September 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	14	47,719	485
Investments	15	31,329,881	30,242,189
		<u>31,377,600</u>	<u>30,242,674</u>
Current assets			
Debtors	16	446,078	937,905
Cash at bank and in hand		1,714,752	1,299,504
		<u>2,160,830</u>	<u>2,237,409</u>
Creditors: amounts falling due within one year	17	(144,547)	(1,075,978)
Net current assets		<u>2,016,283</u>	<u>1,161,431</u>
Net assets		<u>33,393,883</u>	<u>31,404,105</u>
Charity Funds			
Endowment funds			
Permanent endowments	19	26,940,865	25,611,106
Expendable endowments	19	5,280,445	5,237,013
Restricted funds	19	661,292	386,372
Unrestricted funds	19	511,281	169,614
Total charity funds	19	<u>33,393,883</u>	<u>31,404,105</u>

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 10.06.18

Signed on behalf of the board of trustees

Trustee

The notes on pages 19 to 39 form part of these financial statements.

British Friends of the Hebrew University of Jerusalem

Statement of Cash Flows

Year Ended 30 September 2017

	Note	2017 £	2016 £
Cash flow from operating activities	24	(1,336,619)	(3,477,807)
Net cash flow from operating activities		<u>(1,336,619)</u>	<u>(3,477,807)</u>
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(57,853)	-
Net movements in cash flows from investments		1,290,795	143,929
Payments to acquire investments		(5,341,228)	(10,928,436)
Receipts from sales of investments		5,330,763	14,126,865
Income retained from BFHU assets in Israel		-	1,279
Interest received		45,340	29,544
Dividends received		484,050	388,204
Net cash flow from Investing activities		<u>1,751,867</u>	<u>3,761,385</u>
Net Increase in cash and cash equivalents		415,248	283,578
Cash and cash equivalents at 1 October		1,299,504	1,015,926
Cash and cash equivalents at 30 September		<u>1,714,752</u>	<u>1,299,504</u>

The notes on pages 19 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 2017

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 on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

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) Funds

Unrestricted funds 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 in the notes to the financial statements.

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 is 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 2017

(c) 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 control over these funds. In the previous year amounts totalling £3,260,771 were incorrectly included within income from donations. As a result the 2016 income figures have been restated to remove these amounts, see note 25 for further details.

For legacies, entitlement is the earlier of the Charity being notified of an impending distribution or the legacy being received. At this point income is recognised. A legacy is only recognised when it is probable that it will be received. Receipt is normally probable when:

- there has been grant of probate;
- the executors have established that there are sufficient assets in the estate,
- after settling any liabilities, to pay the legacy; and
- any conditions attached to the legacy are either within the control of the charity or have been met.

On occasion legacies will be notified to the Charity however it is not possible to measure reliably the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the Charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. 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 income is recognised using the effective interest method and dividend and rent income is recognised as the Charity's right to receive payment is established.

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.

(d) 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;
- and
- Other expenditure represents those items not falling into the categories above.

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

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2017

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 the grants. 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.

(e) 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, 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 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.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in Note 7.

(f) 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.

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
Computer system	33.3% straight line

(g) Investments

The Charity has equity investments in listed and unlisted 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. As investments are revalued to fair value continuously, no realised gains or losses arise.

(h) 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.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2017

(i) Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

(j) Provisions

Provisions are recognised when the Charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

(k) 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.

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

(n) Tax

The Charity has 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) 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.

(p) 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.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2017

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.

(g) Judgements and key sources of estimation uncertainty

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements are allocation of support costs and depreciation rates.

2 Income from donations and legacies

	2017 £	2016 (restated) £
Legacies	864,747	183,230
Regular giving	2,748,210	2,669,279
Donated assets	26,000	-
	<u>3,638,957</u>	<u>2,852,509</u>

Income from donations and legacies was £3,638,957 (2016 - £2,852,509) of which £ 195,501 (2016 - £291,489) was attributable to endowments, £2,882,257 (2016 - £2,257,427) was attributable to restricted and £ 561,199 (2016 - £303,593) was attributable to unrestricted funds.

3 Income from trading activities – Raising Funds

	2017 £	2016 £
Events income – Conferences and similar events	63,881	52,854
	<u>63,881</u>	<u>52,854</u>

Income from trading activities in 2017 and 2016 was attributable to restricted funds.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2017

4 Income from Investments

	2017 £	2016 £
Dividends - equities	484,050	388,204
Interest - fixed interest securities	45,340	29,544
Interest - deposits	-	52
	<u>529,390</u>	<u>417,800</u>

Income from investment was £ 529,390 (2016 - £417,800) of which £ 473,894 (2016 - £361,330) was attributable to endowments, and £ 55,496 (2016 - £56,470) 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

	2017 £	2016 £
Support costs	307,715	293,366
Other	-	674
	<u>307,715</u>	<u>294,040</u>

£Nil (2016 - £Nil) of the above costs were attributable to endowment funds. The fund managers in addition use pool funds and they did not keep track of the additional charge in 16/17. They estimate that the internal charge for 16/17 will approximate to a further 0.34 % of assets.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2017

6 Analysis of expenditure on charitable activities

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total £
Grants to individuals	-	247,000	-	247,000
Grants to the Hebrew University	-	3,914,797	140,960	4,055,757
2017 Total	-	4,161,797	140,960	4,302,757
2016 Total (<i>restated</i>)	-	5,784,347	146,669	5,931,016

£ 1,664,226 (2016 - £2,874,190) of the above costs were attributable to endowment funds.
Total support costs of £140,960 (2016: £146,669) are analysed in Note 7.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2017

7 Analysis of total expenditure on support costs

Support cost	Basis of allocation	Raising funds	Grant-making	Total	Total
		£	£	2017 £	2016 £
Salaries	Staff time	175,172	75,074	250,246	246,994
National insurance costs	Staff time	17,018	7,293	24,311	23,480
Other staff costs	Staff time	2,640	1,147	3,787	3,000
Establishment costs	Staff time	41,825	20,163	61,988	59,750
Printing, advertising and consultancy	Direct	2,427	-	2,427	7,641
Motor and travelling expenses	Direct	15,583	-	15,583	14,199
Postage and telephone	Direct	6,476	-	6,476	7,142
Event costs	Direct	32,687	-	32,687	30,962
Governance costs	Direct	-	26,037	26,037	25,958
Information technology	Direct	3,269	7,329	10,598	22,447
Administration costs	Direct	-	405	405	2,807
Other	Direct	10,618	3,512	14,130	(4,345)
Total		307,715	140,960	448,675	440,035

In 2016 & 2017 70% of the salaries, national insurance costs, other staff costs, and establishment costs have been allocated to raising funds. In 2016 & 2017 30% of the salaries, national insurance costs, other staff costs, and establishment costs have been allocated to charitable activities.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2017

8 Governance costs

	2017 £	2016 £
Auditors' remuneration (including expenses and benefits in kind)	21,000	22,000
Legal fees	4,022	2,206
Other	1,015	1,752
	<u>26,037</u>	<u>25,958</u>

9 Analysis of grants

	Grants to institutions £	Grants to individuals £	Total £
Grants to Individuals at the Hebrew University	-	194,000	194,000
Grants to Hebrew University students who study abroad	-	53,000	53,000
Grants to the Hebrew University	3,914,797	-	3,914,797
2017 Total	<u>3,914,797</u>	<u>247,000</u>	<u>4,161,797</u>
2016 Total (<i>restated</i>)	<u>5,535,597</u>	<u>248,750</u>	<u>5,784,347</u>

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2017

10 Net Income for the year

Net income is stated after charging / (crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets	10,619	674
Audit fees	21,000	22,000
Finance charges payable	2,238	6,083
Operating lease rentals	48,372	47,406
Net (gains) / losses on foreign exchange	1,273	(9,862)

11 Auditor's remuneration

The auditor's remuneration amounts to an audit fee of £21,000 (2016 - £22,000).

12 Trustees' and key management personnel remuneration and expenses

The Trustees neither received nor waived any remuneration during the year (2016: £Nil).

The total amount of employee benefits received by Key Management Personnel is £135,567 (2016 - £130,148). The Charity considers its Key Management personnel comprise the trustees and the Chief Executive.

The Trustees did not have any expenses reimbursed during the year (2016- £Nil).

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2017

13 Staff costs and employee benefits

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

	2017 Number	2016 Number
Raising funds	4	4
Charitable activities	1	1
Governance	1	1
	<hr/>	<hr/>
	6	6

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

	2017 £	2016 £
Wages and salaries	251,033	246,994
Social security	24,311	23,480
Other staff costs	3,819	3,000
	<hr/>	<hr/>
	279,163	273,474

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:

	2017 Number	2016 Number
£110,001 - £120,000	1	1
	<hr/>	<hr/>
	1	1

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2017

14 Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation:				
At 1 October 2016	-	7,308	28,259	35,567
Additions	26,000	-	31,853	57,853
At 30 September 2017	26,000	7,308	60,112	93,420
Depreciation:				
At 1 October 2016	-	7,308	27,774	35,082
Charge for the year	-	-	10,619	10,619
At 30 September 2017	-	7,308	38,393	45,701
Net book value:				
At 30 September 2017	26,000	-	21,719	47,719
At 30 September 2016	-	-	485	485

Land in Israel

No amortisation is deemed required

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2017

15 Fixed asset Investments

	Listed Investments £
<u>Fair value</u>	
At 1 October 2016	30,242,189
Additions at cost	5,341,228
Disposals at carrying value (proceeds)	(5,330,763)
Revaluations	2,368,022
Transfers in/(out) to portfolio	(1,290,795)
At 30 September 2017	<u>31,329,881</u>
<u>Carrying amount:</u>	
At 30 September 2017	<u>31,329,881</u>
At 30 September 2016	<u>30,242,189</u>

Investments at fair value comprise:

	2017 £	2016 £
Complex financial Instruments	2,184,710	2,470,214
UK listed investments	9,380,676	9,043,732
UK cash deposits	969,841	965,459
Fixed income	4,972,184	3,652,151
UK other investments	1,530,654	1,571,146
Overseas investments	12,291,817	12,539,487
	<u>31,329,881</u>	<u>30,242,189</u>

The fair value of listed investments is determined by reference to mid-market 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.

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2017

16 Debtors

	2017 £	2016 £
Other debtors	36	-
Donations due	400,000	878,959
Prepayments	37,147	33,365
Gift aid recoverable	8,895	25,581
	<u>446,078</u>	<u>937,905</u>

17 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	28,528	24,854
Amounts held in the UK pending transfer to the Hebrew University	(505)	939,308
Other tax and social security	6,872	6,713
Other creditors	244	-
Accruals	109,408	105,103
	<u>144,547</u>	<u>1,075,978</u>

18 Financial commitments

At the reporting date the Charity had outstanding commitments for future minimum lease payments under a non-cancellable operating lease. The operating lease represents a premises lease, expiring on the 30th September 2018. This lease includes a provision for an annual upward rent reviews according to RPI. A new lease is being negotiated.

The total amount contracted for but not provided in the financial statements was £48,372 (2016: £94,812).

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2017

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

	2017 £	2016 £
Not later than one year	48,372	47,406
Later than one and not later than five years	-	47,406
Later than five years	-	-
	<hr/> 48,372	<hr/> 94,812
	<hr/>	<hr/>

19 Fund reconciliation

Unrestricted funds

	Balance at 1 October 2016 £	Income £	Expenditure £	Transfers £	Gains / (losses) £	Balance at 30 September 2017 £
Unrestricted	169,614	616,695	(275,028)	-	-	511,281
	<hr/> 169,614	<hr/> 616,695	<hr/> (275,028)	<hr/> -	<hr/> -	<hr/> 511,281
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

British Friends of the Hebrew University of Jerusalem

Notes to the Financial Statements

Year Ended 30 September 2017

Restricted funds

		Balance at 1 October 2016 £	Income £	Expenditure £	Transfers £	Gains / (losses) £	Balance at 30 September 2017 £
Restricted		386,372	2,946,138	(2,671,218)	-	-	661,292
		386,372	2,946,138	(2,671,218)	-	-	661,292
Permanent Endowment funds	20	25,611,106	498,355	(1,199,621)	-	2,031,025	26,940,865
Expendable Endowment funds	21	5,237,013	171,040	(464,605)	-	336,997	5,280,445
		30,848,119	669,395	(1,664,226)	-	2,368,022	32,221,310
		31,404,105	4,232,228	(4,610,472)	-	2,368,022	33,393,883
2016		31,345,163	3,323,163	(6,225,056)	-	2,960,734	31,404,105

Fund descriptions

a) Unrestricted funds

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.

b) Designated funds

Designated funds are monies set aside from the general fund for a specific purpose. There is an intention to utilise £40K of the general reserves for matching and £40K for travel costs for the young professionals to attend the June Board of Governors visit and to send an extraordinary distribution of £175K for Agricultural sciences

c) Restricted funds

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

d) Endowment funds

Permanent 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 only income is to be distributed.

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.

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Year Ended 30 September 2017

The Trustees acknowledge that the accounting treatment for, and classification of, the funds currently shown in the accounts as permanent endowment funds needs to be reviewed. Whilst our understanding is that the funds have been expended in line with the donors' wishes, we note that expenditure from such funds has exceeded the income generated, as disclosed. A review of the permanent endowment funds is currently underway to confirm the position and the Trustees envisage that a reclassification of at least some of the endowment funds may occur as a result of this review.

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Year Ended 30 September 2017

20 Permanent Endowment Funds

	Balance at 1 October 2016 £	Income £	Expenditure £	Transfers £	Gains / (losses) £	Balance at 30 September 2017 £
Main Fund – held in the UK	6,423,956	49,798	(290,155)	-	568,174	6,751,773
Emily Erskine Fund	2,063,775	16,511	(115,341)	-	182,552	2,147,497
Gestetner Fund (all income to Israel)	518,829	4,151	(28,996)	-	45,893	539,877
Carew Shaw Fund	7,746,144	239,134	(265,000)	-	546,750	8,267,028
BFHU Research & Teaching	80,208	641	(624)	-	7,096	87,321
BFHU Scholarship & Student Aid	3,387,339	25,619	(229,503)	-	299,630	3,483,085
Porjes Fund	115,895	376	(16,972)	-	10,252	109,551
BFHU Research & Teaching – Israel	2,087,386	64,850	(100,144)	-	148,271	2,200,363
BFHU Scholarship & Student Aid - Israel	3,187,574	97,275	(152,886)	-	222,407	3,354,370
	25,611,106	498,355	(1,199,621)	-	2,031,025	26,940,865
2016	25,073,589	444,897	(2,666,131)	2,458,276	300,475	25,611,106

The Main Permanent Endowment Fund comprises 75 funds where income is sent annually to the HUJ by the BFHU and now includes 25 funds which were previously held in Israel. The BFHU Endowment Funds held in Israel was 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.

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

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.

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.

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

The Porjes Fund was established for the purposes of the general charitable purposes of the Friends, but as

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Notes to the Financial Statements

Year Ended 30 September 2017

a priority, such income is to be used for the promotion of the Friends ongoing legacies campaign.

21 Expendable Endowment Funds

	Balance at 1 October 2016 £	Income £	Expenditure £	Transfers £	Gains / (losses) £	Balance at 30 September 2017 £
Main Fund – held in the UK	1,957,101	149,280	(197,017)	-	171,899	2,081,263
Polonsky Fund	281,800	13,250	(13,261)	-	(68,125)	213,664
Archie Sherman Fund	772,138	-	(173,457)	(50,000)	55,535	604,216
Leo Leffman Fund	1,162,141	-	(21,377)	50,000	83,586	1,274,350
Joels Fund	1,063,833	8,510	(59,493)	-	94,102	1,106,952
	5,237,013	171,040	(464,605)	-	336,997	5,280,445
2016	5,035,167	207,922	(208,059)	(300,475)	502,458	5,237,013

The Main Expendable Endowment Fund comprises 43 funds that distribute a fixed amount annually.

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.

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.

The Leo Leffman Fund is an expendable endowment for the general purposes of the BFHU.

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.

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Notes to the Financial Statements

Year Ended 30 September 2017

22 Analysis of net assets between funds – As at 30 September 2017

	Unrestricted funds	Restricted funds	Permanent Endowment funds	Expendable Endowment funds	Total
	£	£	£	£	£
Tangible fixed assets	47,719	-	-	-	47,719
Fixed asset investments	-	-	26,049,436	5,280,445	31,329,881
Current assets	608,109	661,292	891,429	-	2,160,830
Current liabilities	(144,547)	-	-	-	(144,547)
Total	511,281	661,292	26,940,865	5,280,445	33,393,883

Analysis of net assets between funds – As at 30 September 2016

	Unrestricted funds	Restricted funds	Permanent Endowment funds	Expendable Endowment funds	Total
	£	£	£	£	£
Tangible fixed assets	485	-	-	-	485
Fixed asset investments	-	-	25,005,176	5,237,013	30,242,189
Current assets	305,800	1,325,679	605,930	-	2,237,409
Current liabilities	(136,671)	(939,307)	-	-	(1,075,978)
Total	169,614	386,372	25,611,106	5,237,013	31,404,105

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Year Ended 30 September 2017

23 Related party transactions

Other than Trustee and Key Management Personnel transactions detailed in Note 8, there were no related party transactions during the period (2016: £ 0).

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

	2017 £	2016 £
Net income for year	1,989,778	58,841
Dividends received	(484,050)	(388,204)
Interest receivable	(45,340)	(29,544)
Depreciation and impairment of tangible fixed assets	10,619	674
(Gains) / losses on investments	(2,368,022)	(2,960,734)
(Increase) / decrease in debtors	491,827	(222,870)
Increase / (decrease) in creditors	(931,431)	64,030
Net cash flow from operating activities	<u>(1,336,619)</u>	<u>(3,477,807)</u>

25 Prior Year Adjustment

In the previous accounting period donations made directly to the Hebrew University of £3,260,771 were included within Income and Charitable Expenditure. Following a review of the accounting treatment the trustees have concluded that, whilst the Charity plays a pivotal role in facilitating and managing the relationship between the donor and HU it is not able to demonstrate control over these funds. As such these donations have not been included within the 2017 Financial Statements and the comparative figures have been restated accordingly.

AGENDA

Meeting of the BFHU Board of Trustees

Baystone Associates, 52, Conduit Street, London W1

on

Date - tbc

Time - tbc

1. Apologies, minutes of last meeting (14/5/18) & matters arising
2. Statutory accounts 2016/17 – request for approval
3. Grant of \$150k to the Rothberg International School – request for approval
 - o From the BFHU-held expendable Sherman fund– at the request of Michael Gee
 - o Identical grants were approved in 2010, 2012, 2014, 2016
 - o The balance of the BFHU-held fund is £580k
 - o The fund has also been used to part finance the past 2 gala dinner events and it is intended, will be similarly used in the future
 - o Michael Gee requests approval before the 2018 Board of Governors so that he can confirm to the meeting of the Rothberg School International Board of Overseers
4. AOB
 - o Dates of next meetings
 - o Tuesday 3 July 2018 including meeting CEO Yisum, Dr Yaron Danieli
 - o Thursday 13 September 2018

