

**THE PORTLAND TRUST  
(Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

**THE PORTLAND TRUST  
(COMPANY LIMITED BY GUARANTEE)**

**ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS**

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<b>Company number</b>	4699155
<b>Registered charity number</b>	1106429
<b>Governing document</b>	Memorandum and Articles of Association
<b>Trustees</b>	Sir R Cohen (Chairman) Sir H Solomon Sir M Gilbert Lord Freud
<b>Company Secretary</b>	S Higgins
<b>Registered office</b>	42 Portland Place London W1B 1NB
<b>Auditors</b>	HLB Vantis Audit plc 66 Wigmore Street London W1U 2SB
<b>Bankers</b>	HSBC Bank plc 196 Oxford Street London W1D 1NT
<b>Solicitors</b>	Bates, Wells & Braithwaite 2-6 Cannon Street London EC4M 6YH

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**THE PORTLAND TRUST  
(COMPANY LIMITED BY GUARANTEE)**

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# **THE PORTLAND TRUST (COMPANY LIMITED BY GUARANTEE)**

## **TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

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The Trustees, who are also the directors of the Charity for the purposes of the Companies Act, present their annual report and financial statements for the year ended 31 December 2008.

### **OBJECTS OF THE CHARITY**

The Charitable company was incorporated on 17 March 2003 and gained charitable status on 26 October 2004. The Portland Trust is a non-political organisation which is committed to driving initiatives that promote economic development, moderation and the resolution of conflict particularly in the Middle East.

The objects of the Charity are for such exclusively charitable purposes for the benefit of the public in any part of the World as the Trustees may in their absolute discretion think fit.

### **TRUSTEES**

The Trustees who served during the year were as follows:-

Sir R Cohen  
Sir H Solomon  
Sir M Gilbert  
Lord Freud

The Trustees of the charity have control of the Charity and its property and funds. The first Trustees were Sir Ronald Cohen and Sir Harry Solomon. Unless otherwise determined by ordinary resolution, the number of Trustees shall be subject to a maximum of ten and shall not be less than two. Trustees may be individuals or bodies corporate.

Every Trustee shall sign a declaration of willingness to act as a charity trustee before being eligible to vote at any meeting of the Trustees. One third (or the number nearest to one third) of the Trustees shall retire at each Annual General Meeting, those in office retiring first and the choice between any of equal service being made by drawing lots unless they otherwise agree among themselves.

The members shall be entitled to appoint one or more Trustees (including themselves), to remove any Trustee so appointed and to appoint another Trustee in place of any Trustee so appointed who for any reason ceases to be a Trustee. A retiring Trustee shall not be eligible for reappointment unless such reappointment is approved by the Trustees.

### **ORGANISATIONAL STRUCTURE**

The Trustees, who provide their services free of charge, are based in London. The Portland Trust has offices in London, Tel-Aviv and Ramallah. Nicola Cobbold, who took over from Lord Freud on 1 January 2009, runs the organisation from the London office where there are four employees. The Tel-Aviv office (opened in June 2005) is managed by Brig Gen (res) Eival Gilady and has three employees. The Ramallah office (opened in April 2006) is under the direction of Samir Hulileh and has five employees

# THE PORTLAND TRUST (COMPANY LIMITED BY GUARANTEE)

## TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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### REVIEW OF ACTIVITIES

#### FINANCIAL INFRASTRUCTURE

##### Loan Guarantee Scheme

The Portland Trust initiated and supported the creation of the Loan Guarantee scheme, launched in July 2007 with \$160 million of funds from the US Overseas Private Investment Corporation (OPIC). The scheme guarantees loans up to a total of \$228 million. Loans from \$10,000 to \$500,000 are backed by a 70% guarantee. To date, just under \$35m has been loaned to Palestinian Small and Medium sized Enterprises (SMEs). The scheme targets a range of businesses and plans to establish a technical assistance programme to help banks market their financial products more successfully. The loans will increase the flow of capital from the banking system to small and medium sized Palestinian private sector businesses. Samir Hulileh sits on the Loan Guarantee's advisory board working to maximise its impact. The Portland Trust contributed financially to the scheme's running costs in 2008.

The Portland Trust also engaged European finances for loan guarantees through a combination of lobbying and analytical work that demonstrated the potential demand. The European Investment Bank and European Commission jointly provided an additional €24m for loan guarantees which was combined with €5m of funding from the German Development Bank, KfW. The €29m European Palestinian Credit Guarantee Fund was launched in 2006. By the end of June 2009, EPCGF had approved 997 loan guarantees covering an accumulated loan portfolio of just under \$30m.

##### The Galilee Loan Programme

The Portland Trust partnered with the Koret Israel Economic Development Fund (KIEDF) and the United Jewish Israel Appeal (UJIA) in 2006 to establish a loan guarantee programme to facilitate economic development and job creation for all the population of Northern Israel. By April 2009, over 600 loans were made totalling \$15 million/ NIS 57 million.

##### Pensions

Following consultations with the private sector, banks, insurance companies and unions over the year, implementing legislation to establish a new private pension system in the Palestinian Territory, was submitted to the Palestinian Prime Minister in November 2008. The legislation is now awaiting Cabinet approval.

##### Microfinance

The Portland Trust has partnered PlaNet Finance since 2006 to provide together €550,000 in support of the Palestinian Network for Small and Microfinance Institutions. This sum has been complemented by a grant of €750,000 from the European Union for a three year action plan to help build capacity in the microfinance sector. The Microfinance Network offers training, back-office and marketing services. In addition to funding, The Portland Trust is advising the network on operational and structural changes to improve its effectiveness.

##### Political Risk Insurance

The Portland Trust provided funding for the development of a Palestinian political risk insurance project in 2008. The project was launched by the Center for American Progress and the Middle East Investment Initiative (MEII) in May 2008 in Bethlehem. The insurance product will be designed to reduce the political risks involved in trading to and from Palestine and allow companies to take advantage of commercially attractive investment opportunities. The Portland Trust offices in Tel Aviv and Ramallah provided facilitation and operational support for the insurance teams throughout 2008 and 2009.

# THE PORTLAND TRUST (COMPANY LIMITED BY GUARANTEE)

## TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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### Social Venture Capital Funds

Carmel Ventures and The Portland Trust have been working together to try to establish community development funds in Israel. The funds would promote economic development in under-invested Israeli communities through the investment of venture capital. Raising sufficient capital for the first fund in the current financial environment is proving difficult and this project is currently under review.

### PHYSICAL INFRASTRUCTURE

#### Affordable Housing Programme (AHP)

The Portland Trust, working closely with the Palestinian private sector and the Palestinian Authority (PA), initiated and supported a \$1 billion initiative to build 15,000 affordable housing units in new communities across the West Bank by 2013. The initiative will create thousands of new jobs, increase GDP by 1.5% per annum for five years and will improve the lives of over 200,000 Palestinians. The units will be affordable to Palestinians on a monthly household income of \$800 - \$1,700 (approximately a third of all Palestinians).

The first Affordable Housing projects (Rawabi with 5000 homes and Al Reehan with 2000 homes) were launched at the Palestinian Investment Conference in Bethlehem in May 2008. Progress continues on developing a site outside Nablus for 1,200 homes, and a number of other Palestinian developers have been identified with land suitable for development.

The Portland Trust promoted the Affordable Housing Programme internationally and lobbied donors, including the EC, the World Bank and the governments of Italy, Sweden, France, UK, US and Canada, for infrastructure funding. We discussed infrastructure funding mechanisms with the international community that will absorb the extra cost of supplying physical and social infrastructure for areas away from municipal and town boundaries. The wider economic benefits of affordable housing development were also analyzed and technical assistance was provided to developers.

#### Local Suppliers for the Affordable Housing Programme

The Portland Trust partnered with the Palestinian Federation of Industries to ensure that the economic benefit of the affordable housing scheme is maximised by mobilising the local manufacturing industries to supply the necessary materials required in construction. A number of workshops were held for developers, local suppliers and government officials and a detailed assessment of challenges facing local suppliers was undertaken. Site visits and meetings were arranged between the developers and local suppliers.

### TRADE AND INVESTMENT

#### Exports Assessment

The Portland Trust commissioned a competitive assessment tool to rate Palestinian companies' viability to export. The tool gives a comprehensive diagnosis of the companies and areas of intervention needed. We believe this will allow donors to target their support to the most promising companies. The tool was launched in February 2008. 33 companies were assessed in 2008 and 19 were then provided with additional funding from the New Market Development Facility at the UK Department for International Development (DFID). A paper analysing the results of the exports tool was published by The Portland Trust in December 2008.

# THE PORTLAND TRUST (COMPANY LIMITED BY GUARANTEE)

## TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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### Tourism

The Portland Trust represented the private sector in setting up a public-private partnership with the Palestinian Ministry of Tourism to promote Palestine as a tourist destination. We provided technical and financial assistance to the private sector to create the Palestinian Tourism Board and helped draft an operational plan, first year budget and bylaws for the Board, which were later submitted to the Prime Minister's office. The project was successfully completed in March 2009.

### Palestine Investment Conference

The Portland Trust worked closely with Prime Minister Fayyad to support the Palestine Investment Conference in Bethlehem in May 2008. Over 2,000 people attended the event and nearly \$2bn of deals were announced. The Portland Trust provided two consultants to advise on the private sector projects package. The Portland Trust was also closely involved in a follow-up conference held in London in December 2008. We sponsored a reception for Prime Minister Fayyad at the Foreign and Commonwealth office, which was attended by over 250 people, including senior UK and Palestinian officials and businessmen.

### Israeli Palestinian Chamber of Commerce

The Israel Federation of Bi-National Chambers of Commerce and Industry, the Peres Center for Peace, The Portland Trust and others finalised the establishment of the Israeli-Palestinian Chamber of Commerce in Tel Aviv in 2008. The Palestinian counterpart will be established in due course. Eival Gilady was appointed Chairman of the Chamber. The Chamber will promote business opportunities, trade and cooperation between Israelis and Palestinians. The Portland Trust provides funding and office space for the Chamber.

The first Chamber B2B event was organised with Palestinian and Israeli businessmen as well as officials from the Israeli Port Authority in February 2009. The Chamber held its first annual dinner in May 2009. Tony Blair was keynote speaker and the event was attended by over 300 people.

## TRAINING

### Micro Entrepreneurs Training

A pilot training project for 89 micro entrepreneurs in the West Bank was launched in February 2008 in partnership with the Sharek Youth Forum and the Small Enterprise Center (SEC). The course provided business development and financial planning training for the participants. 16 new businesses were set up immediately following the course. A further 12 business start ups are in the pipeline.

### Tsofen

The Portland Trust supported the Tsofen-High Technology Centers project in 2008. Tsofen aims to accelerate and increase the level of Israeli Arab university graduate participation in the Israeli hi-tech industry. Tsofen opened Arab-Jewish Research and Development centres in the Galilee in 2008 that provide software development services to Israeli companies. To date, Tsofen has successfully placed 35 graduates in Israeli companies and has built an active network of 250 university graduates. Government subsidies have been secured for 2009 to provide training courses and employment benefits.

# THE PORTLAND TRUST (COMPANY LIMITED BY GUARANTEE)

## TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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### PUBLICATIONS

The Portland Trust publishes a monthly "Palestinian Economic Bulletin" that covers economic developments in the Palestinian Territories. Regular subjects include fiscal issues; the consumer price index; movement of goods and people, especially at border crossings; the Palestinian stock market; and significant business transactions as well as the level of economic activity and unemployment. The bulletin is distributed to over 2500 international and local contacts.

We published two inserts in 2008 attached to the Bulletin: the first in January on donor commitments to the Palestinian Authority and the second in November on the security achievements and economic potential of the Jenin area.

In December 2008 we published a study on Palestinian Exports. This paper was distributed to 300 participants at the Palestinian Investment Conference in London.

All papers are available to download on our website: [www.portlandtrust.org](http://www.portlandtrust.org)

### FUTURE DEVELOPMENTS

The Portland Trust is continuing to work on the 2008 projects. In addition, we are looking at the following in 2009:

#### Affordable Housing Programme

The Portland Trust continues to promote the affordable housing scheme and provide technical assistance where needed. The cornerstone of the Al Reehan neighbourhood, a Palestine Investment Fund development, was laid on 29 June 2009 by President Mahmoud Abbas. The Rawabi developers secured approvals in the first half of 2009 for the 5000 unit masterplan from the relevant Palestinian authorities for planning, construction and the provision of essential services to the sites. Groundbreaking is planned for late 2009. The Nablus developers are seeking approvals for infrastructure and access from the Palestinian and Israeli authorities. The Portland Trust co-financed a demand survey for the Nablus project in 2009.

We updated our original demand survey (carried out in 2007) and analysed issues of affordability in light of income and construction costs changes. The results of both surveys will be presented to the Palestinian Ministry of Housing and international donors in the second half of 2009. The Portland Trust is funding local planning experts in 2009 to work directly with the Ministry of Housing to define the criteria for developers to apply for government funding. Additionally, we are sponsoring a leading Palestinian lawyer to consider the existing VAT and associated legal and regulatory restrictions for developers.

#### Pensions

The second phase of the private sector pensions project will begin in the second half of 2009. The Portland Trust is working closely with the former head of the Capital Markets Authority (CMA) on this project. The project includes setting up a pilot private pension management company and undertaking technical studies on the spheres of operations, a financial feasibility study and identification of the role of the fund in reviving the Palestinian capital markets. The Portland Trust is in discussions with key Palestinian businesses to set up a pilot pension company. We are securing funding for international expertise to assist in the pilot. The World Bank is drafting the accompanying regulations for the pensions legislation and will submit a draft to the CMA in the coming months.



# THE PORTLAND TRUST (COMPANY LIMITED BY GUARANTEE)

## TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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### Grant Leveraging Facility

The Portland Trust is seeking to work with a consortium of major donors to establish a Palestinian Leveraging Grant Facility (PLGF) to attract private sector investment. In light of pressure on aid budgets and the urgent need for private sector investment and job creation, The Trust believes this is one of the most effective roles donors can play to improve the risk/return profile of significant Palestinian investment projects. The facility will target private sector projects that generate growth, create jobs, improve living standards and bring in additional tax revenues to the Palestinian Authority. Discussions about the facility are underway with the World Bank, International Finance Corporation (IFC) and DFID. The aim is to provide a layer of grant funding (approximately 15%) in order to attract the balance from the capital markets.

### Gaza

The Portland Trust is developing a programme for donors to support the recovery of the construction sector in the Gaza Strip at the appropriate time. While the implementation of the programme will be dependent on political progress, the preparation and presentation of the programme can start now. The recovery programme will set out a clear strategy on the types and variety of materials, machinery and factories required in the reconstruction process, and estimate the financing required for these supplies. It will also recommend financing options and mechanisms to get the construction sector back on its feet. The recovery programme will focus on reconstruction in the private sector only (i.e. not public infrastructure or housing for the time being).

The project will partner with Palestinian organizations in the Gaza Strip and the West Bank, in particular the Palestinian Federation of Industries (PFI), PalTrade and the Palestinian Contractors' Union (PCU) on this project. The Portland Trust signed a contract with a local Gaza consultant to manage the project on the Trust's behalf.

### Entrepreneurship for the Druze

In partnership with the Ministry of Trade and Industry, Joint Development Committee (JDC) and MATI business development centres, The Portland Trust intends to launch 7 business development courses over two years for unemployed Druze. It is expected that 10 new businesses will be launched on completion of each course.

### Training

The Portland Trust is working with SEC and Sharek to launch a new training project, building on the success of the pilot course, in 2009. We aim to begin entrepreneurial courses for 200 participants in the West Bank in 2009. The Portland Trust is in the process of securing funding for the project.

The Portland Trust is also in discussion with a leading UK law firm to offer one day corporate seminars to senior Palestinian executives. The first seminar is scheduled to take place in the second half of 2009.

### Economics and Peace Making: Bosnia and Herzegovina

The Portland Trust published a paper in March 2009 which reviewed important economic lessons of post-conflict Bosnia and Herzegovina, in particular the failure to develop a private sector. The paper was delivered to over 2000 international opinion makers.

# **THE PORTLAND TRUST (COMPANY LIMITED BY GUARANTEE)**

## **TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

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### International Institute for Strategic Studies (IISS)

The Portland Trust is partnering the IISS in a one year programme on Economics and Conflict Resolution. The inaugural event was held in Washington in May 2009 and attended by senior practitioners, academics and officials. A roundtable discussion is planned for September 2009 in London, as well as a breakout session at the Global Strategic Review in Geneva in the same month. The IISS will publish two seminal papers on the subject – an Adelphi paper and a Survival publication. Funding for an additional year is being considered by external donors.

### **INVESTMENT POLICY**

The Trustees have a policy of keeping any surplus liquid funds on short-term deposit which can be accessed readily to enable the Trust to respond to project needs.

### **RESERVES POLICY**

The Trust carries out a blend of both long term and short term projects. The Trustees have examined the requirement for free reserves which are those unrestricted funds not designated for specific purposes or otherwise committed. The Trustees consider that free reserves should be sufficient to cover approximately three months of regular operational expenditure which equates to £250,000. In the light of prospective donations, the free reserves as at the year end are considered adequate for this purpose and to carry out appropriate projects going forward.

### **SOCIAL INVESTMENT POLICY**

Working with local and international partners, The Portland Trust makes grants to develop the private sector in the Palestinian Territory and the Israeli periphery, mobilising additional resources and support where necessary.

In addition to making grants directly to beneficiaries, The Trust also makes loans or investments through Programme Related Investment where this is consistent with the Trust's charitable purposes and mission. In particular, The Trust supports Programme Related Investment in disadvantaged communities in Israel and the Palestinian Territory, where grants or loans to, or investment in, the private sector, focusing on financial and physical infrastructure, trade, training and entrepreneurship, can be harnessed for the benefit of the community. Whilst full repayment of any Programme Related Investment is expected, such investment is in the furtherance of the Trust's objectives and not solely for its income potential, and therefore The Trust expects lower returns (if any) than from normal investment. The Trustees recognise the risk that such loans or investments may not be repaid or repayment may not be made for many years.

All Programme Related Investment is monitored regularly by the Trustees to ensure that funds once invested continue to be used in furtherance of approved activities. The Social Investment Policy will be reviewed annually or if there are significant changes in The Trust's commitments or activities.

### **RISK ASSESSMENT**

The Trustees have identified and assessed the major risks to which the Charity may be exposed and have taken the necessary steps to monitor and control these risks to mitigate any impact they may have on the Charity.

### **AUDITORS**

In accordance with section 385 of the Companies Act 1985, a resolution proposing HLB Vantis Audit plc be reappointed as auditors of the company will be put to the next General Meeting.

**THE PORTLAND TRUST  
(COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

Company law requires the Trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



.....  
Sir R Cohen  
Trustee



.....  
Sir H Solomon  
Trustee

7 September 2009

# THE PORTLAND TRUST (COMPANY LIMITED BY GUARANTEE)

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE PORTLAND TRUST

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We have audited the financial statements of The Portland Trust (Company Limited by Guarantee) for the year ended 31 December 2008 set out on pages 10 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities on page 5 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements..

### Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

HLB Vantis Audit plc

Chartered Accountants  
Registered Auditor

*HLB Vantis Audit plc*

7 September 2009

66 Wigmore Street  
London  
W1U 2SB

**THE PORTLAND TRUST  
(COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**INCOME AND EXPENDITURE ACCOUNT**

	Notes	Unrestricted funds £	Restricted funds £	Total 2008 £	Total 2007 £
<b>Incoming resources</b>					
Voluntary income	3	1,734,070	15,000	1,749,070	1,975,534
Investment income	4	17,582	-	17,582	24,121
Other income		-	-	-	3,335
<b>Total incoming resources</b>		<b>1,751,652</b>	<b>15,000</b>	<b>1,766,652</b>	<b>2,002,990</b>
<b>Resources expended</b>					
Charitable activities		1,571,198	15,000	1,586,198	1,551,009
Governance costs		14,253	-	14,253	43,358
<b>Total resources expended</b>	6	<b>1,585,451</b>	<b>15,000</b>	<b>1,600,451</b>	<b>1,594,367</b>
<b>Net movement in funds</b>	5	<b>166,201</b>	<b>-</b>	<b>166,201</b>	<b>408,623</b>
<b>Funds brought forward</b>		<b>508,976</b>	<b>-</b>	<b>508,976</b>	<b>100,353</b>
<b>Funds carried forward</b>		<b>675,177</b>	<b>-</b>	<b>675,177</b>	<b>508,976</b>

- All transactions are derived from continuing activities
- All recognised gains and losses are included in the statement of financial activities.

**THE PORTLAND TRUST  
(COMPANY LIMITED BY GUARANTEE)**

**BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Notes	2008		2007	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	8	86,306		101,550	
Investments	9	5		4	
		<u>          </u>		<u>          </u>	
			86,311		101,554
<b>Current assets</b>					
Debtors	10	66,657		19,586	
Bank and cash balances		696,091		547,810	
		<u>          </u>		<u>          </u>	
		762,748		567,396	
<b>Creditors: amounts falling due within one year</b>	11	(165,608)		(109,974)	
		<u>          </u>		<u>          </u>	
<b>Net current assets</b>			597,140		457,422
			<u>          </u>		<u>          </u>
<b>Total assets less current liabilities</b>			683,451		558,976
			<u>          </u>		<u>          </u>
<b>Creditors: amounts falling due in over one year</b>	12		(8,274)		(50,000)
			<u>          </u>		<u>          </u>
<b>Net assets</b>			675,177		508,976
			<u>          </u>		<u>          </u>
<b>FUNDS</b>					
Restricted funds	13		-		-
Unrestricted funds			675,177		508,976
			<u>          </u>		<u>          </u>
	14		675,177		508,976
			<u>          </u>		<u>          </u>

These financial statements were approved by the Board of Trustees on 7 September 2009 and signed on its behalf by:-



.....  
Sir R Cohen  
Trustee



.....  
Sir H Solomon  
Trustee

# THE PORTLAND TRUST (COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention except for investments, which have been included at valuation, and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" revised 2005 and applicable accounting standards.

#### 1.2 Funds

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

#### 1.3 Fixed assets

Investments are stated as cost.

Tangible fixed assets are stated at cost, less depreciation. 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 a straight line basis using the following rates:

Computer equipment – 25%/33%

Fixtures and fittings – 10%/15%/20%

#### 1.4 Incoming resources

Donations are included in the Statement of Financial Activities in the year in which they are receivable, which is when the Charity becomes entitled to the resource.

Investment income by way of bank interest is accounted for on a receivable basis.

#### 1.5 Resources expended

##### *Charitable activities*

Donations to charitable causes are accounted for as they are paid or when future donations have been committed in writing by the Trustees. The expenditure includes support costs directly related to the activity, including staff costs.

##### *Governance costs*

Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements. Value added tax is not receivable by the charity, and as such is included in the relevant costs. Expenditure met by the Trustees and donated services are not recognised in the accounts unless they are readily quantified.

#### 1.6 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling on the balance sheet date. Transactions expressed in foreign currencies are translated into sterling at the average rate of exchange for the year. Any profit and loss arising from exchange differences is dealt with in the Statement of Financial Activities.

### 2 Taxation

The Charity is entitled to exemption from United Kingdom taxation under the Income and Corporation Taxes Act 1988.

**THE PORTLAND TRUST  
(COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**3 Voluntary income**

	<b>2008 £</b>	<b>2007 £</b>
Cash donations	1,599,070	1,825,534
Waived Director's remuneration	150,000	150,000
	<u>1,749,070</u>	<u>1,975,534</u>

**4 Investment income**

	<b>2008 £</b>	<b>2007 £</b>
Bank deposit interest	17,582	24,121
	<u>17,582</u>	<u>24,121</u>

**5 Net movement in funds**

	<b>2008 £</b>	<b>2007 £</b>
Net movement in funds is stated after charging:		
Auditors' Remuneration – UK auditors	8,166	8,349
Auditors' Remuneration – Overseas auditors	4,978	4,793
	<u>13,144</u>	<u>13,142</u>

**6 Analysis of Resources Expended**

	<b>Staff costs £</b>	<b>Depreciation £</b>	<b>Other £</b>	<b>Total £</b>
<b>Direct charitable expenditure</b>				
Project costs	762,608	-	354,808	1,117,416
Support costs	-	23,960	444,822	468,782
<b>Governance costs</b>				
Accountancy	-	-	3,243	3,243
Auditors remuneration	-	-	13,144	13,144
Bank charges and interest	-	-	465	465
Legal and professional	-	-	36,954	36,954
Exchange rate differences	-	-	(39,553)	(39,553)
	<u>762,608</u>	<u>23,960</u>	<u>813,883</u>	<u>1,600,451</u>



**THE PORTLAND TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**Analysis of Resources Expended (continued)**

Project grants over £5,000 made during the year included:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Affordable Housing Programme	22,882	29,613
Aspen Institute (Loan Guarantee Scheme)	57,280	50,718
British Council – Chevening Scheme	-	10,000
Economics in Peace Making: Lesson from Northern Ireland	-	14,175
Exports Assessment	44,583	-
The Galilee Loan Programme (repayment)	(57,219)	208,290-
Microfinance Initiative	10,556	-
Handicraft project	-	7,249
International Institute of Strategic Studies (restricted expenditure)	15,000	-
Israeli-Europe Berlin Dialogue	20,000	20,000
Micro-entrepreneurs Training	23,689	-
Local Suppliers for Affordable Housing	12,162	-
Palestine Investment Conferences (Bethlehem and London)	62,860	-
Palestinian Economic Analysis	-	12,368
Palestinian Economic Bulletin	41,702	43,301
Palestinian Trade Fair (London)	6,154	-
Palestinian Private Sector Pensions	7,562	-
Political Risk Insurance	25,880	9,198
Tourism	6,892	-
Prime Minister's Conference	8,108	-
Tsofen	38,659	-
	<hr/>	<hr/>

**7 Staff costs**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Gross salaries	187,993	227,386
Social security costs	21,150	26,192
Pensions	-	-
Donated services of CEO	150,000	150,000
Invoiced staff costs	-	889
Non UK staff costs	403,465	341,223
Other staff costs	-	1,019
	<hr/>	<hr/>
	762,608	746,709
	<hr/>	<hr/>

**THE PORTLAND TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**Staff costs (continued)**

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	<b>2008 Number</b>	<b>2007 Number</b>
£60,000 - £70,000	2	1
£80,000 - £90,000	-	1
£120,000 - £130,000	1	1
£150,000 - £160,000 (relates to notional value of unpaid CEO services)	1	1
	<u>          </u>	<u>          </u>

The average number of employees of the Charity during the year was 17 (2007: 16), of which 5 (2007:6) were employed in the UK.

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost would represent contributions payable by the charity to the fund. However, the scheme was inactive in 2007 and 2008. As such, there is no pension cost.

**8 Fixed assets**

	<b>Computer equipment £</b>	<b>Fixtures And fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2008	38,046	90,347	128,393
Additions	7,148	2,598	9,746
Disposals	(2,411)	(153)	(2,564)
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2008	42,783	92,792	135,575
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>			
At 1 January 2008	13,304	13,539	26,843
Provision	13,113	10,847	23,960
Disposals	(1,459)	(75)	(1,534)
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2008	24,958	24,311	49,269
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>			
At 31 December 2008	17,825	68,481	86,306
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2007	24,742	76,808	101,550
	<u>          </u>	<u>          </u>	<u>          </u>

**THE PORTLAND TRUST  
(COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**9 Investments**

	2008 £	2007 £
Apax Europe VII Founder LP - Cost	5	4

During 2007 The Portland Trust was offered the opportunity to acquire a private equity partnership interest in Apax Europe VII Founder LP at a cost of €6. Any distributions to the Trust arising in the future are entirely dependent on the performance of the Apax Europe VII Fund. There are no commitments or liabilities associated with this investment.

**10 Debtors**

	2008 £	2007 £
Other debtors	32,523	1,414
Prepayments	34,134	18,172
	<u>66,657</u>	<u>19,586</u>

**11 Creditors: amounts falling due within one year**

	2008 £	2007 £
Other creditors	41,521	40,075
PAYE and Social Security	6,028	9,885
Accruals	58,826	10,014
Microfinance Initiative	59,233	50,000
	<u>165,608</u>	<u>109,974</u>

**12 Creditors: amounts falling due in over a year**

	2008 £	2007 £
Microfinance Initiative	-	50,000
Staff Severance Provision	8,274	-
	<u>8,274</u>	<u>50,000</u>

**13 Restricted funds**

	At 1 January 2008	Incoming Resources £	Resources Expended £	At 31 December 2008 £
Project funds	-	15,000	15,000	-

**THE PORTLAND TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**14 Analysis of net assets between funds**

	Unrestricted Funds £	Restricted Funds £	Total £
Fixed assets	86,302	-	86,302
Net current assets	588,875	-	588,875
	675,177	-	675,177
	675,177	-	675,177

**15 Related party transactions**

During the year, the charity received £765,000 (2007: £500,000) from the R and S Cohen Foundation, a charity of which Sir R Cohen is also a Trustee. The Heathside Charitable Trust, of which the Trustee, Sir H Solomon, is also a Trustee, donated £150,000 (2007: £150,000) to the charity during the year. The Trustee Lord Freud donated his time to be the CEO of the charity during the year, for which a value of £150,000 (2007: £150,000) has been included in the accounts.

Resources expended of £nil (2007: 849) and £82,526 (2007: £84,767) were paid via recharges to Apax Partners LLP and Portland Place Capital Ltd respectively. The expenditure was recharged at cost and often gained savings not otherwise available. The Trustee Sir Ronald Cohen is a member of Apax Partners LLP and a shareholder of Portland Place Capital Ltd.

**Breakdown of expenditure paid via recharges to Portland Place Capital Ltd**

	£
Premises expenses	60,172
Travel and meeting costs	2,705
Office expenses	19,649
	82,526
	82,526

At 31 December 2008 debtors included £nil (2007: £1,180) and creditors included £15,995 (2007: £14,976) relating to Portland Place Capital Ltd. During the year The Portland Trust invested £1 (2007: £4) in Apax Europe VII Founder LP.

**16 Trustees' remuneration**

No remuneration was received during the year by the Trustees. One of the Trustees, Lord Freud, was the company's CEO, for whose services a valuation of £150,000 (2007: £150,000) has been included in the accounts as a gifted service.

Expenses of £344 (2007: £2,440) were reimbursed to Lord Freud.

Expenses of £1,060 (2007: £4,465) were reimbursed to Sir Ronald Cohen.

**Liability of members**

The charity is constituted as a company limited by guarantee and has no share capital. The liability of the members is limited to the sum of £1 per member.