



THE DISTILLERS' CHARITY

THE DISTILLERS' CHARITY

(CHARITABLE INCORPORATED ORGANISATION)

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Charity Number: 1193683

BEGBIES
Chartered Accountants
9 Bonhill Street
London EC2A 4DJ

**THE DISTILLERS' CHARITY
(CHARITABLE INCORPORATED ORGANISATION)**

LEGAL AND ADMINISTRATION INFORMATION

TRUSTEES

Grant Gordon OBE (Chair)
Geoffrey Bush DL
Bryan Burrough (Resigned 25 January 2022)
Leslie Davey (Appointed 18 July 2022)
Paul Hick (Appointed 25 January 2022)
Kenneth MacKay
Richard Watling

REGISTERED OFFICE

1 The Sanctuary
London SW1P 3JT

AUDITORS

Begbies
Chartered Accountants
9 Bonhill Street
London EC2A 4DJ

BANKERS

C Hoare & Co
37 Fleet Street
London EC4P 4DQ

INVESTMENT ADVISERS

Cazenove Capital
1 London Wall Place
London EC2Y 5AU

LEGAL ADVISERS

Lee Bolton Monier-Williams LLP
1 The Sanctuary
London SW1P 3JT

CCEW CIO registered March 2021- No 1193683
OSCR CIO registered October 22 -SCO052075

THE DISTILLERS' CHARITY

TRUSTEES REPORT

England & Wales (no. 1193683)

Scotland (SCO052075)

REPORT OF THE TRUSTEES

The trustees present their report and consolidated financial statements of the Charity and its subsidiary for the year ended 30 September 2022.

The financial statements comply with the Charities Act 2011, the Charity's constitution, and the Charities Statement of Recommended Practice ("Charities SORP") (applicable to 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.

Structure, Governance and Management

The Charity was registered on 3 March 2021 as a Charitable Incorporated Organisation (CIO -registered no. 1193683 & SCO052075). It succeeded to the unincorporated charity of the same name, The Distillers' Charity, (charity number 1038763) and the assets of the unincorporated entity have been transferred to the new legal entity.

The Charity is governed by the rules of its constitution.

In terms of the governance of the Charity, there are at least five trustees and a maximum of nine trustees. The Worshipful Company of Distillers, acting through its Court, appoints not fewer than three and not more than seven nominated trustees, and in addition not more than two trustees may be co-opted by the nominated trustees.

During the year two new trustees were nominated by the Court of the Worshipful Company, Paul Hick as Treasurer and Leslie Davey who took up responsibility for Charity communications. Bryan Burrough, formerly Treasurer stepped down as trustee, while remaining a member of the Finance & Investment Committee.

At present the Charity has no staff, although it outsources certain tasks related to grant-making and impact to an external organisation Inspiring Scotland, specialised in advising charities on improving outcomes for young people. The Charity also received support in managing its Vocation Training & Education activities from the Worshipful Company's Development Director.

The Charity has a wholly owned trading subsidiary, The Distillers' Ventures Limited (DVL), the purpose of which is to raise funds for the Charity. The subsidiary, which is managed day to day by two members of staff including the Managing Director, has a formal undertaking to transfer all profits to the Charity.

The trustees are responsible for relationships between the Charity and related parties, including its trading subsidiary DVL, and other charities and organisations with which it co-operates in the pursuit of its charitable objectives. Whilst there is no formal policy, the trustees take responsibility for the training and induction of new trustees.

Objectives, Public Benefit Aims and Policies of the Charity

The objects of the Charity are:

- 1) The advancement of education of beneficiaries.
- 2) The relief of poverty.
- 3) To support young people, especially from disadvantaged backgrounds and deprived areas, to reach their full potential.
- 4) To promote any charitable purpose for the benefit of the public generally.

THE DISTILLERS' CHARITY

TRUSTEES REPORT

The trustees confirm, that in pursuit of the charitable objectives of the Charity via its grants and other activities, they have both consulted and have regard to the Charity Commission guidance on achieving Public Benefit.

The Charity achieves its objectives via its programme of grants, particularly where these grants are expected to make a noticeable difference to the welfare and quality of life of the beneficiaries.

Activities and Achievements During the Period

The Charity was established in March 2021 to assume the activities of The Distillers' Charity (an unincorporated charitable trust) to carry forward the Charity's mission supported by governance, policies and processes that are designed to support grant-making activities to achieve social impact.

Following the Charity's incorporation work was undertaken to prepare the way for the full transfer of assets, from the old Charity and to incorporate its wholly-owned trading subsidiary, The Distillers' Ventures Limited. The main purpose of the subsidiary trading company is to organise and hold a series of biennial auctions of donated rare spirits raising funds for the benefit of the Charity and its charitable mission. The inaugural fundraising Auction was held in Edinburgh during December 2021.

Trustees also sought professional advice to recommend how proceeds from the Auction could be most effectively used to create impact in alignment with the Charity's mission to support young people from disadvantaged backgrounds. The Scottish charity, Inspiring Scotland, produced a scoping report for trustees, which led to the inception of the Youth Action Fund (see below)

In terms of governance, as it relates to our grant-making and impact, the Youth Action Fund and Vocational Training and Education committees, both met regularly. These committees reported on their activities at Trustee meetings, accompanied by written updates on the progress of our charity partners and impact achieved. Both committees have delegated accountability to manage grant-making and other related activities and ensure the effective use of available resources to deliver social impact. New sets of KPI's were established for monitoring and evaluating the effectiveness of the work in both areas.

Grant-making & Impact

The Distillers' Charity grant-making activities cover three distinctive areas, each of which supports the Charity's mission to transform the lives of young people. The Youth Action Fund is focused in Scotland on achieving employability outcomes for young people from disadvantaged backgrounds. The Charity's two other grant-making areas, Vocational Training & Education and City & Livery Giving, build on the historic work of the original Distillers' Charity:

Youth Action Fund

The Youth Action Fund is supported by the proceeds of the Distillers One of One Auction Series to transform the life chances of young people in Scotland aged between 16 and 25. The Fund's portfolio of charities and impact monitoring is managed by Inspiring Scotland. From the Fund's inception in January 2022, working with the Charity, Inspiring Scotland initially curated a portfolio of four charity delivery partners, Aberdeen Foyer, Street League, ENABLE Works and Alcohol Education Trust, each bringing deep expertise and experience in achieving sustainable employability outcomes with young people from disadvantaged backgrounds. Two further charities, FARE Scotland and Action for Children were selected, to begin work during commencing October 2022. Total grant-making across this area of work was £514,727 (£2022- NIL)

THE DISTILLERS' CHARITY

TRUSTEES REPORT

In terms of monitoring and evaluation, Inspiring Scotland's 'Matrix' system recorded the experience of each individual young person supported by the Youth Action Fund from initial engagement through to successful employability outcome and beyond. During the calendar year 478 young people were engaged for support by the Youth Action Fund charity partners, across 26 Local Authority areas in Scotland. By the end of the year (December 2022) in terms of impact 249 employability outcomes were achieved by young people being supported by the Youth Action Fund, of which 69% of these outcomes were obtained in the final quarter highlighting the Fund's potential to deliver impact at scale.

Vocational Training and Education

Distillers' Vocational Training and Education (VTE) provides support for the next generation of young talent in the distilling industry, promoting diversity and inclusion. It provides bursaries and scholarships, and offers mentoring, advanced learning seminars, networking opportunities, and access to industry knowledge offering an holistic support package. Total expenditure across this area totalled £27,110 (2021- £ 10,640 comparable expenditure in the Old Charity)

In terms of the impact of Distillers' VTE, 80 students benefited from the range of activities and support offered. Outputs included, 24 bursaries awarded to students, 23 mentorship connections and 2 work experience placements as well as other activities supporting future generations into work in the drinks industry.

City & Livery Giving

City and Livery Giving reflects the Worshipful Company's role as a Guild, and includes supporting The Lord Mayor's Appeal for a Better City for All. Grant-making in this area of work aims to improve the lives of young people, support members of the distilling industry experiencing hardship or mental health issues, and help young people stay safe around alcohol. Total expenditure across City & Livery giving totalled £102,250 (2021- £ 83,250 –comparable expenditure in the Old Charity)

We monitored the progress of each of our charity partners across City & Livery Giving, which produced a range of outputs including 21,000 vulnerable young people being supported with knowledge and skills to reduce the misuse of alcohol and other substances, supported by training provided by the Alcohol Education Trust. At Future Youth Zone, a beneficiary of the Lord Mayor's Appeal, our funding contributed to supporting the work that this state-of-the-art institution does in building the confidence of 3,500 young people in Dagenham. At the Drinks Trust, which the Charity contributed to funding, their work helped more than 4,500 industry colleagues facing hardship.

Fundraising activities

The Charity is funded through two distinctive strategies, which benefit from its ties with the Worshipful Company of Distillers as well as its ongoing relationship with the drinks industry and individuals who work, or did so previously, in the industry. Its principal income is produced by its bi-annual Distillers One of One Auction Series, alongside income raised by way of regular donations from Livery members as well as targeted fundraising appeals.

The first 'One of One' Auction was held in December 2021 in Edinburgh and raised £2.5 million, in terms of the hammer price. Not all the funds were received during the financial year. This outcome was made possible by the generosity of the Scotch Whisky industry, through their donations and support for the Auction, for which the Charity is grateful. It had been agreed prior to the Auction, that 90% of the funds raised, representing the price paid for lots before buyer's premium, would be allocated to newly formed Youth Action Fund established to transform the life chances of young people in Scotland, empowering them to create positive change in their lives and communities. The Founder's Advisory Council met regularly receiving updates on the Auction and fundraising activities, as well as the progress of the Youth Action Fund and related matters, providing feedback and advice to DVL.

THE DISTILLERS' CHARITY

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Livery support, in the form of annual and one-off donations from members, provided the majority of the funding to support Vocational Training & Education as well as City & Livery Giving, totalling £58,600. During the year there was an increase in the number of Livery donors, as members migrated historical standing orders from the old Charity in favour of the new organisation.

Our incoming resources for the year were supplemented by £20,675 income from the Charity's investment funds.

Financial review

Total income for the financial period was £3,178,843 (2021- £244,409), of which £1,266,889 represented a donation from the old Distiller's Charity, transferring the accumulated value of their investment fund. The increase in other income was derived primarily by donations from Distillers' Ventures Limited arising from the One of One Auction totalling £1,691,613 (2021- £102,667).

In terms of expenditure fundraising costs totalled £141,307 which related mainly to the activities related to the Auction (2021- £64,733).

Charitable expenditure also grew considerably during the year totalling £644,087 (2021- £93,890 comparable expenditure in the Old Charity).

Risk review

The trustees recognise their responsibilities to ensure that risk management is approached comprehensively throughout the organisation.

Major risks are those that would have a significant impact and a likelihood of occurring. If they arise they would have a major impact on the Distillers' Charity. The board has a risk assessment and management process, which is a standing item at board meetings. The process identifies areas of risk under three broad sub-headings, governance & management, finance and reputation management. Each risk identified has suggested mitigation measures and related actions with named accountability.

Trustees regularly review the risks the Charity faces in all areas of its work, assessing these risks to determine their potential severity and the likelihood of occurrence taking appropriate action to manage risks that have been identified. The board reviews the risk register at each trustee meeting and are satisfied that measures are in place to manage the key identified risks.

Investment policies & reserves

The trustees set a reserves policy, consistent with the Charity Commission guidance, which requires that reserves are maintained at a level which ensures that the Charity's core grant-making activity could continue during a period of unforeseen difficulty. Where appropriate, a proportion of the reserves will be held in a readily realisable form.

The calculation of the required level of reserves, which is subject to an annual review by trustees, is an integral part of the organisation's planning, budget and forecasting cycle and considers risks associated with each income stream and expenditure varying from that budgeted, including future planned levels of charitable giving. Having considered the risks, activity and commitments of the organisation trustees have agreed that the organisation should retain a level of reserves of £1 million.

THE DISTILLERS' CHARITY

TRUSTEES REPORT

The investment strategy, management, and performance monitoring, related to the Charity's reserves, is the responsibility of the Finance and Investment Committee (FIC), which is chaired by the Treasurer. Under advice of the FIC, trustees appoint an investment manager to manage the investment portfolio on its behalf. The FIC reports to the board once per year on the management and performance of its investment portfolio.

For its long-term investments (5-10 years) the trustees seek a return of CPI+2 to 3% over each 5-year cycle. The trustees recognise the last 10 years have been a period of high returns in a low inflation environment and in the future it will be more challenging to deliver similar returns on a risk adjusted basis.

The trustees follow their obligations, as defined by s4 Trustee Act, to maximise the return on the Charity's investments and have reviewed their ESG policy. The portfolio mandate currently does not have any ESG constraints.

Financial position at the end of the year

At the end of the financial year, the charity held a total reserve of £2,302,856, split between

Restricted funds of £966,673

Designated funds of £25,000

Unrestricted funds £1,311,183

Fundraising -The Charities (Protection and Social Investment) Act disclosure

Our fundraising primarily comes from the biennial One of One Auction, managed by Sotheby's. The remaining fundraising is derived from donations made by Liverymen from the Worshipful Company of Distillers. There are no third parties involved in this fundraising.

We are not registered with the Fundraising regulator and are not bound by undertakings to any voluntary scheme. There have been no failures to comply with any codes and there have been no complaints to the Charity about its fundraising. The Trustees believe that our fundraising is outside the scope of the Act in terms of requiring policies protecting vulnerable people.

Plans for the future

Going forward the Charity aims to consolidate the progress that was made in 2022, continuing to work with our grantees, across each of our three grant-making and impact areas. For the Youth Action Fund, representing our largest area of funding, we anticipate delivering £1 million in total support in Scotland for our portfolio of charity partners, targeted at achieving positive youth employability outcomes. We will continue to monitor the Fund's impact on individual beneficiaries with a particular focus on tracking the sustainability of outcomes with young people.

In Vocational Training & Education, further steady growth is anticipated in this important work stream that supports young talent entering and building careers in the drinks industry.

For City & Livery Giving it is planned to maintain support at historic levels overall, while introducing a new Charity of the Year. This appeal, targeting support at young people from disadvantaged backgrounds, is being led by the Master of the Worshipful Company encouraging further engagement by Livery members in our philanthropic work.

In terms of fundraising, the second edition of the biennial Distillers One of One Auction is due to be held in Scotland in October 5th 2023. Distillers Ventures Limited will experience a busy year, as the preparations for Auction are managed, including strong focus on donor engagement with the Scotch Whisky industry, and the participating company's whose generosity provides the foundation for this unique fundraising programme to be successful. This work includes, but is not limited to, sourcing the Auction lots, marketing the event to prospective buyers, engaging sponsors, as well as encouraging industry donors to engage with our charity partners to support delivering employability outcomes for the beneficiaries.

THE DISTILLERS' CHARITY

TRUSTEES REPORT

Trustees' Responsibilities in Relation to the Financial Statements

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 charity's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed subject to any departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

Statement of disclosure to auditor

So far as the Trustees are aware, there is no relevant audit information of which the charity's auditor is unaware. Additionally, the Trustees have taken all the necessary steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Approved by the trustees and signed on their behalf by:



Grant Gordon OBE

Date: 05/07/2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE DISTILLERS' CHARITY

Opinion

We have audited the group financial statements of The Distillers' Charity (the 'charity') for the year ended 30 September 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and charity Balance Sheets, the Consolidated Statement of Cash Flows 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 parent charity and its subsidiary undertaking's affairs as at 30 September 2022 and of their incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 discussed in the auditor's responsibilities for 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 trustees are responsible for the other information. The other information comprises the report of the trustees. 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.

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE DISTILLERS' CHARITY

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified any material misstatements in the report of the trustees.

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; 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, 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 relating to going concern and using the going concern basis of accounting unless the trustees either intend 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 auditors under section 151 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE DISTILLERS' CHARITY

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

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

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and the trustees as to their identification of any non-compliance with laws or regulations, or any actual or potential claims;
- Review of minutes of Board meetings throughout the period;
- incorporating unpredictability into the nature, timing and/or extent of testing.
- Evaluation of the selection and application of the accounting policies chosen by the charity.
- In relation to the risk of management override of internal controls, by undertaking procedures to review journal entries and evaluating whether there was evidence of bias that represented a risk of material misstatement due to fraud; and
- We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements.

Other matter

The comparative year figures were not audited due to the low level of income received falling below the audit threshold.

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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Begbies
Chartered Accountants
Statutory Auditors Date

9 Bonhill Street
London
EC2A 4DJ

05/07/2023

The Distillers' Charity
Consolidated Statement of Financial Activities for the year ended 30 September 2022

		Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Income from:	Note						
Donations & legacies	3	1,316,514	8,975	1,325,489	54,409	25,000	79,409
Income from other trading activities: Fundraising activities	4	351,280	1,481,400	1,832,680	165,000	-	165,000
Investments	5	20,675	-	20,675	-	-	-
Total income		1,688,469	1,490,375	3,178,843	219,409	25,000	244,409
Expenditure on:							
Raising funds							
Events and other fundraising costs	6	141,307	-	141,307	64,733	-	64,733
Investment management fees		791	-	791	-	-	-
		142,098	-	142,098	64,733	-	64,733
Charitable activities							
Youth Action Fund	7	87,987	514,727	602,714	6,455	-	6,455
City & Livery Charities	7	95,761	8,975	104,736	6,455	-	6,455
Vocational Training & Education	7	43,796	-	43,796	6,455	-	6,455
		227,544	523,702	751,246	19,364	-	19,364
Total expenditure		369,642	523,702	893,344	84,097	-	84,097
Net income / (expenditure) before net gains on investments		1,318,827	966,673	2,285,500	135,312	25,000	160,312
Net gains on investments	13	(142,955)	-	(142,955)	-	-	-
Net income / (expenditure)		1,175,871	966,673	2,142,544	135,312	25,000	160,312
Extraordinary item included in income See note 1 (b)		1,266,889	-	1,266,889	54,409	25,000	79,409
Transfers between funds	17	-	-	-	25,000	(25,000)	-
Net movement in funds		1,175,871	966,673	2,142,544	160,312	-	160,312
Reconciliation of funds:							
Total funds brought forward		160,312	-	160,312	-	-	-
Total funds carried forward	17	1,336,183	966,673	2,302,856	160,312	-	160,312

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

The notes on pages 18 to 25 form part of these accounts.

The Distillers' Charity
Consolidated and Charity Balance Sheets as at 30 September 2022

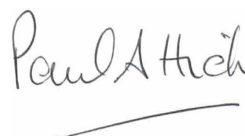
	Note	Consolidated		Charity	
		2022	2021	2022	2021
		£	£	£	£
Fixed Assets:					
Investments	13	1,098,348	-	1,123,348	25,000
Total fixed assets		1,098,348	-	1,123,348	25,000
Current assets:					
Debtors	15	108,905	94,533	104,350	102,667
Cash at bank and in hand		1,145,138	86,401	1,116,836	32,645
Total current assets		1,254,044	180,934	1,221,187	135,312
Liabilities:					
Creditors: Amounts falling due within one year	16	(38,909)	(20,622)	(31,052)	-
Net current assets		1,215,134	160,312	1,190,134	135,312
Total assets less current liabilities		2,313,482	160,312	2,313,482	160,312
Creditors: Amounts falling due after one year	16	(10,626)		(10,626)	
Total net assets		2,302,856	160,312	2,302,856	160,312
The funds of the Charity:					
Unrestricted income funds - general funds	17	1,336,183	160,312	1,311,183	135,312
Unrestricted income funds - designated funds	17	-	-	25,000	25,000
Restricted income funds	17	966,673	-	966,673	-
Total Charity funds		2,302,856	160,312	2,302,856	160,312

The notes on pages 18 to 25 form part of these accounts.

The financial statements were approved by the Trustee Board on 05/07/2023 and signed on behalf of the Trustee Board by



Grant Gordon OBE (Chair)



Paul Hick (Treasurer)

The Distillers' Charity
Consolidated statement of cash flows for the year ended 30 September 2022

	Consolidated 2022 £	2021 £	Charity 2022 £	2021 £
Cash flows from operating activities:				
Net cash provided by / (used in) operating activities (note 1)	1,080,240	86,401	1,105,694	57,645
Cash flows from investing activities:				
Dividends and interest received	20,675	-	20,675	-
Purchase of investments	-	-	-	(25,000)
Net cash provided by / (used in) investing activities	20,675	-	20,675	(25,000)
Change in cash and cash equivalents in the year	1,100,915	86,401	1,126,369	32,645
Cash and cash equivalents at the beginning of the year	86,401	-	32,645	-
Cash and cash equivalents at the end of the year (note 2 below)	1,187,316	86,401	1,159,014	32,645

Notes to the statement of cash flows

1. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2022 £	2021 £	2022 £	2021 £
Net income/(expenditure) for the year (as per the stater	2,142,544	160,312	2,142,544	160,312
Adjustments for:				
(Gains)/losses on investments	142,955	-	142,955	-
Dividends and interest	(20,675)	-	(20,675)	-
Gifts of investments	(1,199,126)	-	(1,199,126)	-
(Increase)/decrease in debtors	(14,372)	(94,533)	(1,683)	(102,667)
Increase/(decrease) in creditors	28,913	20,622	41,678	-
Net cash provided by / (used in) operating activities	1,080,240	86,401	1,105,694	57,645

2. Analysis of cash and cash equivalents

	2022 £	2021 £	2022 £	2021 £
Cash at bank	1,145,138	86,401	1,116,836	32,645
Cash at broker	42,178	-	42,178	-
Total cash and cash equivalents	1,187,316	86,401	1,159,014	32,645

Analysis of changes in net debt

The Charity had no net debt in either the current or previous year

The Distillers' Charity

Notes to the Financial Statements as at 30 September 2022

1. Accounting policies

The Distillers' Charity is a Charitable Incorporated Organisation (CIO) and governed by the Charity's constitution. The Charity was registered on 3 Mar 2021 with the Charity Commission of England and Wales and on 19 October 2022 with the Scottish Charity Regulator (OSCR).

(a) Basis of preparation

The financial statements have been prepared in accordance with the Charity's constitution, the Charities Act 2011 and "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)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

(b) Transfer of assets from The Distillers' Charity

The transfer of assets to the Charity from The Distillers' Charity (1038763), to the new CIO, does not qualify to be treated as merger under the accounting standards due to the trustee board of both organisations not having a majority of members in common. One of the requirements for a charity reconstruction to be accounted for as a merger is that the persons who constitute the trustee body are not significantly changed.

As merger accounting is not allowed under the accounting standards, the donation of the funds from the old charity have been included as a donation within these accounts and as an extraordinary item.

(c) Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

(d) Group financial statements

The financial statements consolidate the results of the Charity and its wholly owned subsidiary, The Distillers' Ventures Limited, on a line by line basis.

Inter-entity transactions have been removed on consolidation.

(e) Income

Income is recognised when the Charity is legally entitled to it, the amounts can be measured reliably, and it is probable that income will be received.

Income from investments is included in the statement of financial activities in the year in which it is receivable.

Income from fundraising activities is derived from the Charity's subsidiary Distillers ventures Limited which runs a biennial auction. The lots donated are included at the level of income derived from the auction. The operation of the auction, and the sale of the item, is considered to be a performance related condition under FRS 102 and the income is not recognised until performance related conditions are met. As the items given are for the specific biennial auction only, no income or asset is recognised in the event that the item does not sell. Similarly, if the underlying sale has not completed at the year-end, and the donor retains ownership of the item, then no income is recognised. Auction Participation fees are recognised as they fall due and donated buyer's premium is recognised when the buyer's premium is paid by the bidder, and so falls due to the company from the donor.

Donations from the transfer of the former Distillers' Charity have been recorded at the value transferred. Where the transfer involved investments, these have been recorded at their market value on the date of transfer. The remaining assets of the former Distillers Charity have been recorded as a debtor within these account. The former charity is still receiving funds from direct debit collections and any net income received by the former charity after the balance sheet date will be recorded as a donation in the following year.

(f) Expenditure and irrecoverable VAT

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure.

The Charity makes grants to individuals and institutions in meeting its charitable objects. In accordance with the SORP provision is made for all grants authorised by the Board of Trustees in the year. Where grants are conditional, only those grants where all the conditions have been met at the year end and the grant is approved to be made are recognised in the financial statements. The expense for the period is reduced by any cancellation of grants authorised but not subsequently required.

Investment management fees are recognised on an accruals basis. As none of the funds are endowed, all the investment management fees are charged to unrestricted funds.

Governance costs are purely those necessary for the charity to meet the administrative requirements of the Charity Commission. Support costs are general administrative costs in support of the charitable activities.

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

The Distillers' Charity

Notes to the Financial Statements as at 30 September 2022

(g) Allocation of support costs

In accordance with the SORP support and governance costs are allocated across the charitable activities. The basis of allocation is calculated by the percentage of total grants paid in that category after the direct allocation of the Youth Action Fund management fee to the Youth Action Fund.

Given the nature of the fundraising activities, and their arising in the Charity's subsidiary, no general support or governance costs are allocated to the fundraising activities.

(h) Comparative period

The comparative period runs from the date of formation of 12 March 2021 to 30th September 2021 for the wholly owned subsidiary and from the 3rd March to the 30th September 2021 for the Charity. These accounts are the first prepared on a consolidated basis, and the comparatives have been adjusted as required for this purpose.

(j) Stocks

There are no stocks of donated goods for auction held at the year end.

(k) Funds accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are received for specific purposes as specified by the donor. Details of the restricted funds can be found in note 17.

(l) Pension schemes

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

(j) Fixed asset investments

Fixed asset investments are included at their fair values (market value) at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

(k) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(m) Creditors and provisions

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 charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

(n) Guarantees

The Charity has agreed to indemnify the former Distillers' Charity trustees against specific HMRC fundraising claims for a period of 6 years in return for the transfer of its net assets. The total transferred to date is £1,346,298.

The Distillers' Charity
Notes to the Financial Statements as at 30 September 2022

2. Financial performance of the charity

The consolidated accounts of the charity includes 100% of The Distillers' Ventures Limited (Company number 13264121). The summary financial performance of the charity alone is:

	2022 £	2021 £
Statement of Financial Activities		
Donations - non group	1,325,489	79,409
Payable as donations from The Distillers' Ventures Limited	1,691,613	102,667
Investment income	20,675	-
Total income	3,037,776	182,076
Expenditure on fundraising	(1,031)	(2,400)
Expenditure on charitable activities	(751,246)	(19,364)
Total expenditure	(752,277)	(21,764)
Net income / (expenditure) before net gains on investments	2,285,500	160,312
Net gains/(losses) on investments	(142,955)	-
Net income	2,142,544	160,312
Total funds brought forward	160,312	-
Total funds carried forward	2,302,856	160,312
Represented by:		
Restricted income funds	966,673	-
Unrestricted income designated funds	25,000	25,000
Unrestricted income general funds	1,311,183	135,312
	2,302,856	160,312

3. Donations

	2022 £	2021 £
Donation from the old Distillers' Charity (1038763)- note 1(b)	1,266,889	79,409
General donations including gift aid	58,600	-
	1,325,489	79,409

4. Raising funds

	2022 £	2021 £
Charity auction proceeds	1,777,680	-
Other fundraising income	55,000	165,000
	1,832,680	165,000

5. Investment income

	2022 £	2021 £
Bank deposit interest	598	-
Income from UK listed investments	20,076	-
	20,675	-

The Distillers' Charity
Notes to the Financial Statements as at 30 September 2022

6. Cost of raising funds

	2022 £	2021 £
Auction costs including advertising	141,067	62,333
General fundraising costs	240	2,400
	<u>141,307</u>	<u>64,733</u>

No allocation of support costs has been made to the costs of raising funds as all the subsidiary costs are contained within the above figure and the remaining support costs attributable are not considered material.

7. Expenditure on Charitable Activities

	Youth Action Fund £	City & Livery Charities £	Vocational Training & Education £	2022 £
Current year				
Grants -note 9	514,727	102,250	27,110	644,087
Share of support costs - note 10	82,540	1,404	16,399	100,343
Share of governance costs - note 11	5,447	1,082	287	6,816
	<u>602,714</u>	<u>104,736</u>	<u>43,796</u>	<u>751,246</u>

The cost of third party grant monitoring of the Youth Action Fund and VTE is allocated directly to those funds, with other support and governance costs allocated in proportion to grant giving.

	Youth Action Fund £	City & Livery Charities £	Vocational Training & Education £	2021 £
Prior year				
Grants -note 9	-	-	-	-
Share of support costs - note 10	3,600	3,600	3,600	10,800
Share of governance costs - note 11	2,855	2,855	2,855	8,564
	<u>6,455</u>	<u>6,455</u>	<u>6,455</u>	<u>19,364</u>

In 2021 there were no grants awarded as the grant giving programme was operated through the previous Charity. The support and governance costs have been divided equally over each charitable area.

8. Staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2022 £	2021 £
Gross salaries	16,827	-
Social security	2,190	-
Pension costs	505	-
	<u>19,522</u>	<u>-</u>

There were no staff employed during the year by the Charity. The Charity's subsidiary employed one person for four months giving an average staff count of nil. The employee was also a director resulting in key management salaries of £19,522. No person received remuneration above £60,000.

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the current or preceding year. No travel expenses were paid to any trustees during the current or preceding year. No insurance limiting trustees' liabilities was purchased during the year (2021: nil).

During the year there were no related party transactions other than transactions with the charity's subsidiary (2021 - £Nil) and with the Worshipful Company of Distillers'. See note 20.

The Distillers' Charity
Notes to the Financial Statements as at 30 September 2022

9. Grants making activities

Grants were recognised as commitments during the year to the following organisations:

	Youth Action Fund £	City & Livery Charities £	Vocational Training & Education £	2022 £
Miscellaneous (note)	-	-	27,110	27,110
Drinks Partnership Trust	-	20,000	-	20,000
Ukraine Humanitarian Appeal	-	20,000	-	20,000
Alcohol Education Trust	48,351	30,000	-	78,351
Lord Mayor's Appeal	-	30,000	-	30,000
Aberdeen Foyer	100,000	-	-	100,000
Enable	125,114	-	-	125,114
Street League	138,762	-	-	138,762
Action for Children	62,500	-	-	62,500
FARE	40,000	-	-	40,000
Grants under £2,000	-	2,250	-	2,250
	514,727	102,250	27,110	644,087

No grants were made by the Charity in 2021.

Grant instalments subject to conditions, which have not been included in the grant expenditure in the year, total in all £982,666.

Note: Institute for Brewing and Distilling, Wine & Spirit Education Trust and Heriot-Watt University ICBT.

10. Support costs

	2022 £	2021 £
Youth Action Fund grant management fees and launch	75,471	-
Vocational Training & Education management	12,960	-
Vocational Training & Education administration	3,067	-
General consultancy	4,200	10,800
Bookkeeping	1,466	-
Website and IT	897	-
Bank charges	395	-
Sundry	1,887	-
	100,343	10,800

11. Governance costs

	2022 £	2021 £
Audit costs	6,000	-
Legal costs	816	8,564
	6,816	8,564

12. Net income

	2022 £	2021 £
Net income is stated after charging:		
Depreciation	-	-
Auditor's remuneration - charity	6,000	-
Auditor's remuneration - subsidiary	3,000	-
Auditor's remuneration - subsidiary other services - VAT	1,800	-

The Distillers' Charity
Notes to the Financial Statements as at 30 September 2022

13. Investments

	Consolidated		Charity	
	2022	2021	2022	2021
	£	£	£	£
Market value or cost at 1 October	-	-	25,000	25,000
Transferred in from the The Distillers' Charity (1038763) - note 1(b)	1,220,083	-	1,220,083	-
Cash movements	21,220	-	21,220	-
Net gain on revaluation	(142,955)	-	(142,955)	-
Market value or costs at 30 September	1,098,348	-	1,123,348	25,000
Historical cost at 30 September - transfer value or cost	1,220,083	-	1,245,083	-

The Charity received the portfolio of The Distillers' Charity (no 1038763) as part of the donations detailed in note 1b. These investments were transferred at market value on the 23rd March 2022 which rebased as cost for the purposes of these accounts.

	£	£	£	£
Investments at market value comprised:				
Equities - UK	445,895	-	445,895	-
Equities - Global	337,830	-	337,830	-
Bonds	139,242	-	139,242	-
Alternatives -Property Fund	106,047	-	106,047	-
Alternatives -Other funds	27,156	-	27,156	-
Cash held by investment manager awaiting reinvestment	42,178	-	42,178	-
Unlisted investments - see below	-	-	25,000	25,000
Market value or cost as at 30 September	1,098,348	-	1,123,348	25,000

Unlisted investments at cost comprise:

	2022	2021
	£	£
The Distillers' Ventures Limited - 25,000 ordinary shares of £1 each	25,000	25,000
	25,000	25,000

14. The Distillers' Ventures Limited

The Charity owns 100% of The Distillers' Ventures Limited (company number 13264121). The main activity of the company is to hold auctions of donated goods. All profits are donated to The Distillers' Charity under gift aid, and the company has been consolidated as a subsidiary in these accounts.

The registered address of the company is 9 Bonhill Street, London, EC2A 4DJ.

Trading results extracted from its audited accounts are as follows:

	2022	2021
	£	£
Profit & Loss account		
Turnover	1,832,680	165,000
Cost of sales and administrative expenses	(141,067)	(62,333)
Net profit	1,691,613	102,667
Payable to The Distillers' Charity	(1,691,613)	(102,667)
(Loss) / Profit retained in The Distillers' Ventures Limited	-	-
Balance sheet		
	2022	2021
	£	£
Debtors	39,824	94,533
Cash at bank	28,302	53,756
	68,126	148,289
Creditors: amounts falling due within one year	(43,126)	(123,289)
Net current assets	25,000	25,000
Creditors: amounts falling due after more than one year	-	-
Net assets / (liabilities)	25,000	25,000
Share capital	25,000	25,000
Profit and loss account	-	-
Capital and reserves at 30 September	25,000	25,000

The donation payable under gift aid has been removed on consolidation.

The Distillers' Charity
Notes to the Financial Statements as at 30 September 2022

15. Debtors

	Consolidated		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	26,336	85,000	-	-
Prepayments and accrued income	13,485	3,500	13,485	-
Other debtors	69,084	6,033	55,596	-
Amounts due from subsidiary undertaking	-	-	35,269	102,667
	108,905	94,533	104,350	102,667

All debtors are due within one year.

16. Creditors

	Consolidated		Charity	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year				
Trade Creditors	722	20,622	-	-
Taxation and social security	2,463	-	-	-
Pension contributions payable	1,347	-	-	-
Accruals	23,751	-	20,426	-
Grant accruals	10,626	-	10,626	-
	38,909	20,622	31,052	-
Amounts falling due after one year				
Grant accruals	10,626	-	10,626	-
	10,626	-	10,626	-

17. Movements in Funds

	Balance at 1 October 2021 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	Balance at 30 Sept 2022 £
Current year						
Restricted funds						
Youth Action Fund (note i)	-	1,481,400	(514,727)			966,673
DEC Ukraine Fund (note ii)	-	8,975	(8,975)			-
	-	1,490,375	(523,702)	-	-	966,673
Unrestricted Funds						
Investment share capital (note iii)	25,000	-	-	-	-	25,000
General unrestricted fund	135,312	1,688,469	(369,642)	-	(142,955)	1,311,183
	160,312	1,688,469	(369,642)		(142,955)	1,336,183
Total Funds	160,312	3,178,843	(893,344)	-	(142,955)	2,302,856

	Balance at 1 October 2020 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	Balance at 30 Sept 2021 £
Prior year						
Restricted funds						
Investment in trading subsidiary		25,000	-	(25,000)		-
	-	25,000	-	(25,000)	-	-
Unrestricted Funds						
Investment share capital	-	-	-	25,000	-	25,000
General unrestricted fund	-	219,409	(84,097)		-	135,312
	-	219,409	(84,097)	25,000	-	160,312
Total Funds	-	244,409	(84,097)	-	-	160,312

Restricted and designated funds

(i) Youth Action Fund	Funds for grant making to youth employability projects in Scotland.
(ii) Ukraine Fund	Funds raised specifically for the DEC Ukraine Humanitarian Appeal.
(iii) Investment share capital	Funds arising from a gift by the Diageo Foundation invested in the share capital of the Charity's subsidiary

The transfer between funds represents the investment being made in the subsidiary's share capital.

The Distillers' Charity
Notes to the Financial Statements as at 30 September 2022

18. Analysis of group net assets between funds
(Current year) - Consolidated

	Investments £	Current assets £	Current liabilities £	Total £
General unrestricted	1,098,348	287,371	(49,535)	1,336,183
Designated	-	-	-	-
Restricted	-	966,673	-	966,673
Net assets as at 30 September 2022	<u>1,098,348</u>	<u>1,254,044</u>	<u>-</u>	<u>2,302,856</u>

Analysis of group net assets between funds
(Current year) - Charity

	Investments £	Net current assets £	Long term liabilities £	Total £
General unrestricted	1,098,348	254,514	(41,678)	1,311,183
Designated	25,000	-	-	25,000
Restricted	-	966,673	-	966,673
Net assets as at 30 September 2022	<u>1,123,348</u>	<u>1,221,187</u>	<u>(41,678)</u>	<u>2,302,856</u>

Analysis of group net assets between funds
(Prior year) - Consolidated

	Investments £	Net current assets £	Long term liabilities £	Total £
General unrestricted	-	180,934	(20,622)	160,312
Designated	-	-	-	-
Restricted	-	-	-	-
Net assets as at 30 September 2021	<u>-</u>	<u>180,934</u>	<u>(20,622)</u>	<u>160,312</u>

Analysis of group net assets between funds
(Prior year) - Charity

	Investments £	Net current assets £	Long term liabilities £	Total £
General unrestricted	-	135,312	-	135,312
Designated	25,000	-	-	25,000
Restricted	-	-	-	-
Net assets as at 30 September 2021	<u>25,000</u>	<u>135,312</u>	<u>-</u>	<u>160,312</u>

19. Transactions with subsidiary and the Worshipful Company of Distillers

The Charity's subsidiary is obliged to donate all surpluses to the Charity with 90% of the auction hammer price (price paid before buyer's premium) being restricted to the Youth Action Fund. The donation for 2022 is £1,691,613 with £1,481,400 restricted (2021: £102,667 none restricted), of which £35,269 remains outstanding at the balance sheet date.

As detailed in the trustees report, the Worshipful Company of Distillers appoints some of the trustees of the Charity, and is also the corporate trustee of this the old Distillers' Charity. The old Distillers Charity donated £1,266,889 to the Charity during the year, of which £45,000 remains outstanding at the balance sheet date.