



LADY HARRIET BENTINCK TRUST FUND

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL
STATEMENTS AS AT 31 DECEMBER 2018**

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Lady Harriet Bentinck Trust Fund

Opinion

We have audited the accompanying Financial Statements of Lady Harriet Bentinck Trust Fund from page 4 to 10, which comprise the balance sheet, the income statement and related notes for the year ended 31 December 2018. The Financial Statements is prepared by the Trustees in compliance with the accounting policies set out on page 7.

In our opinion, the Financial Statements of Lady Harriet Bentinck Trust Fund for the year ended 31 December 2018 is prepared, in all material respects, in accordance with the criteria set out in the explanatory notes set out on page 7.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of this report. We are independent of the Trust Fund pursuant to the regulations and standards on ethics and independence of the Code of Ethics for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants that are relevant to our audit of the Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of accounting and restriction on distribution

We draw attention to the notes to the accounting policies set out on page 7 which describe the basis of accounting. The financial statements have been prepared for the sole use of the Board of Trustees of Lady Harriet Bentinck Trust Fund. As a result, the Financial Statements may not be suitable for another purpose. Our report is intended solely for your information and may not be used for another purpose or distributed, in whole or in part, to third parties. Our opinion is not qualified for this matter.

Responsibilities of the trustees for the financial statements

Trustees are responsible for the preparation of the Financial Statements in accordance with the accounting policies set out on page 7, and, in the terms prescribed by law, for such internal control as trustees determine is necessary to enable the preparation of the Financial Statements that are free

PricewaterhouseCoopers SpA

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from material misstatement, whether due to fraud or error.

Trustees are responsible for assessing the Trust Fund's ability to continue as a going concern and, in preparing the Financial Statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the Financial Statements the trustees use the going concern basis of accounting unless they either intend to liquidate the Trust Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of 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 International Standards on Auditing (ISAs) 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 decision of users taken on the basis of the Financial Statements.

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercised professional judgement and maintain professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;
- We concluded on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Fund to cease to continue as a going concern.



We communicated with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Naples, 30 September 2019

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A handwritten signature in black ink, appearing to read "Pier Luigi Vitelli".

Pier Luigi Vitelli
(Partner)

Lady Harriet Bentinck Trust Fund
Registered Charity no. 255932
Founded 1881

LADY HARRIET BENTINCK TRUST FUND

LEGAL AND ADMINISTRATIVE DETAILS

- 1) The LHBTF is governed by a Scheme sealed by the Charity Commissioners in London on 21 March 1986. It is recognised by the Charity Commissioners for England and Wales as a registered Charity, with registration number 255932.
- 2) The Board of Trustees is composed of six British citizens, of whom 5 residing in Southern Italy and 1 residing in Great Britain. The names of the trustees current at 31 December 2018 are:

Jean Anderson Lazzara BEM
Jennifer Casson
Royston James Boardman MBE
Andrina Harrison
Julia Chambers
Michael Burgoyne MBE
- 3) The address of the Charity is c/o Holme & Co. Srl, Via S. Lucia 50, 80132 Naples, Italy.
- 4) (a) Bankers: Banco di Napoli, Via Toledo 185, 80132 Naples.
(b) UK Investment Management Bank: Coutts & Co., 440 Strand, London WC2R 0QS, United Kingdom.
- 5) (a) The Trustees shall not apply income of the Charity directly to relief of rates, taxes or other public funds but may apply income to supplementing relief or assistance provided out of public funds.
(b) No Trustee shall receive remuneration or be interested in the supply of work or goods, at the cost of the Charity.
- 6) As a registered Charity, the Trust Fund is exempt from taxation in the United Kingdom.

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LADY HARRIET BENTINCK TRUST FUND

TRUSTEES' REPORT - 2018

- 1 The trustees have two principal objectives.
 - (a) The first is set out in paragraph 20 of the Scheme as follows:
“...the Trustees shall apply the income of the Charity for the purpose of relieving in cases of need British nationals and their dependents who are resident or located in the region of Campania, Basilicata, Apulia, Calabria and Sicily in the said Republic of Italy, who are sick convalescent, disabled, handicapped or infirm by providing or paying for items, services or facilities which are calculated to alleviate the suffering or assist the recovery of such persons in such cases but are not readily available to them from other sources, or by paying or assisting in the payment of the funeral expenses of such persons on their death.”
 - (b) The second is to maintain the level of reinvestment of income in line with the level of inflation in Italy, in order to prevent depreciation in real terms of the capital value of the Trust Fund.
- 2 The Trustees have circulated details of the Charity to British institutions and to members of the British communities throughout Southern Italy. Where appropriate, local Italian authorities have also been made aware of the existence of the Charity. The existence of the Trust Fund is now well known amongst the British communities in southern Italy.
- 3 The expenditure on assistance in 2018 was Euro 9,168. The Trust Fund presently supports one long-term beneficiary who receives regular monthly payments. The trustees are open to considering applications for one-off financial support from British nationals present in Italy, but not resident, as an alternative to long-term expenditure in Italy.
- 4 The trustees consider that their objectives have been achieved and that the aims of public benefit of the charity were met in the year 2018.
The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives.
- 5 Future performance. The trustees foresee a similar level of assistance for the year 2019 but the decision on reciprocal health assistance if the UK leaves the EU will be crucial as regards future claims on the trust.

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- 6 Risks. The Trust Fund's assets, substantially all financial, are exposed to the fluctuations in market fundamentals (currency risk, long-term investments market value risk). The conservative policy so far applied together with the Trust's financial counterparts let the Board of Trustees deem substantially mitigated such risks and thus the related financial and economic effects are reduced to an acceptable level.

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STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2018				
€				
2018				
	Permanent Endowment	Unrestricted Funds	Total	2017
Incoming resources				
Income from UK Investments portfolio	-	27,704	27,704	4,080
Interest on long term investments in Italy	-	1,512	1,512	1,687
Other incoming resources	-	4,951	4,951	-
Total Incoming resources	-	34,167	34,167	5,767
Resources expended				
Charitable activities	-	(9,168)	(9,168)	(2,653)
Governance costs	-	(4,925)	(4,925)	(5,124)
Net losses on investments	-	(166,671)	(166,671)	(44,830)
Other resource expended	-	(4,950)	(4,950)	(4,950)
Total resources expended	-	(185,714)	(185,714)	(57,557)
Net incoming/outgoing resources	-	(151,547)	(151,547)	(51,790)
Other recognised gains/losses				
Other recognised gains/losses	-	-	-	-
Net movement in funds	-	(151,547)	(151,547)	(51,790)
Reconciliation of Funds				
Total funds brought forward	641,269	1,834,181	2,475,450	2,527,240
Total funds carried forward	641,269	1,682,634	2,323,903	2,475,450


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BALANCE SHEET AS OF 31 DECEMBER 2018

	€ 2018	€ 2017
Long term investments		
UK Investments portfolio	1,622,259	1,715,280
Italy Investments portfolio	680,966	755,149
Total long term investments	2,303,226	2,470,429
Bank and cash	25,627	9,971
Accrued interest		
Total assets	2,328,853	2,480,400
Accrued expenses	(4,950)	(4,950)
Net assets	2,323,903	2,475,450
<i>Represented by:</i>		
<i>Permanent Endowment</i>	641,269	641,269
<i>Unrestricted Funds</i>	1,682,634	1,834,181
Institutional Trust Fund	2,323,903	2,475,450

The "UK investment portfolio" has decreased because of the movements' exchange rate, while the "Bank and cash" has increased because of Italian profit investments matured.

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	€	€	
	2018	2017	Change
Net income/loss for the year	(151,547)	(51,790)	(99,757)
<i>Adjustment for:</i>			
- Movements in receivables and payables			
Decrease/(increase) in accrued interest			
Increase/(decrease) in accrued expenses	-	-	-
Net cash generated by operations	(151,547)	(51,790)	(99,757)
Purchase of long term investments	(172,315)	(2,034,456)	1,763,759
Redemption/Sale on long term investment	339,518	279,001	158,899
Total net cash inflow/(outflow)	15,656	(1,807,245)	1,822,901
Cash at 1 January	9,971	1,817,216	(1,807,245)
Cash at 31 December	25,627	9,971	15,656

The notes from page 7 to 10 form a part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The financial statements give a true and fair view in compliance with generally accepted accounting principles in the United Kingdom, and in particular comply with the provisions of Statement of Recommended Practice, "Accounting And Reporting by Charities" as revised in 2015 (i.e. SORP 2015). The Trustees are responsible for the preparation of the financial statements. These financial statements are the responsibility of the trustees. In preparing the financial statements the trustees use the going concern basis of accounting.

Foreign exchange

The accounts are presented in Euro (truncated of decimal figures).

Income arising in Sterling has been translated at the average exchange rate ruling in the year (€ 1 = £ 0.88471).

Assets denominated in Sterling have been translated at the exchange rate ruling at the year-end (€ 1 = £ 0.8945).

Long-term investments

Long term investments are valued at the cost or market value. Differences arising on the re-valuation of such assets, which represent unrealized gains or losses for the Trust Fund, are reported in the Statement of Financial Activities.

2 U.K. INVESTMENT PORTFOLIO

The balance represents monies invested in a Fund managed by Coutts & Co. The fund is invested in U.K. equities (in the form of Unit Trusts) and U.K. bonds. All gains and losses on investment assets are included under the gains and losses on the revaluation and disposal of investment assets. All income arising is re-invested in accordance with the fund managers' policy. As of 31 December 2018 the fund balance was made up as follows:

	Euro	
	2018	2017
Cash	180,051	47,082
Bond	506,314	491,987
Equities	801,560	811,284
Property	69,973	106,145
Alternative	64,361	258,782
Total	1,622,259	1,715,280

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The following figure shows the net movement in UK portfolio for the year ending 31 December 2018:

UK Portfolio	
Carrying value as of 31.12.2017:	1,715,280
Additions/capitalised interests:	27,704
Disposals:	-
Gains on disposals:	-
Exchange difference:	(120,725)
Carrying value as of 31.12.2018:	1,622,259

The "UK investment portfolio" has decreased because of exchange rate.

3 ITALIAN INVESTMENT PORTFOLIO

The balance as of 31 December 2018 is made up as follows:

	EURO		
	2018	2017	Change
Difesa attiva 09/21	46,455	49,895	(3,440)
Multired 10/21	81,245	88,650	(7,405)
SOTTOSCRIZIONE BI S&P C298.018MG18	-	29,677	(29,677)
GPM STRATEGIA VALORE	-	315,203	(315,203)
Eurizon multiasset Equilibr 07/22	74,620	81,090	(6,471)
Eurizo obblig 7/22	46,098	49,411	(3,313)
Difesa Flessibile 12	47,958	51,012	(3,054)
Ema Val 12/23 A	39,491	-	39,491
Mu Crescita 12/23 A	99,035	-	99,035
Obb Dollaro 11/23 A	39,787	-	39,787
Obbl Dinam 07/23 D	29,185	-	29,185
Top Select 03/23 A	93,251		93,251
Top select 12/22	83,842	90,211	(6,369)
Total	680,966	755,149	74,183


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The following figure shows the net movement in Italian portfolio for the year ending 31 December 2018:

Italian Portfolio	
Carrying value as of 31.12.2017:	755,149
Additions:	310,000
Disposals:	(344,880)
Loss on disposals:	
Revaluation (Impairment):	(39,303)
Carrying value as of 31.12.2018:	680,966

The market value as of 31 December 2018 of the Italian Portfolio is approximately Euro 681 thousands.

Due to mainly disposals transactions registered in 2018, the value of the Italian Portfolio decreases respect to the value of 31 December 2017.

It is the intention of the Trustees to immediately reinvest monies becoming due when these bonds mature or when it is profitable to sell them. Consequently, the Italian investment portfolio has been classified as long term investments irrespective of the securities' maturity dates.

4 INCOMING RESOURCES

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. Accrued interests as of 31 December 2018 (approximately Euro 29,200) include investment income from UK portfolio (approximately Euro 27,700) and Italian portfolio (approximately Euro 1,500).

Euro	2018	2017
Income from U.K. investments portfolio	27,704	4,080
Interest on long term investments in Italy	1,512	1,687
Other incoming resources	4,951	-
Total incoming resources	34,167	5,767

The incoming resources are higher than last year because in the 2017 the UK investments were made in the second half of the year.

5 RESOURCES EXPENDED

Please refer to the Trustees' Report for explanations on the expenditure on assistance comprised in the balance of the charitable activities.

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The balance of the other resources expended mainly represents the accrued fees of the annual audit of the financial statements as of 31 December 2018 and non-recoverable VAT thereof.

Euro	2018	2017
Charitable activities	9,168	2,653
Audit fees	4,057	4,057
Non-recoverable VAT	893	893
Net losses on investments	166,671	44,830
Governance costs	4,925	5,124
Total resources expended	185,714	57,557

The net losses on investments as of 31 December 2018 mainly include the effects of exchange rate at the end of the year on the UK portfolio.

The governance costs as of 31 December 2018 mainly refer to bank charges and stamp duties. The trustees did not receive any remuneration as of 31 December 2018.

6 TRUST FUNDS

Unrestricted funds comprise those funds which the Trustees are free to use in accordance with the charitable objectives.

Permanent endowment comprises the endowment fund which the Trustees may not spend as if it were income. It must be held permanently, sometimes it is to be used in furthering the charity's purposes, sometimes to produce an income for the charity. Permanent endowment comprises the proceeds of sale of land situated at Naples in the Republic of Italy with the building thereon known as the International Hospital, Via Tasso 38, under a contract for sale dated the 16th October 1985. The net amount of the permanent endowment as of 31 December 2018 is Euro 641,269.

The Board of Trustees still considers adequate the amount of the funds for its institutional purposes. The income and non-endowment capital are available and sufficient to meet the stated aims and objectives of the Trust Fund.

Gian A. Lazzara