

ZEPHYR CHARITABLE TRUST

TRUSTEES' ANNUAL REPORT and FINANCIAL STATEMENTS

YEAR-ENDED 5 APRIL 2023

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LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Elizabeth Breeze (Chair)
David Baldock
Donald Watson
Marigo Harries

Trust Administrator

Luminary Finance LLP
PO Box 135
Longfield
DA3 8WF

and this is also the registered address of the Trust.

Independent Examiner

Warner Wilde Limited
4 Marigold Drive
Bisley
GU24 9SF

Investment adviser

Rathbone Greenbank Investments
Rathbone Investment Management Limited
Port of Liverpool Building
Pier Head
Liverpool
L3 1NW

Banker

CAF Bank Limited
25 Kings Hill Avenue
West Malling
ME19 4JQ

TRUSTEES' ANNUAL REPORT

The Trustees of the Zephyr Charitable Trust present their annual report covering the Trust's activities for the year ended 5 April 2023.

History and Objectives

The Trust was established under a Deed of Trust dated 5 April 1991. It is a registered charity, number 1003234.

The objects are to apply both income and capital for or towards such charitable purposes and to make such donations to such charitable institution or institutions at such time or times and in such manner as the Trustees may in their absolute discretion think fit. There is no defined beneficial area.

Management and Governance

The names of the Trustees who have acted during the year are set out on page 1. The Settlor, Elizabeth Breeze, acts as the Chair of the Trustees. There are no term limits on the tenure of Trustees or of the chairship. All Trustees give their time freely; no remuneration is paid.

New Trustees are chosen by the Settlor. Trustees can be appointed at any time subject to a maximum of 8. Appointment requires a resolution at a Trustee meeting signed by the Chairman and one other attendee. Trustees are able to receive such training as is appropriate.

Trustees are required to disclose all relevant interests which are then held in a central register. In accordance with the Trust's policy, they are required to withdraw from any decision where a potential conflict of interest arises.

The notes to the financial statements disclose details of related party transactions (note 8.)

The Trustees meet at least once a year, usually in July, to approve the previous year's accounts and reporting, and to plan their grant-making for the coming year.

Luminary Finance LLP is engaged as the Trust Administrator, to support the Trustees and the day-to-day administration of the Trust's affairs.

The Trust is a member of the Association of Charitable Foundations. The ACF provides helpful information on good practice and changes in the law affecting charities. It also acts as an authoritative body to speak for charitable foundations with the government and regulators.

Policy & Procedures for Grant-Making

The Trust makes grants to charitable institutions to support objectives at the Trustees' discretion.

As the Trust is in the process of spending-out, grant-making is funded from a combination of income and capital.

The Trust's grant-making is targeted towards 4 areas:

- the protection and improvement of the environment
- the protection of human rights and promotion of equality
- enabling lower income communities to become self-sustaining
- providing support for those in need, particularly from medical conditions or social or financial disadvantage

The Trust does not have any geographical restriction on the ambit of its activities. It funds projects operating both in the UK and internationally.

The Trustees do not accept unsolicited applications for funding.

Public Benefit

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Trust's objectives and activities.

The Trustees have made grants exclusively to UK-registered charities. As all UK-registered charities are required to operate for the public benefit, the Trustees are confident that the Trust operates for the public benefit.

ANNUAL REPORT [Continued]

Achievements

During the year, grants were made to 17 different charities totalling £356,000. The largest grants made were to:

The Mango Tree Trust, towards building their new girls' school in Kenya	£75,000
Durham Wildlife Trust, to fund their conservation trainee programme	£65,200
The Royal Society of Wildlife Trusts, to fund the development of a Youth Forum	£35,000
Farms for City Children's Access fund	£35,000
Warwickshire Wildlife Trust, to fund the Arden Farm wildlife network	£30,000
Pesticide Action Network UK, towards reducing pesticide-related harms	£20,000

Financial Review

The financial statements have been drawn up under the historical cost convention as modified by the revaluation of investments. The financial statements have been prepared in accordance with the rules of the Trust, and the Statement of Recommended Practice ('SORP') 'Accounting and Reporting by Charities' applicable to charities preparing their accounts in accordance with FRS 102.

During the last year, there have not been any significant changes in the Trust's activities or the manner in which these activities have been carried out.

The investment income for the year was £28,014, which was a decrease of £27,728 compared to the previous year. Income is generally falling as the capital base is used to fund grants; last year's income also included a one-off special dividend.

Grants totalling £356,000 (2022 - £269,000) were made in the year. A summary is given in the Achievements section above and details are disclosed in note 3 of the financial statements.

In managing and administering the Trust, investment adviser's fees of £7,277 (2022 - £10,117), costs of grant-making of £1,100 (2022 - £800), and governance costs of £7,860 (2022 - £9,566) were incurred in the year.

Net investment losses of £112,518 were made on the Trust's investments in the year, comprised of £70,289 of net realised losses and £42,229 of net unrealised losses (2022 – net investment gains of £90,209, comprised of £11,029 of net realised losses and £101,238 of net unrealised gains.)

The overall deficit for the year of £456,741 was deducted from reserves brought forward from the previous year (2022 - £143,532 deficit deducted from reserves).

The Trust's funds at 5 April 2023 were £855,394 (2022 - £1,312,135)

Investment policy

Under the Deed of Trust the Trustees are empowered to apply money or invest in the purchase of or at interest upon the security of such shares, stocks, funds, securities, land, buildings, chattels or other investments or property of any nature and in any part of the world and whether involving liabilities or producing income or not as the Trustees shall in their absolute discretion think fit to the intent that the Trustees shall have the same powers in all respects as if they were absolute owners beneficially entitled.

In keeping with their objectives, the Trustees are mindful of ethical criteria when considering how to invest monies.

The Trust's investment portfolio is professionally managed by their investment adviser, Rathbones Greenbank, on a discretionary basis.

The investment adviser operates under a written mandate, the Trustees' Statement of Investment Principles, which is reviewed regularly. The Trustees seek a diversified portfolio that does not take undue risk.

The benchmarks used when evaluating financial performance are:

- the MSCI PIMFA Growth index, to compare performance relative to markets
- the ARC Charity Steady Growth index, to compare performance relative to a sample of peers; and
- CPI +4%, as a proxy to compare absolute performance against the mandate objective

ANNUAL REPORT [Continued]

In the year to 5 April 2023, the Trust's portfolio reported:

- a total return before fees of -5.6%. This compares to -2.2% for the market benchmark; and
- a total return net of fees of -6.3%. This compares to -4.8% for the peer benchmark.

Over the last 10 years, the Trust's portfolio continues to exceed the long-term mandate objective.

The investments of the Trust are held at Rathbones Nominees Ltd, the Trust's investment adviser's custodian.

Designated funds

Designated funds are amounts that have been put aside out of unrestricted funds at the discretion of the Trustees for particular purposes. The designation is for administrative purposes only and does not legally restrict the Trustees' discretion to apply the funds.

The Trustees have created a designated Investment fund to provide the funds necessary to support the Trust's charitable activities, which require a significant capital base. The designated Investment fund comprises the government stocks and other listed investments held in the Trust's investment portfolio.

Details of the movements in funds are set out in note 6 of the financial statements.

Reserves policy

The Trustees' policy is to maintain free reserves of £5,000. This policy is formed with regard to the designated investment fund available, the nature of the Trust's operations and expenditure commitments, and experience of the requirement to draw on reserves. At 5 April 2023, the free reserves (general unrestricted funds) stood at £8,587. Grant-making plans take account of the surplus reserves.

Risk Management

The Trustees review the major risks which the Trust faces on a regular basis. Having regard to the Trust's organisation and activities, it is their view that the principal risks to which the Trust may be exposed are:

Financial constraints on the Trust's grant-making ability

The risk with the greatest impact would be a significant permanent loss in value of the Investment fund. Given the Trust is spending out and hence has a short time horizon to its activity, significant volatility in the value of the Investment fund could compromise the ability of the Trustees to plan and execute their capital grant plans. A significant and continuing reduction in the return from the portfolio would reduce the capacity to make regular grants. Where the return lags inflation, the burden of costs increases.

The Trustees' investment policy should mean the risk with the greatest impact is very unlikely to transpire and the other risks are mitigated as far as practicable. Part of the Trustees' grant management policy, of not committing to future grants more than a year in advance, reduces the risk of not being able to meet a grant obligation. The ability to be flexible over timing can also mitigate the impact of volatility.

The Trustees believe that carefully balancing grant funding commitments and costs against available capital and projected achievable income, combined with regular dialogue with the Trust's investment adviser to monitor performance and review strategy, will provide sufficient resources to continue grant-making as planned.

The assets reflected on the Balance Sheet are available and adequate for the Trustees to fulfil the Trust's obligations. The Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

Effective grant-making

The Trustees dedicate time to understanding and reviewing the progress of the Trust's grant-making programmes to mitigate risks to effective grant-making. Care is taken with the sequencing of the capital grant programmes so that adequate resource is available to manage these much larger projects. Further grants are only authorised and released when the Trustees are satisfied with the reporting and progress made.

Future Plans

The Trustees continue to pursue the objectives of the Trust via both its normal grant programmes ('subscriptions') and larger ('capital') grants, spending-out the Trust's capital as part of a phased process over several years. Within the next few years, the Trust will close once its capital base has been spent.

ANNUAL REPORT [Continued]

Grants for the year ahead are authorised at the AGM. Further grants of up to £285,000 in aggregate are envisaged to the current 'capital' grant programmes.

Trustees' responsibilities in relation to the financial statements

The Trustees are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to do so.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charity (Accounts and Reports) Regulations and the provisions of the Trust deed.

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Examiner

A resolution to re-appoint Warner Wilde Ltd as the Trust's independent examiner was passed at the Annual General Meeting of the Trustees.

Approved by the Board and signed on its behalf by

Elizabeth Breeze
Trustee
14.11.23

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE ZEPHYR CHARITABLE TRUST

We report on the accounts of the Trust for the year ended 5 April 2023 comprising the Statement of Financial Activities, the Balance Sheet and the related notes 1 to 10.

Respective responsibilities of trustees and examiner

The Trustees are responsible for the preparation of the accounts. The Trustees consider that an audit is not required for this year under section 144(1) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

We are qualified to undertake the examination as we are Chartered Certified Accountants.

It is our responsibility:

- to examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to our attention.

Basis of independent examiner's report

Our examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the Trust and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as Trustees concerning any such matters.

The procedures undertaken do not provide all evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with our examination, no matter has come to our attention:

- (1) which gives us reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 130 of the 2011 Act; and
 - to prepare accounts which accord with the accounting records and to comply with the accounting requirements of the 2011 Act
 have not been met; or
- (2) to which, in our opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

F J Wilde FCCA DCLA

Warner Wilde Ltd

Chartered Certified Accountants

Independent Examiner

Bisley

23.11.23

STATEMENT OF FINANCIAL ACTIVITIES
Year ended 5 April 2023

	Note	2023 £	2022 £
Income			
Investments	2	28,014	55,742
Expenditure			
Raising funds - investment adviser's fees		7,277	10,117
Charitable activities	3	364,960	279,366
Total expenditure		372,237	289,483
Net income/(expenditure) before gains and losses on investments		(344,223)	(233,741)
Net (losses)/gains on investments	5	(112,518)	90,209
Net movement in funds		(456,741)	(143,532)
Total funds brought forward		1,312,135	1,455,667
Total funds carried-forward		855,394	1,312,135

There is no restricted income or expenditure.

All activities derive from continuing operations.

There was no recognised gain or loss other than as shown in the statement above.

BALANCE SHEET
As at 5 April 2023

	Note	2023	2022
		£	£
Fixed Assets			
Investments	5	846,807	1,302,820
Current Assets			
Debtors – accrued income		1,100	2,061
Bank balances and deposits		11,305	12,113
		<u>12,405</u>	<u>14,174</u>
Liabilities			
Creditors: amounts falling due within 1 year – accrued expenditure		<u>(3,818)</u>	<u>(4,859)</u>
Net Current Assets		8,587	9,315
Net Assets		<u>855,394</u>	<u>1,312,135</u>
The funds of the charity			
Unrestricted designated investment fund		846,807	1,302,820
Unrestricted general fund		8,587	9,315
	6	<u>855,394</u>	<u>1,312,135</u>

Approved by the Board of Trustees and signed on its behalf by

Elizabeth Breeze
Trustee
14.11.23

David Baldock
Trustee
19.11.23

NOTES TO THE FINANCIAL STATEMENTS**Year ended 5 April 2023****I. Accounting policies**Basis of preparation

The financial statements have been prepared in accordance with:

- the Charities Act 2011;
- United Kingdom Generally Accepted Accounting Practice ('GAAP') as it applies from 1 January 2015, in particular the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'); and
- the Statement of Recommended Practice 'Accounting and Reporting by Charities' applicable to charities preparing their accounts in accordance with FRS 102 which was published in October 2019, and effective for periods commencing on or after 1 January 2019 ('Charities SORP FRS 102').

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Charities SORP FRS 102, rather than the equivalent effective from 1 April 2005 that has since been withdrawn.

The financial statements have been drawn up under the historical cost convention as modified by the revaluation of investments.

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

Fund accounting

Designated funds are amounts which have been put aside out of unrestricted funds.

The designated Investment fund represents the investments held in the Trust's investment portfolio. It provides the income and capital necessary to maintain the Trust's charitable activities.

General funds represent unrestricted income, which is expendable at the discretion of the Trustees in the furtherance of the objects of the Trust.

Such funds may be held in order to finance both working capital and capital investments.

Income recognition

Income is recognised when receivable, which is when the conditions for receipt have been met, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Expenditure recognition

All expenditure is accounted for on an accruals basis. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Trust to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

The costs of charitable activities, as shown in note 3, comprise:

- grants made;
- costs of grant-making, being an apportionment of support costs based on the value of time spent on grant-making matters; and
- Governance costs. These comprise all costs involving the public accountability of the Trust and its compliance with regulation and good practice. This includes the fee for the independent examination.

The costs of the Trust are allocated between costs of grant-making and governance as per note 4 below.

Expenditure includes the cost of irrecoverable VAT.

Investments

Listed investments are stated at closing middle market price immediately prior to the end of the financial year. All movements in value are shown in the Statement of Financial Activities. Realised and unrealised gains and losses are shown separately in the appropriate section of the Statement of Financial Activities.

NOTES [Continued]
Year ended 5 April 2023

2. Investment income

	2023 £	2022 £
Dividends and interest from quoted investments	27,304	55,742
Interest on deposits	710	-
	<u>28,014</u>	<u>55,742</u>

3. Charitable activities

	Note	2023 £	2022 £
<u>Grants to institutions</u>			
Action Village India		15,000	21,000
Crisis		4,500	4,000
Durham Wildlife Trust		65,200	-
Farms for City Children		35,000	35,000
Freedom From Torture		11,000	10,000
Friends of the Earth Trust		8,000	5,000
Intercare		10,000	5,000
Jessie's Fund		4,500	4,500
Karuna Trust		7,500	7,500
Mango Tree Trust		75,000	100,000
Margaret Pyke Trust		8,000	6,000
Missing People (total of 2 grants to separate projects in each year)		13,300	31,000
Pesticide Action Network UK		20,000	20,000
Quaker Social Action Group		6,000	5,000
Royal Society of Wildlife Trusts		35,000	-
Warwickshire Wildlife Trust		30,000	-
Womankind		8,000	10,000
Practical Action		-	5,000
		<u>356,000</u>	<u>269,000</u>
<u>Support costs</u>			
Costs of grant making	4	1,100	800
Governance costs	4	7,860	9,566
Total expenditure on charitable activities		<u>364,960</u>	<u>279,366</u>

4. Support costs

	Basis of apportionment	Costs of grant making		Governance	
		2023 £	2022 £	2023 £	2022 £
Administrator's fees	Time spent	1,100	800	6,940	8,560
Independent Examiner's fees	All Governance	-	-	666	652
Professional subscriptions	All Governance	-	-	180	258
Bank charges	Actual costs	-	-	74	96
		<u>1,100</u>	<u>800</u>	<u>7,860</u>	<u>9,566</u>

NOTES [Continued]
Year ended 5 April 2023

4. Support costs [Continued]

The Trustees, as listed on page 1, volunteer their time freely. They did not receive any emoluments or expenses during the year or the preceding year.

The Trust has no other volunteers and no employees (2022 - none).

5. Investments

	2023 £	2022 £
<u>Quoted Investments</u>		
Market value at the start of the year	1,282,499	1,372,736
Additions	69,347	257
Disposals	(450,622)	(180,703)
Net realised investment (losses)	(70,289)	(11,029)
Net unrealised investment (losses)/gains	(42,229)	101,238
	<hr/>	<hr/>
Market value at the end of the year	788,706	1,282,499
Uninvested cash	58,101	20,321
	<hr/>	<hr/>
	<u>846,807</u>	<u>1,302,820</u>

The market value of the investments at the year-end was divided as follows:

	2023 £	2022 £	2023 %	2022 %
UK government bonds	60,383	59,823	7.7	4.7
UK corporate bonds	21,195	-	2.7	-
UK equities	312,970	757,116	39.6	59.0
Non-UK investment funds	308,933	329,220	39.2	25.7
Infrastructure funds	85,225	136,340	10.8	10.6
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>788,706</u>	<u>1,282,499</u>	<u>100.0</u>	<u>100.0</u>

The book cost of the investments at 5 April 2023 was £510,608 (2022 - £717,324).

There were 16 disposals during the year, in aggregate producing a net loss of £70,289.

NOTES [Continued]
Year ended 5 April 2023

6. Statement of movements on unrestricted funds

Designation	Balance at 6 April 2022 £	Income £	Transfers £	Expenditure £	Gains/ (losses) £	Balance at 5 April 2023 £
Investment fund	1,302,820	27,976	(364,194)	(7,277)	(112,518)	846,807
General fund	9,315	38	364,194	(364,960)	-	8,587
Unrestricted funds	<u>1,312,135</u>	<u>28,014</u>	<u>-</u>	<u>(372,237)</u>	<u>(112,518)</u>	<u>855,394</u>

Transfers are principally the movement of cash from the Investment fund to the General fund, from where it provides the resources for the expenditure on charitable activities.

In 2022 the movements were as follows:

Designation	Balance at 6 April 2021 £	Income £	Transfers £	Expenditure £	Gains/ (losses) £	Balance at 5 April 2022 £
Investment fund	1,449,952	55,742	(282,966)	(10,117)	90,209	1,302,820
General fund	5,715	-	282,966	(279,366)	-	9,315
Unrestricted funds	<u>1,455,667</u>	<u>55,742</u>	<u>-</u>	<u>(289,483)</u>	<u>90,209</u>	<u>1,312,135</u>

7. Taxation

Zephyr Charitable Trust is a registered charity and as such is exempt from tax on income and gains falling within Part 10 Income Tax Act 2007 and Section 256 Taxation of Chargeable Gains Act 1992 respectively, to the extent that they are applied to its charitable objectives.

8. Related parties

Luminary Finance LLP is a related party of the Trust by virtue of the family relationship between a Member of the firm and two of the Trustees. It provides administration services to the Trust on an arm's length basis under a standard letter of engagement and terms of business. The Administration costs included in note 4 above include £8,040 inc VAT of trust administration services provided by Luminary Finance LLP in the year (2022 - £9,360 inc VAT). The balance due to Luminary Finance LLP at the end of the year was £1,200 (2022 - £1,920).

9. Going concern

The Trustees consider that there is no material uncertainty about the Trust's ability to continue as a going concern.

10. Statutory Information

The Trust operates under a charitable trust deed and is a charity registered with the Charity Commission in England and Wales, number 1003234. Its registered address is The Trust Administrator, Luminary Finance LLP, PO Box 135, Longfield, DA3 8WF.