

**THE CECIL KING MEMORIAL FOUNDATION**

**TRUSTEES' REPORT and FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 APRIL 2019**

**Registered number: 1002318**

CECIL KING MEMORIAL FOUNDATION  
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## THE CECIL KING MEMORIAL FOUNDATION TRUSTEES REPORT

### Charity Name and Number

Cecil King Memorial Foundation: registered charity number: 1002318

### Correspondence Address

C/o 12 Mountain Road, Newtownards, Co. Down, BT23 4UL

| Trustees                            | Dates of Service |
|-------------------------------------|------------------|
| Mr David Railton, Chair of trustees | 1991 – current   |
| Mr John Clark                       | 1994 – current   |
| Professor Colin Gough               | 1996 – current   |
| Mr Jonathon Bond                    | 2012 – current   |
| Ms H McLachlan                      | 2016 – current   |

### Professional Advisors

**Independent Auditors:** Mazars, Harcourt Centre, Block 3, Harcourt Road, Dublin 2

**Bankers:** Hoares Investment Managers, 37 Fleet Street, London

**Investment Management:** Cazenove Capital, 12 Moorgate, London

### Trustees Annual Report for the year ended 30 April 2019

The trustees present their annual report and financial statements of the charity for the year ended 30 April 2019. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, 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 published on 16 July 2014.

### History, objectives and activities of the Trust

The Cecil King Memorial Foundation was established in 1991 by Dame Ruth King, the widow of the late Cecil King to advance particular interests which he espoused during his lifetime.

Cecil Harmsworth King was born on 20 February 1901, and was educated at Winchester and Christchurch College Oxford. After university, he worked for a number of papers including the Daily Mail and Daily Mirror. In 1929 he was made advertising director of the Daily Mirror and in 1951 became its chairman. He held this post until 1963 when he became chairman of the International Publishing Corporation. Cecil King died in 1987.

Both the initial donation made by Dame Ruth and additional amounts donated since, have been under terms which allow the trustees to either retain the amounts as capital or to spend them.

The Trust objectives are certain charitable purposes including Medical and Research, Education and Vocational Training, Promotion and Performance of the Arts and Conservation and Preservation, which were concerns of the late Cecil Harmsworth King.

The trustees identify projects and approach organisations they wish to support. The Foundation does not make grants to people or organisations who apply speculatively.

The Trust also has a policy of not responding to any correspondence unless it relates to grants it has agreed to make or to the general management of the Trust.

## THE CECIL KING MEMORIAL FOUNDATION TRUSTEES REPORT

### Management and governance arrangements

The trust deed provides for a minimum of 2 trustees. Where there is a requirement for new trustees, this is identified and the appointment made by the remaining trustees.

The chair of trustees is responsible for the induction of any new trustee which involves awareness of a trustee's responsibilities, the governing document, administrative procedures, the history and philosophical approach of the charity. A new trustee would receive copies of the previous year's annual report and accounts and a copy of the Charity Commission leaflet 'The Essential Trustee: What You Need to Know'.

### Risk management

The trustees annually review the risks that the charity faces. To date these have mainly related to investment management and these have been ameliorated by diversified portfolio management.

### Procedures and policy for grant making

The trustees normally meet twice a year to consider what grants they will make and to review any feedback they have received. Nominations for grants are elicited by formal and informal means.

The trustees travel widely in the UK and abroad and use knowledge gained to support the work of the charity and to inform grant making. In the normal course of providing grants, trustees invite potential applicants to make a proposal for funding, the nature and content of this proposal will vary dependant on the grant type.

Where the Foundation has been working with a recipient for a number of years, and only in some cases, the trustees have entered into fixed term agreements of providing grant aid support. This can range from three to five years. Otherwise the trustees have a policy that they make only once off grants with no guarantees of future funding.

The trustees always seek feedback on the actual use of the grants given and the achievements made, including those given to individuals. The explanations and feedback received are sufficient for monitoring the quality of the grants made.

The Foundation has an administrator who handles the correspondence relating to grants. The financial affairs of the charity are handled by the administrator.

### Achievements and performance of the Trust

This year grants were made under each of the charitable objectives to the following:

**Medical and Research** – The Psoriasis Association, St Vincent's Nurses.

**Education and Vocational Training** – Birmingham Royal Ballet, Young Mathematician of the Year, Elmhurst Ballet School

**Conservation and Preservation** – National Churches Trust, Wildlife Protection Society of India

**Promotion and Performance of the Arts** – Music for Awhile, National Youth Orchestra, Young Musician Symphony, National Children's Orchestra, Oxford Lieder and Award for Young Musicians

**Other** – The Salvation Army.

The trustees will continue to monitor these awards through reports from the recipients to ensure that they have been utilised appropriately.

### Financial review, investment policy and reserves

The trustees have set a policy that the expendable endowment should be invested so as to maximise the total return (capital growth plus income) with a medium level of risk. The net gain in investment funds for the year was £355,431 (2018: loss £110,237).

Although the trustees have the power to spend the expendable endowment, the investment of capital is the only source of ongoing income and so the fund is invested with the objective of ensuring that the expendable endowment retains approximately its real value in the medium term. This approach means the money available to spend as income can fluctuate and, ensures that the amount available for grants remains relatively stable from year to year.

## THE CECIL KING MEMORIAL FOUNDATION TRUSTEES REPORT

The Foundation employed Cazenove Capital as investment advisors and managers during 2017 and they have continued in this capacity since then.

During the year the investment managers fees were £50,736 (2018: £51,127) and under their management the portfolio earned dividend income of £96,996 (2018: £111,927).

The Foundation has ethical investment policies; these were formulated in February 2013 in the Foundation's Investment policy statement and reconfirmed in July 2017. Cazenove Capital is fully aware of this policy statement.

The net resources, after grants for charities activities, operational expenses, and losses/gains on investments, show a surplus of £227,546 (2018: deficit: £224,113).

### Future plans

The trustees intend to continue providing grants in a similar way to the recent past continuing the emphasis on current areas of giving but retaining flexibility as to the timing, and scale of grant making.

### Trustees' responsibilities in relation to the financial statements

The charity's trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council, and the Statement of Recommended Practice (Charities SORP (FRS 102), issued by the Charity Commissioners for England and Wales.

The law applicable to charities in the United Kingdom requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure of the charity for that period. In preparing the financial statements, the trustees are required to:

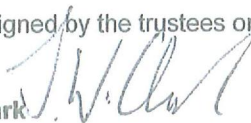
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

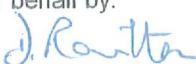
The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

Approved and signed by the trustees on their behalf by:

Mr John W. Clark  
Trustee



Mr David Railton  
Trustee



Date: 5/1/20

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CECIL KING MEMORIAL FOUNDATION

### Opinion

We have audited the financial statements of The Cecil King Memorial Foundation (the 'charity') for the year ended 30 April 2019, which comprise the Statement of Financial Activities, the Balance Sheet, The Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 30 April 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CECIL KING MEMORIAL FOUNDATION (continued)**

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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 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**

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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 set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters 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.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF  
THE CECIL KING MEMORIAL FOUNDATION (continued)**

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

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.

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 the audit report**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and regulations made or having effect thereunder. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. 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.



**Bernard Barron**

**For and on behalf of  
Mazars  
Chartered Accountants  
& Statutory Audit Firm  
Dublin 2**

*5 January 2020*  
**5 January 2020**



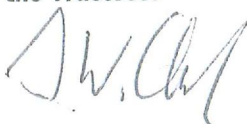
THE CECIL KING MEMORIAL FOUNDATION  
STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 30 APRIL 2019

|                                     | Note | 2019<br>STGE<br>Unrestricted<br>Funds | 2018<br>STGE<br>Unrestricted<br>Funds |
|-------------------------------------|------|---------------------------------------|---------------------------------------|
| Income and endowments from:         |      |                                       |                                       |
| Investments                         | 3    | 97,382                                | 112,471                               |
| Other income                        |      | 2,500                                 | -                                     |
| <b>Total</b>                        |      | <u>99,882</u>                         | <u>112,471</u>                        |
| Expenditure on:                     |      |                                       |                                       |
| Raising funds                       | 4    | 50,736                                | 51,127                                |
| Charitable activities               | 5    | 177,031                               | 175,220                               |
| <b>Total</b>                        |      | <u>227,767</u>                        | <u>226,347</u>                        |
| Net gains / (losses) on investments | 8    | <u>355,431</u>                        | <u>(110,237)</u>                      |
| <b>Net income / (expenditure)</b>   |      | <u>227,546</u>                        | <u>(224,113)</u>                      |
| <b>Net movement in funds</b>        |      | 227,546                               | (224,113)                             |
| Total funds brought forward         |      | 6,607,704                             | 6,831,817                             |
| Total funds carried forward         |      | <u>6,835,250</u>                      | <u>6,607,704</u>                      |

**THE CECIL KING MEMORIAL FOUNDATION  
BALANCE SHEET  
AS AT 30 APRIL 2019**

|   | Note | 2019<br>STG£     | 2018<br>STG£     |
|---|------|------------------|------------------|
| <b>Fixed assets</b>                                   |      |                  |                  |
| Investments   | 8    | 6,626,864        | 6,583,415        |
| <b>Current assets</b>                                 |      |                  |                  |
| Debtors   | 9    | 3,648            | 3,357            |
| Cash at bank and in hand                              |      | 219,126          | 42,675           |
|   |      | 222,774          | 46,032           |
| <b>Creditors: Amounts falling due within one year</b> | 10   | (14,388)         | (21,743)         |
| <b>Net current assets</b>                             |      | 208,386          | 24,289           |
| <b>Net assets</b>                                     |      | <u>6,835,250</u> | <u>6,607,704</u> |
| <b>The funds of the charity:</b>                      |      |                  |                  |
| Unrestricted funds                                    |      | <u>6,835,250</u> | <u>6,607,704</u> |

On behalf of the Trustees:

Trustee:   
John W. Clark

Trustee:   
David Railton

Date: 5/1/20

THE CECIL KING MEMORIAL FOUNDATION  
STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 30 APRIL 2019

|   | Note | 2019<br>STG£          | 2018<br>STG£         |
|---|------|-----------------------|----------------------|
| Net cash flows from operating activities              | 11   | <u>(232,913)</u>      | <u>(234,304)</u>     |
| Cash flows from investing activities                  |      |                       |                      |
| Proceeds from sale of investments                     | 8    | 1,537,060             | 1,931,579            |
| Payments for investments                              | 8    | (1,225,078)           | (2,200,063)          |
| Proceeds from dividend income                         | 3    | 96,996                | 111,927              |
| Proceeds from interest income                         | 3    | <u>386</u>            | <u>545</u>           |
| Net cash inflow / (outflow) from investing activities |      | <u>409,364</u>        | <u>(156,012)</u>     |
| Increase / (decrease) in cash and cash equivalents    |      | 176,451               | (390,316)            |
| Cash and cash equivalents at the beginning of year    |      | <u>42,675</u>         | <u>432,991</u>       |
| Cash and cash equivalents at the end of year          |      | <u><u>219,126</u></u> | <u><u>42,675</u></u> |

**THE CECIL KING MEMORIAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2019**

**1. Accounting Policies**

**a) Basis of Preparation**

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been 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 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

The trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern. With respect to the next reporting period, 2019-20, the most significant areas of uncertainty that affect the carrying value of assets held by the Foundation's are the level of investment return and the performance of investment markets.

**b) Funds Structure**

The charity trust deed allows the trustees to either retain the initial amount donated or any amounts donated since then or to spend them. The trustees, at their discretion, may allocate any part of the funds to the general purposes of the Trust, namely to charitable purposes including Medical and Research, Education and Vocational Training, Promotion and Performance of the Arts and Conservation and Preservation, which were concerns of the late Cecil Harmsworth King,

Unrestricted funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects.

**c) Presentation and foreign currency**

The financial statements have been presented in GBP (£) which is also the functional currency of the charity.

Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the statement of financial activity.

**d) Income recognition**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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 advisor of the dividend yield of the investment portfolio.

THE CECIL KING MEMORIAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2019

1. Accounting Policies (continued)

e) Expenditure recognition

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. All expenses including support costs and governance costs are allocated to the applicable expenditure headings

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Foundation. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the Foundation.

e) Support costs

Support costs arise from those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administration costs, finance and governance costs which support the charity's activities. Support costs are allocated on an proportionate basis.

f) Costs of raising funds

The costs of generating funds consist of investment management costs.

g) Charitable activities

Costs of charitable activities include grants made.

h) Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction price and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Trust does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

i) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.



THE CECIL KING MEMORIAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2019

2. Related party transactions and trustees' expenses and remuneration

The trustees all give freely of their time and expertise without any form of remuneration or other benefit in cash or kind (2018: £nil). Expenses paid to the trustees in the year totalled £653 (2018: £986). These expenses were made up of reimbursed travel expenses for three trustees. Expenses paid on behalf of the trustees for seminar and conference related travel and accommodation expenses totalled £2,836 (2018: £3,016). The trust also paid trustee indemnity insurance on behalf of the trustees totalling £420 (2018: £358).

3. Investment Income

|                 | 2019<br>STG£  | 2018<br>STG£   |
|-----------------|---------------|----------------|
| Dividend Income | 96,996        | 111,927        |
| Bank Interest   | 386           | 545            |
|                 | <u>97,382</u> | <u>112,471</u> |

4. Expenditure on raising funds

|                             | 2019<br>STG£  | 2018<br>STG£  |
|-----------------------------|---------------|---------------|
| Investment management costs | 50,736        | 51,127        |
|                             | <u>50,736</u> | <u>51,127</u> |

5. Expenditure on charitable activities:

|  | 2019<br>STG£  | 2018<br>STG£  |
|--|---------------|---------------|
| <b><i>Medical and Research</i></b>     |               |               |
| St Vincent's Nurses                    | 2,000         | 2,000         |
| Psoriasis Association                  | 10,000        | 1,000         |
| Support costs (Note 6)                 | 1,560         | 1,532         |
|  | <u>13,560</u> | <u>4,532</u>  |
| <b><i>Education and Vocational</i></b> |               |               |
| Young Mathematician of the Year        | 5,500         | 5,140         |
| Elmhurst School of Dance               | 10,000        | 10,000        |
| Birmingham Royal Ballet                | 10,000        | 10,000        |
| Support costs (Note 6)                 | 3,314         | 3,551         |
|  | <u>28,814</u> | <u>28,691</u> |

THE CECIL KING MEMORIAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2019

5. Expenditure on charitable activities (continued):

|  | 2019<br>STG£   | 2018<br>STG£   |
|--|----------------|----------------|
| <i>Conservation and Preservation</i>             |                |                |
| National Churches Trust                          | 35,100         | 35,100         |
| Wildlife Protection Society of India             | 5,020          | 5,020          |
| Support costs (Note 6)                           | 5,214          | 4,727          |
|  | <u>45,334</u>  | <u>44,847</u>  |
| <br><i>Promotion and Performance of the Arts</i> |                |                |
| Music for Awhile                                 | 5,000          | 10,000         |
| National Youth Orchestra                         | 25,000         | 25,000         |
| Young Musician Symphony                          | 5,000          | 5,000          |
| Award for young musicians                        | 5,000          | 5,000          |
| Oxford Lieder                                    | 5,000          | 5,000          |
| National Children's Orchestra                    | 25,200         | 30,200         |
| Support costs (Note 6)                           | 9,123          | 9,450          |
|  | <u>79,323</u>  | <u>89,650</u>  |
| <br><i>Other Grants</i>                          |                |                |
| The Salvation Army                               | 10,000         | 7,500          |
|  | <u>10,000</u>  | <u>7,500</u>   |
| <br>Total  | <u>177,031</u> | <u>175,220</u> |

6. Support costs

|                                  | 2019<br>STG£  | 2018<br>STG£  |
|----------------------------------|---------------|---------------|
| Trustee expenses (Note 2)        | 3,911         | 4,360         |
| Administration expenses (Note 7) | 10,100        | 10,150        |
| Auditor remuneration             | 5,200         | 4,750         |
|                                  | <u>19,211</u> | <u>19,260</u> |

7. Administration expenses

|                               | 2019<br>STG£  | 2018<br>STG£  |
|-------------------------------|---------------|---------------|
| Professional administrator    | 10,040        | 10,070        |
| Other administration expenses | 60            | 80            |
|                               | <u>10,100</u> | <u>10,150</u> |

The average number of employees during the year was nil (2018: nil). Administrative services are outsourced to an external provider. The total cost of these services in year was £10,040 (2018: £10,070).

THE CECIL KING MEMORIAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2019

8. Fixed asset investments

(a) Movement in Investments during the year

|  | 2019<br>STG£     | 2018<br>STG£     |
|--|------------------|------------------|
| Investments at market value 1 May            | 6,583,415        | 6,425,168        |
| Acquisitions at market value during the year | 1,225,078        | 2,200,063        |
| Disposals at market value during the year    | (1,537,060)      | (1,931,579)      |
| Gain / (loss) on investments                 | 355,431          | (110,237)        |
| Investments at market value 30 April         | <u>6,626,864</u> | <u>6,583,415</u> |

(b) Classification of Investments

|   | 2019<br>STG£     | 2018<br>STG£     |
|---|------------------|------------------|
| Equities - UK                               | 1,384,114        | 1,833,743        |
| Equities – Non UK                           | 3,250,865        | 2,773,050        |
| Bonds – UK                                  | 255,972          | 247,009          |
| Bonds – Non UK                              | 332,972          | 385,947          |
| Alternatives                                | 196,289          | 131,878          |
| Hedge Funds                                 | 711,900          | 878,735          |
| Cash  | 174,586          | 16,191           |
| <i>Property</i>                             | <u>320,166</u>   | <u>316,862</u>   |
| <i>Investments at market value 30 April</i> | <u>6,626,864</u> | <u>6,583,415</u> |

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The main risk to the Foundation from financial instruments lies in the combination of uncertain investment markets and volatility in yield. Due to 'quantitative easing' and market sentiment favouring lower risk investments, the yield on bonds has been abnormally low giving rise to a significant downside risk of a fall in capital values when interest rates return to normal levels. Although rising interest rates resulting from a stronger economy and improved economic activity should be indicative of improving dividend yields and equity values, there is a concern that the abnormal availability of 'cheap money' to the banking sector has led to wider over-valuation of traded assets (an 'asset bubble') that may depress equity values once economic conditions ease.

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**8. Fixed asset investments (continued)**

The Foundation is reliant on dividend yield in part to finance its work and this leads to a greater exposure to international companies, the values of which, together with their yield are exposed to exchange rate risk when converting the holdings into sterling. The outlook for the sterling exchange rate is that it is anticipated to weaken as European, US and Asian economies strengthen. A weakening in the exchange rate will improve sterling returns from foreign currency denominated holdings.

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so their ability to buy and sell quoted equities and stock is anticipated to continue. The Foundation's investments are mainly traded in markets with good liquidity and high trading volumes. The Trust manages these investment risks by engaging an investment manager and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The Foundation does not make use of derivatives and similar complex financial instruments.

**9. Debtors**

|                  | <b>2019<br/>STG£</b> | <b>2018<br/>STG£</b> |
|------------------|----------------------|----------------------|
| Accrued interest | 3,648                | 3,357                |
|                  | <u>3,648</u>         | <u>3,357</u>         |

**10. Creditors**

|                           | <b>2019<br/>STG£</b> | <b>2018<br/>STG£</b> |
|---------------------------|----------------------|----------------------|
| Grants Payable            | 3,250                | 11,000               |
| Fees and Expenses Payable | 11,138               | 10,743               |
|                           | <u>14,388</u>        | <u>21,743</u>        |

The 2019 accrual grants payable are for The Young Mathematician of the year and the Psoriasis Association.

**11. Cash Flows**

|  | <b>2019<br/>STG£</b> | <b>2018<br/>STG£</b> |
|--|----------------------|----------------------|
| Net movement in funds                        | 227,546              | (224,113)            |
| Increase in debtors                          | (291)                | (3,274)              |
| Decrease in creditors                        | (7,355)              | (4,682)              |
| (Gain) / loss on investments                 | (355,431)            | 110,237              |
| Dividend income                              | (96,996)             | (111,927)            |
| Interest income                              | (386)                | (545)                |
| <b>Net cash used in operating activities</b> | <u>(232,913)</u>     | <u>(234,304)</u>     |

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12. Post balance sheet events

There were no post balance sheet events that would materially affect the financial statements.

13. Approval of financial statements

The financial statements were approved by the Trustees on 5/1/2020