

Charity registration number 1197205

THE ERNEST KLEINWORT CHARITABLE TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

THE ERNEST KLEINWORT CHARITABLE TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	T Chandos (Chairman) A Kleinwort M Kleinwort Sir R Kleinwort Bt C Mayhew MBE E Limerick
Charity number	1197205
Principal address	One Bell Lane Lewes East Sussex BN7 1JU
Director	Sally Case
Administrator	Andrina Murrell
Auditor	Knill James LLP One Bell Lane Lewes East Sussex BN7 1JU
Bankers	Barclays Plc 1 Church Road Burgess Hill West Sussex RH15 9 BD
Solicitors	Gaby Hardwicke 33 The Avenue Eastbourne East Sussex BN21 3YD
Investment advisors	Veritas Investment Partners (UK) Limited Riverside House 2a Southwark Bridge Road London SE1 9HA United Kingdom

THE ERNEST KLEINWORT CHARITABLE TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Partners Capital LLP
5th Floor
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THE ERNEST KLEINWORT CHARITABLE TRUST

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THE ERNEST KLEINWORT CHARITABLE TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The Trustees present their annual report and financial statements for the year ended 31 March 2023.

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 Trust's Settlement Deed dated 12 March 1963, 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)".

Objectives and activities

The aim of the Trust is to provide resources for charitable activities. The Trust's objectives are to promote and support such purposes recognised by the law of England and Wales as charitable, as the Trustees shall from time to time select. It is, therefore, exclusively, a grant making Trust, with no direct operating activity of its own.

Public Benefit

The Trustees have ensured that all activities throughout the period have been in the interest of public benefit. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when:

- reviewing the Trust's aims and objectives, and
- in planning future activities, and
- settling the grant making policy for the year.

Grant Making Policy

Support is principally given to charities operating to address the needs of people in the county of Sussex, and charities working in the fields of wildlife and environmental conservation (national and international). A small amount of funding is made available for reproductive health work (international) where there is a connection with conservation. The Trustees' current policy is still in accordance with the original wishes of the founders.

During the year, the Trustees reviewed the distribution and trends of their grant making within Sussex, and for UK wildlife and environmental conservation causes. It was agreed that no substantive changes were needed to their grant making policy.

All applications must be made by registered charities or exempt organisations. All applicants must apply on-line via the Trust's website and provide a copy of their most recent financial statements. The Trustees aim to follow the Trust's guidelines carefully; funding will be considered for start-up costs for a new project within an established organisation, core costs or a specific project (capital expenditure or assistance with running costs). Trustees will consider one application from an applicant every 12 months.

During the year a review of the grant application process was undertaken, involving a range of grant applicant stakeholders. A questionnaire and follow up focus group was used to determine whether the grant application process was providing a sufficiently positive and efficient experience for them. Staff also took the opportunity to review grant application data and meet with other grant makers to compare processes and identify best practice. As a result, some minor changes were made to the grant application forms, and other, more substantive questions, have been referred to the Board of Trustees for discussion as part of this on-going review process.

Applications for small grants are considered by one Trustee to whom power has been delegated by the full board of Trustees. The maximum amount for a small grant was maintained at £3,000. Applications for medium grants are considered quarterly, by not less than two Trustees to whom power has been delegated by the Trustees, to make donations up to individual amounts of £10,000. The decisions to award small and medium grants are reviewed and ratified at full Trustee board meetings, held twice a year. Applications for large grants over £10,001 are considered by the full board of Trustees at the twice-yearly board meetings.

The Trustees keep themselves up to date with charity law, and during the year they received updates specific to their role from specialist advisors. Their involvement in the field of charitable activity supported by the Trust, as well as their experience of other charities, means that they bring an informed eye to their work.

The Trustees ensure that the Trust benefits from high-quality investment, financial and legal advice.

THE ERNEST KLEINWORT CHARITABLE TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Achievements and performance

The Trustees set the budget for grant giving by reference to a total return investment policy, with an agreed target return of UK CPI plus 4% to be able to make grants at the appropriate level, while preserving the real value of the endowment. Due to the volatility of the markets, extraction was confirmed at an absolute value of £2,246,580 for the financial year, to be taken from income and capital distributions, through quarterly payments of £561,645. Extraction levels are reviewed on an at least annual basis, unless there is a fall in the value of the portfolio of more than 10%, in which case the extraction levels would be reviewed sooner.

As a result of market volatility during 2021, and to preserve grant making, the Trustees retained an additional cash buffer equivalent to one year's grant making, held in a non-discretionary account. These funds were in addition to funds held in a current account for daily transaction purposes, and reviewed on an annual basis.

During 2022, because of market conditions, the Trustees agreed to utilise this cash buffer to fund expenditure. The quarterly extraction payments from income and capital were therefore paused. As at 31st March 2023, £1,132,207 remained in the cash buffer account.

In the 2022/2023 financial year the Trustees agreed a budget of £1,930,000 of grant giving and £146,093 in operational costs. This was reviewed mid-year, and because of the increased cost of living and high inflation, the Trustees made an additional £150,000 available to help charities meet rising costs. The grant application process was amended to request information about the impact of cost of living increases on charities, and the Trustees have begun to award uplifts to grants in appropriate cases.

During the period the Trustees made donations totalling – £1,738,890 (£1,657,585 in 2022).

Large donations, such as £130,000 to St Catherine's Hospice, £100,000 to Tusk Trust, and £82,000 to Martlets Hospice are made because of a close and often long-standing relationship between the individual charities and one or more Trustees.

Year Ending	2023	2022
Number of appeals received	323	300
Number of appeals within guidelines	290	252
Number of appeals supported	184(57%)	171 (57%)

Fundraising Note

The Trust does not fund raise publicly, nevertheless it is mindful of the code issued by the Fundraising Regulator.

THE ERNEST KLEINWORT CHARITABLE TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Investment Policy

Under the terms of the constitution, there are no restrictions on the Trust's power to invest. The overall investment policy of the Trust is to achieve a total return of UK CPI + 4% per annum, so allowing the target level of grant making while preserving the real value of the Trust's endowment.

The Trust does not have a relationship with any other charity or organisation which might inhibit it from pursuing its own charitable objectives.

The Trustees are satisfied with the financial position of the Trust and confirm that they have adequate assets available to fulfil their obligations. The Trustees review their policy guidelines on a regular basis.

It is the Trustees' policy to reserve a certain amount of income, partly to offset a possible fall in investment income, and partly to enable them to continue their policy of responding without delay to appeals for significant support where appropriate, the timing of which is unpredictable.

The Trustees agreed and signed an updated Investment Policy Statement dated November 2022 to reflect these changes.

Investment Performance

The financial statements show the investments at market value. The gain/(loss) on disposals of investments is based on their opening market value and resulted in a realised loss of £563,790 for the year ended 31 March 2023 (2022: gain: £437,048). At the year end the unrealised net loss amounted to £1,294,627 (2022 gain: £4,428,348). The total (loss)/return of the investment portfolio during the year was (2.4%) after all management expenses (2022: 7.8%).

During the year, the Trustees agreed to add an allocation to listed private equity within their investment structure.

Financial review

The accounts cover all the activities of the Trust and have been prepared on an accrual's basis. They are presented in a format that reflects the split of funds between income (unrestricted) and capital (expendable endowment). £2,433,795 was transferred from the capital account to the income account to reflect the drawdown of the endowment fund during the year. The accounts show a balance of unspent unrestricted funds of £2,739,653 compared with £1,528,969 in 2022.

The majority of the Trust's income was derived from stock market investments and cash deposits, totalling £646,319. The Trust has committed to charitable donations of £1,738,890, so that, on an income basis there was a net operations deficit of £1,092,571 (compared with £1,006,279 in 2022) in the period. Support costs totalled £130,540 (compared with £134,022 in 2022). Investment Management fees totalled £388,333 (compared with £320,608 in 2022). Net expenditure before investments and exchange gains and losses was £1,611,444 (compared with £1,460,909 in 2022).

Reserves Policy & Review

Total reserves as at 31 March 2023 were £71,001,378, represented by unrestricted funds of £2,739,653 and expendable endowment funds of £68,261,725.

The Trustees consider that whereas an operational charity would need to consider the need to keep their services active for a period of time in the event of severe financial difficulty, the Trust is a grant making trust. As a minimum of 66% of the Trust's funds were held in investments accessible on short notice, they were satisfied that the Trust had sufficient liquidity and reserves to continue as a going concern for the foreseeable future

THE ERNEST KLEINWORT CHARITABLE TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Risk Management

The Trustees are aware of the major strategic, business and operational risks to which the charity is exposed, and these are reviewed regularly. The Trustees are satisfied that adequate procedures are in place to mitigate exposure to these risks, although it is recognised that systems can only provide reasonable, not absolute, assurance. They have identified the following risks:

Risk Identified	Action taken to mitigate the risk
Investments do not deliver sufficient return/drop in value	The Trustees have appointed Asset Risk Consultants (UK) Ltd to report and advise on the performance of the investment managers. Advice is provided to a formally constituted Investment Sub-Committee of Trustees which meets twice per year. Investment managers are provided with an Investment Policy Statement setting out the Investment Objectives of the charity, which is regularly reviewed.
	The Trustees have divided the investment of the endowment equally between three investment managers to provide resilience against poor performance and to optimise the return from the endowment.
	The Trustees have implemented an extraction policy with effect from 30th September 2018 based on a total returns approach to provide stability in grant making and reflect their general aim of maintaining the real value of the endowment.
	In 2022 the Trustees agreed to maintain the rate of extraction at an absolute value to protect grant making from market volatility; part way through the year extraction was moved from the investment funds to the cash buffer fund held in the non-discretionary account as a result of market conditions.
Applicants do not demonstrate sufficient financial need for the funds applied for. Applicants are financially insecure and donated funds are put at risk.	The Trustees employ a Director to conduct a robust review of all grant applications before passing them on to the relevant Trustees for a decision. The review includes scrutiny of the applicant charity, its role, governance, financial position and operations, and where necessary a meeting or visit often with EKCT Trustees present.
	Applications are divided into categories and Trustees with specific skills, experience and interest in each area review applications before making recommendations to the relevant meeting of Trustees.
Funds are not applied as Trustees intended.	All applicants are required to report back on the expenditure of funds.

THE ERNEST KLEINWORT CHARITABLE TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Trustee risks are not sufficiently identified/managed.	The Trustees have adopted a conflict-of-interest policy and maintain a Register of Interests both of which are reviewed regularly.
	The Chairman manages any potential conflicts of interest that occur; during the year a review of disclosable interests was undertaken.
	All Trustees have signed Automatic Disqualification Declarations.
Regulatory non-compliance	The Trustees have adopted a comprehensive set of governance, finance and employment policies which are reviewed annually. During the year a statement on diversity, equity and inclusion was agreed to ensure the differences and potential of everyone are celebrated and embraced.

Going Concern

The Trustees are of the opinion that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties regarding the Trust's ability to do so.

Plans for the Future

The Trust is managed with a view to it being able to continue its activities for the future.

Structure, governance and management

The Trust is a grant making charitable trust governed by constitution dated 17th December 2021 and has been registered with the Charity Commission since 17th December 2021.

Prior to this, the activities of the Trust were conducted by the Ernest Kleinwort Charitable Trust (registered charity number 229665). The assets of this charity were transferred to the CIO on 1st April 2022, and the charity was removed from the Charity Commission Register of Charities in May 2022.

The Trustees who served during the year and up to the date of signature of the financial statements were:

T Chandos (Chairman)

A Kleinwort

M Kleinwort

Sir R Kleinwort Bt

C Mayhew MBE

E Limerick

Trustees are appointed under the terms of the constitution and limited to a maximum of eight Trustees.

THE ERNEST KLEINWORT CHARITABLE TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

The Trust is managed by the Trustees, who are appointed under the terms of the constitution with daily administration being dealt with by the Director and Administrator.

Currently there are no Trustee vacancies and future vacancies will be filled by appropriately qualified individuals.

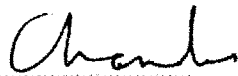
During the year, the Trustees met to discuss the structure of the board, future Trustee appointments and related governance matters. The discussions are on-going.

Many of the Trustees serve on the board of unrelated charities, and they bring to the Trust considerable knowledge of the charitable world in general, and the causes which the Trust supports in particular.

Key Management Personnel

The Trustees consider the board of Trustees comprise the key management personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give of their time freely. Details of staff expenses and related party transactions are disclosed in notes 7 and 17 to the accounts.

The trustees' report was approved by the Board of Trustees.



T Chandos (Chairman)

Trustee

Dated: 7th November 2023

THE ERNEST KLEINWORT CHARITABLE TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2023

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Trust and of the incoming resources and application of resources of the Trust for that year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 that the charity will continue in operation.

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE ERNEST KLEINWORT CHARITABLE TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE ERNEST KLEINWORT CHARITABLE TRUST

Opinion

We have audited the financial statements of The Ernest Kleinwort Charitable Trust (the 'Trust') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2023 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Trust 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 Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

THE ERNEST KLEINWORT CHARITABLE TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE ERNEST KLEINWORT CHARITABLE TRUST

Responsibilities of Trustees

As explained more fully in the statement of trustees' responsibilities, 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 Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

In identifying and assessing the risk of material misstatement in respect of irregularities, including fraud, we:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the trust operates in and how the trust complies with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Charities Act 2011, the trusts governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements, including the Trustees' report, remaining alert to new or unusual transactions which may not be in accordance with the governing document.

The most significant laws and regulations that have an indirect impact on the financial statements are the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of management and those charged with governance whether the trust is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

We identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included, but were not limited to, testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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.

THE ERNEST KLEINWORT CHARITABLE TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE ERNEST KLEINWORT CHARITABLE TRUST

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

Other matters

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Knill James LLP

Mark Filsell FCA (Senior Statutory Auditor)
for and on behalf of Knill James LLP

10 November 2023

Chartered Accountants
Statutory Auditor

One Bell Lane
Lewes
East Sussex
BN7 1JU

Knill James LLP is eligible for appointment as auditor of the Trust by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

THE ERNEST KLEINWORT CHARITABLE TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

Current financial year

	Notes	Unrestricted funds 2023 £	Endowment funds 2023 £	Total 2023 £	Total 2022 £
<u>Income from:</u>					
Investments	2	646,319	-	646,319	651,306
<u>Expenditure on:</u>					
Raising funds	3	-	388,333	388,333	320,608
Charitable activities	4	1,869,430	-	1,869,430	1,791,607
Total expenditure		1,869,430	388,333	2,257,763	2,112,215
Net gains/(losses) on investments	9	-	(1,858,417)	(1,858,417)	4,865,396
Net (outgoing)/incoming resources before transfers		(1,223,111)	(2,246,750)	(3,469,861)	3,404,487
Gross transfers between funds		2,433,795	(2,433,795)	-	-
Net incoming/(outgoing) resources		1,210,684	(4,680,545)	(3,469,861)	3,404,487
Other recognised gains and losses					
Other gains or losses	11	-	(40,770)	(40,770)	(19,705)
Net movement in funds		1,210,684	(4,721,315)	(3,510,631)	3,384,782
Fund balances at 1 April 2022		1,528,969	72,983,040	74,512,009	71,127,227
Fund balances at 31 March 2023		2,739,653	68,261,725	71,001,378	74,512,009

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

All income and expenditure derive from continuing activities.

THE ERNEST KLEINWORT CHARITABLE TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Prior financial year

		Unrestricted funds 2022 £	Endowment funds 2022 £	Total 2022 £
	Notes			
Income from:				
Investments	2	651,306	-	651,306
Expenditure on:				
Raising funds	3	-	320,608	320,608
Charitable activities	4	1,791,607	-	1,791,607
Total expenditure		1,791,607	320,608	2,112,215
Net gains/(losses) on investments	9	-	4,865,396	4,865,396
Net (outgoing)/incoming resources before transfers		(1,140,301)	4,544,788	3,404,487
Gross transfers between funds		2,059,365	(2,059,365)	-
Net incoming/(outgoing) resources		919,064	2,485,423	3,404,487
Other recognised gains and losses				
Other gains or losses	11	-	(19,705)	(19,705)
Net movement in funds		919,064	2,465,718	3,384,782
Fund balances at 1 April 2021		609,905	70,517,322	71,127,227
Fund balances at 31 March 2022		1,528,969	72,983,040	74,512,009

THE ERNEST KLEINWORT CHARITABLE TRUST

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Investments	12		69,702,096		73,020,030
Current assets					
Debtors	13	72,556		77,275	
Cash at bank and in hand		1,448,050		1,441,521	
		<u>1,520,606</u>		<u>1,518,796</u>	
Creditors: amounts falling due within one year	15	<u>(221,324)</u>		<u>(26,817)</u>	
Net current assets			1,299,282		1,491,979
Total assets less current liabilities			<u>71,001,378</u>		<u>74,512,009</u>
Capital funds					
Endowment funds - general			68,261,725		72,983,040
Income funds					
Unrestricted funds			2,739,653		1,528,969
			<u>71,001,378</u>		<u>74,512,009</u>

The financial statements were approved by the Trustees on 7 November 2023



T Chandos (Chairman)
Trustee

THE ERNEST KLEINWORT CHARITABLE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash absorbed by operations	18		(2,270,900)		(2,222,658)
Investing activities					
Transfer to cash and cash equivalents		-		748,860	
Adjustment to investment value brought forward		-		241	
Purchase of other investments		(15,783,429)		(18,799,029)	
Proceeds from disposal of other investments		14,892,197		22,169,501	
Investment income received		646,319		651,306	
Net cash (used in)/generated from investing activities			(244,913)		4,770,879
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(2,515,813)		2,548,221
Cash and cash equivalents at beginning of year			7,771,685		5,223,464
Cash and cash equivalents at end of year			5,255,872		7,771,685
Relating to:					
Cash at bank and in hand			1,448,050		1,441,521
Short term deposits included in current asset investments			3,979,415		6,330,164
Bank overdrafts included in creditors payable within one year			(171,593)		-

THE ERNEST KLEINWORT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Charity information

The Ernest Kleinwort Charitable Trust was a registered charity governed by a Settlement Deed dated 12 March 1963. The charity registered as a CIO on 17 December 2021 with funds being transferred from the original trust on 25 May 2022, at which time the original trust was removed from the Register.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Trust's governing document, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 Trust is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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

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

1.2 Going concern

The detrimental effect the Covid 19 pandemic has had on the world's economies has resulted in significant uncertainty regarding the future level of the charity's investment income. However, all of the charity's distributions are discretionary and no distribution commitments have been given for the year ending 31 March 2024 or future years. Consequently, the Trustees are able to manage the charity's financial affairs to accommodate any reduction in its income. Given the solid level of the charity's general reserve and the discretionary nature of the charity's distributions The Board of Trustees is of the opinion that the charity has adequate resources to continue in operational existence for the foreseeable future.

1.3 Charitable funds

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

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Trust.

1.4 Income

Income is recognised when the Trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment manager of the dividend yield of the investment portfolio.

Income tax recoverable in relation to investment income is recognised at the time investment income is receivable.

THE ERNEST KLEINWORT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity 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 accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

1.6 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.8 Financial instruments

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Trust's balance sheet when the Trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

THE ERNEST KLEINWORT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

1.9 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

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

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Investments

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Income from UK Listed Securities	646,319	651,306

3 Raising funds

	Endowment funds general	Endowment funds general
	2023	2022
	£	£
Investment management	388,333	320,608
	388,333	320,608

THE ERNEST KLEINWORT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

4 Charitable activities

	Charitable Expenditure 2023 £	Charitable Expenditure 2022 £
Grant funding of activities (see note 5)	1,738,890	1,657,585
Share of support costs (see note 6)	106,383	104,994
Share of governance costs (see note 6)	24,157	29,028
	<u>1,869,430</u>	<u>1,791,607</u>

5 Grants payable

	Charitable Expenditure 2023 £	Charitable Expenditure 2022 £
Grants to institutions:		
Other	1,738,890	1,657,585
	<u>1,738,890</u>	<u>1,657,585</u>

THE ERNEST KLEINWORT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Support costs

	Support costs	Governance costs	2023	Support costs	Governance costs	2022
	£	£	£	£	£	£
Staff costs	99,323	-	99,323	93,388	-	93,388
Miscellaneous support costs	238	-	238	6,630	-	6,630
Payroll costs	633	-	633	469	-	469
IT Project	3,346	-	3,346	2,109	-	2,109
Other	2,843	-	2,843	2,398	-	2,398
Audit fees	-	13,613	13,613	-	12,900	12,900
Legal and professional	-	4,926	4,926	-	9,183	9,183
Bank fees	-	304	304	-	2,066	2,066
ACF Membership	-	3,157	3,157	-	3,009	3,009
Trustees indemnity insurance	-	2,157	2,157	-	1,870	1,870
	<u>106,383</u>	<u>24,157</u>	<u>130,540</u>	<u>104,994</u>	<u>29,028</u>	<u>134,022</u>
Analysed between Charitable activities	<u>106,383</u>	<u>24,157</u>	<u>130,540</u>	<u>104,994</u>	<u>29,028</u>	<u>134,022</u>

Governance costs includes payments to the auditors of £9,900 (2022 - £9,000) for audit fees.

7 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Trust during the year. The key management personnel of the charity are considered to be the Trustees.

8 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Finance and administration	<u>2</u>	<u>2</u>
Employment costs	2023	2022
	£	£
Wages and salaries	87,474	82,121
Social security costs	5,058	4,892
Other pension costs	6,791	6,375
	<u>99,323</u>	<u>93,388</u>

THE ERNEST KLEINWORT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

8 Employees

(Continued)

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2023 Number	2022 Number
In the band £70,001 - £80,000	1	1

9 Net gains/(losses) on investments

	Endowment funds general 2023 £	Endowment funds general 2022 £
Revaluation of investments	(1,294,627)	4,428,348
Gain/(loss) on sale of investments	(563,790)	437,048
	<u>(1,858,417)</u>	<u>4,865,396</u>

10 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

11 Other gains or losses

	Endowment funds general 2023 £	Endowment funds general 2022 £
Foreign exchange gains	40,770	19,705

THE ERNEST KLEINWORT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Fixed asset investments

	Listed investments £	Cash in portfolio	Total £
Cost or valuation			
At 1 April 2022	66,689,866	6,330,164	73,020,030
Additions	15,783,429	-	15,783,429
Valuation changes	(1,895,629)	-	(1,895,629)
Transfer to cash	-	(2,350,749)	(2,350,749)
Disposals	(14,854,985)	-	(14,854,985)
At 31 March 2023	65,722,681	3,979,415	69,702,096
Carrying amount			
At 31 March 2023	65,722,681	3,979,415	69,702,096
At 31 March 2022	66,689,866	6,330,164	73,020,030

13 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Prepayments and accrued income	72,556	77,275

14 Loans and overdrafts

	2023 £	2022 £
Bank overdrafts	171,593	-
Payable within one year	171,593	-

15 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank overdrafts	14	171,593	-
Other taxation and social security		55	55
Trade creditors		30,864	3,562
Other creditors		7,922	13,300
Accruals and deferred income		10,890	9,900
		221,324	26,817

THE ERNEST KLEINWORT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

16 Analysis of net assets between funds

	Unrestricted funds	Endowment funds	Total Unrestricted funds	Endowment funds	Total
	2023	2023	2023	2022	2022
	£	£	£	£	£
Fund balances at 31 March 2023 are represented by:					
Investments	-	69,702,096	69,702,096	-	73,020,030
Current assets/(liabilities)	2,739,653	(1,440,371)	1,299,282	1,528,969	(36,990)
	<u>2,739,653</u>	<u>68,261,725</u>	<u>71,001,378</u>	<u>1,528,969</u>	<u>74,512,009</u>

17 Related party transactions

One of the Trustees, is also a trustee at the Tusk Trust to whom donations totalling £100,000 (2022: £100,000) were made during the financial year. The Trustee was not involved in the decision to make those donations.

One of the Trustees is an Ambassador of WWF UK to whom a donation of £100,000 (2022: £100,000) was made during the financial year. The Trustee was not involved in the decision to make the donation.

18 Cash generated from operations

	2023	2022
	£	£
(Deficit)/surplus for the year	(3,469,861)	3,404,487
Adjustments for:		
Investment income recognised in statement of financial activities	(646,319)	(651,306)
Foreign exchange differences	(40,770)	(19,705)
Loss/(gain) on disposal of investments	563,790	(437,048)
Fair value gains and losses on investments	1,294,627	(4,428,348)
Movements in working capital:		
Decrease in debtors	4,719	209,869
Increase/(decrease) in creditors	22,914	(300,607)
Cash absorbed by operations	<u>(2,270,900)</u>	<u>(2,222,658)</u>

19 Analysis of changes in net funds

The Trust had no debt during the year.