

Charity Registration No. 1126084

Company Registration No. 06689362 (England and Wales)

THE EDWARD JAMES FOUNDATION LIMITED
TRUSTEES' REPORT AND GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

THE EDWARD JAMES FOUNDATION LIMITED

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THE EDWARD JAMES FOUNDATION LIMITED

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2013

REPORT OF THE CHAIRMAN

The last financial year was, as had been foreseen, one of continuing changes for the Edward James Foundation.

The changes reflected the continuation and completion of the review process started in 2012 to consider, and wherever necessary improve, all elements of our operations at West Dean.

Inevitably significant time, effort, and in particular cost have been involved, and the latter element is reflected in the disappointing operating results for the year. That said the Trustees are confident that, with the process of major change now essentially at an end, the forecasts in place for markedly improved financial performance are both realistic and achievable. That this should be so is critical in terms of ensuring that the quality of education we offer to both our full time and short course students, our primary charitable purpose, can not merely be maintained but substantially enhanced for the longer term. In reaching this position continuing attention will have to be given to financing heavy pension deficit funding costs, together with substantial future expenditure on the proper maintenance of West Dean House.

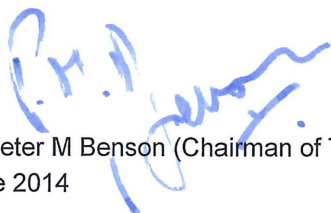
As will be seen from the accounts we benefited in the year substantially as a result of finally being able to acquire one hundred percent of the equity in Tragopan Corporation Limited, a Cayman Islands company owning many of the highly valuable artefacts in West Dean House, which now become our own.

We have also been able to bring into the accounts for the first time, at an indicative professional valuation, a figure for the Edward James documentary Archive. Discussions as to the future of this Archive, such that it can be maintained and displayed properly in perpetuity are well advanced.

Finally in terms of our 6,400 acre Estate, which we are committed to preserve as an essential part of the Foundation, we have determined to cease in-hand farming in favour of leasehold arrangements. This move should, over time, significantly improve financial performance in addition to reducing risk and releasing much needed capital.

We were sad to learn of the death in November 2013 of Robert Farmer a Trustee of the Foundation from its very beginnings, and our President until his resignation in July 2013. We also lost in the year the services of two long standing Trustees in Nigel Clutton and Gillian Lewis, to whom a significant debt of thanks is due.

Our loyal staff both old and new have coped with what in many respects was not an easy year, with both fortitude and forbearance. They are deserving of our most appreciative gratitude.



Hon Peter M Benson (Chairman of Trustees)
6 June 2014

THE EDWARD JAMES FOUNDATION LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

The Directors of the Foundation are its Trustees for the purposes of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees present their Annual Report and audited accounts for the year ended 30 September 2013 which have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

1 STRUCTURE, GOVERNANCE AND MANAGEMENT

GOVERNING DOCUMENT

The Edward James Foundation Limited (the Foundation) is a charitable company (the charitable company or charity) limited by guarantee and governed by its Memorandum and Articles of Association. The original charity (now numbered 1126084-1, formerly 306372) has been retained as a dormant charity.

GROUP STRUCTURE

The Foundation delivers education through West Dean College and, as a secondary activity, maintains and preserves the West Dean Estate. Within the Group, the Foundation is the parent company with the following wholly-owned subsidiaries:

- Karova Farms Limited - a trading company which manages the Foundation's in-hand farming activities;
- West Dean Limited – a trading company which manages the activities of the shop and the restaurant in West Dean Gardens, and the conference and event activities of West Dean College;
- Tragopan Corporation Limited – a Cayman Islands investment holding company one hundred percent of the equity in which was acquired by the Foundation in July 2013. Its assets are in course of being liquidated or transferred to the Foundation with a view to the entity being wound-up;
- West Dean Construction Services Limited – a dormant construction company, which was struck off on 1 October 2013.

ORGANISATIONAL STRUCTURE

The Trustees are responsible for policy matters and the overall direction of the charity and have absolute discretion in applying its funds in furtherance of the objects of the Foundation. None of the Trustees has any beneficial interest in the Foundation and each Trustee guarantees to contribute £10 in the event of a winding up.

The Board of Trustees meets four times a year. The Finance and Audit Committee meets at least three times a year prior to the main Board meetings to review budgets, investments, financial performance and controls, the financial implications of any special initiatives, and to finalise the audited accounts and annual report for approval by the Board of Trustees. Salaries for all staff are reviewed and agreed annually by the recently formed Remuneration Committee, based upon the recommendations of the Chief Executive. The Collections Advisory Group meets on an ad hoc basis as required to review stewardship of the Foundation's archive and art collections.

THE EDWARD JAMES FOUNDATION LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

The Chief Executive has responsibility for the day to day management of the Foundation.

RECRUITMENT, ELECTION AND TRAINING OF TRUSTEES

The power of appointing successor or additional Trustees is vested in the Members of the company, who are also the Trustees for the time being, the initial selection now being delegated to the newly formed Nominations Committee. The number of Trustees may not exceed twelve nor be less than three. Trustees serve for five-year terms before being considered for reappointment.

Trustees are selected on the basis of their specialist skills and knowledge of relevance to the Foundation's broad activities. New Trustees are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the charity structure and decision making processes, recent activities and financial performance and plans. Formal training of Trustees is scheduled.

RISK MANAGEMENT

The Trustees have assessed the major risks to which the Foundation is exposed and are satisfied that systems and procedures are in place to manage and to mitigate these.

Detailed consideration of risks is delegated to the Finance & Audit Committee, assisted by the Chief Executive and the Director of Finance and Enterprise, and is carried out at least three times a year. A formal review of the Foundation's risk management processes is undertaken on an annual basis by the Board.

The Trustees recognise that systems can provide only reasonable but not absolute assurance that major risks are being adequately managed.

AUDITORS

A resolution to reappoint Jones Avens as auditors of The Edward James Foundation Limited Group was passed at the first Trustee meeting of 2013.

DISCLOSURE OF INFORMATION TO AUDITORS

All of the Trustees have confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. All Trustees have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

THE EDWARD JAMES FOUNDATION LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

2 BACKGROUND TO THE FOUNDATION

The Charity was founded in 1964 through the gift of Edward James. Ultimately, the gift comprised the 6,400 acre West Dean Estate including West Dean House (now housing West Dean College) together with its contents.

The key elements of the Foundation today are:

- West Dean College, an internationally-renowned centre which provides:
 - MFA and MA degrees and diploma programmes in visual arts, conservation studies and creative writing;
 - Short courses in arts and crafts;
 - Continuing Professional Development courses;
 - The Centre for Conservation and Making which undertakes work for museums and private clients.
- The West Dean Conference Facility;
- The West Dean Tapestry Studio, one of the major tapestry studios in the world, undertaking public and private commissions. The Studio currently operates at West Dean College and Stirling Castle in Scotland;
- The West Dean Estate, with approximately 150 residential properties and 12 farms, 2,000 acres of woodland, 64 Listed Buildings, 11 Scheduled Ancient Monuments, 4 Sites of Special Scientific Interest (including one National Nature Reserve) and one of the country's first and largest biomass district heating schemes using Estate-grown fuelwood. The entire Estate falls within the recently-created South Downs National Park;
- The West Dean Gardens, Park and St Roche's Arboretum which are scheduled on the English Heritage Register of Parks and Gardens at Grade 2*. All are open to the public for the majority of the year. The landscape features a parkland walk, an arboretum with views over the surrounding South Downs, a walled kitchen garden and restored Victorian glasshouses.

THE EDWARD JAMES FOUNDATION LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

3 REFERENCE AND ADMINISTRATIVE INFORMATION

CHARITY NAME AND NUMBER

The Edward James Foundation Limited:
Registered Charity Number 1126084, Company Number 6689362

REGISTERED OFFICE

Estate Office, West Dean, Chichester, West Sussex, PO18 0QZ

TRUSTEES

The following Trustees served during the period under report:

The Hon Peter Benson LVO MA FCA †	(Chairman)
Nigel Clutton OBE FRICS †	(Resigned 13 February 2013)
Nigel Davis MA (Oxon) † ‡	
Lady Caroline Egremont ‡	
Robert Farmer	(Resigned 13 July 2013)
Caroline Griffith	(Appointed 25 April 2014)
Gillian Lewis FMA FIIC ‡	(Resigned 6 December 2012)
Professor Nigel Llewellyn PhD FSA ‡	
The Viscount Mersey MA (Oxon)	(Appointed 18 October 2013)
David Seddon	(Appointed 20 March 2013)

† Member of Finance and Audit Committee

‡ Member of Collections Advisory Group

CHIEF OFFICERS

From April 2012

Peter Pearce BSc FRICS (Chief Executive)

Until November 2012

Simon Ward MRAC FRICS (Agent and Secretary to the Trustees)

Robert Pulley BA (Hons) M Des (RCA) MBA FCSD (Principal of West Dean College)

PROFESSIONAL ADVISERS

LEGAL

Anderson Longmore & Higham with Bevis Rowntree
Sheep Lane
Midhurst
West Sussex GU29 9NS

THE EDWARD JAMES FOUNDATION LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Blake Lapthorn
Harbour Court
Compass Road
North Harbour
Portsmouth
Hampshire PO6 2ST

Withers LLP
16 Old Bailey
London EC4M 7EG

BANKERS

National Westminster Bank plc
5 East Street
Chichester
West Sussex PO19 1HH

AUDITORS

Jones Avens
4 Dukes Court
Bognor Road
Chichester
West Sussex PO19 8FX

INSURERS

NFU Mutual
1 North Pallant
Chichester
West Sussex PO19 1TJ

INVESTMENT MANAGERS/ADVISERS

CCLA Investment Management Ltd
COIF Charity Funds
80 Cheapside
London EC2V 6DZ

M&G Securities Limited
Charities Investment Managers
Laurence Pountney Hill
London EC4R 0HH

Mayfair Capital Investment Management Ltd
23 Bruton Street
London W1J 6QD

Newton Investment Management
160 Queen Victoria Street
London EC4V 4LA

THE EDWARD JAMES FOUNDATION LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Mr Roger Morris
Independent Investment Adviser

ESTATE MANAGERS

Smiths Gore
Exchange House
Petworth
West Sussex GU28 0BF

PENSIONS ADMINISTRATORS

The Pensions Trust
Verity House
6 Canal Wharf
Leeds
LS11 5BQ

Scottish Widows plc
15 Dalkeith Road
Edinburgh
EH16 5BU

4 STRATEGIC REVIEW

SUMMARY OF THE FOUNDATION'S OBJECTIVES

The Memorandum of Association states that the income and property of the Foundation are to be used to advance such charitable educational purposes as the Trustees shall from time to time determine. This is realised through the activities of West Dean College. The College exists to be an international centre of excellence for teaching the practice of conservation and creative making. This is achieved using all the resources of the Foundation, including the House, Gardens and Estate. Scholarship funding is ring-fenced and awarded to a number of students.

The specialist disciplines embrace the visual and applied arts, conservation studies, music, writing and gardening. In addition, the College promotes and supports training and education at West Dean by others. It presents concerts and lectures which are open to the public and operates the only remaining tapestry studio in England.

The primary charitable objective is to deliver education. The secondary objective is the preservation of The West Dean Estate.

SUMMARY OF THE MAIN ACHIEVEMENTS DURING THE YEAR

During the year 2012/13 the Foundation:

- Reviewed the Foundation's values, vision and statement of mission which were used as a basis for its future business plan, adopted in October 2012.
- Undertook a full review and restructuring of the Foundation's staffing structure and implemented changes to improve efficiency and effectiveness.

THE EDWARD JAMES FOUNDATION LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

- Conducted an external review of the Foundation's education provision.
- Initiated a review of building space and its use with regard to the Foundation's needs to carry out its future objectives. Further work on this long-term plan will take place in 2013/14.
- Reorganised its marketing, communications and development staff.
- Initiated reviews of the Foundation's assets within the context of the overall business plan.
- Commenced work towards a strategy to meet pension deficit liabilities within 10 years.
- Participated in discussions with its neighbour and tenant, the Weald and Downland Open Air Museum, over the latter's development plans and the potential for closer collaboration in activities.

Educational activities during the year included:

	2012/13	2011/12
Number of MA and diploma students	63 FTE	70 FTE
Diploma programmes subsidies	£1,343,885	£1,184,877
Scholarships, bursaries and internships awarded	£388,607	£431,461
Number of short course students	5,615	5,497
Short course subsidies	£305,138	£369,098
Number of short course tutors	312	298
Days of Continuing Professional Development delivered	660	732

GRANT-MAKING AND DIPLOMA PROGRAMMES

The value of the scholarships and internships awarded to students by the Foundation in the year amounted to £170,070 (£164,284 in 2011/12). Awards totalling a further £218,537 (£267,177 in 2011/12) were made from the West Dean Scholarship Fund, a fund administered by the Foundation using donations from third parties which have been either restricted by the donor or designated by the Foundation's Trustees. During the year the processes and criteria for awards were reviewed, refined and improved with the aim of ensuring that they support the most deserving candidates.

ROLE OF VOLUNTEERS

The Foundation is supported by approximately 100 volunteers who assist in the Gardens and the House, and with the Diploma programmes, the Communications Department, the Fundraising department and Exhibitions.

PUBLIC BENEFIT

In setting their objectives and planning their activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

In addition to the general subsidies which are applied to all the charity's educational activities, the College awards a number of scholarships and bursaries to enable students who might otherwise be unable to do so to study at West Dean College. Students are considered equally on merit, potential and financial need.

West Dean College shares resources with an extensive local, national and international network of organisations and individuals engaged in conservation and the arts.

THE EDWARD JAMES FOUNDATION LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

FINANCIAL REVIEW

Operating results for the year

The results for the year are summarised below:

	Income £'000	Expenditure £'000	2013 Net £'000	2012 Net £'000
Financial investments	1,125	31	1,094	984
Trading	2,482	2,501	(19)	339
West Dean Estate	1,122	1,153	(31)	131
Fundraising	181	119	62	175
Governance	0	187	(187)	(69)
Net operating income available for educational activities	4,910	3,991	919	1,560
Educational income and costs*	3,651	5,448	(1,797)	(1,695)
Total operating deficit	8,561	9,439	(878)	(135)
Exceptional acquisition of Tragopan Corporation Limited			10,231	0
Surplus/(deficit) before investment gains			9,353	(135)
Investment gains			1,331	3,019
Actuarial gains/(losses)			687	(285)
Net incoming resources			11,371	2,599
Fund balances at 1 October 2012			49,027	46,428
Prior year adjustment			2,000	0
Fund balances at 30 September 2013			62,398	49,027

* Represents educational subsidy

As shown above, the Group recorded a total operating deficit in 2012/13 of £878k (2011/12 - £135k). This was expected given the costs of the major restructuring required in the year.

Exceptional acquisition of Tragopan Corporation Limited

Before his death Edward James by way of a Trust, the Edward James Trust, and a limited company, Tragopan Corporation Limited, the two entities being set up in the Cayman Islands, retained certain of his

THE EDWARD JAMES FOUNDATION LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

assets, which he intended should be released to the Foundation only after his death. Legal advice has finally allowed the Trustees to acquire, for no consideration, 100% of the equity of Tragopan Corporation Limited, thus taking all its assets onto the Group's balance sheet in the year. A full analysis of these assets is given at note 6. Together with investment and actuarial gains, this increased the Group's total funds by more than 22%. Monies released since the year-end as a result of the acquisition of Tragopan Corporation Limited have stabilised the Group's cash position in 2013/14. Once the Group's operating results return to surplus, focus will shift to medium-term planning for expenditure relating to closed pension schemes and property maintenance, both of which will be a continuing financial burden.

Group surplus

Again as shown above, the Group's surplus, before gains on investments, was £9,352,772 (2011/12 – deficit £135,065) representing the underlying operating deficit of £878,687 and the exceptional acquisition of Tragopan Corporation Limited at a value of £10,231,459.

Investment gains

The investment gains during the year of £1,330,962 (2011/12 - £3,019,407) represent:

- An increase of £1,358,798 (2011/12 – increase of £3,019,407) in the valuation of the Group's investment assets. This increase was led by a rise of £2,058,140 in the value of quoted investments, as reduced by a fall of £699,338 in respect of West Dean Estate investment property. Whilst the income yield of investment assets is the Group's primary focus on an annual basis, it remains policy that the real capital value of assets be preserved over the long-term;
- A loss of £27,836 (2011/12 - £nil) was realised on the disposal of quoted investment assets during the year. This loss arose when disposing of part of the Group's bond holdings. Further small losses are anticipated in 2013/14, as the Group disposes of its remaining holding in bonds.

Actuarial gains

The deficit for accounting purposes on The Edward James Foundation Final Salary Pension Scheme reduced by £687,000 during the year (2011/12 – increase of £285,000). This deficit is calculated on a different basis to the triennial actuarial valuation, but it nevertheless continues to highlight a significant funding shortfall. The Scheme has been closed to future accruals since July 2011, so eliminating the risk of further deficits arising in respect of future employee service. A deficit repayment plan is in place and repayments are scheduled to continue until December 2025.

Prior year adjustment

A prior year adjustment of £2,000,000 was made during 2012/13 to correct the previous omission of the value of the Edward James Archive. A recent indicative professional valuation of the Archive has been used as an approximation of the fair value.

Funding and reserves

The Foundation holds a wide range of investments which generate income to subsidise its activities. The primary sources of income are quoted investments, investment property, the opening of its gardens to the

THE EDWARD JAMES FOUNDATION LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

public and the operation of events. This income ensures that the fees charged for education provided by West Dean College are significantly lower than cost.

The general unrestricted funds held by the Foundation represent its available reserves. As a consequence of recent weak operating results, the Trustees consider these funds alone to be insufficient to meet planned charitable expenditure. Since the year-end, the disposal of Tragopan Corporation Limited's financial investments has released sufficient cash to stabilise liquidity and clear the Group's £1.5m bank loan arranged in 2012/13.

Investment policies

Under the Memorandum and Articles of Association, the charity has the power to invest in any way that the Trustees see fit, providing that such powers of investment are only exercised for the purpose of attaining the objects of the Foundation and in a manner that is legally charitable.

The Finance and Audit Committee of the Trustees monitors performance and reports to the Board on a regular basis. Members of the Finance and Audit Committee have background experience and knowledge of finance and investment markets and property. An independent investment adviser assists the Trustees.

The Foundation's plans for 2013 – 14

The charity's main objectives for the coming year include to:

- Continue with financial planning to strengthen the Foundation's long-term operating position.
- Conclude the implementation of the review of the Foundation's management structure and staffing.
- Review the Foundation's educational provision given the appointment of a new Director of Education (January 2014).
- Continue with plans to raise the Foundation's profile, improve its communications and marketing, increase student numbers, and strengthen its online presence.
- Continue to review the Foundation's assets and their management.
- Develop plans to meet and fund its maintenance needs over the coming years in the light of the recent quinquennial survey of West Dean House.
- Work with Smiths Gore to maintain and improve the West Dean Estate's properties and their financial contribution.
- Investigate the potential, and if appropriate plan for, renewal and expansion of the Foundation's woodfuel district heating system in conjunction with revision of the estate forestry plan.
- Implement the decision taken in October 2013 to cease in hand farming by the Foundation and let the

THE EDWARD JAMES FOUNDATION LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

farms with effect from Michaelmas 2014.

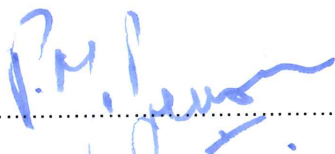
- Review the potential to increase public access to the House and Estate and the measures and investment required to achieve this.

RISKS AND UNCERTAINTIES

The Foundation determined with advice that the degree of business risk which attached to the continuation of farming in hand would be best mitigated by letting the farms concerned and took this decision in October 2013. The decision will take effect in October 2014.

* * * *

I declare that the Trustees have approved the report above and have authorised me to sign it on their behalf.



Hon Peter M Benson (Chairman of Trustees)
6 June 2014

THE EDWARD JAMES FOUNDATION LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees, who are also the Directors of The Edward James Foundation Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Foundation and of the incoming resources and application of resources, including its income and expenditure, for that year.

In preparing these accounts, the Trustees are required to:

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

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

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

THE EDWARD JAMES FOUNDATION LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE EDWARD JAMES FOUNDATION LIMITED

We have audited the accounts of The Edward James Foundation Limited for the year ended 30 September 2013 set out on pages 16 to 50. 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 opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of The Edward James Foundation Limited for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts 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 accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity'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 accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts 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.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts.

THE EDWARD JAMES FOUNDATION LIMITED

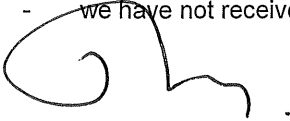
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF THE EDWARD JAMES FOUNDATION LIMITED

Matters on which we are required to report by exception

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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.



Neville Lacey BSc FCA (Senior Statutory Auditor)
for and on behalf of Jones Avens Limited

Chartered Accountants

Statutory Auditor

Piper House 4 Dukes Court
Bognor Road Chichester
West Sussex PO19 8FX

Dated: 16.06.2014

THE EDWARD JAMES FOUNDATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Notes	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
<u>Incoming resources from generated funds</u>					
Voluntary income	2	136,807	43,635	180,442	239,811
Activities for generating funds	3	2,481,914	-	2,481,914	2,570,836
Investment income	4	2,193,420	53,830	2,247,250	2,214,518
		4,812,141	97,465	4,909,606	5,025,165
Incoming resources from charitable activities	5	3,539,781	111,649	3,651,430	3,807,108
Tragopan Corporation Limited share capital	6	10,231,459	-	10,231,459	-
Total incoming resources		18,583,381	209,114	18,792,495	8,832,273
<u>Resources expended</u>					
Costs of generating funds					
West Dean Estate		1,145,879	7,447	1,153,326	1,082,220
Trading costs	3	2,500,573	-	2,500,573	2,231,922
Investment management and fundraising costs		150,286	-	150,286	82,840
		3,796,738	7,447	3,804,185	3,396,982
Charitable activities					
Continuing education courses		2,597,498	18,409	2,615,907	2,573,176
Diploma programmes		2,299,171	136,062	2,435,233	2,515,389
Tapestry Studio		214,675	-	214,675	216,240
Training conferences and courses		182,231	-	182,231	197,041
Total charitable expenditure		5,293,575	154,471	5,448,046	5,501,846
Governance costs		187,492	-	187,492	68,510
Total resources expended	7	9,277,805	161,918	9,439,723	8,967,338
Net incoming/(outgoing) resources before transfers		9,305,576	47,196	9,352,772	(135,065)
Gross transfers between funds		36,967	(36,967)	-	-
Net incoming/(outgoing) resources		9,342,543	10,229	9,352,772	(135,065)
Other recognised gains and losses					
(Losses)/gains on investment assets	14	1,223,199	107,763	1,330,962	3,019,407
Actuarial gain/(loss) on defined benefit pension scheme	22	687,000	-	687,000	(285,000)
Net movement in funds		11,252,742	117,992	11,370,734	2,599,342
Fund balances at 1 October 2012					
As originally reported		47,885,500	1,141,833	49,027,333	46,427,991
Prior year adjustment	16	2,000,000	-	2,000,000	2,000,000
As restated		49,885,500	1,141,833	51,027,333	48,427,991
Fund balances at 30 September 2013		61,138,242	1,259,825	62,398,067	51,027,333

All incoming resources and resources expended derive from continuing activities.

THE EDWARD JAMES FOUNDATION LIMITED

CHARITY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Notes	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
<u>Incoming resources from generated funds</u>					
Voluntary income	2	168,557	43,635	212,192	239,811
Activities for generating funds	3	277,572	-	277,572	396,781
Investment income	4	2,459,039	53,830	2,512,869	2,616,303
		2,905,168	97,465	3,002,633	3,252,895
Incoming resources from charitable activities	5	3,539,781	111,649	3,651,430	3,807,108
Tragopan Corporation Limited share capital	6	10,231,459	-	10,231,459	-
Total incoming resources		16,676,408	209,114	16,885,522	7,060,003
<u>Resources expended</u>					
Costs of generating funds					
West Dean Estate		1,145,879	7,447	1,153,326	1,082,220
Trading costs	3	454,166	-	454,166	421,705
Investment management and fundraising costs		132,682	-	132,682	82,840
		1,732,727	7,447	1,740,174	1,586,765
Charitable activities					
Continuing education courses		2,597,498	18,409	2,615,907	2,573,176
Diploma programmes		2,299,171	136,062	2,435,233	2,515,389
Tapestry Studio		214,675	-	214,675	216,240
Training conferences and courses		182,231	-	182,231	197,041
Total charitable expenditure		5,293,575	154,471	5,448,046	5,501,846
Governance costs		163,542	-	163,542	68,510
Total resources expended	7	7,189,844	161,918	7,351,762	7,157,121
Net incoming/(outgoing) resources before transfers		9,486,564	47,196	9,533,760	(97,118)
Gross transfers between funds		36,967	(36,967)	-	-
Net incoming/(outgoing) resources		9,523,531	10,229	9,533,760	(97,118)
Other recognised gains and losses					
(Losses)/gains on investment assets	14	1,300,079	107,763	1,407,842	3,019,407
Actuarial gain/(loss) on defined benefit pension scheme	22	687,000	-	687,000	(285,000)
Net movement in funds		11,510,610	117,992	11,628,602	2,637,289
Fund balances at 1 October 2012					
As originally reported		47,798,760	1,141,833	48,940,593	46,303,304
Prior year adjustment	16	2,000,000	-	2,000,000	2,000,000
As restated		49,798,760	1,141,833	50,940,593	48,303,304
Fund balances at 30 September 2013		61,309,370	1,259,825	62,569,195	50,940,593

All incoming resources and resources expended derive from continuing activities.

THE EDWARD JAMES FOUNDATION LIMITED

SUMMARY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Group 2013 £	2012 £	Charity 2013 £	2012 £
Gross income	18,792,495	8,832,273	16,885,522	7,060,003
Loss on disposal of investment assets	(27,836)	-	(35,194)	-
Provision for loss in value of investments below cost	(768,551)	1,162,115	(684,313)	1,162,115
Total income	17,996,108	9,994,388	16,166,015	8,222,118
Total expenditure from income funds	9,439,723	8,967,338	7,351,762	7,157,121
Net income for the year	8,556,385	1,027,050	8,814,253	1,064,997

The summary income and expenditure account is derived from the statement of financial activities on page 16 which, together with the notes on pages 21 to 50, provides full information on the movements during the year on all funds of the charity.

All incoming resources and resources expended derive from continuing activities.

STATEMENT OF RECOGNISED GAINS AND LOSSES

Net income for the year	8,556,385	1,027,050	8,814,253	1,064,997
Unrealised gains on investment assets	2,127,349	1,857,292	2,127,349	1,857,292
Actuarial gain/(loss) on defined benefit pension schemes	687,000	(285,000)	687,000	(285,000)
	11,370,734	2,599,342	11,628,602	2,637,289

THE EDWARD JAMES FOUNDATION LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2013

	Notes	Group 2013 £	2012 £	Charity 2013 £	2012 £
Fixed assets					
Intangible assets	15	10,000	16,740	10,000	-
Tangible assets	16	24,747,917	17,816,175	17,348,891	17,326,586
Investments	17	40,373,737	36,892,683	48,969,515	37,221,022
		<u>65,131,654</u>	<u>54,725,598</u>	<u>66,328,406</u>	<u>54,547,608</u>
Current assets					
Stocks		1,281,299	1,253,835	357,455	330,678
Debtors	18	1,410,825	834,102	934,408	900,471
Cash at bank and in hand		935,242	1,100,703	751,302	1,100,703
		<u>3,627,366</u>	<u>3,188,640</u>	<u>2,043,165</u>	<u>2,331,852</u>
Creditors: amounts falling due within one year	19	<u>(2,444,276)</u>	<u>(3,238,437)</u>	<u>(1,936,840)</u>	<u>(2,742,867)</u>
Net current assets/(liabilities)		<u>1,183,090</u>	<u>(49,797)</u>	<u>106,325</u>	<u>(411,015)</u>
Total assets less current liabilities		<u>66,314,744</u>	<u>54,675,801</u>	<u>66,434,731</u>	<u>54,136,593</u>
Creditors: amounts falling due after more than one year	20	<u>(1,524,677)</u>	<u>(452,468)</u>	<u>(1,473,536)</u>	<u>-</u>
Net assets excluding pension liability		<u>64,790,067</u>	<u>54,223,333</u>	<u>64,961,195</u>	<u>54,136,593</u>
Defined benefit pension liability		<u>(2,392,000)</u>	<u>(3,196,000)</u>	<u>(2,392,000)</u>	<u>(3,196,000)</u>
Net assets		<u>62,398,067</u>	<u>51,027,333</u>	<u>62,569,195</u>	<u>50,940,593</u>
Income funds					
Restricted funds	23	1,259,825	1,141,833	1,259,825	1,141,833
<i>(including revaluation reserve of £195,955 (2012: £86,185))</i>					
Unrestricted funds:					
Designated funds	24	61,463,191	50,725,521	61,463,191	50,725,521
<i>(including revaluation reserve of £5,448,767 (2012: £3,466,382))</i>					
Other charitable funds					
Unrestricted income funds		2,067,051	2,355,979	2,238,179	2,269,239
Pension reserve	22	(2,392,000)	(3,196,000)	(2,392,000)	(3,196,000)
		<u>62,398,067</u>	<u>51,027,333</u>	<u>62,569,195</u>	<u>50,940,593</u>

The accounts were approved by the Board on 6 June 2014

The Hon Peter Benson LVO MA FCA
Company Registration No. 06689362

Chairman

THE EDWARD JAMES FOUNDATION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Notes	2013 £	2012 £
Net cash (outflow)/inflow from operating activities	26	(1,399,099)	230,674
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets	(10,000)	-	-
Payments to acquire tangible fixed assets	(359,804)	(311,543)	(311,543)
Payments to acquire investments	(359,192)	(8,164)	(8,164)
Receipts from sales of tangible fixed assets	22,397	2,717	2,717
Receipts from sales of investments	320,802	-	-
Net cash outflow from capital expenditure and financial investment		(385,797)	(316,990)
Net cash outflow before financing		(1,784,896)	(86,316)
Financing			
New long term bank loan	1,500,000	-	-
Repayment of long term bank loan	(18,931)	(18,789)	(18,789)
New hire purchase and finance leases	19,600	-	-
Capital element of hire purchase and finance lease rentals	(15,241)	(14,845)	(14,845)
Net cash inflow/(outflow) from financing		1,485,428	(33,634)
Decrease in cash	27	(299,468)	(119,950)

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared in order to present the results of the charitable company and the consolidated results of the charitable company and its wholly owned subsidiaries.

Information presented in the notes to the accounts relates to the consolidated position. Any adjustments required to present the charity position are shown in italics.

The financial statements are drawn up on the historical cost accounting basis modified to include the revaluation of certain fixed assets.

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006.

All property, assets, rights and charitable undertakings of The Edward James Foundation (registered charity number 306372) were transferred to The Edward James Foundation Limited with effect from 1 October 2008. The Edward James Foundation then became a subsidiary charity of The Edward James Foundation Limited and was renumbered 1126084-1. Subsidiary charities are linked to a main charity by an arrangement called a uniting direction. Subsidiary charities do not report their financial results in their own right. The financial results of the subsidiary charity are included within those of the main charity.

1.2 Incoming resources

Legacies are accounted for when it becomes reasonably certain that the legacy will be received and the value of the incoming resources can be measured with sufficient reliability.

Donations are recognised when received. Those for the general purposes of the charity are included as unrestricted funds. Those for activities restricted by the wishes of the donor are taken to "restricted funds" these wishes being legally binding.

Grants are recognised in Incoming Resources when both entitlement and ability to meet any conditions imposed by the funder are demonstrable. Grants which provide scholarship and bursary funding for students are recognised in "Incoming Resources from Charitable Activities" and are treated as restricted funds. Grants which provide core funding are recognised in "Voluntary Income" and normally represent unrestricted funds.

Fees receivable and income for goods and services and use of premises are accounted for in the period in which provided. Fees receivable include bursaries granted by the charity from its unrestricted funds as well as contributions received from restricted funds for scholarships, bursaries and other grants.

1.3 Resources expended

Resources expended are accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. These estimates are based on staff time, floor area, student and delegate activity levels and equipment utilisation. The irrecoverable element of VAT is included within the area of expense to which it relates.

The Cost of Generating Funds represents the costs associated with generating incoming resources other than from undertaking charitable activities, and includes costs relating to: the letting of land and buildings on West Dean Estate, in-hand forestry, in-hand farming, the management of quoted investments, West Dean Gardens, conference and event activities and fundraising.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

1 Accounting Policies

(continued)

Charitable activities represent the costs applied by the charitable company in undertaking its work to meet its charitable objectives. They include all direct costs of West Dean College's educational provision, all bursaries and scholarships payable to students and those support costs incurred that enable the educational activity to be undertaken.

All grants, bursaries and allowances towards fees are included as expenditure in the period for which the award is given.

Governance costs are those associated with constitutional and statutory requirements. They include both direct costs and a share of indirect staff costs.

Support costs represent the costs incurred by the charitable company which, while not directly related to the charitable educational provision of West Dean College, are necessary to facilitate their provision. These costs include marketing, finance, human resources and IT.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land is not depreciated

Freehold buildings	Straight line over 50 years *
Leasehold property	Straight line over 25 years **
Plant and machinery	straight line over 4 to 20 years ***
Fixtures, fittings & equipment	straight line over 10 years
Motor vehicles	straight line over 5 years ***

* No depreciation is provided on those freehold buildings and chattels whose useful economic life exceeds 120 years as the accumulated charge is considered to be immaterial.

Capitalisation and replacement

Building improvements costing more than £2,500 together with furniture and equipment costing more than £500 per item are capitalised and carried in the balance sheet at historical cost less depreciation.

** Leasehold property

These assets were being written down over on a straight line basis over 25 years. However, since they will have no recoverable value on the cessation of the farming operation (see note 1.10), an impairment charge of £101,167 has been reflected, sufficient to eliminate their net book value.

*** Plant and machinery and Motor Vehicles (Karoova Farms Limited only)

These assets were being written down over on a straight line basis over 5 to 10 years. However, since it is anticipated that these assets will be sold on cessation of the farming operation and will realise a sum at least equivalent to their current net book value of £337,458, they have been transferred from Fixed Assets to Current Assets.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

1 Accounting Policies

(continued)

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.6 Investments

All quoted investments are stated at mid-market value and the movement shown comprises both realised and unrealised gains and losses.

Investment property on West Dean Estate, comprising let houses, let farms, commercial land and buildings and forestry, is included at valuation on an open market, existing use basis. Valuations are carried out by Alexander Barron ACA, the Foundation's Director of Finance and Enterprise.

Shares in Karova Farms Limited and West Dean Limited are stated at their fair value on transfer from The Edward James Foundation on 1 October 2008. Shares in Tragopan Corporation Limited are stated at their fair value at the date of acquisition in July 2013.

All income arising from investments is accounted for on a receivable basis.

1.7 Stock

Stock is valued at the lower of cost and net realisable value. Farming stocks are professionally valued annually by Messrs Henry Adams and Partners, Chichester.

1.8 Pensions

With effect from 1 July 2011, the charity has contributed to a defined contribution scheme administered by Scottish Widows. Employer contribution rates match those chosen by employees up to a maximum rate of 7.5%.

Until 30 June 2011, the charity contributed to a career average revalued earnings (CARE) scheme administered by The Pensions Trust. The charity withdrew from the scheme with effect from 1 July 2011 and an exit charge of £625,683 representing the discharging of all current and future liabilities in respect of the scheme is included within Resources Expended in 2011 and Other Creditors in 2011 and 2012.

Until 30 June 2011, the charity also contributed towards further pension accrual for members of The Edward James Foundation Pension Scheme, a final salary, defined benefit scheme administered by The Pensions Trust. This scheme was closed to new members with effect from 1 October 2002 and closed to further accrual with effect from 1 July 2011. Ongoing contributions to meet the existing liabilities of the scheme are included within Resources Expended.

Until 30 June 2011, members of The Edward James Foundation Pension Scheme were eligible to participate in the Growth Plan Pension Scheme, a multi-employer pension plan administered by the Pensions Trust. The charity did not pay contributions to the Growth Plan. The Charity withdrew from the scheme with effect from 1 July 2011 and an exit charge of £101,648 representing the discharging of all current and future liabilities in respect of the scheme is included within Resources Expended in 2011 and Other Creditors in 2011 and 2012.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

1 Accounting Policies

(continued)

1.9 Accumulated funds

Restricted funds

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

Designated funds

Designated funds comprise funds which have been set aside by the Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the accounts.

Unrestricted funds

These funds are unrestricted and have not been designated by the Trustees for particular purposes.

Pension Scheme fund

The Pension Scheme fund represents an interim deficit on The Edward James Foundation Limited Pension Scheme, derived using actuarial assumptions more fully explained in note 22. The Fund remains ring-fenced from the Foundation's other assets and a formal Recovery Plan is in place to repay the deficit by December 2025.

1.10 Basis of consolidation

The financial statements consolidate the results of the charitable company and its wholly-owned subsidiaries, Karova Farms Limited, West Dean Limited and Tragopan Corporation Limited (with effect from 26 July 2013 only) on a line by line basis.

Karova Farms Limited is engaged in the activity of farming. In November 2013, the Trustees of The Edward James Foundation Limited determined to cease the in-hand farming operation managed through Karova Farms Limited, with effect from September 2014. This decision means it is no longer appropriate to consider Karova Farms Limited a going concern and the following adjustments have been reflected in the financial statements in regard to that company's assets:

Tangible fixed assets (leasehold land and buildings) - these assets will have no recoverable value on the cessation of the farming operation, so an impairment charge of £101,167 has been reflected, sufficient to eliminate their net book value.

Tangible fixed assets (plant and machinery) - it is anticipated that these assets will be sold on cessation of the farming operation and will realise a sum at least equivalent to their current net book value of £337,458. In order to reflect their imminent disposal, these assets have been transferred from Fixed Assets to Current Assets.

The principal activities of West Dean Limited continued to be the operation of the shop and restaurant located in West Dean Gardens, and the conference and event activities of West Dean College.

Both Karova Farms Limited and West Dean Limited donate their taxable profits by way of gift aid to The Edward James Foundation Limited and, where applicable, pay interest on loans from The Edward James Foundation Limited. A summary of the trading results of both companies is included in note 17.

In addition, there was a further dormant subsidiary, West Dean Construction Services Limited, which was excluded from consolidation and has now been dissolved.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Donations and gifts	142,330	43,635	185,965	194,820
Legacies receivable	(5,523)	-	(5,523)	44,991
	<u>136,807</u>	<u>43,635</u>	<u>180,442</u>	<u>239,811</u>
<i>Add donation to parent</i>	<u>31,750</u>	<u>-</u>	<u>31,750</u>	<u>-</u>
<i>Charity income</i>	<u>168,557</u>	<u>43,635</u>	<u>212,192</u>	<u>239,811</u>

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

3 Activities for generating funds

	West Dean Gardens		Farming	Conferences	Total	Total
	The Edward James Foundation Limited	West Dean Limited	Karova Farms Limited	West Dean Limited	2013	2012
	£	£	£	£	£	£
Turnover	277,572	598,846	1,460,082	145,414	2,481,914	2,570,836
Operating expenses	(454,166)	(578,099)	(1,374,339)	(93,969)	(2,500,573)	(2,231,922)
Net surplus/(deficit) from trading	(176,594)	20,747	85,743	51,445	(18,659)	338,914
Rent paid to parent	-	(17,004)	(162,175)	(54,200)	(233,379)	(256,260)
Gift aid paid to parent	-	-	(69,500)	-	(69,500)	(145,525)
	(176,594)	3,743	(145,932)	(2,755)	(321,538)	(62,871)

Operating expenses include a recharge of administrative expenses from the Foundation as follows:

Karova Farms Limited	24,224	24,128
West Dean Limited	49,942	48,454
	74,166	72,582

West Dean Gardens comprises the activities of Gardens Admissions, Events, Gardens Shop and Restaurant. Included in the operating expenses is a share of the total running costs of the gardens.

In respect of Karova Farms Limited, operating expenses include overdraft interest of £3,958 (2012 - £1,768), loan interest of £1,572 (2012 - £2,948) and hire purchase interest of £4,457 (2012 - £6,616).

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Income from West Dean Estate	1,122,252	-	1,122,252	1,212,831
Income from listed investments	1,052,070	53,492	1,105,562	1,015,395
Other finance income	13,000	-	13,000	(18,000)
Interest receivable	6,098	338	6,436	4,292
Total investment income	2,193,420	53,830	2,247,250	2,214,518
<i>Add rent from subsidiaries</i>	<i>233,379</i>	<i>-</i>	<i>233,379</i>	<i>256,260</i>
<i>Add gift aid from subsidiaries</i>	<i>69,500</i>	<i>-</i>	<i>69,500</i>	<i>145,525</i>
<i>Less subsidiaries investment income included in above</i>	<i>(37,260)</i>	<i>-</i>	<i>(37,260)</i>	<i>-</i>
<i>Charity income</i>	<i>2,459,039</i>	<i>53,830</i>	<i>2,512,869</i>	<i>2,616,303</i>

West Dean Estate income includes £1,010,319 (2012 - £1,049,983) in respect of rental income from land and buildings.

Rent from subsidiaries includes £128,204 (2012 - £155,004), received under annual licences and £105,175 (2012 - £101,256) under a 29 year lease, all in respect of land and buildings.

5 Incoming resources from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Continuing education courses	2,287,681	23,088	2,310,769	2,204,078
Diploma programmes	1,002,787	88,561	1,091,348	1,330,512
Tapestry studio	107,346	-	107,346	108,765
Training conferences and courses	141,967	-	141,967	163,753
	3,539,781	111,649	3,651,430	3,807,108

Included in Unrestricted funds are bursaries and scholarships for Continuing Education courses of £23,369 (2012 - £28,034) and for Diploma Programmes of £146,701 (2012 - £136,250) in both cases funded internally by the Foundation.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

6 Tragopan Corporation Limited share capital

On 26 July 2013, the Foundation acquired 100% of the share capital of Tragopan Corporation Limited ('Tragopan'), an investment holding company incorporated in the Cayman Islands. The fair value of the share capital at the date of acquisition was £10,231,459, reflecting the following assets:

	2013 £	2012 £
Chattels	7,360,260	-
Financial investments	2,111,702	-
Debtors	606,731	-
Bank and cash balances	152,766	-
	<u>10,231,459</u>	<u>-</u>

On acquisition, the Foundation's Trustees determined to liquidate or transfer to the Foundation all of Tragopan's assets with a view to the entity being wound-up. The process commenced with the disposal of all the financial investments in November 2013 and the transfer of the net proceeds to the Foundation; this action, in turn, enabled the Foundation to repay in full its bank loan of £1,500,000.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

7 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Grant funding £	Total 2013 £	Total 2012 £
Costs of generating funds						
West Dean Estate	626,785	68,496	458,045	-	1,153,326	1,082,220
Trading costs	626,148	229,211	1,645,214	-	2,500,573	2,231,922
Investment management costs	8,193	-	23,225	-	31,418	17,593
Fundraising costs	74,263	-	44,605	-	118,868	65,247
Total	1,335,389	297,707	2,171,089	-	3,804,185	3,396,982
Charitable activities						
<u>Continuing education courses</u>						
Activities undertaken directly	828,770	63,479	1,194,267	-	2,086,516	1,959,114
Grant funding of activities	-	-	-	41,778	41,778	41,618
Support costs	307,697	12,835	167,081	-	487,613	572,444
Total	1,136,467	76,314	1,361,348	41,778	2,615,907	2,573,176
<u>Diploma programmes</u>						
Activities undertaken directly	984,090	46,685	643,205	-	1,673,980	1,632,692
Grant funding of activities	-	-	-	346,829	346,829	389,843
Support costs	261,638	15,769	137,017	-	414,424	492,854
Total	1,245,728	62,454	780,222	346,829	2,435,233	2,515,389
<u>Tapestry Studio</u>						
Activities undertaken directly	143,382	2,715	24,588	-	170,685	171,004
Support costs	25,387	1,411	17,192	-	43,990	45,236
Total	168,769	4,126	41,780	-	214,675	216,240
<u>Training conferences and courses</u>						
Activities undertaken directly	44,979	3,509	80,448	-	128,936	135,433
Support costs	31,073	1,097	21,125	-	53,295	61,608
Total	76,052	4,606	101,573	-	182,231	197,041
	2,627,016	147,500	2,284,923	388,607	5,448,046	5,501,846
Governance costs	29,040	-	158,452	-	187,492	68,510
Group	3,991,445	445,207	4,614,464	388,607	9,439,723	8,967,338
<i>Less subsidiaries costs</i>	<i>(393,102)</i>	<i>(221,957)</i>	<i>(1,472,902)</i>	<i>-</i>	<i>(2,087,961)</i>	<i>(1,810,217)</i>
<i>Charity</i>	<i>3,598,343</i>	<i>223,250</i>	<i>3,141,562</i>	<i>388,607</i>	<i>7,351,762</i>	<i>7,157,121</i>

Governance costs include amounts payable to the auditors in respect of audit fees of £26,270 (2012 - £21,562) and accountancy fees of £11,456 (2012 - £4,774).

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

8 Activities undertaken directly

	2013 £	2012 £
Other costs relating to continuing education courses comprise:		
Staff related costs	5,249	12,433
Visiting tutors	373,654	373,315
Premises costs	313,839	286,027
Insurance	51,770	35,720
Catering supplies	129,705	121,303
Irrecoverable VAT	87,538	81,583
Materials and course costs	172,011	153,903
Vehicle costs	7,020	17,471
Sundry costs	53,481	48,213
	1,194,267	1,129,968
Other costs relating to diploma programmes comprise:		
Staff related costs	7,571	19,432
Visiting lecturers	38,955	30,368
Premises costs	213,564	215,065
Insurance	41,496	36,312
Catering supplies	93,759	95,524
Irrecoverable VAT	50,024	50,884
Materials and course costs	119,259	142,426
Vehicle costs	2,732	5,847
Library costs	9,780	15,031
Bad debts	(275)	1,367
Sundry costs	66,340	65,770
	643,205	678,026
Other costs relating to tapestry studio comprise:		
Staff related costs	4,173	2,113
Premises costs	907	520
Materials	1,323	6,754
Exhibition costs	7,057	-
Sundry costs	11,128	8,602
	24,588	17,989

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

8 Activities undertaken directly

(continued)

	2013 £	2012 £
Other costs relating to training conferences and courses comprise:		
Staff related costs	126	531
Visiting tutors	49,275	50,347
Premises costs	14,793	14,212
Insurance	2,813	1,900
Catering supplies	5,501	5,556
Irrecoverable VAT	1,071	1,015
Materials and course costs	3,849	2,831
Sundry costs	3,020	3,102
	80,448	79,494

9 Grants payable

	2013 £	2012 £
Continuing education courses	41,778	41,618
Diploma programmes	346,829	389,843
	388,607	431,461

Grants to individuals include bursaries and scholarships of £170,070 (2012 - £164,284) funded internally by the Foundation, together with bursaries and scholarships of £218,537 (2012 - £267,177) paid from the West Dean Scholarship Fund.

10 Support costs

	Continuing education courses £	Diploma programmes £	Tapestry Studio £	Training conferences and courses £	Total 2013 £	Total 2012 £
Marketing costs	68,165	28,885	4,452	11,262	112,764	143,125
Office and staff related	41,114	47,314	5,872	3,574	97,874	109,857
Staff costs	307,697	261,638	25,387	31,073	625,795	764,181
Depreciation	12,835	15,769	1,411	1,097	31,112	25,940
Other costs	57,802	60,818	6,868	6,289	131,777	129,039
	487,613	414,424	43,990	53,295	999,322	1,172,142

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

11 Governance costs

	2013 £	2012 £
Other governance costs comprise:		
Trustee related expenses	2,090	2,337
Trustees insurance	1,863	1,777
Accountancy	11,456	4,774
Audit fees	26,270	21,562
Legal and professional fees	116,773	-
	158,452	30,450
<i>Less subsidiaries costs</i>	<i>(23,950)</i>	<i>-</i>
Charity	134,502	30,450

Legal and professional fees comprise governance costs associated with the acquisition of 100% of the share capital of Tragopan Corporation Limited (see note 6), together with the ongoing legal and administration costs of the investment holding company.

12 Trustees

None of the Trustees (or any persons connected with them) received any remuneration during the year. Expenses totalling £1,220 (2012 - £2,337) relating to travel and subsistence were either reimbursed to, or paid directly on behalf of, four Trustees.

During the year, £1,863 (2012 - £1,777) was paid in respect of insurance to:

- a) protect the charity from loss arising from the neglect or defaults of its Trustees;
- b) indemnify the Trustees against consequences of any neglect or default on their part.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

13 Employees

Number of employees

The average monthly number of employees during the year was:

	2013 Number	2012 Number
Direct charity staff	167	159
Other staff	41	42
	<u>208</u>	<u>201</u>

The average monthly number of full time equivalent staff was 142 (2012 - 145).

Employment costs

	2013 £	2012 £
Wages and salaries	3,576,668	3,403,007
Social security costs	285,733	270,430
Other pension costs	129,044	192,306
	<u>3,991,445</u>	<u>3,865,743</u>

The number of employees whose annual emoluments were £60,000 or more were:

	2013 Number	2012 Number
£160,000 to £169,999	-	2
£100,000 to £109,999	1	-
£70,000 to £79,999	1	-
£60,000 to £69,999	-	2
	<u>-</u>	<u>2</u>

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

14 Gains/(losses) on investment assets

	Total 2013 £	Total 2012 £
Unrealised gain/(loss) on revaluation of investments:		
Unrestricted funds	(84,242)	-
Restricted funds	107,763	97,866
Designated funds	1,335,277	2,921,541
	1,358,798	3,019,407
Realised gain/(loss) on disposal of investments:		
Restricted funds	-	-
Designated funds	(35,194)	-
Unrestricted funds	7,358	-
Group	1,330,962	3,019,407
<i>Subsidiaries (gain)/loss on disposal of investments</i>	<i>76,880</i>	<i>-</i>
<i>Charity</i>	<i>1,407,842</i>	<i>3,019,407</i>

15 Intangible fixed assets - Group

	Design rights £	Milk quota £	Total £
Cost			
At 1 October 2012	-	83,700	83,700
Additions	10,000	-	10,000
At 30 September 2013	10,000	83,700	93,700
Amortisation			
At 1 October 2012	-	66,960	66,960
Charge for year	-	16,740	16,740
At 30 September 2013	-	83,700	83,700
Net book value			
At 30 September 2013	10,000	-	10,000
At 30 September 2012	-	16,740	16,740

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

16 Tangible fixed assets - Group

	Freehold land and buildings £	Chattels £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 October 2012	7,401,573	7,112,274	1,749,907	426,419	468,962	17,159,135
Prior year adjustment	-	2,000,000	-	-	-	2,000,000
As restated	7,401,573	9,112,274	1,749,907	426,419	468,962	19,159,135
Additions	72,424	7,360,260	108,260	71,902	107,218	7,720,064
Disposals	-	-	(2,671)	-	(17,100)	(19,771)
Transfers	-	-	(359,749)	-	(379,440)	(739,189)
At 30 September 2013	7,473,997	16,472,534	1,495,747	498,321	179,640	26,120,239
Depreciation						
At 1 October 2012	31,796	-	795,444	303,807	211,913	1,342,960
On disposals	-	-	(2,671)	-	(17,100)	(19,771)
Charge for the year	8,518	-	195,690	50,818	94,671	349,697
Impairment	101,167	-	-	-	-	101,167
Transfers	-	-	(229,918)	-	(171,813)	(401,731)
At 30 September 2013	141,481	-	758,545	354,625	117,671	1,372,322
Net book value						
At 30 September 2013	7,332,516	16,472,534	737,202	143,696	61,969	24,747,917
At 30 September 2012	7,369,777	9,112,274	954,463	122,612	257,049	17,816,175

The prior year adjustment relates to the previous omission of the Edward James Archive from the Chattels category within Tangible Fixed Assets. A recent valuation of the Archive has been used as an approximation to the fair value which should have been reflected when the assets were transferred from The Edward James Foundation on 1 October 2008.

An impairment charge sufficient to eliminate the net book value of leasehold land and buildings (Karova Farms Limited only) has been reflected during the financial year (see note 1.10).

The net book value of Karova Farms Limited's Plant and Machinery assets has been transferred to Current Assets during the financial year (see note 1.10).

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

16 Tangible fixed assets

(continued)

Tangible fixed assets - Charity

	Freehold land and buildings £	Chattels £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 October 2012	7,262,913	7,112,274	1,321,629	426,419	179,640	16,302,875
Prior year adjustment	-	2,000,000	-	-	-	2,000,000
As restated	7,262,913	9,112,274	1,321,629	426,419	179,640	18,302,875
Additions	72,424	-	101,229	71,902	-	245,555
At 30 September 2013	7,335,337	9,112,274	1,422,858	498,321	179,640	18,548,430
Depreciation						
At 1 October 2012	2,269	-	585,240	303,807	84,973	976,289
Charge for the year	552	-	139,182	50,818	32,698	223,250
At 30 September 2013	2,821	-	724,422	354,625	117,671	1,199,539
Net book value						
At 30 September 2013	7,332,516	9,112,274	698,436	143,696	61,969	17,348,891
At 30 September 2012	7,260,644	9,112,274	736,389	122,612	94,667	17,326,586

The prior year adjustment relates to the previous omission of the Edward James Archive from the Chattels category within Tangible Fixed Assets. A recent valuation of the Archive has been used as an approximation to the fair value which should have been reflected when the assets were transferred from The Edward James Foundation on 1 October 2008.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

17 Fixed asset investments - Group

	West Dean Estate	Quoted investments Main fund	Quoted investments Scholarship fund	Shares in subsidiaries	Quoted investments Tragopan fund	Total
	£	£	£	£	£	£
Market value at 1 October 2012	16,460,327	18,005,781	2,426,571	4	-	36,892,683
Disposals at book value	-	(285,194)	-	-	(63,444)	(348,638)
Acquisitions at cost	259,192	-	100,000	-	2,111,702	2,470,894
Change in value in the year	(699,338)	1,882,111	260,267	(4)	(84,238)	1,358,798
Market value at 30 September 2013	16,020,181	19,602,698	2,786,838	-	1,964,020	40,373,737
Historical cost:						
At 30 September 2013	15,329,019	16,526,362	2,350,287	4	2,048,258	36,253,930
At 30 September 2012	15,069,827	16,776,362	2,250,287	4	-	34,096,480

Fixed asset investments - Charity

	West Dean Estate	Quoted investments Main fund	Quoted investments Scholarship fund	Shares in subsidiaries	Quoted investments Tragopan fund	Total
	£	£	£	£	£	£
Market value at 1 October 2012	16,460,327	18,005,781	2,426,571	328,343	-	37,221,022
Disposals at book value	-	(285,194)	-	-	-	(285,194)
Acquisitions at cost	259,192	-	100,000	10,231,459	-	10,590,651
Change in value in the year	(699,338)	1,882,111	260,267	(4)	-	1,443,036
Market value at 30 September 2013	16,020,181	19,602,698	2,786,838	10,559,798	-	48,969,515
Historical cost:						
At 30 September 2013	15,329,019	16,526,362	2,350,287	10,559,802	-	44,765,470
At 30 September 2012	15,069,827	16,776,362	2,250,287	328,343	-	34,424,819

The West Dean Estate is held as part of the group's charitable activities. The valuation was undertaken by Alexander Barron ACA, the Foundation's Director of Finance and Enterprise. The valuation was based upon the present value of future net rental income streams.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

17 Fixed asset investments

(continued)

The portfolio of quoted investments is held primarily to provide an investment return for the group and is divided into the following funds:

- Charibond - £1,356,974 (2012 - £1,695,385)

(a Common Investment fund managed by M & G Securities Limited)

- Charifund - £13,721,512 (2012 - £11,713,229)

(a unit trust restricted to charities managed by M & G Securities Limited for Charities Investment Managers Limited)

- COIF - £660,867 (2012 - £684,812)

(a charities property fund, managed by CCLA Investment Management Limited)

- Newton Global Higher Income - £5,695,494 (2012 - £5,361,524)

(a unit trust managed by Newton Investment Management Limited for BNY Mellon Fund Managers)

- Mayfair PITCH - £954,689 (2012 - £977,402)

(a property income trust for charities managed by Mayfair Capital Investment Management Limited)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Karova Farms Limited	England	Ordinary £1	100
West Dean Limited	England	Ordinary £1	100
Tragopan Corporation Limited	Cayman Islands	Common stock	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal Activities	Capital and reserves	Profit/(loss) for the year
		£	£
Karova Farms Limited	Farming	259,619	(145,932)
West Dean Limited	Gardens shop & restaurant, and conference & event management	10,516	988
Tragopan Corporation Limited	Investment holding	10,118,535	(112,924)

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

17 Fixed asset investments

(continued)

The figures above in respect of Tragopan Corporation Limited are based upon accounts which state financial investments at historic cost and the loss relates to the period 26 July 2013 to 30 September 2013.

The trading activities of the subsidiaries utilise spare capacity in the charitable company's land and buildings to generate profits which can then be donated to the charitable company to support its objects.

The fair value of the charitable company's investment in its subsidiaries when transferred from The Edward James Foundation on 1 October 2008 was £328,343.

18 Debtors

	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	321,512	315,602	269,874	246,883
Income tax recoverable	72,523	61,371	72,523	61,371
Amounts owed by group undertakings	-	-	318,035	321,090
Other debtors	221,866	19,599	11,767	19,423
Recoverable amount of vehicles, plant & machinery	337,458	-	-	-
Prepayments and accrued income	457,466	437,530	262,209	251,704
	1,410,825	834,102	934,408	900,471

The Karova Farms Limited accounts have been prepared on a non-going concern basis and therefore all assets held by Karova Farms Limited are shown at the estimated recoverable amount (see note 16).

The recoverable amount of vehicles, plant and machinery includes £170,884 (2012 - £184,427) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £51,817 (2012 - £49,316) for the year.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

19 Creditors: amounts falling due within one year	Group		Charity	
	2013 £	2012 £	2013 £	2012 £
Bank loans	43,857	22,106	31,651	-
Bank overdraft	217,293	83,286	-	-
Net obligations under finance lease and hire purchase contracts	63,686	56,901	-	-
Trade creditors	516,539	647,184	415,712	483,163
Taxes and social security costs	140,423	131,327	132,423	123,503
Other creditors	190,817	918,787	186,214	914,637
Accruals	243,517	414,586	142,696	257,304
Deferred income	1,028,144	964,260	1,028,144	964,260
	<u>2,444,276</u>	<u>3,238,437</u>	<u>1,936,840</u>	<u>2,742,867</u>

Creditors due within one year include amounts due in relation to hire purchase and finance leases, which are secured on the assets acquired.

The bank overdraft is secured by an unscheduled mortgage debenture incorporating a fixed and floating charge over all current and future assets of Karova Farms Limited.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

20 Creditors: amounts falling due after more than one year

	Group 2013 £	2012 £	Charity 2013 £	2012 £
Bank loan	1,473,536	14,218	1,473,536	-
Other loan	-	384,683	-	-
Net obligations under finance leases and hire purchase contracts	51,141	53,567	-	-
	<u>1,524,677</u>	<u>452,468</u>	<u>1,473,536</u>	<u>-</u>
Analysis of loans				
Wholly repayable within five years	1,517,393	421,007	1,505,187	-
Included in current liabilities	(43,857)	(22,106)	(31,651)	-
	<u>1,473,536</u>	<u>398,901</u>	<u>1,473,536</u>	<u>-</u>
Loan maturity analysis				
Debt due in one year or less	43,857	22,106	-	-
In more than one but not more than two years	-	14,218	-	-
In more than two but not more than five years	1,473,536	384,683	1,473,536	-
	<u>1,517,393</u>	<u>421,007</u>	<u>1,473,536</u>	<u>-</u>

The Edward James Foundation Limited bank loan is unsecured. The Karova Farms Limited bank loan is secured by an unscheduled mortgage debenture incorporating a fixed and floating charge over all current and future assets of Karova Farms Limited. Interest payable is fixed at 6.5%.

The other long term loan of £384,683 is due from Karova Farms Limited to Tragopan Corporation Limited ("Tragopan"). Since Tragopan became part of the Group (see note 6 for more detail) in July 2013, the loan is no longer a creditor of the Group. The loan is interest free, unsecured and is not repayable until at least 1 January 2015.

Net obligations under finance leases and hire purchase contracts

Repayable within one year	66,185	60,899	-	-
Repayable between one and five years	52,652	53,969	-	-
	<u>118,837</u>	<u>114,868</u>	<u>-</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(4,010)	(4,400)	-	-
	<u>114,827</u>	<u>110,468</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(63,686)	(56,901)	-	-
	<u>51,141</u>	<u>53,567</u>	<u>-</u>	<u>-</u>

Amounts due in relation to hire purchase and finance leases are secured on the assets acquired.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

21 Provisions for liabilities

Full disclosure in respect of the pension scheme is given in note 22, including a breakdown of the movement in the surplus/deficit on the scheme.

22 Pension costs - The Pensions Trust - Edward James Foundation Pension Scheme

Composition of the Scheme

The Employer operates a defined benefit plan in the UK. A full actuarial valuation was carried out at 30 September 2012 and the preliminary results updated to 30 September 2013 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The Employer currently pays deficit contributions at the rate of £115,500 per annum (payable via monthly lump sums) and contributions to cover Scheme expenses of £60,084 per annum (payable monthly). The deficit contributions will rise to £261,000 per annum from 1 October 2013 and then increase by 3.9% each 1 October thereafter. In practice these rates may vary following completion of the 30 September 2012 actuarial valuation.

Present values of scheme liabilities, fair value of assets and surplus (deficit)

	2013 £000	2012 £000	2011 £000
Fair value of scheme assets	10,638	9,678	9,016
Present value of scheme liabilities	13,030	12,874	12,009
Surplus (deficit) in scheme	(2,392)	(3,196)	(2,993)
Asset (liability) to be recognised	(2,392)	(3,196)	(2,993)

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2013 £000	2012 £000
Scheme liabilities at start of period	12,874	12,009
Current service cost	-	-
Expenses	72	70
Interest cost	544	604
Contributions by scheme participants	-	-
Actuarial losses (gains)	54	581
Benefits paid, death in service insurance premiums & expenses	(514)	(390)
Losses (gains) on curtailments	-	-
Scheme liabilities at end of period	13,030	12,874

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

22 Pension costs - The Pensions Trust - Edward James Foundation Pension Scheme (continued)

Reconciliation of opening and closing balances of the fair value of scheme assets

	2013	2012
	£000	£000
Fair value of scheme assets at start of period	9,678	9,016
Expected return on scheme assets	557	586
Actuarial gains (losses)	741	296
Contributions by employer	176	170
Contributions by scheme participants	0	0
Benefits paid, death in service insurance premiums & expenses	(514)	(390)
Fair value of scheme assets at end of period	10,638	9,678

The actual return on the scheme assets over the period ending 30 September 2013 was £1,298,000.

Total expense recognised in statement of financial activities

	2013	2012
	£000	£000
Current service cost	-	-
Expenses	72	70
Interest cost	544	604
Expected return on scheme assets	(557)	(586)
Losses (gains) on curtailments	-	-
Total	59	88

Statement of total recognised gains and losses

	2013	2012
	£000	£000
Difference between expected and actual return on scheme assets: Amount: gain (loss)	741	296
Experience gains and losses arising on the scheme liabilities: Amount: gain (loss)	361	137
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities: Amount: gain (loss)	(415)	(718)
Total amount recognised in statement of total recognised gains and losses: Amount: gain (loss)	687	(285)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is (£3,442,000) (a loss).

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

22 Pension costs - The Pensions Trust - Edward James Foundation Pension Scheme (continued)

Assets

	2013 £000	2012 £000	2011 £000
Equities	6,950	6,299	5,951
Property	774	728	712
Bonds	2,943	2,633	2,570
Other	(29)	18	(217)
Total assets	10,638	9,678	9,016

None of the fair values of the assets shown above include any of the Employer's own financial instruments or any property occupied by, or other assets used by, the Employer.

Assumptions

	2013 (per annum)	2012 (per annum)	2011 (per annum)
Rate of discount	4.60%	4.30%	5.10%
Inflation (RPI)	3.30%	2.70%	3.00%
Inflation (CPI)	2.40%	1.90%	2.50%
Salary increases *	4.30%	3.70%	4.50%
Allowance for revaluation of deferred pensions of RPI or 5.0% p.a. if less	3.30%	2.70%	3.00%
Allowance for pension in payment increases of CPI or 5.0% p.a. if less	2.40%	1.90%	2.50%
Allowance for pension in payment increases of CPI or 3.0% p.a. if less	2.20%	1.80%	2.20%
Allowance for pension in payment increases of CPI or 2.5% p.a. if less	2.00%	1.60%	2.00%
Allowance for commutation of pension for cash at retirement	Allowance	Allowance	Allowance

* Note that 27 members agreed to have their pensionable earnings increases capped at RPI. Therefore for these members we have assumed salary growth of 3.3% per annum.

The mortality assumptions adopted at 30 September 2013 imply the following life expectancies:

	years
Male retiring at age 65 in 2013	23.3
Female retiring at age 65 in 2013	25.3
Male retiring at age 65 in 2033	25.5
Female retiring at age 65 in 2033	27.2

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

22 Pension costs - The Pensions Trust - Edward James Foundation Pension Scheme (continued)

Expected long-term rate of return

The long-term expected rate of return on cash is determined by reference to bank base rates at the balance sheet dates. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

The expected long term rates of return applicable for each period are as follows

	2013	2012
	(per annum)	(per annum)
Growth Type	6.90%	7.25%
Property	5.90%	6.25%
Bonds	3.37%	4.62%
Other	0.50%	0.50%
Overall for scheme	5.85%	6.58%

Amounts for the current and previous four years

	2013	2012	2011	2010	2009
	£000	£000	£000	£000	£000
Fair value of scheme assets	10,638	9,678	9,016	9,414	8,808
Present value of scheme liabilities	13,030	12,874	12,009	13,126	11,837
Surplus (deficit) in scheme	(2,392)	(3,196)	(2,993)	(3,712)	(3,029)
Experience adjustment on scheme assets	741	296	(637)	199	(116)
Experience adjustment on scheme liabilities	361	137	124	474	49

The best estimate of contributions to be paid by the Employer to the scheme for the period commencing 1 October 2013 is £321,084.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

23 Restricted funds

These comprise the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 October 2012	Incoming resources	Group and Charity Movement in funds Resources expended	Transfers	Investment gain/(loss)	Balance at 30 September 2013
	£	£	£	£	£	£
West Dean Scholarship Fund	1,084,343	165,902	(152,660)	-	107,763	1,205,348
Other restricted funds	57,490	43,212	(9,258)	(36,967)	-	54,477
	<u>1,141,833</u>	<u>209,114</u>	<u>(161,918)</u>	<u>(36,967)</u>	<u>107,763</u>	<u>1,259,825</u>

West Dean Scholarship Fund:

The fund was established to provide bursaries and scholarships for students attending courses at West Dean College. The Fund's capital is invested in quoted investments and its income is derived from this source, as well as from donations, grants and legacies. The Fund is analysed between Restricted and Designated funds, according to whether the use of the original income was specifically restricted by the donor or whether it was determined by the Trustees of the Foundation.

Other restricted funds:

Other restricted funds comprise grants and donations received for specific purposes other than to provide bursaries and scholarships for students attending courses at West Dean College. Such grants and donations are held as restricted funds until the terms of the original restriction are satisfied, following which a transfer to unrestricted funds takes place.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

24 Designated funds

These unrestricted funds have been designated by the Trustees to ensure the continuation and support of the educational activities and are represented by the following groups of assets:

	Group and Charity Movement in funds				
	Balance at 1 October 2012	Incoming resources	Resources expended	Investment gain/(loss)	Balance at 30 September 2013
	£	£	£	£	£
Freehold property (charitable use)	7,220,644	72,424	(552)	-	7,292,516
Chattels (charitable use)	7,112,274				
Prior year adjustment	2,000,000				
	9,112,274	7,360,260	-	-	16,472,534
Investment property & subsidiaries	16,788,670	255,456	-	(699,339)	16,344,787
Quoted investments	18,005,781	-	(250,000)	1,846,917	19,602,698
West Dean Scholarship Fund	1,598,152	-	-	152,504	1,750,656
	<u>52,725,521</u>	<u>7,688,140</u>	<u>(250,552)</u>	<u>1,300,082</u>	<u>61,463,191</u>

Freehold property (charitable use):

This represents those freehold properties which are essential for the provision of the Foundation's charitable activities.

Chattels (charitable use):

The fund represents the artworks which are considered essential to the provision of the Foundation's charitable activities.

Investment property and subsidiaries:

This represents investment assets essential for the generation of investment income required to support the charitable activities.

Quoted investments:

The fund represents the quoted investments which are essential for the generation of investment income required to support the charitable activities.

West Dean Scholarship Fund:

The fund was established to provide bursaries and scholarships for students attending courses at West Dean College. The Fund's capital is invested in quoted investments and its income is derived from this source, as well as from donations, grants and legacies. The Fund is analysed between Restricted and Designated funds, according to whether the use of the original income was specifically restricted by the donor or whether it was determined by the Trustees of the Foundation. When awards are made, a transfer to unrestricted funds takes place.

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

25 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 30 September 2013 are represented by:			
Intangible fixed assets	10,000	-	10,000
Tangible fixed assets	24,707,917	40,000	24,747,917
Investments	39,236,762	1,136,975	40,373,737
Current assets	3,517,016	110,350	3,627,366
Creditors: amounts falling due within one year	(2,416,776)	(27,500)	(2,444,276)
Creditors: amounts falling due after more than one year	(1,524,677)	-	(1,524,677)
Defined benefit pension liability	(2,392,000)	-	(2,392,000)
Group reserves	61,138,242	1,259,825	62,398,067
<i>Subsidiaries reserves</i>	<i>171,128</i>	<i>-</i>	<i>171,128</i>
<i>Charity reserves</i>	<i>61,309,370</i>	<i>1,259,825</i>	<i>62,569,195</i>
Unrealised gains included above:			
On investments	5,448,767	195,955	5,644,722
	<u>5,448,767</u>	<u>195,955</u>	<u>5,644,722</u>
Reconciliation of movements in unrealised gains:			
Unrealised gains at 1 October 2012	3,466,382	86,185	3,552,567
In respect of disposals in year	(35,194)	-	(35,194)
	<u>3,431,188</u>	<u>86,185</u>	<u>3,517,373</u>
Net gains on revaluations in year	2,017,579	109,770	2,127,349
	<u>2,017,579</u>	<u>109,770</u>	<u>2,127,349</u>
Unrealised gains at 30 September 2013	<u>5,448,767</u>	<u>195,955</u>	<u>5,644,722</u>

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

26 Net cash (outflow)/inflow from operating activities	2013	2012
	£	£
Reconciliation to changes in resources		
Changes in resources before revaluations	9,352,772	(135,065)
Fair value of net non cash acquisition (note 6)	(10,078,693)	-
Depreciation of tangible fixed assets	450,864	332,589
Amortisation of intangible fixed assets	16,740	16,740
Profit on disposal of tangible fixed assets	(22,397)	(2,716)
Difference between pension charge and cash contributions	(117,000)	(82,000)
(Increase)/decrease in stocks	(27,464)	5,596
(Increase)/decrease in debtors	(17,217)	5,564
(Decrease)/Increase in creditors	(956,704)	89,966
	(1,399,099)	230,674
27 Reconciliation of net cash flow to movement in net (debt)/funds	2013	2012
	£	£
Decrease in cash	(299,468)	(119,950)
New long term bank loan	(1,500,000)	-
Reclassification of other loan	384,683	-
Repayment of long term bank loan	18,931	18,789
Capital element of hire purchase and finance lease rentals	(4,359)	14,845
Movement in net (debt)/funds	(1,400,213)	(86,316)
Net (debt)/funds at 1 October 2012	485,942	572,258
Net (debt)/funds at 30 September 2013	(914,271)	485,942

THE EDWARD JAMES FOUNDATION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

28 Analysis of net (debt)/cash less debt

	At 1 October 2012	Cash flow	Non-cash changes	At 30 September 2013
	£	£	£	£
Cash at bank and in hand	1,100,703	(165,461)	-	935,242
Bank overdrafts	(83,286)	(134,007)	-	(217,293)
		(299,468)		
Debt due within one year	(22,106)	(1,096,386)	1,074,635	(43,857)
Debt due after one year	(398,901)	-	(1,074,635)	(1,473,536)
Hire purchase and finance leases	(110,468)	(4,359)	-	(114,827)
		(1,100,745)		
	485,942	(1,400,213)	-	(914,271)

29 Contingent liabilities

A review of the accounting records of Tragopan Corporation Limited, undertaken by the Foundation following the acquisition in July 2013 (see note 6), has identified payments to an individual in respect of services, some of which were undertaken in the UK. The tax treatment of these payments remains unclear and this matter is being discussed with HM Revenue and Customs.