

Company number: 00383775

Registered charity number: 314210

THE HISPANIC AND LUSO BRAZILIAN COUNCIL
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

THE HISPANIC AND LUSO BRAZILIAN COUNCIL
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ADMINISTRATIVE AND STATUTORY DETAILS

Board of Trustees	Alan Charlton Marcial Echenique Nicholas McCall (Chair) Carla McRoberts Irene Mia Rodolfo Milesi Vitoria Nabas Ed Poulton Marcelo Scenna Hugo Shorter Gui Silva Ezequiel Weppler
Chief Executive Officer & Secretary	Jeremy Browne (appointed July 2022)
Company registration number	00383775
Charity registration number	314210
Registered office	126 Wigmore Street London W1U 3RZ
Accountants	Simpson Wreford LLP Wellesley House Duke of Wellington Avenue Royal Arsenal London SE18 6SS
Auditors	Dixon Wilson Audit Services LLP 22 Chancery Lane London WC2A 1LS
Solicitors	Collyer Bristow LLP 4 Bedford Row London WC1R 4TF
Investment Managers	Evelyn Partners 25 Moorgate London EC2R 6AY

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2022**

The Trustees present their report and audited financial statements for the year ended 31 March 2022 which have been prepared in accordance with accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Reference and administrative information

The Hispanic and Luso Brazilian Council is a charitable company, limited by guarantee, and was registered in May 1973 under company registration number 00383775 and charity registration number 314210. The organisation is an amalgamation of the two original councils registered in November 1943 as The Hispanic Council and the Luso Brazilian Council.

The Hispanic and Luso Brazilian Council uses the working name "Canning House" and the principal operating address is 126 Wigmore Street, London W1U 3RZ.

The Trustees, who are also directors, who served in the period were:

Alan Charlton	Marcial Echenique
Cho Khong (resigned 27th July 2021)	Nicholas McCall (chair)
Carla McRoberts	Irene Mia
Rodolfo Milesi	Vitoria Nabas
Ed Poulton	Marcelo Scenna
Hugo Shorter	Gui Silva
Ezequiel Wepler	

The Charity is supported by a number of honorary non-executive appointments, as follows:

Honorary President:

Jeffrey Lord Mountevans

Honorary Vice-Presidents:

Lord Brennan of Bibury, QC
Jeremy Browne (Appointed CEO in July 2022)
Chris Bryant, MP
Prof Victor Bulmer-Thomas, CMG OBE
The Rt Hon Ken Clarke, QC MP
Dr Enrique Garcia
Baroness Hooper, CMG
Sir Mark Moody-Stuart, KCMG
Nestor Osorio
The Rt Hon Michael Portillo
Horacio Rossi
Sally Unwin, OBE FCIB

The Board of Trustees oversee the Charity, which is managed day to day by the Chief Executive Officer. During the year this role was held Cristina Cortes, who was appointed in April 2018. After the year end, she resigned and was succeeded by Jeremy Browne in July 2022.

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Structure, governance and management Governing document

The Hispanic and Luso Brazilian Council is a charitable company limited by guarantee and the governing document is the Memorandum and Articles of Association dated 9 November 1943, taken from The Hispanic Council, upon amalgamation.

Principal activities

The mission of the Charity is to be the UK's leading forum for informed comment, contacts and debate on Latin American politics, economics and business. It also celebrates and promotes awareness in the UK of the languages, culture and history of Latin America, Spain and Portugal. This is achieved through a comprehensive programme of corporate, current affairs and cultural events and publications.

Governing body

The governing body of the organisation is the Board of Trustees. The Trustees are elected at the annual General Meeting (AGM) or in the interim are appointed to fill a casual vacancy and stand for election at the next AGM. One-third of the Trustees retire from office but are eligible for re-election at the AGM.

Corporate governance structures and procedures are well established and were further improved through the addition of a Nominations Committee in November 2016 for consideration of future Trustees, honorary Vice-Presidents and CEO appointments, and of a Remunerations Committee in July 2021 (see further below).

Trustee training

Potential Trustees are identified by members of The Board and are considered first by the Nominations Committee against the criteria of eligibility, competence, experience, specialist skills and the objective of achieving diversity and balance on The Board. New Trustees are normally familiar with Canning House through their work in business or public service, but full training can be provided to all board members if required in order to assist them with their duties as Trustees.

Organisational management

The Board of Trustees are legally responsible for the overall strategic direction and control of the organisation. The Board meets at least four times a year to track the performance of the organisation against the annual budget, which is agreed by the Trustees at the beginning of the financial year. The Board also regularly reviews performance against the strategy, which focuses on the medium term (5 years).

The oversight of financial issues, risk governance and regulatory compliance is the responsibility of the Finance and General Purposes (F&GP) Committee, which also meets four times a year, prior to each board meeting. Trustees on the committee include: Nick McCall, Vitoria Nabas, Marcelo Scenna, Gui Silva, and Ezequiel Wepler. The committee is chaired by Ian Perrin, Head of Policy Research & Operations (including Finance).

The day-to-day running of the organisation is delegated to the Chief Executive Officer. The CEO attends meetings of The Board of Trustees, as well as the Finance and General Purposes Committee and the Remunerations Committee.

Staff remuneration

The remuneration of the CEO is set by The Board of Trustees; the appropriateness of the remuneration is set at the beginning of the individual's contract (including reference to comparisons with other charities) and performance is reviewed annually against pre-specified objectives and KPIs.

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The remuneration of other charity staff is delegated to the CEO with the objective that they are, in a fair and responsible manner, rewarded for their individual contributions to the Charity's success, within the limits of the Charity's annually agreed budget. The Remunerations Committee also offers guidance and advice to the CEO on remuneration policies such as overall team and pay structure, the policies governed by the staff guidebook, including staff benefits (season ticket loans, health plans), and the team bonus policy.

Group structure

Canning House Limited (CHL) was formed in 1997 as a wholly owned trading subsidiary of the charitable company. The activities of CHL are focused primarily on corporate activity, including the organisation of conferences, seminars and events on the development of the political, economic and business environment of Latin America (these events are free to corporate members) – albeit many of the events are simultaneously of interest to a wider audience (who, unlike corporate members, usually have to pay to attend).

The corporate manager is principally dedicated to corporate activities, with the efforts of other team members divided to various extents between corporate and strictly charitable activities. An approximate allocation of non-dedicated staff time is agreed annually with the auditors.

The entire net profit of CHL is donated annually to the parent company under a deed of covenant created on 11th December 2018. Conversely, in the event that CHL makes a financial loss, as in this financial year, under the terms of an ongoing letter of support dated 26th October 2020, the HLBC Trustees undertake to under-write CHL's activities for the current financial year ending 31 March 2022, and for all future years thereafter as necessary.

Stakeholder relationships and charitable activities

The organisation works closely with the Latin American and Iberian Embassies and other UK, Latin American and multilateral organisations that exist to promote stakeholder relationships and related activities between the UK and specific Latin American countries. The organisation regularly runs joint events with these organisations to showcase particular countries and issues. Representatives of these organisations regularly attend and speak at Canning House events. The organisation also collaborates with UK universities with interests in Latin American research and studies, and with other charities and NGOs.

Risk management

The Board of Trustees and the Finance and General Purposes Committee (F&GP) have, over the current year, been focused on key financial risks to the organisation, and necessary mitigation measures.

Particular attention has been paid to the cash flow impact of the Covid-19 pandemic plus post-Brexit uncertainties on corporate membership income. The F&GP has also conducted and shared with the Board an in-depth review of the asset portfolio and its associated income stream, in the light of the Charity's future cash flow and investment needs.

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STRATEGIC REPORT

Objectives of the Charity

The general aim of the organisation is the advancement of knowledge in the UK of the culture, languages, history, politics, economics and business of the countries of Latin America while furthering the broad relationship between the UK and these countries. These objectives are achieved in a non-partisan manner.

Mission and strategic aims

The mission of the organisation is to build understanding and relationships between the UK and Latin America. Its goal is to be the UK's leading forum for contacts, thought leadership and pragmatic debate on Latin American political, economic, health, environmental and social trends and issues, and business risks and opportunities. It also celebrates and promotes awareness in the UK of the languages, culture and history of Latin America and Iberia. The strategic aim is to do this in a financially sustainable manner.

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's revised general guidance on public benefit when reviewing the Charity's aims and objectives as well as in planning future activities.

Objectives for the year and the future

The organisation's original objectives for the financial year were to:

- Support the mission by a full annual programme of events relevant to corporate and individual members, as well as to partners and stakeholders;
- Publish newsletters and in-depth reports and undertake research on Latin America and Iberia;
- Maintain and seek to grow the organisation's membership and revenue from fees, sponsorship and donations to achieve financial sustainability, whilst fulfilling its mission.

The first two objectives have been met in full, with excellent feedback from all the organisation's stakeholders, as a result of which the organisation's public reputation has been greatly enhanced. However, achievement of the third objective has been seriously hampered by the impact of the Covid-19 pandemic – see next section – coming on top of an already diminishing corporate membership amid the distractions in the corporate world relating to the UK's withdrawal from the European Union.

Impact of Covid-19 Pandemic

The organisation closed its offices in mid-March 2020 in response to the critical situation that was unfolding, and the entire team started working full-time from home. No one was furloughed. The team continued to work remotely until October 2021, when a phased return to the office was implemented. The team was split in two, with each half coming into the office for two days per week. However, by December 2021, a new variant of Covid-19 (omicron) emerged, and on the advice of the government, all members of staff returned to working from home full-time, until February 2022, when the omicron wave had passed.

At the start of the pandemic, all the organisation's events were transferred 100% online. However, by September 2021, when the infection rates had dropped to significantly low numbers, and most people were fully vaccinated, it was decided that the organisation would host a pre-event dinner outside and in-person for the speakers of the 2021 UK-Brazil Conversa. This was the first time the organisation had arranged an in-person event since March 2020. The dinner was extremely well attended, with all those who accepted attending. Given that public confidence in attending in-person events had returned, the organisation started making plans for more in-person and hybrid events, moving away from hosting events exclusively online.

Whilst hosting events online meant that our audience numbers increased dramatically and we were able to attract a significant number of new viewers from overseas, the downside was that the CEO took the decision to scrap events fees completely. This ultimately meant that revenue generated by event ticket sales ceased.

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Activities of the Charity

This year, despite activities continuing to be disrupted by the pandemic, we continued to offer all our usual information and report activities while still hosting a varied, topical and relevant programme of events, some online and some in-person once again. Our c.40 events included corporate events (webinars, briefings and trade and investment conferences and round tables) and public events (geopolitical, election analyses, socio-economic).

On the flagship side of things, we hosted three presidential Canning Lectures alongside the United Nations Climate Change Conference (COP26) Leadership Summit in Glasgow delivered by the President of Panama, the President of Costa Rica, and the President of Ecuador; while the Canning House LatAm Outlook 2022 – now in its third edition – was taken on a roadshow to Latin America, where we hosted two very successful conferences in Sao Paulo, Brazil, and Mexico City, Mexico.

Achievements and Performance

For the financial year 2021-22, income from corporate membership decreased from £121k to £74k. The decrease in corporate membership income can be attributed to a fall in the number of corporate members, driven by two main factors. Firstly, the ongoing uncertainty caused by the Covid-19 pandemic resulted in the tightening of purse strings amongst existing and prospective corporate members.

Secondly, Canning House was without a corporate manager for nine months in 2020 owing to a sudden onset of chronic illness, which caused a knock-on effect the following year when corporate members came to renew. Furthermore, ongoing Brexit uncertainties undoubtedly continued to have a dampening effect on the corporate response to the organisation's membership drive.

Income from corporate memberships of £74k accounted for c.94% of annual gross non-investment income of £79k, with c£4k also coming from individual membership subscriptions. No sponsorship was acquired during this period for any events, whilst we did receive c£2k in ticket sales for the LatAm Outlook report launch in London.

Core operating expenditure such as building rental costs and staff costs remained steady compared with the previous financial year. Despite the ongoing Covid-19 pandemic, rental discounts were refused by the office landlord for a second year.

Event costs increased dramatically compared to the previous financial year, which were unusually low because all events the previous year were held online. The total spend on event costs for the year was £74k as a result of returning to in-person events once more, chiefly the three Presidential Lectures in Glasgow for COP26, and the LatAm Outlook 2022 launch and roadshow.

Overall operating expenses on charitable activities increased to £761k from £674k last financial year. This was primarily due to the return of in-person flagship events without sponsorship as noted above, as well as the ongoing costs associated with the Canning House-LSE Research Forum, which will cost the organisation up to £100k per annum (albeit the board had authorised these costs, and the costs for the LatAm Outlook to be met from the endowment portfolio).

In addition to operating income, Canning House's investment portfolio yielded gross dividend and interest income of £344k, down from £358k in 2020-21. After deducting fund management fees, the net dividend and interest yield from the portfolio was £285k this year, compared to £304k the previous year; a fall of £19k. The total operating loss before realised gains/losses for FY 2021-22 stood at a loss of £395k, as opposed to a loss of £200k the previous financial year.

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The realised losses on investments totaled £113k this year, compared to a loss of £45k the previous financial year, meaning that the total operating loss including realised gains/losses on investment stood at a loss of £508k this financial year, compared with a loss of £239k for the previous financial year.

Corporate Events

The corporate events programme gained momentum throughout the year. Owing to the pandemic, all events continued online until the autumn of 2021, when it was deemed safe to once again start hosting in-person events.

The first corporate event of the reporting period was the Canning Conversation, ‘Remittances Life; Livelihoods and Liberty’, moderated by Christopher Garnett, Principal Adviser to the Banco Centroamericano de Integración Económica (CABEI), which took place in April 2021. This was followed by a further two online events in May, the first being ‘Fintech in Central America’ in partnership with LatAm Investor, and the second (part of the Sustainable Development Series) entitled ‘Biodiversity as a Catalyst for a Green and Fair Recovery in Latin America and the Caribbean’ in partnership with the UN Economic Commission for Latin America and the Caribbean, the International Labour Organisation and the UN Environmental Programme.

The series continued in June with our flagship two-day online Sustainable Agribusiness conference in partnership with Baker McKenzie. We also held a virtual address with the Chilean Minister for Mining and Energy. In July, we partnered with LatAm Investor again, this time beginning a new “Investing in...” events series aimed at providing trade and investment analyses and country-specific insights into priority sectors and current investment opportunities.

The series kicked off with ‘Investing in Ecuador’ and was later followed by ‘Investing in Panama’ and then ‘Investing in Guatemala’ (this time an in-person event) the following year in February and April 2022 respectively. September 2021 saw the virtual roundtable on ESG in partnership with the UK-based Brazilian consultancy firm Lide UK, and with participation from upwards of seven UK companies with an interest or foothold in Latin America.

By the autumn, once it was deemed safe to hold in-person events again, the entire Canning House team, including our Honorary President, Chair and CEO traveled to Glasgow in November and organized a series of high-profile events alongside the United Nations Climate Change Conference (COP26) Leadership Summit.

The series of events included hybrid Canning Lectures delivered by the President of Panama, HE Laurentino Cortizo (‘Panama: A Gateway to Latin America’), the President of Costa Rica, HE Carlos Alvarado Quesada (‘Costa Rica’s Ambition for a Green Global Contract’) and the President of Ecuador, HE Guillermo Lasso (‘More Ecuador in the World and More of the World in Ecuador’).

In addition to the lectures, the President of Ecuador also co-hosted with the Canning House a Presidential Investment Roundtable with over twenty senior investors from major international companies drawn from the finance, mining and energy sectors.

In the same sitting we also convened a Glasgow roundtable with the First Lady of Argentina and the UN Environment Programme, in partnership with the Argentine Embassy entitled ‘Diversity and Inclusion as a Catalyst for Environmental Action’. All the forementioned activities were covered widely in Latin American press and featured on a major newswire, Agencia EFE. These lectures also received substantial attention in official Presidential and government communications, and on social media platforms.

In the same month, to mark the end of COP26 and a pathway forward, we organized an in-person event with LatAm Investor and BancTrust entitled ‘The Glasgow Agreement and Latin America’ analysing the investor impact of COP26 in the region.

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The calendar year strong firstly with an event on the Mexican energy sector with Hogan Lovells, followed later that month by the last of our 2021 Sustainable Development Series event named 'Education and the Digital Divide' in partnership with CAF Development Bank of Latin America. In the first quarter of 2022, time was strategically dedicated to actively engage with key stakeholders across all sectors, which helped Canning House secure a much-coveted spot in the official agenda of the President of Uruguay set to arrive in the UK in May of 2022.

The May event included a Presidential Canning Lecture, entitled 'Uruguay, a Reliable Gateway to South America - Opportunities in Green Finance' followed by a closed-doors Investors Roundtable, in partnership with the Lord Mayor of London and with participation from the Uruguayan Ministers of Foreign Affairs, Economy and Environment.

Current Affairs, Culture & Communications

Canning House continued to update and inform its audiences about the most relevant current affairs through events, webinars, weekly newsletters, Canning Papers and other publications.

In our Current Affairs programme, we also covered wide ranging issues including, in no particular order, elections in Chile, Peru, Haiti, Honduras and Nicaragua, politics and the military, women in foreign policy, climate change, Covid-19, finance and south-south cooperation. The *Canning Conversations* event format continued, with sessions on Remittances, Life; Livelihoods and Liberty, chaired by Christopher Garnett (as mentioned above); and Latin America and Asia, chaired by Michael Stott of the Financial Times.

A number of these events featured senior figures from prominent organisations, such as the World Bank and Inter-American Development Bank, government representatives from the UK and Latin America, and always with contributions from Canning House's extensive network of experts. In March 2022, Estela de Carlotto, President of the Argentine Abuelas de Plaza de Mayo Association, spoke at Canning House on her work to defend and promote human rights worldwide.

Canning House's role as Secretariat of the All Party Parliamentary Groups (APPGs) for Latin America, Peru and Venezuela saw further collaboration on events and meetings, including Ambassadorial Briefings and country-specific updates, with support for Canning House events from the APPG in regular parliamentary notices.

Canning House's 2021 Cultural Lecture was held in collaboration with the London Design Biennale, hearing from Latin American designers, including the Chilean and Venezuelan entries which went on to win the Overall and Theme medals respectively for their outstanding work.

In September 2021, Elissa Pereira dos Santos from Brazil, the third Canning House-KCL Library Visiting Fellow, delivered a presentation on her Fellowship research into the role of Rio de Janeiro's New Christians in the transatlantic trade in enslaved Africans. Whilst Elissa's access to the library collection was somewhat limited by Covid-19 restrictions, her project included the development of an innovative Portuguese transcription software using AI technology.

The fourth Visiting Fellow, Dr Roberto Uebel, also from Brazil, whose Fellowship period has been further delayed due to Covid-19 and other hurdles, will begin his programme later in 2022. Three additional scholars have been offered Fellowships for the period from September 2022.

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Complementing our current affairs and corporate events, Canning Papers were published on Biodiversity, Agribusiness, and Education and the pandemic. The wider publications schedule also included The Canning Brief, which covered Cuba's July 2021 protests and Latin America's reaction to the Russian invasion of Ukraine; Special Reports from LatinNews on Covid-19 and 2022's election cycle; weekly blog posts from Andrew Thompson; and others.

Canning House also published another edition of its "Forgotten Histories" publication series, this time recounting the 1870s story of the ill-fated 'Lincolnshire Farmers' of Paraguay, whose journey as pawns to 'boom' a phoney loan led to tragic loss of life.

Canning House's Individual Membership remained steady compared to the previous year, at 76 members as of March 2022. While Canning House events remained mostly free to attend, limiting a key advantage previously offered by individual membership, other benefits such as Spanish and Portuguese class discounts, through new institutional partners, have been introduced, and members continued to receive a tailored newsletter and access to our exclusive publications.

The Canning House website has seen continuous improvements, including a new Languages page, launched in February 2022 to promote the aforementioned institutional partnerships with Instituto Cervantes and the King's College London Modern Languages Centre.

Canning House continued its support for the Foreign, Commonwealth, and Development Office's (FCDO's) Chevening programme, hosting its Latin American scholars at a networking reception in partnership with FCDO in March 2022.

Canning House's support for the Group of Latin American Embassies in the UK (GRULA) and its Dean remained strong, with regular meetings between Canning House representatives and the Latin American Ambassadors held to discuss key priority areas and potential collaboration. Where possible, Canning House continued to support the Embassies' national celebrations, including with online commemorations and promotion of their events.

In July 2021, in its programme of charity-to-charity giving, Canning House donated £1,000 in support of the Embassy of Peru, UCL and the International Medical Education Trust's fundraiser for the production in Peru of effective, easy-to-use and low-cost respiratory devices, known as *Wayrachi*, helping to keep Covid-19 patients out of intensive care.

Thought Leadership, Policy and Research

Canning House's Thought Leadership, Policy and Research work continued apace in 2021-22. Progress was made on the Canning House Research Forum, a project centered around political, environmental, social, economic and business policy in collaboration with the Latin America and Caribbean Centre at the London School of Economics. Canning House Research Fellow Dr Amir Lebdioui authored two research papers, the first of which, looking at Inequality and Trade Diversification in Latin America, was launched via webinar on 19 January 2022.

The second paper focusing on Trade in the Age of Climate Change was published on 25 May 2022. Dr Lebdioui's time as the Canning Fellow will sadly be ending in coming months as he commences a Professorship at the School of Oriental and African Studies (SOAS). LSE are in the process of selecting the next Fellow.

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The UK-Brazil Conversa took place in September 2021. The continuation of the pandemic forced Canning House to hold the event online once again, although participants were invited to a pre-event dinner as mentioned previously. Being online, the event was extremely well attended with a premium line-up of panelists from across business, academia, government, law, and many other fields. Plans were subsequently put in place to travel to Brazil for the next iteration of the Conversa in June 2022.

Canning House continued to advance its work on trade policy. For the second year running it held an event focusing on Trade Alliances in Latin America, chaired by Andres Velasco of LSE, with a panel of trade policy experts including Jonathan Knott, HM Trade Commissioner for Latin America. The event discussed the various trading blocs and agreements in place throughout the region such as Mercosur, the Pacific Alliance, and their prospects going forward.

2021-22 saw the continuation of the LatAm Outlook going from strength to strength, with numerous events taking place. In June 2021 Canning House held two online events, the LatAm Outlook Brazil and LatAm Outlook Colombia, focusing in detail on those two countries, with the same panel of experts that contribute to the annual LatAm Outlook report. December 2021 saw the launch of the 2022 Outlook report, which was held at the Four Seasons Hotel in London. This featured presentations from the six authors of the report (due to the continuation of the pandemic, some of these were given via video link), with a full room of attendees featuring key figures from government, business, academia and diplomacy.

March 2022 saw the expansion of the Outlook into Latin America, with Canning House officially hosting its first meeting in the region for two decades. The Outlook was presented first in Sao Paulo, Brazil, then in Mexico City, Mexico. Several of the report's authors also travelled with the team, although where possible local representatives of the partnering organisations presented their respective chapters.

As in London, attendees were mainly from business, government and academic circles. Both events were complemented by a number of high-level meetings. In Mexico, the team met with the Committee of Foreign Affairs in the Mexican National Congress, as well as with a number of prominent think tanks including COMEXI and Ethos. In Brazil, the team met with senior representatives from Fundação Fernando Henrique Cardoso, and Fundação Getulio Vargas to discuss potential for future collaboration.

In January 2022, Canning House held an event looking at the influence of the Military in Politics in Latin America. Bringing together a panel of experts, including a former military general of Brazil, the discussion focused around the resurgence of military influence in political life throughout the region, as well as the military's prominent role in dealing with the pandemic. The event was held online and was attended by over 100 people, mainly from business, academic and government circles.

Financial review

The Statement of Financial Activities (on page 17) shows an overall fund surplus of £14,758,430 at the year-end, which included £366,287 of restricted funds. The remaining funds are unrestricted and are available for use by the Trustees at their discretion, but in accordance with the Charity's aims and objectives.

Plans for future periods

FY 2019-20 saw the implementation of strategic plans for step-changes in activities including the signature of agreements with the London School of Economics for the hosting of Canning Lectures and to fund the Canning Forum Research Programme, and the launch of the Canning House LatAm Outlook in March 2020 – just prior to the first UK lockdown. In recognition of the status of the Forum and The Outlook as strategic investments for Canning House, the board authorised the associated expenditures to be met from the endowment portfolio. However, owing to the unprecedented nature and duration of the pandemic, combined with the scale of its impact on the revenues of the organisation, the long-term cost-effectiveness of these initiatives will be reviewed upon the arrival of the new CEO.

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The pandemic necessitated a complete change in our business operating model and methods of delivering events. However, the easing of restrictions for in person events has meant that the organisation is now transitioning back to hosting many events in-person, whilst continuing to appeal to audiences further afield, especially in Latin America, with a variety of webinars and hybrid events.

Plans for 2022-23 and for future periods include:

- Hosting a Canning Lecture with President Lacalle Pou of Uruguay.
- Expanding our Sustainable Development programme, with events themed around Agribusiness, Energy and Renewables, Mining, and Infrastructure and the Blue Economy.
- Continuing with the third year of the Canning House LSE Research forum.
- Hosting the LatAm Outlook 2023.
- Identifying a new office as the board have made a decision not to renew the lease on our current premises in Wigmore Street, which is expiring early in 2023.

Risks and uncertainties

Given the organisation's dependence upon two principal income streams – corporate membership and investment income - the principal financial risks facing the organisation are:

- Corporate membership numbers
- Stock market fluctuations impacting the value and/or income stream of the investment portfolio.

The uncertainties surrounding the speed and extent of economic recovery from the pandemic in both the UK and Latin America, added to those surrounding the impact on UK companies of the final implementation arrangements for Brexit, have undoubtedly impacted corporate memberships; even those companies which have renewed have taken longer to decide to do so – leading to several instances of delayed renewals and waived fees. In recognition of the current realities, the organisation updated its corporate packages last year to make them more competitive and more appealing to both UK and Latin American companies.

This corporate offer and pricing structure is likely to be reviewed again now that the new CEO has arrived, and although events remain free for all participants for the moment, we anticipate returning to charging at some point in the near future, at the discretion of the new CEO.

Furthermore, the unprecedented Russian invasion of Ukraine in March 2022 caused jitters in financial markets, impacting the value of assets around the world. However, the endowment portfolio in excess of £14m continues to provide insurance for Canning House to survive this period even if these uncertainties persist into 2023.

The continued growth this year in our reputation for serious and significant research, reports and events, the increased reach of those events to larger and more international audiences, and the publication of the third edition of our LatAm Outlook, have all greatly augmented our position not only as the leading UK forum on UK-Latin American bilateral relations, but also as an internationally recognised thought leader on Latin American developments in general.

Reserves and investment policy

Following the sale of No. 2 Belgrave Square, in 2013 the Board of Trustees invested the proceeds (c. £12m) in an investment portfolio managed by Evelyn Partners (formerly known as Smith and Williamson Investment Management LLP). The Board established a reserves policy which was intended to maintain the value of the capital realised from the sale, after allowing for inflation (RPI+1%).

Over the course of the subsequent years, only income from the portfolio in the form of dividends and interest has been drawn from the portfolio, with capital gains as well as surplus income being reinvested; as a result, the value of the investment, as at 31 March 2022, had grown to a total value of £14.25m with the underlying investments spread across a broad range of asset classes, sectors and geographies.

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In June 2019, the Board confirmed that the investment portfolio is a strategic fund to be applied to strategic and quality investments in pursuit of the Charity's Mission and Objects and to the financing of appropriate loss-making charitable activities of Canning House that cannot be covered by other income sources. It is to be deployed wisely and appropriately over time, in such a way as to preserve Canning House's ability to continue to fund such strategic opportunities not only in the short-term but also over the medium- and long-term.

Examples of the application of these principles to date include step-out investments in the research programme with the LSE and the launch of the LatAm Outlook.

The Board's Finance & General Purposes Committee (F&GP) has undertaken an in-depth strategic review with the organisation's investment portfolio advisors, Evelyn Partners and, in July 2021, submitted to the Board proposals to alter the mandate to recognise that it was no longer necessary to keep a more liquid £5m reserved for a potential property purchase, and to invest consistently with the board's ESG principles, whilst increasing the target return from RPI +1% to CPI+2%. Any shortfalls on operating costs will continue to be covered by income transfer to the organisation to maintain activities at current levels; this is expected to continue to be met primarily from interest and dividends.

The Hispanic & Luso Brazilian Council investment portfolio produced a net total return of +2.7% for the trailing twelve months to 31st March 2022. This is a reassuring outcome given the volatility experienced in both equity and bond markets during the first quarter of 2022. This volatility has been partly driven by the geo-political and economic instability caused by Russia's invasion of Ukraine, as investors reacted to the impact of sanctions and rising energy prices. Simultaneously, concerns over rising levels of inflation, and the implementation of more hawkish monetary policy by central banks via higher interest rates, has resulted in a reassessment of equity valuations and a sharp rotation between sectors. Despite these influential dynamics, the Canning House investment portfolio has delivered a positive return albeit behind the inflation-linked benchmark of CPI +2%. Importantly, this has been achieved with less risk than both global equities and UK Government Gilts. Since inception (31st May 2014) the portfolio is showing a cumulative net total return of +32.1% which is in line with the long-term target return.

Statement of responsibilities of the Trustees

The Trustees (who are also Directors of the charity for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group 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 judgments and estimates that are reasonable and prudent;
 - state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2022

The Trustees are responsible for keeping proper accounting records that 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.

Auditors

Dixon Wilson Audit Services LLP, Chartered Accountants are auditors to the charitable company for 2021-22. In accordance with section 485 of the Companies Act, a resolution on the appointment of auditors for 2022-23 will be put at a General Meeting.

Statement of disclosure to auditor

In so far as the Trustees are aware:

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The above report has been prepared in accordance with the special provisions of Section 419(2) of the Companies Act 2006 relating to small companies.

Approved by the Board of Trustees on 25 October 2022 and signed on their behalf by:

.....


Nicholas McCall

Chair

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF THE HISPANIC AND LUSO BRAZILIAN COUNCIL

Opinion

We have audited the financial statements of The Hispanic and Luso Brazilian Council (the 'charitable parent company') and its subsidiary (the 'charitable group') for the year ended 31 March 2022 which comprise the consolidated statement of financial activities, consolidated balance sheet, charitable parent company balance sheet, consolidated statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable group's and of the charitable parent company's affairs as at 31 March 2022 and of the charitable group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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 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 director's 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 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 directors 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 annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF THE HISPANIC AND LUSO BRAZILIAN COUNCIL

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees Report; or
- sufficient accounting records have not been kept; or
- the charitable parent company's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 8, the Trustees (who are also directors of the charitable company for the purposes 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.

In preparing the financial statements, the Trustees are responsible for assessing the charitable group's and the charitable parent 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 group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charitable company by considering, amongst other things, the sector, and jurisdictions in which it operates, and considered the risk of acts by the charitable company and the group that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the assessed level of risk but recognised that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, UK Company Law, UK tax legislation, UK Charity Law as well as UK financial reporting standards applicable for UK charitable companies.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of consultants used for accounting outsourcing.

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF THE HISPANIC AND LUSO BRAZILIAN COUNCIL

As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud.

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

Use of our report

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



.....
Dixon Wilson Audit Services LLP, Statutory Auditor
22 Chancery Lane
London
WC2A 1LS

Date: 20 December 2022

Dixon Wilson is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE HISPANIC AND LUSO BRAZILIAN COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(including statement of income and expenditure)
FOR THE YEAR ENDED 31 MARCH 2022

		2022	2022	2022	2021	2021	2021
	Notes	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds
Income and endowments from:							
Donations and legacies	3	-	-	-	21,291	24,852	46,143
Other trading activities	4	79,422	-	79,422	122,528	-	122,528
Investments	5	<u>343,885</u>	<u>1,510</u>	<u>345,395</u>	<u>357,859</u>	<u>1,917</u>	<u>359,776</u>
Total income		423,307	1,510	424,817	501,678	26,769	528,447
Expenditure on:							
Raising funds	6	(58,964)	-	(58,964)	(53,738)	-	(53,738)
Charitable activities	7	(744,866)	(1,170)	(746,036)	(617,673)	(42,674)	(660,347)
Governance costs	9	<u>(14,539)</u>	<u>-</u>	<u>(14,539)</u>	<u>(13,872)</u>	<u>-</u>	<u>(13,872)</u>
Total expenditure		(818,369)	(1,170)	(819,539)	(685,283)	(42,674)	(727,957)
Net gains on investments		<u>106,928</u>	<u>-</u>	<u>106,928</u>	<u>1,432,879</u>	<u>-</u>	<u>1,432,879</u>
Net movement in funds		<u>(288,134)</u>	<u>340</u>	<u>(287,794)</u>	<u>1,249,274</u>	<u>(15,905)</u>	<u>1,233,369</u>
Reconciliation of funds							
Balance at 1 April 2021		<u>14,680,277</u>	<u>365,947</u>	<u>15,046,224</u>	<u>13,431,003</u>	<u>381,852</u>	<u>13,812,855</u>
Balance at 31 March 2022	21	<u>14,392,143</u>	<u>366,287</u>	<u>14,758,430</u>	<u>14,680,277</u>	<u>365,947</u>	<u>15,046,224</u>

The notes on pages 20 to 30 form part of these financial statements.

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Group		Charity	
		2022 £	2021 £	2022 £	2021 £
Fixed assets					
Tangible fixed assets	12	6,781	7,859	6,781	7,859
Intangible assets	13	6,000	9,000	6,000	9,000
Investments	14	<u>14,251,683</u>	<u>14,382,188</u>	<u>14,251,684</u>	<u>14,382,189</u>
		14,264,464	14,399,047	14,264,465	14,399,048
Current assets					
Stocks	15	4,198	4,198	4,198	4,198
Debtors and prepayments	16	113,022	163,010	416,146	396,484
Cash at bank and in hand	17	<u>533,709</u>	<u>645,035</u>	<u>476,121</u>	<u>514,896</u>
		650,929	812,243	896,465	915,578
Creditors: amounts falling due within one year	18	<u>(156,963)</u>	<u>(165,066)</u>	<u>(137,338)</u>	<u>(134,892)</u>
Net current assets		<u>493,966</u>	<u>647,177</u>	<u>759,127</u>	<u>780,686</u>
Total assets		<u>14,758,430</u>	<u>15,046,224</u>	<u>15,023,592</u>	<u>15,179,734</u>
Funds represented by:					
Restricted funds		366,287	365,947	366,287	365,947
Unrestricted funds		<u>14,392,143</u>	<u>14,680,277</u>	<u>14,657,305</u>	<u>14,813,787</u>
Total funds	21	<u>14,758,430</u>	<u>15,046,224</u>	<u>15,023,592</u>	<u>15,179,734</u>

The Trustees acknowledge their responsibilities for ensuring that the Charity keeps accounting records which comply with the Act and for preparing financial statements which give a true and fair view of the state of affairs of the charity as at the end of the financial year and of its Statement of Financial Affairs for the financial year.

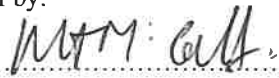
The annual accounts have been produced in accordance with the Statement of Recommended Practice (SORP): Accounting and Reporting by Charities, applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102, and the Charities Act 2011 and applicable regulations.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006.

For the year ended 31 March 2022, the Charity was entitled to exemption from audit under Section 477 of the Companies Act 2006 relating to small companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with Section 476.

The financial statements have been audited under the requirements of Section 144 of the Charities Act 2011.

The financial statements on pages 17 to 30 were approved by the Trustees on 25 October 2022 and signed on their behalf by:


.....
N McCall - Chair

Company registration number - 00383775

Charity registration number - 314210

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Group 2022 £	2021 £	Charity 2022 £	2021 £
Cash flows from operating activities	24	(1,236,615)	599,244	(1,164,064)	590,493
Cash flows from investing activities					
Dividend income		300,417	275,018	300,417	275,018
Interest income		44,978	84,758	44,978	84,740
Proceeds from the sale of investments		4,216,060	1,929,812	4,216,060	1,929,812
Purchase of investments		(3,434,827)	(2,884,156)	(3,434,827)	(2,884,156)
Purchase of tangible fixed assets		<u>(1,339)</u>	<u>(2,314)</u>	<u>(1,339)</u>	<u>(2,314)</u>
Net cash (used in) provided by investing activities		<u>1,125,289</u>	<u>(596,882)</u>	<u>1,125,289</u>	<u>(596,900)</u>
Change in cash and cash equivalents in the year		(111,326)	2,362	(38,775)	(6,407)
Cash and cash equivalents at the beginning of the year		<u>645,035</u>	<u>642,673</u>	<u>514,896</u>	<u>521,303</u>
Cash and cash equivalents at the end of the year		<u>533,709</u>	<u>645,035</u>	<u>476,121</u>	<u>514,896</u>

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies

a) Company information

The Hispanic and Luso Brazilian Council is a company limited by guarantee, incorporated in England and Wales and registered as a charity with the Charities Commission. The principal address and registered office is 126 Wigmore Street, London W1U 3RZ.

b) Basis of preparation of annual accounts

The financial statements have been prepared in accordance with accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Hispanic and Luso Brazilian Council meets the definition of a public benefit entity under FRS102.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in the financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, with items recognised at cost or transaction value unless otherwise stated in the relevant notes to the accounts. The principal accounting policies are set out below.

The effects of events relating to the year ended 31 March 2022 which occurred before the date of approval of the financial statements by the Trustees have been included in the financial statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2022 and the results for the year ended on that date.

c) Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise of unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

d) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity has entitlement to the funds, receipt is probable, and the amount can be measured with sufficient reliability.

Annual membership subscriptions are recognised in equal monthly instalments over the period of membership. Donations and sponsorship are recognised when the charity has entitlement to the funds, receipt is probable, and the amount can be measured with sufficient reliability. Event fees and room hire are recorded when the services are provided. Dividend and interest income are recognised when the Charity has the right to receive payment.

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

e) Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the resources.

Costs of generating funds comprise the costs associated with attracting voluntary income and costs for trading for fundraising purposes.

Charitable expenditure comprises of those costs incurred by the Charity in the delivery of its activities and services for beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned.

f) Tangible fixed assets and depreciation

All tangible fixed assets are initially recorded at cost. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment	-	20% straight line
Fixtures and fittings	-	20% straight line
Plant and machinery	-	20% straight line

g) Intangible assets and amortisation

Intangible assets acquired are initially recorded at cost and are subsequently measured at cost less accumulated amortisation and impairment losses over the useful economic life of that asset as follows:

Website development	-	20% straight line
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h) Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction cost. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Investments in equity instruments

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through the SOFA. Subsequent to initial recognition, investments that can be measured reliably are measured at fair value with changes recognised in the SOFA. Other investments are measured at cost less impairment in the SOFA.

i) Stocks

Stocks are valued at the lower of cost and net realisable value.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Charity's cash management are included as a component of cash and cash equivalents for the purposes only of the cash flow statement. Cash balances held as part of a fixed asset investment portfolio are presented as part of fixed asset investments.

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

k) Operating lease agreements

Rentals in respect of operating leases where substantially all the benefits and risks of ownership remain with the lessors are charged to the Statement of Financial Activities SOFA on a straight-line basis over the period of the lease.

l) Pension costs

The charity operates a defined contribution scheme for employees. The assets of the schemes are held separately from those of the charity. The annual contributions are charged to the SOFA as they fall due.

m) Taxation

The Hispanic and Luso Brazilian Council is considered to pass 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 and 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 and gains are applied exclusively to charitable purposes.

n) Grants

Grants are accounted for under the accruals model of accounting as permitted by FRS102. Grants of a revenue nature are recognised in the SOFA in the same period as the related expenditure.

o) Going concern

There are no material uncertainties about the Charity's ability to continue in operational existence for the foreseeable future. The charity holds sufficient liquid reserves to meet its financial obligations as they currently fall due, and for the foreseeable future.

2. Financial performance of the Charity

The consolidated statement of financial activity includes the results of the Charity's wholly owned subsidiary. The summary financial performance of the Charity alone is:

	2022 £	2021 £
Income	<u>350,699</u> 350,699	<u>399,498</u> 399,498
Expenditure on charitable activities	(613,769)	(534,159)
Net gains on investments	<u>106,928</u>	<u>1,432,879</u>
Net (expenditure)/income	(156,142)	1,298,218
Funds brought forward	<u>15,179,734</u>	<u>13,881,516</u>
Totals funds carried forward	<u>15,023,592</u>	<u>15,179,734</u>
Represented by:		
Restricted funds	366,287	365,947
Unrestricted funds	<u>14,657,305</u>	<u>14,813,787</u>
	<u>15,023,592</u>	<u>15,179,734</u>

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

3. Donations and legacies	Unrestricted funds £	Restricted funds £	2022 Total £	2021 Total £
Donations, grants and sponsorship	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,143</u>
4. Other trading activities	Unrestricted funds £	Restricted funds £	2022 Total £	2021 Total £
Membership and events	<u>79,422</u>	<u>-</u>	<u>79,422</u>	<u>122,528</u>
5. Investments	Unrestricted funds £	Restricted funds £	2022 Total £	2021 Total £
Dividends & interest from investments	300,417	-	300,417	275,018
Bond interest accrued	43,360	-	43,360	82,737
Bank interest received	<u>108</u>	<u>1,510</u>	<u>1,618</u>	<u>2,021</u>
	<u>343,885</u>	<u>1,510</u>	<u>345,395</u>	<u>359,776</u>
6. Expenditure on raising funds	Unrestricted funds £	Restricted funds £	2022 Total £	2021 Total £
Investment Manager's fee	<u>58,964</u>	<u>-</u>	<u>58,964</u>	<u>53,738</u>
7. Costs of charitable activities	Unrestricted funds £	Restricted funds £	2022 Total £	2021 Total £
Direct costs	238,208	1,170	239,378	176,245
Support costs	<u>506,658</u>	<u>-</u>	<u>506,658</u>	<u>484,102</u>
	<u>744,866</u>	<u>1,170</u>	<u>746,036</u>	<u>660,347</u>

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

7. (Continued) Included within direct costs are donations made to the following institutions:

	Unrestricted funds £	Restricted funds £	2022 Total £	2021 Total £
LATA Foundation	-	-	-	6,000
The Anglo-Argentine Society	-	-	-	30,674
	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,674</u>

8. Support costs

	Unrestricted funds £	Restricted funds £	2022 Total £	2021 Total £
Staff costs	393,052	-	393,052	360,859
Building costs	59,534	-	59,534	58,337
Other costs	<u>54,072</u>	<u>-</u>	<u>54,072</u>	<u>64,906</u>
	<u>506,658</u>	<u>-</u>	<u>506,658</u>	<u>484,102</u>

9. Governance costs

	Unrestricted funds £	Restricted funds £	2022 Total £	2021 Total £
Audit and accountancy fees	<u>14,539</u>	<u>-</u>	<u>14,539</u>	<u>13,872</u>

10. Net incoming/(outgoing) resources for the year

This is stated after charging:

	2022 £	2021 £
Depreciation	2,417	2,050
Amortisation	3,000	3,000
Auditors remuneration:		
- Audit of the financial statements	<u>8,039</u>	<u>7,372</u>
	<u>13,456</u>	<u>12,422</u>

11. Staff costs and remuneration

Total staff costs were as follows:

	2022 £	2021 £
Wages and salaries	332,991	308,173
Social security cost	30,650	27,780
Other pension costs	18,891	21,158
Other costs	<u>10,520</u>	<u>3,748</u>
	<u>393,052</u>	<u>360,859</u>

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. (Continued)

The average number of staff employed during the year, based on a full time equivalent, was 9 (2021 – 9). All staff were employed by the Charity and staff were recharged to Canning House Limited based on time spent. The total recharge for the year amounted to £193,423 (2021 - £172,335).

There was 1 employee whose total emoluments for the year fell between £90,000 and £100,000 (2021 between £90,000 and £100,000 - 1).

The total amount of employee benefits received by the charity's key management personnel was £91,463 (2021 - £90,201).

The members of the Board of Trustees did not receive any remunerations, nor any reimbursed expenses during the year (2021 - £Nil).

12. Tangible assets – Charity (also comprising that of the group)

	Fixtures & fittings £	Computer equipment £	Plant & machinery £	Total £
Cost				
At 1 April 2021	34,661	13,024	-	47,685
Additions	<u>-</u>	<u>-</u>	<u>1,339</u>	<u>1,339</u>
31 March 2022	<u>34,661</u>	<u>13,024</u>	<u>1,339</u>	<u>49,024</u>
Depreciation				
At 1 April 2021	32,953	6,873	-	39,826
Charge for the year	<u>455</u>	<u>1,694</u>	<u>268</u>	<u>2,417</u>
At 31 March 2022	<u>33,408</u>	<u>8,567</u>	<u>268</u>	<u>42,243</u>
Net book value				
At 31 March 2022	<u>1,253</u>	<u>4,457</u>	<u>1,071</u>	<u>6,781</u>
At 31 March 2021	<u>1,708</u>	<u>6,151</u>	<u>-</u>	<u>7,859</u>

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

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FOR THE YEAR ENDED 31 MARCH 2022

13. Intangible assets – Charity (also comprising that of the group)

	Website development £	Total £
Cost		
At 1 April 2021 & 31 March 2022	<u>15,000</u>	<u>15,000</u>
Depreciation		
At 1 April 2021	6,000	6,000
Charge for the year	3,000	3,000
At 31 March 2022	<u>9,000</u>	<u>9,000</u>
Net book value		
At 31 March 2022	<u>6,000</u>	<u>6,000</u>
At 31 March 2021	<u>9,000</u>	<u>9,000</u>

14. Investments

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Subsidiary undertaking	-	-	1	1
UK and overseas equities:				
Market value at 1 April 2021	14,064,829	11,632,123	14,064,829	11,632,123
Acquisitions at cost	3,434,827	2,884,156	3,434,827	2,884,156
Disposals at market value	(4,216,060)	(1,929,812)	(4,216,060)	(1,929,812)
Unrealised gains on revaluation	<u>220,167</u>	<u>1,478,362</u>	<u>220,167</u>	<u>1,478,362</u>
Market value at 31 March 2022	13,503,763	14,064,829	13,503,763	14,064,829
Cash balance (held by brokers)	<u>747,920</u>	<u>317,359</u>	<u>747,920</u>	<u>317,359</u>
Investments under management	<u>14,251,683</u>	<u>14,382,188</u>	<u>14,251,683</u>	<u>14,382,188</u>
	<u>14,251,683</u>	<u>14,382,188</u>	<u>14,251,684</u>	<u>14,382,189</u>

The market value of £13,503,763 (2021 - £14,064,829) above represents investments quoted on a recognised securities exchange.

	2022 £	2021 £
UK equity	3,032,764	2,561,629
Overseas equity	5,175,400	4,087,006
UK bonds	3,356,739	6,376,719
Alternative investments	<u>1,938,860</u>	<u>1,039,475</u>
	<u>13,503,763</u>	<u>14,064,829</u>

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FOR THE YEAR ENDED 31 MARCH 2022

14. (Continued)

Subsidiary undertaking

The charity has a wholly owned trading subsidiary, Canning House Limited (company registration number 03317927), which is incorporated in England and Wales. The subsidiary's principal activity is to run services for corporate members and relevant commercial activities including the running of conferences. All profits are donated to the Charity under gift aid.

Summary of profit and loss for Canning House Limited

	2022	2021
	£	£
Turnover	74,118	128,949
Cost of sales and expenses	<u>(205,770)</u>	<u>(193,798)</u>
Net Loss	<u>(131,652)</u>	<u>(64,849)</u>
The assets and liabilities of the subsidiary were:		
Current assets	62,788	139,639
Current liabilities	<u>(333,399)</u>	<u>(273,148)</u>
Total net Liabilities	<u>(270,611)</u>	<u>(133,509)</u>
Aggregate share capital and reserves	<u>(265,161)</u>	<u>(133,509)</u>

15. Stocks – Charity (also comprising that of the group)

	2022	2021
	£	£
Stock of medals	<u>4,198</u>	<u>4,198</u>

16. Debtors

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	-	29,000	-	20,000
Prepayments and accrued income	77,268	109,219	71,818	108,719
Other debtors	35,754	24,791	30,554	24,791
Amounts owed by group undertakings	-	-	<u>313,774</u>	<u>242,974</u>
	<u>113,022</u>	<u>163,010</u>	<u>416,146</u>	<u>396,484</u>

17. Analysis of cash and cash equivalents

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Cash at bank	<u>533,709</u>	<u>645,035</u>	<u>476,121</u>	<u>514,896</u>

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

18. Creditors

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade creditors	14,997	2,214	11,637	1,974
Taxation and social security	-	5,780	-	5,780
Accruals and deferred income	<u>141,966</u>	<u>157,072</u>	<u>125,701</u>	<u>127,138</u>
	<u>156,963</u>	<u>165,066</u>	<u>137,338</u>	<u>134,892</u>

19. Financial instruments

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Financial assets				
Financial assets measured at fair value through the SOFA	14,785,392	15,027,223	14,727,804	14,897,084
Financial assets measured at amortised cost	<u>61,586</u>	<u>53,791</u>	<u>344,161</u>	<u>287,766</u>
	<u>14,846,978</u>	<u>15,081,014</u>	<u>15,071,965</u>	<u>15,184,850</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(156,795)</u>	<u>158,659</u>	<u>(137,170)</u>	<u>134,892</u>

Financial assets measured at fair value through the SOFA comprise of bank and cash balances as well as investments carried at market value. Accounting policies adopted are included within note 1 to these financial statements.

Financial assets measured at amortised cost comprise of investments held at cost, trade debtors, other debtors and amounts owed by group undertakings. Further details in respect of these balances can be found in note 17 to these financial statements and the accounting policies adopted are included within note 1 to these financial statements.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors and accruals. Further details in respect of these balances can be found in note 19 to these financial statements and the accounting policies adopted are included within note 1 to these financial statements.

20. Pensions

The charitable company operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pensions cost represents contributions payable by the Charity during the year and amounts to £8,956 (2021 - £10,996) and by the Group £18,891 (2021 - £21,158). At the year-end there was £168 (2021- a liability of £5,780 payable by the charity) receivable by the Charity included in other debtors.

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

21. Statement of funds

	At 1 April 2021 £	Incoming resources £	Resources expended £	At 31 March 2022 £
Restricted funds:				
Canning House Library Appeal	287,491	1,388	(1,170)	287,709
UK-Brazil Conversa Fund	24,858	-	-	24,858
Anglo Portugese Society Fund	32,902	75	-	32,977
British and Colombian Chamber of Commerce Fund	<u>20,696</u>	<u>47</u>	<u>-</u>	<u>20,743</u>
	365,947	1,510	(1,170)	366,287
Unrestricted funds:				
General funds	<u>14,680,277</u>	<u>530,235</u>	<u>(818,369)</u>	<u>14,392,143</u>
Total funds	<u>15,046,224</u>	<u>531,745</u>	<u>(819,539)</u>	<u>14,758,430</u>

Details of the funds are listed below:

- Canning House Library Appeal – set up in 2004 for new library facilities.
- Anglo accounts – deposits made for future charitable activities in mutual agreement with the Anglo Portuguese Society, and the British and Colombian Chamber of Commerce for charitable, cultural and educational purposes. The above funds were set aside in conjunction with the sale of 2 Belgrave Square.
- The UK-Brazil Conversa – an annual forum for dialogue between policymakers and influencers, business leaders, academics, diplomats and governments, to help build closer relations and contacts between Brazil and the UK. It was founded in 2014 by former UK Ambassador to Brazil, Alan Charlton, now a Trustee of Canning House, and Canning House became the Secretariat in 2018.

22. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	2022 Total £	2021 Total £
Fixed assets	14,264,464	-	14,264,464	14,399,047
Net current assets	<u>127,679</u>	<u>366,287</u>	<u>493,966</u>	<u>647,177</u>
	<u>14,392,143</u>	<u>366,287</u>	<u>14,758,430</u>	<u>15,046,224</u>

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

23. Reconciliation of net movement in funds to net cash flows from operating activities

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Net movement in funds	(287,794)	1,239,276	(156,142)	1,298,218
Adjustments for:				
Depreciation	2,417	2,050	2,417	2,050
Amortisation	3,000	3,000	3,000	3,000
Loss on disposal of tangibles	-	900	-	900
Unrealised (gains) on revaluation	(220,167)	(1,478,362)	(220,167)	(1,478,362)
Decrease/(increase) in cash balances held in investments	(430,561)	1,066,671	(430,561)	1,066,671
Decrease/(increase) in debtors	49,988	56,436	(19,662)	(57,745)
(Decrease)/increase in creditors	(8,103)	74,956	2,446	115,519
Dividend income	(300,417)	(275,018)	(300,417)	(275,018)
Interest income	(44,978)	(84,758)	(44,978)	(84,740)
Cash flows from operating activities	<u>(1,236,615)</u>	<u>599,244</u>	<u>(1,164,064)</u>	<u>590,493</u>

24. Financial commitments

At 31 March 2022, the Charity had the following commitments under non-cancellable operating leases:

	2022 £	2021 £
Land and buildings		
- Falling due within one year	49,167	58,167
- Falling due between two and five years	-	49,167
	<u>49,167</u>	<u>107,334</u>
Other		
- Falling due within one year	1,183	2,628
- Falling due between two and five years	1,184	2,367
	<u>2,367</u>	<u>4,995</u>
Total financial commitments	<u>51,534</u>	<u>112,329</u>

25. Related party transactions

Whenever appropriate, the entire net profit of the subsidiary company, Canning House Limited, is donated annually by deed to the parent charitable company under gift aid and amounted to £Nil (2021 - £Nil) inclusive of the tax credit.

26. Ultimate controlling party

In the opinion of the Trustees, there is no ultimate controlling party other than the Board of Trustees themselves.