

**Epworth Cash Plus Fund for Charities**  
(Formerly the Affirmative Deposit Fund for Charities)

Unaudited accounts

6 month period to  
31 October 2021

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# Report of the Chief Executive Officer

Welcome to the unaudited report and accounts of the Epworth Cash Plus Fund for Charities for the 6 month period to 31 October 2021. During this period, the fund name was changed from the Affirmative Deposit Fund for Charities to the Epworth Cash Plus Fund for Charities. This is to align it with the other funds which Epworth Investment Management Limited offers exclusively to charities. The fund remains a common deposit fund, and is also a charity in its own right. The fund is an Alternative Investment Fund (an AIF) and is regulated by the Charity Commission and the FCA. The Scheme Particulars have been revised to reflect changes required by the United Kingdom's exit from the European Union.

During the period, the customer balances fluctuated from £531,419,732 on 30 April 2021 to £517,573,983 on 31 October 2021. Customer balances hit a high point during the period of £582,323,396 on 14 June 2021. The low point during the period occurred on 26 October 2021 when customer balances were £511,999,816.

The fund invests customer deposits across a range of appropriate counterparties. During the period, the market rates offered by these counterparties continued to be extremely low and the distribution after fees for the period was constant at 0.01%. To maintain this positive distribution, the Manager has substantially reduced its fees for part of the period.

Epworth Investment Management Limited is the manager of the fund, and regularly reviews the credit worthiness and standing of the counterparties in which the fund invests. There have been no defaults by the underlying counterparties since the Fund was launched in 2006. The manager also ensures that the duration of the Fund (the average term of the underlying deposits) appropriately matches the likely depositor flows with the enhanced returns that are available on longer term deposits. The Deposit Fund of the Central Finance Board of the Methodist Church provides a stable core to the depositor balance in the Fund. The Fund's credit and duration exposures and depositor flows are constantly monitored under the manager's Liquidity management policy and reported to the Board of the manager every six months.

## Responsibilities

The Schemes of the Charity Commissioners, made under Sections 96-99 of the Charities Act 2011, dated 27 February 2007, 22 September 2009, 2 February 2010 and 28 February 2011 as amended on 13 August 2014, 22 July 2015 and 7 May 2021 define the responsibilities, duties and powers of the Trustee and Manager.

### Responsibilities of the Depositary

The Depositary must ensure that the Funds are managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, ("The Sourcebook"), the Alternative Investment Fund Managers Directive, ("AIFMD") (together "The Regulations") and the Funds' Scheme Particulars.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Funds and their investors.

The Depositary is responsible for the safekeeping of the assets of the Funds in accordance with the Regulations.

The Depositary must ensure that :

- the Funds' cash flows are properly monitored and that the cash of the Funds is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the assets under management and the net asset value per share of the Funds are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Funds' assets is remitted to the Fund within the usual time limits;
- that the Funds' income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Funds are managed in accordance with the Scheme Particulars in relation to the investment and borrowing powers applicable to the Funds.

### Responsibilities of the Corporate Trustee

The Corporate Trustee is required by the Schemes to:

- (a) ensure the Manager's compliance with the Schemes and the Scheme Particulars;
- (b) appoint and supervise the Registrar;
- (c) safeguard the assets of the Fund and collect all income due to the Fund;

- (d) create and cancel units in accordance with the instructions of the Manager;
- (e) make distributions to Participating Charities;
- (f) prepare an annual report and inform the Charity Commission if it is not satisfied with the Manager's compliance with the Schemes or Scheme Particulars;
- (g) be responsible for any winding up of the Funds.

### Responsibilities of the Manager

The Manager is required by the Schemes to:

- (a) instruct the Trustee of creation and cancellation of units;
- (b) manage the investments of the Fund;
- (c) carry out regular valuations of the unitised Funds and ensure units are correctly priced;
- (d) make and revise the written statement of the investment policy of the Funds;
- (e) make and revise the Scheme Particulars;
- (f) keep a record of units purchased or sold on behalf of the Trustee, or in the case of the Epworth Cash Plus Fund keep a daily record the receipt and repayment of deposits;
- (g) make all records of the Funds available for inspection by the Trustee;
- (h) prepare a report and accounts of the Fund for each accounting period;
- (i) appoint the auditor of the Fund;

The Manager is required in accordance with UK Generally Accepted Accounting Principles to:

- select suitable accounting policies that are appropriate for the Funds and apply them on a consistent basis;
- comply with the disclosure requirements of the Charities (Accounts and Reports) Regulations 2008;
- follow law and UK accounting standards (UK Generally Accepted Accounting Practice);
- keep proper accounting records which enable them to demonstrate that the accounts as prepared comply with the above requirements;
- make judgements and estimates which are reasonable and prudent;
- prepare the accounts on the basis that the Funds will continue in operation unless it is inappropriate to do presume this.

The Manager is required to manage and administer the Funds in accordance with the Schemes, maintain accounting records and take reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee has appointed the Manager as Registrar to the Funds.

## **Approval of the financial statements**

The financial statements of the Epworth Cash Plus Fund for Charities for the period to 31 October 2021 were approved by the Manager and are signed on behalf of the Manager by:

David Palmer  
Director, Epworth Investment Management Limited  
21 December 2021

Marina Phillips  
Secretary, Epworth Investment Management Limited  
21 December 2021

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# Epworth Cash Plus Fund for Charities

## Investment objectives and policy

The Fund's Investment Objective is to achieve a competitive level of income from cautious investment in a highly liquid portfolio of investments, whilst maintaining the ability of depositing charities to make withdrawals at short notice.

Please note that the Fund is not a money market fund. The Fund's returns may be more volatile than those of money markets and there is a risk that you may not receive back the amount invested.

The Fund's Investment Policy is to invest money with banks and other institutions which meet rigorous criteria based on independent credit ratings and total asset size, with a maximum average maturity date for the investments of no more than 180 days.

The Fund has an objective to outperform, before the deduction of charges, the Bank of England Sterling Overnight Interbank Average (SONIA) by 0.4% over rolling 12 month periods.

Risk is minimised by limiting the proportion of the Fund deposited with any single bank or other institution and is also minimised through diversification by lending to banks and institutions in a number of different banking groups.

## Risk warning

The Trustee and the Fund Manager undertake to use due skill, care and diligence in carrying out their duties under the Epworth Cash Plus Fund for Charities Scheme, but whilst complying with this undertaking in relation to the investment of the Fund, they cannot give guarantees regarding the repayment of deposits.

The Epworth Cash Plus Fund is exempt from the Financial Services and Markets Act 2000 and depositing charities are not eligible for the Statutory Investors Compensation Scheme or the services of the Financial Services Ombudsman. The Fund Manager is however authorised and regulated by the Financial Services Authority.

The current interest distribution is no guarantee of future returns.

The Fund will not invest more than 20% of its assets with any single bank or banking group with a credit rating of Aaa, and will set lower levels of investment for lesser credit rating banks. There is no restriction on the amount that may be invested with Her Majesty's Government.

The Fund's investments may include:

- Sterling denominated deposit accounts with any deposit-taking firm;
- Sterling denominated negotiable certificates of deposit with any deposit-taking firm;
- Sterling denominated deposits with any local authority in the United Kingdom;
- Sterling denominated fixed and floating rate securities issued by any deposit-taking firm;
- Treasury bills or other securities issued or guaranteed by Her Majesty's Government.

The Fund must maintain at least 10% of its assets in investments realisable within 5 business days and the remainder repayable within a period not exceeding two years (except floating rate securities). The Average Maturity Date of the investments of the Fund will not exceed 180 days.

# Epworth Cash Plus Fund for Charities

## Statement of total return

For the 6 month period ended 31 October 2021

	Note	6 mths to 31.10.21 £'000s	6 mths to 31.10.20 £'000s
Income: revenue		450	1,265
Expenses	2	(244)	(256)
Net revenue after taxation		206	1,009
Total return before distributions		206	1,009
Distributions		(481)	(1,996)
Change in net assets attributable to unit holders from investment activities		(275)	(987)

## Balance sheet

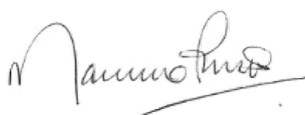
As at 31 October 2021

	Note	31.10.20 £'000s	30.04.21 £'000s
<b>Assets</b>			
Investments - deposits with authorised banks		518,097	531,984
<b>Current assets:</b>			
Debtors	5	228	521
Cash and bank balances		66	12
<b>Total assets</b>		<b>518,391</b>	<b>532,517</b>
<b>Liabilities</b>			
Creditors - other creditors	8	(80)	(85)
<b>Total liabilities</b>		<b>(80)</b>	<b>(85)</b>
<b>Net assets attributable to unitholders</b>		<b>518,311</b>	<b>532,432</b>
<b>Represented by:</b>			
Current deposits		493,574	497,420
Term deposits		24,000	34,000
Income reserve	9	737	1,012
		<b>518,311</b>	<b>532,432</b>

Balance sheet approved and signed on behalf of the Manager by:



David Palmer, Director  
21 December 2021



Marina Phillips, Secretary  
21 December 2021

## Total expense ratios

Expense type	31.10.21 %	30.04.21 %
Manager's periodic charge (inc VAT)	0.24	0.24
Corporate Trustee's charge (inc VAT)	0.02	0.02
Other expenses	0.03	0.03
<b>Total expense ratio</b>	<b>0.29</b>	<b>0.29</b>

# Epworth Cash Plus Fund for Charities

## Summary of deposits by credit rating

Rating band	31.10.21 £000's	31.10.21 %	30.04.21 £000's	30.04.21 %
Aa1	78,193	15.1	108,194	20.3
Aa2	23,864	4.6	16,009	3.0
Aa3	48,539	9.4	76,689	14.4
A1	367,501	70.9	326,092	61.3
NR	-	-	5,000	1.0
Total	518,097	100.0	531,984	100.0

## Income and net asset value history

Year/period	Net asset value £ 000's	Average distribution %	Average distribution AER %	LIBID (net of expenses) %
2016	449,956	0.53	0.53	0.09
2017	497,519	0.35	0.35	(0.16)
18 months to 30.04.19	465,674	0.48	0.48	0.42
Year to 30.04.20	461,831	0.70	0.70	0.22
Year to 30.04.21	531,420	0.37	0.37	n/a
6 months to 31.10.21	517,574	0.01	0.01	n/a

## Distributions paid

For the 6 month period ended 31 October 2021

Distribution period	Net income per unit %	Equalisation per unit	Distribution payable per unit %	Date Payable
30 April 2021 - 30 May 2021	0.01	0.00	0.01	31 May 2021
31 May 2021 - 29 June 2021	0.01	0.00	0.01	30 June 2021
30 June 2021 - 30 July 2021	0.01	0.00	0.01	31 July 2021
31 July 2021 - 30 August 2021	0.01	0.00	0.01	31 August 2021
31 August 2021 - 29 September 2021	0.01	0.00	0.01	30 September 2021
30 September 2021 - 30 October 2021	0.01	0.00	0.01	31 October 2021
Average rate and total paid for the period	0.01		0.01	



# Epworth Cash Plus Fund for Charities

## Summary of deposits

As at 31 October 2021

By maturity Repayable	31.10.21 £'000s	31.10.21 %	30.04.21 £'000s	30.04.21 %
On call	40,500	7.8	60,510	11.4
Within 5 business days	38,500	7.5	41,670	7.8
1 month	61,970	12.0	82,101	15.4
2 months	101,688	19.6	107,202	20.2
3 months	95,446	18.4	82,501	15.5
6 months	55,000	10.6	105,000	19.7
1 year	94,993	18.3	53,000	10.0
2 years	30,000	5.8	-	-
Total	518,097	100.0	531,984	100.0

## Summary of deposits by banking group

As at 31 October 2021

	31.10.21 %	30.04.21 %
Development Bank of Singapore (DBS)	12.6	16.9
Mitsubishi UFJ Trust and Banking Corporation	12.5	12.2
Lloyds	9.7	10.3
Credit Suisse	9.0	0.4
Nationwide Building Society	8.7	7.5
Sumitomo Mitsui Banking Corporation Europe	8.7	1.0
Goldman Sachs International Bank	5.8	-
Barclays	4.8	10.4
Standard Chartered	4.8	4.8
Societe Generale	3.9	-
Landesbank Baden-Wuerttemberg	3.5	4.1
Santander	2.9	9.4
BNP Paribas	2.9	5.8
Toronto Dominion	2.6	3.4
Bank of Nova Scotia	1.9	2.3
Nordea Bank	1.9	0.9
Royal Bank of Canada	1.6	-
Commonwealth Bank of Australia	1.0	1.9
CIBC	0.8	0.8
SE Banken	0.3	-
HSBC	0.1	2.0
Sumitomo Mitsui Trust Bank	-	2.8
CIC	-	1.3
Mizuho Bank	-	0.9
Svenska Handelsbanken Group	-	0.9
Total	100.0	100.0

# Epworth Cash Plus Fund for Charities

## Notes to the accounts

### 1. Accounting policies

#### (a) Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with 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", the Statement of Recommended Practice issued by the Investment Management Association in 2014, the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the relevant Scheme of the Charity Commissioners.

#### (b) Income recognition

Interest on bank and building society deposits is accrued on a daily basis. Premiums and discounts arising on the purchase of short dated investments held by the Fund are taken to a Redemption Equalisation account and amortised on a straight line basis from the date of purchase to maturity. This amortisation is taken to Income account.

#### (c) Management expenses

The Manager's periodic charge paid to Epworth Investment Management Limited is charged to the income of the Fund before distribution at a rate of 0.20%, plus VAT, of the value of the Fund. This fee covers the provision of staff and investment services and other expenses incurred by the Manager. The Corporate Trustee fee, audit and legal fees, and bank charges are charged separately to the income of the Fund before distribution.

#### (d) Distributions

All income of the Fund, after deduction of management and other expenses, and transfers to/from income reserve, is distributed to depositors.

#### (e) Basis of valuation

The Money Market Deposits, all of which are with banks, have been valued at cost.

### 2. Expenses

	6 mths to 31.10.21 £'000s	Year to 30.10.20 £'000s
Payable to the Manager or associates		
Manager's periodic charge – see Note 1(c)	153	163
	153	163
Payable to the Corporate Trustees or associates and agents of either of them:	70	67
Other expenses:		
Audit fee	4	8
Custody charges	10	-
Bank charges	7	18
Other	-	-
Other expenses	21	26
Total expenses	244	256

### 3. Taxation

The Fund is exempt from UK income tax and capital gains tax due to its charitable status pursuant to Sections 478 and 479 of the Corporation Tax Act 2010. Distributions are credited gross to depositors.

### 4. Deposits with authorised banks

Deposits are with financial institutions who have permission under Part 4 of the Financial Services and Markets Act 2000 to accept deposits.

### 5. Debtors

	31.10.21 £'000s	30.04.21 £'000s
Interest receivable	228	521
Total debtors	228	521

### 6. Current & term deposits

	31.10.21 £'000s	30.04.21 £'000s
Central Finance Board of the Methodist Church Deposit Fund	370,428	354,363
Epworth UK Equity Fund	318	6,768
Epworth Global Equity Fund	840	370
Epworth Multi-Asset Fund	350	7,498
Epworth Sterling Sovereign Bond Fund	420	447
Epworth Corporate Bond Fund	2,443	300
Epworth Climate Stewardship Fund	83	892
Other Charities	142,692	160,782
Total deposits	517,574	531,420

### 7. Maturity analysis

	31.10.21 £'000s	30.04.21 £'000s
Repayable:		
On demand	493,574	497,420
Within 3 months	-	2,000
Within 1 year	16,000	26,000
Within 2 years	8,000	6,000
Total deposits	517,574	531,420

### 8. Creditors

	31.10.21 £'000s	30.04.21 £'000s
Accrued expenses	80	85
Total creditors	80	85

### 9. Income reserve

The fund operates an income reserve which is accumulated out of income and held on trust for depositors for the time being. The income reserve is maintained to ensure payment of interest to depositors each month even though a proportion of the income earned by the Fund will not be received until maturity date of individual deposits. The reserve is also available to augment the Fund's deposit rate and to provide against potential default of counterparties.

	30.10.21 £'000s	30.04.20 £'000s
Balance at start of period	1,012	2,343
Adjustment in respect of prior periods	-	-
Transfer (from)/to reserve	(275)	(1,331)
Income reserve at 31 October	737	1,012

# Epworth Cash Plus Fund for Charities

## Notes to the accounts

### 10. Risk management policies

The main risks arising from the Fund's financial instruments and the Manager's policies for managing these risks are summarised below. These policies have been applied throughout the period.

#### Interest rate risk

The Fund invests in fixed rate and floating rate deposits with an approved list of institutions maintained by the Manager. Changes in the interest rates may result in income either increasing or decreasing. The interest rate profile of the Fund's financial assets and liabilities at 31 October 2021 is set out below:

	30.10.21	30.04.21
	£000's	£000's
£ floating rate financial assets	50,634	44,221
£ fixed rate financial assets	467,463	487,763
£ financial assets not carrying interest	294	533
£ financial liabilities not carrying interest	(817)	(1,097)
Total net assets	517,574	531,420

#### Credit risk

The Fund's transactions expose it to the risk that a counterparty may not repay a deposit at its maturity date. To minimise this risk, investments are made with banks and other institutions which meet rigorous criteria based on independent credit ratings and size, with a maximum average maturity date for the investments of no more than 180 days. Risk is further minimised by limiting the proportion of the Fund deposited with any single bank or other institution.

#### Liquidity risk

To ensure that the Fund can meet obligations that may arise from depositors wishing to make withdrawals, the Manager must maintain at all times a minimum of 10% of the Fund's assets in investments realisable within 5 working days.

### 11. Related party transactions

The Manager's periodic charge is paid to Epworth Investment Management Limited, a related party to the Fund. The amounts paid in respect of the Manager's periodic charge are disclosed in Note 2. At 31 October 2021, outstanding balances due to Epworth Investment Management Limited amounted to £28,727 (30 April 2021: £31,416). There were no other transactions entered into with Epworth Investment Management Limited during the period.

### 12. Contingent assets and liabilities

As at 31 October 2021, there are no commitments, contingent assets or liabilities which we are aware (30 April 2021 - nil).

## **The Epworth Cash Plus Fund for Charities**

Charity Number 1115887

### **Investment Manager, Administrator and Registrar**

Epworth Investment Management Limited  
(Authorised and Regulated by the Financial Conduct Authority)  
9 Bonhill Street  
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Website [www.epworthinvestment.co.uk](http://www.epworthinvestment.co.uk)

### **Directors**

John Sandford (Chair)  
David Palmer (Chief Executive)  
Peter Hobbs  
Jennie Austin  
Julian de G Parker  
Marina Phillips (Chief Financial Officer)

### **Fund Managers**

Roz Amos (Chief Investment Strategist)  
Miles Askew (Head of Research)  
Harry Evans  
Sophie Forrest  
Matthew Jones  
Jane Kotchkina  
Gareth Morgan

### **Secretary**

Marina Phillips

### **Compliance Officer**

Vanessa Meredith

### **Corporate Trustee & Custodian Bankers**

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8 Canada Square  
London E14 5HQ

### **Solicitors**

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### **Auditors**

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