

CAF AMERICAN DONOR FUND TRUSTEES' REPORT

and financial statements for the year ended 30 April 2021

A year of generosity

CHARITY INFORMATION, TRUSTEES AND ADVISORS

Registered office

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www.cafonline.org/cadf

Registered charity number

1079020

Company number

03900842

Auditor

Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR

Principal banker

National Westminster Bank plc
214 High Holborn
London
WC1V 7BX

Trustees

Neil Heslop OBE, Chair (appointed, 20 October 2020)

Sir John Low CBE, Chair (resigned 1 October 2020)

Mike Dixon

Mark Greer (appointed 25 June 2021)

Ted Hart

Bridgit Richards (appointed 28 August 2020, resigned 25 June 2021)

David Stead (resigned 31 May 2020)

Company Secretary

Kate Mayor

Southampton Row Trust Limited is a UK charitable company incorporated in the UK and registered with the Charity Commission for England and Wales. The charity operates under the name of CAF American Donor Fund.

The charity is wholly owned by Charities Aid Foundation of America (CAF America), a s501(c)(3) US public charity, registered in the State of Delaware, United States of America.

The Trustees present their report, incorporating the strategic report together with the audited financial statements of the charity for the year ended 30 April 2021

CONSTITUTION

Southampton Row Trust Limited (the charity) is a registered charity and a company with a share capital and is governed by its Memorandum and Articles of Association. The charity operates under the name of CAF American Donor Fund.

The directors are collectively referred to as the Trustees in this report. The names of Trustees who served during the year, and as at the date of signing, are noted above.

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CHAIR'S REPORT

I make this report at the end of an extraordinary year for all of us and one in which our donors into the CAF American Donor Fund have demonstrated remarkable dedication to the causes close to their hearts.



With their continuing generosity, we have been able to fulfil our purpose of supporting charities across borders in what has been their time of greatest need.

In many respects the CAF American Donor Fund is a microcosm of the work of the entire Charities Aid Foundation. With clear focus on our clients, we ensure they have dedicated expertise on hand to assist in their giving journey, increasingly complemented by the digital solutions required to offer the best possible service. We have grown not only the number of clients we work with from 407 to 487, but also the amount of money that has been donated by them over the past year.

Our deep expertise in the regulatory and tax environment around cross-border giving means that dual UK-US taxpayers turn to the CAF American Donor Fund for knowledgeable, safe and efficient ways to grant money to causes and realise greater impact through their giving. This support extends to people and charities as diverse as the world itself.

As I write, world leaders are gathering in the UK for the G7 meeting of major economies. On their agenda, led by the United States and the United Kingdom, are plans to renew a collaborative, global approach to solving some of the world's most pressing challenges, with Covid-19 vaccine distribution top of their list. There is profound significance in the realisation that until we are all safe and well, regardless of our circumstances, then we all continue to face the instability of an uncertain future.

That is a sentiment that speaks to the motivation of so many of the donors who work with us at the CAF American Donor Fund. Regardless of the cause they are eager to support, be it higher education, global health, cultural institutions or tackling the climate emergency and social inequalities, they know that solutions to problems are found in coming together and that those fortunate enough to be in their position are further enriched when they contribute to the well-being of others.

It is that ethos, that commitment to others, that led the CAF American Donor Fund to deliver 1,352 grants in the past year, representing £73.8 million. Moreover, the amount of funds that donors have entrusted to us over the past year for future granting has increased to £83.4 million from £79.5 million in the previous year.

Looking ahead, and considering the Charities Aid Foundation in the United States, the United Kingdom and Canada, we are committed to further improving and refining our clients' journey with us, seeking their views on how we can improve our products and services and ensuring they are supported by committed team members at every stage in their giving.

The United States and the United Kingdom have a long shared history of great achievements and I have no doubt that our shared determination to grow philanthropic giving with the greatest possible impact will accelerate progress towards a fair and sustainable future for all.

A handwritten signature in blue ink, which appears to read 'Neil Heslop'.

Neil Heslop OBE
Chair

£
1,352

Grants made

£
£73.8m

Total

STRATEGIC REPORT

The charity's objectives and activities contribute to public benefit through a grantmaking programme exclusively for charitable purposes (as described in the Charities Act 2011).

The charity carries out its objectives by enabling donors liable for tax in both the UK and the US to enhance their charitable giving by obtaining tax relief on their donations in both countries. Donors may suggest to the Trustees how their donation might be distributed to organisations carrying out charitable activities across the world.

To facilitate and grow such charitable giving the charity provides donors with access to sector-leading online services, which allow donors to track their donations and grant suggestions. Every donor has a named contact in our specialist team to provide expert support and guidance with regard to their charitable giving. The charity carries out ongoing detailed due diligence on all grant recipients, providing assurance to donors that the funds they contributed are applied for charitable purposes.

There are no plans to alter the charity's objectives and operations in the foreseeable future.

The Trustees' objective is to achieve long-term growth in the average value of funds received and granted by the charity.

Achievements and performance

In line with the Trustees' objective to achieve long-term growth, during the year under review the number of donors giving to the charity grew from 407 in the preceding year to 487. The value of their donations grew to £83.4m for the year from £79.5m in the prior year. In addition, the charity awarded 1,352 grants with a value of £73.8m, compared with 1,376 grants in the preceding year, which had a value of £82.7m

In March 2020 when the Covid-19 pandemic took hold, the charity was able to adapt and continue to operate with little impact on donors and grantees, with most operations being performed remotely. At the time of signing this report the charity continues to operate effectively on this basis. The pandemic had a wide-ranging impact on the world throughout the year ended 30 April 2021 and remains still. We saw an initial response to this with an increased number of grant suggestions for the benefit of hospitals and other organisations impacted by the coronavirus.

Financial review

Total income for the year was £84.0m (2019/20: £81.9m). Of the total income, £61.6m (2019/20: £64.2m) was credited to Donor Advised Funds (DAFs) and Donor Advised Gifts (DAGs) designated funds, with £21.5m (2019/20: £16.8m) being credited to Premier Donor Advised Funds (PDAF) designated funds. The balance was credited to the General Fund. Grants paid out of DAF and DAG designated funds amounted to £51.0m (2019/20: £65.8m) and out of PDAF designated funds £22.7m (2019/20: £16.4m).

The trend of growth in activity continued during the year and this trend is expected to continue. Therefore, although the costs of charitable activities fell from £512,000 in 2020 to £489,000 in 2021, the expectation is for further investment in the charity's operational resilience to lead to an increase in costs in the year ahead.

As a result of the recovery in global investment markets from the initial negative impact of the coronavirus pandemic, gains on investments held by the charity to support medium- and long-term giving amounted to £4.2m during the year. This compares with investment losses of £0.8m during 2019/20.



£83.4m

Donations to CADF

A significant proportion of the charity's funds are received, held and paid away in US dollars. This results in foreign exchange gains and losses arising upon their translation to sterling (the charity's reporting currency). In 2019/20 the charity reported a gain of £1.2m upon translation as uncertainties regarding the UK's exit from the European Union (Brexit) resulted in a decline in the value of sterling against the US dollar. In 2020/21 sterling has strengthened against the US dollar and, coupled with large sums held, the charity reported a loss of £2.0m upon translation.

Our aims for next year

The Trustees' objective for the coming year is to sustain the long-term growth in the average value of funds received and granted by the charity.

As described earlier in this report, the charity continues to operate effectively following the Covid-19 outbreak. The situation will be continuously reviewed and controllable costs minimised as necessary. No grants are awarded by the charity in anticipation of future income.

Risk management

The Trustees have a risk management strategy which comprises:

- An annual review of the risks the charity may face
- The establishment of systems and procedures to mitigate those risks identified in the plan
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The main risks identified are credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of loss as a result of a failure of a counterparty to meet obligations as they fall due. The charity's principal financial assets are bank balances and financial investments. Cash balances are deposited with major UK banks as approved by the Investment Advisory Committee of the Charities Aid Foundation (CAF), the charity's ultimate parent.

Financial investments held in respect of PDAFs are invested in accordance with policies approved by the Investment Advisory Committee of CAF. Donors plan donations by reference to the market values and liquidity profile of the assets held for their PDAF.

The exposure of PDAFs to credit risk is mitigated by investing primarily in pooled investment funds.

Liquidity risk

Liquidity risk is the risk that the charity does not have sufficient financial resources to meet obligations as they fall due.

The charity's principal obligations relate to grants payable. The charity does not award grants out of anticipated future income.

PDAF funds are invested in accordance with investment policies which require investments to be highly liquid. Investments take into account anticipated liquidity requirements to fund grants. Should additional liquidity be required to fund donations, investments are disposed of. In the event of a shortfall in anticipated proceeds, the value of the grant would be reduced.

Market risk

Market risk is the risk from adverse movements in external markets including changes in investment values and foreign currency exchange rates that will reduce the value of assets.

PDAFs are invested to fund long-term philanthropic goals of donors. The value of investments determines the value of funds available to make grants. Accordingly, a movement in equity markets or interest rates may affect the value of PDAF funds held by the charity, but does not impact the level of reserves.

The charity holds bank balances principally in sterling and US dollars. The US dollars held usually arise as a result of donations received in that currency and are primarily intended to fund grants which are also awarded and paid in US dollars, thus mitigating the risk to fluctuations in foreign currency exchange rates.

Covid-19 pandemic

The charity continues to monitor the developments surrounding the global pandemic. There remain uncertainties regarding the ongoing situation which may impact upon donations received and investment income. The Trustees have considered the principal areas of uncertainty and potential mitigating actions for counteracting a worst-case scenario such as reducing the level of controllable costs.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Both CAF and CAF America are charitable entities and provide a range of services to donors and to other charities.

Throughout the year the charity was wholly owned by Charities Aid Foundation of America (CAF America), a US public charity recognised by the US Internal Revenue Service as an organisation of the kind described in section 501(c)(3) of the US Internal Revenue Code of 1986.

The charity has made a US tax election to be treated as a part of CAF America so that a donation to the charity is treated as a gift to CAF America for US tax purposes. Given the charity's UK charitable status, a donation to it is also eligible for relief under UK tax legislation relating to gifts to charities.

Charities Aid Foundation (CAF), UK registered charity number 268369, has the power to appoint and remove the members of CAF America at any time and accordingly CAF is the charity's ultimate controlling entity.

Both CAF and CAF America are charitable entities and provide a range of services to donors and to other charities.

The charity's Trustees are appointed by its existing Trustees or by the Board of Directors of CAF America. The charity's Trustees meet at least twice a year. Newly appointed Trustees undertake an induction process to ensure that they gain a full understanding of the charity and their responsibilities. They are then required to complete training at regular intervals throughout their trusteeship.

The Trustees delegate management responsibilities to CAF. This delegation is controlled by requiring regular reporting to the Board of Trustees.

The charity's Trustees are committed to high standards of governance. In addition to approving donor grant suggestions and assessing charity eligibility to receive grants, the Trustees also have responsibilities in relation to the financial statements and internal control.

None of the Trustees has an interest in the shares of the company or in any associated entity.

During the year the Trustees took out trustees', directors' and officers' indemnity cover under the umbrella of the CAF group.

In carrying out their duties under s172(1) (a) to (f) of the Companies Act 2006, the Trustees have regard to both the short- and long-term impact of their decisions, the interests of the charity's donors, its beneficiaries, and the impact of its activities on the communities in which it operates and the environment.

The charity is conscious of its impact on the environment. The entity shares premises with its ultimate parent and participates in recycling schemes, paper saving initiatives and a range of energy efficiency measures. The charity itself has a limited direct impact on the environment, other than staff commuting to work, energy and consumables use and a relatively modest travel footprint.

Share capital and dividends

The charity's authorised share capital of 100 ordinary shares of £1 each was issued at par upon incorporation and is held by CAF America.

The charity's regulations state that no dividends shall be paid to shareholders. They also preclude shareholders from participating in the distribution of any remaining property should the charity be wound up or dissolved.

Public benefit

The aim of the charity is to encourage, support and develop the work of charities in the UK, the USA and elsewhere in the world by providing a range of services which ensure the most effective handling and distribution of charity funds. The activities provide public benefit by creating value for other charities and organisations around the world in carrying out exclusively charitable activities.

When reviewing the charity's aims and objectives and in planning future activities and setting the grantmaking policy, the Trustees paid due regard to the guidance issued by the Charity Commission, HM Revenue & Customs and the US Internal Revenue Services.

Fundraising

There have been no UK fundraising activities undertaken in the current or preceding year.

Grantmaking policy

The charity supports cross-border tax-effective giving by enabling donors liable for tax in both the UK and the USA to obtain tax relief in both countries on their charitable giving. Donors suggest, but they may not direct, how the Trustees might distribute their donation. This may be to organisations carrying out charitable activities across the world.

Each grant suggestion is reviewed having regard for grantmaking guidance issued by the Charity Commission, HM Revenue & Customs and the US Department of the Treasury and Internal Revenue Service. If it is considered that a donor's suggestion is not in accordance with issued guidance, then steps are taken to ensure that the funds are paid to an organisation with similar charitable objects.

The Trustees always seek feedback from the beneficiary charities on the actual use of grants given, and the achievements made, to monitor the effective use of grants made.

Funds received to support grantmaking are held as designated funds pending distribution to beneficiary charities. Grants are only awarded up to a level equal to the funds already contributed and received from donors. No grants are awarded in anticipation of future income.

Reserves policy

The charity's policy is to maintain, but not exceed, an appropriate level of reserves to support the activities of the charity, taking into account the risks to which it is exposed and existing and projected future levels of income and expenditure.

The policy and determination of the required level of reserves are set in accordance with Charity Commission guidelines and are reviewed annually by Trustees.

In determining the appropriate level of reserves, Trustees consider the risks inherent in the charity's activities including operating risk, credit risk, liquidity risk and other risks to which it may be exposed. They also consider the charity's operating environment, including regulatory changes that may impact the required level of reserves.

The free reserves of the charity are determined as its unrestricted funds less funds which have been designated for future grantmaking. Funds received to support future grantmaking are classified as designated funds upon receipt. At 30 April 2021, £87.1m (2020: £75.5m) of the charity's unrestricted funds were designated for future grantmaking and consequently the charity's free reserves were £1,255,000 (2020: £828,000).

This level of free reserves is considered by the Trustees to be adequate to meet their plans for the coming year.

Going concern

In order to assess the appropriateness of the going concern assumption basis, the Trustees have considered the charity's financial position, liquidity, unrestricted reserves and forecasts for the foreseeable future taking into account the principal risks to which the charity is exposed. Recognising the uncertainty associated with predicting the

economic impact of Covid-19, in particular, the Trustees have considered the impact of a severe economic outcome on the charity and the effectiveness of management actions that might be taken to mitigate the impact of this stress. Trustees have also considered the circumstances under which the operations of the charity would be unable to continue. After taking into account the current level of the charity's cash and reserves and the financial performance since 30 April 2021, the Trustees have concluded that the risk of this situation occurring is remote.

Accordingly, and after making appropriate enquiries, the Trustees have a reasonable expectation that the charity will be able to continue in operation and meet its liabilities as they fall due for at least 12 months from the date of signing of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Investment powers and policy

The Trustees have the power to invest in such investments, securities or property as they see fit.

The investment policy relating to designated funds is to provide a high degree of security and liquidity. Financial assets are generally held in bank deposits or money market deposits with maturities between three months and one year. Bank deposits and money market deposits are held with major UK banks, as approved by CAF's Investment Advisory Committee.

Investments held for Premier Donor Advised Funds (PDAFs) are aligned with the charitable objectives advised by each donor. As a result, this portfolio consists of a range of investments which may be held over the longer term, comprising pooled investment funds, equities and bonds. Funds held for PDAFs may also be managed on a discretionary basis by an investment manager in portfolios attributable to donations received from individual donors.

Related parties

CAF America, the charity's immediate controlling party, provides administrative support services to the charity.

CAF, the charity's ultimate parent, provides the charity with administrative and managerial services.

Details of the related parties and the transactions with these entities during the year are included in notes 13 and 14.

Post balance sheet events

There have been no significant post balance sheet events.

Statement of Trustees' responsibilities in respect of the Trustees' Report and the financial statements

The Trustees (who are also directors of Southampton Row Trust Limited for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with 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'.

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each person who is a Trustee at the date of approval of this report confirms that:

1. so far as the Trustees are aware, there is no relevant audit information of which the charity's auditor is unaware; and
2. the Trustees have taken all the steps that he or she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to appoint the auditors of the charity and to agree their remuneration will be submitted to the Trustees.

The Trustees' report on pages 2-8 was approved by the Trustees and signed on their behalf on 9 August 2021.



Mike Dixon
Trustee

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Southampton Row Trust Limited (the 'charitable company'):

- Give a true and fair view of the state of the charitable company's affairs as at 30 April 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with united kingdom generally accepted accounting practice, including financial reporting standard 102 "the financial reporting standard applicable in the uk and republic of ireland"; and
- Have been prepared in accordance with the requirements of the companies act 2006.

We have audited the financial statements which comprise:

- The statement of financial activities;
- The balance sheet;
- The cash flow statement; and
- The related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 charitable company'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.

Other information

The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purpose of company law) 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHAMPTON ROW TRUST LIMITED

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charitable company's industry and its control environment, and reviewed the charitable company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the charitable company operates in, and identified the key laws and regulations that:

- Had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Charities Act, UK Companies Act, and tax legislation; and

- Do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included the Charity Commission for England and Wales (Charity Commission) regulations, and money laundering and bribery legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address them are described below:

- Income from new major donors: we obtained an understanding of controls by performing walkthroughs; we tested a sample of donations from new major donors to assess whether the income was recognised appropriately; where donations from new major donors had been received, we tested a sample of cash receipts and agreed them to bank statements; we tested completeness during the period by reference to client lists and files and testing a sample of cash receipts;
- Grants paid to new overseas charities: we obtained an understanding of controls by performing walkthroughs; we obtained source documentation for a sample of donations paid to assess whether awards had been communicated by the donor to the charity and communicated in turn to the beneficiary; we tested a sample of beneficiaries to confirm that the validation and due diligence process had been performed per the charity's policies; we tested completeness through sample testing of cheques, instructions from clients and cash disbursements; where grants were subject to the beneficiary fulfilling conditions, we tested the fulfilment of those conditions and, where relevant, the deferral of the grants.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making

accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- Reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- Reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report included within the trustees' report.

Matters on which we are required to report by exception

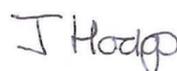
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jessica Hodges ACA

Senior statutory auditor

For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

12 August, 2021

STATEMENT OF FINANCIAL ACTIVITIES

INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT

For the year ended 30 April 2021

Notes	Unrestricted general funds		Unrestricted designated funds				Total	
	2021	2020	Donor advised funds and gifts		Premier donor advised funds		2021	2020
	£000	£000	2021	2020	2021	2020	£000	£000
Income from								
Donations	797	724	61,557	63,777	21,050	14,987	83,404	79,488
Investments	125	234	-	-	480	999	605	1,233
Foreign exchange gains	-	-	-	394	-	822	-	1,216
Total income	922	958	61,557	64,171	21,530	16,808	84,009	81,937
Expenditure on								
Charitable activities:								
Grants payable to charities	72	557	50,973	65,819	22,716	16,368	73,761	82,744
Cost of charitable activities	406	385	7	37	76	90	489	512
Loan loss provision	-	-	-	-	(39)	(14)	(39)	(14)
Foreign exchange losses	17	-	810	-	1,167	-	1,994	-
Total expenditure	495	942	51,790	65,856	23,920	16,444	76,205	83,242
Net income/(expenditure) before net gains on investments								
	427	16	9,767	(1,685)	(2,390)	364	7,804	(1,305)
Net gains/(losses) on investments	-	-	258	(6)	3,982	(797)	4,240	(803)
Transfers between funds	-	-	-	(162)	-	162	-	-
Net income/(expenditure)	427	16	10,025	(1,853)	1,592	(271)	12,044	(2,108)
Reconciliation of funds								
Total funds brought forward	828	812	16,262	18,115	59,208	59,479	76,298	78,406
Total funds carried forward	1,255	828	26,287	16,262	60,800	59,208	88,342	76,298

The results are derived from ongoing operations, and all gains and losses arising in the current and preceding year are included in the above Statement of Financial Activities.

The notes on pages 15-22 form part of these financial statements.

CASH FLOW STATEMENT

For the year ended 30 April 2021

	2021		2020	
	£000	£000	£000	£000
Cash flows from operating activities				
Net cash used in operating activities		(2,657)		(8,539)
Cash flows from investing activities				
Proceeds from sale of investments	22,941		12,364	
Purchases of investments	(14,677)		(8,252)	
Net movement in other term and money market deposits	3,460		(49)	
Premier Donor Advised Funds investment income received	526		1,021	
(Increase)/decrease in investment portfolio cash	(1,519)		918	
Net cash generated from investing activities		10,731		6,002
Change in cash and cash equivalents in the year		8,074		(2,537)
Cash and cash equivalents as at 1 May		45,042		48,726
Change in cash and cash equivalents due to exchange rate movements		1,861		(1,148)
Cash and cash equivalents as at 30 April		54,977		45,042
Reconciliation of net income to cash flows from operating activities				
Net income/(expenditure) for the year		12,044		(2,108)
Non-cash donations received		(7,450)		(7,884)
(Gains)/losses on investments		(4,240)		803
Decrease in loans to charity		49		10
Decrease in loan loss provision		(49)		(10)
Decrease/(increase) in other debtors		8		(220)
(Decrease)/increase in grants payable		(709)		702
Increase in creditors		31		19
Premier Donor Advised Funds investment income received		(480)		(999)
Unrealised (loss)/gain on foreign currencies		(1,861)		1,148
Net cash used in operating activities		(2,657)		(8,539)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2021

1. Accounting policies

The principal accounting policies and judgements used in the preparation of the financial statements are:

1.1. Basis of preparation

These financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the Charities SORP (FRS 102).

Southampton Row Trust Limited is a UK charitable company limited by shares and incorporated in the UK under the Companies Act 2006 and registered with the Charity Commission for England and Wales. The address of the charity's registered office is shown on page 2.

The charity meets the definition of a public benefit entity under FRS 102.

The principal activities and the nature of the charity's operations are set out in the strategic report on pages 4-8.

The functional currency is considered to be pounds sterling because that is the currency of the primary economic environment in which the charity operates.

1.2. Going concern basis

In order to assess the appropriateness of the going concern assumption basis, the Trustees have considered the charity's financial position, liquidity, unrestricted reserves and forecasts for the foreseeable future taking into account the principal risks to which the charity is exposed. Recognising the uncertainty associated with predicting the economic impact of Covid-19, in particular, the Trustees have considered the impact of a severe economic outcome on the charity and the effectiveness of management actions that might be taken to mitigate the impact of this stress. Trustees have also considered the circumstances under which the operations of the charity would be unable to continue. After taking into account the current level of the charity's cash and reserves and the financial performance since 30 April 2021, the Trustees have concluded that the risk of this situation occurring is remote.

Accordingly and after making appropriate enquiries, the Trustees have a reasonable expectation that the charity will be able to continue in operation and meet its liabilities as they fall due for at least twelve months from the date of signing of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

1.3. Fund accounting

All of the charity's funds constitute unrestricted funds. Details of the nature and purpose of its funds are set out in note 10.

1.4. Income recognition

a) Donations

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

Non-cash donations principally comprise share gift donations which are recognised as donations received at the market value on the date of gift.

In the event that a donation or grant is subject to conditions, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled.

b) Investment income

Interest receivable on term and money market deposits with banks is recognised using the effective interest method over the term of the deposit. Dividends are recognised once the dividend has been declared and notification has been received of the value of the dividend due.

1.5. Expenditure recognition

Expenditure is recognised as soon as there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Grants payable are payments where the grant has been approved by the Trustees and the beneficiary charity has been formally notified in writing of the award. This notification gives the recipient a reasonable expectation that they will receive the grant. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award, or once the grant has been paid, whichever is the earlier. Grant awards that are subject to the recipient fulfilling performance conditions are accrued when any remaining unfulfilled conditions attaching to that grant are outside of the control of the charity.

Governance costs comprise costs involving the public accountability of the charity and its compliance with regulation and good practice, and are included within support costs.

Irrecoverable VAT is charged as a cost.

1.6. Allocation of support costs

All expenses are allocated or apportioned to the applicable fund. Support costs, unless directly attributable, are charged to the general fund. Support costs comprise costs of certain central functions which underpin the delivery of our services such as information systems, finance, executive management and governance.

1. Accounting policies continued

1.7. Pension costs

There were no employees of the charity in the current or the previous year. All administrative services are provided by employees of Charities Aid Foundation (CAF), the charity's ultimate parent (see note 13). The charity paid a management charge and fees to CAF for these services which included an element in respect of the cost of defined contribution pension arrangements.

1.8. Foreign currencies

Sterling is the functional and reporting currency. Transactions in foreign currencies are translated to sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to sterling at the exchange rate ruling at that date.

Exchange differences arising are taken to the Statement of Financial Activities (SOFA).

1.9. Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10. Basic financial instruments

a) Balances with banks

On demand balances and short-term deposits represent 'cash and cash equivalents' and include the charity's cleared and uncleared balances held at clearing banks which are available on demand or have an original maturity date of three months or less.

Other term and money market deposits represent balances with an original maturity of more than three months and less than five years. These are shown at the lower of cost or estimated realisable value.

b) Financial investments

A pool of investments may be held for Premier Donor Advised Funds (PDAF) to achieve an investment return to fund future grants to charitable causes. The value of the investments determines the funds available for grantmaking at any point in time.

Basic financial instruments held as 'Financial investments' are, therefore, measured initially at fair value, which is normally the transaction price. Transaction costs are expensed in the SOFA (where material) if the investments are subsequently measured at fair value through profit and

loss. Subsequent to initial recognition all types of investments, including debt securities, which can be measured reliably are measured at fair value with changes recognised in the SOFA. Where the fair value of such investments cannot be reliably measured because, for example, they are not publicly traded, the investments are measured at cost less impairment.

c) Debtors and creditors

Debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid.

Creditors are recognised where there is a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any discounts due.

d) Concessionary loans receivable

Concessionary loans may be receivable from other charities as a result of loans advanced by the charity. Such loans are advanced at concessionary (non-market) rates of interest, which may include interest-free loans. These are initially recognised at the amount advanced to the borrower and are subsequently measured at the amount advanced less amounts received less any impairment.

Loans are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence can include default or delinquency by a borrower, restructuring of a loan or advance on terms the charity would otherwise not consider, or indications that a borrower may become insolvent.

If there is evidence of impairment leading to an impairment loss then the amount of the loss is determined as the difference between the carrying amount of the loan, including accrued interest, and the estimated recoverable amount. The carrying amount of the loan is reduced by the use of an allowance account and the amount of the loss is recognised in the SOFA.

1.11. Significant estimates and judgements

There have been no significant estimates or judgements necessary in the preparation of these financial statements.

2. Investment income

	Unrestricted general funds		Unrestricted designated funds				Total	
			Donor advised funds and gifts		Premier donor advised funds			
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Dividends received	-	-	-	-	454	687	454	687
Interest on balances with banks	125	234	-	-	26	312	151	546
	125	234	-	-	480	999	605	1,233

3. Grants paid to charities

	2021		2020	
	No. of grants	£000	No. of grants	£000
Charitable sector				
Animal welfare	10	113	8	175
Arts, culture, heritage or science	201	5,786	227	7,007
Citizenship or community development	88	2,685	116	2,273
Education	427	25,502	396	23,438
Environmental protection or improvement	56	1,182	50	617
Health	130	19,545	166	37,828
Human rights or conflict resolution	60	2,099	40	2,015
Armed forces and the emergency services	4	155	11	76
Relief of poverty	57	1,178	70	903
Relief of those in need	132	3,699	135	3,797
Religion	135	1,301	105	2,339
Amateur sport	4	33	8	77
Other charitable purpose	48	10,483	44	2,199
	1,352	73,761	1,376	82,744

No grants were paid to individuals (2020: none).

4. Cost of charitable activities

Cost of charitable activities includes the following	2021 £000	2020 £000
Allocated support costs paid to:		
CAF (see notes 13 and 14)	391	367
CAF America (see notes 13 and 14)	15	76
Other direct costs	83	69
	489	512
Other support costs consisting of governance costs:		
Fees payable to the charity's auditor for the audit of the charity's annual accounts (excluding irrecoverable VAT)	21	19
Legal and professional expenses	17	15

5. Staff costs and Trustees

There were no employees in the current or the previous year. All administrative services were provided by employees of CAF. The charity paid a management charge and fees for these services (see note 4).

None of the Trustees received any remuneration or reimbursement of expenses during the current or the previous year, nor were any expenses paid on their behalf. None of the Trustees had an interest in the shares of the company or in any associated entity during the current or the previous year.

6. Financial investments

The following tables show the carrying amounts of financial investments held at fair value in respect of Premier Donor Advised Funds (PDAFs), which form part of the charity's unrestricted designated funds.

PDAF funds are held pending the receipt of suggestions for onward donations from the original donor. Until such suggestions are received and grants are subsequently approved by the Trustees, there is no constructive obligation or liability to pay a defined amount within a set time period to a beneficiary. A proportion of the funds contributed by donors to their PDAF is typically held in cash in order to meet short-term giving expectations, with the balance invested to meet medium- to long-term philanthropic objectives. The approval by the Trustees of grants from PDAF funds is planned by reference to the market values and liquidity profile of the assets held for a PDAF.

	2021 £000	2020 £000
Held at fair value for unrestricted designated funds		
At 1 May	26,807	23,838
Additions	22,128	16,136
Disposal proceeds	(22,941)	(12,364)
Realised gains	1,653	608
Unrealised (gains)/losses	2,587	(1,411)
	30,234	26,807
Investment portfolio cash	2,097	578
At 30 April	32,331	27,385
Historical cost of investments held at fair value	24,874	24,023

The following hierarchy is used to estimate the fair value of investments:

Level 1 The quoted price for an identical asset in an active market.

Level 2 When quoted prices are unavailable, the fair value is taken as the price of a recent transaction for an identical asset (derived from market data).

Level 3 If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, a valuation technique is used to estimate the fair value. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations. If the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the assets are valued at cost less impairment until a reliable measure of fair value becomes available.

Represented by	2021		2020	
	Level 1 £000	Total £000	Level 1 £000	Total £000
Listed securities				
Overseas Government fixed interest	730	730	1,994	1,994
Other fixed interest	-	-	688	688
UK equities	273	273	173	173
Overseas equities	4,819	4,819	2,880	2,880
CAF investment funds:				
IFSL CAF UK Equity Fund	-	-	141	141
IFSL CAF International Equity	16	16	12	12
Unit trusts and other pooled investments	23,951	23,951	20,749	20,749
Investment trusts	445	445	170	170
	30,234	30,234	26,807	26,807
Investment portfolio cash	2,097	2,097	578	578
	32,331	32,331	27,385	27,385

No level 2 or level 3 assets were held at 30 April 2021 or 2020.

7. Loans to charities

	Unrestricted designated funds					
	Donor advised funds and gifts		Premier donor advised funds		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Concessionary loans						
Amounts receivable in less than one year	-	-	57	57	57	57
Amounts receivable in one to five years	-	-	7	56	7	56
Less: Provisions	-	-	(64)	(113)	(64)	(113)
	-	-	-	-	-	-

Concessionary loans may be receivable from other charitable organisations as a result of loans advanced by the charity at concessionary (non-market) rates of interest. There were no concessionary loans committed but not taken up at the reporting date.

8. Debtors

	Unrestricted designated funds							
	Unrestricted general funds		Donor advised funds and gifts		Premier donor advised funds		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Interest and dividends receivable	5	50	-	-	9	56	14	106
UK income tax recoverable	-	-	386	286	812	875	1,198	1,161
Other debtors	2	2	-	-	-	-	2	2
	7	52	386	286	821	931	1,214	1,269

9. Creditors

	Unrestricted designated funds							
	Unrestricted general funds		Donor advised funds and gifts		Premier donor advised funds		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Amounts due to:								
CAF	44	19	-	-	-	-	44	19
CAF America	26	13	-	-	-	-	26	13
Other creditors	38	45	-	-	-	-	38	45
	108	77	-	-	-	-	108	77

In addition to the amounts shown above as payable to CAF America, grants payable from the unrestricted general funds include £72k (2020: £79k) which is due to CAF America.

In addition to the amounts shown above as payable to CAF, grants payable from the unrestricted general funds include £nil (2020: £300k) which is due to CAF.

The intercompany balances, none of which represent loan arrangements, are interest free and repayable on demand.

10. Charitable funds

All of the charities funds constitute unrestricted funds as follows:

General funds

General funds are credited with surpluses arising from operations and are expendable at the discretion of the Trustees in the furtherance of the charity's objectives.

Designated Donor Advised Funds and Gifts

The assets representing these funds have been gifted to the charity by donors. Donors may make suggestions (they may not direct) to the charity's Trustees regarding the distribution of their donations to charitable organisations based across the world.

Designated Premier Donor Advised Funds

The assets representing these funds have been gifted to the charity by donors and are invested to generate an income which may be distributed to charities in addition to any capital distribution. Donors who have created a Trust Fund with the charity may make suggestions (they may not direct) to the charity's Trustees regarding the distribution of the income and capital to charitable organisations based across the world.

Transfers between funds

Transfers between funds have arisen upon donors requesting that their donations are held under one of the charity's other giving funds.

11. Called up share capital

	2021 £	2020 £
Authorised, allotted, issued and fully paid		
100 ordinary shares of £1 each	100	100

The charity's regulations state that no dividends shall be paid to shareholders. They also preclude shareholders from participating in the distribution of any remaining property should the charity be wound up or dissolved.

12. Reconciliation of shareholders' funds

	2021 £	2020 £
Opening shareholders' funds	100	100
Result for the year and net additions to shareholders' funds	-	-
Closing shareholders' funds	100	100

13. Parent and ultimate parent entity

All of the charity's issued share capital is owned by Charities Aid Foundation of America (CAF America). The charity's Trustees are appointed by its existing Trustees or by the Board of Directors of CAF America. CAF America is the charity's controlling entity and the smallest group into which the charity is consolidated. CAF America is a US 501(c)(3) public charity recognised by the US Internal Revenue Service. CAF America is incorporated in the State of Delaware. CAF America's headquarters are located at: 225 Reinekers Lane, Suite 375, Alexandria, VA 22314 USA.

Charities Aid Foundation (CAF), UK registered charity number 268369, has the power to appoint and remove the members of CAF America at any time and accordingly CAF is the charity's ultimate controlling entity and the largest group into which the charity is consolidated. The accounts of CAF can be obtained from CAF at: 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4TA.

14. Related party transactions

CAF America

During the year the charity awarded grants of £1,874,565 (2020: £1,025,551) to CAF America. Of this amount, £1,802,217 (2020: £946,097) was awarded and paid from the charity's Donor Advised Funds and was for the credit of similar donor advised funds held by CAF America. A grant of £72,348 (2020: £79,453) was awarded from the charity's general fund for CAF America's general purposes. This general fund grant was unpaid by the charity at 30 April 2021 and 2020.

In addition, the charity was charged £14,649 (2020: £76,098) by CAF America for the provision of administration support services for the year. At the balance sheet date £25,758 was due to CAF America (2020: £12,735).

Charities Aid Foundation (CAF)

During the year the charity awarded grants of £10,644,370 (2020: £356,354) to CAF. Of this amount, £10,644,370 (2020: £56,354) was awarded and paid from the charity's Donor Advised Funds and was for the credit of similar donor advised funds held by CAF. A grant of £nil (2020: £300,000) was awarded from the charity's general fund for CAF's general purposes.

The charity was charged £391,494 (2020: £367,436) by CAF for the provision of administration services for the year. At the balance sheet date, £44,050 (2020: £19,248) was unpaid by the charity.

CAF AMERICAN DONOR FUND (CADF)

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