

**MIHRAN & AZNIV ESSEFIAN
CHARITABLE TRUST**

**Financial Statements
For The Year Ended
31 March 2023**

MIHRAN & AZNIV ESSEFIAN CHARITABLE TRUST

Officers and Advisers

Governing Document:	Trust Deed
Charity Registration No:	275074 England & Wales.
Main Office:	The Mihran and Azniv Essefian Charitable Trust PO Box 7453 London W1A 3XF
Trustees:	Ms R A Vartoukian (Chairperson) Ms V Gulbenkian Dr A N Selian Matian Mrs S L Simons
Administrator:	Ms M Ovanessoff
Investment Manager:	JM Finn & Co 4 Coleman Street London EC2R 5TA
Bankers:	National Westminster Bank plc City of London Office 1 Prince's Street London EC2R 8BP
Independent Examiner:	Hovnan Hampartsoumian BA, FCA Hovnan & Co Limited Chartered Accountants 106 Ashurst Road Cockfosters Barnet Herts EN4 9LG

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MIHRAN & AZNIV ESSEFIAN CHARITABLE TRUST

Trustees' Annual Report for the year ended 31 March 2023

The Trustees present their annual report together with the financial statements for the year ended 31 March 2023. The Trustees confirm that the annual report and financial statements of the Charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of recommended Practice (SORP), 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

The object of the Trust is to promote any one or more charitable object or objects for the benefit of members of the Armenian Community wherever they shall be living generally.

In furtherance of the Trust's objects the Trustees offer scholarship grants to university students of Armenian origin and grants to organisations and institutions to promote specific educational, cultural and charitable activities for the benefit of the Armenian Community throughout the world.

Public Benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. The grants made during the year have benefited the public in the further education of Armenian students studying in the UK and Armenia and in supporting cultural, educational and charitable activities in the Armenian community.

Achievements in year (including financial review)

During the year the Trustees have granted £30,000 (2022: £30,000) to 222 (2022: 260) students studying at various higher educational establishments in Gyumri, ranging from £35 to £220 per student; £15,000 (2022: £15,000) to 236 (2022: 257) students in Vanadzor, ranging from £40 to £135 per student, and £5,800 to 1 student in Yerevan (the same as in 2022). £20,000 was granted in the form of scholarships to 4 Armenian students studying in the UK (2022: £28,000 to 5 students in the UK and 1 in Italy).

During their lifetime, the Essefian brothers made regular donations to the St. Tarkmanchats School in Jerusalem and the Surp Pirgic Hospital in Istanbul. Therefore it is fitting to continue contributing to these institutions for as long as it is financially viable to do so. However, the lingering impact of a global pandemic, Brexit and a war in Europe, compounded by the effects of the Truss Government's mini budget, and then the collapse of a number of banks, have all contributed to poor economic conditions that have had an adverse impact on the performance of the Trust's asset portfolio.

In view of the above, the Trustees proceeded with the regular donation to the St. Tarkmanchatz School in Jerusalem this year but decided to waive the donation to the Surp Pirgic Hospital in Istanbul. The regular donation to the Hayastan All-Armenian Fund was likewise waived and the donation to the Armenian Musical Assembly remained at the lower amount granted in the previous year.

Since the beginning of 2014, the Trust's income consists of dividends and capital growth of the investment portfolio, with minor contributions from interest on bank deposits.

Structure, Governance and Management

The Charity is governed by a Trust Deed in a settlement declared by the late brothers, Hagop Mihran Essefian and Yervant Mihran Essefian on 21st December 1977. The Trust is an unincorporated association administered by four Trustees and one administrator as named on officers and advisors page. All the Trustees serve on a voluntary unpaid basis and receive no expenses. No staff are currently employed by the Trust but the self-employed Administrator is paid.

MIHRAN & AZNIV ESSEFIAN CHARITABLE TRUST

Trustees' Annual Report for the year ended 31 March 2023

Investment Policy

The Trustees have wide powers to invest the monies of the Charity as they think fit. The current portfolio is primarily invested in major equities with an even balance between UK-focused and global securities and an ethical element where possible. The Securities are professionally managed by JM Finn & Co.

Reserves Policy

In terms of Charity Law, the Trust Fund is an expendable endowment. The trustees therefore have a duty to spend the income reserves generated from the Trust Fund within a reasonable time of receipt. However, initial scholarships are awarded on the basis that a student will be supported for each year of their degree course, subject to certain conditions being met. Therefore, in any particular year, the trustees will aim to maintain sufficient funds in the reserves to compensate for a potential drop in income in the years subsequent to each initial award.

The Trust Fund consists solely of the original capital and capital gains/losses. Investment income is held in the Accumulated Fund. For around 6 years, the Trustees pursued a policy of diminishing the large Accumulated Fund by increasing expenditure. From the year ending 31.03.21, the trustees will aim to keep spending in line with net income, although a Trust declaration allows for up to 5% of the capital of the investments to be used to meet the Charity's objectives in any one year. Furthermore, the Trustees have the power to spend the capital of the fund on charitable purposes if they so determine.

Risk Review

The Trustees have identified and assessed the major risks to which the Charity is exposed, in particular those related to the operation and finances of the Charity. They are satisfied that the Charity's exposure to these risks is at an acceptable level. With the backdrop of a war in Europe and the lingering impact of Brexit and covid, the markets have remained volatile. The Liz Truss Administration's mini budget of 23.09.22 struck a hefty blow to the Trust's asset value, followed a few months later by the collapse of Silicon Valley Bank, Credit Suisse etc. towards the end of the Trust's financial year. It is therefore no surprise that a loss of c. £23k was realised when selling securities and the overall value of the portfolio fell c. £127k during the period.

Contrary to the Trustees' current strategic aim, the Net Movement in Funds was much more negative during this period (down £150k) than during the prior period (down £68k) but this was overwhelmingly due to the drop in asset value which was beyond the Trustees' control. Grant commitments during the period had been cut back wherever possible. The income reserves (built up over the Trust's early years) were entirely depleted, bringing the Accumulated Fund into the red by a small amount (£5k), well within the '5% of the capital of the investments' (£1.5m as at 31.03.23) permitted by the Trust Deed and this was covered by a transfer of funds.

The Trustees will aim to build up and maintain a small positive income reserve in the medium to long term, but they recognise that current market conditions prevent them from achieving this goal in the short term. They will continue to focus their grant-making on students in Armenia, while cutting back on grants to students in the UK.

Going Concern

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

MIHRAN & AZNIV ESSEFIAN CHARITABLE TRUST

Future Plans

The Trust intends to continue its central policy of distributing all income received, to eligible beneficiaries in the form of grants in accordance with the Trust Deed.

Connected Charities

The Trustees consider Benlian Trust (reg. No. 277253) as a connected Charity in that it shares the same Trustees, self-employed administrator and Main Office.

Responsibilities of Trustees

The 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. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and of its incoming resources and application of resources of the Charity for that period.

In preparing the 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 accounting 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 adequate accounting records that are sufficient to show and explain the Charity's transactions and 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, the Charity (Accounts and Reports) Regulations and the provision 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.

Approved by the Trustees on

19/1/2024

and signed on behalf of the Board



Ms R A Vartoukian
Trustee - Chairperson

MIHRAN & AZNIV ESSEFIAN CHARITABLE TRUST

Independent examiner's report to the trustees of Mihran & Azniv Essefian Charitable Trust

I report on the accounts of the Trust for the year ended 31 March 2023, which are set out on pages 5 to 11.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 ("the Charities Act") and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the Charities Act,
- to follow the procedures laid down in the general Directions given by the Charity Commission (under section 145(5)(b) of the Charities Act, and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

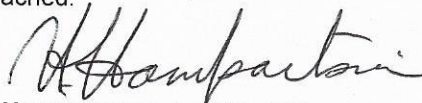
My examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no material matters have come to my attention which gives me cause to believe that in any material respect:

- the accounting records were not kept in accordance with section 130 of the Charities Act; or
- the accounts did not accord with the accounting records; or
- the accounts did not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



H Hampartsoumian BA, FCA
Hovnan & Co Limited
Chartered Accountants
106 Ashurst Road, Cockfosters,
Barnet, Herts. EN4 9LG

Date: 19 Jan 2024

MIHRAN & AZNIV ESSEFIAN CHARITABLE TRUST

Statement of Financial Activities for the year ended 31 March 2023

	Note	Accumulated Fund 2023 £	Trust Fund 2023 £	Total Funds 2023 £	Accumulated Fund 2022 £	Trust Fund 2022 £	Total Funds 2022 £
Income and endowments from:							
Investment income	5	44,451	-	44,451	44,709	-	44,709
Other		-	-	-	50	-	50
Total income		<u>44,451</u>	<u>-</u>	<u>44,451</u>	<u>44,759</u>	<u>-</u>	<u>44,759</u>
Expenditure on:							
Cost of raising funds	2	7,593	-	7,593	8,807	-	8,807
Charitable activities	3, 4	94,206	-	94,206	102,240	-	102,240
Total expenditure		<u>101,799</u>	<u>-</u>	<u>101,799</u>	<u>111,047</u>	<u>-</u>	<u>111,047</u>
Net income/(expenditure) for the year before Gains/(losses)							
		(57,348)	-	(57,348)	(66,288)	-	(66,288)
Net gain/(losses) on Investments							
Realised gains/(losses) on investments		-	(22,942)	(22,942)	-	279	279
Unrealised gains/(losses) on investments	5	-	(127,335)	(127,335)	-	(1,697)	(1,697)
Net income/(expenditure)		<u>(57,348)</u>	<u>(150,277)</u>	<u>(207,625)</u>	<u>(66,288)</u>	<u>(1,418)</u>	<u>(67,706)</u>
Transfers between Funds	6	5,078	(5,078)	-	-	-	-
Net movement in funds		<u>(52,270)</u>	<u>(155,355)</u>	<u>(207,625)</u>	<u>(66,288)</u>	<u>(1,418)</u>	<u>(67,706)</u>
Balance brought forward at 1 April 2022		52,270	1,676,074	1,728,344	118,558	1,677,492	1,796,050
Balance carried forward at 31 March 2023	10,11	<u>-</u>	<u>1,520,719</u>	<u>1,520,719</u>	<u>52,270</u>	<u>1,676,074</u>	<u>1,728,344</u>

Continuing operations

None of the Trust's activities were acquired or discontinued during the current or previous year.

Total recognised gains and losses

The Trust has no recognised gains or losses other than the gains for the current and previous year.


The notes on pages 7 to 11 form part of these financial statements.

MIHRAN & AZNIV ESSEFIAN CHARITABLE TRUST
Balance sheet as at 31 March 2023

	Notes	2023 £	2022 £
Fixed assets			
Investments	5	1,447,610	1,693,069
		<u>1,447,610</u>	<u>1,693,069</u>
Current assets			
Debtors	7	3,557	3,729
Cash at bank		71,713	33,626
		<u>75,270</u>	<u>37,355</u>
Liabilities: Amounts falling due within one year	8	2,160	2,080
Net current assets		<u>73,110</u>	<u>35,275</u>
Total assets less current liabilities		<u>1,520,719</u>	<u>1,728,344</u>
Represented by:			
Trust Fund	10, 11	1,520,719	1,676,074
Accumulated Fund	10, 11	-	52,270
		<u>1,520,719</u>	<u>1,728,344</u>

Approved and authorised for issue by the Trustees on behalf.

19/1/2024 and signed on its



Ms R A Vartoukian
Trustee - Chairperson

The notes on pages 7 to 11 form part of these financial statements.

MIHRAN & AZNIV ESSEFIAN CHARITABLE TRUST

Notes to the financial statements for the year ended 31 March 2023

1. ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011. Exemption has been taken from preparing a cash flow statement under 'Section 7 Statement of Cash Flows' as permitted by FRS 102 on the grounds that the Trust qualifies as a small entity.

The accounts have been prepared under the historical cost convention.

(b) Donations, legacies and similar incoming resources

Donations, legacies and similar incoming resources are recognised once the charity has entitlement to the income, there is sufficient certainty of receipt and so it is probable that the income will be received, and the monetary value of income can be measured reliably.

(c) Investment income

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

(d) Cost of raising funds

The cost of generating funds consists of investment management and certain legal fees charged on an accruals basis including VAT

(e) Charitable activities

The expenditure on charitable activities includes grants made, governance costs and support costs. Included within this category are costs associated with the audit, and costs of complying with constitutional and statutory requirements.

(f) Grants

Applications for grants in Vanadzor and Gyumri are considered by two local administrators working on behalf of the Trustees. They are accounted for on an accruals basis where the third party has a reasonable expectation that they will receive the grant. Where funds allow, applications for grants in the UK will be considered by the Trustees from university students of Armenian origin, as well as Armenian educational, cultural and social organisations. Priority is given by the Trustees to undergraduate students.

(g) Fixed assets

Investments are included at market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

(h) Funds

Unrestricted funds are those general funds received and utilised in furtherance of the objects of the charity. Funds where the capital is held to generate income for charitable purposes are accounted for as expendable endowment funds (Trust Fund). The terms of the endowment allow the capital of the fund to be spent if the trustees so determine.

MIHRAN & AZNIV ESSEFIAN CHARITABLE TRUST

Notes to the financial statements for the year ended 31 March 2023

(i) Taxation policy

The charity is a registered charity and is exempt from income, corporation tax and capital gains tax where the income and gains are used for charitable purposes.

2. Cost of raising funds

	Accumulated Fund 2023	Trust Fund 2023	Total Funds 2023	Accumulated Fund 2022	Trust Fund 2022	Total Funds 2022
	£	£	£	£	£	£
Investment management costs	7,593	-	7,593	8,807	-	8,807
	<u>7,593</u>	<u>-</u>	<u>7,593</u>	<u>8,807</u>	<u>-</u>	<u>8,807</u>

3. Grants

University scholarships

4 UK students; (2022: 5 students UK & 1 Italy)

Yerevan, Armenia (2023: 1 student; 2022: 1 students)

Gyumri, Armenia (2023: 222 students; 2022: 260 students)

Vanadzor, Armenia (2023: 236 students; 2022: 257 students)

Other grants

Hayastan All Armenian Fund

Surp Pirgich Armenian Hospital, Istanbul

Tarkmanchats School, Armenian Patriarchate of Jerusalem

Armenian Musical Assembly, Yerevan

	2023 £	2022 £
4 UK students; (2022: 5 students UK & 1 Italy)	20,000	28,000
Yerevan, Armenia (2023: 1 student; 2022: 1 students)	5,800	5,800
Gyumri, Armenia (2023: 222 students; 2022: 260 students)	30,000	30,000
Vanadzor, Armenia (2023: 236 students; 2022: 257 students)	15,000	15,000
	<u>70,800</u>	<u>78,800</u>
Other grants		
Hayastan All Armenian Fund	-	1,000
Surp Pirgich Armenian Hospital, Istanbul	-	2,000
Tarkmanchats School, Armenian Patriarchate of Jerusalem	2,000	2,000
Armenian Musical Assembly, Yerevan	500	500
	<u>2,500</u>	<u>5,500</u>
Total Grants	<u>73,300</u>	<u>84,300</u>

4. Expenditure on charitable activities

	Accumulated Fund 2023	Trust Fund 2023	Total Funds 2023	Accumulated Fund 2022	Trust Fund 2022	Total Funds 2022
	£	£	£	£	£	£
Grants (Note 3)	73,300	-	73,300	84,300	-	84,300
Admin and accountancy	11,550	-	11,550	11,685	-	11,685
Bank charges	169	-	169	195	-	195
Operational fees, Armenia	3,000	-	3,000	3,000	-	3,000
Independent Examiner	2,180	-	2,180	2,080	-	2,080
Legal Fees	1,512	-	1,512	162	-	162
Professional Insurance	1,940	-	1,940	601	-	601
Office expense	555	-	555	217	-	217
	<u>94,206</u>	<u>-</u>	<u>94,206</u>	<u>102,240</u>	<u>-</u>	<u>102,240</u>

MIHRAN & AZNIV ESSEFIAN CHARITABLE TRUST

Notes to the financial statements for the year ended 31 March 2023

5. Fixed assets investments (Contd.)	2023 £	2022 £
Quoted investment		
Market value at 1 April 2022	1,693,069	1,736,183
Additions	40,132	162,720
Disposals at opening market value	(158,256)	(204,137)
Net unrealised gain in the year	(127,335)	(1,697)
Market value at 31 March 2023	1,447,610	1,693,069
Historical cost at 31 March 2023	1,283,466	1,354,288

Investments at market value

	UK £	Overseas £	2023 Total £
Bonds Funds	139,244	-	139,244
Investment Funds	819,463	204,817	1,024,280
Infrastructure	80,347	148,992	229,339
Property	54,747	-	54,747
Total	1,093,801	353,809	1,447,610

Material investments	2023 £
T Bailey Fund Services	143,708

	2023 £	2022 £
Investment income		
UK income	29,461	31,433
Overseas income	12,429	11,094
UK Property Income	2,561	2,182
	44,451	44,709

6. Funds Transfers

Having considered the obligations of the Trust, the Trustees exercised their power to convert £5,078 from the Endowment Fund to the Accumulated Fund to be spent on the furtherance of the charity's purposes.

7. Debtors	2023 £	2022 £
Prepayments and accrued income	3,557	3,729

MIHRAN & AZNIV ESSEFIAN CHARITABLE TRUST

Notes to the financial statements for the year ended 31 March 2023

8. Liabilities	2023	2022
	£	£
Amounts falling due within one year:		
Accruals	2,160	2,080

9. Employees	2023	2022
	£	£
The average monthly number of employees during the year was:	-	-
	-	-
	-	-
There were no employees whose annual remuneration was £60,000 or more.		

10. Analysis of Charitable Funds

Funds	Balance at 30.06.22	Share of Net Income	Grants Paid	Transfers	Gains/Losses	Balance at 29.06.23
	£	£	£	£	£	£
a) Expendable Endowment	1,676,074	-	-	(5,078)	(150,277)	1,520,719
b) Unrestricted Fund	52,270	15,952	(73,300)	5,078	-	-
TOTAL	1,728,344	15,952	(73,300)	-	(150,277)	1,520,719

- a) The expendable endowment fund was established by the bequest of the late Essefian family to form the Trust Fund. The terms of the endowment allow the capital of the fund to be spent if the trustees so determine.
- b) The unrestricted funds are available to be spent for any purposes of the charity.

11. Analysis of funds by assets and liabilities

	Accumulated Fund 2023	Trust Fund 2023	Total Funds 2023	Accumulated Fund 2022	Trust Fund 2022	Total Funds 2022
	£	£	£	£	£	£
Assets	-	1,522,879	1,520,879	54,350	1,676,074	1,730,424
Liabilities	-	(2,160)	(2,160)	(2,080)	-	(2,080)
	-	1,520,719	1,520,719	52,270	1,676,074	1,728,344

MIHRAN & AZNIV ESSEFIAN CHARITABLE TRUST

Notes to the financial statements for the year ended 31 March 2023

12. Transactions with Trustees and connected persons

The Trustees serve on a voluntary basis and receive no remuneration or expenses. No trustee expenses were incurred by the charity. The day-to-day running of the Trust is contracted to a self-employed administrator who is paid. The charity does not have any employees.

The Trustees consider The Benlian Trust (reg. No. 277253) as a connected Charity in that it shares the same Trustees, self-employed administrator and Main Office. There were no transactions with The Benlian Trust during the period.