



The Karlsson Játiva Charitable Foundation

Registered Charity No. 1168787

Report and Accounts

For the year ended 31 December 2022



Reference and administrative information

Trustees

Martin Andersson
Jeremy Arnold
Rose Marie Játiva Karlsson
Erland Karlsson
Annika Magnusson (retired 9 June 2023)

Address

2nd floor
78-79 Pall Mall
London
SW1Y 5ES

Constitution

Registered Charity number 1168787
Governed by a Trust Deed dated 5 July 2016 as amended by a Deed of Amendment dated 6 December 2016

Auditors

Rawlinson & Hunter Audit LLP
Eighth Floor, 6 New Street Square
New Fetter Lane
London
EC4A 3AQ

Solicitors

Withers LLP
20 Old Bailey
London
EC4M 7AN

Bankers

Coutts & Co
440 Strand
London
WC2R 0QS

Investment Managers

Goldman Sachs International
Plumtree Court
25 Shoe Lane
London
EC4A 4AU



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For the year ended 31 December 2022

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Trustees' annual report

For the year ended 31 December 2022

The Trustees present their report and audited financial statements of The Karlsson Játiva Charitable Foundation (“the Foundation”) for the year ended 31 December 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Foundation's governing document, a trust deed dated 5 July 2016 as amended by a Deed of Amendment dated 6 December 2016 (“the Trust Deed”), the Charities Act 2011 and 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 in October 2019.

Background and Objects

The Foundation was formed on 5 July 2016 by an initial settlement from Mr Erland Karlsson (the “Settlor”) and was registered by the Charity Commission (registered charity number 1168787) on 16 August 2016.

The Foundation has the power to advance any purpose which is charitable under the laws of England and Wales. The Foundation is at present operating as a grant giving trust in furtherance of its principal objects as set out in the Trust Deed, namely: “the advancement of the art of music and the education of the public in the same in the United Kingdom, Sweden and other countries across Europe; and the relief of poverty, distress and hardship and the promotion of education, health and welfare or any other exclusively charitable object in Latin America”.

Structure, Governance and Management

The governing document of the Foundation is its Trust Deed, which provides that the power of appointing new Trustees is vested in the Founder where the Founder's powers are held by the Settlor until such time as another person or persons are appointed pursuant to the power contained in the Trust Deed. Trustees are selected for the contribution to the balance of experience they bring. Any new Trustee will be given induction and training providing him or her with a summary of how the Foundation operates and copies of relevant documentation. He or she will also be directed to the resources available on the Charity Commission website for relevant guidelines. The Trustees who held office during the financial period and up to the date of this report were:

Martin Andersson
Jeremy Arnold
Rose Marie Játiva Karlsson
Erland Karlsson
Annika Magnusson (retired 9 June 2023)

All the Trustees give their time freely and no trustee remuneration was paid during the year.

The Trustees may delegate from time to time such of their powers of management and administration to one or more of their number or other persons as appropriate. The Trustees have adopted a Grant Making Policy, details of which are given on page 7. Grants are approved by the Trustees in a Trustees meeting or by written resolution. The Trustees have, in accordance with the Grant Making Policy, delegated authority to two of their number to take grant-funding decisions within specified limits between Trustees meetings. All grants made under this delegated authority are reported to and considered by the Trustees at the following Trustees meeting.



Trustees' annual report (continued)

For the year ended 31 December 2022

To assist the Trustees in considering proposals and identifying appropriate partners in Latin America, the Trustees established a Latin American Advisory Board (“LAAB”) for the Foundation. The LAAB currently consists of a number of the Foundation’s Trustees and external individuals who have served as Trustees of the Latin American Children’s Trust (“LACT”), a registered charity to which the Foundation has previously made grants but which has recently been wound up. The LAAB is constituted solely as an advisory body to the Trustees, it has no delegated authority to take any decisions on behalf of the Trustees and its role is limited to advice and recommendations to the Trustees.

The Trustees have furthermore delegated investment management authority to Goldman Sachs International (the “Investment Manager”) in accordance with the Investment Policy Statement approved by the Trustees (see page 8). One of the Trustees has responsibility to monitor the performance of the Investment Manager on a day-to-day basis and reports back periodically to the full group of Trustees.

The Foundation had three employees during the year ended 31 December 2022 and the average headcount was two (2021: one).

Principal Risks and Uncertainties

The Trustees have examined the major risks faced by the Foundation, including administrative, investment related, regulatory, conflict of interest, financial controls and other issues. Systems are in place to regularly monitor and control these risks and to mitigate any impact they may have on the Foundation. The main market risk to the Foundation comes from fixed asset investments. The risk lies in the combination of uncertain investment markets and volatility in yield. The Foundation manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment classes. Credit risk on cash balances is mitigated by holding cash at mainstream financial institutions with strong credit ratings and in high grade money market funds.

Financial markets face several challenges due to the elevated levels of inflation and more broadly the fallout from the war in Ukraine. The Trustees anticipate an elevated level of volatility in light of these uncertain investment conditions, however, believe that the adopted Investment Policy serves to mitigate these risks.

Public Benefit

The Trustees have had due regard to the Charity Commission guidance on public benefit when exercising any powers or duties to which the guidance is relevant. Each grant is made in furtherance of a charitable purpose that offers an identifiable benefit to the public in general or a sufficient section of the public, and any private benefit that may accrue to any person or entity as a result of a grant is incidental. The Trustees will consider whether any harm or detriment could arise from any grant, and not make the grant if any such harm or detriment could outweigh the public benefit. They consider that the detail in this report about the Foundation’s grants and its purposes sufficiently identifies the benefit and beneficiaries of the Foundation’s grants, in such a way as to demonstrate the Foundation’s benefit to the wider public.

Objectives

The Foundation's Objects refer expressly to (a) music in the United Kingdom, Sweden and other countries across Europe; and (b) poverty, health and education in Latin America. The Trustees are not obliged to focus their grant-making on these areas but have agreed that as a matter of policy they wish to do so at present.

With respect to Object (a) referred to in the previous paragraph, the Trustees have adopted the following Mission Statement:



Trustees' annual report (continued)

For the year ended 31 December 2022

“Together with likeminded partners we aim to create a force for an improved society with the help of the unifying power of music. We want to open doors to the world of music for everyone, focusing on opportunities to those who might not otherwise have the chance to actively engage in, or have access to high quality music and music education. We seek to act as a counterbalance to the trends in society towards superficiality and intolerance, building on the innate potential of music and musicianship to unite people across ages and cultures.”

The Foundation seeks to support organisations and projects that aim, directly or indirectly, to provide access to broad qualitative music education and/or improve the opportunities for the public to enjoy high quality music. Through this work it seeks to create conditions for cultural integration through music. In addition to music, the Foundation can also support other closely related forms of performing arts such as dance, ballet or theatre.

In the United Kingdom, the Foundation prioritises grant making for exclusively charitable purposes to organisations that align at their core with our Mission Statement, i.e., those that have likeminded aims embedded in their “DNA”. These may be music schools, conservatories, orchestras, choirs or other music establishments, as well as other registered charities operating in the field with similar objects. Grants will generally not be made to organisations or activities that do not align at their core with our Mission Statement.

In Sweden, the Foundation has supported the establishment of a charitable foundation with charitable objects which align with those of the Foundation as set out further under 'Activities, Achievements and Future Plans' below.

With respect to Object (b) the Trustees focus grant making to UK-registered charities that support work in Latin America, in particular in the countries of Ecuador, Colombia, Bolivia and Peru.

The specific objectives the Trustees set for this financial year were to identify, evaluate, select and conduct follow-up of suitable projects worthy of support from the Foundation consistent with its aims.

Activities, Achievements and Future Plans

Eleven grants were made in the field of music in the United Kingdom during the year under the umbrella of the Signatur Programme. The Trustees were able to consider a wide range of projects with potential partners. Proposals were reviewed and assessed according to how they fulfil the best interests of the Foundation and furtherance of its objects. In this financial year the Foundation has made continued grants to Music Masters, a charity that provides instrumental lessons to young children from diverse backgrounds, in support of a national teacher training programme in order to effect change in the music education sector and to Royal Birmingham Conservatoire’s initiative in local community music education - SoundLab - serving disadvantaged young people in Coventry and Birmingham.

It has made further grants to Aurora Orchestra in support of their programme to provide a music education model in primary schools and SEND settings across England and live storytelling performances in London partner schools, and to The Music Works in support of its open access programme – The Drop - which provides a safe creative space for young people in Gloucester (70% from challenging circumstances) where they can begin or progress their music making journey, make friends and develop networks.

Further grants were also made to Noah’s Ark Children’s Hospice in support of their music therapy provision for end of life care of children and their families and also in support of their research project studying the effect of music therapy for babies with traumatic brain injury and their parents/guardians in collaboration with University College Hospital London, and to Music of Life which provides weekly singing sessions in special needs schools in Cambridge, Warwickshire and Birmingham, catering for children from disadvantaged backgrounds with complex mental, physical, learning and emotional needs.



Trustees' annual report (continued)

For the year ended 31 December 2022

The Foundation has also continued its support to London Music Fund, an independent charity with the Mayor of London as patron, which provides funding to London borough music education hubs to implement ambitious music initiatives across a diverse range of genres for 7-18 year olds to perform alongside professional musicians in iconic venues, and to the Royal Academy of Music towards its junior conservatoire programme in musical theatre, enabling children from the widest possible backgrounds to access high quality training in the musical theatre skills necessary for entry into a premier UK drama school and ultimately to pursue a career in musical theatre.

A new partnership was initiated with Liverpool FC Foundation in support of its Sound Minds programme which aims to provide high quality sport and music workshops to improve the mental health of children and young people across the Liverpool city region, also with Southbank Centre to develop a youth singing programme to enable children and young people with lower levels of access to culture in Lambeth and across London to enjoy transformative experiences of musical participation.

For more information on the work of the Foundation in the field of music in the United Kingdom, please visit www.signatur.org.uk

In order to reach beneficiaries in Sweden and the Nordic region most effectively, the Trustees concluded this was best achieved by providing the funding to a Swedish charity, that in turn would be able to distribute grants and implement projects locally. In April 2018, "Signatur – Insamlingsstiftelse för musikfrämjande" (transl. "Signatur – Fundraising Foundation for Advancement of Music", hereinafter referred to as "Signatur Foundation Sweden") was entered into the foundation register of the Stockholm County Administrative Board. Signatur Foundation Sweden has an independent board of directors responsible for its strategy and governance and the Foundation has provided grant funding to the charity to be applied for its operations in carrying out projects which are exclusively charitable under the laws of England and Wales.

Signatur Foundation Sweden has the main public benefit purpose of promoting, solely or exclusively, a vibrant Swedish and Nordic music life by providing access to broad qualitative music education and improving the opportunities for the public to enjoy high quality music. In particular, it intends to promote efforts to broaden the base for Swedish and Nordic music life and to further create the conditions for cultural integration through music. In addition to music, Signatur Foundation Sweden can also support other closely related forms of performing arts such as dance, ballet or theater. The object costs of Signatur Foundation Sweden were around £445,000 in 2022 funding thirteen grants (2021: around £500,000 funding twelve grants). For more information on the work of Signatur Foundation Sweden, please visit www.signatur.se

The Foundation identifies all the projects it supports in the field of music, whether in the UK or Sweden, as Signatur projects using the Signatur logo. The intellectual property rights in the logo are registered to the Foundation and licensed to Signatur Foundation Sweden:

Signatur

*Signatur is the umbrella name
for KJCF's work for the
advancement of the art of*

In prior financial years, grants in the field of poverty, health and education in Latin America were extended to the Latin American Children's Trust, a charity registered in England and Wales, whose charitable objects align with one of the Foundation's. LACT has been supporting charitable projects in the Andean region since 2004 and has long standing relationship with key charitable organisations operating in the region. The Trustees did not make any grants to LACT during this financial year (2021: £1,665,000). However, LACT



Trustees' annual report (continued)

For the year ended 31 December 2022

used its existing funding to provide eleven grants during the financial period to projects divided into four different categories:

- Education and Entrepreneurship Training; four projects representing 41% of total grants
- Poverty Alleviation; one project representing 10% of total grants
- Child Protection and Protection against Sexual Violence; five projects representing 31% of total grants
- Health; two projects representing 18% of total grants.

The legal structure of how the LACT programme is delivered changed on 1 April 2023. The Latin American Children's Trust has subsequently been dissolved and the programme will continue to be delivered without change of strategic direction by the Foundation (its main funder). For further information on the 2022 grant giving work of LACT, please visit www.lact.org.uk

Grants are made and monitored in accordance with the Grant Making Policy and other procedures adopted by the Trustees including those put in place to address programme change requests from partners necessitated by the effect of the COVID-19 pandemic. Projects are selected on the basis that they are specific with well-defined budgets, implementation plans and targets, with emphasis on projects that are likely to have a long-lasting impact and that are in accordance with the objectives of the Foundation. The Trustees may attach conditions to grants made by them. These will vary depending on the individual circumstances and the recipient, with the intention that they are sufficient in each case to satisfy the Trustees that the funds will be applied for the purposes for which they were given. Onward grants made by Signatur Foundation Sweden are made in accordance with its respective grant making policy which contains similar provisions to those of the Foundation.

The Trustees will identify the project to be funded by the grant, or identify that the grant is expendable for the grantee's general charitable purposes. They will also require acknowledgement of the grant and seek evidence from grantee organisations that they have in place satisfactory safeguarding policies consistent with the Foundation's own Safeguarding Policy.

While the specific objectives for the Foundation for next year are the same as the ones for this period, i.e. to identify, evaluate, select and conduct follow-up of suitable projects worthy of support from the Foundation consistent with its objects, 2023 is expected to be a transformational year for the Foundation. In March 2023, we received a grant that effectively doubled the resources of the Foundation. In light of this, the Trustees will review and update the Investment Policy Statement to take into account the additional resources available. Furthermore, as described above, the LACT programme will be directly implemented by the Foundation going forward.

Financial Review

Incoming resources of the Foundation comprised donations, investment and interest income. The Foundation received substantial contributions in the form of expendable endowment in 2017 and 2018 (the "Fund"). The grants provide that the Trustees shall apply the income derived from the Fund to such purposes within its charitable objects as they may determine and may, at their discretion, decide that all or any part of the Fund may be expended on such purposes. However, despite the fact that the whole of the Fund may be expended by the Trustees, it was the donor's wish that the Fund be invested to produce income on a long-term basis for charitable expenditure for the public benefit.

The Trustees have reviewed the performance of the Investment Manager and noted it achieved a return on the Fund of -6.2% in 2022 vs the agreed benchmark of -8.2% (14.3% in 2021 vs 13.3%). Inception to date



Trustees' annual report (continued)

For the year ended 31 December 2022

the corresponding numbers were 5.1% and 5.6% (annualised). The agreed benchmark reflects 65% global equities as measured in GBP and 35% UK investment grade fixed income and as such is aspirational as it does not account for fees or costs. The assets were, at the end of the year, invested in global equity (61%) and fixed income markets (18%) as well as alternative and other investments (21%).

Total income for the year totalled £555,922 (2021: £454,700) and total expenditure for the year totalled £1,150,612 (2021: £2,830,827) of which £989,008 (2021: £2,664,658) was expenditure on charitable activities.

The Foundation's funds decreased to £29,414,607 as at 31 December 2022 from £32,327,151 as at 31 December 2021, which comprises the net loss before gains and losses of £594,690 (2021: net loss of £2,376,127) together with the net loss on investments of £2,321,786 (2021: gain of £3,855,439) and foreign exchange gains of £3,932 (2021: loss of £3,270).

Reserves Policy

In adopting its Reserves Policy, the Trustees have considered the level of unrestricted income likely to arise from the expendable endowment and their power to convert investments held in the expendable endowment fund, if necessary, into income.

They have also considered their grant-making intentions and obligations and the impact on grantee organisations were any funding obligations not to be met. They have reviewed the Foundation's operating costs and the risks to which the Foundation is exposed, particularly with regard to its investment portfolio.

Taking these factors into account, it is the Trustees' policy to retain, out of the Foundation's unrestricted income, £250,000 in reserves. This is considered sufficient in order to cover 3 months of funding requirements of current projects and potential new projects.

As at 31 December 2022, the Foundation has unrestricted reserves of £718,824 (2021: £398,832). The Trustees are actively considering grants to a number of new potential grantees to deploy the funds in accordance with the objects of the Foundation.

Investment Policy

The Trustees, taking into account their risk tolerance, have adopted an Investment Policy Statement requiring the Investment Manager to follow an agreed upon asset allocation commensurate with being able to achieve an expected long term portfolio return of 3% plus equal measure of UK and US inflation (the "Long Term Investment Objective"). The Trustees have decided not to hedge the implied currency exposure of the global equity exposure given the long-term investment horizon, cost effectiveness, liquidity considerations and the fact that beneficiaries are located across many countries. In addition to the "Long Term Investment Objective", the portfolio performance is ongoing measured against an agreed benchmark which, as mentioned above, reflects 65% global equities as measured in GBP and 35% UK investment grade fixed income.

All investments and money market funds are held in custody by the Investment Manager.

Statement as to disclosure of information to auditors

In so far as the Trustees are aware:

- There is no relevant audit information of which the Foundation's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.



Trustees' annual report (continued)

For the year ended 31 December 2022

Auditors

Rawlinson & Hunter Audit LLP offers itself for reappointment as auditor in accordance with the Charities Act 2011.

For and on behalf of the Trustees


.....

Erland Karlsson, Trustee19 June... 2023



Trustees' responsibilities statement

For the year ended 31 December 2022

The Trustees are responsible for preparing a Trustees' annual report and financial statements in accordance with applicable law, the Charities Act 2011 and 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 (FRS102) issued in October 2019.

The law applicable to charities in 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 Foundation at the end of the year and of its incoming resources and application of resources during that year. In preparing the financial statements, the Trustees should follow best practice and are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2019 (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume the Foundation will continue in operation.

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



Independent auditor's report

to the Trustees of The Karlsson Játiva Charitable Foundation

Opinion

We have audited the financial statements of The Karlsson Játiva Charitable Foundation (“the Foundation”) for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement Cash Flows and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 “The Financial Reporting standard applicable in the UK and Republic of Ireland”.

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the Foundation’s affairs as at 31 December 2022 and of its incoming resources and application of resources, 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 below. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Foundation’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.



Independent auditor's report (continued)

to the Trustees of The Karlsson Játiva Charitable Foundation

Other information

The other information comprises the information included in the Report and Accounts set out on pages 3 to 9 and the Trustees' responsibilities statement on page 10. 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 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 the 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 where the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- ▶ the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- ▶ sufficient accounting records have not been kept; or
- ▶ the financial statements are not in agreement with the accounting records and returns; 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 10, 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 Foundation'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 management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.



Independent auditor's report (continued)

to the Trustees of The Karlsson Játiva Charitable Foundation

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 based on these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Our assessment of the susceptibility of the entity's financial statement to material misstatement, including how fraud might occur, is considered to be low. This conclusion was reached for the reasons outlined below:

- due to the relatively simple business model and low volume of transactions within the Trust, there are comparatively few unexpected fluctuations in the reported results and balances and any such unexpected items would be specifically enquired into by us; and
- there are a number of individuals who comprise "management" and therefore, there is no single individual who is likely to be able to override controls to effect a fraud.

We ascertained the most significant legislation was the Charities Act 2011, money laundering legislation, health and safety and employment law. The extent of compliance with these laws and regulations was assessed as part of our procedures on the related financial statement items by:

- enquiry of management to understand where there was susceptibility to fraud and whether they have the knowledge of any actual suspected or illegal fraud;
- enquiry of management to identify any instances of non-compliance with laws and regulations; and
- consideration of the controls that the Trust has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how management monitors those controls.

We designed our audit procedures to respond to identified audit risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements. Some of the specific procedures performed to detect irregularities, including fraud, are detailed below:

- the review of control accounts and journal entries for large, unusual or unauthorised entries;
- the analytical review of the detailed statement of financial activities for variances that are either unexpected or considered not to be in accordance with our understanding of the Trust activities during the year;



Independent auditor's report (continued)

to the Trustees of The Karlsson Játiva Charitable Foundation

- obtaining and reviewing for completeness a list of entities and persons considered to be related parties (as defined by Financial Reporting Standard 1012) and reviewing the ledgers of the Trust for previously unreported related party transactions; and
- review of transactions and journals for any indication of fraud or management override.

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

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

Use of our report

This report is made solely to the Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the 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 Foundation and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Rawlinson & Hunter Audit LLP

Rawlinson & Hunter Audit LLP, Statutory Auditor

London

Date: *19 June* 2023

Rawlinson & Hunter Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006



Statement of financial activities

For the year ended 31 December 2022

	Notes	Unrestricted funds £	Expendable endowment £	2022 Total funds £	2021 Total funds £
Income					
Donations	2	9,612	-	9,612	12,841
Investment income	3	539,301	-	539,301	441,856
Interest on cash and money market funds		7,009	-	7,009	3
Total income		555,922	-	555,922	454,700
Expenditures					
<i>Costs of raising funds:</i>					
Investment management fee		-	161,604	161,604	166,169
<i>Expenditures on charitable activities:</i>					
Music	4	989,008	-	989,008	991,413
Poverty, health and education		-	-	-	1,673,245
Total expenditure		989,008	161,604	1,150,612	2,830,827
Net loss before gains and losses		(433,086)	(161,604)	(594,690)	(2,376,127)
Net (loss)/gains on revaluation of investments	6	-	(2,321,786)	(2,321,786)	3,855,439
Net (loss)/ income for the year		(433,086)	(2,483,390)	(2,916,476)	1,479,312
Transfer between funds		750,000	(750,000)	-	-
Foreign exchange gains/(losses)		3,078	854	3,932	(3,270)
Net movement in funds		319,992	(3,232,536)	(2,912,544)	1,476,042
Fund balances brought forward		398,832	31,928,319	32,327,151	30,851,109
Fund balances carried forward		718,824	28,695,783	29,414,607	32,327,151

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised in the year.

The notes 1 to 13 on pages 18-26 form an integral part of these financial statements.



Statement of financial position

For the year ended 31 December 2022

	Notes	2022 £	2021 £
Fixed assets			
Investments	6	<u>28,637,181</u>	<u>31,790,914</u>
Current assets			
Debtors	7	34,089	8,957
Cash and money market funds		<u>806,044</u>	<u>584,037</u>
		840,133	592,994
Liabilities			
Creditors: amounts falling due within one year	8	<u>(62,707)</u>	<u>(56,757)</u>
Net current assets		<u>777,426</u>	<u>536,237</u>
Net assets		<u>29,414,607</u>	<u>32,327,151</u>
Representing:			
The funds of the charity			
Expendable Endowment		28,695,783	31,928,319
Unrestricted income fund		<u>718,824</u>	<u>398,832</u>
Total charity funds	9	<u>29,414,607</u>	<u>32,327,151</u>

The Financial Statements on pages 15 to 26 were approved and authorised for issue by the Trustees at the Trustees meeting on 19 June 2023 and were signed on behalf of the Trustees by:

Erland Karlsson, Trustee

The notes on pages 18 to 26 form an integral part of these financial statements.



Statement of cash flows

For the year ended 31 December 2022

	2022	2021
	£	£
<i>Cash flows from operating activities</i>		
Net movement in funds	(2,912,544)	1,476,042
<i>Adjustments for:</i>		
Interest and dividend income from investments	(539,301)	(441,856)
Interest from cash and money market funds	(7,009)	(3)
Losses/(gains) on investments	2,321,786	(3,855,439)
Foreign exchange (gains)/losses	(3,932)	3,270
(Increase)/decrease in debtors	(25,132)	2,780
Increase/(decrease) in creditors	5,950	(44,243)
<i>Cash used in operating activities</i>	<u>(1,160,182)</u>	<u>(2,859,449)</u>
<i>Cash flows from investing activities</i>		
Interest and dividend income from investments	539,301	441,856
Interest from cash and money market funds	7,009	3
Purchase of investments	(1,078,187)	(2,403,435)
Proceeds from sale of investments	1,910,134	4,863,638
<i>Cash generated from investing activities</i>	<u>1,378,257</u>	<u>2,902,062</u>
<i>Change in cash and cash equivalents in the year</i>	218,075	42,613
<i>Cash and cash equivalent at the beginning of the year</i>	584,037	544,694
Change in cash and cash equivalent due to exchange rate movements	3,932	(3,270)
<i>Cash and cash equivalent at the end of the year</i>	<u><u>806,044</u></u>	<u><u>584,037</u></u>
<i>Analysis of cash and cash equivalents</i>		
Money market fund	646,493	329,727
Cash in brokerage accounts	79,800	204,092
Cash at bank	79,751	50,218
<i>Total cash and cash equivalents</i>	<u><u>806,044</u></u>	<u><u>584,037</u></u>

The notes on pages 18 to 26 form an integral part of these financial statements.



Notes to the financial statements

For the year ended 31 December 2022

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation and assessment of going concern

The financial statements have been prepared on a going concern basis under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these financial statements.

The financial statements have been prepared in accordance with the Charities Act 2011 and 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 in October 2019.

The Karlsson Játiva Charitable Foundation (“the Foundation”) meets the definition of a public benefit entity under FRS 102.

The Trustees consider that there are no material uncertainties surrounding the Foundation’s ability to continue as a going concern. As noted in the Trustees’ annual report, the target of the Foundation is to have unrestricted reserves of £250,000. As at 31 December 2022 the unrestricted reserves of the Foundation were £718,824 (2021: £398,832), which is in excess of the target, and hence the Trustees consider the going basis to remain appropriate.

With respect to the next reporting period, the most significant area of uncertainty that affects the reserves of the Foundation is the performance of investment markets which will determine the carrying value of the investments held by the Foundation. The significance of fixed asset investments to the ongoing financial sustainability of the Foundation is considered in the financial review, principal risks and investment policy sections of the Trustees’ annual report.

b) Income recognition

All income is recognised in the Statement of Financial Activities when the Foundation is legally entitled to the income, it is probable that the income will be received, and the amount of income can be quantified with reasonable accuracy. Income from donations is included when any conditions for receipt have been met and there is reasonable assurance of receipt which is usually when the Foundation has control over the income. Investment income is included when receivable and the amount can be measured reliably which is usually upon notification to the Foundation from the investment manager.

c) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Foundation 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 grants provided in support of the objects of the Foundation, overhead expenses and governance costs, are allocated or apportioned to applicable expenditure headings. Refer to note (d) below for more information on this attribution.



Notes to the financial statements (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

c) Expenditure recognition (continued)

Grants provided in support of the objects of the Foundation are payments made to institutions which are partner organisations of the Foundation. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside the control of the Foundation.

Overhead expenses relate to the fees chargeable by the investment managers.

Governance costs comprise all costs involving the public accountability of the Foundation and its compliance with regulation and good practice. These costs include costs related to staff, rent, administration, statutory audit and legal fees.

d) Allocation and apportionment of expenses

Overhead expenses have been allocated to costs of raising funds.

Grants provided in support of the objects of the Foundation have been allocated to expenditure on charitable activities. Charitable activities comprise the projects operated by the partner organisations of the Foundation and are categorised by activity, as detailed in note 4.

Governance costs have been apportioned over the appropriate categories, as detailed in note 4, on the basis of the number of individual grant awards made in recognition that the administrative costs of assessing, awarding and monitoring each grant is broadly equivalent.

e) Irrecoverable VAT

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

f) Charitable activities

Costs of charitable activities include grants provided in support of the objects of the Foundation and governance costs. The allocation to activity of grants paid and the apportionment between activities of governance costs incurred is detailed in note 4.

g) Financial instruments

Investments are initially recognised at their transaction value and subsequently measured at fair value as at the Statement of Financial Position date using the closing quoted market price and closing NAV for funds. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the financial year.

The Foundation does not acquire derivatives or other complex financial instruments.

Cash at bank and in hand is held to meet short-term cash commitments as they fall due rather than for investment purposes and includes all cash equivalents held in the form of short-term highly liquid investments such as high grade daily liquidity money market funds.



Notes to the financial statements (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

h) Investment 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 after 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.

i) Provisions

Provisions for grant payments to partner organisations of the Foundation are made when the intention to make a grant has been communicated to the partner organisation but there is uncertainty about either the timing of the grant or the amount of grant payable. No provisions are made for future conditional instalments of multi-year grants where the payment of such instalment remains at the discretion of the Trustees.

j) Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income and retained earnings on a straight line basis over the lease term. The value of any rent free periods are amortised over the life of the lease.

k) Key judgements and estimates

In applying the Foundation's accounting policies, the Trustees may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the financial year.

The Trustees' estimates are based on the evidence available at the time; including historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such estimates, the actual results and outcomes may differ. Estimates are reviewed on an on-going basis and revisions to accounting estimates are recognised in the financial year in which the estimate is revised.

The Trustees are not aware of any significant sources of estimation uncertainty in the preparation of the financial statements.

2. Donations

Income from donations totalled £9,612 (2021: £12,841), of which £9,612 (2021: £12,841) was unrestricted and £nil (2021: £nil) was restricted as an expendable endowment.



Notes to the financial statements (continued)

For the year ended 31 December 2022

3. Investment income

	2022	2021
	£	£
Listed investments:		
Dividends - Non UK equities	335,419	299,844
Interest - UK fixed interest securities	14,322	17,474
Interest - Non UK fixed interest securities	159,909	124,538
Dividends – Other Investments	29,651	-
	<u>539,301</u>	<u>441,856</u>

4. Analysis of expenditure on charitable activities

The Foundation undertook no direct charitable activities but awarded support grants to several institutions in furtherance of its charitable activities. The support grants are analysed below between the two categories of activity together with the allocation of governance costs incurred by the Foundation.

	Support Grants to Institutions	Allocation of Governance Costs	Total Expenditure 2022	Total Expenditure 2021
	£	£	£	£
Charitable activity				
Music	884,601	104,407	989,008	991,413
Poverty, health and education	-	-	-	1,673,245
	<u>884,601</u>	<u>104,407</u>	<u>989,008</u>	<u>2,664,658</u>

	2022	2021
	£	£
Support grants by country		
Sweden	479,353	584,348
United Kingdom	405,248	2,018,472
	<u>884,601</u>	<u>2,602,820</u>



Notes to the financial statements (continued)

For the year ended 31 December 2022

4. Analysis of expenditure on charitable activities (continued)

	2022	2021
	£	£
Support grants by institution		
Aurora Orchestra	50,000	50,000
Awards for Young Musicians	-	20,000
Birmingham Conservatoire	45,000	55,000
Latin American Children's Trust	-	1,665,000
London Music Fund	52,000	30,000
Music Masters	50,000	50,000
Music of Life	20,000	20,000
Noah's Ark Children's Hospice	50,000	50,000
ORA Choir	-	30,000
Royal Academy of Music	10,000	25,000
Signatur Foundation Sweden	479,353	584,348
The Music Works	28,248	23,472
Southbank Centre	50,000	-
Liverpool FC Foundation	50,000	-
	<u>884,601</u>	<u>2,602,820</u>

5. Governance costs

	2022	2021
	£	£
Auditors' remuneration comprises		
- audit services	9,000	7,800
Staff costs		
- wages and salaries	41,981	15,000
- social security costs	3,400	852
- pension costs	1,198	-
Legal and professional fees	17,755	12,504
Imputed office rent	5,400	7,650
Office rent	7,289	-
Accountancy	6,151	6,113
Taxation services	1,200	1,200
Bank charges and interest	541	628
Other administration	5,692	2,223
IT fees	4,800	7,868
	<u>104,407</u>	<u>61,838</u>

Governance costs have been apportioned to charitable activities on a pro rata basis in accordance with the number of grants awarded during the year to each of the charitable activities.

The Foundation had three employees during the year and the average headcount was two (2021: one).



Notes to the financial statements (continued)

For the year ended 31 December 2022

6. Investments

	2022	2021
	£	£
Movement in fixed asset listed investments		
Opening market value	31,790,914	30,395,678
Additions at cost	1,078,187	2,403,435
Disposals at carrying value	(1,910,134)	(4,863,638)
Net (losses)/gains on revaluation	(2,321,786)	3,855,439
Closing market value	<u>28,637,181</u>	<u>31,790,914</u>
	2022	2021
	£	£
Investments at fair value comprised		
Non UK equities	17,658,267	20,241,608
UK fixed interest securities	1,429,835	1,612,241
Non UK fixed interest securities	3,496,435	3,807,622
Other investment	6,052,644	6,129,443
	<u>28,637,181</u>	<u>31,790,914</u>

The Trustees consider that there were no material individual investment holdings that require disclosure. All investments are traded in quoted public markets or liquid mutual funds and carried at their fair value. The basis of fair value for quoted investments is equivalent to the market value, using the closing price for securities and closing NAV for funds. Investment additions and disposals are recognised at the date of trade at cost, being the transaction value. These investments are accounted for at fair value through the Statement of Financial Activities.

7. Debtors

	2022	2021
	£	£
Accrued investment income	27,529	8,957
Prepayments	2,460	-
Other debtors	4,100	-
	<u>34,089</u>	<u>8,957</u>



Notes to the financial statements (continued)

For the year ended 31 December 2022

8. Creditors: amounts falling due within one year

	2022	2021
	£	£
Accrued audit, tax and accounting fees	11,400	10,800
Accrued investment management fees	40,387	42,896
Other creditors	10,920	3,061
	<u>62,707</u>	<u>56,757</u>

There are no liabilities falling due after more than one year.

9. Analysis of charitable funds

	Investments	Net current	Total 2022	Total 2021
	£	assets	£	£
		£		
Expendable Endowment fund	28,637,181	58,602	28,695,783	31,928,319
Unrestricted income fund	-	718,824	718,824	398,832
	<u>28,637,181</u>	<u>777,426</u>	<u>29,414,607</u>	<u>32,327,151</u>



Notes to the financial statements (continued)

For the year ended 31 December 2022

10. Financial instruments

	2022 £	2021 £
Financial assets measured at fair value through income or expenditure	28,637,181	31,790,914
Financial assets measured at amortised cost	840,133	592,994
	<u>29,477,314</u>	<u>32,383,908</u>
Financial liabilities measured at amortised cost	<u>(62,707)</u>	<u>(56,757)</u>
<i>Income, expense and net gains and losses, including changes in fair value.</i>		
(Losses)/gains on financial assets measured at fair value through income or expenditure	(2,321,786)	3,855,439
Dividend income from financial assets measured at fair value through income or expenditure	365,070	299,844
Interest income on financial assets measured at fair value through income or expenditure	174,231	142,012
Interest income on financial assets measured at amortised cost	7,009	3
	<u>(1,775,476)</u>	<u>4,297,298</u>

Financial risk management

Market risk

The Foundation's investments held at fair value are exposed to the uncertainty of investment markets and volatility in yield. The Foundation manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment classes.

Credit risk

Credit risk on cash balances is mitigated by holding cash at mainstream financial institutions with strong credit ratings and in high grade money market funds.



Notes to the financial statements (continued)

For the year ended 31 December 2022

11. Operating lease commitments

During the period, the Foundation entered into a short term lease for office space on 1 October 2022 for 12 months. At 31 December 2022, the Foundation had future minimum rentals under non-cancellable operating leases as set out below:

	2022	2021
	£	£
Minimum rentals payable		
Within one year	22,140	-

12. Related party transactions

One of the Trustees, Jeremy Arnold, was an employee of Withers LLP until 3 June 2022. This did not involve any remuneration related directly to fees billed to the Foundation and no charge was made for Mr Arnold's time in his capacity as a Trustee. In accordance with the conflict of interest policy, Mr Arnold took no part in reviewing or approving any invoices for legal services received from Withers LLP. Legal fees payable to Withers LLP incurred during the year amounted to £17,716 (2021: £12,469).

In the financial year, one of the Trustees paid fees of £4,212 (2021: £5,191) for office administration, travel and IT costs, for the benefit of the Foundation. The fees will not be reimbursed by the Foundation. In the financial year, the Trust has benefited from being able to share office space with an entity under the control of one of the Trustees. The estimated rental value of £5,400 (2021: £7,650) of this benefit will not be reimbursed by the Foundation. Accordingly, these two amounts have been included within note 2.

13. Post balance sheet event

A trust, settled by the Settlor, was terminated on 3 March 2023 and the entirety of the trust fund was appointed to the Foundation absolutely. As of that date, the trust held investment assets of £29,576,689 which will be transferred to the Foundation as soon as practicable.