

Latin American Children's Trust

Registered Charity No. 1105797

Report and Accounts

For the year ended 31 December 2022

Reference and administrative information

Trustees

Pilar Bohorquez
Clare Dixon
Rose Marie Játiva Karlsson
Erland Karlsson

Address

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

Constitution

Registered Charity number 1105797
Governed by a Trust Deed dated 12 August 2004 as amended by a Deed dated 20 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

Introduction

For the year ended 31 December 2022

Dear Readers,

During 2022 the Latin American Children's Trust funded 11 grants in furtherance of its objectives as detailed in the report.

The legal structure of how the Trust's programme is delivered changed on 1 April 2023. The Latin American Children's Trust will be dissolved within the next 12 months and the programme will continue to be delivered without change of strategic direction directly by its main funder The Karlsson Játiva Charitable Foundation ("KJCF").

Future information on the LACT programme will be available on www.kjcf.org.uk/lact-programme

The Trustees resolved on 24 February 2023 to dissolve the Trust and post year end have substantially distributed the remaining funds.

The Trustees

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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 Latin American Children's Trust ("the Trust") 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 Trust Deed dated 12 August 2004 as amended by a deed dated 20 December 2016 and ("the Trust Deed"), the Charities Act 2022 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 Trust was formed on 12 August 2004 by an initial settlement from Mr Erland Karlsson (the "Settlor") and was registered by the Charity Commission (registered charity number 1105797) on 8 September 2004.

The Trust is operating as a grant-giving trust and has identified, selected and funded a number of projects managed by established charities in promotion of the Trust's principal objects as set out in the Trust Deed, namely: "the relief of poverty, distress and hardship and to promote the education, health and welfare of children and other members of families with children in Latin America".

In the first instance the Trust is prioritising giving support to projects in the Andean region.

Structure, Governance and Management

The governing document of the Trust is its Trust Deed, which provides that the power of appointing new Trustees is vested in the Settlor during his lifetime. 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 Trust operates and copies of relevant documentation. He or she will also be directed to the resources available on the Charity Commission website and will be given hard copies of relevant guidelines. The Trustees who held office during the financial period and up to the date of this report were:

Pilar Bohorquez

Clare Dixon

Rose Marie Játiva Karlsson

Erland Karlsson

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 6. Grants can be approved on an annual or multi-year basis. All multi-year grants are considered and approved up-front by the full body of the Trustees in a validly convened meeting or by written resolution. The Trustees have delegated the authority to two of their number to allocate annual grants between pre-approved charities within limits defined by the Trustees and to administer future instalments of multi-year grants in accordance with the Grant Making Policy. All approved funding requests, programme adaptations and subsequent reporting is reviewed in subsequent Trustees' meetings.

The Trustees have adopted an Investment Policy Statement, details of which are given on page 7. Goldman Sachs International (the "Advisory Investment Manager") is acting for the Trustees on an advisory basis. The Trustees, on the recommendation of the Advisory Investment Manager, have pre-approved a universe of investment funds in which investments will be considered. The Trustees seek to match the duration and currency mix of its investments with the duration and currency mix of the commitments of the Trust.

Trustees' annual report (continued)

For the year ended 31 December 2022

One of the Trustees has been delegated the responsibility to instruct the precise mix of investments and to monitor the performance of the investment portfolio on an ongoing basis and report back periodically to the full group of Trustees.

The Trust had one part-time employee for the year ended 31 December 2022 (2021: one).

Principal Risks and Uncertainties

The Trustees have examined the major risks faced by the Trust, 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 Trust. The main market risk to the Trust comes from fixed asset investments. The risk lies in the combination of uncertain investment markets and volatility in yield. The Trust manages these investment risks by retaining expert advisors and operating an investment policy focusing the investments on liquid, investment grade fixed income funds with a duration and currency profile corresponding to the commitments of the Trust. 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 details of the Trust's reporting of its grants and its purposes sufficiently identifies the benefit and beneficiaries of the Trust's grants, in such a way as to demonstrate the Trust's benefit to the wider public.

Objectives

The strategy of the Trust is to identify charities that are well-established and active in the Andean region of Latin America, primarily Bolivia, Colombia, Ecuador and Peru, which are capable of carrying out projects that the Trust can support in furtherance of its charitable objects as stated above. 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 Trust consistent with its aims.

Activities

The Trustees considered a large number of new projects so that they could make a careful selection. Proposals were reviewed and assessed according to how they fulfil the best interests of the Trust and furtherance of its objects. This process led to funding¹ of eleven grants in total in the year to CAFOD, Children Change Colombia, Lumos Foundation, Plan International, Save the Children, Sense International, Teach for All Network and World Vision, one of which was a new multi-year grant.

Projects are selected on the basis of which ones best fulfil the aim of the Trustees of creating a long-lasting impact in terms of improving circumstances for children and their families and place an emphasis on

¹ "funding" in this context refers to annual grants made or instalments of multi-year grants confirmed during the financial period.

Trustees' annual report (continued)

For the year ended 31 December 2022

projects which include a large element of local community involvement. The programmes are typically expected to run over several years and detailed budgets have been prepared and approved for each project.

Grants are made and monitored in accordance with the Grant Making Policy and other procedures adopted by the Trustees. Grants can be structured either as annual or as multi-year grants. All multi-year grants approved contain conditions such that funding of future year instalments are conditional upon the Trustees receiving adequate reporting from the grantee on the use of the grant and to the Trustees being satisfied with the implementation and progress towards agreed overall objectives.

Given the resources of the charity, the Trustees' policy at present is that grants should be concentrated on funding UK registered charities working in the field through local partner organisations. Projects are to be selected on the basis of which ones best fulfil the aim of the Trustees of creating a long-lasting impact in terms of improving circumstances for children and their families and an emphasis on projects which include a large element of local community involvement. Priority will be given to projects that have the potential to scale their impact through advocacy or otherwise.

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 Trust. The conditions to grants made by the Trustees 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.

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 Trust's own Safeguarding Policy. The average size of a grant this year (counting current year instalment only of multi-year grants) was approximately £75,000 (2021: £73,000).

Achievements

In order to illustrate the nature of the work undertaken by recipients of grants from the Trust, the projects supported during the financial period are 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.

More details on various individual projects, their overall aim, activities and achievements can be found in the reporting provided by our main funder The Karlsson Játiva Charitable Foundation (www.kjcf.org.uk).

Plans for Future Periods

The legal structure of how the Trust's programme is delivered changed on 1 April 2023. The Latin American Children's Trust will be dissolved within the next 12 months, and the programme will continue to be delivered without change of strategic direction directly by its main funder The Karlsson Játiva Charitable Foundation.

Future information on the LACT programme will be available on www.kjcf.org.uk/lact-programme

The Trustees resolved on 24 February 2023 to dissolve the Trust and post year end have substantially distributed the remaining funds.

Financial Review

The Trustees seek to match the duration and currency mix of fixed income investments and cash and money market holdings with the duration and currency mix of the commitments of the Trust. The Trustees have

Trustees' annual report (continued)

For the year ended 31 December 2022

decided to allocate 100% of available funds to cash or investment grade fixed income funds, being either diversified bond or money market funds, and in particular to invest an amount to cover future year instalments of approved grants with respect to multi-year grants denominated in USD to USD denominated money market funds. In light of the impending wind down and having already disposed of half of the holding in the prior year, the Trustees decided to liquidate the remainder of its investment in the PIMCO Global Bond fund, a diversified GBP denominated investment grade fixed income fund. As of September 2022, shortly before the final disposal, this fund returned -13.0% vs its benchmark of -12.8% (2021: -1.7% vs -1.5%). Over the five years the fund it has returned -0.6% vs its benchmark of -0.7% on an annualised basis.

Total income for the year totalled £21,807 (2021: £1,681,106) and total expenditure for the year totalled £874,582 (2021: £1,142,400) of which £873,033 (2021: £1,139,696) was expenditure on charitable activities.

The Trust's funds decreased from £1,570,591 as at 31 December 2021 to £737,750 as at 31 December 2022, which comprises the net expenditure of £852,775 (2021: net income of £538,706) together with the net loss on investments of £38,232 (2021: £14,896) and foreign exchange gains of £58,166 (2021: loss of £843).

Reserves Policy

The policy of the Trustees is to maintain sufficient reserves in order to cover three months of expenditure on charitable activities.

With respect to multi-year grants, the policy of the Trustees has been to annually designate a part of the unrestricted funds to cover future year instalments of approved grants. The amount so designated should, as far as practicable, correspond to the sum of future year instalments specifically detailed in any multi-year grant letter entered into by the Trustees with Grantee organisations, even if the obligation to make these payments is conditional and subject to change.

In light of the impending wind down, the Trustees suspended the concept of designated funds in the policy. A plan has been developed for the application of remaining funds having regard for its contractual obligations and expectations of grantees with respect to prior designated funds.

As at 31 December 2022, the Trust has unrestricted funds of £737,750 (2021: £1,570,591), a decrease of £832,841 from the previous year. As at 31 December 2022, all funds were undesignated for spend down (2021: designated funds of £1,199,800). Consequently, the reserves as at 31 December 2022 amounted to £737,750 (2021: £370,791), being £487,750 (2021: £120,791) in excess of the target level of reserves.

Investment Policy

The Investment Policy Statement reflects the Trustees' wish to allocate 100% of the Funds to investment grade fixed income funds, being either diversified bond or money market funds and to seek to match the duration and currency mix of its investments with the duration and currency mix of the commitments of the Trust.

All investments are held in custody with the Advisory Investment Manager.

Trustees' annual report (continued)

For the year ended 31 December 2022

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 Trust'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.

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


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Erland Karlsson, Trustee 21 April 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 Trust at the year end 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 Trust 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 Trust 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 Trust 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 Latin American Children's Trust

Opinion

We have audited the financial statements of the Latin American Children's Trust ("the Trust") 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 12. 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 Trust'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 Trust 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.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw your attention to note 1.a) to the financial statements which explains that the trustees do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1.a). Our opinion is not modified in this respect of this matter.

Other information

The other information comprises the information included in the Report and Accounts set out on page 2. The Trustees are responsible for the other information.

Independent auditor's report (continued)

to the Trustees of the Latin American Children's Trust

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 9, 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 Trust'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 Trust or to cease operations, or has 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 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

Independent auditor's report (continued)

to the Trustees of the Latin American Children's Trust

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, include 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;
- 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.

Independent auditor's report (continued)

to the Trustees of the Latin American Children's Trust

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 Trust 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: *21 April* 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	Restricted funds £	Unrestricted fund £	2022 Total funds £	2021 Total funds £
Income					
Donations	2	-	7,711	7,711	1,673,889
Investment income	3	-	4,331	4,331	7,174
Interest on cash and money market funds		-	9,765	9,765	43
Total income		-	21,807	21,807	1,681,106
Expenditure					
<i>Costs of raising funds:</i>					
Investment management fee		-	1,549	1,549	2,704
<i>Expenditure on charitable activities:</i>					
Education	4	-	352,661	352,661	409,269
Poverty Alleviation		-	88,329	88,329	227,759
Protection		-	277,782	277,782	302,228
Health		-	154,261	154,261	200,440
Total expenditure		-	874,582	874,582	1,142,400
Net (expenditure)/income before gains and losses		-	(852,775)	(852,775)	538,706
Net losses on revaluation of investments	6	-	(38,232)	(38,232)	(14,896)
Net (expenditure)/income for the year		-	(891,007)	(891,007)	523,810
Foreign exchange gains/(losses)		-	58,166	58,166	(843)
Net movement in funds		-	(832,841)	(832,841)	522,967
Fund balances brought forward		-	1,570,591	1,570,591	1,047,624
Fund balances carried forward		-	737,750	737,750	1,570,591

All income and expenditure derive from continuing activities except as set out in note 1.a).

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

The notes 1 to 12 on pages 17 to 24 form an integral part of these financial statements.

Statement of financial position

For the year ended 31 December 2022

	<i>Note</i>	<i>2022</i> £	<i>2021</i> £
Fixed assets			
Investments	6	-	249,924
Current assets			
Debtors	7	-	945
Cash and money market funds		748,890	1,330,109
		748,890	1,331,054
Liabilities			
Creditors: amounts falling due within one year	8	(11,140)	(10,387)
Net current assets		<u>737,750</u>	<u>1,320,667</u>
Net assets		<u>737,750</u>	<u>1,570,591</u>
Representing:			
The funds of the charity			
Unrestricted funds	9	737,750	1,570,591
Total charity funds		<u>737,750</u>	<u>1,570,591</u>

The Financial Statements on pages 14 to 24 were approved for issue by the Trustees at the Trustees Meeting on 21 April 2023 and were signed on behalf of the Trustees by:



Erland Karlsson, Trustee

The notes 1 to 12 on pages 17 to 24 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	(832,841)	522,967
<i>Adjustments for:</i>		
Interest and dividend income from investments	(4,331)	(7,174)
Interest on cash and money market funds	(9,765)	(43)
Losses on investments	38,232	14,896
Foreign exchange (gains)/losses	(58,166)	843
Decrease in debtors	945	1,108
Increase in creditors	753	132
	<hr/>	<hr/>
<i>Cash (used in)/ generated from operating activities</i>	(865,173)	532,729
	<hr/>	<hr/>
<i>Cash flows from investing activities</i>		
Interest and dividend income from investments	4,331	7,174
Interest on cash and money market funds	9,765	43
Proceeds from sale of investments	211,692	260,000
	<hr/>	<hr/>
<i>Cash generated from investing activities</i>	225,788	267,217
	<hr/>	<hr/>
<i>Change in cash and cash equivalents in the year</i>	(639,385)	799,946
<i>Cash and cash equivalents at the beginning of the year</i>	1,330,109	531,006
Change in cash and cash equivalents due to exchange rate movements	58,166	(843)
	<hr/>	<hr/>
<i>Cash and cash equivalents at the end of the year</i>	748,890	1,330,109
	<hr/>	<hr/>
<i>Analysis of cash and cash equivalents</i>		
Money market fund	740,110	1,313,346
Cash at bank	8,780	16,763
	<hr/>	<hr/>
<i>Total cash and cash equivalents</i>	748,890	1,330,109
	<hr/>	<hr/>

The notes 1 to 12 on pages 17 to 24 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 basis other than going concern, under the historical cost convention, unless otherwise specified in the relevant note(s) to these financial statements and 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 Latin American Children's Trust ("the Trust") meets the definition of a public benefit entity under FRS 102.

The Trustees intend to cease the Trust's trading activities and plan to liquidate the Trust within the next 12 months. As the Trust will realise its assets in an orderly manner, the Trustees have determined that the accounting policies to be applied to individual line items are consistent with those adopted in the previous year.

The Trustees have elected not to provide in these financial statements any subsequent costs arising from the Trust's liquidation and not made any changes to its existing accounting policies. Outstanding liabilities will be met by the Trust's current assets on a standalone basis. The Trust has received confirmation that support will be available from its Trustees to ensure it has sufficient liquid resources for an orderly wind down.

b) Income recognition

All income is recognised in the Statement of Financial Activities when the Trust 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 Trust 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 Trust from the investment manager.

c) Expenditure recognition

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

Grants provided in support of the objects of the Trust are payments made to institutions which are partner organisations of the Trust. 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 Trust.

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

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

Notes to the financial statements (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

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 Trust have been allocated to expenditure on charitable activities. Charitable activities comprise the projects operated by the partner organisations of the Trust 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 Trust 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

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of investments.

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. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Trust does not acquire put options, derivatives or other complex financial instruments.

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.

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 subsequent to the first day of the financial year.

Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value.

Notes to the financial statements (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

i) Provisions

Provisions for grant payments to partner organisations of the Trust 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) Key judgements and estimates

In applying the Trust'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 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 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 £7,711 (2021: £1,673,889), of which £7,711 (2021: £1,673,889) was unrestricted and £nil (2021: £nil) was restricted.

3. Investment income

	2022	2021
	£	£
Listed investments:		
Interest – Non-UK fixed interest securities	4,331	7,174
	<u>4,331</u>	<u>7,174</u>
	<u><u>4,331</u></u>	<u><u>7,174</u></u>

Notes to the financial statements (continued)

For the year ended 31 December 2022

4. Analysis of expenditure on charitable activities

The Trust undertook no direct charitable activities but awarded support grants to a number of institutions in furtherance of its charitable activities. The support grants are analysed below between the four categories of emphasis of activity of respective project together with the allocation of governance costs incurred by the Trust.

<i>Charitable activity</i>	<i>Support Grants to Institutions</i>	<i>Allocation of Governance Costs</i>	<i>Total Expenditure 2022</i>	<i>Total Expenditure 2021</i>
	£	£	£	£
Education and Entrepreneurship Training	337,822	14,839	352,661	409,269
Poverty Alleviation	84,619	3,710	88,329	227,759
Child Protection and Protection against Sexual Violence	259,233	18,549	277,782	302,228
Health	146,841	7,420	154,261	200,440
	<u>828,515</u>	<u>44,518</u>	<u>873,033</u>	<u>1,139,696</u>

<i>Support grants by country</i>	<i>2022</i>	<i>2021</i>
	£	£
Bolivia	219,612	477,662
Colombia	305,031	267,780
Ecuador	25,000	91,020
Peru	188,872	210,069
Venezuela	90,000	50,000
	<u>828,515</u>	<u>1,096,531</u>

Breakdown by country relates to place of implementation. All grants were paid to charities registered in the United Kingdom.

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		
CAFOD	202,851	187,649
Children Change Colombia	95,000	52,942
Lumos Foundation	60,000	60,000
Oxfam	-	150,984
Plan International	131,416	197,337
Practical Action	-	58,190
Save the Children	151,003	176,818
Sense International	48,245	49,511
Teach for All Network	50,000	50,000
World Vision	90,000	113,100
	<u>828,515</u>	<u>1,096,531</u>

5. Governance costs

	2022	2021
	£	£
Auditors' remuneration comprises:		
- audit services	9,000	7,800
Legal fees	1,451	1,423
Accountancy	5,431	5,393
Bank charges and interest	438	560
Staff cost		
- wages and salaries	16,346	15,000
- social security costs	1,052	852
Imputed rent	7,200	7,650
IT and administration	3,600	4,487
	<u>44,518</u>	<u>43,165</u>

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

The Trust had one employee during the year (2021: one) and the average headcount was 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	249,924	524,820
Additions at cost	-	-
Disposals at carrying value	(211,692)	(260,000)
Net losses on revaluation	(38,232)	(14,896)
Closing market value	<u>-</u>	<u>249,924</u>
	2022	2021
	£	£
Investments at fair value comprised		
Non UK fixed interest securities	<u>-</u>	<u>249,924</u>

Investments relate to a holding in the GBP hedged share class of PIMCO Global Bond fund, an actively managed portfolio of global fixed income securities primarily invested in a diversified portfolio of investment grade bonds denominated in major world currencies with a close to seven year bench mark duration. The investment was in a liquid mutual fund and was carried at its fair value based on closing NAV for the fund. Investment additions and disposals are recognised at the date of trade at cost, being the transaction value. These investments were accounted for at fair value through the Statement of Financial Activities.

7. Debtors

	2022	2021
	£	£
Accrued investment income	-	945
	<u>-</u>	<u>945</u>

8. Creditors: amounts falling due within one year

	2022	2021
	£	£
Creditors	21	56
Accrued audit, tax and accounting fees	10,842	9,600
Accrued investment management fees	277	731
	<u>11,140</u>	<u>10,387</u>

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

Notes to the financial statements (continued)

For the year ended 31 December 2022

9. Unrestricted funds

The unrestricted funds of the Trust are made up as follows at 31 December 2022 and comprise the net assets shown in the Statement of Financial Position

	2022	2021
	£	£
General funds	737,750	370,791
Designated funds	-	1,199,800
	<u>737,750</u>	<u>1,570,591</u>

The designated funds were designated for the paying of future conditional instalments of multi-year grants provided the projects fulfil their criteria to qualify, at the Trustees' discretion, for the future instalments. As such the funds were designated but no liability was recognised with regards to these future instalments. As of 2022, the concept of designated funds was suspended in the Trust's Reserves Policy in light of the impending wind down.

10. Financial instruments

	2022	2021
	£	£
Financial assets measured at fair value through income or expenditure	-	249,924
Financial assets measured at amortised cost	748,890	1,331,054
	<u>748,890</u>	<u>1,580,978</u>
Financial liabilities measured at amortised cost	<u>(11,140)</u>	<u>(10,387)</u>

Income, expense and net gains and losses, including changes in fair value.

Losses on financial assets measured at fair value through income or expenditure	(38,232)	(14,896)
Interest income on financial assets measured at fair value through income or expenditure	4,331	7,174
Interest income on financial assets measured at amortised cost	9,765	43
	<u>(24,136)</u>	<u>(7,679)</u>

Notes to the financial statements (continued)

For the year ended 31 December 2022

10. Financial instruments (continued)

Financial risk management

Market risk

The Trust's investments held at fair value are exposed to the uncertainty of investment markets and volatility in yield. The Trust manages these investment risks by retaining expert advisors and an investment policy focusing the investments on liquid, investment grade fixed income funds with a duration and currency profile corresponding to the commitments of the Trust.

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.

11. Related party transactions

One of the Trustees, Clare Dixon, is an employee of CAFOD, one of the organisations regularly receiving grants from the Trust. In the financial year CAFOD benefited from funding of grants to the amount of £202,851 (2021: £187,649). While there is no personal benefit implied, in accordance with the Trust's conflict of interest procedure, Ms Dixon has declared a conflict of loyalty and does not take part in the quorum or vote when the Trustees consider making or reviewing grants to CAFOD.

Two of the Trustees, Erland Karlsson and Rose Marie Játiva Karlsson, are also Trustees of The Karlsson Játiva Charitable Foundation ("KJCF") from which the Trust received grants to the amount of £nil (2021: £1,665,000) in the financial year. In accordance with the Trust's conflict of interest policy, said Trustees have declared a conflict of loyalty and do not take part in the quorum or vote when the Trustees consider applying, accepting or reporting on grants from KJCF.

In the financial year, one of the Trustees paid fees of £511 (2021: £1,239) for administrative and IT costs for the benefit of the Trust. The fees will not be reimbursed by the Trust. 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 £7,200 (2021: £7,650) of this benefit will not be reimbursed by the Trust. Accordingly, these two amounts have been included within note 2.

12. Post balance sheet event

The legal structure of how the Trust's programme is delivered changed on 1 April 2023. The Latin American Children's Trust will be dissolved within the next 12 months, and the programme will continue to be delivered without change of strategic direction directly by its main funder The Karlsson Játiva Charitable Foundation.

The Trustees resolved on 24 February 2023 to dissolve the Trust and post year end have substantially distributed the remaining funds.