

Charity Number
1166697



A Charitable Incorporated Organisation (CIO)

Report of the Trustees and Audited Accounts

Year ended 30 September 2024

The Ethos Foundation
Report of the Trustees and Audited Accounts
Year ended 30 September 2024

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The Ethos Foundation Charity Information

Charity number

1166697

Trustees

G E Gordon OBE - Chair
B Gordon
L Blythe
L Gakic

Principal address

Fivefields
8-10 Grosvenor Gardens
London
SW1W 0DH

Registered office

34 Arlington Road
London
NW1 7HU

Auditors

Grunberg & Co Limited
Chartered Accountants
5 Technology Park
Colindeep Lane
Colindale
London
United Kingdom
NW9 6BX

Accountants

Winston Hazelton & Co Ltd
Chartered Certified Accountants
34 Arlington Road
London
NW1 7HU

Bankers

Barclays
1 Churchill Place
London
E14 5HP

Solicitors

Bates Wells
10 Queen Street Place
London
EC4R 1BE

Investment management

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16 Babmaes Street
St. James's
London
SW1Y 6AH

Website

<https://ethosfoundation.org.uk>

The Ethos Foundation

Registered Charity number: 1166697

Trustees report

The trustees present their report and accounts for The Ethos Foundation (the 'Foundation') for the year ended 30 September 2024.

This report incorporates the strategic report of the Foundation, including its achievements and plans.

The trustees have adopted the provisions of the Statement of Recommended Practice (FRS 102 Charities SORP) on "Accounting and Reporting by Charities", effective 1 January 2019, in preparing the annual report and financial statements of the Foundation.

Structure, Governance and Management

Structure and organisation

The Foundation was incorporated on 22 April 2016 as a Charitable Incorporated Organisation (CIO) with the Charity Commission in England. The charity registration number is 1166697 and the CIO number is CE006474.

The Foundation is governed by its Constitution dated 22 April 2016.

The registered office is situated at 34 Arlington Road, NW1 7HU.

The trustees who are also the members of the Charity have no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities.

The number of trustees shall not be less than three. There is no maximum number.

The Foundation is under the overall control of the trustees who are responsible for the affairs of the charity, executed through a small staff team. The trustees meet regularly to set the policy and overall direction of the Foundation, to review its plans and to discuss the management of the organisation's affairs.

The first trustees are the Founder Members, and they are Grant Gordon OBE and Brigitte Gordon. The Founder Members must appoint at least one Independent Trustee, who must not be a member of the Founder Members' family or a connected person. Lucy Blythe was appointed as an Independent Trustee in 2016. Luka Gakic, the Founding Members' son-in-law appointed in 2021, chairs the Charity's investment committee.

The Foundation has implemented policies and procedures for the induction and training of both new and existing trustees.

All trustees give their time freely and no trustee receives remuneration in the year, aside from reasonable expenses associated with their role. Details of trustee expenses are disclosed in Note 6 to the accounts.

Governance and operating principles

Trustees have continued to reflect broadly on the goals of the Foundation and how best to focus efforts to fulfil the Foundation's vision of a society where individuals and communities thrive.

The Ethos Foundation

Registered Charity number: 1166697

Trustees report

Structure, Governance and Management, cont.

Key management personnel

Since July 2024, the trustees are supported by a newly created paid role of Foundation Director. In terms of remuneration the salary of the Foundation's Director has been benchmarked against similar positions in other non-profit organisations. This is kept under review.

Objectives and Aims

Principal Objectives and Aims

The Ethos Foundation's vision is a society in which individuals and communities thrive. The Foundation's mission is to promote the security and well-being of society and our activities are focused exclusively on projects addressing societal issues in the UK.

Our work is informed by a multi-generational family commitment to philanthropy and is underpinned by our values:

- Fairness - striving for greater equity and justice
- Good citizenship – putting our responsibility to society first
- Reflectiveness - building our knowledge and challenging ourselves

Our overarching goal is to support the United Nations Sustainable Development Goals (SDGs) and in particular:

- SDG No. 1 No Poverty
- SDG No. 10 Reduce inequality

The trustees confirm that they have referred to the information contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning future activities and setting the grant-making policy for the year.

The trustees are satisfied that the objectives of the Foundation are met by supporting organisations aligned with our impact goals that demonstrate good governance and leadership in which the board has confidence. Grantees are invited to apply once identified through research and deep knowledge of the ecosystem. The Ethos Foundation does not accept unsolicited grant applications or proposals for funding.

Principal Activity, Review of Business and Achievements and Performance

The Foundation is primarily a grant-making charity. The Foundation funds charitable causes and programmes selected by the trustees based on alignment with the Foundation's mission. The Foundation regularly monitors the impact of its grants. Beyond grant giving, the Foundation aims to make the most of its ability to act as an independent convener and spotlight for the organisations with whom it partners. An example of this is trustees supporting organisations to find co-funding that can come alongside Ethos' support. Another example is commissioning research and hosting events to bring greater attention to the work and broader missions of its partner organisations.

The successful appointment of Sarah Blackwood, who joined the Foundation as its first Foundation Director, was a key step in developing the Foundation's long-term strategic approach to its ten-year planned spend down of funds. The Director is not only responsible for the Charity's day-to-day operations, but also involved in strategic planning, deployment of funds and operational management.

The Ethos Foundation

Registered Charity number: 1166697

Trustees report

Principal Activity, Review of Business and Achievements and Performance, cont.

During the year, the Foundation began recruitment for a second member of paid staff – a Finance and Operations Manager - who was appointed following the end of the financial year.

Achievements and performance

During the Foundation's financial year, donations were made to 38 charities totalling £2,723,000 (2023: 41 charities totalling £3,867,352).

To help with the development of the Foundation's long-term strategy, manage our current grant-making activities and steward relationships with our portfolio of charity partners, the Foundation incurred a total of £121,118 in support costs during the year (2023: £48,845).

In addition to support costs, an amount of £261,385 (2023: £129,158) was paid in investment management fees to Waverton Investment Management Ltd, an independent investment management firm that manages the Charity investments in order to preserve and increase their value, in accordance with the Investment policy detailed in this report.

Portfolio of strategic charity partners

The Foundation continues to support three principal strategic partners with which we have worked over recent years. The funding relationship with each of the strategic partners is guided by a grant-agreement approved by the board either annually or for a longer period and grants to these organisations totalled £1,953,000. These grants are reviewed at least annually. The Chairman represents the Foundation on the boards of each organisation.

The Childhood Trust ('the Charity') received £803,000 (2023: £1,000,000) in unrestricted funding. The Childhood Trust is London's child poverty charity, dedicated to alleviating the impact of poverty on children and young people living in the UK's capital. The Charity is guided by the aim that every child in the nation's capital should have a healthy, happy, and safe childhood so that all children are prepared for life.

The Foundation helped underwrite the Charity's core costs as well as supporting its match funding campaigns with the Big Give which fund the delivery of projects across all London boroughs. Trustees recorded their continued satisfaction with the performance of the Charity against a backdrop of challenging circumstances for children and young people, including persistent high rates of child poverty in London at 35%, the 2nd highest rate nationally.

The Charity's advocacy work, including the annual London Child Poverty Summit, continued to provide channels for London's children to have a voice, enabling their experiences and views to inform public policy and raise awareness of the devastating impact of child poverty.

For further details visit: <https://www.childhoodtrust.org.uk/>

Thrive at Five ('the Charity') entered its fourth year of operation in its work to support sustainable improvements in school readiness in our nation's most disadvantaged communities. The overarching vision for Thrive at Five is a society that cherishes children's development in the early years and where every child, irrespective of their circumstances and family background, can thrive and achieve their full potential.

The Ethos Foundation

Registered Charity number: 1166697

Trustees report

Portfolio of strategic charity partners, cont.

Thrive at Five, cont.

The Charity has transitioned from initial startup into development and scaling its work. Its approach continues to be successfully piloted in Stoke-on Trent, in partnership with the Local Authority. A 2nd pathfinder area was secured in Redcar & Cleveland to further test & learn the approach guided by Thrive at Five's playbook. Scoping work continued in other places including Scotland to potentially extend the Charity's work in support of disadvantaged communities.

The charity was granted £150,000 (2023: £333,333) by the Foundation as the first instalment of a newly agreed £2 million three-year unrestricted grant agreement. Ethos Foundation's reduced donation is a testament to the success of Thrive at Five's general fundraising efforts.

For further details visit <https://thriveatfive.org.uk/>

The Cabrach Trust ('the Trust') received a total of £1,000,000 in grants (2023: £1,650,000), including the final tranche of capital funding to establish the Cabrach Distillery, which will be operated by the Trust's trading subsidiary, The Cabrach Distillery CIC. The Trust's vision and long-term ambition is to foster sustainable regeneration within this small rural community in NE Scotland. The Trust's mission is to provide economic and social development opportunities in the Cabrach: creating employment; attracting new visitors and residents to the depopulated community; and celebrating and protecting the area's cultural history and heritage, as well as its wild landscape.

In terms of charitable activities, during the year the Trust continued to deliver a broad range of activities supporting community engagement and well-being, as well as the sustainability of the local natural & built environment. The strategic capital project at the Cabrach Distillery approached completion and since the year-end the Distillery was officially opened, and production commenced.

For further details visit: <https://cabrachtrust.org/>

Other grants

In addition to its existing three strategic partners, the Foundation made other grants totalling £460,000 to organisations whose mission aligns with the work of Ethos focusing on systemic change related to child poverty and improving outcomes in children's early years.

This includes repeating our annual 'core funder' contribution to The Royal Foundation in recognition of a shared mission with its Center for Early Childhood. The Foundation also began a new multi-year restricted strategic grant to Regenerate, to scope and promote an increase in the role of industry in supporting children's early years. The Foundation established a co-funding partnership with the charitable foundation Collective Futures, to support joint work aiming to drive funder collaboration and bring together data to support cross-sector work on early childhood in the UK. Ethos also sponsored an interim review by the Centre for Social Justice of the Government's Family Hubs programme, published in October 2024 and Dartington Service Design Lab were funded to incubate the Common Outcomes for Children and Young People Collaborative project. The Foundation also granted support to Nesta for their New Era of Integration in Early Years project, adding a lived experience perspective.

In addition to these strategic partnership grants, the Foundation made a number of smaller grants totalling a further £310,000 in 2024 (2023: £384,019). These donations supported a range of charities, typically with unrestricted grants.

The Ethos Foundation
Registered Charity number: 1166697
Trustees report

Charities funded in the year

Strategic charity partners

	£
The Childhood Trust	803,000
The Cabrach Trust	1,000,000
Thrive at Five	150,000
Subtotal	1,953,000

Other early years related grants

ReGenerate Trust	100,000
Royal Foundation	100,000
Collective Futures	90,000
Nesta	80,000
Centre for Social Justice	55,000
Dartington Service Design Lab	35,000
Subtotal	460,000

Smaller grants

Royal Yacht Squadron Isle of Wight Foundation	80,000
National Trust for Scotland	50,000
West London Zone	20,000
Comic Relief	20,000
Distillers' Charity	12,500
The Foundling Museum	10,000
Andrew Simpson Foundation	10,000
Met Commissioner's Christmas Appeal	10,000
Home-Start UK	10,000
EPIC	10,000
New Philanthropy Capital	10,000
Forward Global	9,000
The Beacon Fellowship Charitable Trust	5,000
The Katherine Low Settlement	5,000
Lighthouse London Community Trust	5,000
Spring Community Hub	5,000
Beam Up Ltd	5,000
Kensington and Chelsea Foundation	5,000
Pimlico Opera - Primary Robins	5,000
Grange Park Opera	5,000
Spitalfields Music	4,000
Coigach Heritage	3,000
City of London Symphonia	3,000
Royal Philharmonic Orchestra	2,500
Opera Holland Park	2,500
Loughborough Community Centre	1,500
Swiss Benevolent Society	1,000
UK Sailing Academy	1,000
Subtotal	310,000

Total Granted	2,723,000
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The Ethos Foundation

Registered Charity number: 1166697

Trustees report

Grant Making

The Foundation will normally apply most of its annual income to charitable causes selected by its trustees. Grant-making decisions will honour and build upon the Foundation's historic philanthropic efforts, including that of its strategic charity partners, to build positive social impact.

From time to time, the Foundation may identify new focus areas and will conduct research and due diligence to identify the charities best placed to make a difference within a particular area of need. Those identified will be invited to apply for support. Upon invitation, potential grantees are formally invited to work with the Foundation in preparing grant materials for proposal development and review by the trustees.

Trustees regularly assess all large grants made, ensuring that charities supported by the Foundation are well governed, have strong leadership and have sufficient reserves to provide for their financial sustainability following a set of guidelines as a framework for grant-making decisions.

Risk management

The trustees have a risk management strategy that comprises:

- Regular review of the risks the Foundation may face and updates to the Risk Register
- The establishment of systems and procedures to mitigate those risks identified
- The implementation of procedures designed to minimise any potential impact on the Foundation should those risks materialise.
- Monitoring our charity partners and the impact of grants awarded

The key financial risk faced by the Foundation is that of volatility in equity and investment markets due to wider economic conditions, the attitude of investors to risk, and changes in sentiment concerning markets in general and within particular sectors or sub-sectors.

The Foundation's attitude to financial risk is described in its investment policy below.

Conflict of interest

Conflict of interest is mitigated by keeping the conflict of interest register up to date and following procedures stated in the Constitution for trustees to abstain from certain decisions if this is deemed necessary. Founder Members or a member of the Founders' family shall not be considered to be in a position of conflict of interest merely by virtue of being a trustee of, or being otherwise connected with, a charity connected to a Founder Member or a member of the Founders' family including but not limited to: The Childhood Trust (Registered Charity No 1154032), The Cabrach Trust (Scottish Charity no SC043771), Thrive at Five (Registered Charity No: 1195059) and The Distillers' Charity (Registered Charity No 1038763).

Financial Review

Review of Statement of Financial Activities (Including Income and Expenditure Account)

Total income for the year was £1,129,373 (2023: £1,301,378) and total expenditure was £3,124,505 (2023: £4,063,792). The overall surplus was £2,685,523 (2023: deficit £2,170,178).

Reserves at the year-end were £57,341,797 (2023: £54,656,274) all represented by unrestricted funds.

The Ethos Foundation

Registered Charity number: 1166697

Trustees report

Financial Review, cont.

Principal funding sources review

During the financial year the Foundation's principal charitable funding came from interest and dividends totalling to £1,129,373 (2023: £1,301,378) as well as drawdowns from capital reserves.

The trustees are confident that the Foundation will continue to have sufficient funds to meet its grant obligations.

Reserves policy

The trustees seek to retain a prudent level of reserves while managing them in line with the Charity's spend-down policy, with the expectation that funds will be drawn down over time to deliver social impact.

The reserves policy of the Foundation accords with the Charity Commission's guidelines. Unrestricted reserve levels are reviewed annually in line with an annual planning and budgeting process and monitored throughout the year. The Foundation intends to spend down its reserves by December 2035, as set out within its Investment Policy.

The balance of unrestricted reserves at the year-end is disclosed in the Financial Review above.

Fundraising

As the main source of funds for grant-making is from the Charity's annual income and related investment funds, the Foundation did not undertake any fundraising activities.

Investment policy

The trustees take a conservative view regarding the investment of funds. Under the Constitution, the Foundation has the power to make any investment which the trustees see fit after obtaining advice from a financial expert as the trustees consider necessary and are permitted to do by the Trustee Act 2000.

The trustee's Investment Committee maintained oversight of the Foundation's funds, which are managed by an independent investment manager, obtaining guidance from specialist management consultants.

Ethos divides its investment funds into a short-term and a long-term fund.

The aim of the short-term fund is to safeguard approximately three years of expenditure with very low tolerance for volatility and risk of capital loss; and its performance is benchmarked against CPI measured over three years and the Asset Risk Consultants (ARC) Sterling Cautious index.

The aim of the long-term fund is to take advantage of the higher tolerance of volatility afforded by its longer-term time horizon in order to increase Ethos' grant-making capacity through the spend-down period out to 31 December 2035; and its performance is benchmarked against CPI+2% and the ARC Sterling Balanced index.

For both the short-term and long-term funds, the investment manager will be expected to meet Ethos' investment objectives net of fees.

The Ethos Foundation

Registered Charity number: 1166697

Trustees report

Investment policy, cont.

Ethos' approach to responsible investment is guided by an Investment Policy Statement (IPS) approved by the trustees and implemented by its appointed discretionary investment manager. Ethos' IPS does not intend to list specific exclusions but expects that all appointed discretionary investment managers will:

- Focus on investing with companies that have sustainable economic prospects
- Focus on investing with companies that contribute to the well-being of society
- Actively manage their social and environmental risks, including in their supply chains
- Promote good corporate governance
- Vote (or abstain) on all shares, collaborating with others on contentious issues in pursuit of positive change
- Apply these principles to all investments, including credit funds.

Plans for future

The Foundation's investment funds constitute its pool of charitable resources for future grant-making. The funds provide the opportunity for the Foundation, which aims to spend down its endowment, to drive forward its mission to promote the security and well-being of society in the UK. It is planned that these funds will be fully granted by 31st December 2035.

Based on learning to date, and research and support commissioned from New Philanthropy Capital in 2024, trustees set some strategic principles for its work going forward and made the decision to recruit a small team of staff. The new Foundation Director is working with the Board to build the Foundation's ten-year strategy, which will aim to maximise the impact of its resources on its charitable mission. This strategy will be in line with the Foundation's ambition to fight childhood poverty in the UK, adhering to values of fairness, good citizenship and reflectiveness, building on work to date. Once agreed with the board, the strategy will be externally communicated and progressively operationalised. During the new financial year the board will be seeking to broaden its skills base by recruiting an additional independent trustee.

Fixed Assets

During the year the Foundation has acquired two laptop computers.

Trustees

The trustees had no beneficial interest in the funds of the Charity and they were as follows:

G E Gordon OBE - Chair
B Gordon
L Blythe
L Gakic

Trustees responsibilities

The trustees are responsible for preparing the report and accounts in accordance with applicable law and regulations.

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial period. Under that law the trustees have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Ethos Foundation

Registered Charity number: 1166697

Trustees report

Trustees responsibilities, cont.

Under the applicable law trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the income or expenditure of the company for that period. In preparing these accounts, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles of Charities SORP
- Make judgements and estimates that are reasonable and prudent
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation
- State whether applicable Accounting Standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the Constitution and with the requirements of the Statement of Recommended Practice (SORP 2005) Accounting and Reporting by Charities, as well as that that they are prepared in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102).

They are also responsible for safeguarding the assets of the Foundation and 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 corporate and financial information included on the Charity's website.

Disclosure of information to auditors

All the directors at the time this report was approved confirm that:

- So far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

19 May 2025

This report (including the strategic report) was approved by the board on
and signed on its behalf.



.....
G Gordon OBE
Founder Member

The Ethos Foundation

Independent auditors' report to the members of The Ethos Foundation

Opinion

We have audited the financial statements of The Ethos Foundation (the 'charity') for the year ended 30 September 2024 which comprise the statement of financial activities, cashflow statement, balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 30 September 2024 and of its incoming resources and application of resources for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from 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, except to the extent otherwise explicitly stated in our report, 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.

Matters on which we are required to report by exception

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

- The information given in the trustees' report is inconsistent in any material respect with the financial statements; 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

The Ethos Foundation

Independent auditors' report to the members of The Ethos Foundation

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 9 to 10, 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.

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:

- The nature of the entity and whether the financial results of our client differed from sector trends;
- The legal and regulatory framework that the Charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements;
- The matters discussed among the audit engagement team during the planning process regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Audit procedures performed included reviewing the financial statements disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements; discussions with the directors on their own assessment of the risks that irregularities may occur either as a result of fraud or error, their assessment of compliance with laws and regulations and whether they were aware of any instances of non-compliance, including any potential litigation or claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting business rationale of any significant transactions that are unusual or outside the normal course of business.

As a result of our assessment, it is considered that there are no laws and regulations for which non-compliance may be fundamental to the operating aspects of the business. However, laws and regulations considered to have a direct effect on the financial statements included the Charities Act 2011 together with the Charities SORP (FRS 102).

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. There is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with the ISAs (UK).

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

The Ethos Foundation

Independent auditors' report to the members of The Ethos Foundation

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.

Herman Hang

Herman Hang ACCA (Senior Statutory Auditor)
for and on behalf of Grunberg & Co Limited
Statutory Auditor

5 Technology Park
Colindeep Lane
Colindale
London
United Kingdom
NW9 6BX

23 May 2025

.....
Date

Grunberg & Co Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

The Ethos Foundation
Statement of Financial Activities
for the year ended 30 September 2024

	Notes	Unrestricted Funds 2024 £	Restricted Funds 2024 £	Total Funds 2024 £	Total Funds 2023 £
Income					
Income from:					
Income from investments	3	1,129,373	-	1,129,373	1,301,378
Total Income		<u>1,129,373</u>	<u>-</u>	<u>1,129,373</u>	<u>1,301,378</u>
Expenditure					
Expenditure on:					
Charitable activities	4	(3,093,451)	-	(3,093,451)	(4,040,653)
Other expenditure	4	(31,054)	-	(31,054)	(23,139)
Total Expenditure		<u>(3,124,505)</u>	<u>-</u>	<u>(3,124,505)</u>	<u>(4,063,792)</u>
Net incoming / (outgoing) resources		(1,995,132)	-	(1,995,132)	(2,762,414)
Other recognised gains/losses					
Net gains on fixed assets investments	8	<u>4,680,655</u>	<u>-</u>	<u>4,680,655</u>	<u>592,236</u>
Net movement in funds		2,685,523	-	2,685,523	(2,170,178)
Reconciliation of funds:					
Total funds brought forward		54,656,274	-	54,656,274	56,826,452
Total funds carried forward		<u>57,341,797</u>	<u>-</u>	<u>57,341,797</u>	<u>54,656,274</u>

Continuing operations

All of the above results in the current and comparative years are derived from continuing activities.

Other recognised gains and losses

There were no other recognised gains or losses other than those stated above.

Movements in funds

Movements in funds are disclosed in Note 13 to the Accounts.

Comparative figures

See note 19.

The Ethos Foundation
Balance Sheet
as at 30 September 2024

Charity Number
1166697
CIO No CE006474

	Notes	2024	2023
		£	£
Fixed assets			
Tangible assets	7	2,416	-
Investments	8	57,846,797	53,705,837
		57,849,213	53,705,837
Current assets			
Debtors	9	1,274	1,503
Cash at bank and in hand		85,268	966,249
		86,542	967,752
Creditors: amounts falling due within one year	10	(593,958)	(17,315)
Net current (liabilities)/assets		(507,416)	950,437
Net assets		57,341,797	54,656,274
Funds			
Unrestricted Funds	12	57,341,797	54,656,274
Total funds		57,341,797	54,656,274

19 May 2025
Approved by the board on and signed on its behalf by:


.....
G Gordon OBE
Founder Member

The Ethos Foundation
Cash Flow Statement
for the year ended 30 September 2024

	2024	2023
	£	£
Cash generated from operating activities		
Net income/(expenditure) for the reporting period	2,685,523	(2,170,178)
Adjustments for		
Depreciation	182	-
Dividends, interest and rents from investments	(1,129,373)	(1,301,378)
Investment management fees	261,385	129,158
Losses on foreign exchange within fixed assets investments	3,592	-
Gains on revaluation of fixed assets investments	(4,684,247)	(592,236)
Decrease in debtors	229	8,333,256
Increase in creditors	576,643	4,715
Net cash (used in)/provided by operating activities	<u>(2,286,066)</u>	<u>4,403,337</u>
Cash from investing activities		
Interest received	7,683	58,619
Purchase of tangible fixed assets	(2,598)	-
Proceeds from sale of investments	1,400,000	-
Purchase of investments	-	(52,000,000)
Net cash provided by/(used in) investing activities	<u>1,405,085</u>	<u>(51,941,381)</u>
Change in cash and cash equivalents in the reporting period	(880,981)	(47,538,044)
Cash and cash equivalents at the beginning of the reporting period	<u>966,249</u>	<u>371,387</u>
Cash and cash equivalents at the end of the reporting period	<u>85,268</u>	<u>966,249</u>
Consisting of:		
Cash at bank and in hand at end of the period	<u>85,268</u>	<u>966,249</u>

Cash Flow Statement

See note 20 to the accounts.

The Ethos Foundation
Notes to the Accounts
for the year ended 30 September 2024

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention (unless otherwise stated in the relevant policy or note) and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - Charities SORP FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Charities Act 2011.

Presentation currency

The financial statements are presented in Sterling.

Public benefit entity

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

Going concern

The trustees consider that there are no material uncertainties related to event or conditions that cast significant doubt upon the Foundation's ability to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees considered the Charity's budget projection. The trustees made enquires and have concluded that there is a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

Fund accounting

Unrestricted funds comprise income receivable or generated for the furtherance of the objects of the Charity without a specified purpose and are available as general funds. Expenditure which meet these criteria are charged to the funds, together with a fair allocation of support costs. Accumulated surpluses are available for use at the discretion of the trustees.

Restricted funds are used for the specific purposes laid down by the donor (if any). Expenditure which meet these criteria are charged to the funds.

Income

Total income is included in the Statement of Financial Activities. Income comprises donations, interest and dividends to further the charities objectives. Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to third party, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Expenditure includes attributable VAT which cannot be recovered. Expenditure which is directly attributable to specific activities will be included in the relevant activity.

Support costs

These are management and administrative costs and comprise expenditure not directly attributable to the generated funds, charitable or fund raising activities of the Charity, but relate to furtherance of the Charity's objectives. They are therefore allocated to the relevant category of resources expended based on estimates of the time devoted to each activity.

The Ethos Foundation
Notes to the Accounts
for the year ended 30 September 2024

Accounting policies, cont.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Computers	over 5 years
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Fixed asset investments

Fixed asset investments are initially recognised at their transaction value and are subsequently measured at their fair value (market value) as at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. The current market value is obtained from the statements prepared by the active fund managers.

Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening carrying value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening carrying value (or purchase date if later).

Financial instruments

a) Basic financial assets

Basic financial assets, including cash, bank balances, and debtors are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

b) Other financial assets and liabilities

Other financial assets and liabilities, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Financial Activities.

c) Basic financial liabilities

Basic financial liabilities, including accruals, are initially recognised at transaction price and subsequently carried at amortised cost, using the effective interest rate method. They are classified as current liabilities if payment is due within one year or less.

Cash at bank and in hand

Cash at bank and in hand includes bank balances held in current account and instant access deposit account. All of the amounts held on interest bearing deposit are available to spend on charitable activities.

Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The Ethos Foundation
Notes to the Accounts
for the year ended 30 September 2024

Accounting policies, cont.

Taxation

The Charity is not liable to corporation tax as it is a Registered Charity.

The Charity is not VAT registered and can therefore not recover input tax on goods and services purchased.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Short term benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

2 Significant judgements and estimates

Preparation of the financial statements requires trustees to make significant judgements and estimates in determining the carrying amounts of certain assets and liabilities. Trustees make assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The trustees' estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically.

Support costs:

Costs such as travel, consultancy fees and subscriptions are allocated to the relevant activity based on estimates by the trustees of time they devoted to charitable activities – 90% of the time spent and other expenditure -10% of the time spent.

3 Analysis of income

	2024	2023
	£	£
<i>Income from investments:</i>		
Investment income dividends	652,570	476,019
Investment income interest	469,120	766,740
Bank and other interest	7,683	58,619
	<u>1,129,373</u>	<u>1,301,378</u>

The Ethos Foundation
Notes to the Accounts
for the year ended 30 September 2024

4 Analysis of expenditure

	Charitable activities	Support costs	2024 Total costs	2023 Total costs
	£	£	£	£
Charitable donations	2,723,000	-	2,723,000	3,867,352
Wages and salaries	-	18,397	18,397	-
Employer's NI	-	1,206	1,206	-
Pensions	-	785	785	-
Travel and subsistence	-	3,996	3,996	1,715
Consultancy costs	-	64,806	64,806	42,079
Venue costs	-	4,246	4,246	-
Accommodation and services	-	697	697	-
Recruitment and HR cost	-	18,216	18,216	-
Social media strategy costs	-	456	456	-
IT, software and website costs	-	2,807	2,807	-
Depreciation	-	182	182	-
Subscriptions	-	5,324	5,324	5,051
	<u>2,723,000</u>	<u>121,118</u>	<u>2,844,118</u>	<u>3,916,197</u>
<u>Investment fees and gifting costs:</u>				
Investment management fees	261,385	-	261,385	129,158
Charity platforms administrative charges	60	-	60	182
	<u>261,445</u>	<u>-</u>	<u>261,445</u>	<u>129,340</u>
<u>Governance cost:</u>				
Audit and accounting fees	-	18,942	18,942	18,255
	<u>261,445</u>	<u>140,060</u>	<u>3,124,505</u>	<u>4,063,792</u>

	Restricted funds:	Unrestricted funds:	Support costs allocation 2024	Total costs 2023
	£	£	£	£
Charitable activities				
Charitable donations	-	2,723,000		3,867,352
Investment fees and gifting costs: 100%	-	261,445		129,340
Support costs: 90% of support costs	-	109,006	(109,006)	43,961
	<u>-</u>	<u>3,093,451</u>		<u>4,040,653</u>
Other expenditure				
Support costs: 10% of support costs	-	12,112	(12,112)	4,884
Governance costs: 100% of governance costs	-	18,942	(18,942)	18,255
	<u>-</u>	<u>31,054</u>	<u>(127,948)</u>	<u>23,139</u>
Total expenditure	<u>-</u>	<u>3,124,505</u>	<u>-</u>	<u>4,063,792</u>

Support costs include all expenditure not directly related to the charitable activity. These are allocated to the relevant activity based on estimates of time devoted to each activity.

All grants given were to charitable institutions. Details and reconciliations of material grants given are presented and reconciled in the Trustees' Annual Report.

The Ethos Foundation
Notes to the Accounts
for the year ended 30 September 2024

5 Net movement in funds	2024	2023
	£	£
This is stated after charging:		
Accountancy services	9,048	7,200
Audit fee	9,894	11,055
	<u>18,942</u>	<u>18,255</u>

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2024	2023
	£	£
Wages and salaries	18,397	-
Employer's NI	1,206	-
Pensions	785	-
Travel and subsistence - staff	2,158	-
Travel and subsistence - trustees	1,838	1,715
	<u>24,384</u>	<u>1,715</u>

The Charity had one employee during the year in the role of Foundation Director who comprised the key management personnel (2023: NIL).

Total cost to employ the charity's key management personnel: £20,388 (2023:NIL).

The average number of trustees during the year was 4 (2023: 4). The trustees did not receive any remuneration for services to the Charity in the year. During the year the Trustees' spent their time on governance, fundraising and representation.

Two trustees received re-imbursement for travel and conference expenses in the year (2023:One).

7 Tangible fixed assets

	Computer Equipment £
Cost	
At 1 October 2023	-
Additions	<u>2,598</u>
At 30 September 2024	<u>2,598</u>
Depreciation	
At 1 October 2023	-
Charge for the year	<u>182</u>
At 30 September 2024	<u>182</u>
Net book value	
At 30 September 2024	<u>2,416</u>
At 30 September 2023	<u>-</u>

The Ethos Foundation
Notes to the Accounts
for the year ended 30 September 2024

8 Fixed assets - Investments	2024	2023
	£	£
Market value brought forward	53,705,837	-
Additions to investments at cost	1,121,690	53,242,758
Disposals at carrying value	(1,661,385)	(129,157)
Net gains on fixed assets investments	4,680,655	592,236
Market value brought forward	<u>57,846,797</u>	<u>53,705,837</u>

Net gains on fixed assets investments	2024	2023
	£	£
Gains on revaluation of fixed assets investments	4,684,247	592,236
Losses on foreign exchange within fixed assets investments	(3,592)	-
	<u>4,680,655</u>	<u>592,236</u>

Fixed asset investments are revalued and stated at market value at the balance sheet date. In terms of assessing the portfolio's market value, the portfolio's management team is relied upon.

The risk from financial instruments is considered in the Trustees report. The Foundation's Investment Committee mitigates these risks by retaining Waverton as discretionary fund management. As Ethos' fund managers Waverton operate an investment policy, approved by trustees, that provides for low to medium risk and a high degree of diversification of holdings within investment asset classes, and has due regard to sustainability and responsible investment as it relates to environmental, social and governance issues.

Investments by type

Waverton: The Ethos Foundation (Bonds):

The investment policy for the above portfolio is a fixed interest mandate for those who require low risk to capital in nominal terms.

Risk profile - Low Volatility.

Waverton: The Ethos Foundation (Cautious):

The investment policy for the above portfolio is a medium risk mandate for clients who wish to have some participation in the higher returns available from equities, but prefer a more cautious stance than the typical "Balanced" investor.

Risk profile - Medium/low volatility; highly diversified.

	2024	2023
	£	£
	Market value carried forward	Market value carried forward
<u>Waverton: The Ethos Foundation (Bonds):</u>		
- Total Securities	17,178,322	17,361,565
- Total Cash	19,683	287,364
	<u>17,198,005</u>	<u>17,648,929</u>
<u>Waverton: The Ethos Foundation (Cautious):</u>		
- Total Securities	40,210,416	35,322,792
- Total Cash	436,766	722,260
- Income due from dividends not yet paid	1,610	11,856
	<u>40,648,792</u>	<u>36,056,908</u>
Total market value carried forward	<u>57,846,797</u>	<u>53,705,837</u>

The Ethos Foundation
Notes to the Accounts
for the year ended 30 September 2024

9 Debtors	2024	2023
	£	£
Prepayments	<u>1,274</u>	<u>1,503</u>

10 Creditors: amounts falling due within one year	2024	2023
	£	£
Accruals	<u>593,958</u>	<u>17,315</u>

11 Financial instruments	2024	2023
	£	£
Financial assets:		
Financial assets measured at amortised cost	86,542	967,752
Financial assets measured at fair value	57,846,797	53,705,837
	<u>57,933,339</u>	<u>54,673,589</u>
Financial liabilities:		
Financial liabilities measured at amortised cost	593,958	17,315
Financial liabilities measured at fair value	-	-
	<u>593,958</u>	<u>17,315</u>

12 Unrestricted Funds	2024	2023
	£	£
At the beginning of year	54,656,274	56,826,452
Resources incoming	1,129,373	1,301,378
Resources outgoing	(3,124,505)	(4,063,792)
Net gains on fixed assets investments	4,680,655	592,236
At the end of the year	<u>57,341,797</u>	<u>54,656,274</u>

13 Analysis of net assets between funds	2024	2024	2024	2023
	Unrestricted	Restricted	Total	£
	Funds	Funds	Funds	Funds
	£	£	£	£
Tangible assets	2,416	-	2,416	-
Investments	57,846,797	-	57,846,797	53,705,837
Current assets	86,542	-	86,542	967,752
Creditors: amounts falling due within one year	(593,958)	-	(593,958)	(17,315)
	<u>57,341,797</u>	<u>-</u>	<u>57,341,797</u>	<u>54,656,274</u>

The Ethos Foundation
Notes to the Accounts
for the year ended 30 September 2024

14 Charity information

The Ethos Foundation is a Charitable Incorporated Organisation (the CIO) which has a principal office in England. Registered office is at 34 Arlington Road, London, NW1 7HU. The Foundation's principal address is Fivefields, 8-10 Grosvenor Gardens, London, SW1W 0DH.

15 Transactions with trustees

There were no transactions with any trustee in the year or previous year.

16 Liability of members

The members of the Charity (being the Charitable Incorporated Organisation, the CIO) have no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities on winding up.

17 Connected charities

Some of the Trustees of the Charity are also Trustees of the following (but not limited to) organisations: The Childhood Trust (Registered Charity 1154032), The Cabrach Trust (Scottish Charity SC043771) and Thrive at Five (Registered Charity 1195059) that received material donations as noted in the Trustees' Annual Report.

18 Accounting period

30 September continued to be a preferred date to report the achievements of the Charity.

19 Statement of Financial Activities
for the year ended 30 September 2023 (comparative figures)

	Notes	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £
Income				
Income from:				
Income from investments	3	1,301,378	-	1,301,378
Total Income		<u>1,301,378</u>	<u>-</u>	<u>1,301,378</u>
Expenditure				
Expenditure on:				
Charitable activities	4	(4,040,653)	-	(4,040,653)
Other expenditure	4	(23,139)	-	(23,139)
Total Expenditure		<u>(4,063,792)</u>	<u>-</u>	<u>(4,063,792)</u>
Net movement in funds		(2,762,414)	-	(2,762,414)
Reconciliation of funds:				
Total funds brought forward		56,826,452	-	56,826,452
Total funds carried forward		<u>54,064,038</u>	<u>-</u>	<u>54,064,038</u>

The Ethos Foundation
Notes to the Accounts
for the year ended 30 September 2024

20 Cash Flow Statement Presentation

2024: Cash Flow Statement presentation has been improved to enable clearer understanding between cash provided by, or used in, operating activities versus cash provided by, or used in, investing activities. 2023: comparatives have been updated accordingly.