

**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 <sup>th</sup> March 2021
S Anselm	Appointed on 30 <sup>th</sup> January 2020
J Bendall	Resigned 28 <sup>th</sup> January 2020
M J DeFilippo	Resigned 24 <sup>th</sup> January 2020
S Evenson	Resigned 23 <sup>rd</sup> January 2020
N Fogarasi	
J Glynn	
M Gregotti	Appointed on 30 <sup>th</sup> January 2020
P Harris	
D Hosie	
S Mavin	
M McMahon	
F O’Sullivan	Resigned 29 <sup>th</sup> January 2020
L Peter	Resigned 30 <sup>th</sup> June 2021
HC Siebold	
G Rogers	
O Stuart	
S Watts	Chair
C Woodman	
V Worster	Resigned 25 <sup>th</sup> 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 krebserkrankte 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*  
E7836660278B4E9...

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](http://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 2020 £	Total Funds 2019 £
<b>INCOME FROM:</b>					
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
<b>TOTAL INCOME</b>		<b>99,032</b>	<b>1,254,248</b>	<b>1,353,280</b>	<b>1,811,724</b>
<b>EXPENDITURE ON:</b>					
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)
<b>TOTAL EXPENDITURE</b>		<b>(99,032)</b>	<b>(905,388)</b>	<b>(1,004,420)</b>	<b>(2,309,892)</b>
Net gains on investment	8	-	49,253	49,253	355,917
Other recognised gains/ (losses)		-	4,572	4,572	(4,385)
<b>NET INCOME/(EXPENDITURE)</b>		<b>-</b>	<b>402,685</b>	<b>402,685</b>	<b>(146,636)</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>-</b>	<b>402,685</b>	<b>402,685</b>	<b>(146,636)</b>
<b>TOTAL FUNDS AT THE BEGINNING OF THE YEAR</b>			<b>2,397,483</b>	<b>2,397,483</b>	<b>2,544,119</b>
<b>TOTAL FUNDS AT THE END OF THE YEAR</b>		<b>-</b>	<b>2,800,168</b>	<b>2,800,168</b>	<b>2,397,483</b>

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 £
<b>FIXED ASSETS</b>					
Investments	8	501,060	2,213,106	2,714,166	3,194,761
<b>CURRENT ASSETS</b>					
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
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	10	(919,061)	(460,997)	(1,380,058)	(1,320,340)
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>		(329,652)	587,062	257,410	(199,699)
Creditors: Amounts falling after one year	11	(171,408)	-	(171,408)	(597,579)
<b>NET ASSETS</b>		-	2,800,168	2,800,168	2,397,483
<b>THE FUNDS OF THE CHARITY</b>					
Restricted funds		-	-	-	-
Unrestricted funds		-	2,800,168	2,800,168	2,397,483
<b>TOTAL FUNDS</b>	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  
E7836690278B4E9...

S Watts  
Trustee  
21 October 2021

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

	<b>Note</b>	<b>Total Funds 2020 £</b>	<b>Total Funds 2019 £</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	17	524,743	345,108
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
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)	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		(74,649)	86,752
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>		450,083	431,860
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		1,253,224	825,749
Net losses on cash and cash equivalents due to Exchange rate movements		4,572	(4,385)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		1,707,879	1,253,224
<b>RECONCILIATION TO CASH AT BANK:</b>			
Cash at bank		1,628,192	1,098,877
Cash held by investment manager		79,698	154,327
<b>CASH AND CASH EQUIVALENTS</b>		1,707,890	1,253,204

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**

	£	£
<b>Restricted Funds</b>		
London Employee Nominated Charity Partnership:		
Teenage Cancer Trust		99,032
<b>Unrestricted Funds</b>		
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	
<b>Total Unrestricted Funds Grants</b>		834,223
<b>Total Grants</b>		<u>963,255</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**

	£	£
<b>Restricted Funds</b>		
London Employee Nominated Charity Partnership:		
Teenage Cancer Trust		991,579
NSPCC		53,782
<b>Unrestricted Funds</b>		
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	
<b>Total Unrestricted Funds Grants</b>		1,220,261
<b>Total Grants</b>		<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**

	<b>Investments</b>	<b>Cash</b>	<b>Total</b>	<b>Investments</b>	<b>Cash</b>	<b>Total</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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)
<b>Market value at 31 December</b>	<b>2,634,468</b>	<b>79,698</b>	<b>2,714,166</b>	<b>3,040,434</b>	<b>154,327</b>	<b>3,194,761</b>
<b>Cost of investment portfolio at 31 December</b>	<b>2,269,708</b>			<b>2,760,022</b>		

**Market value analysed between:**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
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>
<b>Total investments held by investment manager</b>	<b><u>2,714,166</u></b>	<b><u>3,194,761</u></b>

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**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
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 £
<b>Restricted Funds</b>		
Amount payable to Employee Nominated Charity Partnership		
NSPCC	-	392,703
Teenage Cancer Trust	919,061	394,000
<b>Unrestricted Funds</b>		
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 £
<b>Restricted Funds</b>		
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)**

<b>As at 31 December 2019</b>	<b>Restricted Funds NSPCC/TCT</b>	<b>Unrestricted Funds</b>	<b>Total Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
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	-	2,397,483	2,397,483

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**

	<b>Restricted Funds</b>	<b>Unrestricted Funds</b>	<b>Total Funds 2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>INCOME FROM:</b>			
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
<b>TOTAL INCOME</b>	<b>545,361</b>	<b>1,266,363</b>	<b>1,811,724</b>
<b>EXPENDITURE ON:</b>			
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)
<b>TOTAL EXPENDITURE</b>	<b>(1,045,361)</b>	<b>(1,264,531)</b>	<b>(2,309,892)</b>
Net gains/ (losses) on investment	-	355,917	355,917
Other recognised gains/ (losses)	-	(4,385)	(4,385)
<b>NET INCOME/(EXPENDITURE)</b>	<b>(500,000)</b>	<b>353,364</b>	<b>(146,636)</b>
<b>TRANSFERS</b>			
Transfer between funds	500,000	(500,000)	-
<b>NET MOVEMENT IN FUNDS</b>	<b>-</b>	<b>(146,636)</b>	<b>(146,636)</b>
<b>TOTAL FUNDS AT THE BEGINNING OF THE YEAR</b>	<b>-</b>	<b>2,544,119</b>	<b>2,544,119</b>
<b>TOTAL FUNDS AT THE END OF THE YEAR</b>	<b>-</b>	<b>2,397,483</b>	<b>2,397,483</b>



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

**16. COMPARATIVE STATEMENT OF FINANCIAL POSITION**

<b>2019</b>	<b>Restricted Funds</b>	<b>Unrestricted Funds</b>	<b>Total Funds 2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>FIXED ASSETS</b>			
Investments	892,580	2,302,181	3,194,761
<b>CURRENT ASSETS</b>			
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
<b>LIABILITIES</b>			
Creditors: Amounts falling due within one year	(786,703)	(533,637)	(1,320,340)
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>	(295,001)	95,302	(199,699)
Creditors: Amounts falling after one year	(597,579)	-	(597,579)
<b>NET ASSETS</b>	-	2,397,483	2,397,483
<b>THE FUNDS OF THE CHARITY</b>			
Restricted funds	-	-	-
Unrestricted funds	-	2,397,483	2,397,483
<b>TOTAL FUNDS</b>	-	2,397,483	2,397,483

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

	<b>2020 £</b>	<b>2019 £</b>
<b>NET MOVEMENT IN FUNDS</b>	398,113	(142,251)
<b>Adjustments for:</b>		
(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	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	524,743	345,108

**18. EVENTS AFTER THE REPORTING DATE**

There are no significant events after the reporting date.