

REGISTERED CHARITY NUMBER: 1000531

**THE BRITISH FRIENDS OF
HARVARD BUSINESS SCHOOL**

**Report of the Trustees and Unaudited
Financial Statements for the Year Ended 31 August 2023**

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

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THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Statutory Information FOR THE YEAR ENDED 31 AUGUST 2023

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity Number

1000531

Principal Address

St James House
Vicar Lane
Sheffield
S1 2EX

Trustees

C Benson (Chair, Investment Committee and Gift Acceptance and Grant Making Committee)
C Lazarevic (Deputy Chair, Treasurer, Member of Investment Committee and overseer of Gifts and Grants Committee)
G Batool (Gift Acceptance and Grant Making Committee)
P Lamb (Head of marketing and events)
G Jones (Appointed 24 May 2023)
J Ruane (Appointed 24 January 2023)
P Dhir (Appointed 24 January 2023 - Deputy treasurer and member of the investment committee)
L Davoyan (Appointed 24 January 2023)
M Hunter (Appointed 24 January 2023)
L Shaw (Appointed 24 January 2023 - Chair of the investment committee)
M Yaovi Anani-Isaac (Resigned post year end - 5 Sept 2023)
Sir H Kumar (Resigned 31 December 2022)
S Burn-Murdoch (Resigned 31 December 2022)
M Balinska-Szczerba (Resigned 11 April 2023)

Administrator

J Laney

Auditors

Moore Kingston Smith LLP
Floor 6
9 Appold Street
London
EC2A 2AP

Bankers

Barclays Bank Plc.
Birmingham
B1 3PF

Investment Fund Managers

Quilter Cheviot
1 Kingsway
London
WC2B 6AN

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Report of the Trustees FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees present their report together with the financial statements of the charity for the financial year ended 31 August 2023. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's constitution, 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 applicable in the UK and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is governed by its governing document, a deed of trust dated 1 August 1990, amended by a Scheme dated 19 June 2001, a supplemental trust Deed dated 3 July 2012 and Deeds of Amendment dated 23 September 2020 and 25 March 2021, and constitutes an unincorporated charity registered in England and Wales.

Recruitment and appointment of new trustees

New trustees are appointed by nominations following circulation of a job description outlining the skills and experience required which are reviewed by an ad hoc nominations committee for recommendation to the full Board. The Harvard Business School Club of London, the US-UK Fulbright Commission and Harvard Business School each have the right to nominate an individual for appointment as a Trustee of the charity. The US-UK Fulbright Commission are no longer taking up this right. Trustees serve for a term of three years, which may be renewed for a maximum of a further six years and exceptionally for longer.

Induction and training of trustees

Induction of new trustees is undertaken by existing trustees, through induction and information meetings with existing trustees and includes being given a copy of the charity's governance documents, the latest annual report and accounts, minutes of the last meeting and 'The Essential Trustee' (CC3 published by the Charity Commission). Existing appointed Trustees receive the latest copy of the CC3 annually which they are asked to review. In addition, at their meetings they discuss any latest compliance measures as well as reviewing the measures undertaken to mitigate risk.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The charity's objectives and purpose, for the public benefit, as set out in the governing document are as follows:

- To advance the education of British students studying at HBS by award of scholarships, loans or other assistance.
- To promote the education of persons studying at HBS by the provision of facilities and equipment, faculty and academic programmes, scholarships, special educational programmes and to advance research at the School.

The aim of the charity is to finance tuition scholarships for UK students to attend HBS, as well as to facilitate donations by UK based HBS alumni to HBS for appropriate educational purposes.

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Report of the Trustees FOR THE YEAR ENDED 31 AUGUST 2023

Both these aims are being achieved through the award of scholarships to those requiring financial assistance, and by facilitating donations to HBS for appropriate educational purposes. Scholars are encouraged to return to the UK and so benefitting the UK economy.

The Trustees usually hold an annual fundraising dinner with a distinguished speaker which is its principal fundraising activity. Due to the Covid-19 pandemic the annual dinner was not held in 2022 or 2023. It is expected that an annual dinner will be held in 2024. Details of the annual dinner are circulated through the Harvard Business School Club of London to their UK alumni database. The charity also has a website, through which donors can learn about the charity and how to donate.

Organisational structure

The charity Trustees are responsible for the general control and management of the charity under the guidance of its chair. Trustees meet several times a year to review policy and financial matters.

The Investment Committee comprises the treasurer, deputy treasurer and a trustee. It oversees the charity's investment manager's performance according to investment guidelines agreed by all trustees.

Applications for scholarships are now made directly to the charity. Applicants are interviewed by a panel of at least two trustees, following which all trustees meet to review applications and interviewers recommendations and decide which applicants should be awarded a scholarship.

The charity has no paid employees. Key management personnel consist of the Trustees . Trustees have delegated the day to day running of the charity to a part-time administrator and the oversight of the finances is delegated to the Treasurer. Trustees are given reports at each meeting on financial and administrative matters as well as how these duties are segregated and the controls in place to prevent fraud.

The charity liaises with the Harvard Business School Club of London to promote the charity and to encourage donations from alumni. Regular reports are sent to the alumni office at HBS to update them on donor status so that donors are given appropriate attribution in annual and reunion giving lists.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

During the year, the Trustees made charitable donations of £1,270,652 (2022: £57,467) and provided four new scholarship (2022: 1) to the value of £88,277 (2022: £35,715), the rise in expenditure has been driven by large one of legacy received totalling £1,231,762 (2022:£nil).

Impact of charitable activities

The charity considers it plays an important role in enabling UK students to study at HBS who might otherwise have been unable to attend due to financial constraints. In addition, it facilitates donations by UK alumni to HBS for appropriate educational purposes and thereby contributing to world class academic research.

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Report of the Trustees FOR THE YEAR ENDED 31 AUGUST 2023

Principal risks and uncertainties

The Trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. Trustees review and discuss risk management at meetings and keep a risk register as a tool to document high, medium and low impact risks identified as well as areas affected by such risks, together with actions taken and persons responsible for them.

They have identified that the principal risk is that of foreign currency. As the charity's grants are made in US dollars, this risk is mitigated by maintaining the majority of the investment portfolio in US dollar denominated securities.

There is also a risk that the investment portfolio does not perform as expected and that the return and capital growth that forms part of the trustees' strategy to help generate funds to further the charity's objectives is not achieved. The Investment Committee regularly reviews the charity's Investment Policy and risk profile.

Public benefit

The trustees, as required by the Charities (Accounts and Reports) Regulations 2008, have paid due regard to the Charity Commission's guidance on providing public benefit while reviewing the charity's aims and objectives, and while deciding what activities the charity should undertake and how the donations made will help the charity meet its objectives.

FINANCIAL REVIEW

Unrestricted funds

During the year, there was income of £90,808 (2022: £100,653) and expenditure of £263,569 (2022: £75,688) resulting in net loss before investment and foreign exchange losses, of £172,761 (2022: Gain of £24,966). Together with net investment gains of £219,125 (2022: Loss of £483,541) and FX loss of £236,244 (2022: Gain of £378,226), there is an overall deficit of £189,880 (2022: Deficit of £80,349) which has reduced unrestricted funds to £2,734,082 (2022: £2,923,962).

Restricted funds

During the year, there was restricted income of £1,276,231 (2022: £19,108), of which £1,231,762 relates to a one off legacy and restricted expenditure of £1,281,168 (2022: £57,467) resulting in net restricted funds of £53,043 (2022: £57,980).

During the year there was income relating to donations in both restricted and unrestricted funds of £1,311,936 (2022: £75,410) of which includes a legacy of £1,231,762 (2022: £Nil).

Reserves policy

The Trustees, in addition to the annual donations made to support its objects, wish to become established in academic circles as an important funder of scholarships for UK students to attend HBS. The trustees feel it is important to build up a cushion out of current income to ensure that the fund can meet commitments to students in future years if donations fall. As at 31 August 2023, total reserves stood at £2.79m (2022: £2.98m). In view of the volatility in equity markets, a larger fund will be required to maintain our scholarships should income from donations decrease. On that basis, the target level of reserves has been increased to \$5 million. Currently this converts to £3.64 million. The trustees' vision is that future surpluses will enable the charity to reach the target level of reserves which will be reviewed annually.

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Report of the Trustees FOR THE YEAR ENDED 31 AUGUST 2023

Principal funding sources

Funding comes from donations made by HBS alumni.

During 2021, the Trustees established a Gifts Acceptance and Grant-Making Committee, comprising at least three Trustees. This committee ensures that all significant donations (£501 or greater) to the charity meet the Charity Commission's "Know Your Donor" guidance, regarding source of funds and potential for reputational risk. Any proposed gifts that do not meet these criteria undergo further investigation and ultimately can be refused. Any proposed gift greater than £20,000 or which may have reputational implications must be approved by the whole Board.

Investment policy and objectives

The Trustees' investment policy was revised in October 2019 and set a more ambitious target of US CPI inflation plus 3% p.a. net of fees. The majority of the portfolio is held in US equities and the balance in UK and overseas equities and fixed income or other investments, or cash. This target was not met in the current year.

Since awards are made in US dollars the trustees wish to hold most of the portfolio in that currency. The Trustees periodically review the Investment Policy and objectives.

During the year, the Investment Committee has been proactively involved in dealing with the fund managers through meetings and discussions.

Grant making

Grants are awarded each year in the form of scholarships to advance the education of British students studying at HBS. The award provides tuition fees and living expenses to students. Applicants are chosen primarily on financial need and will normally be required to attend an interview as part of the selection process.

In addition, the charity makes grants to HBS in the form of donations from UK alumni wishing to promote the education of persons studying at HBS.

The Gifts Acceptance and Grant-Making Committee ensures that all grants made to HBS are in compliance with the objects of the charity and public benefit guidance.

Plans for future periods

The aim of the trustees is to continue to attract donations from HBS alumni and provide scholarships and funding to support HBS. The trustees would like to encourage able students from financially disadvantaged backgrounds to apply, who would not normally have considered doing this.

Fundraising

Fundraising is done through word of mouth amongst alumni, HBS development officers, and information circulated to UK alumni via the Harvard Business School Club's newsletters. There is also a dedicated website. There are no professionally paid fundraisers. The charity has not subscribed to any fundraising standards/schemes.

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Report of the Trustees FOR THE YEAR ENDED 31 AUGUST 2023

The principal fundraising activity held by the Trustees is an annual fundraising dinner with a distinguished speaker to which the alumni and affiliated members of the HBS are invited to attend. As this is the main fundraising activity of the Charity, and this is not open to the wider public, the Charity does not have a formal complaints procedure regarding the fundraising activities of the Charity. No complaints were received during the year.

Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern, including the current economic challenges. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charity's forecasts and projections and have taken account of the potential pressures on voluntary income. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

The law applicable to charities in England and Wales 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 charity and of the incoming resources and application of resources of the charity for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP
- make 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 prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Report of the Trustees FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by the order of the board of trustees on

And signed on its behalf by:

C Lazarevic B.Sc., M.B.A., F.C.A., M.A.E., B.F.P.
Treasurer - Trustee

Independent Auditors Report to the Trustees of THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Opinion

We have audited the financial statements of The British Friends of Harvard Business School for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2023, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Matters

The corresponding figures in the financial statements of the British Friends of Harvard Business School were not audited as the Charity did not require a statutory audit under the Charities Act 2011 in the prior year.

Independent Auditors Report to the Trustees of THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the 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 required for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 7, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Independent Auditors Report to the Trustees of THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charity complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

Use of our report

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

Moore Kingston Smith LLP
Chartered Accountants and
Statutory Auditors

Date:

9 Appold Street
London
EC2A 2AP

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

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Statement of Financial Activities FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	Unrestricted Funds £	Restricted Funds £	2023 Total Funds £	2022 Total Funds £
Income from:					
Donations and Legacies	3	35,705	1,276,231	1,311,936	75,411
Investments	4	55,103	-	55,103	44,350
Total income		<u>90,808</u>	<u>1,276,231</u>	<u>1,367,039</u>	<u>119,761</u>
Expenditure on:					
Raising funds	5	19,072	-	19,072	20,154
Charitable activities	6	244,497	1,281,168	1,525,665	113,001
Total expenditure		<u>263,569</u>	<u>1,281,168</u>	<u>1,544,737</u>	<u>133,155</u>
		(172,761)	(4,937)	(177,698)	(13,394)
Net gains/(losses) on investments		219,125	-	219,125	(483,541)
(Losses)/gains on foreign exchange movement		(236,244)	-	(236,244)	378,226
Net movement in funds		<u>(189,880)</u>	<u>(4,937)</u>	<u>(194,817)</u>	<u>(118,709)</u>
Funds as at 1 September 2022		2,923,961	57,980	2,981,941	3,100,650
Fund balances carried forward as at 31 August 2023	13	<u><u>2,734,081</u></u>	<u><u>53,043</u></u>	<u><u>2,787,124</u></u>	<u><u>2,981,941</u></u>

All activities in the year were attributable to continuing operations.

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Balance Sheet FOR THE YEAR ENDED 31 AUGUST 2023

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Investments	9		2,836,073		2,877,862
Current Assets					
Debtors	10	2,465		-	
Cash at bank and in hand		47,421		112,599	
		<u>49,886</u>		<u>112,599</u>	
Creditors: Amounts falling due within one year	11	<u>(98,835)</u>		<u>(8,520)</u>	
Net Current (Liability)/Assets			<u>(48,949)</u>		<u>104,079</u>
Total assets less current liabilities			2,787,124		2,981,941
Net assets			<u><u>2,787,124</u></u>		<u><u>2,981,941</u></u>
Funds	13				
Unrestricted funds					
General Funds			2,734,081		2,923,961
Restricted funds			<u>53,043</u>		<u>57,980</u>
Total			<u><u>2,787,124</u></u>		<u><u>2,981,941</u></u>

Approved and authorised for issue by the Board on

Signed on their behalf by:

.....

Trustee

Charity Number: 1000531

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Statement of Cash Flows FOR THE YEAR ENDED 31 AUGUST 2023

	Note	2023 £	2022 £
CASH USED IN OPERATIONS	12	(148,657)	(59,557)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income		55,103	44,350
Investment additions		(487,878)	(223,278)
Sales proceeds		505,524	220,203
Change in investment cash		10,771	(25,940)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		<u>83,520</u>	<u>15,335</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(65,137)</u>	<u>(44,222)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		112,559	156,781
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>47,422</u></u>	<u><u>112,559</u></u>

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Notes to the Financial Statements FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting Policies

Charity information

The British Friends of Harvard Business School is an unincorporated charity registered in England and Wales (no. 1000531). Details of the principal office are given on page 2 of the financial statements.

Accounting convention

The financial statements have been prepared under the historical cost convention modified by the revaluation of investments. They are drawn up in accordance with the Charities Act 2011 and the 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 (FRS102) .

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Accounting and Reporting by Charities preparing these accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The charity constitutes a public benefit entity as defined by FRS102.

The financial statements are presented in sterling which is also the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest whole £1.

Going concern

These financial statements have been prepared on the basis of accounting principals applicable to a "going concern", which assume that the charity will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations. The charity holds significant liquid fixed assets which will meet any immediate shortfall in current assets held.

The Trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern.

Income

Income, including donations & legacies, is included on the Statement of Financial Activities when the charity is legally entitled to the income, there is sufficient probability of receipt and the amount can be quantified with reasonable accuracy.

Investment income

The charity recognises all investment income on the accruals basis.

Expenditure

Expenditure is accounted for on an accruals basis inclusive of irrecoverable VAT and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Expenditure on raising funds includes costs incurred to increase the funds raised by the charity for distribution to its beneficiaries.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity. Governance costs are apportioned to charitable activities.

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Notes to the Financial Statements FOR THE YEAR ENDED 31 AUGUST 2023

Expenditure (cont.).

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grants and scholarships

Grants and scholarships are recognised at the point they are paid or committed to be paid resulting in a legal or constructive obligation.

Taxation

The charity is exempt from tax on income and gains falling within section 466 to 493 of the Corporation Tax Act 2010 to the extent that these are applied to charitable objects.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees. Restricted funds comprise monies where a restriction has been placed on their use by a donor (for a purpose which falls within, but is narrower than the general charitable objectives). Restricted funds are distributed in accordance with the terms of the applicable restriction.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken onto account in arriving at the operating result.

Fixed asset investments

Investments are a basic financial instrument and are included in the balance sheet initially at transaction value and subsequently recognised at their fair value at the end of the financial period which is the bid price quoted on a recognised stock exchange. Realised and unrealised gains and losses are credited or debited to the Statement of Financial Activities in the year in which they arise.

2 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The Trustees do not consider there to be any key area of judgement or critical estimates that require further disclosure.

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Notes to the Financial Statements FOR THE YEAR ENDED 31 AUGUST 2023

3 INCOME FROM DONATIONS AND LEGACIES	Unrestricted 2023 £	Restricted 2023 £	Total 2023 £	Total 2022 £
Donations	29,842	37,983	67,825	61,227
Legacies	-	1,231,762	1,231,762	-
Gift Aid	5,863	6,486	12,349	14,184
	<u>35,705</u>	<u>1,276,231</u>	<u>1,311,936</u>	<u>75,411</u>

The income from donations and legacies was £1,299,587 (2022: £61,227) of which £29,842 was unrestricted (2022: £45,557) and £1,269,745 was restricted (2022: £15,670).

4 INCOME FROM INVESTMENTS	Unrestricted 2023 £	Restricted 2023 £	Total 2023 £	Total 2022 £
Dividends and interest received	55,103	-	55,103	44,350
	<u>55,103</u>	<u>-</u>	<u>55,103</u>	<u>44,350</u>

The income from investments was all unrestricted in the current and prior year.

5 EXPENDITURE ON RAISING FUNDS	Unrestricted 2023 £	Restricted 2023 £	Total 2023 £	Total 2022 £
Investment manager fees	19,072	-	19,072	20,154
	<u>19,072</u>	<u>-</u>	<u>19,072</u>	<u>20,154</u>

The expenditure on raising funds was all unrestricted in the current and prior year.

6 EXPENDITURE ON CHARITABLE ACTIVITIES	Unrestricted 2023 £	Restricted 2023 £	Total 2023 £	Total 2022 £
Scholarships awarded	202,831	-	202,831	35,715
Donations to Harvard Business School	-	1,270,652	1,270,652	57,467
Support costs	15,639	9,670	25,309	1,744
Governance costs	26,027	846	26,873	18,075
	<u>244,497</u>	<u>1,281,168</u>	<u>1,525,665</u>	<u>113,001</u>

The expenditure on charitable activities was £1,525,665 (2022: £113,001), of which £244,497 was unrestricted (2022: £55,534) and £1,281,168 was restricted (2022: £57,467).

Scholarships were paid to 6 individual (2022: 2). No grants were made to institutions other than the donation to Harvard Business School, as in the prior year.

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Notes to the Financial Statements FOR THE YEAR ENDED 31 AUGUST 2023

6 EXPENDITURE ON CHARITABLE ACTIVITIES (cont.).

Support Costs	Unrestricted 2023 £	Restricted 2023 £	Total 2023 £	Total 2022 £
Bank charges	601	-	601	582
Insurance	951	-	951	965
Web Security	198	-	198	198
Legal and Professional	12,600	9,670	22,270	-
Trustee Expenditure	1,289	-	1,289	-
	<u>15,639</u>	<u>9,670</u>	<u>25,309</u>	<u>1,744</u>

Governance costs	Unrestricted 2023 £	Restricted 2023 £	Total 2023 £	Total 2022 £
Accountancy costs	14,237	846	15,083	13,155
Independent Examiner's Remuneration	-	-	-	4,920
Audit Fees	11,790	-	11,790	-
	<u>26,027</u>	<u>846</u>	<u>26,873</u>	<u>18,075</u>

7 EMPLOYEES

The charity did not employ any staff in the year (2022: nil).

The Trustees did not receive any remuneration nor other benefits for the year ended 31 August 2023 nor for the year ended 31 August 2022.

Total Trustee expenses incurred during the year £1,289 in relation to expenses for the scholars dinner (2022: £307).

8 KEY MANAGEMENT PERSONNEL

The key management personnel of the charity comprises the Trustees. The total employee benefits of the key management personnel of the charity were £nil (2022: £nil).

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Notes to the Financial Statements FOR THE YEAR ENDED 31 AUGUST 2023

9 FIXED ASSET INVESTMENTS

	2023 £	2022 £
FAIR VALUE		
At 1st September 2022	2,810,074	2,916,873
Additions at cost	487,878	223,278
Disposals proceeds	(505,524)	(220,203)
Investment gains/ (losses) in the year	219,125	(483,541)
Exchange difference	(232,497)	373,667
	2,779,056	2,810,074

Cash held for investment	57,017	67,788
	2,836,073	2,877,862

Analysis of investments between classes:

	2023 £	2022 £
Fixed Interest Securities - Non-UK	554,791	497,551
Equity Investment UK	99,126	93,105
Equity Investment Non-UK	2,125,138	2,219,418
Cash held within the investment portfolio	57,017	67,788
	2,836,073	2,877,862

Investments representing 5% or more of the portfolio are disclosed below:

	Portfolio %	Market Value (£)
Ishares II Plc. TSY Bond 7-10Yr UCITS ETF USD	12%	342,478
Ishares VII Plc Ishares USD Treasury Bd 3-7	5%	126,059

With respect to the next reporting period, the most significant area of uncertainty that affects the carrying value of the assets held by the Charity is the level of investment return and the performance of the investment markets. This has been detailed in the investment policy and objectives within the Trustees' Report.

10 DEBTORS

	2023 £	2022 £
Gift aid recoverable	2,465	-
	2,465	-

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Accruals	14,009	7,020
Trade creditors	-	1,500
Scholarship Commitments	84,826	-
	98,835	8,520

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

**Notes to the Financial Statements
FOR THE YEAR ENDED 31 AUGUST 2023**

12 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH USED IN OPERATIONS

	2023	2022
	£	£
Net movement in funds	(194,817)	(118,709)
Adjustments for:		
Unrealised (gain)/ losses on investments	(219,125)	483,541
(Gains)/losses on foreign exchange on investments	232,538	(373,707)
Interest and dividends receivable (less not received by year end)	(55,103)	(44,350)
	<hr/>	<hr/>
Operating cash flow before movement in working capital	(236,507)	(53,225)
(Increase) / Decrease in debtors	(2,465)	7,975
Increase / (Decrease) in creditors	90,315	(14,307)
	<hr/>	<hr/>
Cash used in operations	<u>(148,657)</u>	<u>(59,557)</u>

13 MOVEMENT IN FUNDS

	Brought forward	Net movement	Carried forward
	01-Sep-22	in funds	31-Aug-23
	£	£	£
Unrestricted funds			
General fund	2,923,961	(189,880)	2,734,081
Restricted funds	57,980	(4,937)	53,043
	<hr/>	<hr/>	<hr/>
	<u>2,981,940</u>	<u>(194,817)</u>	<u>2,787,124</u>

Net movement in funds included in the above are as follows:

	Total Income	Total Expenditure	Gains and Losses	Movement in Funds
	£	£	£	£
Unrestricted funds				
General Fund	90,808	(263,569)	(17,119)	(189,880)
Restricted funds	1,276,231	(1,281,168)	-	(4,937)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>1,367,039</u>	<u>(1,544,737)</u>	<u>(17,119)</u>	<u>(194,817)</u>

THE BRITISH FRIENDS OF HARVARD BUSINESS SCHOOL

Notes to the Financial Statements FOR THE YEAR ENDED 31 AUGUST 2023

13 MOVEMENT IN FUNDS (cont.).

Net movement in funds during the prior year are as follows:

	Brought forward 01-Sep-21 £	Net movement in funds £	Carried forward 31-Aug-22 £
Unrestricted funds			
General fund	3,004,311	(80,349)	2,923,962
Restricted funds	96,339	(38,359)	57,980
	3,100,650	(118,709)	2,981,941

Net movement in funds included in the above are as follows:

	Total Income £	Total Expenditure £	Gains and Losses £	Movement in Funds £
Unrestricted funds				
General Fund	100,653	(75,688)	(105,315)	(80,350)
Restricted funds	19,108	(57,467)	-	(38,359)
	119,761	(133,155)	(105,315)	(118,709)

Restricted funds comprise monies where a restriction has been place on their use by a donor to ensure the donation is transferred to a specific or named fund. Restricted funds are distributed in accordance with the terms of the applicable restriction.

14 NET ASSETS

	2023 £	2022 £
Unrestricted funds		
Investments	2,836,073	2,877,862
Current assets	49,886	54,619
Current liabilities	(98,835)	(8,520)
Net assets	2,787,124	2,923,961
Restricted funds		
Current assets	53,043	57,980
Net assets	53,043	57,980

15 RELATED PARTY TRANSACTIONS

There were no amounts due to or from the Trustees at the balance sheet date (2022: nil).

A total of £977 was received from two trustees and has been recognised in income (2022:£250).