



The Karlsson Játiva Charitable Foundation

Registered Charity No. 1168787

Report and Accounts

For the year ended 31 December 2020



Reference and administrative information

Trustees

Martin Andersson
Jeremy Arnold
Rose Marie Játiva Karlsson
Erland Karlsson
Annika Magnusson

Address

2nd Floor, 23 King Street
London
SW1Y 6QY

Constitution

Registered Charity number 1168787
Governed by a Trust Deed dated 5 July 2016 as amended by a Deed of Amendment dated 6 December 2016

Auditors

Rawlinson & Hunter Audit LLP
Eighth Floor, 6 New Street Square
New Fetter Lane
London
EC4A 3AQ

Solicitors

Withers LLP
20 Old Bailey
London
EC4M 7AN

Bankers

Coutts & Co
440 Strand
London
WC2R 0QS

Investment Managers

Goldman Sachs International
Plumtree Court
25 Shoe Lane
London
EC4A 4AU



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For the year ended 31 December 2020

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Trustees' annual report

For the year ended 31 December 2020

The Trustees present their report and audited financial statements of The Karlsson Játiva Charitable Foundation ("the Foundation") for the year ended 31 December 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Foundation's governing document, a trust deed dated 5 July 2016 as amended by a Deed of Amendment dated 6 December 2016 ("the Trust Deed"), the Charities Act 2011 and the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019.

Background and Objects

The Foundation was formed on 5 July 2016 by an initial settlement from Mr Erland Karlsson (the "Settlor") and was registered by the Charity Commission (registered charity number 1168787) on 16 August 2016.

The Foundation has the power to advance any purpose which is charitable under the laws of England and Wales. The Foundation is at present operating as a grant giving trust in furtherance of its principal objects as set out in the Trust Deed, namely: "the advancement of the art of music and the education of the public in the same in the United Kingdom, Sweden and other countries across Europe; and the relief of poverty, distress and hardship and the promotion of education, health and welfare or any other exclusively charitable object in Latin America".

Structure, Governance and Management

The governing document of the Foundation is its Trust Deed, which provides that the power of appointing new Trustees is vested in the Founder where the Founder's powers are held by the Settlor until such time as another person or persons are appointed pursuant to the power contained in the Trust Deed. Trustees are selected for the contribution to the balance of experience they bring. Any new Trustee will be given induction and training providing him or her with a summary of how the Foundation operates and copies of relevant documentation. He or she will also be directed to the resources available on the Charity Commission website and will be given hard copies of relevant guidelines. The Trustees who held office during the financial period and up to the date of this report were:

Martin Andersson

Jeremy Arnold

Rose Marie Játiva Karlsson

Erland Karlsson

Annika Magnusson (appointed 11 February 2021)

All the Trustees give their time freely and no trustee remuneration was paid during the year.

The Trustees may delegate from time to time such of their powers of management and administration to one or more of their number or other persons as appropriate. The Trustees have adopted a Grant Making Policy, details of which are given on page 6. Grants are approved by the Trustees in a Trustees meeting or by written resolution. The Trustees have, in accordance with the Grant Making Policy, delegated authority to two of their number to take grant-funding decisions within specified limits between Trustees meetings. In addition, during the year this delegation of authority was extended to enable dynamic responsiveness to partner programme change requests necessitated by the effect of the COVID-19 pandemic on their organisations and programme work. All grants made under this delegated authority are reported to and considered by the Trustees at the following Trustees meeting.



Trustees' annual report (continued)

For the year ended 31 December 2020

The Trustees have furthermore delegated investment management authority to Goldman Sachs International (the "Investment Manager") in accordance with the Investment Policy Statement approved by the Trustees (see page 7). One of the Trustees has responsibility to monitor the performance of the Investment Manager on a day-to-day basis and reports back periodically to the full group of Trustees.

The Foundation had one employee for the year ended 31 December 2020 (2019: one).

Principal Risks and Uncertainties

The Trustees have examined the major risks faced by the Foundation, including administrative, investment related, regulatory, conflict of interest, financial controls and other issues. Systems are in place to regularly monitor and control these risks and to mitigate any impact they may have on the Foundation. The main market risk to the Foundation comes from fixed asset investments. The risk lies in the combination of uncertain investment markets and volatility in yield. The Foundation manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment classes. Credit risk on cash balances is mitigated by holding cash at mainstream financial institutions with strong credit ratings and in high grade money market funds.

The COVID-19 pandemic and government support measures in response to it have had significant impact on financial markets. The Trustees anticipate that the risk from uncertain investment markets and volatility in yield will remain elevated until the effect of the pandemic recedes and the effect of eventual withdrawal of government support measures becomes clearer.

Public Benefit

The Trustees have had due regard to the Charity Commission guidance on public benefit when exercising any powers or duties to which the guidance is relevant. Each grant is made in furtherance of a charitable purpose that offers an identifiable benefit to the public in general or a sufficient section of the public, and any private benefit that may accrue to any person or entity as a result of a grant is incidental. The Trustees will consider whether any harm or detriment could arise from any grant, and not make the grant if any such harm or detriment could outweigh the public benefit. They consider that the detail in this report about the Foundation's grants and its purposes sufficiently identifies the benefit and beneficiaries of the Foundation's grants, in such a way as to demonstrate the Foundation's benefit to the wider public.

Objectives

The Foundation's Objects refer expressly to (a) music in the United Kingdom, Sweden and other countries across Europe; and (b) poverty, health and education in Latin America. The Trustees are not obliged to focus their grant-making on these areas but have agreed that as a matter of policy they wish to do so at present.

With respect to Object (a) referred to in the previous paragraph, the Trustees have adopted the following Mission Statement:

"Together with likeminded partners we aim to create a force for an improved society with the help of the unifying power of music. We want to open doors to the world of music for everyone, focusing on opportunities to those who might not otherwise have the chance to actively engage in, or have access to high quality music and music education. We seek to act as a counterbalance to the trends in society towards superficiality and intolerance, building on the innate potential of music and musicianship to unite people across ages and cultures."



Trustees' annual report (continued)

For the year ended 31 December 2020

The Foundation seeks to support organisations and projects that aim, directly or indirectly, to provide access to broad qualitative music education and/or improve the opportunities for the public to enjoy high quality music. Through this work it seeks to create conditions for cultural integration through music. In addition to music, the Foundation can also support other closely related forms of performing arts such as dance, ballet or theatre.

In the United Kingdom, the Foundation prioritises grant making for exclusively charitable purposes to organisations that align at their core with our Mission Statement, i.e., those that have likeminded aims embedded in their "DNA". These may be music schools, conservatories, orchestras, choirs or other music establishments, as well as other registered charities operating in the field with similar objects. Grants will generally not be made to organisations or activities that do not align at their core with our Mission Statement.

In Sweden, the Foundation has supported the establishment of a charitable foundation with charitable objects which align with those of the Foundation as set out further under 'Activities, Achievements and Future Plans' below.

With respect to Object (b) the Trustees focus grant making to UK-registered charities that support work in Latin America, in particular in the countries of Ecuador, Colombia, Bolivia and Peru.

The specific objectives the Trustees set for this financial year were to identify, evaluate, select and conduct follow-up of suitable projects worthy of support from the Foundation consistent with its aims.

Activities, Achievements and Future Plans

Six grants were made in the field of music in the United Kingdom during the year under the umbrella of the Signatur Programme. The Trustees were able to consider a wide range of projects with potential partners. Proposals were reviewed and assessed according to how they fulfil the best interests of the Foundation and furtherance of its objects. In this financial year the Foundation has made continued grants to Music Masters (formerly London Music Masters), a charity that provides instrumental lessons to young children from diverse backgrounds, in support of a teacher training programme in order to effect change in the music education sector and to Royal Birmingham Conservatoire's initiative in local community music education - SoundLab - serving disadvantaged young people in Coventry and Birmingham.

It has made further grants to Ora Singers in support of a mentoring programme in vocal composition for young aspiring composers and its free digital educational platform providing broader assistance beyond the mentorship programme, and to Aurora Orchestra in support of their musical programme in partnership with schools and community charities with a priority of reaching children who come from disadvantaged backgrounds or have special educational needs. A further grant was also made to Noah's Ark Children's Hospice in support of their music therapy provision for seriously unwell children and their families and also for general organisational support due to the challenges presented by the pandemic to the health sector where independent actors have played an important role in supporting the NHS.

The Foundation has also made grants to The Music Works, a charity working to deliver Gloucester's first inclusive community rehearsal space and recording studio for young people in challenging circumstances, and (in early 2021) to Music of Life, a registered charity, that provides more access to music tuition for deaf school children delivered by professional musicians who in some cases are themselves deaf. For more information on the work of the Foundation in the field of music in the United Kingdom, please visit www.signatur.org.uk

In order to reach beneficiaries in Sweden and the Nordic region most effectively, the Trustees concluded this was best achieved by providing the funding to a Swedish charity, that in turn would be able to distribute grants and implement projects locally. In April 2018, "Signatur – Insamlingsstiftelse för musikfrämjande" (transl. "Signatur – Fundraising Foundation for Advancement of Music", hereinafter referred to as "Signatur



Trustees' annual report (continued)

For the year ended 31 December 2020

Foundation Sweden”) was entered into the foundation register of the Stockholm County Administrative Board. Signatur Foundation Sweden has an independent board of directors responsible for its strategy and governance and the Foundation has provided grant funding to the charity to be applied for its operations in carrying out projects which are exclusively charitable under the laws of England and Wales.

Signatur Foundation Sweden has the main public benefit purpose of promoting, solely or exclusively, a vibrant Swedish and Nordic music life by providing access to broad qualitative music education and improving the opportunities for the public to enjoy high quality music. In particular, it intends to promote efforts to broaden the base for Swedish and Nordic music life and to further create the conditions for cultural integration through music. In addition to music, Signatur Foundation Sweden can also support other closely related forms of performing arts such as dance, ballet or theater. The object costs of Signatur Foundation Sweden were around £570,000 in 2020 funding fourteen grants (2019: around £500,000 funding nine grants). For more information on the work of Signatur Foundation Sweden, please visit www.signatur.se

The Foundation identifies all the projects it supports in the field of music, whether in the UK or Sweden, as Signatur projects using the Signatur logo. The intellectual property rights in the logo are registered to the Foundation and licensed to Signatur Foundation Sweden:



*Signatur is the umbrella name
for KJCF's work for the
advancement of the art of music*

The Trustees extended one grant in the field of poverty, health and education in Latin America in this financial year. This grant was to the Latin American Children's Trust (“LACT”), a charity registered in England and Wales, whose charitable objects align with one of the Foundation's. LACT has been supporting charitable projects in the Andean region since 2004 and has long-standing relationships with key charitable organisations operating in the region. The grant was approved for grant-making and associated reasonable governance and overhead costs for the relief of poverty, distress and hardship and the promotion of education, health and welfare of children and other members of families with children in Latin America. The charitable expenditure of LACT was £1,024,887 in 2020 funding 16 grants (2019: £1,065,406 funding 15 grants). For further information on the work of LACT, please visit www.lact.org.uk.

With the emergence of the COVID-19 pandemic, most (if not all) of the Foundation's grantees had to adapt their programme implementation and, in many cases, extend the time frame for conducting the activities. In the field of music in the UK and Sweden, many partners devised innovative digital solutions to deliver ongoing support to their beneficiaries whereas in the field of poverty, health and education in Latin America programmes had to be more fundamentally redesigned to better address the immediate basic needs with greater emphasis on nutrition and livelihoods. Thankfully, we were able to agree a way forward with all partners to continue to provide meaningful positive impact to the intended beneficiary populations.

Grants are made and monitored in accordance with the Grant Making Policy and other procedures adopted by the Trustees including those put in place to address programme change requests from partners necessitated by the effect of the COVID-19 pandemic. Projects are selected on the basis that they are specific with well-defined budgets, implementation plans and targets, with emphasis on projects that are likely to have a long-lasting impact and that are in accordance with the objectives of the Foundation. The Trustees may attach conditions to grants made by them. These will vary depending on the individual circumstances and the recipient, with the intention that they are sufficient in each case to satisfy the Trustees that the funds



Trustees' annual report (continued)

For the year ended 31 December 2020

will be applied for the purposes for which they were given. Onward grants made by Signatur Foundation Sweden and LACT are made in accordance with their respective grant making policies which contain similar provisions to those of the Foundation.

The Trustees will identify the project to be funded by the grant, or identify that the grant is expendable for the grantee's general charitable purposes. They will also require acknowledgement of the grant and seek evidence from grantee organisations that they have in place satisfactory safeguarding policies consistent with the Foundation's own Safeguarding Policy.

The specific objectives for the Foundation for next year are the same as the ones for this period, i.e. to identify, evaluate, select and conduct follow-up of suitable projects worthy of support from the Foundation consistent with its objects.

Financial Review

Incoming resources of the Foundation comprised donations, investment and interest income. The Foundation received substantial contributions in the form of expendable endowment in 2017 and 2018 (the "Fund"). The grants provide that the Trustees shall apply the income derived from the Fund to such purposes within its charitable objects as they may determine and may, at their discretion, decide that all or any part of the Fund may be expended on such purposes. However, despite the fact that the whole of the Fund may be expended by the Trustees, it was the donor's wish that the Fund be invested to produce income on a long-term basis for charitable expenditure for the public benefit.

The Trustees have reviewed the performance of the Investment Manager and noted it achieved a return on the Fund of 6.9% in 2020 vs the agreed benchmark of 8.7% (14.5% in 2019 vs 15.3%). Inception to date the corresponding numbers were 6.0% and 7.8%. The agreed benchmark reflects 65% global equities as measured in GBP and 35% UK investment grade fixed income and as such is aspirational as it does not account for fees or costs. The assets were, at the end of the year, invested in global equity (63%) and fixed income markets (17%) as well as alternative and other investments (20%).

Total income for the year totalled £466,042 (2019: £629,615) and total expenditure for the year totalled £1,412,214 (2019: £1,943,935) of which £1,256,229 (2019: £1,783,201) was expenditure on charitable activities.

The Foundation's funds increased to £30,851,109 as at 31 December 2020 from £30,166,803 as at 31 December 2019, which comprises the net loss before gains and losses of £946,172 (2019: £1,314,320) together with the net gain on investments of £1,624,844 (2019: £3,441,164) and foreign exchange gains of £5,634 (2019: losses of £20,338).

Reserves Policy

In adopting its Reserves Policy, the Trustees have considered the level of unrestricted income likely to arise from the expendable endowment and their power to convert investments held in the expendable endowment fund, if necessary, into income.

They have also considered their grant-making intentions and obligations and the impact on grantee organisations were any funding obligations not to be met. They have reviewed the Foundation's operating costs and the risks to which the Foundation is exposed, particularly with regard to its investment portfolio.

Taking these factors into account, it is the Trustees' policy to retain, out of the Foundation's unrestricted income, £250,000 in reserves. This is considered sufficient in order to cover 3 months of funding requirements of current projects and potential new projects.

As at 31 December 2020, the Foundation has unrestricted reserves of £262,061 (2019: £753,175).



Trustees' annual report (continued)

For the year ended 31 December 2020

Investment Policy

The Trustees, taking into account their risk tolerance, have adopted an Investment Policy Statement requiring the Investment Manager to follow an agreed upon asset allocation commensurate with being able to achieve an expected long term portfolio return of 3% plus equal measure of UK and US inflation (the "Long Term Investment Objective"). The Trustees have decided not to hedge the implied currency exposure of the global equity exposure given the long-term investment horizon, cost effectiveness, liquidity considerations and the fact that beneficiaries are located across many countries. In addition to the "Long Term Investment Objective", the portfolio performance is ongoing measured against an agreed benchmark which, as mentioned above, reflects 65% global equities as measured in GBP and 35% UK investment grade fixed income.

All assets and are held in custody by the Investment Manager.

Statement as to disclosure of information to auditors

In so far as the Trustees are aware:

- There is no relevant audit information of which the Foundation's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Rawlinson & Hunter Audit LLP offers itself for reappointment as auditor in accordance with the Charities Act 2011.

For and on behalf of the Trustees

Erland Karlsson, Trustee ...15/09/..... 2021



Trustees' responsibilities statement

For the year ended 31 December 2020

The Trustees are responsible for preparing a Trustees' annual report and financial statements in accordance with applicable law, the Charities Act 2011 and the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued in October 2019.

The law applicable to charities in England and 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 Foundation at the end of the year and of its incoming resources and application of resources during that year. In preparing the financial statements, the Trustees should follow best practice and are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2019 (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume the Foundation will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation and which enable them to ensure that the financial statements comply with the Charities Act 2011 and the provisions of the Trust Deed. The Trustees are responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Independent auditor's report

to the Trustees of The Karlsson Játiva Charitable Foundation

Opinion

We have audited the financial statements of The Karlsson Játiva Charitable Foundation ("the Foundation") for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement Cash Flows and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is 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".

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the Foundation's affairs as at 31 December 2020 and of its incoming resources and application of resources, for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 below. We are independent of the Foundation 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.

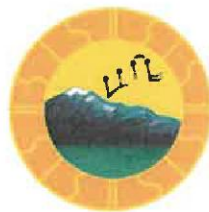
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Foundation'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.



Independent auditor's report (continued)

to the Trustees of The Karlsson Játiva Charitable Foundation

Other information

The other information comprises the information included in the Report and Accounts set out on pages 3 to 8 and the Trustees' responsibilities statement on page 9. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 where the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- ▶ the information given in the Trustees' Annual 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.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 9, 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 Foundation'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 management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.



Independent auditor's report (continued)

to the Trustees of The Karlsson Játiva Charitable Foundation

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 regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 based on 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.

Our assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur, is considered to be low. This conclusion was reached for the reasons outlined below:

- due to the relatively simple business model and minimal transactions within the Foundation there are comparatively few unexpected fluctuations in the reported results and balances and any such unexpected items would be specifically enquired into by us; and
- there are a number of individuals which comprise "management" and therefore there is no single individual who is likely to be able to override controls to effect a fraud.

We ascertained the most significant legislation was the Charities Act 2011, money laundering legislation, health and safety and employment law. The extent of compliance with these laws and regulations was assessed as part of our procedures on the related financial statement items by:

- enquiry of management to understand where there was susceptibility to fraud and whether they have the knowledge of any actual suspected or illegal fraud;
- enquiry of management to identify any instances of non-compliance with laws and regulations; and
- consideration of the controls that the Foundation has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how management monitors those controls.

We designed our audit procedures to respond to identified audit risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements. Some of the specific procedures performed to detect irregularities, including fraud, are detailed below:

- the review of control accounts and journal entries for large, unusual or unauthorised entries;
- the analytical review of the detailed statement of financial activities for variances that are either unexpected or considered not to be in accordance with our understanding of the Foundation activities during the year;



Independent auditor's report (continued)

to the Trustees of The Karlsson Játiva Charitable Foundation

Auditor's responsibilities for the audit of the financial statements (continued)

- obtaining and reviewing for completeness a list of entities and persons considered to be related parties (as defined by Financial Reporting Standard 102) and reviewing the ledgers of the Foundation for previously unreported related party transactions; and
- review of transactions and journals for any indication of fraud or management override.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Use of our report

This report is made solely to the 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 Trustees those matters we are required to state to them in an auditors' 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 Foundation and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Rawlinson & Hunter Audit LLP

Rawlinson & Hunter Audit LLP, Statutory Auditor

London

Date: *15 September* 2021

Rawlinson & Hunter Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006



Statement of financial activities

For the year ended 31 December 2020

	Notes	Unrestricted funds £	Expendable endowment £	2020 Total funds £	2019 Total funds £
Income					
Donations	2	9,168	-	9,168	13,329
Investment income	3	454,791	-	454,791	611,756
Interest on cash and money market funds		2,083	-	2,083	4,530
Total income		<u>466,042</u>	<u>-</u>	<u>466,042</u>	<u>629,615</u>
Expenditures					
<i>Costs of raising funds:</i>					
Investment management fee		-	155,985	155,985	160,734
<i>Expenditures on charitable activities:</i>	4				
Music		915,778	-	915,778	774,927
Poverty, health and education		340,451	-	340,451	1,008,274
Total expenditure		<u>1,256,229</u>	<u>155,985</u>	<u>1,412,214</u>	<u>1,943,935</u>
Net loss before gains and losses		(790,187)	(155,985)	(946,172)	(1,314,320)
Net gains on revaluation of investments	6	-	1,624,844	1,624,844	3,441,164
Net (loss)/ income for the year		(790,187)	1,468,859	678,672	2,126,844
Transfer between funds		300,000	(300,000)	-	-
Foreign exchange (losses)/gains		(927)	6,561	5,634	(20,338)
Net movement in funds		<u>(491,114)</u>	<u>1,175,420</u>	<u>684,306</u>	<u>2,106,506</u>
Fund balances brought forward		<u>753,175</u>	<u>29,413,628</u>	<u>30,166,803</u>	<u>28,060,297</u>
Fund balances carried forward		<u>262,061</u>	<u>30,589,048</u>	<u>30,851,109</u>	<u>30,166,803</u>

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised in the year.

The notes 1 to 11 on pages 17 to 24 form an integral part of these financial statements.



Statement of financial position

For the year ended 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Investments	6	30,395,678	29,370,940
Current assets			
Debtors	7	11,737	32,077
Cash and money market funds		544,694	816,171
		556,431	848,248
Liabilities			
Creditors: amounts falling due within one year	8	(101,000)	(52,385)
Net current assets		455,431	795,863
Net assets		30,851,109	30,166,803
Representing:			
The funds of the charity			
Expendable Endowment		30,589,048	29,413,628
Unrestricted income fund		262,061	753,175
Total charity funds	9	30,851,109	30,166,803

The Financial Statements on pages 14 to 24 were approved and authorised for issue by the Trustees at the Trustees meeting on 15 September 2021 and were signed on behalf of the Trustees by:

Erland Karlsson, Trustee



Statement of cash flows

For the year ended 31 December 2020

	2020 £	2019 £
<i>Cash flows from operating activities</i>		
Net movement in funds	684,306	2,106,506
<i>Adjustments for:</i>		
Interest and dividend income from investments	(454,791)	(611,756)
Interest from cash and money market funds	(2,083)	(4,530)
(Gains)/losses on investments	(1,624,844)	(3,441,164)
Foreign exchange (gains)/losses	(5,634)	20,338
Decrease in debtors	20,340	54,531
Increase in creditors	48,615	943
<i>Cash used in operating activities</i>	<u>(1,334,091)</u>	<u>(1,875,132)</u>
<i>Cash flows from investing activities</i>		
Interest and dividend income from investments	454,791	611,756
Interest from cash and money market funds	2,083	4,530
Purchase of investments	(6,951,533)	(2,540,038)
Proceeds from sale of investments	7,551,639	4,058,277
<i>Cash generated from investing activities</i>	<u>1,056,980</u>	<u>2,134,525</u>
<i>Change in cash and cash equivalents in the year</i>	<u>(277,111)</u>	<u>259,393</u>
<i>Cash and cash equivalent at the beginning of the year</i>	<u>816,171</u>	<u>577,116</u>
Change in cash and cash equivalent due to exchange rate movements	5,634	(20,338)
<i>Cash and cash equivalent at the end of the year</i>	<u>544,694</u>	<u>816,171</u>
<i>Analysis of cash and cash equivalents</i>		
Money market fund	285,758	740,343
Cash in brokerage accounts	142,341	30,254
Cash at bank	116,595	45,574
<i>Total cash and cash equivalents</i>	<u>544,694</u>	<u>816,171</u>



Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation and assessment of going concern

The financial statements have been prepared on a going concern basis under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these financial statements.

The financial statements have been prepared in accordance with the Charities Act 2011 and with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019.

The Karlsson Játiva Charitable Foundation ("the Foundation") meets the definition of a public benefit entity under FRS 102.

The Trustees consider that there are no material uncertainties surrounding the Foundation's ability to continue as a going concern. As noted in the Trustees' annual report, the target of the Foundation is to have unrestricted reserves of £250,000. As at 31 December 2020 the unrestricted reserves of the Foundation were £262,061 (2019: £753,175), which is in excess of the target, and hence the Trustees consider the going basis to remain appropriate.

With respect to the next reporting period, the most significant area of uncertainty that affects the reserves of the Foundation is the performance of investment markets which will determine the carrying value of the investments held by the Foundation. The significance of fixed asset investments to the ongoing financial sustainability of the Foundation is considered in the financial review, principal risks and investment policy sections of the Trustees' annual report.

b) Income recognition

All income is recognised in the Statement of Financial Activities when the Foundation is legally entitled to the income, it is probable that the income will be received, and the amount of income can be quantified with reasonable accuracy. Income from donations is included when any conditions for receipt have been met and there is reasonable assurance of receipt which is usually when the Foundation has control over the income. Investment income is included when receivable and the amount can be measured reliably which is usually upon notification to the Foundation from the investment manager.

c) Expenditure recognition

Liabilities are recognised as expenditure 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 the obligation can be measured reliably.

All expenditure is accounted for on an accrual's basis. All expenses, including grants provided in support of the objects of the Foundation, overhead expenses and governance costs, are allocated or apportioned to applicable expenditure headings. Refer to note (d) below for more information on this attribution.



Notes to the financial statements (continued)

For the year ended 31 December 2020

1. Accounting policies (continued)

c) Expenditure recognition (continued)

Grants provided in support of the objects of the Foundation are payments made to institutions which are partner organisations of the Foundation. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside the control of the Foundation.

Overhead expenses relate to the fees chargeable by the investment managers.

Governance costs comprise all costs involving the public accountability of the Foundation and its compliance with regulation and good practice. These costs include costs related to staff, rent, administration, statutory audit and legal fees.

d) Allocation and apportionment of expenses

Overhead expenses have been allocated to costs of raising funds.

Grants provided in support of the objects of the Foundation have been allocated to expenditure on charitable activities. Charitable activities comprise the projects operated by the partner organisations of the Foundation and are categorised by activity, as detailed in note 4.

Governance costs have been apportioned over the appropriate categories, as detailed in note 4, on the basis of the number of individual grant awards made in recognition that the administrative costs of assessing, awarding and monitoring each grant is broadly equivalent.

e) Irrecoverable VAT

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

f) Charitable activities

Costs of charitable activities include grants provided in support of the objects of the Foundation and governance costs. The allocation to activity of grants paid and the apportionment between activities of governance costs incurred is detailed in note 4.

g) Financial instruments

Investments are initially recognised at their transaction value and subsequently measured at fair value as at the Statement of Financial Position date using the closing quoted market price and closing NAV for funds. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the financial year.

The Foundation does not acquire derivatives or other complex financial instruments.

Cash at bank and in hand is held to meet short-term cash commitments as they fall due rather than for investment purposes and includes all cash equivalents held in the form of short-term highly liquid investments such as high grade daily liquidity money market funds.



Notes to the financial statements (continued)

For the year ended 31 December 2020

1. Accounting policies (continued)

h) Investment 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 their opening carrying value or their purchase value if acquired after the first day of the financial year.

Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value.

i) Provisions

Provisions for grant payments to partner organisations of the Foundation are made when the intention to make a grant has been communicated to the partner organisation but there is uncertainty about either the timing of the grant or the amount of grant payable. No provisions are made for future conditional instalments of multi-year grants where the payment of such instalment remains at the discretion of the Trustees.

j) Key judgements and estimates

In applying the Foundation's accounting policies, the Trustees may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the financial year.

The Trustees' estimates are based on the evidence available at the time; including historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such estimates, the actual results and outcomes may differ. Estimates are reviewed on an on-going basis and revisions to accounting estimates are recognised in the financial year in which the estimate is revised.

The Trustees are not aware of any significant sources of estimation uncertainty in the preparation of the financial statements.

2. Donations

Income from donations totalled £9,168 (2019: £13,329), of which £9,168 (2019: £13,329) was unrestricted and £nil (2019: £nil) was restricted as an expendable endowment.

3. Investment income

	2020 £	2019 £
Listed investments:		
Dividends - Non UK equities	318,180	408,362
Interest - UK fixed interest securities	15,777	20,450
Interest - Non UK fixed interest securities	104,635	126,401
Dividends – Other Investments	16,199	56,543
	<u>454,791</u>	<u>611,756</u>



Notes to the financial statements (continued)

For the year ended 31 December 2020

4. Analysis of expenditure on charitable activities

The Foundation undertook no direct charitable activities but awarded support grants to several institutions in furtherance of its charitable activities. The support grants are analysed below between the two categories of activity together with the allocation of governance costs incurred by the Foundation.

Charitable activity	Support Grants to Institutions £	Allocation of Governance Costs £	Total Expenditure 2020 £	Total Expenditure 2019 £
Music	872,173	43,605	915,778	774,927
Poverty, health and education	335,000	5,451	340,451	1,008,274
	<u>1,207,173</u>	<u>49,056</u>	<u>1,256,229</u>	<u>1,783,201</u>

Support grants by country

	2020 £	2019 £
Sweden	611,173	533,556
United Kingdom	596,000	1,200,000
	<u>1,207,173</u>	<u>1,733,556</u>

Support grants by institution

	2020 £	2019 £
Aurora Orchestra	50,000	50,000
Birmingham Conservatoire	61,000	100,000
Latin American Children's Trust	335,000	1,000,000
Music Masters	50,000	50,000
Noah's Ark Children's Hospice	50,000	-
ORA Choir	30,000	-
Signatur Foundation Sweden	611,173	533,556
The Music Works	20,000	-
	<u>1,207,173</u>	<u>1,733,556</u>



Notes to the financial statements (continued)

For the year ended 31 December 2020

5. Governance costs

	2020 £	2019 £
Auditors' remuneration comprises		
- audit services	7,800	6,840
Staff costs		
- wages and salaries	15,000	15,000
- social security costs	863	886
Legal and professional fees	4,098	1,747
Imputed office rent	9,000	8,066
Accountancy	7,166	5,605
Taxation services	1,200	2,400
Bank charges and interest	634	735
Other administration	551	327
IT fees	2,744	8,040
	<u>49,056</u>	<u>49,645</u>

Governance costs have been apportioned to charitable activities on a pro rata basis in accordance with the number of grants awarded during the year to each of the charitable activities.

The Foundation had one employee during the year and the average headcount was one (2019: one).

6. Investments

	2020 £	2019 £
Movement in fixed asset listed investments		
Opening market value	29,370,940	27,448,015
Additions at cost	6,951,533	2,540,038
Disposals at carrying value	(7,551,639)	(4,058,277)
Net gains on revaluation	1,624,844	3,441,164
Closing market value	<u>30,395,678</u>	<u>29,370,940</u>
	2020 £	2019 £
Investments at fair value comprised		
Non UK equities	19,202,489	18,556,270
UK fixed interest securities	1,498,858	1,862,673
Non UK fixed interest securities	3,735,001	3,233,904
Other investment	5,959,330	5,718,093
	<u>30,395,678</u>	<u>29,370,940</u>



Notes to the financial statements (continued)

For the year ended 31 December 2020

6. Investments (continued)

The Trustees consider that there were no material individual investment holdings that require disclosure. All investments are traded in quoted public markets or liquid mutual funds and carried at their fair value. The basis of fair value for quoted investments is equivalent to the market value, using the closing price for securities and closing NAV for funds. Investment additions and disposals are recognised at the date of trade at cost, being the transaction value. These investments are accounted for at fair value through the Statement of Financial Activities.

7. Debtors

	2020 £	2019 £
Accrued investment income	11,737	32,077
	<u>11,737</u>	<u>32,077</u>

8. Creditors: amounts falling due within one year

	2020 £	2019 £
Accrued audit, tax and accounting fees	10,800	11,540
Accrued investment management fees	40,177	40,824
Accrued charitable donations	50,000	-
Other creditors	23	21
	<u>101,000</u>	<u>52,385</u>

There are no liabilities falling due after more than one year.

9. Analysis of charitable funds

	Investments £	Net current assets £	Total 2020 £	Total 2019 £
Expendable Endowment fund	30,395,678	193,370	30,589,048	29,413,628
Unrestricted income fund	-	262,061	262,061	753,175
	<u>30,395,678</u>	<u>455,431</u>	<u>30,851,109</u>	<u>28,060,297</u>



Notes to the financial statements (continued)

For the year ended 31 December 2020

10. Financial instruments

	2019 £	2019 £
Financial assets measured at fair value through income or expenditure	30,395,678	29,370,940
Financial assets measured at amortised cost	556,431	848,248
	<u>30,952,109</u>	<u>30,291,188</u>
Financial liabilities measured at amortised cost	<u>(101,000)</u>	<u>(52,385)</u>
<i>Income, expense and net gains and losses, including changes in fair value.</i>		
Gains on financial assets measured at fair value through income or expenditure	1,624,844	3,441,164
Dividend income from financial assets measured at fair value through income or expenditure	334,379	464,905
Interest income on financial assets measured at fair value through income or expenditure	120,412	146,851
Interest income on financial assets measured at amortised cost	2,083	4,530
	<u>2,081,718</u>	<u>4,057,450</u>

Financial risk management

Market risk

The Foundation's investments held at fair value are exposed to the uncertainty of investment markets and volatility in yield. The Foundation manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment classes.

Credit risk

Credit risk on cash balances is mitigated by holding cash at mainstream financial institutions with strong credit ratings and in high grade money market funds.



Notes to the financial statements (continued)

For the year ended 31 December 2020

11. Related party transactions

One of the Trustees, Jeremy Arnold, is an employee of Withers LLP. This does not involve any remuneration related directly to fees billed to the Foundation and no charge was made for Mr Arnold's time in his capacity as a Trustee. In accordance with the conflict of interest policy, Mr Arnold takes no part in reviewing or approving any invoices for legal services received from Withers LLP. Legal fees payable to Withers LLP incurred during the year amounted to £4,098 (2019: £1,627).

Two of the Trustees, Erland Karlsson and Rose Marie Játiva Karlsson, are also Trustees of the Latin American Children's Trust ("LACT") to which the Foundation awarded a grant of £335,000 (2019: £1,000,000) in the financial year in furtherance of the Foundation's charitable purposes. In accordance with the conflict of interest policy, Erland Karlsson and Rose Marie Játiva Karlsson declared a conflict of loyalty and did not take part in the quorum or vote on any decisions relating to the consideration or review of the grant to LACT.

In the financial year, one of the Trustees paid fees of £168 (2019: £5,263) for office administration costs, for the benefit of the Foundation. The fees will not be reimbursed by the Foundation. In the financial year, the Trust has benefited from being able to share office space with an entity under the control of one of the Trustees. The estimated rental value of £9,000 (2019: £8,066) of this benefit will not be reimbursed by the Foundation. Accordingly, these two amounts have been included within note 2.