

# ANNUAL REPORT AND ACCOUNTS

2021



# THE BEIT TRUST

# THE BEIT TRUST

**Charity Registration number:** 232478

## **Trustees, Committees and Office Holders**

<b>Chairman</b>	Sir Alan Munro KCMG, appointed Trustee 1979; Chairman 1994
<b>Trustees</b>	Professor CBD Lavy OBE MD MCh FRCS, appointed November 2007 Sir Kieran Prendergast KCVO CMG, appointed November 2008 A Duncan Esq MA, appointed June 2011 Ms LLM Bull BA BPL MA, appointed November 2016 JG Munro Esq, appointed July 2020
<b>Secretary</b>	Sir Andrew Pocock KCMG, appointed November 2016
<b>Representative in Africa</b>	DEB Long Esq, appointed January 2018

## **Finance Committee Members**

A Duncan Esq MA, appointed October 2011, Chairman June 2021  
Sir Kieran Prendergast KCVO CMG, appointed November 2008, Chairman  
2011 (Retired June 2021)  
Ms LLM Bull BA BPL MA, appointed May 2018  
JG Munro Esq, appointed 28 October 2020  
Sir Andrew Pocock KCMG, appointed November 2016  
Mrs FM Irwin BSc FCA, appointed May 2018

## **Addresses of The Beit Trust**

<b>In the UK</b>	Beit House Grove Road Woking Surrey GU21 5JB
<b>In Africa</b>	5 Ludlow Road Newlands Harare Zimbabwe
<b>Auditors</b>	Azets Audit Services Limited Ashcombe Court Woolsack Way Godalming Surrey GU7 1LQ
<b>Investment Managers</b>	Cazenove Capital Management 1 London Wall Place London EC2Y 5AU

# **TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

## **THE 115th YEAR OF THE BEIT TRUST**

Charity Registration Number 232478

### **PART 1 - FOUNDATION, GOVERNANCE & MANAGEMENT**

#### **FOUNDATION**

The Trust was established in 1906 by the Will of Alfred Beit, a financier and philanthropist. He had many interests and left a substantial legacy to a wide range of charitable causes.

His Will specifically established the Beit Railway Fund, to promote regional communications via the development of the railway system in Southern Africa.

It also provided, should Trustees decide that the Fund was no longer needed for its primary purpose, that the income could be applied to "education, public or other charitable purposes". This now forms the mandate for the modern operations of the Trust.

In 1954, the Trust was reconstituted by a British Act of Parliament. Under Section 3 of The Act, the Beit Trust became an incorporated body. With the advent of Federation in the same year, the country of Malawi was included as a beneficiary in the Trust's "Specified Area," joining Zambia and Zimbabwe.



*Alfred Beit*

## **GOVERNANCE**

### **Trustees**

The Beit Trust Act specifies six Trustees. Vacancies are filled as they arise. The Board in 2021 had its full complement. Trustees must have a broad knowledge of Southern Africa, and the Board has expertise in the fields of international relations, commerce, medicine and education.

### **Trustees' Responsibilities Statement**

Trustees are responsible for preparing the Trustees' Annual 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 & Wales requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- 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;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the charity will continue in operation.

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

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Recruitment, Induction and Training of New Trustees**

The Secretary inducts new Trustees and helps with training if there is no previous experience of charity Trusteeship.

### **The Trust's Objectives**

Alfred Beit set out the Trust's objectives in his Will. These were re-affirmed in The Beit Trust Act 1954. The Trust's benevolent mandate is exclusively for Zambia, Zimbabwe and Malawi. It does not fundraise. The 1906 Beit bequest, and its prudential management for 115 years, remains the Trust's sole funding source.

In 1946, the Trustees changed the focus from communications infrastructure to assistance in **education** (including now postgraduate scholarships, school buildings, teacher training, libraries, books and computers); **health** (including hospitals, clinics, medical equipment, support for regional trainee surgeons, medical electives and in-country secondments for junior doctors); **welfare** (including care homes for the elderly); and **culture and conservation** (notably the conservation of endangered species). The Trust takes care to evaluate its priorities and ensure its ways of working remain effective in achieving its objectives. It does so, for Trust-funded projects, through regular spot-checks by Trustees, the Secretary, the Harare-based Representative and the Trust's regional Correspondents; and, in the broader context, through consultations with a wide range of other well-informed interlocutors.

Project grants seldom exceed £50,000. The Trustees rarely make grants to other UK grant-making charities, but occasionally provide funds for crisis relief. In 2021, they maintained a Covid Emergency Fund, which helped both medical and other worthy institutions suffering collateral damage from the pandemic remain going concerns. The Fund remains available for further use.

The Trust also made an exceptional grant of £260,000 in 2021 to CURE International, for surgical equipment required for the uplift of the operating theatres in the BeitCURE orthopedic children's hospital in Blantyre, Malawi. The hospital was built by the Beit Trust and is run by CURE International.



*The BeitCURE pediatric hospital, Blantyre.  
Photo kindly provided by CURE International.*

## **Public Benefit**

Trustees confirm that in the exercise of their powers and duties they have complied with their responsibility to have due regard to Charity Commission guidance on public benefit (outlined above, and throughout this report).

## MANAGEMENT

### The Trust's Organisation

Trust Headquarters is Beit House in Woking, Surrey. Their Representative in Africa works with his staff from an office in Harare. There are four salaried staff in the UK and two in Zimbabwe. They receive a salary uplift of RPI per annum plus a performance review every three years.

Trustees meet every six months to agree broad strategy on investments, reserves and risk management, and to consider grant applications. They are supported by a Committee of regional Correspondents, three per beneficial country. These are all volunteers and essential to the Trust's cost-effective performance. The Correspondents Committee Meeting is held six weeks before Trustee Boards, to give expert advice on each grant application.

One million Pounds was made available in 2021 for new projects recommended in-country by the Correspondents. In addition, Trustees customarily allocate £1 million every year to long-term recurrent grants, for academic and medical scholarships and bursaries, student hardship relief, library books, school computers and contingency support. Medical bursaries (for electives and junior doctors in the Trust's Specified Area) were not paid in 2021, as regional visits were still problematic because of Covid restrictions. The bursaries will resume in 2023.

The Trust's Finance Committee meets four weeks prior to the Trustee Boards. Cazenove Capital, the portfolio investment managers, attend and address finance and investment policy matters. In November, the Finance Committee submits to the Trustees, for their approval, a proposed budget of income and expenditure for the coming year.

### Investment Policy

The Trustees' policy, through prudential investment and management, is to maintain and increase the Trust's capital base in real terms; while using dividend earnings and capital growth to continue beneficial operations in perpetuity. The Trust's diversified investments are managed by Cazenove Capital, monitored by the Trust's Finance Committee. In 2021, Beit dividend income was **£2.45m** (£2.31m in 2020).

The Trust's investment objective, set in 2011, has been dividend returns of RPI+4%. Performance has varied. Dividend returns in 2021 have been below this benchmark due to Covid-related market disruption.

Trustees take a total return approach to the Beit portfolio. Excluding invested cash balances, the portfolio ended the 2021 calendar year at **£124.8m** (£112.0m in 2020). Total Trust expenditure in 2021 was **£3.06m** (£2.92m in 2020). Improvements in portfolio valuation and grant expenditures reflect the partial financial recovery from the impact of Covid-19.

The portfolio gains achieved in 2021 have been somewhat diminished by difficult market conditions in 2022 as a result of rising inflation, interest rates and the invasion of Ukraine. However, the investment portfolio is well diversified to mitigate any potential exposure.

### Grants Policy

Applications for grants are considered on merit. Trustees seldom give grants to government organisations. Instead, they support independent institutions, in particular schools, hospitals and health centres. Trustees seek to maintain, as far as possible, an equitable distribution of grants between the three countries.

Strict rules are applied to infrastructure grants, to ensure that detailed and serviceable plans are submitted before a grant is paid. A proportion of the funding is routinely withheld until the Trust is sure that a project can be satisfactorily completed, to or below budget. Regular visits within the beneficial area by Correspondents, the Representative, Trustees and the Secretary allow an application to be judged before Trustees consider it; progress reviewed while under construction; and work assessed when finished. Trustees place particular emphasis on the sustainability of new projects in staffing and maintenance terms.

## **Reserve Policy**

Trustees maintain a Reserve Fund of at least one year's expenditure, which on average is £3 million. This is intended to sustain beneficial spend in case of unforeseen financial developments; and, more practically, to achieve greater flexibility of management. Alfred Beit's Will permits Trustees to retain income for expenditure in future years; and Trustees have been further influenced by the *obiter dicta* from Cowan v. Scargill:

*“When the purpose of a Trust is the provision of financial benefits, powers of investment must be exercised so that the funds yield the best return by way of income and capital appreciation for present and future beneficiaries judged in relation to rules of investment and circumstances of the charity.”*

Trustees, having taken guidance from the Charity Commission, have directed that Beit Trust policy is to commit annual income from investments towards benevolent and associated administrative expenditure. Since commitments take time to fulfil, at the end of any one year there is likely to be a carry-forward, which is included in the Reserve Fund. Trustees may decide to draw on this in future years, to smooth and manage benevolent cash-flows. In addition, Trustees from time to time make donations for specific large projects or needs, which form a direct charge to the Reserve Fund.

The level of total reserves at 31 December 2021 was **£121.5m**, consisting of unrestricted general reserves of **£125.3m**, less the pension reserve of **£3.8m**. The Pension Fund represents the unfunded defined benefit pension scheme liability. The unrestricted reserves consist of a Capital Fund of **£122.1m**, which can be used in accordance with the Trust's charitable objectives at the discretion of Trustees; and a Reserve Fund of **£3.2m**, which consists of funds set aside by Trustees for specific major grants.

## **Ethical and Socially Responsible Investment Policy**

Trustees abide by the restrictions against holding ordinary shares in mining stocks stipulated in Alfred Beit's Will. They delegate to their investment managers, Cazenove Capital, the responsibility for taking environmental, social and governance (ESG) issues into account when assessing the selection, retention and realisation of investments. They expect the fund manager to engage with companies on ESG issues; observe best practice; exercise voting rights accordingly; and monitor the implementation of this policy.

## **CHARITABLE VENTURES ASSOCIATED WITH THE BEIT TRUST IN 2021**

### **Beit Trust Postgraduate Scholarships**

During 2021, the Trust provided 18 new Scholarships at British and South African institutions, through generous academic partnerships with leading universities. Joint scholarships continued with Stellenbosch, Rhodes, and UCT in South Africa; and with Cambridge, Edinburgh, Glasgow, Leeds, Oxford, St Andrews and Strathclyde Universities in the UK.



The Trust provided £80,000 in hardship support to financially constrained undergraduate and postgraduate students from the beneficial area. A total of 93 emergency Beit Bursaries were awarded by hardship committees at four South African universities, plus others granted by the Beit Representative.

## **COSECSA**

Since 2009, the Trust has helped the College of Surgeons of East, Central and Southern Africa (COSECSA). It has sponsored at least one aspiring surgeon per year, per country, throughout their five-year training. In 2021, 12 Beit-COSECSA scholarships were held by four surgeons each from Zambia, Zimbabwe, and Malawi.

## **Beit Trust Black Rhino Conservation Project**

The only significant black rhino population in the beneficial countries is in Zimbabwe. It remains endangered by continued poaching and encroachment on reserves. In 2021, Trustees allocated a further £10,000 to the Lowveld Rhino Trust.

**Book Aid International (BAI)** is a registered UK charity which supplies a broad range of books, educational materials and assistance to libraries in developing countries worldwide. The Trust gave BAI a grant of £75,000 for book provision to Zambia, Zimbabwe and Malawi.

**Biblioneef (South Africa)** is a literary charity working out of Cape Town. It supplies book packs to schools in Southern Africa. The Trust provided support of up to £30,000.

## **PERFORMANCE**

### **Expenditure in 2021**

The Trustees approved grants totaling £2,170,958 (£2,408,043 in 2020). The table below is a summary of grants paid. Further details are in Parts 3 (Note 6).

<b>PAID</b>	<b>Scholarships &amp; bursaries</b>	<b>Education</b>	<b>Health</b>	<b>Welfare</b>	<b>Conservation &amp; culture</b>	<b>Total</b>
	£	£	£	£	£	£
General grants	129,999	167,745	75,746	12,255	14,675	400,420
One-off projects	-	-	267,886	-	-	267,886
Zimbabwe	196,276	83,693	33,000	39,900	32,200	385,069
Malawi	156,171	119,300	109,700	-	-	385,171
Zambia	218,837	291,700	99,612	-	11,300	621,449
<b>Total</b>	<b>701,283</b>	<b>662,438</b>	<b>585,944</b>	<b>52,155</b>	<b>58,175</b>	<b>2,059,995</b>



## Support and Governance costs in 2021

Salaries, national insurance, pensions, *ex-gratia* payments and allowances to Trust staff and pensioners decreased by 1.9% to £464,243 (£473,281 in 2020). Harare office expenses increased to £78,094 (£56,691 in 2020). Correspondents' expenses increased to £40,360 (£15,431 in 2020). Working office costs increased to £61,041 (£27,847 in 2020). This included the Auditor's fee of £9,600, including VAT (£9,600 in 2020).

### The Financial Statement

	2021	2020
	£	£
Income & expenditure for the year		
Income	<u>2,447,806</u>	<u>2,321,162</u>
Expenditure		
Grants approved	2,170,958	2,408,043
Less grants written back	<u>794</u>	<u>(310,389)</u>
	2,171,752	2,097,654
Working & Harare office costs, including exchange rate differences	603,378	557,819
Investment Manager's fees	286,853	254,112
Tours	<u>-</u>	<u>14,203</u>
Total expenditure	<u>3,061,983</u>	<u>2,923,788</u>
	<u>(614,177)</u>	<u>(602,626)</u>
Total (deficit)		

The year-end value of the Beit portfolio, including cash balances after the expenditure outlined above, was £125,772,731 (£112,969,161 in 2020), showing a net increase of 11 %.

## Pensions and Gratuities

Trustees established a Defined Benefit arrangement in 2014 for new employees. Given the very small number of present and retired Beit servants, Trustees have not established a separate Pension Fund. The unfunded pension liability was calculated by actuaries, The Cartwright Group, as £3,779,790 at 31 December 2021.

The Trustees' policy on accounting for this liability is set out in detail at Note 19 (Part 3, page 3.14).

## Risk Assessment

Trustees considered the major risks to which the charity could be exposed, and reviewed mitigation. They are not aware of any irregularities, including fraud, involving management or employees. Nor are they aware of any instances of actual or possible non-compliance with laws, regulations, contracts or agreements that might result in the Trust suffering significant penalties or other loss.

The Trust faces both financial and operational risk. The financial risk in maintaining and enhancing the capital value of its endowment is addressed through a professionally managed, diversified portfolio of high-quality assets across a wide variety of asset classes and markets. Performance and risk mitigation are reviewed twice a year by the Trust's Finance Committee.

The major operational risks are twofold: that Beit funding is not used effectively to achieve impact; and from political and financial fragility in the region. The Trust uses its Harare Representative, network of regional Correspondents, and twice-annual tours by Trustees and Trust officials to monitor both; while contingency plans to respond to the latter are routinely reviewed.

Trustees have also considered the unprecedented impact of the **Covid-19 pandemic** on the Trust's investments. The Trust retains a strong balance sheet. Its total returns policy allows access to capital to fund its ongoing commitments, despite reductions in dividend income. Trustees are committed to maintaining support for existing obligations – grants, scholarships, wages and pensions – to keep the Trust a going concern; and remain prepared to adjust spend on the Trust's continuing beneficial work to accommodate financial and economic circumstances, which they monitor closely.

### **Tours in 2021**

There were no Trustee tours to the beneficial countries in 2021, due to Covid travel and other restrictions. The Representative and Correspondents nevertheless managed to travel within the region and to visit every project recommended to Trustees for approval or rejection at their Board on 2 December 2021. Tours will resume in 2022.

### **CONCLUSION**

In 2021 The Beit Trust, despite Covid restraints and disruption, continued to deliver on its mandate and objectives: providing support to its beneficial countries; helping institutions remain viable which might otherwise founder; boosting human capital wherever possible; and as a catalyst to self-improvement. It remained committed, in the words of former Chairman Sir Otto Beit, to underwriting work of “substantial and permanent importance.”

As it does so, the Trust remains apolitical and operates without consideration of sex, race or religion.

Approved by Trustees on 07 July 2022 and signed on their behalf  
by:

**Sir Alan Munro, Chairman of Trustees**



## **Independent Auditor's Report to the Trustees of The BEIT Trust**

### **Opinion**

We have audited the financial statements of The BEIT Trust (the 'charity') for the year ended 31 December 2021 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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" ("FRS 102") (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 December 2021, and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company'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 information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. 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.

## **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.

## **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 1443 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity and the industry, we identified that the principal risks of non-compliance with laws and regulations related to the carrying value of investments; the carrying value of the defined benefit pension scheme liability; the recognition of income; and the recognition of grant obligations and expenditure. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Charities Act 2011, FRS 102 and the Charity SORP. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase income or reduce expenditure and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investments or the defined benefit pension scheme liability. Audit procedures performed included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations or of fraud.
- Evaluation of management's internal controls designed to prevent and detect irregularities.
- Reading key correspondence with the Charity Commission in relation to compliance with laws and regulations.
- Reviewing relevant meeting minutes.
- Procedures relating to the valuation of investments and the defined benefit pension liability, including testing investment ownership and valuation to third party sources and obtaining and reviewing the pension scheme actuarial valuation and assessing the assumptions and estimates utilised therein.
- Identifying and testing journal entries and other significant transactions, in particular any that appeared unusual or outside the normal course of the charity's activities. Evaluating the rationale for such journal entries or transactions.
- Assessing whether the judgements made in making accounting estimates were indicative of a potential bias.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement, whether due to fraud or otherwise.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members to enable them to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

### **Use of our report**

This report is made solely to the 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.

Azets Audit Services Limited  
Statutory Auditor

Ashcombe Court  
Woolsack Way  
Godalming  
Surrey  
GU7 1LQ

Date:

Azets Audit Services Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

## ANNUAL REPORT

## THE BEIT TRUST

## PART 3 - FINANCIAL STATEMENTS

## Statement of financial activities for the year ended 31 December 2021

		<b>Total funds 2021</b>	<b>Total funds 2020</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Income and expenditure - Unrestricted funds</b>			
<b>Income</b>			
Investments	3	2,447,806	2,317,859
Other	4	-	3,303
<b>Total income</b>		<b>2,447,806</b>	<b>2,321,162</b>
<b>Expenditure</b>			
Raising funds	5	286,853	254,112
Charitable activities			
Grants and donations	6	2,171,752	2,097,654
Support costs	7	411,876	378,914
		<b>2,583,628</b>	<b>2,476,568</b>
Other			
Governance costs	8	191,502	193,108
<b>Total expenditure</b>		<b>3,061,983</b>	<b>2,923,788</b>
<b>Net (expenditure) before investment gains / (losses)</b>		<b>(614,177)</b>	<b>(602,626)</b>
Net gains / (losses) on investments		13,238,437	(2,610,803)
<b>Net (expenditure) / income</b>		<b>12,624,260</b>	<b>(3,213,429)</b>
<b>Other recognised (losses)</b>			
Actuarial (losses) on defined benefit pension scheme	19	(103,326)	(258,445)
<b>Net movement in funds</b>		<b>12,520,934</b>	<b>(3,471,874)</b>
<b>Reconciliation of funds</b>			
Total funds brought forward		108,972,760	112,444,634
<b>Total funds carried forward</b>	<b>20</b>	<b>121,493,694</b>	<b>108,972,760</b>

The notes on pages 3.4 to 3.15 form part of these financial statements

**THE BEIT TRUST****Balance sheet at 31 December 2021**

		<b>2021</b>	<b>2020</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Tangible assets	14	160,335	173,734
Investments	15	124,768,002	111,985,167
		<hr/>	<hr/>
		124,928,337	112,158,901
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	16	499,901	357,660
Cash at bank and in hand	17	693,987	915,919
		<hr/>	<hr/>
		1,193,888	1,273,579
<b>Liabilities:</b>			
Creditors falling due within one year	18	848,741	783,256
		<hr/>	<hr/>
<b>Net current assets</b>		345,147	490,323
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		125,273,484	112,649,224
Unfunded defined benefit pension scheme liability	19	3,779,790	3,676,464
		<hr/>	<hr/>
<b>Net assets</b>		<b>121,493,694</b>	<b>108,972,760</b>
		<hr/>	<hr/>
<b>Funds</b>			
Unrestricted funds	20	125,273,484	112,649,224
Pension reserve	20	(3,779,790)	(3,676,464)
		<hr/>	<hr/>
		<b>121,493,694</b>	<b>108,972,760</b>
		<hr/>	<hr/>

**Approved by the Board of Trustees on 07 July 2022 and signed on its behalf by:**

**Mr Alex Duncan MA**  
**Chairman of the Finance Committee**



**THE BEIT TRUST****Cash flow statement for the year ended 31 December 2021**

	Notes	2021 £	2020 £
<b>Operating activities</b>			
Net (expenditure) before investment (losses) / gains		(614,177)	(602,626)
Depreciation charge		20,972	20,488
Loss on sale of fixed assets		660	-
(Increase) / decrease in debtors		(142,241)	104,460
Increase / (decrease) in creditors		65,485	(193,806)
Net cash (outflow) from operating activities		(669,301)	(671,484)
<b>Capital expenditure and financial investment</b>			
Proceeds from sale of fixed assets		978	-
Proceeds from sale of investments		38,046,278	30,334,115
Payments to acquire tangible fixed assets		(9,211)	(6,837)
Purchase of investments		(37,683,934)	(31,783,539)
Net cash flow movement from investing activities		354,111	(1,456,261)
<b>Management of liquid resources</b>			
Net movement in funds on short term deposit	21	93,258	1,657,785
<b>(Decrease) / increase in cash</b>	21	(221,932)	(469,960)
Cash and cash equivalents at 31 December 2020		915,919	1,385,879
Cash and cash equivalents at 31 December 2021		693,987	915,919

## **THE BEIT TRUST**

### **Notes to the financial statements for the year ended 31 December 2021**

The Beit Trust is registered with the Charity Commissioners (No. 232478).  
The Registered Office is Beit House, Grove Road, Woking, Surrey, GU21 5JB, UK.

#### **(1) Basis of preparation**

The financial statements have been prepared under the historical cost convention as modified by the inclusion of fixed asset investments at market value. The financial statements have been prepared 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Accounting Practice.

The Trust constitutes a public benefit entity as defined by FRS 102.

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

As outlined in the Trustees' Annual Report, the Trustees have also considered the long term impact of the Covid 19 pandemic and do not believe that this will affect the Trust's ability to continue as a going concern.

#### **(2) Principal accounting policies**

The principal accounting policies remain unchanged from the previous year. The net liability on the unfunded pension scheme has been included on the balance sheet in compliance with FRS 102.

##### **(a) Investments**

Investments are included at closing mid-market value at the balance sheet date.

Gains and losses on disposal and revaluation of investments are taken to the Statement of Financial Activities.

##### **(b) Investment income**

Investment income is accounted for in the year in which the Trust is entitled to receipt.

##### **(c) Expenditure**

Liabilities are recognised as expenditure is incurred as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is included on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Raising funds comprises costs of managing the investment portfolio.

Grants payable are to third parties in furtherance of the Trust's charitable objectives. Provisions for grants are made in the year in which the grant is approved by the Trustees, and any over or under provision adjusted once the final amount of the grant has been paid.

## THE BEIT TRUST

### Notes to the financial statements for the year ended 31 December 2021

#### (c) Expenditure (cont'd)

Overhead and support costs are allocated between charitable activities and governance. Support costs comprise costs for processing grants and applications, including Harare office costs, trustees' tours and foreign currency translation differences. Governance costs comprise those incurred in meeting the Trust's constitutional and statutory obligations. The costs of the Woking office are apportioned between support and governance costs based upon staff time expended.

#### (d) Foreign currencies

The financial statements are presented in Pounds Sterling, which is the functional currency. Transactions in foreign currencies are translated at the rate prevailing at the date of the transaction. Balances denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date. All differences are taken to the statement of financial activities.

#### (e) Tangible fixed assets and depreciation

All assets costing more than £100 are capitalised.

Depreciation is charged so as to write off the cost of tangible fixed assets, other than freehold land for which the estimated cost is £52,000, on a straight line basis over the expected useful economic lives of the assets concerned. The annual rates generally applicable are:

Freehold buildings	2%
Motor vehicles	25%
Computer equipment	33⅓%
Fixtures, fittings and equipment	10%

The freehold building, Beit House, Woking, was valued on 22 March 2019 at £425,000, but is carried in the balance sheet at historical cost less depreciation. Trustees intend to have the property valued again in 2022.

#### (f) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

#### (g) Pensions

The Trust operates an unfunded defined benefit scheme for all staff. The net actuarial liability representing the net deficit on the scheme is included on the balance sheet in accordance with the requirements of FRS 102. Other pension costs are accounted for as they are paid to retired employees.

**THE BEIT TRUST****Notes to the financial statements for the year ended 31 December 2021****(h) Fund accounting**

The following funds held by the Trust are all unrestricted:

Capital fund - this fund can be used in accordance with the charitable objectives at the discretion of the Trustees.

Reserve fund - this fund is set aside by the Trustees out of general funds for specific major grants. Any excess of income over expenditure in a given year is transferred to this fund.

Pension fund - this fund represents the unfunded defined benefit pension scheme liability.

**(i) Key judgements**

The trustees consider the only key judgements to be the pension assumptions (described in Note 19).

<b>(3) Investments</b>	<b>2021 £</b>	<b>2020 £</b>
Dividends and bond interest	2,446,769	2,311,731
Cash deposits	-	2,589
Other bank current and deposit accounts	1,037	3,539
	<hr/>	<hr/>
	2,447,806	2,317,859
	<hr/>	<hr/>
<b>(4) Other</b>	<b>2021 £</b>	<b>2020 £</b>
Rent for flat	-	3,303
	<hr/>	<hr/>
<b>(5) Raising funds</b>	<b>2021 £</b>	<b>2020 £</b>
Investment Managers' fees	286,853	254,112
	<hr/>	<hr/>

**THE BEIT TRUST****Notes to the financial statements for the year ended 31 December 2021****(6) Grants and donations**

Grants and donations paid, written back, voted and unspent in 2021.

	Unspent grants brought forward £	Grants paid in the year £	Unspent grants written back £	New grants voted in 2021 £	Unspent grants carried forward £
<b>Unrestricted funds</b>					
General grants, scholarships and bursaries	43,877	971,704	(6,058)	923,308	1,539
One off projects	52,700	267,886	-	240,000	24,814
Zimbabwe	135,953	188,793	264	300,000	246,896
Malawi	148,201	229,000	-	291,000	210,201
Zambia	259,612	402,612	5,000	416,650	268,650
	640,343	2,059,995	(794)	2,170,958	752,100

£2,171,752 charged in the statement of financial activities is derived from new grants voted in 2021 less unspent grants written back.

**(7) Support costs**

	Notes	2021 £	2020 £
Harare office	11	253,165	233,823
Woking office	13	137,589	136,776
Overseas tours	12	-	14,203
Difference on exchange		21,122	(5,888)
		411,876	378,914

**(8) Governance costs**

		2021 £	2020 £
Woking office	13	191,502	193,108

**THE BEIT TRUST****Notes to the financial statements for the year ended 31 December 2021****(9) Analysis of support and governance costs**

	<b>Staff costs £</b>	<b>Other costs £</b>	<b>Depreciation £</b>	<b>Total 2021 £</b>	<b>Total 2020 £</b>
Support costs	287,251	106,013	18,612	411,876	378,914
Governance costs	176,992	12,150	2,360	191,502	193,108
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	464,243	118,163	20,972	603,378	572,022
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**(10) Employee costs**

	<b>2021 £</b>	<b>2020 £</b>
Wages and salaries	245,571	255,926
National insurance	13,472	13,548
Zimbabwe National insurance	564	574
Zimbabwe Medical Aid Society costs	23,006	20,349
Pensions	123,574	120,176
Ex gratia payments in lieu of pensions	58,056	62,708
	<hr/>	<hr/>
	464,243	473,281
	<hr/>	<hr/>

Ex gratia payments made to certain retired employees are reviewed annually.

The Trust Secretary, Sir Andrew Pocock, earned in excess of £60,000 per annum both in 2021 and 2020. During 2020 he paid £1,951 rent whilst occupying a flat owned by the Trust. He is a member of the Trust pension scheme.

The Trust's key management personnel received remuneration totalling £128,365 (2020, £127,726).

The six Trustees have not received any remuneration from the Trust, but are reimbursed for their travelling and other expenses incurred on Trust business as disclosed in notes 12 and 13.

The total number of employees in 2021, by location, was: Harare - 2 Woking - 4 (2020, Harare - 3; Woking - 4).

**THE BEIT TRUST****Notes to the financial statements for the year ended 31 December 2021**

<b>(11) Harare office expenses</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Salaries	82,971	89,405
Zimbabwe National Insurance	564	574
Zimbabwe Medical Aid Society costs	23,006	20,349
Pensions	37,896	37,440
Ex gratia payments in lieu of pensions	30,672	30,480
Property (rent, light, heat and maintenance)	9,665	11,140
Office administration	3,337	4,213
Representatives' local travel and motor expenses	4,593	4,938
Correspondents' and Scholarship Board expenses	40,360	15,431
Legal & professional	2,500	2,500
Audit and accountancy	1,029	1,099
Bank charges	2,100	1,370
Depreciation	14,472	14,884
	<hr/>	<hr/>
	253,165	233,823
	<hr/>	<hr/>
<b>(12) Overseas tours</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trustees' visits to Zimbabwe, Malawi and Zambia	-	10,225
Representative's visits	-	3,978
Secretary's visits	-	-
	<hr/>	<hr/>
	-	14,203
	<hr/>	<hr/>

Restrictions due to the Covid pandemic prevented the Trustees and the Secretary from visiting the beneficial countries in 2021.



**THE BEIT TRUST****Notes to the financial statements for the year ended 31 December 2021**

<b>(13) Working office expenses</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Salaries	162,600	166,521
National Insurance	13,472	13,548
Pensions	85,678	82,736
Ex gratia payments in lieu of pensions	27,384	32,228
Property (rent, rates, light, heat and maintenance)	5,897	6,533
Office administration	11,732	9,509
Secretary's support expenses	381	406
Secretary's travel and motor expenses	99	17
Trustees' travel and meeting expenses	1,510	67
Audit fees	9,600	9,600
Legal and professional	3,456	3,000
Bank charges	122	115
Depreciation	6,500	5,604
Loss on sale of fixed assets	660	-
	<hr/>	<hr/>
	329,091	329,884
	<hr/>	<hr/>
Allocated as:		
Support costs	137,589	136,776
Governance costs	191,502	193,108
	<hr/>	<hr/>
	329,091	329,884
	<hr/>	<hr/>

**THE BEIT TRUST****Notes to the financial statements for the year ended 31 December 2021****(14) Tangible assets**

	<b>Freehold land &amp; buildings £</b>	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Fixtures fittings &amp; equipment £</b>	<b>Total £</b>
<b>Cost</b>					
Brought forward					
Total funds brought forward	233,414	54,725	6,954	33,148	328,241
Additions	4,158	-	5,053	-	9,211
Disposals	-	-	(3,610)	(1,200)	(4,810)
Carried forward					
Total funds carried forward	237,572	54,725	8,397	31,948	332,642
<b>Accumulated depreciation</b>					
Brought forward					
Total funds brought forward	84,634	41,043	6,107	22,723	154,507
Charge for year	3,711	13,682	1,720	1,859	20,972
Disposals	-	-	(1,972)	(1,200)	(3,172)
Carried forward					
Total funds carried forward	88,345	54,725	5,855	23,382	172,307
<b>Net book values</b>					
Total funds carried forward	149,227	-	2,542	8,566	160,335
at 31 December 2020	148,780	13,682	847	10,425	173,734

**THE BEIT TRUST****Notes to the financial statements for the year ended 31 December 2021****(15) Investments**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Listed investments</b>		
Market value at 1 January 2021	111,985,167	114,804,331
Additions	37,683,934	31,783,539
Disposals	(36,374,676)	(34,026,420)
Increase / (Decrease) in uninvested cash	(93,258)	(1,657,785)
Net Unrealised investment gain	11,566,835	1,081,502
	<hr/>	<hr/>
Market value at 31 December 2021	124,768,002	111,985,167
	<hr/>	<hr/>
Cost at 31 December 2021	105,002,287	99,702,858
	<hr/>	<hr/>

Apart from the investment in Vanguard S&P 500 UCITS ETF (12.6%) no single investment comprises more than 5% of the Trust's assets.

The investments as at 31 December were divided as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
UK equities and unit trusts	23,691,222	22,376,566
Overseas equities and unit trusts	66,222,874	60,494,809
UK fixed interest	1,859,177	4,886,244
Alternative investments	18,878,916	11,165,843
Property unit trusts	12,238,134	11,090,768
Cash on deposit awaiting investment	1,877,679	1,970,937
	<hr/>	<hr/>
	124,768,002	111,985,167
	<hr/>	<hr/>

**THE BEIT TRUST****Notes to the financial statements for the year ended 31 December 2021**

<b>(16) Debtors</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Prepayments and accrued income	499,901	356,238
Other debtors	-	1,422
	<hr/>	<hr/>
	499,901	357,660
	<hr/>	<hr/>
<b>(17) Cash at bank and in hand</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>United Kingdom:</b>		
Current accounts	52,916	150,524
Deposit accounts	633,921	748,302
In hand	279	411
<b>Zimbabwe, Malawi and Zambia:</b>		
Current accounts *	1,722	3,126
In hand *	5,149	13,556
	<hr/>	<hr/>
	693,987	915,919
	<hr/>	<hr/>
* Including £6,871 (2020 - £16,682) in foreign currencies		
<b>(18) Liabilities: creditors falling due within one year</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Schroder Investment Management Limited	75,003	65,588
Accruals	14,406	69,832
Unspent grants carried forward	752,100	640,343
Other creditors	7,232	7,493
	<hr/>	<hr/>
	848,741	783,256
	<hr/>	<hr/>

**THE BEIT TRUST****Notes to the financial statements for the year ended 31 December 2021**

<b>(19) Unfunded defined benefit pension scheme liability</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Unfunded defined benefit pension scheme liability	3,779,790	3,676,464

The Trust operates a defined benefit pension scheme. This is an unfunded arrangement where benefits are paid out of the Trust's portfolio when due. An actuarial valuation was undertaken as at 31 December 2021 establishing a liability of £3,779,790.

Other key assumptions that have been used in the calculations are:

	<b>2021</b>	<b>2020</b>
Rate of increase in salaries - current trustee directives	3.45%	3.05%
Rate of increase in deferred pensions - current trustee directives	3.45%	3.05%
Rate of increase in ex gratia payments - current trustee directives	2.75%	2.25%
Discount rate - current AA-rated UK Government Bond yield	1.90%	1.35%
Inflation assumption - current published information	3.45%	3.05%

Changes in the present value of the plan liabilities are as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Present value of plan liabilities at 1 January 2021	3,676,464	3,418,019
Current service cost	114,426	103,028
Benefits paid	(181,620)	(182,884)
Interest on plan liabilities	49,179	67,562
Actuarial losses	121,341	270,739
Actuarial losses on defined benefit pension scheme	103,326	258,445
Present value of plan liabilities at 31 December 2021	3,779,790	3,676,464

The scheme is unfunded and holds no assets.

**THE BEIT TRUST****Notes to the financial statements for the year ended 31 December 2021****(20) Movements on unrestricted funds during the year**

	<b>Capital fund £</b>	<b>Reserve fund £</b>	<b>Pension Reserve £</b>	<b>Total funds 2021 £</b>	<b>Total funds 2020 £</b>
Total funds brought forward	108,873,043	3,776,181	(3,676,464)	108,972,760	112,444,634
Net (expenditure) before investment (losses) / gains	(614,177)	-	-	(614,177)	(602,626)
Actuarial (losses) on defined benefit pension scheme	-	-	(103,326)	(103,326)	(258,445)
Transfer to reserve fund from capital fund	614,177	(614,177)	-	-	-
Net (losses) / gains on investments	13,238,437	-	-	13,238,437	(2,610,803)
<b>Total funds carried forward</b>	<b>122,111,480</b>	<b>3,162,004</b>	<b>(3,779,790)</b>	<b>121,493,694</b>	<b>108,972,760</b>

The Reserve Fund is a fund of unspent income from previous years which may be used for major projects or for such beneficial activities as the Trustees may determine.

Net expenditure is transferred into this fund.

**(21) Analysis of changes in net funds**

	<b>Net funds at 1.1.21 £</b>	<b>Cash flows £</b>	<b>Net funds at 31.12.21 £</b>
Cash at bank and in hand	915,919	(221,932)	693,987
Cash on deposit awaiting investment	1,970,937	(93,258)	1,877,679
	<b>2,886,856</b>	<b>(315,190)</b>	<b>2,571,666</b>