

MORGAN STANLEY INTERNATIONAL FOUNDATION

England & Wales · Charity number 1042671

Details

Other names MSI FOUNDATION

Status Registered

Legal form Trust

Registered 1994-12-20

Register [View on the Charity Commission register](#)

Contact

Address Morgan Stanley International
25 Cabot Square
London
E14 4QA

Phone 02074258000

Email communityaffairslondon@morganstanley.com

Website http://www.morganstanley.com/about-us-ir/giving-back/msif_guidelines.html#6

Activities

Objects: FOR OR TOWARDS SUCH CHARITABLE PURPOSES AND TO MAKE 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 PROVIDED THAT THE TRUSTEES IN THEIR ABSOLUTE DISCRETION FOR THE PERIOD OF TWENTY-ONE YEARS FROM THE DATE OF THIS DEED INSTEAD OF APPLYING THE INCOME OF THE CHARITY IN ANY YEAR ACCUMULATE ALL OR ANY PART OF SUCH INCOME AT COMPOUND INTEREST BY INVESTING THE SAME AND THE RESULTING INCOME IN ANY OF THE AUTHORISED INVESTMENTS AND HOLD THE SAME AS AN ACCRETION TO AND AS PART OF THE CAPITAL OF THE CHARITY WITHOUT PREJUDICE TO THEIR RIGHT TO APPLY THE WHOLE OR ANY PART OF SUCH ACCUMULATED INCOME IN ANY SUBSEQUENT YEAR AS IF THE SAME WERE INCOME OF THE CHARITY ARISING IN THE THEN CURRENT YEAR.

Activities: To make a sustainable impact to children's welfare in disadvantaged communities across the Europe, Middle East and Africa region. Focussing primarily on child health and education, the Morgan Stanley International Foundation works in partnership with charitable organisations to direct funding and utilise expertise of Morgan Stanley employees to benefit the communities in which the Firm operates.

Classification

- **How:** Makes Grants To Organisations
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, The Prevention Or Relief Of Poverty, Economic/community Development/employment
- **Who:** Children/young People, Other Charities Or Voluntary Bodies

Geography

- France
- Germany
- Hungary
- Ireland
- Italy
- Scotland
- Spain
- Throughout London

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£3,543,963	£2,917,723	£5,080,556	0
2023-12-31	£1,436,733	£456,477	£4,197,309	0
2022-12-31	£1,680,840	£1,753,830	£3,044,383	0
2021-12-31	£2,693,000	£2,168,211	£3,450,899	0
2020-12-31	£1,353,280	£1,004,420	£2,800,168	0

Trustees

Name	Role	Appointed
Jessica Alsford	Chair	2026-04-15
Andre Munkelt		2023-12-20
Clare Woodman		2008-09-18
Daniel Mayer		2024-12-12
Dorothee Fuhrmann		2022-03-24
Emily Laino		2022-03-24
Imran Ansari		2025-02-28
Jean-Francois Mazaud		2023-10-05
Jessica Wright		2025-12-17
Liezel McCord		2023-10-05
Lisa Potter		2025-02-28
Navindu Katugampola		2024-12-12
Russell Weinberg		2022-03-24
Sinead Wilson		2024-12-12

MORGAN STANLEY INTERNATIONAL FOUNDATION

England & Wales - Charity number 1042671

Accounts

Registered Charity No. 1042671

MORGAN STANLEY INTERNATIONAL FOUNDATION

Report of the Trustees and Financial Statements

31 December 2024

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MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES

The Trustees present their annual report and financial statements of Morgan Stanley International Foundation (the “Foundation”) for the year ended 31 December 2024.

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Name: Morgan Stanley International Foundation
Charity registration number: 1042671
Registered Office and operational address: 25 Cabot Square
Canary Wharf
London
E14 4QA

TRUSTEES

The following Trustees held office during the year and to the date of this report:

A Armstrong	
S Anselm	
N Fogarasi	Resigned 7 th July 2025
D Fuhrman	
J Glynn	Resigned 1 st January 2024
M Gregotti	Resigned 1 st January 2024
J Harriman	Resigned 26 th February 2025
D Kitterick	Resigned 27 th February 2025
E Laino	
K Lazaroo	Chair
C Nicholls	Resigned 1 st March 2024
Z Parish	Resigned 16 th December 2024
O Stuart	
R Weinberg	
C Woodman	
J- F Mazaud	
L.McCord	
A.Munkelt	
N Katugampola	Appointed 12 th December 2024
D Mayer	Appointed 12 th December 2024
S Wilson	Appointed 12 th December 2024
I Ansari	Appointed 28 th February 2025
L Potter	Appointed 28 th February 2025

The Trustees meet a minimum of four times a year.

SECRETARY

Paul Bartlett

AUDITOR

Deloitte LLP, Statutory Auditor, HALO, Counterslip, Redcliffe, Bristol, BS1 6AJ.

BANKERS

HSBC Bank plc, 60 Fenchurch Street, London, United Kingdom, EC3M 4BA.

INVESTMENT MANAGER

Sarasin & Partners LLP, Juxon House, 100 St Paul’s Churchyard, London, EC4M 8BU.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

OBJECTIVES AND ACTIVITIES

The principal objective of the Foundation is to make a positive and sustainable impact on children’s welfare in disadvantaged communities across the Europe, Middle East and Africa (“EMEA”) region. Focusing primarily on child health and education, the Foundation works in partnership with charitable organisations to direct funding and utilise the expertise of Morgan Stanley employees to benefit the communities in which Morgan Stanley operates. There have been no changes to the principal activity of the Foundation in the year.

Public Benefit

In setting the objectives and planning the activities of the Foundation, the Trustees have given careful consideration to the Charity Commission’s general guidance on public benefit. Through supporting local communities in line with the objectives outlined above, the Foundation meets the requirements of this guidance.

Giving Strategy

2024 saw the roll out of an enhanced strategy by increasing both funding and employee involvement, with the aim to create bigger impact and better outcomes for children and young people, over a five-year period.

The Foundation increased its level of giving to a broader number of charities, with the intention of fostering long-term partnerships, aiming to distribute £15 million during this period.

In this first year, through donations from employees and funding from the Foundation, over £2.9 million was provided to ten partner charities in London, Budapest, Glasgow, Frankfurt and Paris.

Grant Policy

Over the past few years, the pandemic and continuing cost of living crisis has deeply affected the life outcomes of children in our communities. To respond to this increasing need, the Foundation has partnered with ten charities across EMEA to identify innovative ways to create better impact and build longer term sustainable change, supporting healthy starts and solid educations for children in our local communities.

The charities supported are Alliance pour l’education – United Way, Bagazs, Csodalampa, Kinderschutzbund, Die Arche, Possibilities for Each and Every Kid (“PEEK”), Place2Be, Restos du Coeur, Save the Children UK and The Felix Project (“TFP”).

Charities were selected through a comprehensive assessment process that considered how impactful, innovative and inspiring each cause and project were.

Diversity and Inclusion

Diversity and inclusion are a fundamental focus for the Foundation and having a diverse Board of Trustees is important to its continued success and ability to meet its objectives. To this end, the Foundation considers diversity of perspectives, backgrounds, and work experience in addition to other demographics when appointing members to the Board of Trustees. Diversity and inclusion are also a key focus of the Foundation’s selection process of the charities it supports. Analysis is performed to ensure that charities’ programmes reach a diverse range of individuals.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE

The Foundation has started strongly on its aim of creating a bigger impact and better outcomes for children and young people.

In 2024, the Foundation's support positively impacted children and young people by addressing societal issues, including food insecurity, poverty alleviation, social mobility, physical and mental health support, and equal access to education.

Funding supported disadvantaged children and young people by feeding families with over 10,500 nutritious meals, providing 379 emergency grants, delivering 3,177 vital mental health support sessions in schools and hospitals, and offering 2,732 tailored educational workshops which create pathways for social mobility. A breakdown of grants greater than £20,000 is provided in Note 5.

Morgan Stanley employee contributions included:

- Expertise: Over 9,000 hours of pro bono support to 27 charitable organisations
- Time: 90% of colleagues volunteered in our local communities, contributing over 60,000 hours
- Money: Nearly £1 million donated across the region, including matching from the Foundation

The trustees are finalising the framework for collecting data to fully evidence the achievement of the Foundation's five-year goals.

FINANCIAL REVIEW

The net inflow of funds in the year was £883,247 (2023: £1,152,926) and the total funds at the end of the year were £5,080,556 (2023: £4,197,309). The Foundation's statement of financial position shows net current assets of £1,811,682 (2023: £1,475,923). The Foundation has access to liquid securities within the investment portfolio, classified as fixed assets, which can be liquidated at any time to meet funding needs.

The level of donations received in 2024 increased by £1,851,063 to £2,994,990 (2023: £1,143,927) primarily driven by an increased Morgan Stanley Group donation from Morgan Stanley & Co. International plc ("MSIP") in order to support the Foundation's new strategy.

In 2024, grant expenditure of £2,890,586 (2023: £431,566) was recognised, which increased by £2,459,020 from the prior year. The movement is due to increased expenditure as outlined in the 'Giving Strategy' section of this report. The Foundation's restricted expenditure in 2024 of £292,393 was predominantly driven by employee donations to Strategic Charity Partners in London throughout the year (2023: £112,552). The restricted employee donations represent approximately 10% of the total 2024 grant expenditure (2023: 26%). See Note 5 of the Financial Statements for other significant grants.

Going Concern and Principal Funding Sources

The principal funding sources for the Foundation continue to be donations from MSIP and Morgan Stanley employees. Employee donations have been, and continue to be, raised internally via various Morgan Stanley fundraising activities. The Foundation does not participate in external fundraising or engage others to do so on their behalf. No changes are foreseen to the principal funding sources in 2025 and 2026.

The Foundation will only commit to making payments of charitable donations if there are sufficient funds available to do so and it continues to meet its reserves policy, as outlined on page 4. Taking these factors into consideration, the Trustees have no reason to believe that the Foundation will not have access to adequate funding sources to continue in operational existence for the foreseeable future i.e. at least twelve months from the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Investment Policy and Performance

All investments held by the Foundation have been acquired in accordance with the powers available to the Trustees.

In accordance with the Trust Deed, the Trustees have the power to invest in such stocks, shares, investments and property as they see fit. The Foundation's investment strategy is to maintain overall wealth, preferably in real terms. The Foundation's neutral position is to invest 80% in the Sarasin Endowments Fund and 20% in the Sarasin Income & Reserves Fund.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Investment Policy and Performance (Continued)

During the year, the portfolio produced a positive return of 10.5% (2023: positive return of 8.1%). In 2024, the Foundation's investment portfolio had a relative underperformance of 2.2% (2023: underperformance of 2.7%) compared to the Sarasin reference benchmark.

Risk Management

The Trustees regularly assess the major risks to which the Foundation is exposed, in particular risks related to the operations and finances of the Foundation and are satisfied that systems are in place to mitigate these risks.

The principal operational risks faced by the Foundation are its ability to access its financial assets and make effective grants. Risks associated with access to the Foundation's financial assets are mitigated through clear segregation of duties, control of access rights and supervision by Trustees. The risk from ineffective grant making is managed through performance of due diligence procedures on prospective grantees, Trustee oversight regarding alignment of grant making with the objectives of the Foundation and monitoring the delivery of grant projects.

The Foundation's principal financial risks are mitigated by Trustees review of relevant financial information on a quarterly basis (including investment performance, actual expenditure against budget, current level of reserves and cash flow analysis) and utilising Sarasin & Partners LLP as manager and custodian of its investment portfolio.

Restricted and Unrestricted Funds

Restricted funds are reserved for selected Strategic Charity Partners in London and are not made available for any other purpose. Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Foundation.

Reserves Policy

In line with the Statement of Recommended Practice ("SORP") 2019 and Charity Commission guidelines, the Trustees regularly review the effectiveness of the Foundation's reserves policy. As at 2024, the Foundation's reserve policy is to maintain a level of reserves greater than 100% of current year budgeted expenditure in liquid assets to cover future commitments and contingent liabilities, to safeguard the risk of a downturn in contributions and to ensure that the Foundation provides regular, sustained and consistent support to its designated charities. Effective from 2025, the Trustees approved an update to the Foundation's reserves policy. Under this revised policy, the Foundation will maintain reserves at a level exceeding 50% of its committed expenditure, ensuring the most efficient use of the Foundation's reserves while safeguarding against financial uncertainties.

As at 31 December 2024, the Foundation's level of reserves is in excess of the requirement set out in this policy at 216% (2023: 438%) of the current year budget. Budgeted expenditure for the year to 31 December 2024 was £2,351,220 (2023: £958,109), giving rise to excess reserves of £2,729,336 (2023: £3,239,200). Total Funds of £5,080,556 (2023: £4,197,309), readily available in the form of cash and investments, represent the liquid assets under the reserves policy. As at both 31 December 2024 and 31 December 2023, the Foundation's Restricted Funds were £nil.

The Foundation's level of reserves is monitored by the Trustees throughout the year.

PLANS FOR FUTURE PERIODS

The Foundation's strategy evolved in 2024 with the aim of creating a bigger impact and better outcomes for children and young people by increasing its level of giving to a broader number of charities for a longer period of up to five years. Refer to 'Giving Strategy' on page 2 for further details.

2025 will see the introduction of a new programme, the EMEA Impact Through Innovation Awards. This annual programme will seek to grant charitable organisations funding to implement new, innovative projects with the aim of improving outcomes for children and young people.

No other significant change in the Foundation's principal activity is anticipated.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Foundation is established as a Trust under a Charitable Trust Deed (the “Trust Deed”) dated 18 November 1994 as amended by a Deed of Variation dated 10 July 2014 and is registered with the Charity Commission.

Trustees Recruitment and Training

The power of appointing new Trustees of the Foundation is vested in the Trustees. When considering appointing a new Trustee, the Board considers diversity and inclusion and has regard to the requirement for complete representation from business units across Morgan Stanley. The Trust Deed provides for a minimum of three with no maximum number of Trustees.

New Trustees receive relevant induction information and briefings, which involve awareness of a Trustee’s responsibilities, the governing document, administrative procedures, and the history and philosophical approach of the Foundation. New Trustees are briefed on their legal obligations under charity law, the content of the Trust Deed, the Board of Trustees and decision-making processes, and recent financial performance of the Foundation.

Trustees are appointed for an initial term of three years, renewable by re-appointment for a further term of three years. Trustees serve a three-year term, which may be renewed once, with the exception of the chair who does not have a fixed term.

Organisational Structure

The Trustees meet at least quarterly and are responsible for the strategic direction and policy of the Foundation. At present, the Board of Trustees includes sixteen members from a variety of professional backgrounds.

The Board of Trustees delegates the day-to-day administrative duties, including finance and initial grant application reviews, to employees of Morgan Stanley. When reviewing grant applications, each applicant is required to undergo a due diligence process that includes a review of the Charities Commission register and screening by Morgan Stanley’s Security group.

The Board of Trustees may delegate any of their powers or functions to committees consisting of two or more persons appointed by them, with at least one member of every committee being a Trustee. All proceedings of committees are reported to the Trustees within a reasonable period.

Key Management Personnel Remuneration

The Trustees and key management personnel (for example, Finance and Community Affairs) of the Foundation in charge of directing and controlling the Foundation give their time freely and receive no remuneration or expenses for their services to the Foundation.

Related Party Relationships

The principal funding sources for the Foundation are donations from MSIP, a subsidiary of Morgan Stanley, and donations from Morgan Stanley employees. Furthermore, all Trustees are Morgan Stanley employees. Details of any related party transactions are disclosed in note 14 to the financial statements.

Events After the Reporting Date

There are no significant events after the reporting date.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report of the Trustees and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Charities Statement of Recommended Practice;
- 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 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 enable them to ensure that the financial statements comply with the Charities Act 2011 (as amended in the Charities Act 2022), the Charity (Accounts and Reports) Regulations 2008 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.

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

Approved by the Board of Trustees on 9th October 2025 and signed on its behalf by

DocuSigned by:
Kim Lazaroo
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K. Lazaroo

Trustee

09 October 2025

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Morgan Stanley International Foundation (the "charity"):

- give a true and fair view of the state of the charity's affairs as at 31 December 2024 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Trust Deed.

We have audited the financial statements which comprise:

- the Statement of Financial Activities;
- the Statement of Financial Position;
- the Statement of Cash Flows; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 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 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.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION (CONTINUED)

Responsibilities of Trustees

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charity's industry and its control environment, and reviewed the charity's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the Trustees about their own identification and assessment of the risks of irregularities, including those that are specific to the charity's business sector.

We obtained an understanding of the legal and regulatory frameworks that the charity operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Charities Act, Trust Deed, Charities (Accounts and Reports) Regulations 2008; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or to avoid a material penalty. This included the Charity Commission and General Data Protection Regulation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our procedures performed to address it are described below:

- we presume a risk of material misstatement due to fraud in revenue recognition which is related to the completeness of donation income. To address this risk, we reviewed the Trustees' meeting minutes, all bank statements in the period, and post year end records up to the date of this report to test whether income had been appropriately included in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls; we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION (CONTINUED)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters 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 and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

DocuSigned by:

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Deloitte LLP
Statutory Auditor
Bristol, United Kingdom
09 October 2025

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as audit of a company under section 1212 of the Companies Act 2006.

MORGAN STANLEY INTERNATIONAL FOUNDATION**STATEMENT OF FINANCIAL ACTIVITIES****Year ended 31 December 2024**

	Note	Restricted Funds £	Unrestricted Funds £	Total Funds 2024 £	Total Funds 2023 £
INCOME FROM:					
Donations:					
Organisations	3	-	2,994,990	2,994,990	1,143,927
Other	3	285,070	-	285,070	102,677
Investment income	4	-	103,249	103,249	96,646
Other income		7,323	153,331	160,654	93,483
TOTAL INCOME		292,393	3,251,570	3,543,963	1,436,733
EXPENDITURE ON:					
Raising funds:					
Investment management costs		-	(27,101)	(27,101)	(24,747)
Charitable activities:					
Employee volunteering	5	-	(36)	(36)	(164)
Grants	5	(292,393)	(2,598,193)	(2,890,586)	(431,566)
TOTAL EXPENDITURE		(292,393)	(2,625,330)	(2,917,723)	(456,477)
Net gains on investment	8	-	263,197	263,197	178,153
Other recognised losses		-	(6,190)	(6,190)	(5,483)
NET INCOME		-	883,247	883,247	1,152,926
NET MOVEMENT IN FUNDS		-	883,247	883,247	1,152,926
TOTAL FUNDS AT THE BEGINNING OF THE YEAR		-	4,197,309	4,197,309	3,044,383
TOTAL FUNDS AT THE END OF THE YEAR		-	5,080,556	5,080,556	4,197,309

The notes on pages 13 to 21 form an integral part of the financial statements.

All activities were continuing in the current and prior year.

See Note 15 for comparative Statement of Financial Activities.


MORGAN STANLEY INTERNATIONAL FOUNDATION**STATEMENT OF FINANCIAL POSITION****As at 31 December 2024**

	Note	Restricted Funds	Unrestricted Funds	Total Funds 2024	Total Funds 2023
		£	£	£	£
FIXED ASSETS					
Investments	8	600,000	3,068,874	3,668,874	3,321,386
CURRENT ASSETS					
Debtors	9	61,317	-	61,317	-
Cash at bank and in hand	10	204,736	2,486,252	2,690,988	2,043,647
		266,053	2,486,252	2,752,305	2,043,647
LIABILITIES					
Creditors: Amounts falling due within one year	11	(466,053)	(474,570)	(940,623)	(567,724)
NET CURRENT (LIABILITIES)/ASSETS		(200,000)	2,011,682	1,811,682	1,475,923
Creditors: Amounts falling due after one year	12	(400,000)	-	(400,000)	(600,000)
NET ASSETS		-	5,080,556	5,080,556	4,197,309
THE FUNDS OF THE CHARITY					
Restricted funds		-	-	-	-
Unrestricted funds		-	5,080,556	5,080,556	4,197,309
TOTAL FUNDS	13	-	5,080,556	5,080,556	4,197,309

The notes on pages 13 to 21 form an integral part of the financial statements.

See Note 16 for comparative Statement of Financial Position.

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

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K Lazaroo
 Trustee
 09 October 2025

MORGAN STANLEY INTERNATIONAL FOUNDATION**STATEMENT OF CASH FLOWS****Year ended 31 December 2024**

	Note	Total Funds 2024 £	Total Funds 2023 £
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	653,531	455,037
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends and other income from investments	8	17,834	3,011
Investment management costs paid during the year	8	(18,958)	(24,747)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(1,124)	(21,736)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		652,407	433,301
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,132,590	1,704,772
Net losses on cash and cash equivalents due to exchange rate movements		(6,190)	(5,483)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		2,778,807	2,132,590
RECONCILIATION TO CASH AT BANK:			
Cash at bank	10	2,690,988	2,043,647
Cash held by investment manager	10	87,819	88,943
CASH AND CASH EQUIVALENTS		2,778,807	2,132,590

The notes on pages 13 to 21 form an integral part of the financial statements.

MORGAN STANLEY INTERNATIONAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

1. BASIS OF PREPARATION

Charitable status

The Foundation is established as a Trust under a Charitable Trust Deed (the “Trust Deed”) dated 18 November 1994 as amended by a Deed of Variation dated 10 July 2014 and is registered with the Charity Commission.

Statement of compliance

The Foundation meets the definition of a public benefit entity under FRS 102.

These financial statements are prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note to these financial statements. These financial statements have been prepared in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities (SORP 2019)” applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2019; and the Charities Act 2011 (as amended in the Charities Act 2022). They have all been applied consistently throughout the year and the preceding year.

Certain presentational changes have been made to the Statement of Cash Flows for 2024. There is no impact on total amounts reported.

New standards and interpretations

There were no new standards or interpretations relevant to the Foundation’s operations which were adopted during the year. The Exposure Draft SORP is being reviewed in preparation for its implementation in the future, ensuring a comprehensive understanding of the forthcoming changes and their impact. The Foundation does not expect the adoption will have a material impact on its financial statements.

The going concern assumption

The Foundation’s activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Trustees. The Foundation has sufficient resources to cover future pledged liabilities and continually monitors reserve levels to ensure reserves are held in excess of the reserves requirement. The principal funding sources for the Foundation continue to be donations from MSIP and from Morgan Stanley employees. Employee donations have been raised internally via various Morgan Stanley fundraising activities. The Foundation does not participate in external fundraising or engage others to do so on their behalf. No changes are foreseen to the principal funding sources in 2025 and 2026.

Taking these factors into consideration, the Trustees have no reason to believe that the Foundation will not have access to adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual Report of the Trustees and financial statements.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a. Fund structure

Restricted funds are reserved for Strategic London Charity Partners and are not made available for any other purpose. Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Foundation.

b. Income recognition

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

Donations and interest on funds held on deposit are recognised when receivable and the amount can be measured reliably by the Foundation; this is typically upon notification of receipt by the bank.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

c. Expenditure recognition

Expenditure is recognised as soon as there is a legal or constructive obligation committing the Foundation to that expenditure, it is probable that settlement will be required and the amount of obligation can be measured reliably. All expenditure is accounted for on an accruals basis. Charitable activities expenditure includes grants payments made to third party charities in the furtherance of the charitable objectives of the Foundation (specifically direct charitable grants and employee matching grants) and costs of employee fundraising activities.

Grants are recognised when the Foundation has a legal or constructive obligation to make the grant. For direct grants, this is typically once a recipient charity has been notified of a grant award.

d. Functional currency

Items included in the financial statements are measured and presented in Pounds Sterling, the currency of the primary economic environment in which the Foundation operates.

All currency amounts in the financial statements are rounded to the nearest thousand Pounds Sterling.

e. Foreign currencies

All monetary assets and liabilities denominated in currencies other than Pound Sterling are translated in Pound Sterling at the rates ruling at the balance sheet date. Transactions in currencies other than Pound Sterling are recorded at the rates ruling at the dates of transactions. All translation differences are taken through "Other recognised gains/(losses)" in the Statement of Financial Activities.

f. Investments

Investments held in an investment portfolio are stated at their fair value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

g. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, Cash and Cash Equivalents comprise cash at bank and in hand and cash held by the investment manager with original maturities of three months or less, that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

h. Financial instruments excluding investments

Financial assets and liabilities primarily comprise debtors, cash at bank and in hand and creditors. Debtors are measured at their recoverable amount. Creditors are recorded at their settlement amount.

i. Taxation

The Foundation is recognised as a charity for taxation purposes and as a result no liability to taxation arises on its charitable activities.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

j. Donated services

The Foundation relies on the employees of Morgan Stanley for various administrative tasks of which the costs cannot be reliably measured and are borne by another Morgan Stanley Group undertaking.

k. Critical accounting judgements and key sources of estimation uncertainty

No critical judgements have been made in the process of applying the Foundation's accounting policies that have had a significant effect on the amounts recognised in the financial statements. There are no key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

3. DONATIONS

Donations from organisations represent monies received from MSIP. Other donations to the restricted funds represent monies received from employees within the Morgan Stanley EMEA group of companies.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2024

4. INVESTMENT INCOME

	2024	2023
	£	£
Dividends and interest from investments	103,249	96,646

5. GRANTS

During the year, the following grants of amounts greater than or equal to £20,000 were made or have been committed to the following beneficiaries:

Year ended 31 December 2024

	£	£
Restricted Funds		
Strategic London Charity Partners		292,393
Unrestricted Funds		
Save The Children (London/Glasgow)	706,000	
The Felix Project (London)	589,700	
Place2Be (London)	427,700	
PEEK (Glasgow)	166,000	
Kinderschutzbund (Frankfurt)	144,108	
Alliance Pour L'Education (Paris)	124,495	
Bagazs (Budapest)	114,949	
Csodalampa (Budapest)	112,947	
Die Arche (Frankfurt)	103,399	
Restos Du Coeur (Paris)	54,757	
CAF Onlus (Milan)	23,143	
Fundacion Tomillo (Madrid)	21,077	
Other grants made or committed of less than £20,000 (including matched funding)	9,918	
Total Unrestricted Funds Grants		2,598,193
Total Grants		2,890,586
Support costs		36

In 2024, the restricted and unrestricted fund grants were made to charities supporting the following initiatives: Education (£1,079,837), Hunger (£936,851), Children's Mental Health (£427,700), Poverty (£310,108) and Health (£136,090).

Grants greater than or equal to £20,000 as disclosed above are in excess of 99.6% (2023: 89.7%) of grant expenditure for the year.

Amounts which have been committed to Strategic London Charity Partners are comprised of amounts raised by employees.

Support costs comprise of bank fees incurred for making payments to the relevant grant recipients.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2024

5. GRANTS (CONTINUED)

Year ended 31 December 2023

	£	£
Restricted Funds		
London Employee Nominated Charity Partnership:		
The Felix Project		112,552
Unrestricted Funds		
Anna Freud (London)	49,292	
Coup de Pouce (Paris)	36,217	
Foundacion Tomillo (Madrid)	30,180	
OSA (Budapest)	30,147	
Glasgow Children's Hospital Charity (Glasgow)	30,000	
Career Ready (Glasgow)	30,000	
Children's Hospices Across Scotland (Glasgow)	25,000	
Bator Tabor (Budapest)	22,160	
Basis Point (Dublin)	21,632	
Other grants made or committed of less than £20,000 (including matched funding)	44,386	
Total Unrestricted Funds Grants	<u>44,386</u>	319,014
Total Grants		<u>431,566</u>
Support Costs		164

In 2023, the restricted and unrestricted fund grants were made to charities supporting the following initiatives: Health (£187,069), Children's Education (£140,189), Children's Mental Health (£79,439) and other initiatives (£24,869).

6. STAFF COSTS

The Foundation incurs no staff costs (2023: £nil) as services are donated. The Trustees and key management personnel received no fees or expenses for their services to the Foundation (2023: £nil).

7. TAXATION

The Foundation qualifies as a charity within the definition of Chapter 3 of Part 11 to the Corporation Tax Act 2010 by HM Revenue & Customs. Income used for the purposes of the Foundation is exempt from taxation.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2024

8. INVESTMENTS

	Investments	Cash	Total	Investments	Cash	Total
	2024	2024	2024	2023	2023	2023
	£	£	£	£	£	£
Market value at 1 January	3,232,443	88,943	3,321,386	2,960,655	110,679	3,071,334
Net gains on revaluation	245,372	17,825	263,197	175,409	2,744	178,153
Investment income (note 4)	103,240	9	103,249	96,379	267	96,646
Investment management costs paid during the year	-	(18,958)	(18,958)	-	(24,747)	(24,747)
Market value at 31 December	3,581,055	87,819	3,668,874	3,232,443	88,943	3,321,386
Cost of investment portfolio at 31 December	3,455,269			3,351,414		

Market value analysed between:

	2024	2023
	£	£
Cash held by investment manager	87,819	88,943
Investment funds:		
Equity investment funds	2,423,905	2,013,245
Fixed income investment funds	723,981	792,634
Alternative investment, commodities & real estate	433,169	426,564
	<u>3,581,055</u>	<u>3,232,443</u>
Total investments held by investment manager	<u>3,668,874</u>	<u>3,321,368</u>

All investments are carried at their fair value as determined by the investment manager. Holdings in investment funds are valued at the bid price.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Restricted Funds		
Debtors	<u>61,317</u>	<u>-</u>

10. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances, which have less than three months maturity from the date of acquisition:

	2024	2023
	£	£
Cash at bank and in hand	2,690,988	2,043,647
Cash held by investment manager	87,819	88,943
	<u>2,778,807</u>	<u>2,132,590</u>

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2024

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Restricted Funds		
Amount payable to:		
The Felix Project	200,000	441,818
Strategic London Charity Partners	266,053	-
	<u>466,053</u>	<u>441,818</u>
Unrestricted Funds		
Grant funds committed and not yet paid	3,377	84,347
Matching funds committed	463,049	34,366
Accrued investment management costs	8,144	7,193
	<u>940,623</u>	<u>567,724</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2024	2023
	£	£
Restricted Funds		
Amount payable to The Felix Project	<u>400,000</u>	<u>600,000</u>

13. MOVEMENT IN FUNDS

As at 31 December 2024	Restricted Funds	Unrestricted Funds	Total Funds
	£	£	£
At 1 January 2024	-	4,197,309	4,197,309
Income	292,393	3,251,570	3,543,963
Expenditure	(292,393)	(2,625,330)	(2,917,723)
Gain on investments	-	263,197	263,197
Foreign exchange losses	-	(6,190)	(6,190)
At 31 December 2024	<u>-</u>	<u>5,080,556</u>	<u>5,080,556</u>

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2024

13. MOVEMENT IN FUNDS (CONTINUED)

As at 31 December 2023

	Restricted Funds TFP	Unrestricted Funds	Total Funds
	£	£	£
At 1 January 2023	-	3,044,383	3,044,383
Income	112,552	1,324,181	1,436,733
Expenditure	(112,552)	(343,925)	(456,477)
Gain on investments	-	178,153	178,153
Foreign exchange losses	-	(5,483)	(5,483)
At 31 December 2023	<u>-</u>	<u>4,197,309</u>	<u>4,197,309</u>

The restricted funds represent monies payable to the Foundation's Strategic London Charity Partners (In 2023 Restricted Funds represents monies payable to The Felix Project).

The unrestricted funds are available to be spent for any purpose permitted in the Trust Deed at the discretion of the Trustees.

14. RELATED PARTY TRANSACTIONS

In 2024, the Foundation received from MSIP, a subsidiary of Morgan Stanley, donations totalling £2,994,990 (2023: £1,143,927) to unrestricted funds.

The audit fee of £20,000 (2023: £20,000) has been borne by a Morgan Stanley Group company in both the current and prior years and not charged to the Foundation.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2024

15. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Restricted Funds	Unrestricted Funds	Total Funds 2023
	£	£	£
INCOME FROM:			
Donations:			
Organisations	-	1,143,927	1,143,927
Other	102,677	-	102,677
Investment income	-	96,646	96,646
Other income	9,875	83,608	93,483
TOTAL INCOME	112,552	1,324,181	1,436,733
EXPENDITURE ON:			
Raising funds:			
Investment management costs	-	(24,747)	(24,747)
Charitable activities:			
Employee volunteering	-	(164)	(164)
Grants	(112,552)	(319,014)	(431,566)
TOTAL EXPENDITURE	(112,552)	(343,925)	(456,477)
Net losses on investment	-	178,153	178,153
Other recognised losses	-	(5,483)	(5,483)
NET INCOME	-	1,152,926	1,152,926
TRANSFERS			
Transfer between funds	-	-	-
NET MOVEMENT IN FUNDS	-	1,152,926	1,152,926
TOTAL FUNDS AT THE BEGINNING OF THE YEAR	-	3,044,383	3,044,383
TOTAL FUNDS AT THE END OF THE YEAR	-	4,197,309	4,197,309

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2024

16. COMPARATIVE STATEMENT OF FINANCIAL POSITION

	Restricted Funds	Unrestricted Funds	Total Funds 2023
	£	£	£
FIXED ASSETS			
Investments	750,006	2,571,380	3,321,386
CURRENT ASSETS			
Debtors	-	-	-
Cash at bank and in hand	291,812	1,751,835	2,043,647
	291,812	1,751,835	2,043,647
LIABILITIES			
Creditors: Amounts falling due within one year	(441,818)	(125,906)	(567,724)
NET CURRENT (LIABILITIES)/ ASSETS	(150,006)	1,625,929	1,475,923
Creditors: Amounts falling due after one year	(600,000)	-	(600,000)
NET ASSETS	-	4,197,309	4,197,309
THE FUNDS OF THE CHARITY			
Restricted funds	-	-	-
Unrestricted funds	-	4,197,309	4,197,309
TOTAL FUNDS	-	4,197,309	4,197,309

17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

	2024	2023
	£	£
NET MOVEMENT IN FUNDS	883,247	1,152,926
Adjustments for:		
(Gains) on investments	(263,197)	(178,153)
Investment management costs paid during the year	18,958	24,747
Dividends and interest from investments	(103,249)	(96,646)
(Increase)/Decrease in debtors	(61,317)	245
Increase/(Decrease) in creditors	172,899	(453,565)
FX on grants during the year	6,190	5,483
NET CASH PROVIDED BY OPERATING ACTIVITIES	653,531	455,037

18. EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date.

MORGAN STANLEY INTERNATIONAL FOUNDATION

England & Wales - Charity number 1042671

Accounts

Registered Charity No. 1042671

MORGAN STANLEY INTERNATIONAL FOUNDATION

Report of the Trustees and Financial Statements

31 December 2023

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MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES

The Trustees present their annual report and financial statements of Morgan Stanley International Foundation (the “Foundation”) for the year ended 31 December 2023.

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Name: Morgan Stanley International Foundation
Charity registration number: 1042671
Registered Office and operational address: 25 Cabot Square
Canary Wharf
London
E14 4QA

TRUSTEES

The following Trustees held office during the year and to the date of this report:

A Armstrong	
S Anselm	
N Fogarasi	
D Fuhrman	
J Glynn	Resigned 1 st January 2024
M Gregotti	Resigned 1 st January 2024
J Harriman	
D Kitterick	
E Laino	
K Lazaroo	Chair
C Nicholls	Resigned 1 st March 2024
Z Parish	
O Stuart	
R Weinberg	
C Woodman	
J- F Mazaud	Appointed 5 th October 2023
L.McCord	Appointed 5 th October 2023
A.Munkelt	Appointed 20 th December 2023

The Trustees meet a minimum of four times a year.

SECRETARY

Paul Bartlett

AUDITOR

Deloitte LLP, Statutory Auditor, HALO, Counterslip, Redcliffe, Bristol, BS1 6AJ.

BANKERS

HSBC Bank plc, 60 Fenchurch Street, London, United Kingdom, EC3M 4BA.

INVESTMENT MANAGER

Sarasin & Partners LLP, Juxon House, 100 St Paul’s Churchyard, London, EC4M 8BU (From March 2022).

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

OBJECTIVES AND ACTIVITIES

The principal objective of the Foundation is to make a positive and sustainable impact on children's welfare in disadvantaged communities across the Europe, Middle East and Africa ("EMEA") region. Focusing primarily on child health and education, the Foundation works in partnership with charitable organisations to direct funding and utilise the expertise of Morgan Stanley employees to benefit the communities in which Morgan Stanley operates. There have been no changes to the principal activity of the Foundation in the year.

Public Benefit

In setting the objectives and planning the activities of the Foundation, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. Through supporting local communities in line with the objectives outlined above, the Foundation meets the requirements of this guidance.

Giving Strategy

2023 saw a review of the Foundation's giving strategy. Over the past few years, the pandemic and continuing cost of living crisis has deeply affected the life outcomes of children. Trustees consulted our trusted charity partners to better understand the changing societal needs and to discuss how the Foundation's funding could continue to have maximum impact. They also considered the increased employee headcount and business presence of Morgan Stanley across the EMEA region, and how employees could be more effectively engaged through increased volunteering and pro bono support to create more holistic and impactful partnerships.

By bringing a multifaceted approach of both funding, and increased employee time and expertise, the aim is to create bigger impact and better outcomes for children and young people. The Foundation then identified charities, to develop innovative programming that would create longer term sustainable change for the children they support.

Increased funding from Morgan Stanley would now see a broader number of charities supported for a longer period of up to five years, aiming to positively impact the health and education of 500,000 children and young people. Compared to the previous 5 years, the new programme will see a 50% uplift in funding to charities, aim to reach 345,000 more children and double the number of charity partners supported.

This new strategy initially rolls out in London, Budapest, Glasgow, Frankfurt and Paris in 2024.

As this strategy evolved, the Trustees carefully and considerately reviewed the current charity partners. Those who were identified as continuing partners under the new strategy were advised and funding period extended. All other partnerships were due to come to an end, giving one year notice alongside a final donation.

Grant Policy

In 2023, the Foundation made grants through two different channels: direct charitable grants and employee-nominated charity partnerships.

1. Direct charitable grant applications are invited for the funding of projects in EMEA and are reviewed at the Trustees' meetings against specific grant objectives. Multi-year grants are monitored on an annual basis to ensure the grant criteria continue to be met.
2. Employee nominated charity partnerships are voted for by Morgan Stanley employees, and the Foundation matches employee fundraising and donations up to a pre-determined amount.

As noted last year, the employee matching grants programme has moved to being funded by Morgan Stanley. This is so the Foundation can focus on its principal objective of supporting children's healthcare and education organisations.

Diversity and Inclusion

Diversity and inclusion are a fundamental focus for the Foundation and having a diverse Board of Trustees is important to its continued success and ability to meet its objectives. To this end, the Foundation considers diversity and inclusion criteria when appointing members to the Board of Trustees to ensure that the Foundation represents gender, ethnicity, age and geographic location and any other relevant factors.

Diversity and inclusion are also a key focus of the Foundation's selection process of the charities it supports. Analysis is performed to ensure that charities' programmes reach a diverse range of individuals.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE

Each year the Foundation receives a donation from Morgan Stanley & Co International plc (“MSIP”), a UK subsidiary of Morgan Stanley. In 2023, the Foundation received a donation of £1,143,927 (2022: £1,195,285).

The Foundation continues to be a strategic partner for local, national, and international organisations, employing a combination of funding and the time and expertise of Morgan Stanley employees to maximise positive impact.

The Foundation’s performance measures include programme indicators that are unique to each organisation.

1. Direct Charitable Grants

During 2023, the Foundation provided direct grants to 9 charities across EMEA, supporting organisations who work primarily in the areas of child health and education.

Key charitable grants during 2023 include:

Career Ready – a UK charity that gives young people from low-income families the best start in life after school, transforming their life chances and preparing them for the world of work while at school. For over 10 years, the Foundation has supported Career Ready in Glasgow, donating over £200,000 to help the charity grow its programme, now reaching all 30 secondary schools in the city and engaging around 200 young people per year.

Bator Tabor – helps chronically ill children in Hungary by providing life-changing recreational therapeutic camps, hospital outreach programs and online programs. The Foundation provided funding to help the charity pilot a school outreach programme in Budapest to support the re-integration of chronically ill children back into school. Over the two-year pilot, the programme achieved better outcomes than expected, reaching 671 children, 103 volunteers and 72 teachers.

Anna Freud Institut – a German children’s mental health charity. The Foundation funded a two-year pilot programme to help the charity set up Frankfurt’s first walk-in outpatient clinic offering support through qualified youth psychotherapists. Following renovation of a new premises, the clinic opened in June 2022 and was accessed by 300 young people in its first year. In addition, the newly set up school programme has reached over 7,000 students via partnerships with 8 high schools in the city.

Fundacion Tomillo – a Spanish charity that contributes to social improvement and personal development of young people in Madrid. The Foundation has provided funding for over 10 years to support employment training for those who have failed at school and are trying to get back into education and/or employment. In 2023, over 200 young people were involved in educational programmes, 98 in employment courses, 74 in physical and creative sessions and 28 in entrepreneurial activities.

With the Foundation’s support, these charities have been able to benefit more children and young people in their communities, and funding has helped pilot new ideas and scale programmes that can now be taken forward with confidence.

A list of all grants made by the Foundation during the year greater than or equal to £20,000 is included in Note 5 to the financial statements.

2. Employee Nominated Charity Partnerships

During 2023, the Foundation also raised funds for specific projects as part of a two-year “Employee Nominated Charity Partnerships” programme across a number of offices in EMEA. Partnerships were selected by employees in October 2021 and ran through until December 2023 (extended from September 2023).

London

In October 2021, London employees nominated The Felix Project (“TFP”) as their new charity partner. An initial target for employee fund raising of £500,000 was set which would be matched by the Foundation over the course of the partnership. Funds raised will help TFP run its new East London operation for five years, rescuing and distributing 75 million meals to hundreds of charities, schools and community groups in East London, where deprivation is amongst the highest of any urban area in Europe.

In October 2022, the employee fundraising goal was extended by £250,000, which has also been matched by the Foundation. This additional fundraising enables TFP to scale up its kitchen so it can provide 340,000 extra meals, amounting to 2,000 more people fed per day.

As at 31 December 2023, London employees’ donations and Foundation matching exceeded £1,800,000. To date, £1,200,000 has been released to TFP, aligning with agreed milestone achievements. The remaining £600,000 will be paid in equal instalments annually over the next three years to support operating costs of the East London depot.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Glasgow

In October 2021, Glasgow employees nominated Children’s Hospices Across Scotland (“CHAS”) as their new charity partner. An initial target for employee fund raising of £90,000 was set which would be matched by the Foundation over the course of the partnership. The fundraising target was extended by £25,000 in May 2023, which has also been matched by the Foundation. Funds raised are supporting a new project – Flourishing Beyond Bereavement. This is an inclusive, personalised support service which can be accessed across the country, ensuring bereaved brothers and sisters are given the best chance in life.

As at 31 December 2023, Glasgow employees’ donations made directly to the charity and Foundation matching exceeded £250,000.

Budapest

In October 2021, Budapest employees nominated Salva Vita as their new charity partner. An initial target of HUF 15 million (approx. £30,000) was set, which would be matched by the Foundation over the course of the partnership. The fundraising target was extended by HUF 7.5 million (approx. £17,000) in May 2023, which has also been matched by the Foundation. Funds raised are helping Salva Vita find work experience for disabled young people, fund supported living and reduce the stigma of disability in Hungary.

As at 31 December 2023, Budapest employees’ donations made directly to the charity and Foundation matching exceeded HUF 50 million (approx. £113,000).

Frankfurt

In October 2021, Frankfurt employees nominated Kinderschutzbund Frankfurt as their new charity partner. An initial target of EUR 70,000 (approx. £60,000) was set, which would be matched by the Foundation over the course of the partnership. Funds raised are helping Kinderschutzbund Frankfurt establish a Family House, where families with young children who are in need of help will be provided with a place to talk about their situation and also with clothing, baby equipment and supplies.

As at 31 December 2023, Frankfurt employees’ donations made directly to the charity and Foundation matching exceeded EUR 140,000 (approx. £121,000).

FINANCIAL REVIEW

The net inflow of funds in the year was £1,152,926 (2022: outflow £406,516) and the total funds at the end of the year were £4,197,309 (2022: £3,044,383). The Foundation's statement of financial position shows net current assets of £1,475,923 (2022: net current assets of £473,049). The Foundation has access to liquid securities within the investment portfolio, classified as fixed assets, which can be liquidated at any time to meet funding needs.

The level of donations received in 2023 decreased by £51,358 to £1,143,927 (2022: £1,195,285) primarily driven by exchange rate differences on the annual Morgan Stanley Group donation from MSIP.

In 2023, grant expenditure of £431,566 (2022: £1,734,739) was recognised, which decreased by £1,303,173 from the prior year. The movement is due to reduced expenditure as outlined in the ‘Giving Strategy’ section of this report above. The Foundation’s restricted expenditure in 2023 of £112,552 was predominantly driven by employee donations to The Felix Project throughout the year (2022: £646,224). The restricted employee donations represent approximately 26% of the total 2023 grant expenditure (2022: 37%). See Note 5 of the Financial Statements for other significant grants.

Going Concern and Principal Funding Sources

The principal funding sources for the Foundation continue to be donations from MSIP and Morgan Stanley employees. Employee donations have been, and continue to be, raised internally via various Morgan Stanley fundraising activities. The Foundation does not participate in external fundraising or engage others to do so on their behalf. No changes are foreseen to the principal funding sources in 2024 and 2025.

The Foundation will only commit to making payments of charitable donations if there are sufficient funds available to do so and it continues to meet its reserves policy, as outlined on page 5. Note 13 of the financial statements includes information about the Foundation's contingent liabilities. Taking these factors into consideration, the Trustees have no reason to believe that the Foundation will not have access to adequate funding sources to continue in operational existence for the foreseeable future i.e. at least twelve months from the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Investment Policy and Performance

All investments held by the Foundation have been acquired in accordance with the powers available to the Trustees.

The Trustees engaged Credit Suisse (UK) Limited as investment manager until March 2022 and gave them full discretion when evaluating social, environmental or ethical issues. From March 2022, the Trustees engaged Sarasin & Partners LLP ('Sarasin') under similar terms. In accordance with the Trust Deed, the Trustees have the power to invest in such stocks, shares, investments and property as they see fit. The Foundation's investment strategy is to maintain overall wealth, preferably in real terms. The Foundation's neutral position is to invest 80% in the Sarasin Endowments Fund and 20% in the Sarasin Income & Reserves Fund.

During the year, the portfolio produced a positive return of 8.1% (2022: negative return of 9.9%). In 2023, the Foundation's investment portfolio has had a relative underperformance of 2.7% compared to the Sarasin reference benchmark.

Risk Management

The Trustees regularly assess the major risks to which the Foundation is exposed, in particular risks related to the operations and finances of the Foundation, and are satisfied that systems are in place to mitigate these risks.

The principal operational risks faced by the Foundation are its ability to access its financial assets and make effective grants. Risks associated with access to the Foundation's financial assets are mitigated through clear segregation of duties, control of access rights and supervision by Trustees. The risk from ineffective grant making is managed through performance of due diligence procedures on prospective grantees, Trustee oversight regarding alignment of grant making with the objectives of the Foundation and monitoring the delivery of grant projects.

The Foundation's principal financial risks are mitigated by Trustees review of relevant financial information on a quarterly basis (including investment performance, actual expenditure against budget, current level of reserves and cash flow analysis) and utilising Sarasin & Partners LLP as manager and custodian of its investment portfolio (Credit Suisse UK until March 2022).

Restricted and Unrestricted Funds

Restricted funds are reserved for selected Employee Nominated Charity Partners and are not made available for any other purpose. Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Foundation.

Reserves Policy

In line with the Statement of Recommended Practice ("SORP") 2019 and Charity Commission guidelines, the Trustees regularly review the effectiveness of the Foundation's reserves policy. As at 2023, the Foundation's reserve policy is to maintain a level of reserves greater than 100% of current year budgeted expenditure in liquid assets to cover future commitments and contingent liabilities, to safeguard the risk of a downturn in contributions and to ensure that the Foundation provides regular, sustained and consistent support to its designated charities.

As at 31 December 2023, the Foundation's level of reserves is in excess of the requirement set out in this policy at 438% (2022: 143%) of the current year budget. Budgeted expenditure for the year to 31 December 2023 was £958,109 (2022: £2,123,500), giving rise to excess reserves of £3,239,200 (2022: £920,883). Total Funds of £4,197,309 (2022: £3,044,383), readily available in the form of cash and investments, represent the liquid assets under the reserves policy. As at both 31 December 2023 and 31 December 2022, the Foundation's Restricted Funds were £nil.

The Foundation's level of reserves is monitored by the Trustees throughout the year.

PLANS FOR FUTURE PERIODS

Refer to 'Giving Strategy' (page 2) for a breakdown of the Foundation's evolving strategy starting in 2024.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Foundation is established as a Trust under a Charitable Trust Deed (the “Trust Deed”) dated 18 November 1994 as amended by a Deed of Variation dated 10 July 2014 and is registered with the Charity Commission.

Trustees Recruitment and Training

The power of appointing new Trustees of the Foundation is vested in the Trustees. When considering appointing a new Trustee, the Board considers diversity and inclusion and has regard to the requirement for complete representation from business units across Morgan Stanley. The Trust Deed provides for a minimum of three with no maximum number of Trustees.

New Trustees receive relevant induction information and briefings, which involves awareness of a Trustee’s responsibilities, the governing document, administrative procedures, and the history and philosophical approach of the Foundation. New Trustees are briefed on their legal obligations under charity law, the content of the Trust Deed, the Board of Trustees and decision-making processes, and recent financial performance of the Foundation.

Trustees are appointed for an initial term of three years, renewable by re-appointment for a further term of three years. The Trustees resolved in January 2022 that the three-year term is renewable once, except for the Chair for whom there is no limited term.

Organisational Structure

The Trustees meet at least quarterly and are responsible for the strategic direction and policy of the Foundation. At present, the Board of Trustees includes fifteen members from a variety of professional backgrounds.

The Board of Trustees delegates the day-to-day administrative duties, including finance and initial grant application reviews, to employees of Morgan Stanley. When reviewing grant applications, each applicant is required to undergo a due diligence process that includes a review of the Charities Commission register and screening by Morgan Stanley’s Security group.

The Board of Trustees may delegate any of their powers or functions to committees consisting of two or more persons appointed by them, with at least one member of every committee being a Trustee. All proceedings of committees are reported to the Trustees within a reasonable period.

Key Management Personnel Remuneration

The Trustees and key management personnel (for example, Finance and Community Affairs) of the Foundation in charge of directing and controlling the Foundation give their time freely and receive no remuneration or expenses for their services to the Foundation.

Related Party Relationships

The principal funding sources for the Foundation are donations from MSIP, a subsidiary of Morgan Stanley, and donations from Morgan Stanley employees. Furthermore, all Trustees are Morgan Stanley employees. Details of any related party transactions are disclosed in note 15 to the financial statements.

Events After the Reporting Date

There are no significant events after the reporting date.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report of the Trustees and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Charities Statement of Recommended Practice;
- 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 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 enable them to ensure that the financial statements comply with the Charities Act 2011 (as amended in the Charities Act 2022), the Charity (Accounts and Reports) Regulations 2008 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.

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

Approved by the Board of Trustees on 9th October 2024 and signed on its behalf by:

DocuSigned by:

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K. Lazaroo
Trustee
09 October 2024

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Morgan Stanley International Foundation (the "charity"):

- give a true and fair view of the state of the charity's affairs as at 31 December 2023 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Charities Act 2011 (as amended in the Charities Act 2022) and the Trust Deed.

We have audited the financial statements which comprise:

- the Statement of Financial Activities;
- the Statement of Financial Position;
- the Statement of Cash Flows; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 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 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.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION (CONTINUED)

Responsibilities of Trustees

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charity's industry and its control environment, and reviewed the charity's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the Trustees about their own identification and assessment of the risks of irregularities, including those that are specific to the charity's business sector.

We obtained an understanding of the legal and regulatory frameworks that the charity operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Charities Act, Trust Deed, Charities (Accounts and Reports) Regulations 2008; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or to avoid a material penalty. This included the Charity Commission and General Data Protection Regulation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address it are described below:

- we presume a risk of material misstatement due to fraud in revenue recognition which is related to the completeness of donation income. To address this risk, we reviewed the Trustees' meeting minutes, all bank statements in the period, and post year end records up to the date of this report to test whether income had been appropriately included in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls; we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION (CONTINUED)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters 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 and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

DocuSigned by:

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Michelle Hopton

Deloitte LLP

Senior Statutory Auditor

Bristol, United Kingdom

09 October 2024

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

MORGAN STANLEY INTERNATIONAL FOUNDATION**STATEMENT OF FINANCIAL ACTIVITIES****Year ended 31 December 2023**

	Note	Restricted Funds £	Unrestricted Funds £	Total Funds 2023 £	Total Funds 2022 £
INCOME FROM:					
Donations:					
Organisations	3	-	1,143,927	1,143,927	1,195,285
Other	3	102,677	-	102,677	392,400
Investment income	4	-	96,646	96,646	69,770
Other income		9,875	83,608	93,483	23,385
TOTAL INCOME		112,552	1,324,181	1,436,733	1,680,840
EXPENDITURE ON:					
Raising funds:					
Investment management costs		-	(24,747)	(24,747)	(17,831)
Charitable activities:					
Employee volunteering	5	-	(164)	(164)	(1,260)
Grants	5	(112,552)	(319,014)	(431,566)	(1,734,739)
TOTAL EXPENDITURE		(112,552)	(343,925)	(456,477)	(1,753,830)
Net gains/(losses) on investment	8	-	178,153	178,153	(335,110)
Other recognised (losses)/gains		-	(5,483)	(5,483)	1,584
NET INCOME/(EXPENDITURE)		-	1,152,926	1,152,926	(406,516)
NET MOVEMENT IN FUNDS		-	1,152,926	1,152,926	(406,516)
TOTAL FUNDS AT THE BEGINNING OF THE YEAR		-	3,044,383	3,044,383	3,450,899
TOTAL FUNDS AT THE END OF THE YEAR		-	4,197,309	4,197,309	3,044,383

The notes on pages 14 to 22 form an integral part of the financial statements.

All activities were continuing in the current and prior year.

See Note 16 for comparative Statement of Financial Activities.

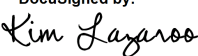
MORGAN STANLEY INTERNATIONAL FOUNDATION**STATEMENT OF FINANCIAL POSITION****As at 31 December 2023**

	Note	Restricted Funds	Unrestricted Funds	Total Funds 2023	Total Funds 2022
		£	£	£	£
FIXED ASSETS					
Investments	8	750,006	2,571,380	3,321,386	3,071,334
CURRENT ASSETS					
Debtors	9	-	-	-	245
Cash at bank and in hand	10	291,812	1,751,835	2,043,647	1,594,093
		291,812	1,751,835	2,043,647	1,594,338
LIABILITIES					
Creditors: Amounts falling due within one year	11	(441,818)	(125,906)	(567,724)	(1,121,289)
NET CURRENT (LIABILITIES)/ASSETS		(150,006)	1,625,929	1,475,923	473,049
Creditors: Amounts falling due after one year	12	(600,000)	-	(600,000)	(500,000)
NET ASSETS		-	4,197,309	4,197,309	3,044,383
THE FUNDS OF THE CHARITY					
Restricted funds		-	-	-	-
Unrestricted funds		-	4,197,309	4,197,309	3,044,383
TOTAL FUNDS	14	-	4,197,309	4,197,309	3,044,383

The notes on pages 14 to 22 form an integral part of the financial statements.

See Note 16 for comparative Statement of Financial Position.

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

DocuSigned by:

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K Lazaroo
 Trustee
 09 October 2024

MORGAN STANLEY INTERNATIONAL FOUNDATION**STATEMENT OF CASH FLOWS****Year ended 31 December 2023**

	Note	Total Funds 2023 £	Total Funds 2022 £
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	455,037	(1,013,941)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends and interest from investments	8	267	12,148
Investment management costs paid during the year	8	(24,747)	(17,831)
Proceeds from sale of investments	8	-	2,540,359
Purchase of investments	8	-	(3,074,194)
Net gains on revaluation	8	2,744	5,718
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(21,736)	(533,800)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		433,301	(1,547,741)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,704,772	3,250,929
Net(losses)/gains on cash and cash equivalents due to exchange rate movements		(5,483)	1,584
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		2,132,590	1,704,772
RECONCILIATION TO CASH AT BANK:			
Cash at bank	10	2,043,647	1,594,093
Cash held by investment manager	10	88,943	110,679
CASH AND CASH EQUIVALENTS		2,132,590	1,704,772

The notes on pages 14 to 22 form an integral part of the financial statements.

**MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023**

1. BASIS OF PREPARATION

Charitable status

The Foundation is established as a Trust under a Charitable Trust Deed (the “Trust Deed”) dated 18 November 1994 as amended by a Deed of Variation dated 10 July 2014 and is registered with the Charity Commission.

Statement of compliance

The Foundation meets the definition of a public benefit entity under FRS 102.

These financial statements are prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note to these financial statements. These financial statements have been prepared in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities (SORP 2019)” applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2019; and the Charities Act 2011 (as amended in the Charities Act 2022). They have all been applied consistently throughout the year and the preceding year.

New standards and interpretations

There were no new standards or interpretations relevant to the Foundation’s operations which were adopted during the year.

The going concern assumption

The Foundation’s activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Trustees. The Foundation has sufficient resources to cover future pledged liabilities and continually monitors reserve levels to ensure reserves are held in excess of the reserves requirement. The principal funding sources for the Foundation continue to be donations from MSIP and from Morgan Stanley employees. Employee donations have been raised internally via various Morgan Stanley fundraising activities. The Foundation does not participate in external fundraising or engage others to do so on their behalf. No changes are foreseen to the principal funding sources in 2024 and 2025.

Taking these factors into consideration, the Trustees have no reason to believe that the Foundation will not have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual Report of the Trustees and financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Fund structure

Restricted funds are reserved for a selected Employee Nominated Charity Partner and are not made available for any other purpose. Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Foundation.

b. Income recognition

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

Donations and interest on funds held on deposit are recognised when receivable and the amount can be measured reliably by the Foundation; this is typically upon notification of receipt by the bank.

c. Expenditure recognition

Expenditure is recognised as soon as there is a legal or constructive obligation committing the Foundation to that expenditure, it is probable that settlement will be required and the amount of obligation can be measured reliably. All expenditure is accounted for on an accruals basis. Charitable activities expenditure includes grants payments made to third party charities in the furtherance of the charitable objectives of the Foundation (specifically direct charitable grants and employee matching grants) and costs of employee fundraising activities.

Grants are recognised when the Foundation has a legal or constructive obligation to make the grant. For direct grants, this is typically once a recipient charity has been notified of a grant award.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Foreign currencies

Items included in the financial statements are measured and presented in Pounds Sterling, the currency of the primary economic environment in which the Foundation operates.

All monetary assets and liabilities denominated in currencies other than Pound Sterling are translated in Pound Sterling at the rates ruling at the balance sheet date. Transactions in currencies other than Pound Sterling are recorded at the rates ruling at the dates of transactions. All translation differences are taken through "Other recognised gains/ (losses)" in the Statement of Financial Activities.

e. Investments

Investments held in an investment portfolio are stated at their fair value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

f. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, Cash and cash equivalents comprise cash at bank and in hand and cash held by the investment manager with original maturities of three months or less, that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

g. Financial instruments excluding investments

Financial assets and liabilities primarily comprise debtors, cash at bank and in hand and creditors. Debtors are measured at their recoverable amount. Creditors are recorded at their settlement amount.

h. Contingent liabilities

A contingent liability is identified and disclosed for those grants resulting from:

- i) a possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustees' control; or
- ii) the amount has not been communicated in the grant award and that amount can be estimated reliably.

i. Taxation

The Foundation is recognised as a charity for taxation purposes and as a result no liability to taxation arises on its charitable activities.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

j. Donated services

The Foundation relies on the employees of Morgan Stanley for various administrative tasks of which the costs cannot be reliably measured and are borne by another Morgan Stanley Group undertaking.

k. Critical accounting judgements and key sources of estimation uncertainty

No critical judgements have been made in the process of applying the Foundation's accounting policies that have had a significant effect on the amounts recognised in the financial statements. There are no key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

3. DONATIONS

Donations from organisations represent monies received from MSIP. Other donations to the restricted funds represent monies received from employees within the Morgan Stanley EMEA group of companies.

4. INVESTMENT INCOME

	2023	2022
	£	£
Dividend income from equity investments and interest receivable	96,646	69,770

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2023

5. GRANTS

During the year, the following grants of amounts greater than or equal to £20,000 were made or have been committed to the following beneficiaries:

Year ended 31 December 2023

	£	£
Restricted Funds		
London Employee Nominated Charity Partnership:		
The Felix Project		112,552
Unrestricted Funds		
Anna Freud (London)	49,292	
Coup de Pouce (Paris)	36,217	
Foundacion Tomillo (Madrid)	30,180	
OSA (Budapest)	30,147	
Glasgow Children's Hospital Charity (Glasgow)	30,000	
Career Ready (Glasgow)	30,000	
Children's Hospices Across Scotland (Glasgow)	25,000	
Bator Tabor (Budapest)	22,160	
Basis Point (Dublin)	21,632	
Other grants made or committed of less than £20,000 (including matched funding)	44,386	
Total Unrestricted Funds Grants	<u>44,386</u>	319,014
Total Grants		<u><u>431,566</u></u>
Support costs		164

In 2023, the restricted and unrestricted fund grants were made to charities supporting the following initiatives: Health (£187,069), Children's Education (£140,189), Children's Mental Health (£79,439) and other initiatives (£24,869).

Grants greater than or equal to £20,000 as disclosed above are in excess of 89.7% (2022: 96.9%) of grant expenditure for the year.

Amounts which have been committed to The Felix Project are comprised of amounts raised by employees and matched funding grants which are paid from restricted funds.

Support costs comprise of bank fees incurred for making payments to the relevant grant recipients.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2023

5. GRANTS (CONTINUED)

Year ended 31 December 2022

	£	£
Restricted Funds		
London Employee Nominated Charity Partnership: The Felix Project		646,224
Unrestricted Funds		
Place2Be (London)		
Great Ormond Street Children's Hospital (London)		
Save the Children (London)	71,000	
PEEK (Glasgow)	70,000	
Cost of Living (Bromley By Bow - London)	50,000	
Cost of Living (Die Arche - Frankfurt)	50,000	
Cost of Living (GYEA - Budapest)	50,000	
Cost of Living (PEEK - Glasgow)	50,000	
Cost of Living (Restaurants Du Coeur - Paris)	50,000	
Coup de Pouce (Paris)	36,625	
Die Arche (Frankfurt)	34,881	
Joblinge (Frankfurt)	34,881	
Bagazs (Budapest)	32,123	
Fundacion Tomillo (Madrid)	30,521	
Career Ready (Glasgow)	30,000	
Csodalampa (Budapest)	28,380	
Glasgow Children's Hospital (Glasgow)	27,500	
OSA (Budapest)	27,226	
Alliance Pour L'Education (Paris)	26,161	
Basis point (Dublin)	21,777	
Bator Tabor (Budapest)	20,042	
Other grants made or committed of less than £20,000 (including matched funding)	53,977	
Total Unrestricted Funds Grants	<u>1,088,515</u>	
Total Grants		<u>1,734,739</u>
Support Costs		1,260

In 2022, the restricted and unrestricted fund grants were made to charities supporting the following initiatives: Health (£929,732), Children's Education (£246,970), Children's Mental Health (£184,061), Healthy Cities (£70,000) and other initiatives (£303,976).

6. STAFF COSTS

The Foundation incurs no staff costs (2022: £nil) as services are donated. The Trustees and key management personnel received no fees or expenses for their services to the Foundation (2022: £nil).

7. TAXATION

The Foundation qualifies as a charity within the definition of Chapter 3 of Part 11 to the Corporation Tax Act 2010 by HM Revenue & Customs. Income used for the purposes of the Foundation is exempt from taxation.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2023

8. INVESTMENTS

	Investments	Cash	Total	Investments	Cash	Total
	2023	2023	2023	2022	2022	2022
	£	£	£	£	£	£
Market value at 1 January	2,960,655	110,679	3,071,334	2,710,026	145,182	2,855,208
Additions to investments at cost	-	-	-	3,074,194	(3,074,194)	-
Disposals at market value	-	-	-	(2,540,359)	2,540,359	-
Net gains/(losses) on revaluation	175,409	2,744	178,153	(340,828)	5,718	(335,110)
Cash transfers to facilitate purchase of assets	-	-	-	-	499,297	499,297
Investment income (note 4)	96,379	267	96,646	57,622	12,148	69,770
Investment management costs paid during the year	-	(24,747)	(24,747)	-	(17,831)	(17,831)
Market value at 31 December	3,232,443	88,943	3,321,386	2,960,655	110,679	3,071,334
Cost of investment portfolio at 31 December	3,351,414			3,254,619		

Market value analysed between:

	2023	2022
	£	£
Cash held by investment manager	88,943	110,679
Investment funds:		
Equity investment funds	2,013,245	1,794,610
Fixed income investment funds	792,634	640,475
Alternative investment, commodities & real estate	426,564	525,570
	<u>3,232,443</u>	<u>2,960,655</u>
Total investments held by investment manager	<u>3,321,386</u>	<u>3,071,334</u>

All investments are carried at their fair value as determined by the investment manager. Holdings in investment funds are valued at the bid price.

The Trustees engaged Credit Suisse (UK) Limited as investment manager until March 2022. From March 2022, the Trustees engaged Sarasin & Partners LLP.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2023

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Unrestricted Funds		
Refund	-	245
	<u>-</u>	<u>245</u>

10. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances, which have less than three months maturity from the date of acquisition:

	2023	2022
	£	£
Cash at bank and in hand	2,043,647	1,594,093
Cash held by investment manager	88,943	110,679
	<u>2,132,590</u>	<u>1,704,772</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Restricted Funds		
Amount payable to Employee Nominated Charity Partnership		
The Felix Project	441,818	669,266
Unrestricted Funds		
Grant funds committed and not yet paid	84,347	335,665
Matching funds committed	34,366	110,125
Accrued investment management costs	7,193	6,233
	<u>567,724</u>	<u>1,121,289</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2023	2022
	£	£
Restricted Funds		
Amount payable to Employee Nominated Charity Partnership		
The Felix Project	600,000	500,000
	<u>600,000</u>	<u>500,000</u>

13. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2023, the Foundation had committed to pay the following amount, relating to grant commitments, subject to certain pre-determined conditions. These conditions may include the relevant charity reaching funding levels themselves for the projects concerned and a satisfactory review of the projects by the Trustees on an ongoing basis.

	2023	2022
	£	£
Commitments due:		
- within one year	-	202,206
	<u>-</u>	<u>202,206</u>

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2023

14. MOVEMENT IN FUNDS

As at 31 December 2023	Restricted Funds TFP	Unrestricted Funds	Total Funds
	£	£	£
At 1 January 2023	-	3,044,383	3,044,383
Income	112,552	1,324,181	1,436,733
Expenditure	(112,552)	(343,925)	(456,477)
Gain on investments	-	178,153	178,153
Foreign exchange losses	-	(5,483)	(5,483)
At 31 December 2023	<u>-</u>	<u>4,197,309</u>	<u>4,197,309</u>

As at 31 December 2022	Restricted Funds TCT/TFP	Unrestricted Funds	Total Funds
	£	£	£
At 1 January 2022	-	3,450,899	3,450,899
Income	396,224	1,284,616	1,680,840
Expenditure	(646,224)	(1,107,606)	(1,753,830)
Transfer between funds	250,000	(250,000)	-
Loss on investments	-	(335,110)	(335,110)
Foreign exchange gains	-	1,584	1,584
At 31 December 2022	<u>-</u>	<u>3,044,383</u>	<u>3,044,383</u>

The restricted funds represent monies payable to the Foundation's London Employee Nominated Charity Partnerships, which has been The Felix Project for the entirety of 2022 and 2023.

The unrestricted funds are available to be spent for any purpose permitted in the Trust Deed at the discretion of the Trustees.

In 2022, the transfer between funds represents the matched funding commitment to the Foundation's London Employee Nominated Charity Partnership using unrestricted funds.

15. RELATED PARTY TRANSACTIONS

In 2023 the Foundation received from MSIP, a subsidiary of Morgan Stanley, grants totalling £1,143,927 (2022: £1,195,285) to unrestricted funds.

The audit fee of £20,000 (2022: £10,000) has been borne by a Morgan Stanley Group company in both the current and prior years and not charged to the Foundation.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2023

16. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Restricted Funds	Unrestricted Funds	Total Funds 2022
	£	£	£
INCOME FROM:			
Donations:			
Organisations	-	1,195,285	1,195,285
Other	392,400	-	392,400
Investment income	-	69,770	69,770
Other income	3,824	19,561	23,385
TOTAL INCOME	396,224	1,284,616	1,680,840
EXPENDITURE ON:			
Raising funds:			
Investment management costs	-	(17,831)	(17,831)
Charitable activities:			
Employee volunteering	-	(1,260)	(1,260)
Grants	(646,224)	(1,088,515)	(1,734,739)
TOTAL EXPENDITURE	(646,224)	(1,107,606)	(1,753,830)
Net losses on investment	-	(335,110)	(335,110)
Other recognised gains/(losses)	-	1,584	1,584
NET (EXPENDITURE)/INCOME	(250,000)	(156,516)	(406,516)
TRANSFERS			
Transfer between funds	250,000	(250,000)	-
NET MOVEMENT IN FUNDS	-	(406,516)	(406,516)
TOTAL FUNDS AT THE BEGINNING OF THE YEAR	-	3,450,899	3,450,899
TOTAL FUNDS AT THE END OF THE YEAR	-	3,044,383	3,044,383

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2023

17. COMPARATIVE STATEMENT OF FINANCIAL POSITION

	Restricted Funds	Unrestricted Funds	Total Funds 2022
	£	£	£
FIXED ASSETS			
Investments	750,004	2,321,330	3,071,334
CURRENT ASSETS			
Debtors	-	245	245
Cash at bank and in hand	419,262	1,174,831	1,594,093
	419,262	1,175,076	1,594,338
LIABILITIES			
Creditors: Amounts falling due within one year	(669,266)	(452,023)	(1,121,289)
NET CURRENT (LIABILITIES)/ ASSETS	(250,004)	723,053	473,049
Creditors: Amounts falling due after one year	(500,000)	-	(500,000)
NET ASSETS	-	3,044,383	3,044,383
THE FUNDS OF THE CHARITY			
Restricted funds	-	-	-
Unrestricted funds	-	3,044,383	3,044,383
TOTAL FUNDS	-	3,044,383	3,044,383

18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

	2023	2022
	£	£
NET MOVEMENT IN FUNDS	1,158,409	(408,101)
Adjustments for:		
(Gains)/losses on investments	(178,153)	335,110
Investment management costs paid during the year	24,747	17,831
Dividends and interest from investments	(96,646)	(69,770)
Decrease/(Increase) in debtors	245	(245)
(Decrease) in creditors	(453,565)	(888,766)
NET CASH PROVIDED BY OPERATING ACTIVITIES	455,037	(1,013,941)

19. EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date.

MORGAN STANLEY INTERNATIONAL FOUNDATION

England & Wales - Charity number 1042671

Accounts

Registered Charity No. 1042671

MORGAN STANLEY INTERNATIONAL FOUNDATION

Report of the Trustees and Financial Statements

31 December 2022

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MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES

The Trustees present their annual report and financial statements of Morgan Stanley International Foundation (the "Foundation") for the year ended 31 December 2022.

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Name: Morgan Stanley International Foundation
Charity registration number: 1042671
Registered Office and operational address: 25 Cabot Square
Canary Wharf
London
E14 4QA

TRUSTEES

The following Trustees held office during the year and to the date of this report:

A Armstrong	
S Anselm	
N Fogarasi	
D Fuhrman	Appointed 24 th March 2022
J Glynn	
M Gregotti	
J Harriman	Appointed 24 th March 2022
P Harris	Resigned 24 th January 2022
D Kitterick	Appointed 6 th July 2023
E Laino	Appointed 24 th March 2022
K Lazaroo	Appointed as Trustee w.e.f 6 th April 2023 and Chair w.e.f 6 th July 2023
S Mavin	Resigned 30 th January 2023
M McMahon	Resigned 14 th March 2022
C Nicholls	
Z Parish	
HC Siebold	Resigned 16 th February 2022
G Rogers	Resigned 19 th April 2022
O Stuart	
S Watts	Chair (resigned 6 th July 2023)
R Weinberg	Appointed 24 th March 2022
C Woodman	

The Trustees meet a minimum of four times a year.

SECRETARY

John Haile Resigned 31st March 2023
Paul Bartlett Appointed 1st April 2023

AUDITOR

Deloitte LLP, Statutory Auditor, 3 Rivergate, Temple Quay, Bristol, United Kingdom, BS1 6GD.

BANKERS

HSBC Bank plc, 60 Fenchurch Street, London, United Kingdom, EC3M 4BA.

INVESTMENT MANAGER

Credit Suisse (UK) Limited, 5 Cabot Square, United Kingdom, E14 4QR (Until March 2022).

Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU (From March 2022).

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

OBJECTIVES AND ACTIVITIES

The principal objective of the Foundation is to make a positive and sustainable impact on children's welfare in disadvantaged communities across the Europe, Middle East and Africa ("EMEA") region. Focusing primarily on child health and education, the Foundation works in partnership with charitable organisations to direct funding and utilise the expertise of Morgan Stanley employees to benefit the communities in which Morgan Stanley operates. There have been no changes to the principal activity of the Foundation in the year.

Public Benefit

In setting the objectives and planning the activities of the Foundation, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. Through supporting local communities in line with the objectives outlined above, the Foundation meets the requirements of this guidance.

Grant Policy

The Foundation makes grants through three different channels: direct charitable grants, employee-nominated charity partnerships and employee matching grants.

1. Direct charitable grant applications are invited for the funding of projects in EMEA and are reviewed at the Trustees' meetings against specific grant objectives. Multi-year grants are monitored on an annual basis to ensure the grant criteria continue to be met.
2. Employee nominated charity partnerships are voted for by Morgan Stanley employees, and the Foundation matches employee fundraising and donations up to a pre-determined amount.
3. Employee matching grants recognise Morgan Stanley employees' fundraising and volunteering efforts in their local communities. The Foundation currently matches fundraising efforts by an employee for a charitable organisation up to a maximum of £500 per employee in one given year. In addition, grants in recognition of certain employees' volunteering efforts are awarded at £500 per employee to a charity of the employee's choice in one given year.

Diversity and Inclusion

Diversity and inclusion is a fundamental focus for the Foundation and having a diverse Board of Trustees is important to its continued success and ability to meet its objectives. To this end, the Foundation considers diversity and inclusion criteria when appointing members to the Board of Trustees to ensure that the Foundation represents gender, ethnicity, age and geographic location and any other relevant factors.

Diversity and inclusion are also a key focus of the Foundation's selection process of the charities it supports. Analysis is performed to ensure that charities' programmes reach a diverse range of individuals.

ACHIEVEMENTS AND PERFORMANCE

Each year the Foundation receives a donation from Morgan Stanley & Co International plc ("MSIP"), a UK subsidiary of Morgan Stanley. In 2022, the Foundation received a donation of £1,195,285 (2021: £1,195,966 and additional amounts of £554,999 on 9 March 2021 and £752,533 on 21 December 2021).

The Foundation continues to be a strategic partner for local, national, and international organisations, employing a combination of funding and the time and expertise of Morgan Stanley employees to maximise positive impact.

To address the cost-of-living crisis which saw charities experiencing higher demand for services, as well as increased prices for energy, food, fuel and more, the Foundation extended its support to help people on the lowest incomes. In 2022 a £500,000 fund was created for partners in the UK (The Felix Project, Bromley by Bow and PEEK), Hungary (GYEA), Germany (Die Arche) and France (Restaurant de Coeur).

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

The Foundation's performance measures include programme indicators that are unique to each organisation. For example, The Alliance for Children's Mental Health programme is measured via the number of new teachers it is able to train in relation to children's mental health and the number of young people that it supports directly through transition from primary to secondary school.

1. Direct Charitable Grants

During 2022, the Foundation provided direct grants to over 16 charities across EMEA supporting organisations who work primarily in the areas of child health and education.

Key charitable grants in London and Glasgow during 2022 include:

Place2Be: the UK partner for the Morgan Stanley Alliance for Children's Mental Health, a global programme that combines the resources and reach of Morgan Stanley with the knowledge and experience of our charity partners to help deliver positive, tangible impact on the critical challenges of stress, anxiety and depression in children, adolescents, and young people.

The Foundation supports Place2Be with a range of critical mental health initiatives for students, parents and teachers in London and Glasgow. This includes enabling the charity to extend its school based mental health services for over 8,400 children in 14 schools in London and Glasgow.

Save the Children ("SCF"): focused on the Tower Hamlets community in London where over half of children are in poverty, SCF's mission in the UK is to narrow the early learning gap between the richest and poorest children, by ensuring every child is ready to learn when they get to school and can continue to thrive in adulthood.

The Foundation supports the Parent Power programme, created in 2019 to tackle the issue that children growing up in poorest parts of the UK by age of 3 are 17 months behind their peers who live in more affluent areas.

Between 2019-2022 the Parent Power programme directly reached over 580 families in Tower Hamlets through innovative projects delivered with local partners including: the piloting of early-year toy libraries which have supported around 392 parents/carers and 415 children in 150 sessions; and the development of a new 15-18 month health check initiative with the NHS that screened 45 children during 2022. In addition, SCF has created and distributed over 1,000 copies of a parental magazine and provided 450 early years grants to families to support their children's basic needs and help ensure that every child is prepared to begin learning.

Key charitable grants across the EMEA region outside the UK during 2022 include:

- **Die Arche:** a German charity that provides a safe place for children living in financial and emotional poverty and helps them to achieve a solid education. The project funded by the Foundation supports the after-school education programme in Frankfurt.
- **Fundacion Tomillo:** a Spanish charity that seeks to contribute to social improvement and personal development of young people in Madrid. The project funded by the Foundation provides employment training for young people who have failed at school and are trying to get back into education and/or employment.
- **Bagazs:** a Hungarian charity that works to promote the integration of the underserved Roma population and help Romani children to achieve the same academic and career success as the majority. The project funded by the Foundation focusses on the Roma settlement of Bag, supporting parent-child relationships, performance in school and building self-confidence.

A list of all grants made by the Foundation during the year greater than or equal to £20,000 is included in Note 5 to the financial statements.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

2. Employee Nominated Charity Partnerships

The Foundation also looks to raise funds for specific projects over a two-year period through “Employee Nominated Charity Partnerships” across a number of offices in EMEA. Partnerships were selected by employees in October 2021 and will run through until December 2023 (extended from September 2023).

London

In October 2021, London employees nominated The Felix Project (“TFP”) as their new charity partner. An initial target for employee fund raising of £500,000 was set which would be matched by the Foundation over the course of the partnership. Funds raised help TFP run its new East London operation for five years, rescuing and distributing 75 million meals to hundreds of charities, schools and community groups in East London, where deprivation is amongst the highest of any urban area in Europe.

In October 2022, the employee fundraising goal was extended by £250,000, which has also been matched by the Foundation. This additional fundraising enables TFP to scale up its kitchen so it can provide more pre-made meals for its beneficiaries. It helps the kitchen produce 340,000 extra meals, amounting to 2,000 more people fed per day. As at 31 December 2022, London employees’ donations and Foundation matching exceeded £1,350,000 over the course of the partnership. £450,000 has been released to TFP, paid in March 2023.

During the partnership with Teenage Cancer Trust (“TCT”), which commenced in October 2019 and ceased in September 2021, London employees’ donations and Foundation matching totalled £1,223,451 including £132,981 raised in 2021. The Teenage Cancer Trust and Morgan Stanley Unit at University College London Hospital was officially opened on 11 July 2022.

Glasgow

In October 2021, Glasgow employees nominated Children’s Hospices Across Scotland (“CHAS”) as their new charity partner. An initial target for employee fund raising of £90,000 was set which would be matched by the Foundation over the course of the partnership. Funds raised are supporting a new project – Flourishing Beyond Bereavement. This is an inclusive, personalised support service which can be accessed across the country, ensuring bereaved brothers and sisters are given the best chance in life. As at 31 December 2022, Glasgow employees’ donations made directly to the charity and Foundation matching exceeded £115,000.

Budapest

In October 2021, Budapest employees nominated Salva Vita as their new charity partner. An initial target of HUF 15 million (approx. £30,000) was set, which would be matched by the Foundation over the course of the partnership. Funds raised are helping Salva Vita find work experience for disabled young people, fund supported living and reduce the stigma of disability in Hungary. As at 31 December 2022, Budapest employees’ donations made directly to the charity and Foundation matching exceeded HUF 21 million (approx. £46,000).

Frankfurt

In October 2021, Frankfurt employees nominated Kinderschutzbund Frankfurt as their new charity partner. An initial target of EUR 70,000 (approx. £60,000) was set, which would be matched by the Foundation over the course of the partnership. Funds raised are helping Kinderschutzbund Frankfurt establish a Family House, where families with young children who are in need of help will be provided with a place to talk about their situation and also with clothing, baby equipment and supplies. As at 31 December 2022, Frankfurt employees’ donations made directly to the charity and Foundation matching exceeded EUR 65,000 (approx. £57,000).

3. Other Charity Partnerships in 2022

Other employee-nominated charity partners across EMEA were:

- L’Envol in Paris;
- Association CAF Onlus in Milan;
- Barretstown in Dublin; and
- Kinderspital in Zurich.

These charities all work to support a range of children’s causes.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

4. Employee Matching Grants

The Foundation also sought to increase employee engagement and understanding of its work and rewarded in excess of £33,000 to 58 employees for their volunteering and fundraising efforts with a donation to their chosen charity, providing public benefit through the supported charities activities.

FINANCIAL REVIEW

The net outflow of funds in the year was £406,516 (2021: inflow £650,731) and the total funds at the end of the year were £3,044,383 (2021: £3,450,899). The Foundation's statement of financial position shows net current assets of £473,049 (2021: net current assets of £845,691). The Foundation has access to liquid securities within the investment portfolio, classified as fixed assets, which can be liquidated at any time to meet funding needs.

The level of donations received in 2022 decreased by £1,308,213 to £1,195,285 (2021: £2,503,498) primarily driven by reduced Morgan Stanley Group donations from MSIP as additional amounts totalling £1,307,532 were donated in 2021.

In 2022, grant expenditure of £1,734,739 (2021: £2,131,332) was recognised, which decreased by £396,593 from the prior year. The Foundation's restricted expenditure in 2022 of £646,224 includes donations to The Felix Project of £396,224 and £250,000 of additional matching, approved by Trustees in October 2022 (2021: £521,494 The Felix Project and £132,981 Teenage Cancer Trust). The restricted employee donations represent approximately 37% of the total 2022 grant expenditure (2021: 30%). Other significant grants include: Place2Be, Great Ormond Street Hospital ("GOSH"), Possibilities for Each and Every Kid ("PEEK") and Save the Children. In November 2022, the Foundation paid £1,220,876 (£500,000 from restricted funds and £720,876 from unrestricted funds) to Teenage Cancer Trust, which fully settled amounts due to the charity.

Going Concern and Principal Funding Sources

The principal funding sources for the Foundation continue to be donations from MSIP and Morgan Stanley employees. Employee donations have been, and continue to be, raised internally via various Morgan Stanley fundraising activities. The Foundation does not participate in external fundraising or engage others to do so on their behalf. No changes are foreseen to the principal funding sources in 2023 and 2024.

The Foundation will only commit to making payments of charitable donations if there are sufficient funds available to do so and it continues to meet its reserves policy, as outlined on page 6. Note 13 of the financial statements includes information about the Foundation's contingent liabilities. Taking these factors into consideration, the Trustees have no reason to believe that the Foundation will not have access to adequate funding sources to continue in operational existence for the foreseeable future i.e. at least twelve months from the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Investment Policy and Performance

All investments held by the Foundation have been acquired in accordance with the powers available to the Trustees.

The Trustees engaged Credit Suisse (UK) Limited as investment manager until March 2022 and gave them full discretion when evaluating social, environmental or ethical issues. From March 2022, the Trustees engaged Sarasin & Partners LLP ('Sarasin') under similar terms. In accordance with the Trust Deed, the Trustees have the power to invest in such stocks, shares, investments and property as they see fit. The Foundation's investment strategy is to maintain overall wealth, preferably in real terms. The Foundation's neutral position is to invest 80% in the Sarasin Endowments Fund and 20% in the Sarasin Income & Reserves Fund.

During the year, the portfolio produced a negative return of 9.9% (2021: positive return of 5.2%). Since the transition to Sarasin in March 2022, the Foundation's investment portfolio has had a relative outperformance of 2% compared to the Sarasin reference benchmark.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Risk Management

The Trustees annually assess the major risks to which the Foundation is exposed, in particular risks related to the operations and finances of the Foundation, and are satisfied that systems are in place to mitigate these risks.

The principal operational risks faced by the Foundation are its ability to access its financial assets and make effective grants. Risks associated with access to the Foundation's financial assets are mitigated through clear segregation of duties, control of access rights and supervision by Trustees. The risk from ineffective grant making is managed through performance of due diligence procedures on prospective grantees, Trustee oversight regarding alignment of grant making with the objectives of the Foundation and monitoring the delivery of grant projects.

The Foundation's principal financial risks are mitigated by Trustees review of relevant financial information on a quarterly basis (including investment performance, actual expenditure against budget, current level of reserves and cash flow analysis) and utilising Sarasin & Partners LLP as manager and custodian of its investment portfolio (Credit Suisse UK until March 2022).

Restricted and Unrestricted Funds

Restricted funds are reserved for selected Employee Nominated Charity Partners and are not made available for any other purpose. Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Foundation.

Reserves Policy

In line with the Statement of Recommended Practice ("SORP") 2019 and Charity Commission guidelines, the Trustees regularly review the effectiveness of the Foundation's reserves policy. In 2021, the Trustees approved the reduction of the reserves policy to ensure the most efficient use of the Foundation's reserves. As at 2022, the Foundation's reserve policy is to maintain a level of reserves greater than 100% of current year budgeted expenditure in liquid assets to cover future commitments and contingent liabilities, to safeguard the risk of a downturn in contributions and to ensure that the Foundation provides regular, sustained and consistent support to its designated charities.

As at 31 December 2022, the Foundation's level of reserves is in excess of the requirement set out in this policy at 143% (2021: 240%) of the current year budget. Budgeted expenditure for the year to 31 December 2022 was £2,123,500 (2021: £1,436,157), giving rise to required reserves of £2,123,500 (2021: £1,436,157). Total Funds of £3,044,383 (2021: £3,450,899), readily available in the form of cash and investments, represent the liquid assets under the reserves policy. As at both 31 December 2022 and 31 December 2021, the Foundation's Restricted Funds were £nil.

The Foundation's level of reserves is monitored by the Trustees throughout the year.

PLANS FOR FUTURE PERIODS

No significant change in the Foundation's principal activity is anticipated. The Trustees intend to continue to provide grants to non-profit educational and children's healthcare organisations that provide a benefit to the communities in which Morgan Stanley operates.

In 2023, the Foundation will focus on direct charitable grants and Employee Nominated Charity Partnerships. The employee matching grants programme will change to being funded by a Morgan Stanley Group undertaking. This is so the Foundation can focus on its principal objective of supporting children's healthcare and education organisations.

In 2024, it is anticipated that the Foundation will receive an increased annual donation from Morgan Stanley and will focus on expanding the direct charitable grants programme, with a view to supporting non-profit partners for up to five years. The Foundation will invite Morgan Stanley employees to support the chosen causes with their time, money and expertise.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

PLANS FOR FUTURE PERIODS (CONTINUED)

Education and Employability

The Foundation will continue to work with registered charities and state-funded schools that provide benefit to communities across EMEA. The Foundation will seek to work with organisations that can increase access and opportunity to young people. The programs the Foundation supports are based predominantly in educational institutions and specifically address academic achievement, with the objective of raising aspiration and enhancing employability skills.

Children's Health

The Foundation will continue to invest in innovations in children's health and development, working with charitable organisations, hospitals, and community-based initiatives, supporting young people to enable them to have a happier and more meaningful life. The Foundation is a member of the Morgan Stanley Alliance for Children's Mental Health initiative, striving to spread best practices in schools and universities to meet the heightened need for mental health support among young people.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Foundation is established as a Trust under a Charitable Trust Deed (the "Trust Deed") dated 18 November 1994 as amended by a Deed of Variation dated 10 July 2014 and is registered with the Charity Commission.

Trustees Recruitment and Training

The power of appointing new Trustees of the Foundation is vested in the Trustees. When considering appointing a new Trustee, the Board considers diversity and inclusion and has regard to the requirement for complete representation from business units across Morgan Stanley. The Trust Deed provides for a minimum of three with no maximum number of Trustees.

New Trustees receive relevant induction information and briefings, which involves awareness of a Trustee's responsibilities, the governing document, administrative procedures, and the history and philosophical approach of the Foundation. New Trustees are briefed on their legal obligations under charity law, the content of the Trust Deed, the Board of Trustees and decision-making processes, and recent financial performance of the Foundation.

Trustees are appointed for an initial term of three years, renewable by re-appointment for a further term of three years. The Trustees resolved in January 2022 that the three-year term is renewable once, except for the Chair for whom there is no limited term.

Organisational Structure

The Trustees meet at least quarterly and are responsible for the strategic direction and policy of the Foundation. At present, the Board of Trustees includes fifteen members from a variety of professional backgrounds.

The Board of Trustees delegates the day-to-day administrative duties, including finance and initial grant application reviews, to employees of Morgan Stanley. When reviewing grant applications, each applicant is required to undergo a due diligence process that includes a review of the Charities Commission register and screening by Morgan Stanley's Security group.

The Board of Trustees may delegate any of their powers or functions to committees consisting of two or more persons appointed by them, with at least one member of every committee being a Trustee. All proceedings of committees are reported to the Trustees within a reasonable period.

Key Management Personnel Remuneration

The Trustees and key management personnel (for example, Finance and Community Affairs) of the Foundation in charge of directing and controlling the Foundation give their time freely and receive no remuneration or expenses for their services to the Foundation.

Related Party Relationships

The principal funding sources for the Foundation are donations from MSIP, a subsidiary of Morgan Stanley, and donations from Morgan Stanley employees. Furthermore, all Trustees are Morgan Stanley employees. Details of any related party transactions are disclosed in note 15 to the financial statements.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Events After the Reporting Date

There are no significant events after the reporting date.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the annual Report of the Trustees and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Charities Statement of Recommended Practice;
- 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 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 enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 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.

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

Approved by the Board of Trustees on 12th October 2023 and signed on its behalf by

DocuSigned by:

K. Lazaroo
Trustee
12 October 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Morgan Stanley International Foundation (the "charity"):

- give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

We have audited the financial statements which comprise:

- the Statement of Financial Activities;
- the Statement of Financial Position;
- the Statement of Cash Flows; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 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 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.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION (CONTINUED)

Responsibilities of Trustees

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charity's industry and its control environment, and reviewed the charity's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the charity's business sector.

We obtained an understanding of the legal and regulatory frameworks that the charity operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Charities Act, Trust Deed, Charities (Accounts and Reports) Regulations 2008; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or to avoid a material penalty. This included the Charity Commission and General Data Protection Regulation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address it are described below:

- we presume a risk of material misstatement due to fraud in revenue recognition which is related to the completeness of donation income. To address this risk, we reviewed the Trustees' meeting minutes, all bank statements in the period, and post year end records up to the date of this report to test whether income had been appropriately included in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls; we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION (CONTINUED)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters 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 and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

DocuSigned by:

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Michelle Hopton
Deloitte LLP

Senior Statutory Auditor
Bristol, United Kingdom
12 October 2023

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

MORGAN STANLEY INTERNATIONAL FOUNDATION**STATEMENT OF FINANCIAL ACTIVITIES****Year ended 31 December 2022**

	Note	Restricted Funds £	Unrestricted Funds £	Total Funds 2022 £	Total Funds 2021 £
INCOME FROM:					
Donations:					
Organisations	3	-	1,195,285	1,195,285	2,503,498
Other	3	392,400	-	392,400	154,475
Investment income	4	-	69,770	69,770	34,777
Other income		3,824	19,561	23,385	250
TOTAL INCOME		396,224	1,284,616	1,680,840	2,693,000
EXPENDITURE ON:					
Raising funds:					
Investment management costs		-	(17,831)	(17,831)	(35,445)
Charitable activities:					
Employee volunteering	5	-	(1,260)	(1,260)	(1,434)
Grants	5	(646,224)	(1,088,515)	(1,734,739)	(2,131,332)
TOTAL EXPENDITURE		(646,224)	(1,107,606)	(1,753,830)	(2,168,211)
Net (losses)/gains on investment	8	-	(335,110)	(335,110)	141,710
Other recognised gains/(losses)		-	1,584	1,584	(15,768)
NET(EXPENDITURE)/INCOME		(250,000)	(156,516)	(406,516)	650,731
TRANSFERS					
Transfer between funds	14	250,000	(250,000)	-	-
NET MOVEMENT IN FUNDS		-	(406,516)	(406,516)	650,731
TOTAL FUNDS AT THE BEGINNING OF THE YEAR		-	3,450,899	3,450,899	2,800,168
TOTAL FUNDS AT THE END OF THE YEAR		-	3,044,383	3,044,383	3,450,899

The notes on pages 15 to 23 form an integral part of the financial statements.

All activities were continuing in the current and prior year.

See Note 16 for comparative Statement of Financial Activities.

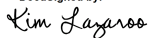
MORGAN STANLEY INTERNATIONAL FOUNDATION**STATEMENT OF FINANCIAL POSITION****As at 31 December 2022**

	Note	Restricted Funds	Unrestricted Funds	Total Funds 2022	Total Funds 2021
		£	£	£	£
FIXED ASSETS					
Investments	8	750,004	2,321,330	3,071,334	2,855,208
CURRENT ASSETS					
Debtors	9	-	245	245	-
Cash at bank and in hand	10	419,262	1,174,831	1,594,093	3,105,747
		419,262	1,175,076	1,594,338	3,105,747
LIABILITIES					
Creditors: Amounts falling due within one year	11	(669,266)	(452,023)	(1,121,289)	(2,260,056)
NET CURRENT (LIABILITIES)/ASSETS		(250,004)	723,053	473,049	845,691
Creditors: Amounts falling due after one year	12	(500,000)	-	(500,000)	(250,000)
NET ASSETS		-	3,044,383	3,044,383	3,450,899
THE FUNDS OF THE CHARITY					
Restricted funds		-	-	-	-
Unrestricted funds		-	3,044,383	3,044,383	3,450,899
TOTAL FUNDS	14	-	3,044,383	3,044,383	3,450,899

The notes on pages 15 to 23 form an integral part of the financial statements.

See Note 16 for comparative Statement of Financial Position.

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

DocuSigned by:

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K Lazaroo
 Trustee
 12 October 2023

MORGAN STANLEY INTERNATIONAL FOUNDATION**STATEMENT OF CASH FLOWS****Year ended 31 December 2022**

	Note	Total Funds 2022 £	Total Funds 2021 £
NET CASH PROVIDED BY OPERATING ACTIVITIES	18	(1,013,941)	1,493,323
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends and interest from investments	8	12,148	34,777
Investment management costs paid during the year	8	(17,831)	(35,445)
Proceeds from sale of investments	8	2,540,359	933,489
Purchase of investments	8	(3,074,194)	(862,990)
Net gains/(losses) on revaluation	8	5,718	(4,347)
NET CASH PROVIDED BY INVESTING ACTIVITIES		(533,800)	65,484
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		(1,547,741)	1,558,807
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,250,929	1,707,890
Net gains/(losses) on cash and cash equivalents due to Exchange rate movements		1,584	(15,768)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1,704,772	3,250,929
RECONCILIATION TO CASH AT BANK:			
Cash at bank	10	1,594,093	3,105,747
Cash held by investment manager	10	110,679	145,182
CASH AND CASH EQUIVALENTS		1,704,772	3,250,929

The notes on pages 15 to 23 form an integral part of the financial statements.

MORGAN STANLEY INTERNATIONAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

1. BASIS OF PREPARATION

Charitable status

The Foundation is established as a Trust under a Charitable Trust Deed (the “Trust Deed”) dated 18 November 1994 as amended by a Deed of Variation dated 10 July 2014 and is registered with the Charity Commission.

Statement of compliance

The Foundation meets the definition of a public benefit entity under FRS 102.

These financial statements are prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note to these financial statements. These financial statements have been prepared in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities (SORP 2019)” applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2019; and the Charities Act 2011. They have all been applied consistently throughout the year and the preceding year.

New standards and interpretations

There were no new standards or interpretations relevant to the Foundation’s operations which were adopted during the year.

The going concern assumption

The Foundation’s activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Trustees. The Foundation has sufficient resources to cover future pledged liabilities and continually monitors reserve levels to ensure reserves are held in excess of the reserves requirement. The principal funding sources for the Foundation continue to be donations from MSIP and from Morgan Stanley employees. Employee donations have been raised internally via various Morgan Stanley fundraising activities. The Foundation does not participate in external fundraising or engage others to do so on their behalf. No changes are foreseen to the principal funding sources in 2023 and 2024.

Taking these factors into consideration, the Trustees have no reason to believe that the Foundation will not have access to adequate resources to continue in operational existence for the foreseeable future i.e. at least twelve months from the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual Report of the Trustees and financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Fund structure

Restricted funds are reserved for a selected Employee Nominated Charity Partner and are not made available for any other purpose. Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Foundation.

b. Income recognition

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

Donations and interest on funds held on deposit are recognised when receivable and the amount can be measured reliably by the Foundation; this is typically upon notification of receipt by the bank.

c. Expenditure recognition

Expenditure is recognised as soon as there is a legal or constructive obligation committing the Foundation to that expenditure, it is probable that settlement will be required and the amount of obligation can be measured reliably. All expenditure is accounted for on an accruals basis. Charitable activities expenditure includes grants payments made to third party charities in the furtherance of the charitable objectives of the Foundation (specifically direct charitable grants and employee matching grants) and costs of employee fundraising activities.

Grants are recognised when the Foundation has a legal or constructive obligation to make the grant. For direct grants, this is typically once a recipient charity has been notified of a grant award.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Foreign currencies

Items included in the financial statements are measured and presented in Pounds Sterling, the currency of the primary economic environment in which the Foundation operates.

All monetary assets and liabilities denominated in currencies other than Pound Sterling are translated in Pound Sterling at the rates ruling at the balance sheet date. Transactions in currencies other than Pound Sterling are recorded at the rates ruling at the dates of transactions. All translation differences are taken through "Other recognised gains/ (losses)" in the Statement of Financial Activities.

e. Investments

Investments held in an investment portfolio are stated at their fair value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

f. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, Cash and cash equivalents comprise cash at bank and in hand and cash held by the investment manager with original maturities of three months or less, that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

g. Financial instruments excluding investments

Financial assets and liabilities primarily comprise debtors, cash at bank and in hand and creditors. Debtors are measured at their recoverable amount. Creditors are recorded at their settlement amount.

h. Contingent liabilities

A contingent liability is identified and disclosed for those grants resulting from:

- i) a possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustees' control; or
- ii) the amount has not been communicated in the grant award and that amount can be estimated reliably.

i. Taxation

The Foundation is recognised as a charity for taxation purposes and as a result no liability to taxation arises on its charitable activities.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

j. Donated services

The Foundation relies on the employees of Morgan Stanley for various administrative tasks of which the costs cannot be reliably measured and are borne by another Morgan Stanley Group undertaking.

k. Critical accounting judgements and key sources of estimation uncertainty

No critical judgements have been made in the process of applying the Foundation's accounting policies that have had a significant effect on the amounts recognised in the financial statements. There are no key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

3. DONATIONS

Donations from organisations represent monies received from MSIP. Other donations to the restricted funds represent monies received from employees within the Morgan Stanley EMEA group of companies.

4. INVESTMENT INCOME

	2022	2021
	£	£
Dividend income from equity investments and interest receivable	69,770	34,777

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

5. GRANTS

During the year, the following grants of amounts greater than or equal to £20,000 were made or have been committed to the following beneficiaries:

Year ended 31 December 2022

	£	£
Restricted Funds		
London Employee Nominated Charity Partnership:		
The Felix Project		646,224
Unrestricted Funds		
Place2Be (London)		
Great Ormond Street Children's Hospital (London)		
Save the Children (London)	71,000	
PEEK (Glasgow)	70,000	
Cost of Living (Bromley By Bow - London)	50,000	
Cost of Living (Die Arche - Frankfurt)	50,000	
Cost of Living (GYEA - Budapest)	50,000	
Cost of Living (PEEK - Glasgow)	50,000	
Cost of Living (Restaurants Du Coeur - Paris)	50,000	
Coup de Pouce (Paris)	36,625	
Die Arche (Frankfurt)	34,881	
Joblinge (Frankfurt)	34,881	
Bagazs (Budapest)	32,123	
Fundacion Tomillo (Madrid)	30,521	
Career Ready (Glasgow)	30,000	
Csodalampa (Budapest)	28,380	
Glasgow Children's Hospital (Glasgow)	27,500	
OSA (Budapest)	27,226	
Alliance Pour L'Education (Paris)	26,161	
Basis point (Dublin)	21,777	
Bator Tabor (Budapest)	20,042	
Other grants made or committed of less than £20,000 (including matched funding)	<u>53,977</u>	
Total Unrestricted Funds Grants		1,088,515
Total Grants		<u>1,734,739</u>
Support costs		1,260

In 2022, the restricted and unrestricted fund grants were made to charities supporting the following initiatives: Health (£929,732), Children's Education (£246,970), Children's Mental Health (£184,061), Healthy Cities (£70,000) and other initiatives (£303,976).

Grants greater than or equal to £20,000 as disclosed above are in excess of 96.9% (2021: 95.9%) of grant expenditure for the year.

Amounts which have been committed to The Felix Project are comprised of amounts raised by employees and matched funding grants which are paid from restricted funds.

Support costs comprise of bank fees incurred for making payments to the relevant grant recipients.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

5. GRANTS (CONTINUED)

Year ended 31 December 2021

	£	£
Restricted Funds		
London Employee Nominated Charity Partnership:		
Teenage Cancer Trust		132,981
The Felix Project		521,494
Unrestricted Funds		
Place2Be (London)	252,663	
Pandemic Grant (Save the Children – London)	125,000	
GOSH (London)	107,360	
Save the Children (London)	91,000	
CHAS (Glasgow)	90,000	
PEEK (Glasgow)	84,312	
Pandemic Grant (Save the Children - Italy)	75,000	
Pandemic Grant (Save the Children - Spain)	75,000	
Kinderschutzbund (Frankfurt)	60,180	
Anna Freud Institute (Frankfurt)	59,028	
Pandemic Grant (Hungarian Red Cross)	50,000	
Salva Vita (Budapest)	35,867	
Die Arche (Frankfurt)	34,035	
Joblinge (Frankfurt)	34,035	
OSA (Budapest)	30,085	
Career Ready (Glasgow)	30,000	
Fundación Tomillio (Madrid)	29,781	
BAGázs-Bazár (Budapest)	29,294	
Glasgow Children's Hospital (Glasgow)	27,500	
Alliance pour l'éducation (Paris)	25,526	
Bator Tabor (Budapest)	23,147	
Basis Point (Dublin)	21,500	
Other grants made or committed of less than £20,000 (including matched funding)	86,544	
Total Unrestricted Funds Grants	<u>1,476,857</u>	
Total Grants		<u>2,131,332</u>
Support Costs		1,434

In 2021, the restricted and unrestricted fund grants were made to charities supporting the following initiatives: Education (£263,183), Children's Health (£1,355,514), Children's Mental Health (£341,776), Healthy Cities (£98,312) and other initiatives (£70,747).

6. STAFF COSTS

The Foundation incurs no staff costs (2021: £nil) as services are donated. The Trustees and key management personnel received no fees or expenses for their services to the Foundation (2021: £nil).

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

7. TAXATION

The Foundation qualifies as a charity within the definition of Chapter 3 of Part 11 to the Corporation Tax Act 2010 by HM Revenue & Customs. Income used for the purposes of the Foundation is exempt from taxation.

8. INVESTMENTS

	Investments	Cash	Total	Investments	Cash	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Market value at 1 January	2,710,026	145,182	2,855,208	2,634,468	79,698	2,714,166
Additions to investments at cost	3,074,194	(3,074,194)	-	862,990	(862,990)	-
Disposals at market value	(2,540,359)	2,540,359	-	(933,489)	933,489	-
Net (losses)/gains on revaluation	(340,828)	5,718	(335,110)	146,057	(4,347)	141,710
Cash transfers to facilitate purchase of assets	-	499,297	499,297	-	-	-
Investment income (note 4)	57,622	12,148	69,770	-	34,777	34,777
Investment management costs paid during the year	-	(17,831)	(17,831)	-	(35,445)	(35,445)
Market value at 31 December	2,960,655	110,679	3,071,334	2,710,026	145,182	2,855,208
Cost of investment portfolio at 31 December	3,254,619			2,402,461		

Market value analysed between:

	2022	2021
	£	£
Cash held by investment manager	110,679	145,182
Investment funds:		
Equity investment funds	1,794,610	1,408,818
Fixed income investment funds	640,475	855,698
Alternative investment, commodities & real estate	525,570	445,510
	<u>2,960,655</u>	<u>2,710,026</u>
Total investments held by investment manager	<u>3,071,334</u>	<u>2,855,208</u>

All investments are carried at their fair value as determined by the investment manager. Holdings in investment funds are valued at the bid price.

The Trustees engaged Credit Suisse (UK) Limited as investment manager until March 2022. From March 2022, the Trustees engaged Sarasin & Partners LLP.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Unrestricted Funds		
Refund	245	-

10. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances, which have less than three months maturity from the date of acquisition:

	2022	2021
	£	£
Cash at bank and in hand	1,594,093	3,105,747
Cash held by investment manager	110,679	145,182
	<u>1,704,772</u>	<u>3,250,929</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Restricted Funds		
Amount payable to Employee Nominated Charity Partnership		
Teenage Cancer Trust	-	1,223,451
The Felix Project	669,266	271,493
Unrestricted Funds		
Grant funds committed and not yet paid	335,665	481,095
Matching funds committed	110,125	273,756
Accrued investment management costs	6,233	10,261
	<u>1,121,289</u>	<u>2,260,056</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2022	2021
	£	£
Restricted Funds		
Amount payable to Employee Nominated Charity Partnership		
The Felix Project	500,000	250,000

13. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2022, the Foundation had committed to pay the following amount, relating to grant commitments, subject to certain pre-determined conditions. These conditions may include the relevant charity reaching funding levels themselves for the projects concerned and a satisfactory review of the projects by the Trustees on an ongoing basis.

	2022	2021
	£	£
Commitments due:		
- within one year	202,206	316,127

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

14. MOVEMENT IN FUNDS

As at 31 December 2022	Restricted Funds	Unrestricted	Total
	TFP	Funds	Funds
	£	£	£
At 1 January 2022	-	3,450,899	3,450,899
Income	396,224	1,284,616	1,680,840
Expenditure	(646,224)	(1,107,606)	(1,753,830)
Transfer between funds	250,000	(250,000)	-
Loss on investments	-	(335,110)	(335,110)
Foreign exchange gains	-	1,584	1,584
At 31 December 2022	<u>-</u>	<u>3,044,383</u>	<u>3,044,383</u>

As at 31 December 2021	Restricted Funds	Unrestricted	Total
	TCT/TFP	Funds	Funds
	£	£	£
At 1 January 2021	-	2,800,168	2,800,168
Income	154,475	2,538,527	2,693,002
Expenditure	(654,475)	(1,513,736)	(2,168,211)
Transfer between funds	500,000	(500,000)	-
Gain on investments	-	141,708	141,708
Foreign exchange losses	-	(15,768)	(15,768)
At 31 December 2021	<u>-</u>	<u>3,450,899</u>	<u>3,450,899</u>

The restricted funds represent monies payable to the Foundation's London Employee Nominated Charity Partnerships, which had been Teenage Cancer Trust from February 2019 to October 2021 and The Felix Project from October 2021 and for the entirety of 2022.

The unrestricted funds are available to be spent for any purpose permitted in the Trust Deed at the discretion of the Trustees.

In 2022, the transfer between funds represents the matched funding commitment to the Foundation's London Employee Nominated Charity Partnership using unrestricted funds.

15. RELATED PARTY TRANSACTIONS

In 2022 the Foundation received from MSIP, a subsidiary of Morgan Stanley, grants totalling £1,195,285 (2021: £2,503,498) to unrestricted funds.

The audit fee of £10,000 (2021: £10,000) has been borne by a Morgan Stanley Group company in both the current and prior years and not charged to the Foundation.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

16. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Restricted Funds	Unrestricted Funds	Total Funds 2021
	£	£	£
INCOME FROM:			
Donations:			
Organisations	-	2,503,498	2,503,498
Other	154,475	-	154,475
Investment income	-	34,777	34,777
Other income	-	250	250
TOTAL INCOME	154,475	2,538,525	2,693,000
EXPENDITURE ON:			
Raising funds:			
Investment management costs	-	(35,445)	(35,445)
Charitable activities:			
Employee volunteering	-	(1,434)	(1,434)
Grants	(654,475)	(1,476,857)	(2,131,332)
TOTAL EXPENDITURE	(654,475)	(1,513,736)	(2,168,211)
Net gains on investment	-	141,710	141,710
Other recognised gains/ (losses)	-	(15,768)	(15,768)
NET (EXPENDITURE)/INCOME	(500,000)	1,150,731	650,731
TRANSFERS			
Transfer between funds	500,000	(500,000)	-
NET MOVEMENT IN FUNDS	-	650,731	650,731
TOTAL FUNDS AT THE BEGINNING OF THE YEAR	-	2,800,168	2,800,168
TOTAL FUNDS AT THE END OF THE YEAR	-	3,450,899	3,450,899

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

17. COMPARATIVE STATEMENT OF FINANCIAL POSITION

	Restricted Funds	Unrestricted Funds	Total Funds 2021
	£	£	£
FIXED ASSETS			
Investments	1,001,026	1,854,182	2,855,208
CURRENT ASSETS			
Debtors	-	-	-
Cash at bank and in hand	743,918	2,361,829	3,105,747
	743,918	2,361,829	3,105,747
LIABILITIES			
Creditors: Amounts falling due within one year	(1,494,944)	(765,112)	(2,260,056)
NET CURRENT (LIABILITIES)/ ASSETS	(751,026)	1,596,717	845,691
Creditors: Amounts falling after one year	(250,000)	-	(250,000)
NET ASSETS	-	3,450,899	3,450,899
THE FUNDS OF THE CHARITY			
Restricted funds	-	-	-
Unrestricted funds	-	3,450,899	3,450,899
TOTAL FUNDS	-	3,450,899	3,450,899

18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

	2022	2021
	£	£
NET MOVEMENT IN FUNDS	(408,101)	666,499
Adjustments for:		
Losses/(gains) on investments	335,110	(141,710)
Investment management costs paid during the year	17,831	35,445
Dividends and interest from investments	(69,770)	(34,777)
(Increase)/decrease in debtors	(245)	9,276
(Decrease)/increase in creditors	(888,766)	958,590
NET CASH PROVIDED BY OPERATING ACTIVITIES	(1,013,941)	1,493,323

19. EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date.

MORGAN STANLEY INTERNATIONAL FOUNDATION

England & Wales - Charity number 1042671

Accounts

Registered Charity No. 1042671

MORGAN STANLEY INTERNATIONAL FOUNDATION

Report of the Trustees and financial statements

31 December 2021

**MORGAN STANLEY INTERNATIONAL FOUNDATION
REPORT AND FINANCIAL STATEMENTS
31 December 2021**

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MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES

The Trustees present their annual report and financial statements of Morgan Stanley International Foundation (the “Foundation”) for the year ended 31 December 2021.

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Name: Morgan Stanley International Foundation
Charity registration number: 1042671
Registered Office and operational address: 25 Cabot Square
Canary Wharf
London
E14 4QA

TRUSTEES

The following Trustees held office during the year and to the date of this report:

A Armstrong	Appointed 25 th March 2021
S Anselm	
N Fogarasi	
D Fuhrman	Appointed 24 th March 2022
J Glynn	
M Gregotti	
J Harriman	Appointed 24 th March 2022
P Harris	Resigned 24 th January 2022
D Hosie	Resigned 21 st October 2021
E Laino	Appointed 24 th March 2022
S Mavin	
M McMahon	Resigned 14 th March 2022
C Nicholls	Appointed 21 st October 2021
Z Parish	Appointed 22 nd October 2021
L Peter	Resigned 30 th June 2021
HC Siebold	Resigned 16 th February 2022
G Rogers	Resigned 19 th April 2022
O Stuart	
S Watts	Chair
R Weinberg	Appointed 24 th March 2022
C Woodman	
V Worster	Resigned 25 th March 2021

The Trustees meet a minimum of four times a year.

SECRETARY

John Haile

AUDITOR

Deloitte LLP, Statutory Auditor, 1 New Street Square, London, United Kingdom, EC4A 3HQ.

BANKERS

Barclays Bank plc, Canary Wharf Branch, 2 Churchill Place, United Kingdom, E14 5RB (Until December 2020).

HSBC Bank plc, 60 Fenchurch Street, London, United Kingdom, EC3M 4BA. (From December 2020).

INVESTMENT MANAGER

Credit Suisse (UK) Limited, 5 Cabot Square, United Kingdom, E14 4QR (Until March 2022).

Sarasin & Partners LLP, Juxon House, 100 St Paul’s Churchyard, London, EC4M 8BU (From March 2022).

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

OBJECTIVES AND ACTIVITIES

The principal objective of the Foundation is to make a positive and sustainable impact on children's welfare in disadvantaged communities across the Europe, Middle East and Africa ("EMEA") region. Focusing primarily on child health and education, the Foundation works in partnership with charitable organisations to direct funding and utilise the expertise of Morgan Stanley employees to benefit the communities in which Morgan Stanley operates. There have been no changes to the principal activity of the Foundation in the year.

Public Benefit

In setting the objectives and planning the activities of the Foundation, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. Through supporting local communities in line with the objectives outlined above, the Foundation meets the requirements of this guidance.

Grant Policy

The Foundation makes grants through three different channels: direct charitable grants, employee-nominated charity partnerships and employee matching grants.

1. Direct charitable grant applications are invited for the funding of projects in the EMEA region and are reviewed at the Trustees' meetings against specific grant objectives. Multi-year grants are monitored on an annual basis to ensure the grant criteria continue to be met.
2. Employee nominated charity partnerships are voted for by Morgan Stanley employees, and the Foundation matches employee fundraising and donations up to a pre-determined amount.
3. Employee matching grants recognise Morgan Stanley employees' fundraising and volunteering efforts in their local communities. The Foundation currently matches fundraising efforts by an employee for a charitable organisation up to a maximum of £500 per employee in one given year. In addition, grants in recognition of certain employees' volunteering efforts are awarded at £500 per employee to a charity of the employee's choice in one given year.

Diversity and Inclusion

Diversity and Inclusion is a fundamental focus for the Foundation. It is the belief that a diverse board of trustees is important to its continued success and its ability to meet the Foundation's objectives. To this end, the Foundation sets diversity and inclusion criteria to be considered when appointing members to the Board of Trustees to ensure that the Foundation represents gender, ethnicity, age and geographic location and any other relevant factors.

Diversity and inclusion are also a key focus of the Foundation's selection process of the charities it supports. Analysis is performed to ensure that charities' programmes reach a diverse range of individuals.

ACHIEVEMENTS AND PERFORMANCE

Each year the Foundation receives a donation from Morgan Stanley & Co International plc ("MSIP"), a UK subsidiary of the Morgan Stanley Group. In 2021, the Foundation received a donation of £1,195,966 (2020: £1,198,153). In addition to the annual donation, the Foundation received two further donations from MSIP of £554,999 on 9 March 2021 and £752,533 on 21 December 2021.

The Foundation continues to be a strategic partner for local, national and international organisations, employing a combination of funding and the time and expertise of Morgan Stanley employees to maximise positive impact.

Although the global economy has begun to recover from the COVID-19 pandemic, as many health and safety restrictions have been lifted and vaccine distribution continues to increase, certain adverse consequences of the pandemic continue to impact the global economy and may persist for some time. Morgan Stanley volunteers have been able to work remotely or in the office and so there has been no significant impact of the pandemic on the objectives and operations of the Foundation. The Foundation's key sources of funding were not impacted, and the Foundation was able to continue to support charitable grants in the financial year.

To address ongoing pandemic-related learning challenges being experienced by some of the most marginalised children in the UK, Italy and Spain, the Foundation made a one-off grant to Save the Children of £275,000 helping the charity support 1,500 children. The Foundation also supported the Hungarian Red Cross with a grant of £50,000 to provide hygiene and medical products to protect new-born babies and their parents, reaching 500 families across Hungary.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

The Foundation's performance measures include programme indicators that are unique to each organisation. For example, The Alliance for Children's Mental Health programme will be measured via the number of new teachers it is able to train in relation to children's mental health and the number of young people that it supports directly through transition from primary to secondary school.

1. Direct Charitable Grants

During 2021, the Foundation provided direct grants to over 16 charities across EMEA supporting organisations who work primarily in the areas of child health and education.

Key charitable grants in London and Glasgow during 2021 include:

Alliance for Children's Mental Health (part of a Morgan Stanley Global Programme). The programme combines the resources and reach of Morgan Stanley with the knowledge and experience of our charity partners to help deliver positive, tangible impact on the critical challenges of stress, anxiety and depression in children, adolescents, and young people. The charities supported by the Foundation include:

- **Place2Be:** The program has already upskilled over 11,000 teachers in London (14% of all teachers) and 2,600 teachers in Glasgow (49% of all teachers) on issues related to children's mental health. In addition, Place2Be supported school-based mental health services for children in 14 schools in East London and Glasgow.
- **Scottish Association for Mental Health ("SAMH"):** SAMH delivered a school-based program in Glasgow to support the mental health of young people, particularly in their transition from primary to secondary school. Over the course of 2021, the Glasgow Connect Project activity included 414 pupils (academic year 2020 - 21 and 2021 - 22) participating in individual sessions to support them in making a mentally healthy transition to high school (95 hours direct delivery). In addition, 38 pupils presenting with mental health problems received individual and group therapy sessions (109 hours direct delivery).

Healthy Glasgow (part of a Morgan Stanley Global Programme - Healthy Cities). The programme is designed to offer parents better access to wellness, nutrition and play resources for children to get a healthy start in life. The charities supported by the Foundation include:

- **PEEK - Possibilities for Each and Every Kid:** PEEK delivers the holiday club play programme and term time support at St Stephens School. At these sessions, in 2021, 27,414 hours of play were provided to over 300 children and 15,094 lunches were given to the children and their parents or guardians.
- **Magic Breakfast:** The programme delivers healthy nutritious breakfasts in both term time and during the holiday period. In 2021, 47,506 breakfasts were provided.

Key charitable grants across the EMEA region outside the UK during 2021 include:

- **Die Arche:** a German charity that provides a safe place for children living in financial and emotional poverty and helps them to achieve a solid education. The project funded by the Foundation supports the after-school education programme in Frankfurt.
- **Fundacion Tomillo:** a charity based in Spain which seeks to contribute to social improvement and personal development of young people in Madrid. The project funded by the Foundation provides employment training for young people who have failed at school and are trying to get back into education and/or employment.
- **Bagazs:** a Hungarian charity that works to promote the integration of the underserved Roma population and help Romani children to achieve the same academic and career success as the majority. The project funded by the Foundation focusses on the Roma settlement of Bag, supporting parent-child relationships, performance in school and building self-confidence.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

The Foundation also expanded its support to Paris and Dublin in 2021, supporting Alliance pour l'éducation and Basis Point respectively. A list of all grants made by the Foundation during the year greater than or equal to £20,000 is included in Note 5 to the financial statements.

2. Employee Nominated Charity Partnerships

The Foundation also looks to raise funds for specific projects over a two-year period through "Employee Nominated Charity Partnerships" across a number of offices in EMEA. Partnerships were selected by employees in October 2021 and will run through until September 2023.

London

In October 2021, London employees nominated The Felix Project as their new charity partner. An initial target for employee fund raising of £500,000 was set which would be matched by the Foundation over the course of the partnership. Funds raised will help The Felix Project run its new East London operation for the next five years, rescuing and distributing 75 million meals to hundreds of charities, schools and community groups in East London, where deprivation is amongst the highest of any urban area in Europe.

As at 31 December 2021, London employees had donated £21,494 with an additional £24,575 being paid directly to the charity. As at 31 December 2021, there have been no matching payments made toward this cause.

Over the course of the relationship with Teenage Cancer Trust ("TCT"), which commenced in October 2019 and ceased in September 2021, London employees' donations and Foundation matching for the duration of the partnership totalled £1,223,451 including £132,981 raised in 2021. The Teenage Cancer Trust and Morgan Stanley Unit at University College London Hospital was officially opened on 11 July 2022.

Glasgow

In October 2021, Glasgow employees nominated Children's Hospices Across Scotland ("CHAS") as their new charity partner. An initial target for employee fund raising of £90,000 was set which would be matched by the Foundation over the course of the partnership. Funds raised will support a new project – Flourishing Beyond Bereavement. This is an inclusive, personalised support service which can be accessed across the country, ensuring bereaved brothers and sisters are given the best chance in life. As at 31 December 2021, there have been no matching payments made toward this cause.

Over the course of the relationship with Scottish Association for Mental Health ("SAMH"), which ceased in September 2021, Glasgow employees' donations and Foundation matching totalled over £185,000.

Budapest

In October 2021, Budapest employees nominated Salva Vita as their new charity partner. An initial target of HUF 15MM (approx. £30,000) was set, which would be matched by the Foundation over the course of the partnership. Funds raised will help Salva Vita find work experience for disabled young people, fund supported living and reduce the stigma of disability in Hungary. As at 31 December 2021, there have been no matching payments made toward this cause.

Over the course of the relationship with Heim Pál Children's Hospital, which ceased in September 2021, Budapest employee donations made directly to the charity and Foundation matching totalled over HUF 30MM (approx. £60,000). Funding has enabled the charity to purchase much needed equipment that includes a portable ultrasound machine, surgical equipment, new technology suitable for medical imaging and wheelchairs, along with training and development for doctors.

Frankfurt

In October 2021, Frankfurt employees nominated Kinderschutzbund Frankfurt as their new charity partner. An initial target of EUR 70,000 (approx. £60,000) was set, which would be matched by the Foundation over the course of the partnership. Funds raised will help Kinderschutzbund Frankfurt establish a Family House, where families with young children who are in need of help will be provided with a place to talk about their situation and also with clothing, baby equipment and supplies. As at 31 December 2021, there have been no matching payments made toward this cause.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

3. Other Charity Partnerships in 2021

Other employee-nominated charity partners across EMEA were:

- L'Envol in Paris;
- Fundacion Aladina in Milan;
- Association CAF Onlus in Madrid;
- Laura Lynn in Dublin; and
- Kinderspital in Zurich.

These charities all work to support a range of children's causes.

4. Employee Matching Grants

The Foundation also sought to increase employee engagement and understanding of its work, and rewarded in excess of £42,000 to over 60 employees for their volunteering and fundraising efforts with a donation to their chosen charity, providing public benefit through the supported charities activities.

FINANCIAL REVIEW

The net inflow of funds in the year was £650,731 (2020: £402,685) and the total funds at the end of the year were £3,450,899 (2020: £2,800,168). The Foundation's balance sheet shows net current assets of £845,691 (2020: net current assets of £257,410). The Foundation has access to liquid securities within the investment portfolio, classified as fixed assets, which can be liquidated at any time to meet funding needs.

The level of donations received in 2021 increased by £1,361,218 to £2,657,973 (2020: £1,296,755) primarily driven by additional Morgan Stanley Group donations from MSIP throughout 2021.

In 2021, grant expenditure of £2,131,332 (2020: £963,255) was recognised, which increased by £1,168,077 from the prior year. The Foundation's restricted expenditure in 2021 of £654,475 includes donations to its employee nominated charity partnerships TCT (£132,981) and The Felix Project (£521,494) (2020: restricted expenditure totalling £99,023 for TCT). The increase in restricted expenditure of £555,452 is primarily due to the recognition of the Foundation's two-year employee donation matching commitment to The Felix Project in 2021. These restricted employee donations represent approximately 30% of the total 2021 grant expenditure (2020: 10%). Other significant grants include: Place2be, Save the Children (pandemic grant), Great Ormond Street Hospital ("GOSH"), Save the Children (London), CHAS and PEEK.

Going Concern and Principal Funding Sources

The existing and potential effects of COVID-19 on the Foundation have been considered as part of the going concern analysis, including impact on operational capacity, access to funding sources and contractual obligations. The Foundation has sufficient resources to cover future pledged liabilities and continually monitors reserve levels to ensure reserves held are in excess of the level of reserves requirement. The principal funding sources for the Foundation continue to be donations from MSIP and donations from Morgan Stanley employees. Employee donations have been, and continue to be, raised internally via various Morgan Stanley fundraising activities. The Foundation does not participate in external fundraising or engage others to do so on their behalf. No changes are foreseen to the principal funding sources in 2022 and 2023.

The Foundation will only commit to making payments of charitable donations if there are sufficient funds available to do so and it continues to meet its reserves policy. Note 12 of the financial statements includes information on the Foundation's contingent liabilities. Taking these factors into consideration, the Trustees have no reason to believe that the Foundation will not have access to adequate funding sources to continue in operational existence for the foreseeable future i.e. at least twelve months from the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual Report of the Trustees and financial statements.

Investment Policy and Performance

All investments held by the Foundation have been acquired in accordance with the powers available to the Trustees.

In accordance with the Trust Deed, the Trustees have the power to invest in such stocks, shares, investments and property as they see fit. The Trustees engaged Credit Suisse (UK) Limited as investment manager until March 2022 and gave them full discretion when evaluating social, environmental or ethical issues. From March 2022, the Trustees engaged Sarasin & Partners LLP under similar terms.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Investment Policy and Performance (Continued)

During the year, the portfolio produced a positive return of 5.2% (2020: positive return of 3.4%).

The Foundation's investment strategy is to maintain overall wealth, preferably in real terms.

Risk Management

The Trustees annually assess the major risks to which the Foundation is exposed, in particular, risks related to the operations and finances of the Foundation and are satisfied that systems are in place to mitigate these risks.

The principal operational risks faced by the Foundation are its ability to access its financial assets and make effective grants. Risks associated with access to the Foundation's financial assets are mitigated through clear segregation of duties, control of access rights and supervision by Trustees. The risk from ineffective grant making is managed through performance of due diligence procedures on prospective grantees, Trustee oversight regarding alignment of grant making with the objectives of the Foundation and monitoring the delivery of grant projects.

The Foundation's principal financial risks are mitigated by Trustees review of relevant financial information on a quarterly basis (including investment performance, actual expenditure against budget, current level of reserves and cash flow analysis) and utilising Credit Suisse (UK) Limited as manager and custodian of its investment portfolio (Sarasin & Partners LLP from March 2022).

Restricted and Unrestricted Funds

Restricted funds are reserved for selected Employee Nominated Charity Partnership and are not made available for any other purpose. Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Foundation.

Reserves Policy

In line with the Statement of Recommended Practice ("SORP") 2019 and Charity Commission guidelines, the Trustees regularly review the effectiveness of the Foundation's reserves policy. In 2021, the Trustees approved the reduction of the reserves policy in order to ensure the most efficient use of the Foundation's reserves. As of 2021, the Foundation's reserve policy is to maintain a level of reserves greater than 100% of the current year's budgeted expenditure (previously: 120%) in liquid assets to cover future commitments and contingent liabilities, to safeguard the risk of a downturn in contributions and to ensure that the Foundation provides regular, sustained and consistent support to its designated charities.

As at 31 December 201, the Foundation's level of reserves is in excess of the requirement set out in this policy at 240% (2020: 186%) of the current year budget. Budgeted expenditure for the year to 31 December 2021 was £1,436,157 (2020: £1,507,255), giving rise to required reserves of £1,436,157 (2020: £1,507,255). Total Funds of £3,450,899 (2020: £2,800,168), readily available in the form of cash and investments, represented the liquid assets under the reserves policy. As at both 31 December 2021 and 31 December 2020, the Foundation's Restricted Funds were £nil.

The Foundation's level of reserves is monitored by the Trustees throughout the year.

PLANS FOR FUTURE PERIODS

No significant change in the Foundation's principal activity is anticipated. The Trustees intend to continue to provide grants to non-profit educational and children's health care organizations that provide a benefit to the communities in which the Foundation operates.

The Foundation will continue to encourage employee volunteer engagement in 2022 and 2023. Efforts will be made to ensure there are a variety of coordinated volunteer programmes that maximize the talents and skills of Morgan Stanley employees, adding increased benefit to the grant beneficiaries alongside further monitoring of how supported programmes are performing.

The Trustees will continue to expand the reach of the Foundation throughout EMEA, specifically in those countries where Morgan Stanley operates. The Foundation continues to seek relevant charitable partners and hopes to establish new relationships and provide grants across Morgan Stanley's EMEA locations in 2022.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

PLANS FOR FUTURE PERIODS (CONTINUED)

Education and Employability

The Foundation will continue to work with registered charities and state-funded schools that provide benefit to communities across EMEA. The Foundation will seek to work with organisations that can increase access and opportunity to young people. The programs the Foundation supports are based predominantly in educational institutions and specifically address academic achievement, with the objective of raising aspiration and enhancing employability skills.

Children's Health

The Foundation will continue to invest in innovations in children's health and development, working with charitable organisations, hospitals and community based initiatives, supporting young people to enable them to have a happier and more meaningful life. The Foundation is a member of the Morgan Stanley Alliance for Children's Mental Health initiative, striving to spread best practices in schools and universities to meet the heightened need for mental health support among young people.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Foundation is established as a Trust under a Charitable Trust Deed (the "Trust Deed") dated 18 November 1994 as amended by a Deed of Variation dated 10 July 2014 and is registered with the Charity Commission.

Trustees Recruitment and Training

The power of appointing new Trustees of the Foundation is vested in the Trustees. When considering appointing a new Trustee, the Board considers diversity and inclusion and has regard to the requirement for complete representation from business units across Morgan Stanley. The Trust Deed provides for a minimum of three with no maximum number of Trustees.

New Trustees receive relevant induction information and briefings, which involves awareness of a Trustee's responsibilities, the governing document, administrative procedures, and the history and philosophical approach of the Foundation. New Trustees are briefed on their legal obligations under charity law, the content of the Trust Deed, the Board of Trustees and decision-making processes, and recent financial performance of the Foundation.

Trustees are appointed for an initial term of three years, renewable by re-appointment for a further term of three years. The Trustees resolved in January 2022 that the three-year term is renewable once, except for the Chairman.

Organisational Structure

The Trustees meet at least quarterly and are responsible for the strategic direction and policy of the Foundation. At present, the Board of Trustees includes fifteen members from a variety of professional backgrounds.

The Board of Trustees delegates the day-to-day administrative duties, including finance and initial grant application reviews, to employees of Morgan Stanley. When reviewing grant applications, each applicant is required to undergo a due diligence process that includes a review of the Charities Commission register, a review of recent financial results and screening by Morgan Stanley's Anti-Money Laundering group.

The Board of Trustees may delegate any of their powers or functions to committees consisting of two or more persons appointed by them, with at least one member of every committee being a Trustee. All proceedings of committees are reported to the Trustees within a reasonable period.

Key Management Personnel Remuneration

The Trustees and key management personnel (for example, Finance and Community Affairs) of the Foundation in charge of directing and controlling the Foundation give their time freely and receive no remuneration or expenses for their services to the Foundation.

Related Party Relationships

The principal funding sources for the Foundation are donations from MSIP, a subsidiary of Morgan Stanley, and donations from Morgan Stanley employees. Furthermore, all Trustees are Morgan Stanley employees. Details of any related party transactions are disclosed in note 14 to the financial statements.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Events After the Reporting Date

Refer to note 18 of the financial statements for details of events after the reporting date.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the annual Report of the Trustees and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Charities Statement of Recommended Practice;
- make judgments 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 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 enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 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.

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

Approved by the Board of Trustees on 13th October 2022 and signed on its behalf by

DocuSigned by:
Sue Watts
S. Watts

Trustee

13 October 2022

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Morgan Stanley International Foundation (the "charity"):

- give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

We have audited the financial statements which comprise:

- the Statement of Financial Activities;
- the Statement of Financial Position;
- the Statement of Cash Flows; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 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 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.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION (CONTINUED)

Responsibilities of Trustees

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charity's industry and its control environment, and reviewed the charity's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the charity operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Charities Act, Trust Deed, Charities (Accounts and Reports) Regulations 2008; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or to avoid a material penalty. This included the Charity Commission and GDPR.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address it are described below:

- we presume a risk of material misstatement due to fraud in revenue recognition which is related to the completeness of donation income. To address this risk, we performed a test of design and implementation of control relating to the completeness of donation income, we reviewed the Trustees' meeting minutes, all bank statements in the period, and post year end records up to the date of this report to test whether income had been appropriately included in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls; we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION (CONTINUED)

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters 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 and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

DocuSigned by:

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Jessica Hodges

Deloitte LLP

Senior Statutory Auditor
London, United Kingdom
13 October 2022

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

MORGAN STANLEY INTERNATIONAL FOUNDATION**STATEMENT OF FINANCIAL ACTIVITIES****Year ended 31 December 2021**

	Note	Restricted Funds £	Unrestricted Funds £	Total Funds 2021 £	Total Funds 2020 £
INCOME FROM:					
Donations:					
Organisations	3	-	2,503,498	2,503,498	1,198,153
Other	3	154,475	-	154,475	98,602
Investment income	4	-	34,777	34,777	55,973
Other income		-	250	250	552
TOTAL INCOME		154,475	2,538,525	2,693,000	1,353,280
EXPENDITURE ON:					
Raising funds:					
Investment management costs		-	(35,445)	(35,445)	(40,821)
Charitable activities:					
Employee volunteering	5	-	(1,434)	(1,434)	(344)
Grants	5	(654,475)	(1,476,857)	(2,131,332)	(963,255)
TOTAL EXPENDITURE		(654,475)	(1,513,736)	(2,168,211)	(1,004,420)
Net gains on investment	8	-	141,710	141,710	49,253
Other recognised gains/ (losses)		-	(15,768)	(15,768)	4,572
NET (EXPENDITURE)/INCOME		(500,000)	1,150,731	650,731	402,685
TRANSFERS					
Transfer between funds	13	500,000	(500,000)	-	-
NET MOVEMENT IN FUNDS		-	650,731	650,731	402,685
TOTAL FUNDS AT THE BEGINNING OF THE YEAR		-	2,800,168	2,800,168	2,397,483
TOTAL FUNDS AT THE END OF THE YEAR		-	3,450,899	3,450,899	2,800,168

The notes on pages 15 to 23 form an integral part of the financial statements.

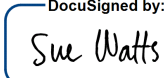
All activities were continuing in the current and prior year.

MORGAN STANLEY INTERNATIONAL FOUNDATION**STATEMENT OF FINANCIAL POSITION****As at 31 December 2021**

	Note	Restricted Funds £	Unrestricted Funds £	Total Funds 2021 £	Total Funds 2020 £
FIXED ASSETS					
Investments	8	1,001,026	1,854,182	2,855,208	2,714,166
CURRENT ASSETS					
Debtors	9	-	-	-	9,276
Cash at bank and in hand		743,918	2,361,829	3,105,747	1,628,192
		743,918	2,361,829	3,105,747	1,637,468
LIABILITIES					
Creditors: Amounts falling due within one year	10	(1,494,944)	(765,112)	(2,260,056)	(1,380,058)
NET CURRENT (LIABILITIES)/ ASSETS					
		(751,026)	1,596,717	845,691	257,410
Creditors: Amounts falling after one year	11	(250,000)	-	(250,000)	(171,408)
NET ASSETS					
		-	3,450,899	3,450,899	2,800,168
THE FUNDS OF THE CHARITY					
Restricted funds		-	-	-	-
Unrestricted funds		-	3,450,899	3,450,899	2,800,168
TOTAL FUNDS	13	-	3,450,899	3,450,899	2,800,168

The notes on pages 15 to 23 form an integral part of the financial statements.

Approved by the Board of Trustees on 13 October 2022 and signed on its behalf by:

DocuSigned by:

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 S Watts
 Trustee
 13 October 2022

MORGAN STANLEY INTERNATIONAL FOUNDATION**STATEMENT OF CASH FLOWS****Year ended 31 December 2021**

	Note	Total Funds 2021 £	Total Funds 2020 £
NET CASH PROVIDED BY OPERATING ACTIVITIES	17	1,493,323	524,743
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends and interest from investments	8	34,777	55,973
Investment management costs paid during the year	8	(35,445)	(40,841)
Proceeds from sale of investments	8	933,489	1,806,949
Purchase of investments	8	(862,990)	(1,346,767)
Net gains on revaluation	8	(4,347)	(4,963)
Cash transfer on liquidation of assets	8	-	(545,000)
NET CASH PROVIDED BY INVESTING ACTIVITIES		65,484	(74,649)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		1,558,807	450,094
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,707,890	1,253,224
Net losses on cash and cash equivalents due to exchange rate movements		(15,768)	4,572
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		3,250,929	1,707,890
RECONCILIATION TO CASH AT BANK:			
Cash at bank		3,105,747	1,628,192
Cash held by investment manager		145,182	79,698
CASH AND CASH EQUIVALENTS		3,250,929	1,707,890

The notes on pages 15 to 23 form an integral part of the financial statements.

MORGAN STANLEY INTERNATIONAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

1. BASIS OF PREPARATION

Charitable status

The Foundation is established as a Trust under a Charitable Trust Deed (the “Trust Deed”) dated 18 November 1994 as amended by a Deed of Variation dated 10 July 2014 and is registered with the Charity Commission.

Statement of compliance

The Foundation meets the definition of a public benefit entity under FRS 102.

These financial statements are prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note to these financial statements. These financial statements have been prepared in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities (SORP 2019)” applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom (FRS 102), effective 1 January 2019; and the Charities Act 2011. They have all been applied consistently throughout the year and the preceding year.

Certain presentational changes have been made to the Statement of Cash Flows for 2020. There is no impact on total amounts reported.

New standards and interpretations

There were no new standards of interpretations relevant to the Foundation’s operations which were adopted during the year.

The going concern assumption

The Foundation’s activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Trustees. The existing and potential effects of COVID-19 on the Foundation have been considered as part of the going concern analysis, including impact on operational capacity, access to liquidity and capital and contractual obligations. The Foundation has sufficient resources to cover future pledged liabilities and continually monitors reserve levels to ensure reserves are held in excess of the reserves requirement. The principal funding sources for the Foundation continue to be donations from MSIP and donations from Morgan Stanley employees. Employee donations have been raised internally via various Morgan Stanley fundraising activities. The Foundation does not participate in external fundraising or engage others to do so on their behalf. No changes are foreseen to the principal funding sources in 2022.

Taking these factors into consideration, the Trustees have no reason to believe that the Foundation will not have access to adequate resources to continue in operational existence for the foreseeable future i.e. at least twelve months from the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual Report of the Trustees and financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Fund structure

Restricted funds are reserved for a selected Employee Nominated Charity Partnership and are not made available for any other purpose. Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Foundation.

b. Income recognition

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

Donations and interest on funds held on deposit are recognised when receivable and the amount can be measured reliably by the Foundation; this is typically upon notification of receipt by the bank.

**MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Expenditure recognition

Expenditure is recognised as soon as there is a legal or constructive obligation committing the Foundation to that expenditure, it is probable that settlement will be required and the amount of obligation can be measured reliably. All expenditure is accounted for on an accruals basis. Charitable activities expenditure includes grants payments made to third party charities in the furtherance of the charitable objectives of the Foundation (specifically direct charitable grants and employee matching grants) and costs of employee fundraising activities.

Grants are recognised when the Foundation has a legal or constructive obligation to make the grant. For direct grants, this is typically once a recipient charity has been notified of a grant award.

d. Foreign currencies

All monetary assets and liabilities denominated in currencies other than Pound Sterling are translated in Pound Sterling at the rates ruling at the balance sheet date. Transactions in currencies other than Pound Sterling are recorded at the rates ruling at the dates of transactions. All translation differences are taken through "Other recognised gains/ (losses)" in the Statement of Financial Activities.

e. Investments

Investments held in an investment portfolio are stated at their fair value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

f. Contingent liabilities

A contingent liability is identified and disclosed for those grants resulting from:

- i) a possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustees' control; or
- ii) the amount has not been communicated in the grant award and that amount can be estimated reliably.

g. Taxation

The Foundation is recognised as a charity for taxation purposes and as a result no liability to taxation arises on its charitable activities.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

h. Donated services

The Foundation relies on the employees of Morgan Stanley for various administrative tasks of which the costs cannot be reliably measured and are borne by another Morgan Stanley group undertaking.

i. Critical accounting judgements

No critical judgements have been made in the process of applying the foundation's accounting policies that have had a significant effect on the amounts recognised in the financial statements. There are no key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

3. DONATIONS

Donations from organisations represent monies received from MSIP. Other donations to the restricted funds represent monies received from employees within the Morgan Stanley EMEA group of companies.

4. INVESTMENT INCOME

	2021 £	2020 £
Interest receivable	24,130	29,170
Dividends receivable from equity shares	10,647	26,803
	<u>34,777</u>	<u>55,973</u>

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

5. GRANTS

During the year, the following grants of amounts greater than or equal to £20,000 were made or have been committed to the following beneficiaries:

Year ended 31 December 2021

	£	£
Restricted Funds		
London Employee Nominated Charity Partnership:		
Teenage Cancer Trust		132,981
The Felix Project		521,494
Unrestricted Funds		
Place2be (London)	252,663	
Pandemic Grant (Save the Children – London)	125,000	
GOSH (London)	107,360	
Save the Children (London)	91,000	
CHAS (Glasgow)	90,000	
PEEK (Glasgow)	84,312	
Pandemic Grant (Save the Children - Italy)	75,000	
Pandemic Grant (Save the Children - Spain)	75,000	
Kinderschutzbund (Frankfurt)	60,180	
Anna Freud Institute (Frankfurt)	59,028	
Pandemic Grant (Hungarian Red Cross)	50,000	
Salva Vita (Budapest)	35,867	
Die Arche (Frankfurt)	34,035	
Joblinge (Frankfurt)	34,035	
OSA (Budapest)	30,085	
Career Ready (Glasgow)	30,000	
Fundación Tomillio (Madrid)	29,781	
BAGázs-Bazár (Budapest)	29,294	
Glasgow Children's Hospital (Glasgow)	27,500	
Alliance pour l'éducation (Paris)	25,526	
Bator Tabor (Italy)	23,147	
Basis Point (Dublin)	21,500	
Other grants made or committed of less than £20,000 (including matched funding)	86,544	
Support costs	1,434	
Total Unrestricted Funds Grants	<u>1,478,291</u>	
Total Grants		<u><u>2,132,766</u></u>

In 2021, the restricted and unrestricted fund grants were made to charities supporting the following initiatives: Education (£263,183), Children's Health (£1,355,514), Children's Mental Health (£341,776), Healthy Cities (£98,312) and Other initiatives (£70,747).

Grants greater than or equal to £20,000 as disclosed above are in excess of 95.9% (2020: 89.7%) of grant expenditure for the year.

All grants relating to the London Employee Nominated Charity Partnerships which are raised by employees are paid from restricted funds. Amounts which have been committed to Teenage Cancer Trust and The Felix Project are comprised of amounts raised by employees and matched funding grants.

Support costs comprise of bank fees incurred for making payments to the relevant grant recipients.

**MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021**

5. GRANTS (CONTINUED)

Year ended 31 December 2020

	£	£
Restricted Funds		
London Employee Nominated Charity Partnership:		
Teenage Cancer Trust		99,032
Unrestricted Funds		
Place2be (London)	173,850	
GOSH (London)	111,000	
PEEK (London)	88,061	
Bromley By Bow Centre (London)	38,000	
Die Arche (Frankfurt)	37,947	
Joblinge (Frankfurt)	37,947	
Save the Children (London)	33,537	
BAGázs-Bazár (Budapest)	32,292	
Fundacion Tomillio (Madrid)	31,442	
Career Ready (London)	30,000	
Magic Breakfast (London and Glasgow)	31,120	
Comin (Milan)	27,105	
Glasgow Children's Hospital (Glasgow)	25,000	
Intergom (Budapest)	24,410	
Suhanj (Budapest)	22,223	
Hilf fur krebskranke Kinder (Frankfurt)	21,413	
Other grants made or committed of less than £20,000 (including matched funding)	98,532	
Support costs	344	
Total Unrestricted Funds Grants	<u>834,223</u>	
Total Grants		<u>963,255</u>

In 2020, the restricted and unrestricted fund grants were made to charities supporting the following initiatives: Education (£221,143), Children's Health (£312,205), Children's Mental Health (£183,850), Healthy Cities (£183,968) and Other initiatives (£62,089).

6. STAFF COSTS

The Foundation incurs no staff costs (2020: £nil) as services are donated. The Trustees and key management personnel received no fees or expenses for their services to the Foundation (2020: £nil).

7. TAXATION

The Foundation qualifies as a charity within the definition of Chapter 3 of Part 11 to the Corporation Tax Act 2010 by HM Revenue & Customs. Income used for the purposes of the Foundation is exempt from taxation.

**MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021**

8. INVESTMENTS

	Investments 2021	Cash 2021	Total 2021	Investments 2020	Cash 2020	Total 2020
	£	£	£	£	£	£
Market value at 1 January	2,634,468	79,698	2,714,166	3,040,434	154,327	3,194,761
Additions to investments at cost	862,990	(862,990)	-	1,346,767	(1,346,767)	-
Disposals at market value	(933,489)	933,489	-	(1,806,949)	1,806,949	-
Net gains/ (losses) on revaluation	146,057	(4,347)	141,710	54,216	(4,963)	49,253
Cash transfers	-	-	-	-	(545,000)	(545,000)
Investment income (note 4)		34,777	34,777	-	55,973	55,973
Investment management costs paid during the year		(35,445)	(35,445)		(40,821)	(40,821)
Market value at 31 December	2,710,026	145,182	2,855,208	2,634,468	79,698	2,714,166
Cost of investment portfolio at 31 December	2,402,461			2,269,708		

Market value analysed between:

	2021	2020
	£	£
Cash held by investment manager	145,182	79,698
Investment funds:		
Equity investment funds	1,408,818	1,335,999
Fixed income investment funds	855,698	824,598
Alternative investment, commodities & real estate	445,510	473,871
	<u>2,710,026</u>	<u>2,634,468</u>
Total investments held by investment manager	<u>2,855,208</u>	<u>2,714,166</u>

All investments are carried at their fair value as determined by the investment manager. Holdings in investment funds are valued at the bid price.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Unrestricted Funds		
Prepayments	<u>-</u>	<u>9,276</u>

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Restricted Funds		
Amount payable to Employee Nominated Charity Partnership		
Teenage Cancer Trust	1,223,451	919,061
The Felix Project	271,493	-
Unrestricted Funds		
Grant funds committed and not yet paid	481,095	347,754
Matching funds committed	273,756	104,832
Accrued investment management costs	10,261	8,411
	<u>2,260,056</u>	<u>1,380,058</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021	2020
	£	£
Restricted Funds		
Amount payable to Employee Nominated Charity Partnership		
Teenage Cancer Trust	-	171,408
The Felix Project	250,000	-
	<u>250,000</u>	<u>171,408</u>

12. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2021, the Foundation had committed to pay the following amount, relating to grant commitments, subject to certain pre-determined conditions. These conditions may include the relevant charity reaching funding levels themselves for the projects concerned and a satisfactory review of the projects by the Trustees on an ongoing basis.

	2021	2020
	£	£
Commitments due:		
- within one year	<u>316,127</u>	<u>357,775</u>

13. MOVEMENT IN FUNDS

As at 31 December 2021	Restricted Funds	Unrestricted	Total
	TCT/TFP	Funds	Funds
	£	£	£
At 1 January 2021	-	2,800,168	2,800,168
Income	154,475	2,538,527	2,693,002
Expenditure	(654,475)	(1,513,736)	(2,168,211)
Transfer between funds	500,000	(500,000)	-
Gain on investments	-	141,708	141,708
Foreign exchange losses	-	(15,768)	(15,768)
At 31 December 2021	<u>-</u>	<u>3,450,899</u>	<u>3,450,899</u>

**MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021**

13. MOVEMENT IN FUNDS (CONTINUED)

As at 31 December 2020	Restricted Funds TCT	Unrestricted Funds	Total Funds
	£	£	£
At 1 January 2020	-	2,397,483	2,397,483
Income	99,032	1,254,248	1,353,280
Expenditure	(99,032)	(905,388)	(1,004,420)
Transfer between funds	-	-	-
Gains on investments	-	49,253	49,253
Foreign exchange losses	-	4,572	4,572
At 31 December 2020	<u>-</u>	<u>2,800,168</u>	<u>2,800,168</u>

The restricted funds represent monies payable to the Foundation's Employee Nominated Charity Partnerships, which had been Teenage Cancer Trust from February 2019 to October 2021 and The Felix Project from October 2021 for the remainder of 2021.

The unrestricted funds are available to be spent for any purpose permitted in the Trust Deed at the discretion of the Trustees.

In 2021, the transfer between funds represents the matched funding commitment to the Foundation's Employee Nominated Charity Partnership using unrestricted funds.

14. RELATED PARTY TRANSACTIONS

In 2021 the Foundation received from MSIP, a subsidiary of Morgan Stanley, grants totalling £2,503,498 (2020: £1,198,153) to the unrestricted funds.

The audit fee of £10,000 (2020: £10,000) has been borne by a Morgan Stanley Group company in both the current and prior years and not charged to the Foundation.

**MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021**

15. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Restricted Funds	Unrestricted Funds	Total Funds 2020
	£	£	£
INCOME FROM:			
Donations:			
Organisations	-	1,198,153	1,198,153
Other	98,602	-	98,602
Investment income	-	55,973	55,973
Other income	430	122	552
TOTAL INCOME	99,032	1,254,248	1,353,280
EXPENDITURE ON:			
Raising funds:			
Investment management costs	-	(40,821)	(40,821)
Charitable activities:			
Employee volunteering	-	(344)	(344)
Grants	(99,032)	(864,223)	(963,255)
TOTAL EXPENDITURE	(99,032)	(905,388)	(1,004,420)
Net gains/ (losses) on investment	-	49,253	49,253
Other recognised gains/ (losses)	-	4,572	4,572
NET INCOME/(EXPENDITURE)	-	402,685	402,685
NET MOVEMENT IN FUNDS	-	402,685	402,685
TOTAL FUNDS AT THE BEGINNING OF THE YEAR	-	2,397,483	2,397,483
TOTAL FUNDS AT THE END OF THE YEAR	-	2,800,168	2,800,168

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

16. COMPARATIVE STATEMENT OF FINANCIAL POSITION

	Restricted Funds	Unrestricted Funds	Total Funds 2020
	£	£	£
FIXED ASSETS			
Investments	501,060	2,213,106	2,714,166
CURRENT ASSETS			
Debtors	-	9,276	9,276
Cash at bank and in hand	589,409	1,038,783	1,628,192
	589,409	1,048,059	1,637,468
LIABILITIES			
Creditors: Amounts falling due within one year	(919,061)	(460,997)	(1,380,058)
NET CURRENT (LIABILITIES)/ ASSETS	(329,652)	587,062	257,410
Creditors: Amounts falling after one year	(171,408)	-	(171,408)
NET ASSETS	-	2,800,168	2,800,168
THE FUNDS OF THE CHARITY			
Restricted funds	-	-	-
Unrestricted funds	-	2,800,168	2,800,168
TOTAL FUNDS	-	2,800,168	2,800,168

17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

	2021 £	2020 £
NET MOVEMENT IN FUNDS	666,499	398,113
Adjustments for:		
Gains on investments	(141,710)	(49,253)
Investment management costs paid during the year	35,445	40,821
Dividends and interest from investments	(34,777)	(55,973)
Decrease in debtors	9,276	12,488
Increase/(Decrease) in creditors	958,590	(366,453)
Cash Transfer	-	545,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,493,323	524,743

18. EVENTS AFTER THE REPORTING DATE

Following Russia's invasion of Ukraine on 24 February 2022, global financial markets have been and are expected to continue to be significantly impacted in 2022. However, the Foundation has no direct exposure to Russia and Ukraine. The Foundation will continue to closely monitor events and their potential impact.

From March 2022, the Foundation has transitioned to a new investment manager, Sarasin & Partners LLP from Credit Suisse (UK) Limited.

The Foundation did not note any subsequent events other than above requiring disclosure or adjustment to the financial statements.

MORGAN STANLEY INTERNATIONAL FOUNDATION

England & Wales - Charity number 1042671

Accounts

Registered Charity No. 1042671

MORGAN STANLEY INTERNATIONAL FOUNDATION

Report of the Trustees and financial statements

31 December 2020

**MORGAN STANLEY INTERNATIONAL FOUNDATION
REPORT AND FINANCIAL STATEMENTS
31 December 200**

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MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES

The Trustees present their annual report and financial statements of Morgan Stanley International Foundation (the "Foundation") for the year ended 31 December 20.

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Name: Morgan Stanley International Foundation
Charity registration number: 1042671
Registered Office and operational address: 25 Cabot Square
Canary Wharf
London
E14 4QA

TRUSTEES

The following Trustees held office during the year and to the date of this report:

A Armstrong	Appointed 25 th March 2021
S Anselm	Appointed on 30 th January 2020
J Bendall	Resigned 28 th January 2020
M J DeFilippo	Resigned 24 th January 2020
S Evenson	Resigned 23 rd January 2020
N Fogarasi	
J Glynn	
M Gregotti	Appointed on 30th January 2020
P Harris	
D Hosie	
S Mavin	
M McMahan	
F O'Sullivan	Resigned 29 th January 2020
L Peter	Resigned 30 th June 2021
HC Siebold	
G Rogers	
O Stuart	
S Watts	Chair
C Woodman	
V Worster	Resigned 25 th March 2021

The Trustees meet a minimum of four times a year.

SECRETARY

John Haile

AUDITOR

Deloitte LLP, Statutory Auditor, 1 City Square, Leeds, United Kingdom, LS1 2AL.

BANKERS

Barclays Bank plc, Canary Wharf Branch, 2 Churchill Place, United Kingdom, E14 5RB.

HSBC Bank plc, 60 Fenchurch Street, London, United Kingdom, EC3M 4BA.

INVESTMENT MANAGER

Credit Suisse (UK) Limited, 5 Cabot Square, United Kingdom, E14 4QR.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

OBJECTIVES AND ACTIVITIES

The principal objective of the Foundation is to make a positive and sustainable impact on children's welfare in disadvantaged communities across the Europe, Middle East and Africa ("EMEA") region. Focusing primarily on child health and education, the Foundation works in partnership with charitable organisations to direct funding and utilise the expertise of Morgan Stanley employees to benefit the communities in which Morgan Stanley operates. There have been no changes to the principal activity of the Foundation in the year.

Public Benefit

In setting the objectives and planning the activities of the Foundation, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. Through supporting local communities in line with the objectives outlined above, the Foundation meets the requirements of this guidance.

Grant Policy

The Foundation makes grants through three different channels: direct charitable grants, employee-nominated charity partnerships and employee matching grants.

1. Direct charitable grant applications are invited for the funding of projects in the EMEA region and are reviewed at the Trustees' meetings against specific grant objectives. Multi-year grants are monitored on an annual basis to ensure the grant criteria continue to be met.
2. Employee nominated charity partnerships are voted for by Morgan Stanley employees, and the Foundation matches employee fundraising and donations up to a pre-determined amount.
3. Employee matching grants recognise Morgan Stanley employees' fundraising and volunteering efforts in their local communities. The Foundation currently matches fundraising efforts by an employee for a charitable organisation up to a maximum of £500 per employee in one given year. In addition, grants in recognition of certain employees volunteering efforts are awarded of £500 per employee, to a charity of the employee's choice in one given year.

Diversity and Inclusion

Diversity and Inclusion is a fundamental focus for the Foundation. It is the belief that a diverse board of trustees is important to its continued success and its ability to meet the Foundation's objectives. To this end, the Foundation sets diversity and inclusion criteria to be considered when appointing members to the board of trustees to ensure that the Foundation represents gender, ethnicity, age and geographic location and any other relevant factors.

Diversity and inclusion are also a key focus of the Foundation's selection process of the charities it supports. Analysis is performed to ensure that charities programmes reach a diverse range of individuals.

ACHIEVEMENTS AND PERFORMANCE

Each year the Foundation receives a donation from Morgan Stanley & Co International plc ("MSIP"), a UK subsidiary of the Morgan Stanley group. In 2020, the Foundation received a donation of £1,198,153 (2019: £1,200,000).

The Foundation continues to be a strategic partner for local, national and international organisations, employing a combination of funding and the time and expertise of Morgan Stanley employees to maximise positive impact.

The Foundation has assessed the potential risk on its operations of the Coronavirus 19 ("COVID-19") pandemic given that the government imposed social and organisation restrictions. Morgan Stanley volunteers have been able to work remotely and so there is no significant impact of this on the objectives and operations of the Foundation. The Foundation's key sources of funding were not impacted, and the Foundation was able to continue to support unrestricted charitable grants in the financial year. Morgan Stanley employee donations for the Foundation's Employee nominated charity were reduced in 2020 as a result of the reduced volunteering opportunities. However, employees managed to exceed the fundraising target of £500,000 over the course of the charity partner relationship.

The Foundation's performance measures include programme indicators. For example, the Foundation's Healthy London. Key programme indicators included the number of meals provided for families and the number of new mothers supported with early years wellbeing and developmental advice. A full list of the programme's achievements is listed on the following page. In addition, the success of The Alliance for Children's Mental Health programme will be measured via the number of new teachers it is able to train in relation to children's mental health and the number of young people that it supports directly through transition from primary to secondary school.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

1. Direct Charitable Grants

During 2020, the Foundation provided direct grants to over 18 charities across EMEA supporting organisations who work primarily in the areas of child health and education.

Key charitable grants in London and Glasgow during 2020 include:

Alliance for Children’s Mental Health (part of a Morgan Stanley Global Programme). The programme combines the resources and reach of Morgan Stanley with the knowledge and experience of our charity partners to help deliver positive, tangible impact on the critical challenges of stress, anxiety and depression in children, adolescents, and young people. The Foundation is supporting:

- **Place2Be**, a UK-based charity with a mission to improve the mental wellbeing of children in schools across the UK, launched a program that has already upskilled over 6,000 teachers in London and Glasgow on issues related to children’s mental health. This has helped create more ‘mentally healthy’ schools where children can build lifelong coping skills and thrive.
- **Scottish Association for Mental Health (“SAMH”)**, Scotland’s national mental health charity, delivered a school-based program in Glasgow to support the mental health of young people, particularly in their transition from primary to secondary school. In year one, which has been difficult due to the pandemic causing school closures. Glasgow Connect has been able to engage with 371 young people and 101 school staff, delivering over 40 hours of training and workshops.

Healthy London and Glasgow (part of a Morgan Stanley Global Programme – Healthy Cities). The programme is designed to bring together local charities to offer parents better access to wellness, nutrition and play resources for children to get a healthy start in life. Healthy London’s active programme delivery ceased as planned in 2020, after thorough consultation with all partners involved to ensure the most impactful elements of their programmes continued by incorporating into other programmes of the organisations or transitioning onto other organisations in the community.

Since the commencement of the Healthy London programme in 2015, the impact of working with our partners Magic Breakfast, Bromley by Bow Centre, Toy House Library, My Time Active and Path since the commencement of the programme in 2015, can be summarised as follows:

- 229,459 meals provided to children and their families
- 7,848 children and their families benefited from exercise, nutrition and well-being advice and support
- 681 new mothers were supported with early years wellbeing and developmental advice,
- 2,723 mothers and children attended early years play sessions and benefited from the Toy Library
- 5,821 hours of play were created for local children
- 3 new play spaces built
- Morgan Stanley employees volunteered 5,224 hours to support the programme and community

The Healthy Glasgow programme still continues in 2021, and although the global pandemic severely impacted the ability to deliver play activity on the ground, Possibilities for every Kid (“PEEK”) was able to mobilise and continue to support vulnerable families with food aid, delivered direct to their homes. In 2020 the programme provided 67,248 meals to the children and their families attending the holiday club programme at St Stephens School and created 910 hours of play with funded play specialists. The programme in Glasgow is made up of two grants to charities operating in the Sighthill area of Glasgow.

- **PEEK’s (Glasgow)** mission is to improve the life chances of children and young people from low income backgrounds by unlocking their potential. They achieve this by providing various services to youngsters to give them the motivation, self-confidence and skills they need to change their lives. Specifically for Healthy Glasgow, these children are of a primary school age. PEEK delivers the holiday club programme at St Stephens School. Grant expenditure in 2020 to PEEK was £88,061.
- **Magic Breakfast (Glasgow)** delivers an in school Holiday Club programme that engages the whole family encompassing play, health and wellbeing education, breakfast and a lunchtime cookery club. Grant expenditure in 2020 to Magic Breakfast (Glasgow) was £4,120.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

1. Direct Charitable Grants (continued)

Key direct charitable grants across the EMEA region outside the UK during 2020 include:

- **Die Arche**, a German charity that provides a safe place for children living in financial and emotional poverty and helps them to achieve a solid education. The project funded by the Foundation supports the after school education programme in Frankfurt. Grant expenditure in 2020 to Die Arche was £37,947.
- **Comin**, a charity founded in Milan, with the aim to give educational support to disadvantaged young people. The project funded by the Foundation focuses on providing additional education to children who are marginalised due to disability and nationality. Grant expenditure in 2020 to Comin was £27,105.
- **Fundacion Tomillo**, a charity based in Spain which seeks to contribute to social improvement and personal development of young people in Madrid. The project funded by the Foundation provides employment training for young people who have failed at school and are trying to get back into education and/or employment. Grant expenditure in 2020 to Tomillo was £31,442.

A list of all grants made by the Foundation during the year greater than or equal to £20,000 is included in Note 5 to the financial statements.

2. Employee Nominated Charity Partnerships

The Foundation also looks to raise funds for specific projects over a two year period through “Employee Nominated Charity Partnerships” across a number of offices in EMEA. Partnerships were selected by employees in early 2019 and continued through until September 2021.

London

In February 2019, London employees nominated Teenage Cancer Trust (“TCT”) as their new charity partner. An initial target for employee fund raising of £500,000 was set which would be matched by the Foundation in 2019 and 2020. Funds raised would help to build a new specialist Teenage Cancer Trust ward at University College London Hospital and create a new team of community nurses to provide expert care to young people fighting cancer both at hospital and at home.

As at 31 December 2020, London employee’s donations and Foundation matching since the start of the relationship, totalled £1,090,469. Over the course of the relationship, which ceased in September 2021, London employees’ donations and Foundation matching for the duration of the partnership, totalled £1,223,494.

Glasgow

In April 2019, Glasgow employees nominated the Scottish Association for Mental Health (“SAMH”) as their new charity partner. Funds raised would enable SAMH to develop a new programme of activity delivering services and interventions to children and young people to increase mental health awareness, support school transitions and improve wellbeing. The programme would operate within two Glasgow based primary schools with attached nurseries and their feeder secondary school. As at 31 December 2020, Glasgow employees’ donations made directly to the charity and Foundation matching totalled £170,000.

Budapest

In early 2019, Budapest employees nominated Heim Pal Children’s Hospital as their new charity partner. An initial target of HUF14.5m (approx. £40,000) was set, which would be matched by the Foundation in 2019 and 2020. Funds raised would help with the refurbishment and modernisation of the trauma centre, providing a more efficient care service and improved experience to young patients and their families. As at 31 December 2020, in excess of 87% (HUF 12.6m) of the targeted funds had been raised by Budapest employees since the partnership began.

Other Charity Partnerships in 2020

Other employee-nominated charity partners across EMEA were:

- Hilfe für krebskranke Kinder Frankfurt e.V in Frankfurt;
- L’Envol in Paris;
- Fundacion Aladina in Milan;
- Association CAF Onlus in Madrid;
- Laura Lynn in Dublin; and
- Kinderspital Zurich.

These charities all work to support a range of children’s causes.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

3. Employee Matching Grants

The Foundation also sought to increase employee engagement and understanding of its work, and rewarded in excess of £93,000 to over 90 employees for their volunteering and fundraising efforts with a donation to their chosen charity, providing public benefit through the supported charities activities. In addition, as part of Morgan Stanley's community outreach, in June 2020 EMEA employees took part in Morgan Stanley's Week of Kindness campaign.

During this period EMEA employees participated in virtual volunteer opportunities, enabling them to continue to support local communities during challenging time.

FINANCIAL REVIEW

The net inflow of funds in the year was £402,685 (2019: £146,636) and the total funds at the end of the year were £2,800,168 (2019: £2,397,483). The Foundation's balance sheet shows net current assets of £257,410 (2019: net current liabilities of £199,699). The Foundation has access to liquid securities within the investment portfolio, classified as fixed assets, which can be liquidated at any time to meet funding needs.

The level of donations received in 2020 decreased by £448,059 to £1,296,755 (2019: £1,744,814) driven by a reduction in donations from employees, primarily due to fewer fundraising activities taking place in the year as a result of restrictions imposed by the governments in response to the COVID-19 pandemic.

In 2020, grant expenditure of £963,255 (2019: £2,265,623) was recognised, which decreased by £1,302,368 from the prior year. The Foundation's restricted expenditure in 2020 includes donations to its employee nominated charity partnership TCT of £99,302 (2019: restricted expenditure totalling £1,045,361, comprised of expenditure for TCT (£991,579) and NSPCC (£53,782)). The decrease in restricted expenditure of £946,329 is primarily due to the recognition of the Foundation's two-year employee donation matching commitment to TCT in 2019 and lower employee donations due to the government restrictions noted above. These restricted employee donations represent approximately 10% of the total 2020 grant expenditure (2019: 46%). Other significant grants include: Place2be, Great Ormond Street Hospital ("GOSH"), PEEK, SAMH, Save the Children, the Bromley by Bow Centre and BAGázs-Bazár.

Going Concern and Principal Funding Sources

The existing and potential effects of COVID-19 on the Foundation have been considered as part of the going concern analysis, including impact on operational capacity, access to funding sources and contractual obligations. The Foundation has sufficient resources to cover future pledged liabilities and continually monitors reserve levels to ensure reserves held are in excess level of the level of reserves requirement. The principal funding sources for the Foundation continue to be donations from MSIP and donations from Morgan Stanley employees. Employee donations have been, and continue to be, raised internally via various Morgan Stanley fundraising activities. The Foundation does not participate in external fundraising or engage others to do so on their behalf. No changes are foreseen to the principal funding sources in 2021 and 2022.

The Foundation will only commit to making payments of charitable donations if there are sufficient funds available to do so and it continues to meet its reserves policy. Note 112 of the financial statements includes information on the Foundation's contingent liabilities. Taking these factors into consideration, the Trustees have no reason to believe that the Foundation will not have access to adequate funding sources to continue in operational existence for the foreseeable future i.e. at least twelve months from the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual Report of the Trustees and financial statements.

Investment Policy and Performance

All investments held by the Foundation have been acquired in accordance with the powers available to the Trustees.

In accordance with the Trust Deed, the Trustees have the power to invest in such stocks, shares, investments and property as they see fit. The Trustees engage Credit Suisse (UK) Limited as investment manager and have given them full discretion when evaluating social, environmental or ethical issues.

During the year, the portfolio produced a positive return of 3.4% (2019: positive return of 13.6%).

The Foundation's investment strategy is to maintain overall wealth, preferably in real terms.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Risk Management

The Trustees annually assess the major risks to which the Foundation is exposed, in particular risks related to the operations and finances of the Foundation and are satisfied that systems are in place to mitigate these risks.

The principal operational risks faced by the Foundation are its ability to access its financial assets and make effective grants. Risks associated with access to the Foundation's financial assets are mitigated through clear segregation of duties, control of access rights and supervision by Trustees. The risk from ineffective grant making is managed through performance of due diligence procedures on prospective grantees, Trustee oversight regarding alignment of grant making with the objectives of the Foundation and monitoring the delivery of grant projects.

The Foundation's principal financial risks are mitigated by Trustees review of relevant financial information on a quarterly basis (including investment performance, actual expenditure against budget, current level of reserves) and utilising Credit Suisse (UK) Limited as manager and custodian of its investment portfolio.

Restricted and Unrestricted Funds

Restricted funds are reserved for selected Employee Nominated Charity Partnership and are not made available for any other purpose. Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Foundation.

Reserves Policy

In line with SORP 2019 and Charity commission guidelines, the Trustees regularly review the effectiveness of the Foundation's reserves policy. In 2020, as a result of this review, trustees approved the reduction of the reserves policy in order to ensure the most efficient use of the Foundation's reserves. As of 2020, the Foundation's reserve policy is to maintain a level of reserves greater than 100% of the current year's budgeted expenditure (2019: 120%) in liquid assets to cover future commitments and contingent liabilities, to safeguard the risk of a downturn in contributions and to ensure that the Foundation provides regular, sustained and consistent support to its designated charities.

As at 31 December 20, the Foundation's level of reserves is in excess of the requirement set out in this policy at 186% (2019: 151%) of the current year budget. Budgeted expenditure for the year to 31 December 2020 was £1,507,255 (2019: £1,322,700), giving rise to required reserves of £1,507,255 (2019: £1,587,240). Total Unrestricted Funds of £2,800,168 (2019: £2,397,483), readily available in the form of cash and investments, represented the liquid assets under the reserves policy. As at both 31 December 2020 and 31 December 2019, the Foundation's Restricted Funds were £nil.

The Foundation's level of reserves is monitored by the Trustees throughout the year.

PLANS FOR FUTURE PERIODS

No significant change in the Foundation's principal activity is anticipated. The Trustees intend to continue to provide grants to non-profit educational and children's health care organizations that provide a benefit to the communities in which the Foundation operates.

The Foundation will continue to encourage employee volunteer engagement in 2021. Efforts will be made to ensure there are a variety of coordinated volunteer programmes that maximize the talents and skills of Morgan Stanley employees, adding increased benefit to the grant beneficiaries alongside further monitoring of how supported programmes are performing.

The Trustees will continue to expand the reach of the Foundation throughout EMEA, specifically in those countries where Morgan Stanley operates. The Foundation continues to seek relevant charitable partners and hopes to establish new relationships and provide grants across Morgan Stanley's EMEA locations in 2021.

Education and Employability

The Foundation will continue to work with registered charities and state-funded schools that provide benefit to communities across EMEA. The Foundation will seek to work with organisations that can increase access and opportunity to young people. The programmes the Foundation supports are based predominantly in educational institutions and specifically address academic achievement, with the objective of raising aspiration and enhancing employability skills.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

PLANS FOR FUTURE PERIODS (CONTINUED)

Children's Health

The Foundation will continue to invest in innovations in children's health and development, working with charitable organisations, hospitals and community based initiatives, supporting young people to enable them to have a happier and more meaningful life. In 2020, the Foundation joined the Morgan Stanley Alliance for Children's Mental Health initiative, striving to spread best practices in schools and universities to meet the heightened need for mental health support among young people.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Foundation is established as a Trust under a Charitable Trust Deed (the "Trust Deed") dated 18 November 1994 as amended by a Deed of Variation dated 10 July 2014 and is registered with the Charity Commission.

Trustees Recruitment and Training

The power of appointing new Trustees of the Foundation is vested in the Trustees. When considering appointing a new Trustee, the Board considers diversity and inclusion and has regard to the requirement for complete representation from business units across Morgan Stanley. The Trust Deed provides for a minimum of three with no maximum number of Trustees.

New Trustees receive relevant induction information and briefings, which involves awareness of a Trustee's responsibilities, the governing document, administrative procedures, the history and philosophical approach of the Foundation. New Trustees are briefed on their legal obligations under charity law, the content of the Trust Deed, the Board of Trustees and decision-making processes, and recent financial performance of the Foundation.

Trustees are appointed for an initial term of three years, renewable (without limit) by re-appointment for further terms of three years.

Organisational Structure

The Trustees meet at least quarterly and are responsible for the strategic direction and policy of the Foundation. At present, the Board of Trustees includes fourteen members from a variety of professional backgrounds.

The Board of Trustees delegates the day-to-day administrative duties, including finance and initial grant application reviews, to employees of Morgan Stanley. When reviewing grant applications, each applicant is required to undergo a due diligence process that includes a review of the Charities Commission register, a review of recent financial results and screening by Morgan Stanley's Anti-Money Laundering group.

The Board of Trustees may delegate any of their powers or functions to committees consisting of two or more persons appointed by them, with at least one member of every committee being a Trustee. All proceedings of committees are reported to the Trustees within a reasonable period.

Key Management Personnel Remuneration

The Trustees and key management personnel (for example, Finance and Community Affairs) of the Foundation in charge of directing and controlling the Foundation give of their time freely and receive no remuneration or expenses for their services to the Foundation.

Related Party Relationships

The principal funding sources for the Foundation are donations from MSIP, a subsidiary of Morgan Stanley, and donations from Morgan Stanley employees. Furthermore, all Trustees are Morgan Stanley employees. Details of any related party transactions are disclosed in note 14 to the financial statements.

MORGAN STANLEY INTERNATIONAL FOUNDATION REPORT OF THE TRUSTEES (CONTINUED)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the annual Report of the Trustees and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Charities Statement of Recommended Practice;
- make judgments 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 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 enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 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.

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

Approved by the Board of Trustees on 21st October 2021 and signed on its behalf by,

DocuSigned by:
Sue Watts
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S. Watts
Trustee
21 October 2021

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Morgan Stanley International Foundation (the "charity"):

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

We have audited the financial statements which comprise:

- the Statement of Financial Activities;
- the Statement of Financial Position;
- the Statement of Cash Flows; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 preparation of the financial statements is appropriate; or

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 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.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION (CONTINUED)

Responsibilities of Trustees

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charity's industry and its control environment, and reviewed the charity's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the charity operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Charities Act, Trust Deed, Charities Act, Charities (Accounts and Reports) Regulations 2008; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or to avoid a material penalty. This included the Charity Commission.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address it are described below:

- we presume a risk of material misstatement due to fraud in revenue recognition which is related to the completeness of donation income. To address this risk, we reviewed the Trustees' meeting minutes, all bank statements in the period, and post year end records up to the date of this report to test whether income had been appropriately included in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls; tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MORGAN STANLEY INTERNATIONAL FOUNDATION (CONTINUED)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters 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 and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

Deloitte LLP

Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
21 October 2021

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

MORGAN STANLEY INTERNATIONAL FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 December 2020

	Note	Restricted Funds	Unrestricted Funds	Total Funds	Total Funds
		£	£	2020	2019
				£	£
INCOME FROM:					
Donations:					
Organisations	3	-	1,198,153	1,198,153	1,200,000
Other	3	98,602	-	98,602	544,814
Investment income	4	-	55,973	55,973	63,807
Other income		430	122	552	3,103
TOTAL INCOME		99,032	1,254,248	1,353,280	1,811,724
EXPENDITURE ON:					
Raising funds:					
Investment management costs		-	(40,821)	(40,821)	(44,065)
Charitable activities:					
Employee volunteering		-	(344)	(344)	(204)
Grants	5	(99,032)	(864,223)	(963,255)	(2,265,623)
TOTAL EXPENDITURE		(99,032)	(905,388)	(1,004,420)	(2,309,892)
Net gains on investment	8	-	49,253	49,253	355,917
Other recognised gains/ (losses)		-	4,572	4,572	(4,385)
NET INCOME/(EXPENDITURE)		-	402,685	402,685	(146,636)
NET MOVEMENT IN FUNDS		-	402,685	402,685	(146,636)
TOTAL FUNDS AT THE BEGINNING OF THE YEAR			2,397,483	2,397,483	2,544,119
TOTAL FUNDS AT THE END OF THE YEAR		-	2,800,168	2,800,168	2,397,483

The notes on pages 15 to 23 form an integral part of the financial statements.

All activities were continuing in the current and prior year.

MORGAN STANLEY INTERNATIONAL FOUNDATION**STATEMENT OF FINANCIAL POSITION****As at 31 December 2020**

	Note	Restricted Funds £	Unrestricted Funds £	Total Funds 2020 £	Total Funds 2019 £
FIXED ASSETS					
Investments	8	501,060	2,213,106	2,714,166	3,194,761
CURRENT ASSETS					
Debtors	9	-	9,276	9,276	21,764
Cash at bank and in hand		589,409	1,038,783	1,628,192	1,098,877
		589,409	1,048,059	1,637,468	1,120,641
LIABILITIES					
Creditors: Amounts falling due within one year	10	(919,061)	(460,997)	(1,380,058)	(1,320,340)
NET CURRENT (LIABILITIES)/ ASSETS					
		(329,652)	587,062	257,410	(199,699)
Creditors: Amounts falling after one year	11	(171,408)	-	(171,408)	(597,579)
NET ASSETS					
		-	2,800,168	2,800,168	2,397,483
THE FUNDS OF THE CHARITY					
Restricted funds		-	-	-	-
Unrestricted funds		-	2,800,168	2,800,168	2,397,483
TOTAL FUNDS	13	-	2,800,168	2,800,168	2,397,483

The notes on pages 15 to 23 form an integral part of the financial statements.

Approved by the Board of Trustees on 21 October 2021 and signed on its behalf by:

DocuSigned by:
Sue Watts
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S Watts
Trustee
21 October 2021

MORGAN STANLEY INTERNATIONAL FOUNDATION**STATEMENT OF CASH FLOWS****Year ended 31 December 2020**

	Note	Total Funds 2020 £	Total Funds 2019 £
NET CASH PROVIDED BY OPERATING ACTIVITIES	17	524,743	345,108
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends and interest from investments	8	55,973	63,807
Investment management costs paid during the year	8	(40,841)	(43,054)
Proceeds from sale of investments	8	1,806,949	549,566
Purchase of investments	8	(1,346,767)	(483,837)
Net gains on revaluation	8	(4,963)	270
Cash transfer on liquidation of assets	8	(545,000)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>(74,649)</u>	<u>86,752</u>
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		450,083	431,860
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,253,224	825,749
Net losses on cash and cash equivalents due to Exchange rate movements		4,572	(4,385)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>1,707,879</u>	<u>1,253,224</u>
RECONCILIATION TO CASH AT BANK:			
Cash at bank		1,628,192	1,098,877
Cash held by investment manager		79,698	154,327
CASH AND CASH EQUIVALENTS		<u>1,707,890</u>	<u>1,253,204</u>

The notes on pages 15 to 23 form an integral part of the financial statements.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

1. BASIS OF PREPARATION

Charitable status

The Foundation is established as a Trust under a Charitable Trust Deed (the “Trust Deed”) dated 18 November 1994 as amended by a Deed of Variation dated 10 July 2014 and is registered with the Charity Commission.

Statement of compliance

The Foundation meets the definition of a public benefit entity under FRS 102.

These financial statements are prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note to these financial statements. These financial statements have been prepared in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities (SORP 2019)” applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom (FRS 102), effective 1 January 2019; and the Charities Act 2011. They have all been applied consistently throughout the year and the preceding year.

New standards and interpretations

There were no new standards of interpretations relevant to the Foundation’s operations which were adopted during the year.

The going concern assumption

The Foundation’s activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Trustees. The existing and potential effects of COVID-19 on the Foundation have been considered as part of the going concern analysis, including impact on operational capacity, access to liquidity and capital and contractual obligations. The Foundation has sufficient resources to cover future pledged liabilities and continually monitors reserve levels to ensure reserves are held in excess of the reserves requirement. The principal funding sources for the Foundation continue to be donations from MSIP and donations from Morgan Stanley employees. Employee donations have been raised internally via various Morgan Stanley fundraising activities. The Foundation does not participate in external fundraising or engage others to do so on their behalf. No changes are foreseen to the principal funding sources in 2020 and 2021.

Taking these factors into consideration, the Trustees have no reason to believe that the Foundation will not have access to adequate resources to continue in operational existence for the foreseeable future i.e. at least twelve months from the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual Report of the Trustees and financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Fund structure

Restricted funds are reserved for a selected Employee Nominated Charity Partnership and are not made available for any other purpose. Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Foundation.

b. Income recognition

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

Donations and interest on funds held on deposit are recognised when receivable and the amount can be measured reliably by the Foundation; this is typically upon notification of receipt by the bank.

c. Expenditure recognition

Expenditure is recognised as soon as there is a legal or constructive obligation committing the Foundation to that expenditure, it is probable that settlement will be required and the amount of obligation can be measured reliably. All expenditure is accounted for on an accruals basis. Charitable activities expenditure includes grants payments made to third parties charities in the furtherance of the charitable objectives of the Foundation (specifically direct charitable grants and employee matching grants) and costs of employee fundraising activities.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 20

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Expenditure recognition (continued)

Grants are recognised when the Foundation has a legal or constructive obligation to make the grant. For direct grants, this is typically once a recipient charity has been notified of a grant award.

e. Foreign currencies

All monetary assets and liabilities denominated in currencies other than Pound Sterling are translated in Pound Sterling at the rates ruling at the balance sheet date. Transactions in currencies other than Pound Sterling are recorded at the rates ruling at the dates of transactions. All translation differences are taken through "Other recognised gains/ (losses)" in the Statement of Financial Activities.

f. Investments

Investments held in an investment portfolio are stated at their fair value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

g. Contingent liabilities

A contingent liability is identified and disclosed for those grants resulting from:

- i) a possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustees' control; or
- ii) the amount has not been communicated in the grant award and that amount can be estimated reliably.

h. Taxation

The Foundation is recognised as a charity for taxation purposes and as a result no liability to taxation arises on its charitable activities.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

i. Donated services

The Foundation relies on the employees of Morgan Stanley for various administrative tasks of which the costs cannot be reliably measured and are borne by another Morgan Stanley group undertaking.

j. Critical accounting judgements

No critical judgements have been made in the process of applying the foundation's accounting policies that have had a significant effect on the amounts recognised in the financial statements. There are no key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

3. DONATIONS

Donations from organisations represent monies received from MSIP. Other donations to the restricted funds represent monies received from employees within the Morgan Stanley EMEA group of companies.

4. INVESTMENT INCOME

	2020	2019
	£	£
Interest receivable	29,170	39,733
Dividends receivable from equity shares	26,803	24,074
	<u>55,973</u>	<u>63,807</u>

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 20

5. GRANTS

During the year, the following grants of amounts greater than or equal to £20,000 were made or have been committed to the following beneficiaries:

Year ended 31 December 2020

	£	£
Restricted Funds		
London Employee Nominated Charity Partnership:		
Teenage Cancer Trust		99,032
Unrestricted Funds		
Place2be (London)	173,850	
GOSH (London)	111,000	
PEEK (London)	88,061	
Bromley By Bow Centre (London)	38,000	
Die Arche (Frankfurt)	37,947	
Joblinge (Frankfurt)	37,947	
Save the Children (London)	33,537	
BAGázs-Bazár (Budapest)	32,292	
Fundacion Tomillio (Madrid)	31,442	
Career Ready (London)	30,000	
Comin (Milan)	27,105	
Magic Breakfast (London and Glasgow)	31,120	
Glasgow Children's Hospital (Glasgow)	25,000	
Intergom (Budapest)	24,410	
Suhanj (Budapest)	22,223	
Hilf fur krebskranke Kinder (Frankfurt)	21,413	
Other grants made or committed of less than £20,000 (including matched funding)	98,532	
Support costs	344	
Total Unrestricted Funds Grants	<u>834,223</u>	
Total Grants		<u><u>963,255</u></u>

(i) In 2020, the restricted and unrestricted fund grants were made to charities supporting the following initiatives: Education (£221,143), Children's Health (£312,205), Children's Mental Health (£183,850), Healthy Cities (£183,968) and Other initiatives (£62,089).

Grants greater than or equal to £20,000 as disclosed above are in excess of 89.7% (2019: 94.5%) of grant expenditure for the year.

All grants relating to the London Employee Nominated Charity Partnerships which are raised by employees are paid from restricted funds. Amounts which have been committed to Teenage Cancer Trust are comprised of amounts raised by employees and matched funding grants.

Support costs comprise of bank fees incurred for making payments to the relevant grant recipients.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 20

5. GRANTS (CONTINUED)

Year ended 31 December 2019

	£	£
Restricted Funds		
London Employee Nominated Charity Partnership:		
Teenage Cancer Trust		991,579
NSPCC		53,782
Unrestricted Funds		
PEEK (Glasgow)	111,580	
GOSH (London)	109,000	
SAMH (Glasgow)	80,000	
Save the Children (London)	78,910	
Bromley by Bow Centre (London)	77,000	
BAGázs-Bazár (Budapest)	60,000	
Magic Breakfast (London)	59,620	
PATH (London)	57,000	
Tower Hamlets EPB (London)	56,500	
MyTime Active (London)	50,000	
SOS Children's Villages (Budapest)	42,000	
Heim Pál Children's Hospital (Budapest)	40,000	
Joblinge (Frankfurt)	35,559	
Die Arche (Frankfurt)	35,530	
Fundacion Tomillo (Madrid)	29,439	
Comin (Milan)	25,379	
Glasgow Children's Hospital Charity (Glasgow)	25,000	
Career Ready (Glasgow)	25,000	
Integrom (Budapest)	25,000	
Kompania Foundation (Budapest)	24,000	
Other grants made or committed of less than £20,000 (including matched	172,838	
Support costs	907	
Total Unrestricted Funds Grants	<u>1,220,261</u>	
Total Grants		<u><u>2,265,623</u></u>

(ii) In 2019, the restricted and unrestricted fund grants were made to charities supporting the following initiatives: Education (£277,907), Children's Health (£1,374,790), Children's Mental Health (£80,000), Healthy Cities (£425,700) and Other initiatives (£107,226)..

6. STAFF COSTS

The Foundation incurs no staff costs (2019: £nil) as services are donated. The Trustees and key management personnel received no fees or expenses for their services to the Foundation (2019: £nil).

7. TAXATION

The Foundation qualifies as a charity within the definition of Chapter 3 of Part 11 to the Corporation Tax Act 2010 by HM Revenue & Customs. Income used for the purposes of the Foundation is exempt from taxation.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 20

8. INVESTMENTS

	Investments	Cash	Total	Investments	Cash	Total
	2020	2020	2020	2019	2019	2019
	£	£	£	£	£	£
Market value at 1 January	3,040,434	154,327	3,194,761	2,750,516	67,575	2,818,091
Additions to investments at cost	1,346,767	(1,346,767)	-	483,837	(483,837)	-
Disposals at market value	(1,806,949)	1,806,949	-	(549,566)	549,566	-
Net gains/ (losses) on revaluation	54,216	(4,963)	49,253	355,647	270	355,917
Cash transfers	-	(545,000)	(545,000)	-	-	-
Investment income (note 4)	-	55,973	55,973	-	63,807	63,807
Investment management costs paid during the year	-	(40,821)	(40,821)	-	(43,054)	(43,054)
Market value at 31 December	2,634,468	79,698	2,714,166	3,040,434	154,327	3,194,761
Cost of investment portfolio at 31 December	2,269,708			2,760,022		

Market value analysed between:

	2020	2019
	£	£
Cash held by investment manager	79,698	154,327
Investment funds:		
Equity investment funds	1,335,999	1,543,080
Fixed income investment funds	824,598	1,025,687
Alternative investment, commodities & real estate	473,871	471,667
	<u>2,634,499</u>	<u>3,040,434</u>
Total investments held by investment manager	<u>2,714,166</u>	<u>3,194,761</u>

All investments are carried at their fair value as determined by the investment manager. Holdings in investment funds are valued at the bid price.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Unrestricted Funds		
Prepayments	<u>9,276</u>	<u>21,764</u>

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 20

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Restricted Funds		
Amount payable to Employee Nominated Charity Partnership		
NSPCC	-	392,703
Teenage Cancer Trust	919,061	394,000
Unrestricted Funds		
Grant funds committed and not yet paid	347,754	385,457
Matching funds committed	104,832	136,869
Accrued investment management costs	8,411	11,311
	<u>1,380,058</u>	<u>1,320,340</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2020	2019
	£	£
Restricted Funds		
Amount payable to Employee Nominated Charity Partnership		
Teenage Cancer Trust	171,408	597,579
	<u>171,408</u>	<u>597,579</u>

12. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 20, the Foundation had committed to pay the following amount subject to certain pre-determined conditions. These conditions may include the relevant charity reaching funding levels themselves for the projects concerned and a satisfactory review of the projects by the Trustees on an ongoing basis.

	2020	2019
	£	£
Commitments due:		
- within one year	<u>357,775</u>	<u>437,316</u>

13. MOVEMENT IN FUNDS

As at 31 December 2020	Restricted Funds TCT	Unrestricted Funds	Total Funds
	£	£	£
At 1 January 20	-	2,397,483	2,397,483
Income	99,032	1,254,248	1,353,280
Expenditure	(99,032)	(905,388)	(1,004,420)
Transfer between funds	-	-	-
Gains on investments	-	49,253	49,253
Foreign exchange losses	-	4,572	4,572
At 31 December 20	<u>-</u>	<u>2,800,168</u>	<u>2,800,168</u>

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 20

13. MOVEMENT IN FUNDS (CONTINUED)

As at 31 December 2019	Restricted Funds NSPCC/TCT	Unrestricted Funds	Total Funds
	£	£	£
At 1 January 209	-	2,544,119	2,544,119
Income	545,361	1,266,363	1,811,724
Expenditure	(1,045,361)	(1,264,531)	(2,309,892)
Transfer between funds	500,000	(500,000)	-
Gains on investments	-	355,917	355,917
Foreign exchange losses	-	(4,385)	(4,385)
At 31 December 209	<u>-</u>	<u>2,397,483</u>	<u>2,397,483</u>

The restricted funds represent monies payable to the Foundation's Employee Nominated Charity Partnerships, which had been NSPCC from February 2017 to February 2019 and Teenage Cancer Trust from February 2019 for the remainder of 2020.

The unrestricted funds are available to be spent for any purpose permitted in the Trust Deed at the discretion of the Trustees.

In 2019, the transfer between funds represents the matched funding commitment to the Foundation's Employee Nominated Charity Partnership using unrestricted funds.

14. RELATED PARTY TRANSACTIONS

In 2020 the Foundation received from MSIP, a subsidiary of Morgan Stanley, a grant of £1,198,153 (2019: £1,200,000) to the unrestricted funds.

The audit fee of £10,000 (2019: £10,000) has been borne by a Morgan Stanley Group company in both the current and prior years and not charged to the Foundation.

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 20

15. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Restricted Funds	Unrestricted Funds	Total Funds 2019
	£	£	£
INCOME FROM:			
Donations:			
Organisations	-	1,200,000	1,200,000
Other	544,814	-	544,814
Investment income	-	63,807	63,807
Other income	547	2,556	3,103
TOTAL INCOME	545,361	1,266,363	1,811,724
EXPENDITURE ON:			
Raising funds:			
Investment management costs	-	(44,065)	(44,065)
Charitable activities:			
Employee volunteering	-	(204)	(204)
Grants	(1,045,361)	(1,220,262)	(2,265,623)
TOTAL EXPENDITURE	(1,045,361)	(1,264,531)	(2,309,892)
Net gains/ (losses) on investment	-	355,917	355,917
Other recognised gains/ (losses)	-	(4,385)	(4,385)
NET INCOME/(EXPENDITURE)	(500,000)	353,364	(146,636)
TRANSFERS			
Transfer between funds	500,000	(500,000)	-
NET MOVEMENT IN FUNDS	-	(146,636)	(146,636)
TOTAL FUNDS AT THE BEGINNING OF THE YEAR	-	2,544,119	2,544,119
TOTAL FUNDS AT THE END OF THE YEAR	-	2,397,483	2,397,483

MORGAN STANLEY INTERNATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 20

16. COMPARATIVE STATEMENT OF FINANCIAL POSITION

2019	Restricted Funds	Unrestricted Funds	Total Funds 2019
	£	£	£
FIXED ASSETS			
Investments	892,580	2,302,181	3,194,761
CURRENT ASSETS			
Debtors	-	21,764	21,764
Cash at bank and in hand	491,702	607,175	1,098,877
	491,702	628,939	1,120,641
LIABILITIES			
Creditors: Amounts falling due within one year	(786,703)	(533,637)	(1,320,340)
NET CURRENT (LIABILITIES)/ ASSETS	(295,001)	95,302	(199,699)
Creditors: Amounts falling after one year	(597,579)	-	(597,579)
NET ASSETS	-	2,397,483	2,397,483
THE FUNDS OF THE CHARITY			
Restricted funds	-	-	-
Unrestricted funds	-	2,397,483	2,397,483
TOTAL FUNDS	-	2,397,483	2,397,483

17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

	2020	2019
	£	£
NET MOVEMENT IN FUNDS	398,113	(142,251)
Adjustments for:		
(Gains)/ Losses on investments	(49,253)	(355,917)
Investment management costs paid during the year	40,821	43,054
Dividends and interest from investments	(55,973)	(63,807)
(Increase)/Decrease in debtors	12,488	(13,595)
Increase/(Decrease) in creditors	(366,453)	877,624
Cash Transfer	545,000	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	524,743	345,108

18. EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date.