

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:

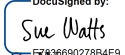
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare 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:

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:

Jessica Hodges

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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.

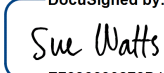
All activities were continuing in the current and prior year.

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		1,478,291
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 für 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	<hr/>	834,223
Total Grants		<hr/> <hr/> 963,255

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	Cash	Total	Investments	Cash	Total
	2021	2021	2021	2020	2020	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
	2,710,026	2,634,468
Total investments held by investment manager	2,855,208	2,714,166

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	-	9,276

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 TCT/TFP	Unrestricted Funds	Total 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	-	2,800,168	2,800,168

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.