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THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Trustees' Report and Financial Statements
for the year ended 31 March 2017

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Contents

	Page
Trustees' report	1 - 9
Trustees	10
Reference and administrative details of the charity and advisers	11
Independent auditors' report	12 - 13
Consolidated statement of financial activities	14
Consolidated balance sheet	15
Company balance sheet	16
Consolidated statement of cash flows	17
Notes to the financial statements	18 - 34

THE HENRY MOORE FOUNDATION (A company limited by guarantee)

Trustees' Report for the year ended 31 March 2017

The Trustees of the charity (who are also directors of the Foundation for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Henry Moore Foundation for the year ended 31 March 2017. The Trustees confirm that the Annual Report and Financial Statements of the Foundation comply with the current statutory requirements, the requirements of the Foundation's governing document, the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2016) and the Companies Act 2006.

AIMS, OBJECTIVES AND ACTIVITIES

Henry Moore established his Foundation to encourage public appreciation of the visual arts, particularly sculpture, and to preserve the artist's legacy.

The Foundation seeks to deliver this through the following aims:

- Deepen and broaden the understanding and appreciation of sculpture for new and established audiences, nationally and internationally;
- Lead the world in Moore scholarship and act as guardians of his home and collections;
- Play a leading role in the study of sculpture;
- Support the advancement of sculpture by giving financial support to exhibitions; publications; research and acquisitions.

The aims are achieved through activities initiated, undertaken and supported by the Foundation, at Henry Moore's former home, studios and gardens at Perry Green, Hertfordshire; The Henry Moore Institute in Leeds; across the UK, and internationally through its touring, loans and grants programmes. These projects and activities include collections and archives management, temporary exhibitions and displays; research and publications; education and workshops, and the awarding of grant-aid to other suitable enterprises.

In shaping the objectives and planning the Foundation's activities, Trustees have considered the Charity Commission's guidance on public benefit. The Foundation relies on income from its quasi endowment, fees and charges as well as grants and donations to cover its running costs. Access to the programme is important and activities offered by the Foundation are available to members of the public and students. Entry to the Henry Moore Foundation at Perry Green, incorporating Moore's former home, Hoglands, his studios and sculpture gardens is by paid admission, with a range of concessionary tickets; pre-booked educational visits for school groups and access to the Henry Moore archive are free of charge. Entry to the Henry Moore Institute in Leeds city centre, including the library and pre-booked visits to the archive of sculptors' papers, is also free of charge.

The Foundation is registered as a charity (registration number 271370) and is not liable to UK taxation as it has no taxable activities. In the exercise of their powers, the Trustees have paid due regard to the published guidance from the Charity Commission on the operation of the Public Benefit requirement under the Charities Act 2011.

For a full account of the Foundation's activities, readers are referred to the Foundation website (www.henry-moore.org). The following notes record the chief elements in the Foundation's programme during the year with particular reference to the accompanying financial statements.

REVIEW OF ACTIVITIES

Capital Developments at Perry Green

The capital developments to improve the archive and visitor facilities at Perry Green, known as the Perry Green Masterplan, begun in late 2014-15, continued into 2016-17, with Practical Completion in May 2017. The aims of the project are:

- To store the entire Henry Moore archive altogether in appropriate environmentally controlled conditions in the Elmwood Archive building;
- To create a spacious visitor centre that includes ticketing, retail and catering facilities as well as an interpretation room, located in one building on the same side of the public highway as the sculpture grounds and providing a single clear point of entry to the Henry Moore Foundation at Dane Tree House Visitor Centre, which also serves as the headquarters of the Foundation;
- To increase the number of car parking spaces to meet the needs of visitor and business vehicles.

The buildings have been designed by Hugh Broughton Architects and the landscaping is by The Landscape Agency; the mechanical and electrical design is by Harley Haddow; the main contractor is RG Carter and cgc projects Ltd is the quantity surveyor for the project.

RG Carter completed construction and fitting out of Elmwood and Dane Tree House in May 2016, handing over partial possession of the offices and public facilities in time for the shortened visitor season. Staff moved into the new offices in May and the public areas were opened to resounding approval on 1 July 2016. This was a 'soft' opening with the formal opening and media launch scheduled for April 2017. Work continued behind the scenes throughout 2016-17 to deliver the range of required environmental conditions in each of the artwork and archive storage spaces in both Dane Tree House and Elmwood. The works on paper and maquettes were returned to the art stores at the end of the 2016-17 financial year and the contents of the archive are due to be returned from August 2017.

The formal opening of the new facilities took place in April 2017 to great acclaim and coverage in the architectural and national media.

The conversion of the former visitor centre at Chestnuts cottage back to its previous residential use is planned in 2017-18. This was postponed while the main project works were being completed.

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Trustees' Report (continued)
for the year ended 31 March 2017

The overall capital budget for this project is approximately £8m. The Capital project was led by the Chief Operating Officer, Lesley Wake, supported by a part time Project Manager, Andy Bramwell; Trustee, William Edgerley; and a professional team.

Henry Moore Collections & Exhibitions

2016-17 was a busy and eventful year for Henry Moore Collections & Exhibitions. At Perry Green, following the completion of the Masterplan project, preparations continued for the launch of the new facilities and reopening of the Sheep Field Barn with the exhibition *Becoming Henry Moore* in April 2017, and for the full reopening of the Archive in Spring 2018. The 2016 visitor season was shorter than normal due to ongoing building work. However, visitors were offered a richer than usual display of outdoor sculpture including the newly restored summer house, an informal drawing studio sited near Hoglands which Moore used in the 1950s.

The planning and delivery of national and international projects continued. The curatorial team worked closely with the fashion house Burberry on the development and launch of its February 2017 collection, inspired by the life and work of Henry Moore. For the launch event during London Fashion Week an exhibition of over 40 sculptures, studio material and facsimiles of drawings and posters was mounted at Makers House in Soho, 20 – 27 February 2017. This display was seen by over 30,000 people in just over one week, and received extensive social media coverage worldwide.

Henry Moore: Arte en la Calle, a touring exhibition begun in 2013 in collaboration with Fundació Bancaria 'la Caixa', travelled to four additional cities: San Sebastian (21 June – 4 September 2016), Cádiz (14 September – 20 November 2016), Logroño (30 November 2016 – 23 January 2017) and Valladolid (1 February – 2 April 2017). During the three-year tour of fifteen cities the exhibition was seen by a conservatively estimated three million people.

Three new exhibitions, drawn entirely from the Foundation's collection, were organized during the year. In Germany, *Henry Moore: Plasters* was presented at Skulpturenpark Waldfrieden, Wuppertal, 9 April – 9 October 2016 (30 plaster sculptures). *Henry Moore: Sheep* was shown at the Kunsthalle in Memmingen, 15 October 2016 – 29 January 2017 (44 sheep drawings and prints). In the UK, *Henry Moore: Sculpting from Nature* at The Lightbox in Woking, 21 January – 7 May 2017, explored Moore's working methods through a selection of sculpture, related preparatory works and studio material. An exhibition curated by Mary Moore at Hauser & Wirth in Zurich, *Henry Moore: Myths & Poetry*, 20 January – 11 March 2017, included one sculpture, fifteen drawings and a group of portfolios, publications and archival material from the Foundation's collection.

Three new loans were agreed: seven drawings and one print to *Elizabeth Price Curates* at Whitworth Art Gallery, Manchester, 11 June – 23 October 2016; *De La Warr Pavilion, Bexhill on Sea*, 23 January – 30 April 2017; and Glynn Vivian Art Gallery, Swansea 14 May – 31 August 2017. One drawing to *The Mythic Method: Classicism in British Art 1920-1950* at Pallant House Gallery, Chichester, 22 October 2016 – 19 February 2017. Three drawings to *Rodin: L'Exposition du centenaire* at the Grand Palais, Paris, 20 March – 31 July 2017.

Work continued on improving the environmental and display conditions in Hoglands. A new conservation heating system was installed to help control relative humidity in the house, and enhanced light-exclusion measures were put in place. The annual inventory, conservation assessment and deep clean of the house and its contents were completed in January 2017.

Alongside planning the move of the collections into the new storage facilities, the Archive team continued to catalogue items on the bibliography database, digitise correspondence and images and handle a wide range of research and licensing enquiries.

Works from the Foundation's and other collections continued to be added to eMuseum, the online public access version of The Museum System available through the Foundation's website. 7,723 artworks were available online at the end of March 2017. With the launch of the new website, traffic to the Collections pages saw a significant increase, in particular to Henry Moore Works in Public and the new section devoted to the Catalogue Raisonné.

The Authentication Panel met on 19 April and 20 September 2016.

Henry Moore continues to be studied as part of the National Curriculum and 1,365 school children visited Henry Moore Studios & Gardens at Perry Green free of charge. Additionally, a 'drop-in' family workshop was offered during the short 2016 season.

Through these activities the Foundation continued to lead the world in Moore expertise, presenting programmes that deepen and broaden the understanding and appreciation of sculpture for new and established audiences, nationally and internationally. Care of the collections and Moore's home continued as core to our work.

The permanent Henry Moore Collections & Exhibitions team, including archive, conservation and technical personnel, and the estate/security team managing the 72 acres at Perry Green, together consists of 23.4 full time equivalent employees.

Henry Moore Institute

The Henry Moore Foundation fulfilled its remit as a centre for the study of sculpture at the Henry Moore Institute. A scholarly programme of exhibitions, events and publications was delivered, alongside hosting visiting Research Fellows and working with higher and further education institutions; the Research Library was maintained and developed; and research was facilitated on the Leeds Museums and Galleries sculpture collection, which encompasses sculpture, works on paper and the Henry Moore Institute Archive of Sculptors' Papers. Partnerships were developed and new audiences fostered.

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Trustees' Report (continued)
for the year ended 31 March 2017

In the period covering 1 April 2016 to 31 March 2017 four exhibitions were presented in Galleries 1, 2 & 3 and three in Gallery 4. Of particular note was the exhibition *The Body Extended: Sculpture and Prosthetics* which involved an outdoor sculpture commission by British artist Rebecca Warren (b. 1965) co-commissioned with 14-18 NOW: WW1 Centenary Art Commissions. A collaboration took place with Museum Tinguely in Basel to realise the exhibition and accompanying catalogue *Stephen Cripps: Performing Machines*. This involved the largest loan request from the Leeds Museums and Galleries collection to date. Two issues of the Institute's journal, *Essays on Sculpture* were published. Working with the Leeds Museums and Galleries sculpture collection, twelve sculptures, thirty-three works on paper and four individual archive collections were acquired, through donation and purchase. The Institute team facilitated the loan of ninety-four individual works, plus archival material, to museums in the UK and Europe. Researchers at all levels were actively encouraged to work with the collections.

The sculpture research and study programme included nine conferences, symposia and gallery discussions, as well as twenty-one lectures, two film screenings, one performance and three book launches. Additionally, the staff team were active in speaking at museums, galleries and universities. The annual Academic Open Day introduced the Institute's activities to the academic community, and included a keynote lecture with the sculptor Brian Catling (b. 1948). Throughout the year, academic liaison was actively maintained with the hosting of three two-year Post-doctoral Fellows, two based at British universities and one at the Institute. Four Visiting Research Fellows, from the USA, Ireland and the UK, and one Senior Research Fellow from the USA spent four weeks at the Institute, based in the Research Library and Archive. In this period, the Institute hosted five interns, four two-week placements and one six-month Archive internship.

The Library acquired 970 new items, including 125 publications from the library of British artist-craftsman Hugo Powell (1919–2014); forty-one items for the audio visual collection, including over 100 slides from artist David Evison (b. 1944); continued to develop the Artists' File collection of ephemera; and presented four displays from the Special Collections.

A new Schools and Learning strand of activities was realised that included *Art and the Public Sector*, a scheme to take sculpture from the Leeds Collections into local schools; a Continued Professional Development workshop led by an external educator that facilitated discussions about how ideas generated by *The Body Extended* could be used in English, History and Art; and the Yorkshire Sculpture Triangle (YST) Outreach and Engagement programme saw a series of free short courses and workshops with artist-led sessions in the galleries and visits to the institutions that comprise YST.

Through its activities at the Institute, the Foundation continued to play a leading role in the study of sculpture; helping to deepen and broaden the understanding and appreciation of sculpture for new and established audiences, both nationally and internationally.

The permanent team at the Henry Moore Institute consists of 12 full time equivalent employees. In addition, the Foundation is grateful for the support of Leeds City Council in the form of three full time equivalent employees who are on the payroll of the Council and who are engaged to look after the Leeds sculpture and archive collections which are under the day to day care of the Foundation.

Immunity from Seizure

The Henry Moore Foundation, which includes the Henry Moore Institute, received Approved Status from the Department of Culture Media and Sport under Part 6, Section 136 of the Tribunals, Courts and Enforcement Act 2007 (Protection of Cultural Objects on Loan) on 4 September 2008.

The Foundation's exhibition programme, both at Perry Green and venues worldwide, draws on the collections gifted to it by Henry Moore, which have been augmented subsequently by gifts and acquisitions. In order to fulfil its exhibition programme the Foundation borrows work on a regular basis from institutions and private lenders in the UK and abroad. All lenders are requested to complete a Loan Form in order to satisfy due diligence procedures in accordance with the Foundation's ethical loans policy. Information on the provenance of the work is requested and the lenders are required to declare that they acquired the works by legitimate means, have legal ownership and are unaware of any third party claims. The Foundation also holds information on its database on all works by Henry Moore and provenance information is frequently updated on this system. The Catalogue Raisonné also provides a useful resource for curators to confirm the legitimacy of works. Once the Loan Form is completed by the lender it is kept on file in case of a future audit. All paper trails in the form of letters and emails are kept on file relating to provenance and ownership requests. The Curator is responsible for researching the provenance of the works at the beginning of the loans process and the Registrar is responsible for ensuring the Loan Form is satisfactorily completed by the lender.

Protection under the Act was sought for the objects listed below for the exhibition, *The Body Extended: Sculpture and Prosthetics* (21 July – 23 October 2016) at the Henry Moore Institute:

- Heinrich Hoerle, German; 3 lithographic prints from The Cripples Portfolio (Die Krüppelmappe): The Married Couple (Das Ehepaar), The Breadwinner (Der Ernährer) and The Unemployed (Der Erwerbslose) (1920); Lithography; each print 59 x 46cm; Place of creation: Germany; Lender reference number: 1985/457-3

During the year, protection under the Act was sought for the objects listed below for the forthcoming *Becoming Henry Moore* exhibition at Henry Moore Studios & Gardens, Perry Green 14 April – 22 October 2017 and at Henry Moore Institute, Leeds 30 November 2017 – 18 February 2018:

- Henry Moore, British; Torso LH 47 (1927); Wood; 38.1 cm (height); Place of creation: UK; Lender reference number: 2011.5
- Pablo Picasso, Spanish; Deux Baigneurs (1921); Oil on canvas; 33 x 41 cm; Place of creation: France; Lender reference number: MP1990-8

THE HENRY MOORE FOUNDATION (A company limited by guarantee)

Trustees' Report (continued) for the year ended 31 March 2017

Training is provided on Immunity from Seizure to relevant members of staff as required. The latest training took place in August 2016. The Foundation's due diligence policy and procedures continues to be implemented and the ethical loans policy adhered to through its exhibition programme, both when incoming loans are requested for exhibition and through its acquisition policy. The ethical loans policy was updated in 2016.

Grants

The Foundation maintained its policy throughout the year of awarding grants to a wide range of projects and organisations with a strong sculptural component. This included exhibitions, collections, commissions, publications, fellowships, research and development, and conferences. As the largest grant-making artist-endowed foundation in Europe, the Foundation's grants play an increasingly significant role in today's challenging climate of funding for the visual arts. In 2016-17 the Trustees approved grants to the value of £464,150 (2015-16: £517,850).

In 2016-17 the Foundation awarded £20,125 to public collections for the acquisition, display or conservation of sculpture. These included the acquisition of the Admiral Russell's Frame, English, c.1690s (carved and gilded lime wood with central mirror plate) for the Fitzwilliam Museum, Cambridge; conservation lighting towards James Turrell's Kielder Skyspace, Kielder Water & Forest Park Development Trust, Horsley, Northumberland. Grants totalling £367,300 were awarded to exhibitions and commissions, amongst those supported were: Robert Gober in the Inside: Artists and Writers in Reading Prison, Artangel, London; Heather Philipson and Ruth Ewan's participation in Live Uncertainty in the 32nd Bienal de São Paulo, São Paulo; Bedwyr Williams: The Gulch, The Curve, Barbican, London; Claire Barclay, Tramway, Glasgow; Eduardo Paolozzi, Whitechapel Art Gallery, London; Object Performance, Primary, Nottingham; Time after Time, John Hansard Gallery, Southampton; Oliver Beer, Ikon Gallery, Birmingham; Charlotte Prodger, Sculpture Center, New York; Tony Cragg: A Rare Category of Objects, Yorkshire Sculpture Park; Theatre of Mistakes, Raven Row, London; Phyllida Barlow at the 57th Venice International Art Biennale, The British Council, London; Alina Szapocznikow, The Hepworth Wakefield; Alberto Giacometti, Tate Modern, London; and David Smith: the White Works, Storm King Art Center, New York. Research & Development Grants: Collections research development, Art360: cataloguing the work of ten modern and contemporary British sculptors, DACS Foundation, London; Vicky Coltman, John Bacon's Monument to Jane Russell in St. Mary's Church, Madras, 1813, University of Edinburgh; and two two-year, Post-Doctoral Research Fellowships were awarded to Dr Dawn Pereira, William Mitchell's (b.1925) life as a post-war British Artist, at the University of London and Dr Charlotte Drew, Invention and Industry: The Victorian Renaissance of Ceramic Sculpture, at the University of Bristol; Publication Grants: Geoffrey Clarke, Sansom & Company, Bristol.

Although several of these and other projects will take place in 2017-18, the grant was awarded and hence accounted for in the 2016-17 financial year. With the exception of fellowships, the Foundation does not normally give grants to individuals; nor does it provide revenue expenditure.

Through the provision of financial support to these exhibitions, publications, research and acquisitions, the Foundation continued to deliver its objective to support the advancement of sculpture. All grants decisions are made by the Grants Committee and one officer administers the grants programme.

Marketing & Communications

Marketing and PR activity has continued across the Foundation, driving footfall at both sites and raising the profile of the organisation as a whole. In the Foundation's fortieth year of operation (2017), programme marketing has been enhanced by an emphasis on the different facets of the organisation. The staging of Becoming Henry Moore at both venues in this year supports a more holistic approach. The brand implementation is now fully complete, and marketing materials and way-finding at both sites have improved consistency.

Following the soft launch of the new facilities at Henry Moore Studios & Gardens in July 2016, the short visitor season attracted 11,388 visitors over the four month season (excluding the school attendances listed above). Local and regional interest in the new buildings contributed to the season's success. Visitors were fulsome in their praise of the new facilities and broader shop and refreshment offer. The contemporary stylish new spaces also enabled the accommodation of tailor-made events for a number of US institutions, including Georgia O'Keeffe, Boston Museum of Modern Art and Harvard.

Visitor figures at the Institute have continued to grow, despite the adjoining Leeds Art Gallery being closed for renovations. The Body Extended show received just under 23,000 visitors, the most successful exhibition at the Institute to date; and associated media coverage had a circulation of just over a million and an online reach of up to 14 million readers. City Sculpture Projects had over 21,000 visitors - a record-breaking attendance for the winter exhibition which is traditionally quieter. Social media engagement reached an all-time high with the installation of Nicholas Monro's King Kong outside the Institute façade.

A commercial/creative collaboration between the Foundation and the fashion house Burberry culminated in a Henry Moore influenced catwalk show in February 2017 and an exhibition at Makers' House in Soho. The campaign had a global reach of 15 million people, with images of Henry Moore Studios & Gardens featuring in national and international fashion and lifestyle publications and the week long exhibition brought Henry Moore's oeuvre to a new audience on an international scale.

The full launch of the new facilities at Henry Moore Studios & Gardens in spring 2017 was supported by a comprehensive marketing campaign, tested on key audiences and designed to attract target audience segments. The PR campaign was supported by a London-based agency, to help encourage national arts and architectural media attention to the press day.

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Trustees' Report (continued)
for the year ended 31 March 2017

The new website, launched in September 2016, also contributes to the marketing of the Foundation as one consistent organisation with a range of activities. Staff based at both Perry Green and Leeds have embraced the new content management system and it enables the Foundation to create and disseminate content that entices audiences and inspires them to share with their networks.

The permanent marketing, communications and events team consists of 4.8 full time equivalent employees, working across both sites.

Volunteers

The Foundation is grateful for the unstinting efforts of its volunteers who are involved in administrative and archival duties (4), as gardeners (12) and in guiding schools and groups around Henry Moore's studios and grounds at Perry Green (35). It is estimated that approximately 6,000 volunteer hours were provided during the year. If this time is conservatively valued at £12 per hour, the volunteer effort amounts to £72,000 in the period.

The Foundation also hosted two interns throughout the year in the administration and communications teams.

Volunteers and interns receive an induction and training; they are also required to enter into a formal signed agreement with the Foundation.

FINANCIAL REVIEW

Investments

The aims of the Foundation are long term and historically its income is mainly derived from investments provided from the assets left by its founder. The Foundation therefore invests the funds so as to protect its real value against inflation and to furnish an annual income at least sufficient to fulfil the charitable objectives. To this end the Foundation maintains a diverse portfolio investing with a number of fund managers with different investment styles and asset spread in order to ensure the maximum return with the minimum of risk and/or volatility across the portfolio as a whole. The portfolio of investments is managed akin to an endowment, called a quasi-endowment, allocating annually a percentage of the average value of the funds to provide revenue for the Foundation. While this percentage is set for the duration of the current five year plan (with annual RPI increases), it continues to be monitored annually. Sufficient investment assets need to be maintained in order to provide income for the annual operating costs of the Foundation. The Foundation aims to maintain a cash pool, or general reserve, equivalent to running costs of approximately twelve to eighteen months.

The charitable objects of the Foundation do not require the automatic avoidance of investment in any particular geography, sector or corporation. The Trustees take investment advice from Stanhope Consulting, a division of Stanhope Capital LLP and maintain a diversified portfolio so as not to expose the Foundation to undue financial risk. The Trustees expect that the fund managers with which the Foundation's assets are invested to behave with integrity, to be fully compliant with all regulatory requirements and to meet relevant codes of practice. In addition, investment managers are expected to take account, in their decision-making, of environmental, social and governance issues. The Royal Bank of Canada (Channel Islands) is custodian to the Foundation.

The Foundation's investment objective is to achieve RPI + 4% per annum over the long term. The strategic asset allocation percentage targets are: equities 65%; bonds 15%; and alternatives 20%. The portfolio will only invest in funds and not in individual securities. No more than 15% of the portfolio may be held in any one fund without the prior approval of the Investment Committee.

As at 31 March 2017, the total capital market value of the Foundation's investment portfolio is £93,672,387 (2016: £82,578,393) representing an increase in value of 13.4%. The total return generated for the year is £16,235,776 (2016: £1,544,383) – a ten-fold increase, reflecting the successful re-investment of assets and improved market performance in 2015-16; and investment income rose by 16% to £2,443,842 (2016: £2,107,344). Investment managers' fees, excluding dealing levies, are £47,220 (2016: £175,292). The reduction in fees is largely due to how charges are levied in different funds; the Foundation is now predominantly invested in pooled funds where managers' fees are netted off against the fund value, rather than in segregated funds where managers' fees are itemised and charged separately.

Financial Analysis

At the year end the Foundation holds Total Funds of £120,450,589 (2016: £107,574,922), of which:

- £93,665,801 (2016: £82,571,807) is held in investments and managed as a quasi-endowment;
- £18,503,958 (2016: £17,501,528) is held in property, heritage and other tangible assets; and
- £8,280,830 (2016: £7,501,587) is in net current assets.

The level of cash in hand is higher than would normally be required due to cash flow requirements for the Perry Green Masterplan capital project.

The Total Funds include Restricted funds of £8,632 (2016: £82,448) which consists of the balance of a European Rural Development Programme grant awarded in 2013 which is being written down against the depreciation charge of the part funded capital items purchased. The former restricted funds for joint projects with the Yorkshire Sculpture Triangle has now been fully spent.

Net gains on investments of £13,839,154 compare very favourably with losses of (£387,669) in 2015/16. This is the primary reason for the shift on the balance sheet from the previous year.

THE HENRY MOORE FOUNDATION

(A company limited by guarantee)

Trustees' Report (continued) for the year ended 31 March 2017

The year saw incoming resources of £3,606,212 (2016: £8,197,219). The reduction in income is due to the one off proceeds of sales of works of art by the Foundation (£1,739,552) and a gift of the proceeds of sales of work by the trading company (£1,482,154) in 2015-16 to finance the Perry Green Masterplan; when excluding these one off items, underlying earned income rose by 21.2% (£630,699) due to improved trading at Henry Moore Studios & Gardens and additional investment income as stated above.

Expenditure decreased to £4,569,699 (2016: £4,729,934), largely due to the reduction in stated investment fund managers' fees and a small reduction in charitable programme expenditure.

Ongoing capital costs in relation to the Masterplan (£1,608,596) have been capitalised in the year, bringing the total expenditure on Assets under Construction to £7,916,201. As a near completed project, simply awaiting final assessment of environmental conditions in the storage spaces and Practical Completion (in May 2017), this sum has been transferred to Land and Buildings at the year end.

Domestic let properties at a cost of £384,612 have been transferred to investment properties; these include: White Cottage, The Laurels, Jasmine, Muirfield, Ashtree, Tarefield and Yew Tree Cottage - all in Perry Green.

The Foundation was grateful to receive a grant of £152,258 from Leeds City Council as a contribution towards the upkeep of their buildings, specifically the mezzanine and sculpture study galleries, run by the Foundation as part of the Henry Moore Institute in Leeds city centre.

Designated Funds and Reserves Policy

The Trustees have reviewed the Foundation's reserves policy and have resolved to retain as designated funds amounts representing those assets set aside for specific purposes, with the balance as an unrestricted general reserve. The designated funds totalling £112,970,789 (2016: £101,469,064) comprise the following:

- an investment fund represented by the Foundation's investment portfolio which is treated as an Endowment Fund for operational purposes and which is relied upon to produce a return sufficient to meet at least the projected annual expenditure of the Foundation. The balance in this fund is £93,665,801 (2016: £82,571,807);
- a capital reserve fund representing the net book value of fixed assets held by the Foundation amounting to £16,964,909 (2016: £15,888,105);
- a heritage asset fund of £1,530,417 (2016: £1,530,417) to protect (purchased) artworks;
- other designated funds totalling £809,662 (2016: £1,478,735) set aside by the Trustees for specific projects, including Masterplan, the Henry Moore Purchase Reserve Fund and other specified activities scheduled for delivery in the next 12 - 18 months.

After setting aside the HMF Enterprises' operating reserve of £173,349 (2016: £173,349), this leaves a balance of £7,297,819 (2016: £5,850,061) as the Foundation's general reserve.

The Trustees aim to maintain general funds at a level and with such liquidity as to enable at least twelve months of unrestricted charitable expenditure to be undertaken at any time and, additionally, funds to complete the Masterplan capital project. This would require a general fund of £4 million. Given the uncertainty of the investment markets in the coming two years with the departure of the United Kingdom from the European Union, Trustees have determined to hold an increased sum in cash reserves so as to avoid the requirement to sell stocks in a 'bear' market. The general reserve of £7,297,819 includes a further three million pounds, which is sufficient to cover net operating costs for a further year. Trustees intend to maintain this level of general funds for the next two years.

Risk management

The Trustees review the major financial and nonfinancial risks to the Foundation to ensure that steps have been taken both to minimise the risk and to provide the Foundation, its staff and visitors with appropriate insurance or physical protection against any unavoidable risks. The risk analysis is undertaken at least annually and key actions resulting from the analysis are included in the five year plan.

One of the principal risks is to inflation-proof and maintain the value of the quasi-endowment and to derive a consistent income stream to finance the annual operating costs of the Foundation. This is particularly challenging when political and economic uncertainty in the wider world may cause volatility in the markets. Trustees have sought to minimise this risk by spreading the Foundation's investments over a broad strategic asset base, across a number of funds and across a global range. Trustees also engage an investment adviser to monitor these funds on a regular basis.

The display of artworks in the open air, as Moore desired, presents security risks for the Foundation. Such risks are mitigated by the installation of a three tiered security system, plus a team of security personnel to patrol the grounds and monitor equipment.

A further risk is the potential failure of the environmental controls in the art stores and galleries. This risk has been managed by the installation of significantly upgraded heating, ventilation and air conditioning plant at both sites and ensuring that maintenance contracts are in place for this equipment and the associated building management systems. In addition, free-standing monitoring devices (TinyTaq) provide backup data that is assessed regularly by operations and registrarial personnel.

Poor broadband infrastructure continues at Perry Green, placing the digital business development of the Foundation at risk. Despite employing all communications networks available in Perry Green, electronic communications and digital services for visitors and users remain a challenge. The Foundation's website is housed off-site to help improve speeds for users. In the meantime, the Foundation has bonded its incoming broadband service while awaiting the installation of super-fast fibre.

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Trustees' Report (continued)
for the year ended 31 March 2017

Going Concern

The Foundation has substantial resources to continue in operational existence for the foreseeable future. For this reason the Trustees continue to adopt the going concern basis in preparing the financial statements.

Pensions

The Foundation has a long-standing Group Personal Pension Plan in place for all eligible permanent employees. Auto-enrolment was introduced from April 2015 to include all eligible employees who were not in the existing scheme. These employees are auto-enrolled with the National Employment Savings Trust (NEST), where, in 2016-17, the Foundation paid 1% of a member's salary into the scheme to match the 1% employee contribution. (Under government legislation, this is set to increase to 2% from April 2018 and 3% from April 2019).

Employees on permanent contracts are invited to join the Group Personal Pension Plan with Scottish Widows, where the sum equivalent to 12.5% of a member's salary is paid into the scheme by the Foundation on a monthly basis and members of the scheme are required to contribute a minimum of 5% of their salary. Members are offered the opportunity to take advantage of a 'salary sacrifice' arrangement in respect of their contributions. The majority of eligible permanent employees have chosen to opt for the Scottish Widows scheme.

The total pension cost to the Foundation for the year was £155,362 (2016: £146,351).

STRATEGIC REVIEW

Five Year Strategic Plan

Following the appointment of a new Director in 2015, the executive has developed a detailed 5 year plan, which has been approved by the Board and now provides the guiding principles and key objectives for the next phase of the Foundation's development. The Foundation is working to improve levels of audience awareness and engagement, and this will continue to inform its policies and procedures in relation to audience perceptions. The Foundation continues to work to establish a more balanced financial model, which places less reliance on its quasi-endowment and makes the organisation more resilient and, therefore, more sustainable in the longer-term. Developments at Perry Green will allow the Foundation to be better placed to welcome visitors to Henry Moore's former home, studios and gardens, where much improved facilities will enhance the experience and afford a more comprehensive understanding of Henry Moore and his work. These improvements are being developed to contribute to the organisation's wider business model.

The Foundation will continue with its ambitious programme of loaning works for national and international exhibitions on Henry Moore and related subjects. Following the completion of the new, state of the art, archive facility, the vast and unique collection of material relating to Henry Moore's life will be installed and made available to enhance scholarship concerning the artist's life and work, making several hundred thousand items available for consultation.

The Henry Moore Institute in Leeds will undergo a reorganisation of its staff structure that will make it more suitable to deliver the objectives of the forward plan. Partnership working will be even more prominent and the potential of the Yorkshire organisations concerned with sculpture; its display, commissioning and research will be driven forwards. The Institute will continue to encourage and facilitate research into the history and practice of sculpture through exhibitions, conferences, lectures and publications. The partnerships with Leeds City Council, centred on Leeds Art Gallery and its collections will be reviewed and will continue to be a priority.

The grants programme will continue to support visual arts institutions and organisations whose projects are aligned with the Foundation's charitable objectives. The Grants Committee will continue to monitor the needs of the sector and offer support where it can have most benefit.

Key financial performance indicators

Trustees have set targets for the performance of the investment portfolio and engage Stanhope Consulting to advise on the delivery of the investment strategy. Performance of the strategy is monitored quarterly by Trustees and the signed agreement with Stanhope Consulting sets out procedures to address actions where these may be required between committee meetings.

A five year plan has been approved by Trustees and, within this context, the Executive sets a programme of activities which aim to deliver the organisation's charitable, artistic, financial and legal objectives. Prior to the commencement of each financial year the annual budget is drawn up and approved by Trustees; performance is monitored through monthly management accounts. Delivery of the programme of activities and monitoring of the budget is delegated to the appropriate heads of teams, who report quarterly through the Executive to the Trustee Board.

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Trustees' Report (continued)
for the year ended 31 March 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisation

The Board of Trustees is appointed by majority agreement of the existing Trustees and meets quarterly to review the Foundation's activities and strategy. Four sub committees oversee specific areas of the Foundation's work; Finance & General Purposes Committee, Investment Committee, Grants Committee and Collections Committee; and a fifth sub Committee, Nominations Committee, meets as required. All committees operate within agreed Terms of Reference. Trustees are appointed to the sub committees as shown in the Trustees' listing. All sub committees generally meet quarterly or as required throughout the year and all report to the Board. Day to day management of the Foundation is undertaken by an executive team of paid officers.

Nigel Carrington, Vice Chancellor of University of the Arts London, is chairman of the Board of Trustees. He was appointed to the position for a term of five years at the AGM in November 2014.

The Board of Trustees keeps under review the skills required of the Board. When necessary the Board seeks new Trustees by public advertisement and exploiting the broad range of contacts of the Trustees and the Executive to ensure the maintenance of the necessary mix of skills. The Trustees' Skills Audit was reviewed this year prior to the recruitment of additional trustees in 2017-18.

The induction of new Trustees is designed to give them a proper understanding of all aspects of the work of the Foundation. It includes meetings with the Director, Chief Operating Officer and Board Members, covering the programme and exhibitions policy and plans, grant making process, major projects and capital developments, powers and responsibilities of the Trustee Board and the sub committees. The welcome pack includes a copy of the Memorandum and Articles of Association, previous annual reports and accounts, the Annual Review and copies of relevant Charity Commission guidance as well as other relevant material.

The Henry Moore Foundation has a wholly owned trading subsidiary company, HMF Enterprises Limited (Company Number 1262112), and the majority if not all of the profit from its undertakings are paid under Gift Aid to the charity annually. Details of HMF Enterprises Limited and its activities are summarised in note 3 of these financial statements. Celia Clear and William Edgerley, both Trustees of the Henry Moore Foundation, also serve as Directors of the HMF Enterprises Board along with three other Directors.

The Foundation wishes to acknowledge the contributions of trustees David Wilson and Laure Genillard who retired in the last 12 months, having served 6 years and 12 years respectively. The Foundation owes them a significant debt of gratitude.

Pay policy for senior staff

The pay and remuneration of the Foundation's key management personnel is considered by the Finance & General Purposes Committee and approved by the Board of Trustees. These arrangements are informed by achievements of the individuals in post and benchmarking against similar posts in comparable out-of-London organisations in the wider cultural, academic and charity spheres. The Foundation undertakes a salary benchmarking exercise approximately every three years.

AUDITOR

A resolution proposing that Peters Elworthy & Moore be reappointed as auditors of the company will be put to the Annual General Meeting.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of The Henry Moore Foundation for the purposes of company law) are responsible for preparing the Trustees' 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Trustees' Report (continued)
for the year ended 31 March 2017

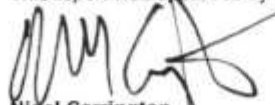
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as that Trustee is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

This report was approved by the Trustees on 21 September 2017 and signed on their behalf by:


Nigel Carrington
Chairman, Board of Trustees


William Edgerley
Trustee and Chairman, Finance & General Purpose Committee

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Trustees
for the year ended 31 March 2017

Trustees

Charles Asprey, (3)
Nigel Carrington, (1) (2) (5)
Henry Channon, (1) (2)
Celia Olwen Clear, (1) (5)
William Thomas Edgerley, (1) (2)
Laure Genillard, (3) (resigned 13 June 2017)
Antony Griffiths, (4)
Dr David Wilson FSA, (1) (2) (5) (resigned 24 November 2016)
Dr Anne Wagner, (3) (4)
Peter Wienand MVO, (4) (5)

Committee Membership:

- (1) Finance & General Purposes Committee, incorporating Remunerations Committee
- (2) Investments Committee
- (3) Grants Committee
- (4) Collections Committee
- (5) Nominations Committee

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

**Reference and Administrative Details of the Charity and Advisers
for the year ended 31 March 2017**

Company registered number

01255762

Charity registered number

271370

Registered office

Dane Tree House, Perry Green, Much Hadham, Hertfordshire, SG10 6EE

Company secretary

Ian Parker

Website

www.henry-moore.org

Executive

Director, Godfrey Worsdale OBE
Chief Operating Officer, Lesley Wake
Head of Henry Moore Collections & Exhibitions, Sebastiano Barassi
Head of Sculpture Studies, Lisa Le Feuvre (until 14 July 2017)
Head of Marketing & Enterprise, Augusta Barnes (until 16 May 2017)
Head of Communications, Rebecca Land

Independent auditors

Peters Elworthy & Moore, Salisbury House, Station Road, Cambridge, CB1 2LA

Bankers

Lloyds Bank PLC, 23 North Street, Bishop's Stortford, Hertfordshire, CM23 2LN

Royal London Cash Management, 55 Gracechurch Street, London, EC3V 0UF

Royal Bank of Canada (Channel Islands) Limited, PO Box 194, 19-21 Broad Street, St Helier, Jersey, JE1 8PB

Solicitors

CMS Cameron McKenna LLP, Mitre House, 160 Aldersgate Street, London, EC1A 4DD

Investment Adviser

Stanhope Consulting, a division of Stanhope Capital LLP, 35 Portman Square, London, W1H 6LR

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Independent Auditors' Report to the Members of The Henry Moore Foundation

We have audited the financial statements of The Henry Moore Foundation for the year ended 31 March 2017 which comprise the group Statement of financial activities, the group and company Balance sheets, the group statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Unqualified opinion

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of the group's 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.

Opinion on other matter 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' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

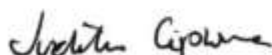
Independent Auditors' Report to the Members of The Henry Moore Foundation

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

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

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



Judith Coplowe (Senior statutory auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA
2 October 2017

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Consolidated Statement of Financial Activities
(incorporating Income and Expenditure account)
for the year ended 31 March 2017

	Note	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:					
Trading activities	2	-	285,986	285,986	1,556,580
Investments	3	-	2,534,979	2,534,979	2,205,213
Charitable activities	4	-	785,247	785,247	2,435,426
TOTAL INCOME		-	3,606,212	3,606,212	6,197,219
EXPENDITURE ON:					
Trading and raising funds	5	-	171,305	171,305	246,685
Charitable activities	6	73,816	4,324,578	4,398,394	4,483,249
TOTAL EXPENDITURE		73,816	4,495,883	4,569,699	4,729,934
NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS/(LOSSES)		(73,816)	(889,671)	(963,487)	1,467,285
Net (losses)/gains on investments	5	-	13,839,154	13,839,154	(387,669)
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(73,816)	12,949,483	12,875,667	1,079,616
NET MOVEMENT IN FUNDS		(73,816)	12,949,483	12,875,667	1,079,616
RECONCILIATION OF FUNDS:					
Total funds brought forward		82,448	107,492,474	107,574,922	106,495,306
TOTAL FUNDS CARRIED FORWARD		8,632	120,441,957	120,450,589	107,574,922

All activities relate to continuing operations.

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

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)
Registered number: 01255762

Consolidated Balance Sheet
as at 31 March 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	12		16,973,541		15,971,111
Heritage assets	14		1,530,417		1,530,417
Investments	13		93,665,801		82,571,807
			<u>112,169,759</u>		<u>100,073,335</u>
CURRENT ASSETS					
Stocks	16	35,968		34,418	
Debtors	17	626,139		680,106	
Cash at bank and in hand		8,635,006		8,122,040	
			<u>9,297,113</u>	<u>8,836,564</u>	
CREDITORS: amounts falling due within one year	18	(1,016,283)		(1,334,977)	
NET CURRENT ASSETS			<u>8,280,830</u>		<u>7,501,587</u>
NET ASSETS			<u>120,450,589</u>		<u>107,574,922</u>
CHARITY FUNDS					
Restricted funds	19		8,632		82,448
Unrestricted funds	19		120,441,957		107,492,474
TOTAL FUNDS			<u>120,450,589</u>		<u>107,574,922</u>

The financial statements were approved and authorised for issue by the Trustees on 21 September 2017 and signed on their behalf, by:


Nigel Carrington
Chairman

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

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)
Registered number: 01255762

Company Balance Sheet
as at 31 March 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	12		16,973,541		15,971,111
Heritage assets	14		1,530,417		1,530,417
Investments	13		93,672,387		82,578,393
			<u>112,176,345</u>		<u>100,079,921</u>
CURRENT ASSETS					
Debtors	17	879,549		708,900	
Cash at bank and in hand		8,224,267		7,944,425	
		<u>9,103,816</u>		<u>8,653,325</u>	
CREDITORS: amounts falling due within one year	18	(1,002,921)		(1,331,673)	
NET CURRENT ASSETS			<u>8,100,895</u>		<u>7,321,652</u>
NET ASSETS			<u><u>120,277,240</u></u>		<u><u>107,401,573</u></u>
CHARITY FUNDS					
Restricted funds	19		8,632		82,448
Unrestricted funds	19		120,268,608		107,319,125
TOTAL FUNDS			<u><u>120,277,240</u></u>		<u><u>107,401,573</u></u>

The financial statements were approved and authorised for issue by the Trustees on 21 September 2017 and signed on their behalf, by:



Nigel Carrington
Chairman

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

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Consolidated Statement of Cash Flows
for the year ended 31 March 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash used in operating activities	21	(3,285,937)	(426,162)
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,534,979	2,205,213
Purchase of tangible fixed assets		(1,637,530)	(5,148,325)
Net proceeds from investments		2,901,454	1,252,984
Net cash provided by/(used in) investing activities		3,798,903	(1,690,128)
Change in cash and cash equivalents in the year		512,966	(2,116,290)
Cash and cash equivalents brought forward		8,122,040	10,238,330
Cash and cash equivalents carried forward	22	8,635,006	8,122,040

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 March 2017

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ASSESSMENT OF GOING CONCERN

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) (effective 1 January 2015) - (Charities SORP (FRS 102)) as amended by Update Bulletin 1 (effective 1 January 2016), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Henry Moore Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

1.2 COMPANY STATUS

The Foundation is a company limited by guarantee. The members of the company are the Trustees named on page 10. In the event of the Foundation being wound up, the liability in respect of the guarantee is limited to £1 per member of the Foundation.

1.3 INCOME

Voluntary income includes grants and donations received in addition to gift aid donations for admissions.

Income from other trading activities comprises the income earned by the subsidiary company. Standard deposits received in relation to weddings and events are recognised on receipt whilst the remaining balance is deferred until the wedding or event has been held.

Investment income is recognised on a receivable basis.

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

Income from charitable activities includes sale of publications and catalogues. Income received in relation to exhibitions is recognised at the commencement of the exhibition.

Works of Art income is recognised on a receivable basis.

Performance related grant income is recognised in the period received but where the related services have not been performed by the period end, the balance is carried forward as deferred income.

1.4 VOLUNTEERS AND DONATED SERVICES AND FACILITIES

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the Trustee's annual report.

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 March 2017

1. ACCOUNTING POLICIES (continued)

1.5 EXPENDITURE

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Contractual arrangements and performance related grants are recognised as goods or services are supplied.

Costs of generating funds are those costs incurred in attracting voluntary income, those incurred in trading activities that raise funds, and income from investments.

Charitable activities include expenditure associated with the staging of exhibitions, educational and research programmes and include both the direct costs and support costs relating to these activities.

Support costs include governance costs and central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Foundation.

Grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside of the control of the Foundation.

1.6 INVESTMENT MANAGEMENT FEES

Investment fees are taken by fund managers net of income reinvested in the portfolio. Where this can be accurately measured, investment income and management fees are grossed up within the Statement of Financial Activities. If these cannot be reliably measured, investment income is recognised net of the management fee.

1.7 IRRECOVERABLE VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

1.8 PENSIONS

The Foundation operates a defined contribution pension scheme. The Foundation also uses the government established National Employment Savings Trust (NEST) scheme for temporary staff. The assets of both schemes are held in separate trustee-administered funds.

1.9 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Land and buildings	-	over 50 to 75 years
Long term leasehold property	-	over the period of the lease
Major plant and machinery	-	over 15 years
Fixtures, fittings, plant & machinery	-	20% straight line basis
Motor vehicles	-	25% straight line basis
Computer equipment	-	33% straight line
Assets under construction	-	Depreciated once brought into use

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 March 2017

1. ACCOUNTING POLICIES (continued)

1.10 HERITAGE ASSETS

The Foundation's works of art comprise assets of artistic and historical importance held to advance the Foundation's core objectives and, through public access, contribute to the nation's culture and education.

Prior to the financial year 2007/08, reliable cost information is not available and conventional valuation approaches lack sufficient reliability, with the cost of providing such information unaffordable and unmanageable, and deemed to outweigh the benefits of the users. Accordingly these assets are not capitalised in the balance sheet.

Works of art in excess of the capitalisation threshold of £1,000 acquired since 1 April 2008 have been capitalised at acquisition value, and treated as non depreciable heritage assets in the balance sheet. A description of the collections and their management in the year are given in Note 15.

1.11 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company 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 company for particular purposes. The costs 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.

Investment income, gains and losses are allocated to the appropriate fund.

1.12 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Consolidated statement of financial activities incorporating income and expenditure account.

1.13 DEBTORS

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

1.14 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.15 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.16 FINANCIAL INSTRUMENTS

The Foundation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

**Notes to the Financial Statements
for the year ended 31 March 2017**

2. TRADING INCOME - HMF ENTERPRISES LIMITED

A summary of the results of the subsidiary undertaking, HMF Enterprises Limited is set out below:

Audited financial statements will be filed with the Registrar of Companies.

Profit and loss account:

	2017 £	As restated 2016 £
Retail sales, event and licensing income	285,986	74,426
Sales of Works of Art from stock	-	1,482,154
Cost of sales	(43,556)	(66,453)
	<u>242,430</u>	<u>1,490,127</u>
Administrative expenses	(80,529)	(4,940)
	<u>161,901</u>	<u>1,485,187</u>
Net profit	161,901	1,485,187
Net assets brought forward	179,935	179,935
Gift aid distribution	(161,901)	(1,485,187)
	<u>179,935</u>	<u>179,935</u>
Net assets carried forward	<u>179,935</u>	<u>179,935</u>

3. INVESTMENT INCOME

	2017 £	2016 £
Bank interest	40,297	52,405
Investment income	2,443,842	2,107,344
Property income	50,840	45,464
	<u>2,534,979</u>	<u>2,205,213</u>
Total	<u>2,534,979</u>	<u>2,205,213</u>

In 2016 and 2017 all investment income was unrestricted.

4. CHARITABLE INCOME

	2017 £	2016 £
Catalogue sales and publication Income - HM Institute	10,299	13,955
Exhibition income	312,211	315,215
Other income	222,017	167,538
Unrestricted grants from Leeds City Council	152,258	151,500
Admissions income	83,024	47,666
Sales of Works of Art	5,438	1,739,552
	<u>785,247</u>	<u>2,435,426</u>
	<u>785,247</u>	<u>2,435,426</u>

In the 2016 and 2017 all charitable income was unrestricted.

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

**Notes to the Financial Statements
for the year ended 31 March 2017**

5. INVESTMENT RETURNS

Investments are managed on a total return basis and the total return for the year is set out below.

In the year the Foundation changed its Investment strategy and as a result the method of fees being charged has changed to being charged within the individual funds rather than being charged directly.

	2017 £	2016 £
Income from listed investments	2,443,842	2,107,344
Unrealised gains on investment properties	2,129,706	-
Unrealised gains on listed investments	11,307,514	2,078,152
Realised gain/(losses) on foreign exchange hedging	-	251,735
Realised gains/(losses) on listed investments	401,934	(2,717,556)
Fees to investment managers	(47,220)	(175,292)
	<u>16,235,776</u>	<u>1,544,383</u>

See Note 13 for further details of the investment funds.

RAISING FUNDS

	2017 £	2016 £
Investment management fees	47,220	175,292
Subsidiary staff costs	79,385	39,121
Subsidiary other costs	44,700	32,272
	<u>171,305</u>	<u>246,685</u>

In 2016 and 2017 all expenditure was from unrestricted funds.

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Direct costs 2017 £	Grant funding of activities 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Grants	-	424,276	142,712	566,988	620,957
Curatorial and exhibitions (Perry Green)	845,623	-	358,702	1,204,325	1,073,807
Sculpture studies (HMI)	848,780	-	471,369	1,320,149	1,464,715
Estate and visitor services (Perry Green)	667,457	-	391,202	1,058,659	1,047,441
Marketing	203,914	-	44,359	248,273	276,329
	<u>2,565,774</u>	<u>424,276</u>	<u>1,408,344</u>	<u>4,398,394</u>	<u>4,483,249</u>

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

**Notes to the Financial Statements
for the year ended 31 March 2017**

7. GRANTS

	No of grants	2017 £	No of grants	2016 £
Exhibitions and New Projects	53	341,666	58	195,861
Collections	5	32,955	8	60,000
Conferences, Publications and Workshops	14	31,500	13	24,000
Fellowships	9	48,250	4	64,500
Research	8	13,450	10	162,850
Total Paid in the year	89	467,821	93	507,211
Amount brought forward		362,100		345,630
Amount carried forward (note 18)		(405,645)		(362,100)
Support Costs allocated		142,712		130,216
		<u>566,988</u>		<u>620,957</u>

In 2016 and 2017 all expenditure was from unrestricted funds.

8. DIRECT COSTS

	Direct £	Staff costs £	2017 £	2016 £
Grants	-	-	-	-
Curatorial and exhibitions (Perry Green)	213,139	632,484	845,623	719,982
Sculpture studies (HMI)	264,335	584,445	848,780	892,787
Estate and visitor services (Perry Green)	397,449	270,008	667,457	656,762
Marketing	66,494	137,420	203,914	236,146
Total	<u>941,417</u>	<u>1,624,357</u>	<u>2,565,774</u>	<u>2,505,677</u>

In 2017 £73,816 (2016 - £12,238) of expenditure was from restricted funds and £2,491,958 (2016 - £2,493,439) from unrestricted funds.

9. SUPPORT AND GOVERNANCE COSTS

	General support costs £	Staff costs £	Governance £	2017 £	2016 £
Grants	8,735	125,268	8,709	142,712	130,216
Curatorial and exhibitions (Perry Green)	306,900	-	51,802	358,702	353,825
Sculpture studies (HMI)	428,276	-	43,093	471,369	581,928
Estate and visitor services (Perry Green)	364,476	-	26,726	391,202	390,679
Marketing	24,539	-	19,820	44,359	40,183
Total	<u>1,132,926</u>	<u>125,268</u>	<u>150,150</u>	<u>1,408,344</u>	<u>1,496,831</u>

In 2016 and 2017 all expenditure was from unrestricted funds.

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 March 2017

SUPPORT AND GOVERNANCE COSTS (CONTINUED)

Allocation of governance costs

	2017 £	2016 £
Wages and salaries	28,245	26,561
Operational costs	51,379	46,426
Legal & professional fees	50,002	52,261
Audit fees	15,997	14,850
Trustee expenses and insurance	4,527	4,214
	<u>150,150</u>	<u>144,312</u>

Allocated based on proportion of other costs

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	478,806	363,857
Auditor's remuneration - Audit	16,600	16,150
Auditor's remuneration - Non-audit	1,000	950
	<u>496,406</u>	<u>380,957</u>

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 March 2017

11. STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,575,443	1,473,868
National insurance	126,450	117,291
Other pension costs	155,362	146,351
	<u>1,857,255</u>	<u>1,737,510</u>

The average number of persons employed by the company during the year was 76 (2016: 71).

The average full time equivalent number of persons employed by the company during the year was as follows:

	2017 No.	2016 No.
Curatorial	26	23
HMI Programme	16	17
Establishment	6	6
Estate	7	6
Marketing	3	3
	<u>58</u>	<u>55</u>

The number of higher paid employees was:

	2017 No.	2016 No.
In the band £ 60,001 - £ 70,000	2	1
In the band £ 80,001 - £ 90,000	1	2
In the band £ 120,001 - £ 130,000	1	0

All of the higher paid employees above have rights accruing to them under the Foundation's money purchase pension scheme. The contributions in the year in respect of these employees totalled £43,964 (2016 - £27,262).

The key management personnel of the charity comprise the Trustees, Director, Chief Operating Officer, Head of Sculpture Studies, Head of Collections and Exhibitions, Head of Marketing and Enterprise and Head of Communications. The total employment benefits including employer pension contributions of key management personnel were £450,430 (2016 - £418,499).

None of the trustees received any remuneration or benefits during the year.

6 Trustees received reimbursement of expenses amounting to £1,349 in the current year, (2016 - 4 Trustees - £766).

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 March 2017

12. TANGIBLE FIXED ASSETS

GROUP	Land and buildings £	Long term leasehold property £	Assets under construction £	Other fixed assets £	Total £
COST					
At 1 April 2016	14,243,603	1,159,606	6,307,605	395,205	22,106,019
Additions	-	-	1,608,596	28,934	1,637,530
Transfer to investment property	(384,612)	-	-	-	(384,612)
Transfer between classes	7,916,201	-	(7,916,201)	-	-
At 31 March 2017	21,775,192	1,159,606	-	424,139	23,358,937
DEPRECIATION					
At 1 April 2016	4,884,124	935,338	-	315,446	6,134,908
Charge for the year	414,685	25,183	-	38,938	478,806
Transfer to investment property	(228,318)	-	-	-	(228,318)
At 31 March 2017	5,070,491	960,521	-	354,384	6,385,396
NET BOOK VALUE					
At 31 March 2017	16,704,701	199,085	-	69,755	16,973,541
At 31 March 2016	9,359,479	224,268	6,307,605	79,759	15,971,111

Tangible fixed assets are held in combination of restricted and designated funds (see note 20).

COMPANY	Land and buildings £	Long Leasehold Property £	Assets under construction £	Other fixed assets £	Total £
COST					
At 1 April 2016	14,243,603	1,159,606	6,307,605	395,205	22,106,019
Additions	-	-	1,608,596	28,934	1,637,530
Transfer to investment property	(384,612)	-	-	-	(384,612)
Transfer between classes	7,916,201	-	(7,916,201)	-	-
At 31 March 2017	21,775,192	1,159,606	-	424,139	23,358,937
DEPRECIATION					
At 1 April 2016	4,884,124	935,338	-	315,446	6,134,908
Charge for the year	414,685	25,183	-	38,938	478,806
Transfer to investment property	(228,318)	-	-	-	(228,318)
At 31 March 2017	5,070,491	960,521	-	354,384	6,385,396
NET BOOK VALUE					
At 31 March 2017	16,704,701	199,085	-	69,755	16,973,541
At 31 March 2016	9,359,479	224,268	6,307,605	79,759	15,971,111

Tangible fixed assets are held in a combination of restricted and designated funds (see note 20).

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

**Notes to the Financial Statements
for the year ended 31 March 2017**

13. FIXED ASSET INVESTMENTS

	2017 Market Value £	2017 Cost £	2016 Market Value £	2016 Cost £
Investment property	2,286,000	384,612	-	-
Listed investments	91,208,622	77,947,476	82,408,413	80,330,263
Uninvested Cash	171,179	171,179	163,394	163,398
Total for Group	93,665,801	78,503,267	82,571,807	80,493,661
Investment in subsidiary undertaking	6,586	6,586	6,586	6,586
Total for Foundation	93,672,387	78,509,853	82,578,393	80,500,247

MOVEMENT ON INVESTMENT PROPERTIES

	2017 £	2016 £
Market value at beginning of year	-	-
Transfers from fixed assets	156,294	-
Net gain / (loss) on revaluation	2,129,706	-
Market value at end of year	2,286,000	-

VALUATION

All investment properties are carried at their fair value.

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

**Notes to the Financial Statements
for the year ended 31 March 2017**

FIXED ASSET INVESTMENTS (CONTINUED)

MOVEMENT ON LISTED INVESTMENTS

	2017 £	2016 £
Market value at beginning of year	82,408,413	77,643,423
Additions in year	90,645	101,912,544
Disposals in year - sale proceeds	(2,999,884)	(96,508,150)
Gain on disposal	401,934	(2,717,556)
Net gain / (loss) on revaluation	11,307,514	2,078,152
	<u>91,208,622</u>	<u>82,408,413</u>
Market value at end of year	<u>91,208,622</u>	<u>82,408,413</u>

VALUATION

All listed investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the Charity is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report.

The objectives of the funds held by The Henry Moore Foundation are to provide long term growth by investing in a portfolio of other authorised funds, worldwide equities, fixed interest stocks, cash and money market instruments.

The investment managers will take a fundamental and value driven approach to the portfolio allocation, dependant on the relevant attractions of the world equity, fixed interest and currency markets. The fund will take an aggressive view of the stock market weightings in the portfolio, when compared to a neutral world market capitalisation.

The fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The policies are reviewed for managing these risks in order to follow and achieve the investment objective.

INVESTMENT RISK MANAGEMENT POLICY

The Trustees of the Henry Moore Foundation have adopted an investment policy whose purpose is to generate, in a risk-aware manner, both growth in capital and income to enable the Foundation to fulfil its charitable objects. The significance of the portfolio to the longer-term financial sustainability of the Foundation is considered in the Financial Review, Investment Policy and Performance sections of the Trustees' Annual Report.

The Trustees' investment objective is to achieve a return of RPI+4% p.a. over the long term. To that end they have chosen to adopt a multi-asset strategy via a portfolio of funds which comprises a suitable mix of cash, fixed interest, of UK and international equity, property as well as those seeking absolute returns. The funds are managed by specialist managers in their respective fields. Stanhope Consulting, a division of Stanhope Capital LLP, is responsible for advising the Foundation's Finance Committee on strategy, manager selection and tactical asset allocation. The Committee approves any recommendations before they are implemented by Stanhope Consulting and executed by RBC, Jersey, the custodian/administrator.

By maintaining a diversified portfolio and by receiving specialist advice, the Trustees anticipate that the longer-term financial objects of the Foundation will be fulfilled. At the same time, the consistent generation of income on an annual basis should assist the Trustees in meeting the Foundation's shorter-term commitments and should reduce the reliance on the realisation of capital gains to fund liabilities. Risks – credit, interest rate, cash flow, currency and counter-party – are kept under continuous review so as not to endanger the longer-term financial viability of the Foundation. In addition, The Foundation's policy is to retain twelve months' operating funds as cash alongside its investment portfolio.

All investments are carried at their fair value. Funds are valued either on a single- priced or bid basis. Asset sales and purchases are recognised at the transaction value on the trade date. There are no borrowings and exposure to unlisted securities and derivatives within selected funds are thought not to be of a material nature.

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 March 2017

14. CHARITY HERITAGE ASSETS

GROUP AND COMPANY COST VALUE	Heritage assets £	Total £
At 31 March 2016	1,530,417	1,530,417
At 31 March 2016	1,530,417	1,530,417

CHARITY HERITAGE ASSETS

FIVE YEAR FINANCIAL SUMMARY OF HERITAGE ASSET TRANSACTIONS

	2016/17 £	2015/16 £	2014/15 £	2013/14 £	2012/13 £
Works of art acquired	-	-	-	-	16,222

HERITAGE ASSET MANAGEMENT POLICY

The Henry Moore Foundation holds in trust a major collection of the artist's sculpture, drawings, graphics and textiles, as well as a vast photography and letter archive, and library relating to Moore's life and work. National and International standards in the care of its collection are followed with every endeavour to protect and safeguard the collection in its care for future generations. The Foundation acts in accordance with the Museums Association Code of Ethics, ensuring appropriate standards of care and security for all items, DCMS Due Diligence guidelines, ICOM Code of Ethics for museum and BSI PAS197:2009: Code of Practice for Cultural Collections Management in balancing the care of its collection with access and education.

15. PRINCIPAL SUBSIDIARY

Company name	Holding	Percentage Shareholding	Nature of business
HMF Enterprises Limited	1,000 £1 ordinary shares	100	Commercial activities

A summary of the results of the subsidiary entity for the year ended 31 March 2017 is shown in Note 3.

16. STOCKS

	GROUP		COMPANY	
	2017 £	2016 £	2017 £	2016 £
Finished goods	35,968	34,418	-	-

17. DEBTORS

	GROUP		COMPANY	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	208,689	83,882	205,805	83,716
Amounts owed by group undertakings	-	-	257,662	45,848
VAT repayable	77,141	163,487	77,141	163,354
Other debtors and prepayments	340,309	432,737	338,941	415,982
	626,139	680,106	879,549	708,900

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

**Notes to the Financial Statements
for the year ended 31 March 2017**

**18. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	GROUP		COMPANY	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	279,608	210,245	278,929	210,041
Grants committed (see note 7)	405,645	362,100	405,645	362,100
Other taxation and social security	32,710	33,275	32,125	33,275
Deferred income	114,627	85,111	105,529	85,111
Other creditors	56,957	396	56,957	396
Accruals	126,736	643,850	123,736	640,750
	<u>1,016,283</u>	<u>1,334,977</u>	<u>1,002,921</u>	<u>1,331,673</u>

Deferred income represents exhibition income and event deposits received in advance.

	GROUP		COMPANY	
	£	£	£	£
DEFERRED INCOME				
Deferred income at 1 April 2016	85,111	216,472	85,111	216,472
Resources deferred during the year	114,627	85,111	105,529	85,111
Amounts released from previous years	(85,111)	(216,472)	(85,111)	(216,472)
Deferred income at 31 March 2017	<u>114,627</u>	<u>85,111</u>	<u>105,529</u>	<u>85,111</u>

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 March 2017

19. STATEMENT OF FUNDS

	Balance at 1 April 2015 £	Incoming Resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
DESIGNATED FUNDS						
Heritage Asset Fund	1,530,417	-	-	-	-	1,530,417
Investment Fund	82,571,807	-	-	(2,745,160)	13,839,154	93,665,801
Capital Reserve Fund	15,888,105	-	-	1,076,804	-	16,964,909
Other Designated Funds	1,478,735	-	(46,889)	(622,184)	-	809,662
	<u>101,469,064</u>	<u>-</u>	<u>(46,889)</u>	<u>(2,290,540)</u>	<u>13,839,154</u>	<u>112,970,789</u>
GENERAL FUNDS						
Charity reserves	5,850,061	3,320,226	(4,396,041)	2,523,573	-	7,297,819
HMF Enterprises Limited	173,349	285,986	(52,953)	(233,033)	-	173,349
	<u>6,023,410</u>	<u>3,606,212</u>	<u>(4,448,994)</u>	<u>2,290,540</u>	<u>-</u>	<u>7,471,168</u>
Total Unrestricted funds	<u>107,492,474</u>	<u>3,606,212</u>	<u>(4,495,883)</u>	<u>-</u>	<u>13,839,154</u>	<u>120,441,957</u>
RESTRICTED FUNDS						
Rural Development Programme grant	20,870	-	(12,238)	-	-	8,632
Yorkshire Sculpture Triangle	61,578	-	(61,578)	-	-	-
	<u>82,448</u>	<u>-</u>	<u>(73,816)</u>	<u>-</u>	<u>-</u>	<u>8,632</u>
Total of funds	<u>107,574,922</u>	<u>3,606,212</u>	<u>(4,569,699)</u>	<u>-</u>	<u>13,839,154</u>	<u>120,450,589</u>

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 March 2017

19. STATEMENT OF FUNDS (continued)

Designated funds

Investment fund -

The charity's main source of income is from its investments. The designated fund represents investments set aside to protect future income streams. The Trustees allocate annually a percentage of the average value of the investments to provide revenue. Included within the investment fund are unrealised gains of £13,261,146 (2016 - £2,078,146).

The transfer represents the net movement in investments in the period.

Capital reserve fund -

The charity's fixed assets are its core assets used for operational purposes. A separate fund has been established to protect these assets where not represented by other funds. The transfer represents the net movement of additions and depreciation during the year.

During the year the charity reclassified some of its properties as investment properties and these have been transferred to the Investment fund.

Heritage asset fund -

The charity's works of art are core to its charitable objectives. A separate fund has been established to protect these assets where not represented by other funds.

Other designated funds -

These represent sums set aside for various projects including capital expenditure.

The transfer between the charity reserves and HMF Enterprises Limited represents gift aid payable in the year.

Restricted funds

Rural Development Programme grant -

This represents a grant received for capital projects less depreciation on the project expenditure which is charged to this fund.

Yorkshire Sculpture Triangle -

This represents funds received towards the project which was fully expensed in the year.

Other restricted funds -

These represent sums received to help fund particular exhibitions.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds	Unrestricted funds	Total funds	Total funds
	£	2017 £	2017 £	2016 £
Tangible fixed assets	8,632	16,964,909	16,973,541	15,971,111
Fixed asset investments	-	93,665,801	93,665,801	82,571,807
Heritage assets	-	1,530,417	1,530,417	1,530,417
Current assets	-	9,297,113	9,297,113	8,836,564
Creditors due within one year	-	(1,016,283)	(1,016,283)	(1,334,977)
	8,632	120,441,957	120,450,589	107,574,922

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 March 2017

21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net income for the year (as per Statement of financial activities)	12,875,667	1,079,616
Adjustment for:		
Depreciation charges	478,806	363,857
(Gains)/losses on investments	(13,839,154)	387,669
Dividends, interest and rents from investments	(2,534,979)	(2,205,213)
Increase in stocks	(1,550)	(1,690)
Decrease/(increase) in debtors	53,967	(252,583)
(Decrease)/increase in creditors	(318,694)	202,182
Net cash used in operating activities	(3,285,937)	(426,162)

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	8,635,006	8,122,040
Total	8,635,006	8,122,040

23. CAPITAL COMMITMENTS

At 31 March 2017 the group and company had capital commitments as follows:

	GROUP		COMPANY	
	2017 £	2016 £	2017 £	2016 £
Contracted for but not provided in these financial statements	-	726,685	-	726,685

THE HENRY MOORE FOUNDATION
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 March 2017

24. PENSION COMMITMENTS

The pension cost charge represents contributions payable by the Foundation to the fund and amounted to £155,472 (2016 - £146,351).

Contributions totalling £18,667 (2016 - £18,335) were payable to the fund at the balance sheet date and are included in creditors.

25. RELATED PARTY TRANSACTIONS

The Foundation receives a deed of covenant from its subsidiary, HMF Enterprises Limited, at the year end. The deed of covenant in the year amounted to £161,901 (2016 - £1,485,187). In addition, there are a number of recharges totalling £84,187 (2016 - £39,121) to the subsidiary for costs paid by the Charity.

As at 31 March 2017 a debtor of £257,662 (2016 - £45,848) remained outstanding.

During the year one trustee was reimbursed £10,000 for damages to a work of art incurred whilst on loan to the Foundation.

26. CONTROLLING PARTY

There is no controlling party. The charitable company is controlled by the trustees, who are listed on page 10, as a body.