

Epworth Cash Plus Fund for Charities

Unaudited accounts

6 month period to
31 October 2023

Epworth Cash Plus Fund for Charities

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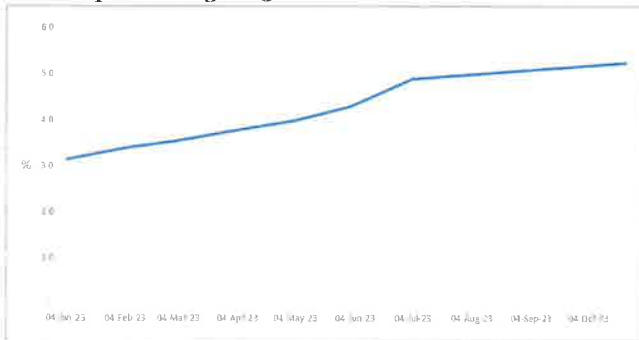
Report of the Chief Executive Officer

Report of the Chief Executive Officer

The Epworth Cash Plus Fund for Charities ('the Fund') is a common deposit fund and an alternative investment fund under the Alternative Investment Funds Market Directive (AIFMD). It is available for investment to any charity in England and Wales and "appropriate bodies" in Scotland and Northern Ireland within the meanings of section 1 or 97(3) of the Charities Act 2011. **The Cash Plus Fund is not a money market fund.** Interest is calculated daily and paid monthly and depositors have next day access to their balances.

The Fund has a diverse range of counterparties and lending limits which are set by the Board of the Manager with reference to the credit quality of the counterparties. All are UK based institutions. There have been no defaults by the underlying counterparties to the Fund since its inception in 2006. The Deposit Fund of the Central Finance Board of the Methodist Church provides a stable core to the Fund, enabling it to accept additional duration risk within controlled parameters to improve the return to depositors. The Fund has an investment objective 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".

Interest paid during 2023



Interest rates in the United Kingdom have continued to rise during the year. Since the Bank of England's base rate reached its low of 0.10% in March 2020, there have been 14 consecutive increases; the latest increase being to 5.25% in August 2023. During this time, the Fund has benefited from a positive yield curve and interest rates beyond 6.0% have been secured on longer term deposits. However, we are now seeing signs that the interest rate cycle may be nearing its peak and that the Cash Plus Fund's current interest declaration of 5.25% (5.38% A.E.R.) may be close to the top of this current cycle. With inflation remaining stubbornly high and oil prices vulnerable to political shocks in eastern Europe and the Middle East, the Manager does not expect to see any significant lowering of rates in the near term.

There has been significant growth in the Fund during the year with assets growing by £101.5m, or 19.8%.

The Manager amended the scheme particulars during the reporting year to reflect several changes:

- An increase in the management fee to 0.25%
- To amend the requirement that 10% of the Fund's assets must be "realisable" within 5 business days to "maturing" within 5 business days
- To note that tradeable money market instruments will normally be held to maturity but could, in exceptional market or liquidity conditions, be sold in the secondary market which could potentially led to a loss occurring to the Fund.

David Palmer
November 2023

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, 7 May 2021, 1 January 2023 and 10 July 2023 define the responsibilities, duties and powers of the Trustee and Manager.

Responsibilities of the Depositary

The Depositary must ensure that the Fund is 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 Fund and its 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 Fund's cash flows are properly monitored and that cash of the Fund is booked into the cash accounts in accordance with the Regulations;
- the assets under management of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- that the Fund's 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 Fund is managed in accordance with the Scheme Particulars in relation to the investment and borrowing powers applicable to the Fund.

Responsibilities of the Corporate Trustee

The Corporate Trustee is required by the Scheme to:

- (a) ensure the Manager's compliance with the Scheme 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 Scheme or Scheme Particulars;
- (g) be responsible for any winding up of the Funds.

Responsibilities of the Manager

The Manager is required by the Scheme to:

- (a) instruct the Trustee of creation and cancellation of units;
- (b) manage the investments of the Fund;
- (c) make and revise the written statement of the investment policy of the Funds;
- (d) make and revise the Scheme Particulars;
- (e) keep a daily record the receipt and repayment of deposits;
- (f) make all records of the Fund available for inspection by the Trustee;
- (g) prepare a report and accounts of the Fund for each accounting period;
- (h) 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 Fund 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 Fund will continue in operation unless it is inappropriate to do presume this.

The Manager is required to manage and administer the Fund in accordance with the Scheme, 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 2023 were approved by the Manager and are signed on behalf of the Manager by:



David Palmer
Director, Epworth Investment Management Limited
29 November 2023



Lina Dineikiene
Head of Finance, Epworth Investment Management Limited
29 November 2023

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. 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.

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.

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 Conduct Authority.

The current interest distribution is no guarantee of future returns.

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 maturing 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. The maximum leverage permitted under both the Gross and Commitment methods is 1 which means that leverage is neither permitted nor employed by the Fund Manager. The Fund is not subject to any special arrangements arising from any part of it being insufficiently liquid.

The Manager will publish details of its objectives, and latest risk management and diversification criteria on its website at www.epworthinvestment.co.uk.

Epworth Cash Plus Fund for Charities

Statement of total return

For the 6 month period ended 31 October 2023

	Note	6 mths to 31.10.23 £'000s	6 mths to 31.10.22 £'000s
Income: revenue		14,385	3,894
Expenses	2	(434)	(256)
Net revenue after taxation		13,951	3,638
Total return before distributions		13,951	3,638
Distributions		(13,906)	(3,625)
Change in net assets attributable to unit holders from investment activities		45	13

Balance sheet

As at 31 October 2023

	Note	31.10.23 £'000s	30.04.23 £'000s
Assets			
Investments - deposits with authorised banks		602,048	525,729
Current assets:			
Debtors	5	8,892	6,401
Cash and bank balances		43	-
Total assets		610,983	532,130
Liabilities			
Creditors - other creditors	8	(238)	(379)
Total liabilities		(238)	(379)
Net assets attributable to unitholders		610,745	531,751
Represented by:			
Deposits	6	609,992	531,043
Income reserve	9	753	708
		610,745	531,751

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



David Palmer, Director
29 November 2023



Lina Dineikiene, Head of Finance
29 November 2023

Total expense ratios

Expense type	31.10.23 %	30.04.23 %
Manager's periodic charge (inc VAT)	0.30	0.30
Corporate Trustee's charge (inc VAT)	0.02	0.02
Other expenses	0.03	0.03
Total expense ratio	0.35	0.35

Epworth Cash Plus Fund for Charities

Summary of deposits by credit rating

Rating band	31.10.23 £000's	31.10.23 %	30.04.23 £000's	30.04.23 %
Aa1	102,156	17.0	57,185	10.9
Aa2	25,216	4.2	55,261	10.4
Aa3	205,672	34.1	119,282	22.7
A1	269,004	44.7	289,001	55.0
A2	-	-	-	-
NR	-	-	5,000	1.0
Total	602,048	100.0	525,729	100.0

Income and net asset value history

Year/period	Net asset value £ 000's	Average distribution %	Average distribution AER %	LIBID (net of expenses) %
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
Year to 30.04.22	467,466	0.08	0.08	n/a
Year to 30.04.23	531,013	2.21	2.23	n/a
6 months to 31.10.23	609,992	4.66	4.76	n/a

Distributions paid

For the 6 month period ended 31 October 2023

Distribution period	Net income per unit %	Equalisation per unit	Distribution payable per unit %	Date Payable
30 April 2023 - 30 May 2023	3.98	0.00	3.98	31 May 2023
31 May 2023 - 29 June 2023	4.29	0.00	4.29	30 June 2023
30 June 2023 - 30 July 2023	4.84	0.00	4.84	31 July 2023
31 July 2023 - 30 August 2023	4.90	0.00	4.90	31 August 2023
31 August 2023 - 29 September 2023	4.90	0.00	4.90	30 September 2023
30 September 2023 - 30 October 2023	5.00	0.00	5.00	31 October 2023
Average rate and total paid for the period	4.65		4.65	

Epworth Cash Plus Fund for Charities

Summary of deposits

As at 31 October 2023

By maturity	31.10.23	31.10.23	30.04.23	30.04.23
Repayable	£'000s	%	£'000s	%
On call	1	-	1	-
Within 5 business days	95,650	15.9	44,245	8.4
1 month	39,002	6.5	59,003	11.2
2 months	75,176	12.5	105,215	20.0
3 months	102,219	17.0	107,266	20.4
6 months	75,000	12.5	109,999	20.9
1 year	205,000	34.0	95,000	18.1
2 years	10,000	1.6	5,000	1.0
Total	602,048	100.0	525,729	100.0

Summary of deposits by banking group

As at 31 October 2023

	31.10.23	30.04.23
	%	%
Landesbank Baden-Wuerttemberg	11.8	5.6
Lloyds	11.6	11.4
Mitsubishi UFJ Trust and Banking Corporation	10.0	13.3
Societe Generale	7.5	6.7
Development Bank of Singapore (DBS)	7.5	1.9
Toronto Dominion	6.6	6.7
UBS	5.8	1.0
Suimitomo Mitsui Banking Corporation Europe	5.0	2.9
Nordea Bank	4.2	5.7
Commonwealth Bank of Australia	3.3	0.9
National Westminster Group	3.3	8.6
BNP Paribas	3.3	2.8
Royal Bank of Canada	2.8	2.3
Barclays	2.5	3.8
SF Banken	2.5	-
CIC	2.5	3.8
DNB Bank SA	1.7	1.9
Bank of Nova Scotia	1.7	1.9
Standard Chartered	1.7	3.8
Nationwide Building Society	0.8	1.0
National Australia Bank	0.8	0.9
Mitsubishi UFG	0.8	-
Mizuho Bank	0.8	2.9
CIBC	0.8	1.0
Santander	0.7	0.8
Rabobank	-	4.8
Goldman Sachs Intl Bank	-	0.9
Credit Suisse	-	0.9
DZ Bank	-	0.9
SEB	-	0.9
Total	100.00	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 0.25%, 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 31.10.23 £'000s	Year to 30.04.23 £'000s
Payable to the Manager or associates		
Manager's periodic charge – see Note 1(c)	354	347
	354	347
Payable to the Corporate Trustees or associates and agents of either of them:	73	135
Other expenses:		
Audit fee	6	10
Custody charges	0	27
Bank charges	1	3
Other		2
Other expenses	80	177
Total expenses	434	524

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

	31.10.23 £'000s	30.04.23 £'000s
Interest receivable	8,892	6,401
Total debtors	8,892	6,401

6. Deposits

Deposits represent money entrusted to the Fund by its customers.

	31.10.23 £'000s	30.04.23 £'000s
Central Finance Board of the Methodist Church Deposit Fund	367,028	358,674
Epworth UK Equity Fund	1,439	1,138
Epworth Global Equity Fund	1,550	931
Epworth Multi-Asset Fund	1,558	1,575
Epworth Sterling Sovereign Bond Fund	51	111
Epworth Corporate Bond Fund	161	839
Epworth Climate Stewardship Fund	1,058	804
Other Charities	237,147	166,971
Total deposits	609,992	531,043

7. Maturity analysis

	31.10.23 £'000s	30.04.23 £'000s
Repayable:		
On demand	516,492	446,543
Within 3 months	10,000	30,000
Within 1 year	80,500	53,000
Within 2 years	3,000	1,500
Total deposits	609,992	531,043

8. Creditors

	31.10.23 £'000s	30.04.23 £'000s
Bank overdraft	-	93
Other/trade creditors	61	151
Accrued expenses	177	135
Total creditors	238	379

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.

	31.10.23 £'000s	30.04.23 £'000s
Balance at start of period	708	742
Transfer (from)/to reserve	45	(34)
Income reserve at 31 October	753	708

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 2023 is set out below:

	31.10.23	30.04.23
	£000's	£000's
£ floating rate financial assets	41,397	46,484
£ fixed rate financial assets	560,651	479,245
£ financial assets not carrying interest	8,935	6,307
£ financial liabilities not carrying interest	(991)	(993)
Total net assets	609,992	531,043

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 2023, outstanding balances due to Epworth Investment Management Limited amounted to £61,276 (30 April 2023: £183,149). There were no other transactions entered into with Epworth Investment Management Limited during the period.

12. Contingent assets and liabilities

As at 31 October 2023, there are no commitments, contingent assets or liabilities which we are aware of (30 April 2023 - nil).

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
London EC2A 4PE
Telephone 020 7496 3636
Fax 020 7496 3637
Email admin@epworthinvestment.co.uk
Website www.epworthinvestment.co.uk

Directors

John Sandford (Chair)
David Palmer (Chief Executive)
Peter Hobbs
Jennie Austin
Julian de G Parker
Tim Swindell
Alexandra Cornforth

Chief Investment Strategist

Roz Amos

Fund Managers

Miles Askew (Head of Research)
Harry Evans
Matthew Jones
Gareth Morgan

Head of Client Relations

Sarah Bourgein

Head of Finance

Lina Dineikiene

Head of Compliance

Vanessa Meredith

Corporate Trustee & Custodian Bankers

HSBC Securities Services
HSBC Bank PLC
8 Canada Square
London
E14 5HQ

Solicitors

Eversheds Sutherland
1 Wood Street
London
EC2V 7WS

Auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL