

**MARCHIG ANIMAL WELFARE TRUST**  
**REPORT AND FINANCIAL STATEMENTS**  
**Year ended 31 December 2018**  
**Scottish Charity No.: SC038057**  
**England & Wales Charity No.: 802133**

**Whitelaw Wells**  
Statutory Auditors  
9 Ainslie Place  
Edinburgh  
EH3 6AT

# MARCHIG ANIMAL WELFARE TRUST

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**MARCHIG ANIMAL WELFARE TRUST**  
**Report of the Trustees**

**for the year ended 31 December 2018**

The Trustees have pleasure in submitting their annual report for the year ended 31 December 2018.

The financial statements comply with the Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

## **OBJECTIVES AND ACTIVITIES**

### Purposes

The purposes of the Trust shall be wholly charitable. It operates as a grant-making Trust to promote and advance animal welfare and in furtherance of the following objects:-

- to promote and encourage the development of new alternative methods to the use of animals in experimental research and education
- to promote and encourage the practical implementation of such alternative methods to the use of animals in scientific or manufacturing research and development and in education
- to promote and encourage practical work in preventing cruelty to animals and relieving suffering of animals

### Aims

The Trust furthers its charitable objects (described above) by making grants to organisations and individuals at home and abroad which share the same, or similar, objectives.

### Activities

During the year the Trust continued to support a variety of organisations and individuals at home and abroad in accordance with its objects through awarding grants.

### Grant making policy

The Trust invites applications for funding, which are then reviewed against specific criteria as set by the Trustees in accordance with the Trust's objectives. In practice the Trustees confine their donations to organisations whose purpose is to encourage initiatives designed to improve animal welfare, promote alternative methods to the use of animals in experiments and their practical implication and encourage practical work in alleviating suffering, preventing cruelty and improving conditions for animals. A full and detailed report is available from the Head Office.

### Public Benefit

The Trustees have considered the Charity Commission guidance on public benefit. The Trust's public benefit has been discharged by making grants and donations in accordance with its objectives, aims and grant making policy, to organisations directly involved in the provision of charitable services.

**MARCHIG ANIMAL WELFARE TRUST**  
**Report of the Trustees**

**for the year ended 31 December 2018**

**ACHIEVEMENTS AND PERFORMANCE**

The Trust does not engage in charitable activities directly but meets its charitable purposes, and public benefit, by awarding grants to third party organisations.

During the year the Trustees have received and reviewed applications from a number of organisations. The Trustees are pleased to report that there were significant grants awarded in the year, both in number and in value. Grants paid and awarded in the year amounted to £2.4m (2017: £1.8m). A total of 53 (2017: 48) grants were paid out of which 22 (2017: 18) were for less than £5,000.

**FINANCIAL REVIEW**

Interest and dividends receivable in the year totalled £199,361 (2017: £215,869). Total income for the year was £208,368 (2017: £238,546), with expenditure of £2,617,633 (2017: £1,980,324) leaving a deficit for the year of £2,409,265 (2017: £1,741,778) before gains and losses on investments. Overall there were net losses on investments of £698,767 (2017: gain of £1,505,617) and other gains of £85,094 (2017: loss of £150,835) leaving a net movement in funds deficit for the year of £3,022,938 (2017: deficit £386,996), all of which is unrestricted.

Support costs amounted to £13,340 (2017: £13,160) during the year, therefore remaining low at 0.09% of the closing general fund balance (2017: 0.05%). Four Trustees claimed travel and office expenses of £2,318 (2017: £1,801).

At 31 December 2018 the market value of investments held was £13.0m (2017: £14.8m), with the balance on the general fund £14.8m (2017: £17.8m).

Cash at the bank as at 31 December 2018 amounted to £2.8m (2017: £3.0m).

Investment objectives, policy and performance

In accordance with the Trust Deed, the Trustees have the power to invest in such stocks, shares, investments and property in the UK or overseas as they in their sole discretion see fit, however wherever possible the objectives are to invest ethically. The Trustees have engaged PICTET Europe and Rathbones as investment managers.

The Trustees investment policy is geared towards a balanced return between capital and income.

The value of the investments has decreased by 12.5% in the year with net disposals of approximately £1,152,000. Decreased market prices at the year-end resulted in unrealised losses of £0.9m within the portfolio.

Gross dividend income has decreased by £17,000 (7.7%) in the year following changes in the investment portfolio in the previous and current years.

The Trustees acknowledge market volatility with the investment performance during the year and the returns generated from the investment portfolio.

**MARCHIG ANIMAL WELFARE TRUST**  
**Report of the Trustees**

**for the year ended 31 December 2018**

**Risk Management**

The Trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. They have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems are in place to mitigate exposure to the major risks.

The principal risks faced by the Trust are investment risk together with operational risk from inefficient grant making.

The Trustees mitigate investment risk by maintaining a diversified investment portfolio managed by professional investment managers.

The operational risk of making ineffective grants is mitigated by ensuring the Trustees have the necessary skills and expertise to objectively assess each application received. The grant making process involves detailed scrutiny of all the applications by all Trustees in conjunction with the Trustees detailed knowledge of the sector. The review process is mainly focussed on animal welfare and protection derived from any grant made.

**Reserves Policy**

It is the policy of the Trustees to ultimately distribute the income of the Trust in the form of grants or donations. At the year end the free reserves of the charity were £14,822,723 (2017: £17,845,661).

The funds of the Trust are wholly unrestricted and are represented by a portfolio of investments and cash balances. The investments are managed on a discretionary basis by the investment managers. The Trustees have power to draw upon the investments in furtherance of the Trust's objectives whilst retaining sufficient funds to meet any commitments they may undertake.

As the assets of the Trust are held in a readily realisable form the Trustees do not therefore consider it necessary to maintain specific cash reserves.

**PLANS FOR THE FUTURE**

The Trustees will continue to consider all grant applications received and to assess them all according to merit. There is no internal requirement that a certain proportion of income be expended in any one year. The Trust also has an objective to invest the funds at its disposal in an effective manner thereby increasing the resources available to continue to make grants to worthwhile causes in the future.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document and constitution**

The Trust is an unincorporated trust, constituted under a Trust Deed dated 13 September 1989 (amended 1 October 2001), and is recognised as a charity by the Office of the Scottish Charity Regulator, charity number SC038057, and by the Charity Commission in England & Wales, charity number 802133.

**MARCHIG ANIMAL WELFARE TRUST**  
**Report of the Trustees**

**for the year ended 31 December 2018**

Recruitment and appointment of Trustees

The Trustees are appointed by the existing Board of Trustees and the Trust Deed provides for a minimum of three Trustees and a maximum of six Trustees.

The Trustees meet at least once in each calendar year and more often as occasion requires to agree the broad strategy and grants to be awarded by the Trust and consider other issues such as investment, reserve and risk management policies and performance. The quorum for each meeting is two thirds of the total number of Trustees with the Trustees meeting twice during the current year.

Organisational structure

The charity has no staff and is managed at a strategic level by the Trustees. In practice two Trustees have been delegated to perform the management and administration of the charity on a day to day basis.

Pay and remuneration policy

In accordance with paragraph 4 of the Trust Deed, the Trustees have the power to indemnify and reimburse themselves for any expenses or liabilities incurred in relation to the Trust. The Trust has no staff administration and support is provided by third parties on an invoice basis.

**MARCHIG ANIMAL WELFARE TRUST**  
**Report of the Trustees**

**for the year ended 31 December 2018**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

**Charity name:** Marchig Animal Welfare Trust

**Charity registration number:** SC038057 (Scotland)  
802133 (England & Wales)

**Principal office:** Caledonian Exchange  
19A Canning Street  
Edinburgh  
EH3 8HE

**Trustees:** Les Ward  
Colin Moor (resigned 18 April 2019)  
Jerzy Mlotkiewicz  
Janice McLoughlin  
Fraser Symon (appointed 23 November 2018)  
Matthew Tickle (appointed 2 April 2019)

**Statutory Auditors:** Whitelaw Wells  
Statutory Auditors  
9 Ainslie Place  
Edinburgh  
EH3 6AT

**Bankers:** PICTET, Europe

**Solicitors:** Lindsays  
Caledonian Exchange  
19A Canning Street  
Edinburgh  
EH3 8HE

**Investment managers:** PICTET, Europe  
  
Rathbone Investment Management  
8 Finsbury Circus  
London  
EC2M 7AZ

**MARCHIG ANIMAL WELFARE TRUST**  
**Report of the Trustees**

**for the year ended 31 December 2018**

**STATEMENT AS TO DISCLOSURE TO AUDITORS**

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

**Trustees' responsibilities**

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

The law applicable to charities in Scotland, England and Wales requires the Trustees' to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the Trustees are required to:

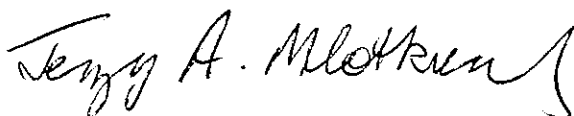
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Trust's constitution. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees confirm that the accounts comply with the above requirements.

Approved by the Trustees on 21 May 2019 and signed on their behalf:



**Jerzy Mlotkiewicz**  
Trustee



## MARCHIG ANIMAL WELFARE TRUST

### Independent Auditor's Report to the Trustees of Marchig Animal Welfare Trust Year ended 31 December 2018

#### Opinion

We have audited the financial statements of Marchig Animal Welfare Trust for the year ended 31 December 2018, which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), 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 FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Accounting 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 2018 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 and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### 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 Auditors' 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 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.

#### Other information

The other information comprises the information in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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

## MARCHIG ANIMAL WELFARE TRUST

### Independent Auditor's Report to the Trustees of Marchig Animal Welfare Trust Year ended 31 December 2018

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 and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires 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' annual report;
- Proper 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 6, the Trustees are responsible for the preparation of the 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 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

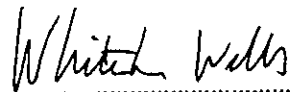
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**MARCHIG ANIMAL WELFARE TRUST**

**Independent Auditor's Report to the Trustees of Marchig Animal Welfare Trust  
Year ended 31 December 2018**

**Use of our report**

This report is made solely to the charity's Trustees, as a body, in accordance with section 144 (1) of The Charities Act 2011, section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

 (Statutory Auditor)

for and on behalf of Whitelaw Wells

Statutory Auditor

9 Ainslie Place

Edinburgh

Midlothian

EH3 6AS

21 May 2019

Whitelaw Wells is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**MARCHIG ANIMAL WELFARE TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING  
THE INCOME AND EXPENDITURE ACCOUNT**

**for the year ended 31 December 2018**

	Note	2018 £	2017 £
<b>Income and endowments from</b>			
<i>Investments</i>			
Dividends received		199,352	215,869
Interest received		9	-
<i>Other income</i>		9,007	22,677
		<hr/>	<hr/>
<b>Total income</b>		208,368	238,546
		<hr/>	<hr/>
<b>Expenditure on</b>			
<i>Raising funds</i>			
Investment management fees		218,167	136,078
<i>Charitable activities</i>			
Grants payable	2	1,459,738	1,831,086
Future grant commitments	2	926,388	-
Support costs	3	13,340	13,160
		<hr/>	<hr/>
<b>Total expenditure</b>		2,617,633	1,980,324
		<hr/>	<hr/>
<b>Net (expenditure) before gains and losses on investments</b>		(2,409,265)	(1,741,778)
Net (losses) / gains on investments	5	(698,767)	1,505,617
		<hr/>	<hr/>
<b>Net expenditure</b>		(3,108,032)	(236,161)
<b>Other recognised gains and losses</b>			
Other gains / (losses)		85,094	(150,835)
		<hr/>	<hr/>
<b>Net movement in funds</b>		(3,022,938)	(386,996)
<b>Reconciliation of funds</b>			
Balance on general fund at 31 December 2017		17,845,661	18,232,657
		<hr/>	<hr/>
<b>Balance on general fund at 31 December 2018</b>		14,822,723	17,845,661
		<hr/> <hr/>	<hr/> <hr/>

The charity has no recognised gains or losses other than the results for the year set out above.  
All activities of the charity are classed as continuing and are unrestricted in the current and previous years.  
The notes on pages 13 to 18 are an integral part of this statement of financial activities.

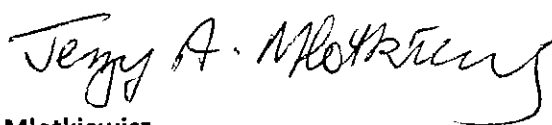
# MARCHIG ANIMAL WELFARE TRUST

## BALANCE SHEET

As at 31 December 2018

	Note	2018 £	2017 £
<b>Fixed assets:</b>			
Investments	5	12,991,283	14,841,864
<b>Current assets:</b>			
Cash at bank		2,765,801	3,011,547
		<u>2,765,801</u>	<u>3,011,547</u>
<b>Creditors: amounts falling due within one year</b>	6	<u>(589,967)</u>	<u>(7,750)</u>
Net current assets		2,175,834	3,003,797
Total assets less current liabilities		15,167,117	17,845,661
<b>Creditors: amounts falling due after one year</b>	7	<u>(344,394)</u>	<u>-</u>
<b>Total net assets</b>		<u>14,822,723</u>	<u>17,845,661</u>
<b>Represented by:</b>			
Balance on general fund (unrestricted)		<u>14,822,723</u>	<u>17,845,661</u>

Approved by the Trustees on 21 May 2019 and signed on their behalf:



Jerzy Mlotkiewicz  
Trustee

The notes on pages 13 to 18 are an integral part of these accounts.

**MARCHIG ANIMAL WELFARE TRUST**

**STATEMENT OF CASH FLOWS**

**For the year ended 31 December 2018**

	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	8	(1,605,928)	(2,171,012)
<b>Cash flows from investing activities</b>			
Dividends and interest received	208,368		278,400
Proceeds from sale of investments	8,942,971		5,509,644
Purchase of investments	(7,791,157)		(4,523,452)
		<hr/>	<hr/>
Net cash provided by investing activities		1,360,182	1,264,592
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(245,746)	(906,420)
Cash and cash equivalents at beginning of reporting period		3,011,547	3,917,967
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of reporting period</b>	8	<u>2,765,801</u>	<u>3,011,547</u>

The notes on pages 13 to 18 are an integral part of these accounts.

## MARCHIG ANIMAL WELFARE TRUST

### NOTES ON FINANCIAL STATEMENTS for the year ended 31 December 2018

#### 1. Accounting policies

##### a) Basis of preparation

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to the accounts. The accounts have been prepared in accordance with the Charities Act 2011, the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) 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 (FRS102) (effective 1 January 2015).

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. With respect to the next reporting period, 2019, the most significant areas of uncertainty that affect the carrying value of assets held by the Trust are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the Trustees' annual report for more information).

##### b) Income recognition

All income is recognised once the charity has entitlement to the resource, it is probable that it will be received and the monetary value of the resource can be measured with sufficient reliability.

##### c) Expenditure recognition and irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to the expenditure.

- *Raising funds* consist of investment management fees.
- *Charitable activities* include grants awarded, direct charitable activities, overheads and support costs, including governance costs.

Grants are regarded as commitments when the Trustees have approved a request for support that is payable over a financial year-end, have written to the beneficiary stating the amount and period over which grants will be made and the beneficiary has returned their Grant Acceptance Form. Where an award includes a condition outwith the charity's control the grant is only recognised once that condition has been met. If, within the commitment period, a beneficiary ceases or materially adversely changes its charitable operations or fails to meet any funding condition the Trustees would have no hesitation in withdrawing their commitment.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include governance costs which support Trust activities. These costs include the expenses of Trustee meetings, the statutory audit and legal and professional fees, and have been allocated to expenditure on charitable activities.

## MARCHIG ANIMAL WELFARE TRUST

### NOTES ON FINANCIAL STATEMENTS for the year ended 31 December 2018

#### 1. Accounting policies (continued)

##### c) Expenditure recognition and irrecoverable VAT (continued)

The provision for a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Trust that would permit the Trust to avoid making the future payment(s), settlement is probable and the effect of discounting is material. The discount rate used is 2.0%, the Trustees consider this to be appropriate.

##### d) Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value.

Listed fixed asset investments are subsequently measured at their fair value as at the balance sheet date using the market value at the balance sheet date.

The statement of financial activities includes the gains and losses arising on revaluation and disposals throughout the year. 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 opening market value (or purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and the opening market value (or purchase date if later). Exchange rate movements on investments held in foreign currencies are included in realised or unrealised gains or losses for the year.

Marchig Animal Welfare Trust does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the Trust is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of the investors to investment risk, and changes in sentiment concerning equities and within particular sectors and sub sectors.

##### e) Foreign exchange

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the transaction date. Exchange rate differences are taken into account in arriving at movement in funds for the year.

##### f) Financial instruments

Financial instruments comprise financial assets and financial liabilities which are recognised when the charity becomes a party to the contractual provisions of the instrument. They are classified as "basic" in accordance with FRS102 and are accounted for at the settlement amount due, which equates to the cost. Financial assets comprise investments and cash. Financial liabilities comprise accruals.



**MARCHIG ANIMAL WELFARE TRUST**

**NOTES ON FINANCIAL STATEMENTS  
for the year ended 31 December 2018**

**2. Charitable grants**

The following is a summary of grants paid by the Trust:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
ANIETIC, Portugal	-	21,554
Animals Asia Foundation	-	567,418
Blue Cross of India	98,980	100,000
Free The Bears	22,855	-
Friendicoes SECA, India	-	134,152
Help in Suffering, India	19,202	-
Humane Society International	56,890	-
SA Mast Trust	25,986	-
The Mayhew Animal Home	24,147	-
Soi Dog, Thailand	215,584	-
University of Edinburgh, UK	200,000	200,000
Worldwide Veterinary Service, UK	562,400	562,400
Other Grants (less than £20,000)	233,694	245,562
<u>Future grant commitments:-</u>		
Help in Suffering, India	39,188	-
University of Edinburgh, UK	200,000	-
Worldwide Veterinary Service, UK	687,200	-
	2,386,126	1,831,086
	2,386,126	1,831,086

During the year, 53 (2017: 48) grants were paid out totalling £1,459,738 (2017: £1,831,086), of which 22 (2017: 18) were for less than £5,000. There was three (2017: none) future committed grant totalling £926,388 (2017: £nil).

All grants in the current and previous year were paid to institutions with no amounts paid to individuals. Grants paid within the UK totalled £900,524 (2017: £908,802) with overseas grants totalling £559,214 (2017: £962,138).

**3. Support costs**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Office and travel expenses	2,318	1,801
Legal fees	840	1,860
Bank charges	1,725	1,749
Bank interest	134	-
Website support costs	583	-
Governance costs:		
Auditors remuneration:-		
Audit fee	6,000	6,000
Accounting and taxation services	1,740	1,750
	13,340	13,160
	13,340	13,160

**MARCHIG ANIMAL WELFARE TRUST**

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**3. Support costs (continued)**

As the charity does not provide services directly but by the way of grants to other organisations, support and governance costs are not allocated against individual grants or donations. The Trust has no staff. Administration and support services are provided by Trustees on a voluntary basis. Governance costs wholly consist of auditors remuneration.

**4. Analysis of charitable expenditure**

The charity undertakes its charitable activities through grant making and awarded grants to a number of charities and institutions in furtherance of its charitable activities.

	Grants	Support costs	Total 2018	Total 2017
	£	£	£	£
Animal Welfare	2,386,126	13,340	2,399,466	1,844,246
	2,386,126	13,340	2,399,466	1,844,246
	2,386,126	13,340	2,399,466	1,844,246

**5. Investments**

**Movement on fixed asset investments**

	2018	Total 2018	Total 2017
	£	£	£
Fair value brought forward		14,841,864	14,322,439
Additions to investments at cost		7,791,157	4,523,452
Disposals at proceeds		(8,942,971)	(5,509,644)
Realised gain on investments	166,904		
Unrealised (loss) on investments	(865,671)		
		(698,767)	1,505,617
Net (loss) / gain on revaluation		(698,767)	1,505,617
Fair value carried forward		12,991,283	14,841,864

**Investments at fair value comprised:**

	Listed	Total 2018	Total 2017
	£	£	£
UK Investments	2,433,311	2,433,311	1,783,848
Outside the UK	10,557,972	10,557,972	13,058,016
	12,991,283	12,991,283	14,841,864
	12,991,283	12,991,283	14,841,864

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**5. Investments (continued)**

	Listed £	Total 2018 £	Total 2017 £
Historic cost of investments	10,642,965	10,642,965	12,493,547
	<u>10,642,965</u>	<u>10,642,965</u>	<u>12,493,547</u>

All investments are carried at fair value. The basis of fair value for quoted investments is equivalent to the market value, using bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of the financial instruments to the ongoing financial sustainability of the Trust is considered in the financial review and investment policy and performance of the Trustees' Report.

The main form of financial risk faced by the Trust is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of the investors to investment risk, and changes in sentiment concerning equities and within particular sectors and sub-sectors, particularly as the Trust is reliant on the dividend yield to finance its work.

The Trust has managed the investment risks by engaging expert advisors and operating an investment policy that provides a high degree of diversification of holdings within investment asset classes that are quoted on a recognised stock exchange. The Trust does not make use of derivatives or other similar complex financial instruments.

**6. Creditors: amounts falling due within one year**

	2018 £	2017 £
Accruals	7,750	7,750
Other creditors	223	-
Future grant commitments	581,994	-
	<u>589,967</u>	<u>7,750</u>

**7. Creditors: amounts falling due after one year**

	2018 £	2017 £
Future grant commitments	344,394	-
	<u>344,394</u>	<u>-</u>

**MARCHIG ANIMAL WELFARE TRUST**

**NOTES ON FINANCIAL STATEMENTS**  
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8. Net cash (outflow)/inflow from activities	2018 £	2017 £
Net (expenditure) before revaluations and investment asset disposals	(3,022,938)	(386,996)
Adjusted for:-		
Investment income	(208,368)	(278,400)
Unrealised loss / (gain) on investment	865,671	(1,204,936)
Realised gain on investment	(166,904)	(300,680)
Movement in creditors	926,611	-
	(1,605,928)	(2,171,012)
<b>Net cash (outflow) from operating activities</b>	<b>(1,605,928)</b>	<b>(2,171,012)</b>

Analysis of changes in net funds:	At 1 January 2018 £	Cash flow 2018 £	At 31 December 2018 £
Cash at bank	3,011,547	(245,746)	2,765,801
	3,011,547	(245,746)	2,765,801

**9. Trustees Expenses**

£2,318 (2017: £1,801) of expenses were paid to four (2017: 3) Trustees during the year.

**10. Related Parties**

There are no related party transactions other than as disclosed in note 9.

All Trustees are also Trustees of Help Animals International and Trustee Les Ward is also a Trustee of Foundation Marchig, a Swiss charity. During the year the Trust awarded grants totalling £115,388 that were matched by grants awarded by Help Animals International and/or Foundation Marchig.

No Trustee or other person related to the Trust had any personal interest in any contract or transaction entered into by the Trust during the year.

**11. Taxation**

As the charity is exempt under the terms of Section 505 of the Income and Corporation Taxes Act 1988, there is no tax charge.