

THE CECIL KING MEMORIAL FOUNDATION

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

Registered number: 1002318

**THE CECIL KING MEMORIAL FOUNDATION
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**THE CECIL KING MEMORIAL FOUNDATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

Charity Name and Number

Cecil King Memorial Foundation: registered charity number: 1002318

Correspondence Address

C/o 12 Mountain Road, Newtownards, Co. Down, BT23 4UL

Trustees

Mr David Railton, Chair of trustees
Mr John Clark
Professor Colin Gough
Mr Jonathon Bond
Ms H McLachlan

Dates of Service

1991 - current
1994 - current
1996 - current
2012 – 2020
2016 – current

Professional Advisors

Independent Auditors: Mazars, Harcourt Centre, Block 3, Harcourt Road, Dublin 2

Bankers: Hoares Investment Managers, 37 Fleet Street, London

Investment Management: Cazenove Capital, 12 Moorgate, London

Trustees Annual Report for the year ended 30 April 2021

The trustees present their annual report and financial statements of the charity for the year ended 30 April 2021. The financial statements have been prepared in accordance with the accounting policies set out in note 2 to the accounts and comply with the charity's trust deed, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

History, objectives and activities of the Trust

The Cecil King Memorial Foundation was established in 1991 by Dame Ruth King, the widow of the late Cecil King to advance particular interests which he espoused during his lifetime.

Cecil Harmsworth King was born on 20 February 1901 and was educated at Winchester and Christchurch College Oxford. After university, he worked for a number of papers including the Daily Mail and Daily Mirror. In 1929 he was made advertising director of the Daily Mirror and in 1951 became its chairman. He held this post until 1963 when he became chairman of the International Publishing Corporation. Cecil King died in 1987.

Both the initial donation made by Dame Ruth and additional amounts donated since, have been under terms which allow the trustees to either retain the amounts as capital or to spend them.

The Trust objectives are certain charitable purposes including Medical and Research, Education and Vocational Training, Promotion and Performance of the Arts and Conservation and Preservation, which were concerns of the late Cecil Harmsworth King.

The trustees identify projects and approach organisations they wish to support. The Foundation does not make grants to people or organisations who apply speculatively.

The Trust also has a policy of not responding to any correspondence unless it relates to grants it has agreed to make or to the general management of the Trust.

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Management and governance arrangements

The trust deed provides for a minimum of 2 trustees. Where there is a requirement for new trustees, this is identified and the appointment made by the remaining trustees.

The chair of trustees is responsible for the induction of any new trustee which involves awareness of a trustee's responsibilities, the governing document, administrative procedures and the history and philosophical approach of the charity. A new trustee would receive copies of the previous year's annual report and accounts and a copy of the Charity Commission leaflet 'The Essential Trustee: What You Need to Know'.

Risk management

The trustees annually review the risks that the charity faces. To date these have mainly related to investment management and these have been ameliorated by diversified portfolio management.

Procedures and policy for grant making

The trustees normally meet twice a year to consider what grants they will make and to review any feedback they have received. Nominations for grants are elicited by formal and informal means.

The trustees travel widely in the UK and abroad and use knowledge gained to support the work of the charity and to inform grant making. In the normal course of providing grants, trustees invite potential applicants to make a proposal for funding, and the nature and content of this proposal will vary dependant on the grant type.

Where the Foundation has been working with a recipient for a number of years, and only in some cases, the trustees have entered into fixed term agreements of providing grant aid support. This can range from three to five years. Otherwise the trustees have a policy that they make only once off grants with no guarantees of future funding.

The trustees always seek feedback on the actual use of the grants given and the achievements made, including those given to individuals. The explanations and feedback received are sufficient for monitoring the quality of the grants made.

The Foundation has an administrator who handles the correspondence relating to grants. The financial affairs of the charity are handled by the administrator.

Achievements and performance of the Trust

This year grants were made under each of the charitable objectives to the following:

Medical and Research – Psoriasis Association, St Vincent's Nurse Award

Education and Vocational Training – Birmingham Royal Ballet, Young Mathematician of the Year Award, Elmhurst Ballet School, International Christian Youthworks Africa and Young Journalist of the Year Award

Conservation and Preservation – National Churches Trust, Wildlife Protection Society of India

Promotion and Performance of the Arts – Music for Awhile, National Youth Orchestra, National Children's Orchestra, Oxford Lieder and Awards for Young Musicians

Other – The Salvation Army

The trustees will continue to monitor these awards through reports from the recipients to ensure that they have been utilised appropriately.

Financial review, investment policy and reserves

The trustees have set a policy that the expendable endowment should be invested so as to maximise the total return (capital growth plus income) with a medium level of risk. The net gain in investment funds for the year was £1,348,431 (2020: loss £4,948).

**THE CECIL KING MEMORIAL FOUNDATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

Although the trustees have the power to spend the expendable endowment, the investment of capital is the only source of ongoing income and so the fund is invested with the objective of ensuring that the expendable endowment retains approximately its real value in the medium term. This approach means the money available to spend as income can fluctuate and, ensures that the amount available for grants remains relatively stable from year to year.

The Foundation employed Cazenove Capital as investment advisors and managers during 2017 and they have continued in this capacity since then.

During the year the investment managers fees were £55,077 (2020: £51,992) and under their management the portfolio earned dividend income of £63,844 (2020: £105,615).

The Foundation has ethical investment policies; these were formulated in February 2013 in the Foundation's Investment policy statement and reconfirmed in July 2017 and December 2019. Cazenove Capital is fully aware of this policy statement.

The net resources, after grants for charities activities, operational expenses, and losses/gains on investments, show a surplus of £1,174,012 (2020: deficit: £121,061).

Given the size of its capital fund, and the size and terms of its annual distributions, the Foundation does not have a reserves policy. For the same reasons, the Trustees do not consider it necessary to hold reserves.

Future plans

The trustees intend to continue providing grants in a similar way to the recent past continuing the emphasis on current areas of giving but retaining flexibility as to the timing, and scale of grant making.

Trustees' responsibilities in relation to the financial statements

The charity's trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council, and the Statement of Recommended Practice (Charities SORP (FRS 102), issued by the Charity Commissioners for England and Wales, the Charity Commission for Northern Ireland and the Office of the Scottish Charity Regulator.

The law applicable to charities in the United Kingdom requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures that must be 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.


**THE CECIL KING MEMORIAL FOUNDATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

Approved and signed on behalf of the trustees by:



Mr John W. Clark
Trustee



Mr David Railton
Trustee

Date:

10/12/21

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CECIL KING MEMORIAL FOUNDATION

Opinion

We have audited the financial statements of The Cecil King Memorial Foundation (the 'charity') for the year ended 30 April 2021, which comprise the Statement of Financial Activities, the Balance Sheet, The Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 April 2021 and of 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 Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
THE CECIL KING MEMORIAL FOUNDATION (continued)**

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
THE CECIL KING MEMORIAL FOUNDATION (continued)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and regulations made or having effect thereunder. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Bernard Barron

**Senior Statutory Auditor
Mazars
Chartered Accountants
& Statutory Audit Firm
Dublin 2**

13 December 2021

**THE CECIL KING MEMORIAL FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 APRIL 2021**

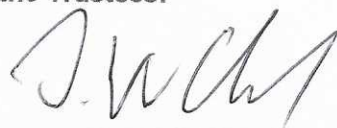
	Note	2021 STG£ Unrestricted Funds	2020 STG£ Unrestricted Funds
Income and endowments from:			
Investments	4	65,744	106,488
Donations		-	10,448
Total		<u>65,744</u>	<u>116,936</u>
Expenditure on:			
Raising funds	5	55,077	51,992
Charitable activities	6	185,086	181,057
Total		<u>240,163</u>	<u>233,049</u>
 Net gains / (losses) on investments	 9	 <u>1,348,431</u>	 <u>(4,948)</u>
Net income / (expenditure)		<u>1,174,012</u>	<u>(121,061)</u>
Net movement in funds		1,174,012	(121,061)
Total funds brought forward		6,714,189	6,835,250
Total funds carried forward		<u><u>7,888,201</u></u>	<u><u>6,714,189</u></u>

The statement of financial activities includes all gains and losses recognised in the year.
The notes on pages 13 to 19 form part of these financial statements.
All income and expenditure relates to continuing activities.

**THE CECIL KING MEMORIAL FOUNDATION
BALANCE SHEET
AS AT 30 APRIL 2021**

	Note	2021 STG£	2020 STG£
Fixed assets			
Investments	9	7,626,579	6,281,399
Current assets			
Debtors	10	40	34
Cash at bank		290,944	444,144
		290,984	444,178
Creditors: Amounts falling due within one year	11	(29,362)	(11,388)
Net current assets		261,622	432,790
Net assets		7,888,201	6,714,189
The funds of the charity:			
Unrestricted funds		7,888,201	6,714,189

On behalf of the Trustees:



Trustee: **John W. Clark**



Trustee: **David Railton**

Date:

10/12/21

**THE CECIL KING MEMORIAL FOUNDATION
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 APRIL 2021**

	Note	2021 STG£	2020 STG£
Net cash flows from operating activities	12	<u>(222,189)</u>	<u>(221,987)</u>
Cash flows from investing activities			
Proceeds from sale of investments	9	2,842,754	2,944,605
Payments for investments	9	(2,839,503)	(2,604,088)
Proceeds from dividend income	4	63,844	105,615
Proceeds from interest income	4	<u>1,894</u>	<u>873</u>
Net cash inflow from investing activities		<u>68,989</u>	<u>447,005</u>
 (Decrease) / increase in cash and cash equivalents		 (153,200)	 225,018
 Cash and cash equivalents at the beginning of year		 <u>444,144</u>	 <u>219,126</u>
 Cash and cash equivalents at the end of year		 <u><u>290,944</u></u>	 <u><u>444,144</u></u>

**THE CECIL KING MEMORIAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

1. General Information

The Cecil King Memorial Foundation (the “charity”) was established in 1991 by Dame Ruth King, the widow of the late Cecil King to advance particular interests which he espoused during his lifetime. The correspondence address is C/o 12 Mountain Road, Newtownards, Co. Down, BT23 4UL. The objectives and principal activities of the charity are set-out in the Trustees’ Report.

Statement of Compliance

These financial statements have been prepared in accordance with “FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

2. Accounting Policies

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the FRS 102 “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland”, Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The trust constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the charity’s ability to continue as a going concern. With respect to the next reporting period, 2021-2022, the most significant areas of uncertainty that affect the carrying value of assets held by the charity are the level of investment return and the performance of investment markets.

b) Funds Structure

The charity trust deed allows the trustees to either retain the initial amount donated or any amounts donated since then or to spend them. The trustees, at their discretion, may allocate any part of the funds to the general purposes of the charity, namely to charitable purposes including Medical and Research, Education and Vocational Training, Promotion and Performance of the Arts and Conservation and Preservation, which were concerns of the late Cecil Harmsworth King.

Unrestricted funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects.

c) Presentation and foreign currency

The financial statements have been presented in GBP (£) which is also the functional currency of the charity.

Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the statement of financial activity.

d) Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

2. Accounting Policies (continued)

d) Income recognition (continued)

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

All income is classified as unrestricted.

e) Expenditure recognition

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

All expenditure is accounted for on an accrual basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the charity.

All expenditure is classified as unrestricted.

f) Support costs

Support costs arise from those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administration costs, finance and governance costs which support the charity's activities. Support costs are allocated on a proportionate basis.

g) Costs of raising funds

The costs of generating funds consist of investment management costs.

h) Charitable activities

Costs of charitable activities include grants made.

i) Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction price and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The charity does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

**THE CECIL KING MEMORIAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

2. Accounting Policies (continued)

i) Realised gains and losses

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the statement of financial activities.

3. Related party transactions and trustees' expenses and remuneration

The trustees all give freely of their time and expertise without any form of remuneration or other benefit in cash or kind (2020: £nil). No expenses were paid to the trustees in the year (2020: £628). No expenses were paid on behalf of the trustees for seminar or conference related travel and accommodation expenses (2020: £3,065). The charity also paid trustee indemnity insurance on behalf of the trustees totalling £425 (2020: £423).

4. Investment Income

	2021 STG£	2020 STG£
Dividend Income	63,844	105,615
Bank Interest	1,900	873
	<u>65,744</u>	<u>106,488</u>

5. Expenditure on raising funds

	2021 STG£	2020 STG£
Investment management costs	55,077	51,992
	<u>55,077</u>	<u>51,992</u>

6. Expenditure on charitable activities:

	2021 STG£	2020 STG£
<i>Medical and Research</i>		
St Vincent's Nurse Award	2,000	2,000
Psoriasis Association	11,000	8,250
Support costs (Note 7)	1,400	1,233
	<u>14,400</u>	<u>11,483</u>

**THE CECIL KING MEMORIAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
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6. Expenditure on charitable activities (continued):

	2021 STG£	2020 STG£
<i>(Continued)</i>		
<i>Education and Vocational</i>		
Young Mathematician of the Year	12,246	5,000
Elmhurst School of Dance	10,000	10,000
International Christian Youthworks Africa	5,500	-
Birmingham Royal Ballet	10,000	10,000
Young Journalist of the Year	5,000	5,000
Support costs (Note 7)	4,602	3,608
	<u>47,348</u>	<u>33,608</u>
<i>Conservation and Preservation</i>		
National Churches Trust	45,100	35,100
Wildlife Protection Society of India	6,050	6,070
Support costs (Note 7)	5,507	4,951
	<u>56,657</u>	<u>46,121</u>
<i>Promotion and Performance of the Arts</i>		
Music for Awhile	-	10,000
National Youth Orchestra	25,000	25,000
Award for Young Musicians	5,000	5,000
Oxford Lieder	-	5,000
National Children's Orchestra	25,200	25,200
Support costs (Note 7)	5,943	8,442
	<u>61,143</u>	<u>78,642</u>
<i>Other Grants</i>		
The Salvation Army	5,000	10,000
Support costs (Note 7)	538	1,203
	<u>5,538</u>	<u>11,203</u>
Total	<u>185,086</u>	<u>181,057</u>

7. Support costs

	2021 STG£	2020 STG£
Trustee expenses (Note 3)	425	4,116
Administration expenses (Note 8)	11,740	10,341
Auditor remuneration	5,825	4,980
	<u>17,990</u>	<u>19,437</u>

**THE CECIL KING MEMORIAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

8. Administration expenses

	2021 STG£	2020 STG£
Professional administrator	11,329	10,269
Other administration expenses	411	72
	<u>11,740</u>	<u>10,341</u>

The average number of employees during the year was nil (2020: nil). Administrative services are outsourced to an external provider. The total cost of these services in the year was £11,329 (2020: £10,269).

9. Fixed asset investments

(a) Movement in Investments during the year

	2021 STG£	2020 STG£
Investments at market value 1 May	6,281,399	6,626,864
Acquisitions at market value during the year	2,839,503	2,604,088
Disposals at market value during the year	(2,842,754)	(2,944,605)
Gain / (loss) on investments	<u>1,348,431</u>	<u>(4,948)</u>
Investments at market value 30 April	<u>7,626,579</u>	<u>6,281,399</u>

**THE CECIL KING MEMORIAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

9. Fixed asset investments (continued)

(b) Classification of Investments

	2021 STG£	2020 STG£
Equities - UK	846,276	837,956
Equities – Non UK	4,606,154	3,404,597
Bonds – UK	143,477	289,973
Bonds – Non UK	681,857	376,261
Multi-Asset Funds	101,003	-
Alternatives	498,002	413,550
Private Equity	108,625	-
Hedge Funds	291,875	292,822
Cash	237,180	362,459
Property	<u>112,130</u>	<u>303,781</u>
Investments at market value 30 April	<u>7,626,579</u>	<u>6,281,399</u>

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

The main risk to the charity from financial instruments lies in the combination of uncertain investment markets and volatility in yield. Due to 'quantitative easing' and market sentiment favouring lower risk investments, the yield on bonds has been abnormally low giving rise to a significant downside risk of a fall in capital values when interest rates return to normal levels.

Although rising interest rates resulting from a stronger economy and improved economic activity should be indicative of improving dividend yields and equity values, there is a concern that the abnormal availability of 'cheap money' to the banking sector has led to wider over-valuation of traded assets (an 'asset bubble') that may depress equity values once economic conditions ease.

The charity is reliant on dividend yield in part to finance its work and this leads to a greater exposure to international companies, the values of which, together with their yield are exposed to exchange rate risk when converting the holdings into sterling. The outlook for the sterling exchange rate is that it is anticipated to weaken as European, US and Asian economies strengthen. A weakening in the exchange rate will improve sterling returns from foreign currency denominated holdings.

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so their ability to buy and sell quoted equities and stock is anticipated to continue. The charity's investments are mainly traded in markets with good liquidity and high trading volumes. The charity manages these investment risks by engaging an investment manager and

**THE CECIL KING MEMORIAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

9. Fixed asset investments (continued)

operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The charity does not make use of derivatives and similar complex financial instruments.

10. Debtors

	2021 STG£	2020 STG£
Accrued interest	40	34
	<u>40</u>	<u>34</u>

11. Creditors

	2021 STG£	2020 STG£
Grants Payable	17,000	254
Fees and Expenses Payable	12,362	11,134
	<u>29,362</u>	<u>11,388</u>

The 2021 accrual grants payable are for The Young Journalist of the Year (£5,000) and for The Young Mathematician of the Year (£12,000).

12. Cash Flows

	2021 STG£	2020 STG£
Net movement in funds	1,174,012	(121,061)
(Increase) / decrease in debtors	(6)	3,614
Increase / (decrease) in creditors	17,974	(3,000)
(Gain) / loss on investments	(1,348,431)	4,948
Dividend income	(63,844)	(105,615)
Interest income	(1,894)	(873)
Net cash used in operating activities	<u>(222,189)</u>	<u>(221,987)</u>

13. Post balance sheet events

There were no post balance sheet events that would materially affect the financial statements.

14. Approval of financial statements

The financial statements were approved by the Trustees on 10th December 2021.