

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 2023

THE HISPANIC AND LUSO BRAZILIAN COUNCIL
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FOR THE YEAR ENDED 31 MARCH 2023

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ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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
Chief Executive Officer & Secretary	Jeremy Browne
Company registration number	00383775
Charity registration number	314210
Registered office	50 Broadway London SW1H 0BL
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 45 Gresham St London EC2V 7BG

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

The Trustees present their report and audited financial statements for the year ended 31 March 2023 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 Floor 9, 50 Broadway, London, SW1H 0BL.

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

Alan Charlton	Marcial Echenique
Nicholas McCall (chair)	Ezequiel Wepler (resigned 03/05/2023)
Carla McRoberts	Irene Mia
Rodolfo Milesi	Vitoria Nabas
Ed Poulton	Marcelo Scenna
Hugo Shorter	Gui Silva

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

Honorary President:

Lord Jeffrey 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

Lord Clarke, CH, QC, PC

Dr Enrique Garcia

Baroness Hooper, CMG

Sir Mark Moody-Stuart, KCMG

Néstor Osorio Londoño

The Rt Hon Michael Portillo

HE Ambassador Iván Romero-Martínez

Horacio Rossi

Sally Unwin, OBE FCIB

The Board of Trustees oversee the Charity, which is managed day to day by the Chief Executive Officer, Jeremy Browne.

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

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 and Gui Silva. The committee is chaired by Ian Perrin, COO and Deputy CEO.

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.

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.

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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 economic and business environment of Latin America. These events are generally open to the public (subject to capacity constraints), with corporate members and other notable or important guests typically being given priority access.

The Head of Corporate Affairs and the Corporate Affairs Assistant are 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 11 December 2018. Conversely, in the event that CHL makes a financial loss, under the terms of an ongoing letter of support dated 26 October 2020, the HLBC Trustees undertake to under-write CHL's activities for the current financial year ending 31 March 2023, 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, in recent years, been focused on key financial risks to the organisation, and necessary mitigation measures, in response to the aftermath of the Covid-19 pandemic plus post-Brexit uncertainties on corporate membership income. The F&GP has also initiated discussions with the investment portfolio managers regarding ESG-related issues pertaining to the portfolio.

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, and social trends, current affairs, 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.

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

Objectives for the year and the future

The organisation's 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 stakeholders, as a result of which the organisation's public reputation has been greatly enhanced. The achievement of the third objective is more long-term, as progress on this front has been seriously hampered by – inter alia - the impact of the Covid-19 pandemic. However, since the arrival of the new CEO in June 2022, the corporate programme and offer has been refreshed, in an attempt to halt the decline in corporate revenue seen during the previous CEO's tenure.

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 former CEO took the decision to scrap events fees completely. This ultimately meant that revenue generated by event ticket sales ceased.

Activities of the Charity

Coming out of the tail end of the COVID-19 pandemic, the Canning House returned to its normal programme of c40+ corporate events (webinars, briefings and trade and investment conferences and round tables) and public events (cultural, geopolitical, election analyses, socio-economic), all of which were free to attend.

On the flagship side of things, Canning House welcomed the President of Uruguay, Luis Lacalle Pou, to London for a Canning Lecture in May 2022; the UK-Brazil Conversa successfully continued apace in Rio de Janeiro in June 2022; the LatAm Outlook entered its fourth successful year to a packed audience in central London; and Canning House recognised the outstanding contributions made by its former Honorary President, Baroness Gloria Hooper CMG, for contributions made to enhancing UK-Latin American relations, by awarding her with one of the prestigious Canning Medals.

Achievements and Performance

For the financial year 2022-23, income from corporate membership decreased from £74k to £64k, demonstrating the difficult market conditions that the organization is facing.

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Income from corporate memberships of £64k accounted for c94% of annual gross non-investment income of £68k, with c£4k also coming from individual membership subscriptions. No sponsorship was acquired during this period for any events, whilst the organisation did receive significant in-kind contributions from corporate members, most notably AngloAmerican, who hosted the “Evolution of Sustainable Mining in Latin America” conference in their London headquarters in December 2022; PromPeru, who covered the costs of the “Peru Economic Outlook and Investment Opportunities” event in January 2023; and ERG International who covered the costs of the “Infrastructure: Building Latin American Sustainable Development” conference in March 2023.

However, the change of CEO in June 2022 heralded a new era for Canning House, with the arrival of Jeremy Browne, former UK government minister with responsibility for Latin America. Upon arrival, the CEO and COO undertook a review of the activities and finances of the organisation, and came up with a plan to ensure that the organisation had a sounder financial footing going forward. The plan consisted of two main fronts. The first front was to implement strategic cost cutting measures across the board, to make sure that no money was spent on activities that are not deemed a priority or do not support the organisations mission. In light of this, the decision was taken by the CEO and board to end Canning House’s funding of the LSE-Canning House Research Forum after its third year, significantly reducing the organisations financial burden going forward. Additional cost cutting measures have been implemented on the events front, with any expenditure that was deemed unnecessary, such as livestreaming and providing simultaneous translation as default for every event, being cut. The second front was to increase revenues by revising the corporate programme to attract more corporate members to join Canning House, and pay a fairer price. Although not fully reflected in the above figures, owing to the fact that revenue from corporate membership is accrued across the financial year, income from annualised corporate membership has increased from c£30k when the previous CEO left, to over £100k in the one year since the arrival of the new CEO.

The new CEO identified two further areas for improvement, relating to a new staff structure and a new office, that he deems integral to his plan for the organisation. On the staff front, the CEO has revised the existing staff structure by promoting the Head of Finance and Operations to the position of COO and Deputy CEO; abolishing the position of Head of Stakeholder Relations and replacing it with a Head of Corporate Affairs; abolishing the positions of Global Affairs Officer and Policy and Research Officer, and replacing them with a Head of Policy and Public Affairs. This new staff structure not only resulted in a more efficient team, with each staff member in positions that better reflect their skill set, it also resulted in saving a small amount of money on wages as there was one less team member. On the new office front, the CEO, COO and board were unanimous that when the lease for the property in 126 Wigmore Street expired, it was not to be renewed, and that a new more modern office that is better fit for purpose be found. After an exhaustive search the COO found a property on 50 Broadway, London, opposite St James’ Park Underground Station, which the CEO deemed ideal for his vision of the organisation going forward, incorporating modern facilities and a boardroom, so that Canning House can go back to hosting in-house events once again. The contracts were signed for the lease in March 2023, and the fit-out work will be completed by June 2023. A nine-month rent-free period was negotiated in the first year of the contract, and a further five-month rent-free period will be implemented after the third year of the contract has passed.

Overall operating expenses on charitable activities and governance increased to £853k from £761k 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 costs the organisation upwards of £100k per annum. However, as already mentioned previously, since the arrival of the new CEO a series of measures aimed at reducing expenditure on events and other initiatives deemed not to be a priority have been implemented or initiated, the impact of which will be seen fully in future financial periods.

In addition to operating income, the Charity’s investment portfolio yielded gross dividend and interest income of £316k, down from £344k in 2021-22. After deducting fund management fees, the net dividend and interest yield from the portfolio was £262k this year, compared to £285k the previous year; a fall of £23k.

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The total operating loss before realised gains/losses for FY 2022-23 stood at a loss of £515k, as opposed to a loss of £319k the previous financial year. The realised gains on investments totaled £18k this year, compared to a loss of £113k the previous financial year, meaning that the total operating loss including realised gains/losses on investment stood at a loss of £497k this financial year, compared with a loss of £433k for the previous financial year.

Current Affairs, Culture & Communications

Canning House continued to update and inform its audiences about the most relevant current affairs through seminars, webinars, weekly newsletters, Canning Papers and other publications, including a newly launched blog.

In May 2022, Canning House welcomed the President of Uruguay, Luis Lacalle Pou, to Goldsmiths' Hall in central London to deliver a Canning Lecture. Mr. Lacalle Pou's lecture, entitled "Uruguay, a Reliable Gateway to South America - Opportunities in Green Finance," was followed by words from Minister Azucena Arbeleche, Uruguay's Minister of Finance, and a roundtable with senior investors. Also in the delegation were Ministers Francisco Bustillo, of Foreign Relations, and Omar Paganini, of Industry, Energy and Mining.

In Canning House's broader programme of Current Affairs events, numerous wide-ranging topics were addressed either via webinar, or through in-person events, including, in no particular order, election briefings on Brazil and Colombia; Trade Alliances 2023, with a focus on the trade bloc Mercosur; China and Russia's relations with Latin America; human rights in Venezuela; cryptocurrency; mining and rights in Peru and sites of memory for Argentina's civil-military dictatorship.

Across these events, Canning House partnered with institutions and organisations including the Department for International Trade (now Department for Business and Trade), the Paddy Ashdown Forum, Grupo de Países Productores del Sur (GPS), Cafod, the Peru Support Group, the All-Party Parliamentary Group for Peru, and the Embassy of Argentina. A number of these events featured senior figures from prominent organisations, such as Human Rights Watch, the United Nations, the Royal United Services Institute, the European Commission, University College London (UCL), the World Bank, government representatives from the UK and Latin America, and always with contributions from Canning House's extensive network of experts.

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.

In historic and cultural matters, Canning House held another edition of its Forgotten Histories series, this year focusing on British ties to slavery in Latin America post-British abolition. The event featured a panel of academics from UCL, the University of Birmingham and Durham University.

The board also made the decision to award Baroness Gloria Hooper CMG, former Honorary President of Canning House, with a prestigious Canning Medal, in recognition of her invaluable contributions made to enhancing UK-Latin American relations. A stalwart of the UK-Latin American community for decades, the reception was well attended by the diplomatic community, and the Baroness was presented with her medal by Lord Browne of Madingley, with Professor Victor Bulmer-Thomas CMG OBE delivering closing remarks.

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Thought Leadership, Policy and Research

This year's UK-Brazil Conversa took place in June 2022 in Rio de Janeiro, and was extremely well attended, having been forced online for the two previous editions. A premium line-up of panellists from across business, academia, government, law, and many other fields, joined the speakers for a variety of bilateral discussions looking at foreign policy, climate change, glean growth, natural resource extraction, levelling up, public security, environmental social and corporate governance, and inequality. Owing to its success, plans were afoot soon after to host the 2023 edition at the University of Oxford.

December saw Canning House's flagship publication - the LatAm Outlook - continue to go from strength to strength. This year's edition included two new additional chapters; the first assessing Latin America's place in the world, authored by the Financial Times Latin American editor Michael Stott; and the second looking at commercial opportunities in Latin America, written by the Department for Business and Trade; alongside the regular chapters looking at the political, economic, social, environmental, and security outlooks across the region for the next 5 years and beyond. The launch event took place at the Intercontinental Hotel on Park Lane, and despite rail strikes and a snow storm, over 130 people from government, business, academia and diplomacy attended.

The Canning House-KCL Library Visiting Fellowship programme continued with the arrivals of four scholars. From Argentina, Almendra Cremaschi's research examined global open-source agriculture; Isabel Madrazo, a Mexican academic, focused on gender-based violence and policing; Guilherme Bianchi from Brazil, who studied indigenous agency in post-conflict Peru; and Roberto Uebel, also from Brazil, whose arrival was delayed by Covid-19, investigated migratory patterns between Brazil, Portugal and the UK.

The Canning House Research Forum at the London School of Economics and Political Science's Latin America and Caribbean Centre saw the publication of its first Research Fellow, Dr Amir Lebdioui's, second report, which examined Latin American trade and climate change. The report was later publicised by President Gustavo Petro of Colombia on Twitter, and Amir has since presented it to the Colombian government. The programme's second Research Fellow, Dr Layla Zaglul Ruiz, has begun her research project, 'Adding value to coffee and Cacao in Latin America,' with a report due later in 2023.

Complementing the current affairs and corporate events programmes, Canning Papers were published on Latin America's place in the changing geopolitical climate, responsible mining in the Lithium triangle, the future of Mercosur, and the sustainable development of transport infrastructure.

Canning House launched a new regular Blog, publishing short, timely pieces by guest contributors, in May 2022. It has since covered topics including Chile's constitutional referendum, military-political relationships across Latin America, the attempted assassination of Cristina Fernández de Kirchner; Peru's political crisis; Brazilian politics and the 8 January riots in Brasilia; and Colombian President Gustavo Petro's first 100 days in office. Contributors included Canning House Associate Fellow Jill Hedges, academics including Dr Julio Carrión and Dr Vinicius de Carvalho, and Mario Braga and Rodrigo Russo from Control Risks, a Canning House Corporate Member. Since taking over as CEO in June 2022, Jeremy Browne has penned opinion pieces on Brazil's election, and another on "Global Britain" published in outlets including the Independent, Conservative Home and La Tercera (Chile).

Canning House continued its support for the Foreign, Commonwealth, and Development Office (FCDO)'s Chevening programme, hosting its Latin American scholars at a networking reception in partnership with FCDO in December 2022, and support for the Group of Latin American Embassies in the UK (GRULA) remained strong, with regular meetings between Canning House representatives and the Latin American Ambassadors held to discuss key priority areas and potential collaboration.

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Corporate Events

Since the arrival of the new CEO, Canning House has strengthened its corporate programme to continue championing trade and investment between the UK and Latin America. During the reporting period, Canning House organised ten corporate events in total. In April 2022, Canning House partnered with LatAm INVESTOR to conclude the “investing-in series” with a conference on Guatemala which yielded country-specific insights and showcased current investment opportunities. This was followed by a seminar in June on “The UK as a destination for Latin American entrepreneurs: Opportunities and challenges” held in partnership with Google and the Department for International Trade’s (DIT) Global Entrepreneur Programme.

In September, Canning House partnered with corporate member, Baker McKenzie to organise the “Sustainable Agribusiness” conference with support from corporate member, GPS. Two conferences and two roundtables were held in October, collaborating first with the Dominican Embassy in the UK and the British Chamber of Commerce of the Dominican Republic to organise a conference on “The Dominican Republic: Bringing the Orange Economy to the Caribbean” to mark the ninth Dominican Week in London. The flagship “Energy and Renewables” conference in partnership with Eversheds Sutherland closely followed suit. The first roundtable in October welcomed the Chilean Minister of Economy to the London Stock Exchange, and later that month, the Chilean Mining Minister was received at a roundtable meeting organised by Canning House and hosted by Bloomberg. The calendar year concluded by partnering with corporate member, Anglo-American to host a conference on “The Evolution of Sustainable Mining in Latin America”, underscoring the strategic importance of Latin America as a provider of critical minerals.

At the request of new corporate member PromPeru, Canning House organised a conference on the “Peru Economic Outlook and Investment Opportunities” in January 2023. The event featured the in-person participation of the Peruvian Finance Minister, Alex Contreras alongside panellists from Anglo American, J.P. Morgan, Mace, and Moody’s Investors Services. January also saw the launch of Canning House’s “Sustainable Trade and Investment” series for 2023. These cross-sectoral conferences will explore the opportunities (and hurdles) for strengthening trade and investment between the UK and Latin America, diversifying the organisation’s portfolio of events to encompass not only extractive industries (such as mining and agriculture) but also value-added industries (such as technology and infrastructure). The series was kickstarted with the conference “Infrastructure: Building Latin American Sustainable Development” in partnership with new corporate member, ERG International. Around one hundred and twenty attendees spectated the two panels featuring influential players such as the Global Head of Infrastructure at KPMG and the CEO of Crossrail International.

Financial review

The Statement of Financial Activities (on page 17) shows an overall fund surplus of £13,615,641 at the year-end, which included £336,536 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

With the new office now secured, Canning House will be able to host in-house events once again. It is the CEO’s goal to host a number of breakfast meetings for high-profile guests throughout FY 2023-24, that will be of benefit to diplomats, business leaders, civil society groups, and the public alike. The boardroom in the new office will also make it possible to host a plethora of roundtable meetings relating to Canning House’s core areas of interest, such as current affairs, culture, politics, economics and business.

In addition to the new office, plans are also afoot to upgrade the organisations digital infrastructure, including the implementation of a CRM database, and a refresh of the website, which was last undertaken five years ago. A brand design refreshment is also planned for later in 2023.

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Canning House plans to overhaul its individual membership campaign with a new offer and pricing structure later in 2023, in a similar way to how the corporate membership has been revised, offering existing individual members better value for money, whilst attracting more to join.

The organisation's association with the APPGs will also be reviewed in the coming year, with the intention of scaling back commitments to the parliamentary groups, from three groups to just the one. Canning House will pass its 80th anniversary in November 2023, and plans are currently in development for a celebration to mark the occasion with a reception.

There is a strong pipeline of public events planned, including the UK Brazil Conversa 2023; the LatAm Outlook 2024; the Trade Alliances event 2024, which will likely focus on the UK's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership; an event to mark the bicentenaries of some Latin American states; another China-LatAm seminar for 2024, and Canning House's usual election analysis for forthcoming elections in Paraguay, Guatemala, and Argentina.

Other smaller events, such as webinars, roundtables, and policy dialogues, that are in the pipeline include: a closed roundtable with the Governor of Rio de Janeiro State; an "Americas Policy Dialogue" held alongside the Education World Forum taking place in London in May in partnership with the British Council and the Department for Business and Trade (DBT); a roundtable on "Technology: Reshaping Latin American Technologies" in partnership with Google and the Department for Business and Trade, during London Tech Week 2023; a roundtable meeting with Graham Zebedee, the lead negotiator for the UK's accession to the CPTPP, a meeting with the Inter-American Development Bank (IDB) to present their 2023 Debt Report; and a webinar organised in collaboration with Pogust Goodhead, assessing the impact of the 2015 Mariana Dam Disaster, reflecting on the shared learnings for corporate governance from the perspectives of corporates/investors, academics, the media, and the legal sector.

Corporate events planned include "New Pathways for Latin American Finance" conference hosted by J.P. Morgan, which will explore the potential for strengthening UK-Latin American collaboration in financial services and FinTech; "Pioneering Latin America's Sustainable Finance" in partnership with the London Stock Exchange Group (LSEG); a "Powering Net Zero" conference organised with Banco Santander; "Partnerships for Sustainability in Mining" conference, again with AngloAmerican; and a new conference looking at "Cultivating the UK and Latin American Food and Drinks Trade".

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 in the past of delayed renewals and waived fees. However, upon arrival of the new CEO, after undertaking a review of the existing structure and pricing, he implemented a one-tier membership package coasting a flat fee of £12,000, thus removing the muddled multi-tiered system that had been implemented by his predecessor.

Furthermore, the unprecedented Russian invasion of Ukraine in March 2022 caused jitters in financial markets, impacting the value of assets around the world. This had a significant impact on the value of the Canning House endowment portfolio. However, the current value of the portfolio of c£13m still provides plenty of insurance for Canning House to survive this period even if these uncertainties persist into 2024.

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The continued growth this year in our reputation for serious and significant research, reports, commentary and events, the increased reach of those events to larger and more international audiences, and the publication of the fourth 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%).

Initially, 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. But as a result of the recent economic turmoil, and owing to ongoing expenditure already committed by the previous CEO, capital within the portfolio has been drawn down on. However, the new CEO has made it a priority to reverse this trend and cut profligate expenditure across all aspects of the organisation's operations.

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 – such as the LatAm Outlook - 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.

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 delivered a net total return of -2.6% for the trailing twelve months to 31st March 2023. Although frustrating to see a negative performance over the period, this should be viewed in the context of wider financial markets; over the same period global equities fell by -1.4% (MSCI All Country World Index GBP) whilst conventional UK Government Bonds, which typically exhibit more defensive characteristics versus equities, depreciated by -17.0% (Markit iBoxx GBP Gilts Index). This shows the extent of the volatility across both equities and bonds as investors priced in the impact of rising interest rates and tighter credit conditions. Central banks have continued in their efforts to control inflation which remains elevated and significantly above target, putting further pressure on households and corporations during an already fragile recovery. With this in mind, the Canning House portfolio remains conservatively positioned with 60.0% attributed to equities which is marginally overweight versus the long-term strategic benchmark. The focus continues to be on maintaining an appropriate level of diversification with a suitable balance across asset classes, sectors and styles to navigate the challenging market environment. Since inception the portfolio is showing a cumulative net total return of +28.7%.

The Trustees require the investment manager(s) to be sensitive to the underlying purpose and principles of the Charity and its partners, and to try to avoid any investments in contravention of these whilst also highlighting areas of potential sensitivity. Particular attention should be paid to Environmental, Social & Governance (ESG) factors when selecting investments. Furthermore, the Trustees require the investment manager(s) to apply an appropriate level of due diligence in terms of ESG analysis within the underlying investment process.

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

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 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 2022-23. In accordance with section 485 of the Companies Act, a resolution on the appointment of auditors for 2023-24 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 07/11/23 and signed on their behalf by:


.....
N 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 2023 which comprise the consolidated statement of financial activities, consolidated 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 2023 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

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

8 November 2023
Date: _____

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 2023

		2023	2023	2023	2022	2022	2022
	Notes	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds
Income and endowments from:							
Other trading activities	3	68,794	-	68,794	79,422	-	79,422
Investments	4	<u>318,689</u>	<u>5,069</u>	<u>323,758</u>	<u>343,885</u>	<u>1,510</u>	<u>345,885</u>
Total income		387,483	5,069	392,552	423,307	1,510	424,817
Expenditure on:							
Raising funds	5	(53,895)	-	(53,895)	(58,964)	-	(58,964)
Charitable activities	6	(804,382)	(34,820)	(839,202)	(744,866)	(1,170)	(746,036)
Governance costs	8	<u>(16,775)</u>	<u>-</u>	<u>(16,775)</u>	<u>(14,539)</u>	<u>-</u>	<u>(14,539)</u>
Total expenditure		(875,052)	(34,820)	(909,872)	(818,369)	(1,170)	(819,539)
Net gains on investments		<u>(627,542)</u>	<u>-</u>	<u>(627,542)</u>	<u>106,928</u>	<u>-</u>	<u>106,928</u>
Net movement in funds		(1,115,111)	(29,751)	(1,144,862)	(288,134)	340	(287,794)
Reconciliation of funds							
Balance at 1 April 2022		<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>
Balance at 31 March 2023	20	<u>13,277,032</u>	<u>336,536</u>	<u>13,613,568</u>	<u>14,392,143</u>	<u>366,287</u>	<u>14,758,430</u>

The notes on pages 19 to 29 form part of these financial statements.

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Group		Charity	
		2023 £	2022 £	2023 £	2022 £
Fixed assets					
Tangible fixed assets	11	43,361	6,781	43,361	6,781
Intangible assets	12	3,000	6,000	3,000	6,000
Investments	13	<u>13,033,013</u>	<u>14,251,683</u>	<u>13,033,014</u>	<u>14,251,683</u>
		13,079,374	14,264,464	13,079,375	14,264,464
Current assets					
Stocks	14	3,498	4,198	3,498	4,198
Debtors and prepayments	15	81,420	113,022	557,694	416,146
Cash at bank and in hand	16	<u>648,351</u>	<u>533,709</u>	<u>541,996</u>	<u>476,121</u>
		733,269	650,929	1,103,188	896,465
Creditors: amounts falling due within one year	17	<u>(199,075)</u>	<u>(156,963)</u>	<u>(120,889)</u>	<u>(137,338)</u>
Net current assets		<u>534,194</u>	<u>493,966</u>	<u>982,299</u>	<u>759,127</u>
Total assets		<u>13,613,568</u>	<u>14,758,430</u>	<u>14,061,674</u>	<u>15,023,592</u>
Funds represented by:					
Restricted funds		336,536	366,287	336,536	366,287
Unrestricted funds		<u>13,277,032</u>	<u>14,392,143</u>	<u>13,725,138</u>	<u>14,657,305</u>
Total funds	20	<u>13,613,568</u>	<u>14,758,430</u>	<u>14,061,674</u>	<u>15,023,592</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 2023, 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 16 to 29 were approved by the Trustees on 07/11/23 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 2023

	Notes	Group		Charity	
		2023	2022	2023	2022
		£	£	£	£
Cash flows from operating activities	22	(29,976)	(1,236,615)	(78,743)	(1,164,064)
Cash flows from investing activities					
Dividend income		288,701	300,417	288,701	300,417
Interest income		35,057	44,978	35,057	44,978
Proceeds from the sale of investments		3,020,683	4,216,060	3,020,683	4,216,060
Purchase of investments		(3,160,919)	(3,434,827)	(3,160,919)	(3,434,827)
Purchase of tangible fixed assets		<u>(38,904)</u>	<u>(1,339)</u>	<u>(38,904)</u>	<u>(1,339)</u>
Net cash (used in) provided by investing activities		<u>144,618</u>	<u>1,125,289</u>	<u>144,618</u>	<u>1,125,289</u>
Change in cash and cash equivalents in the year		114,642	(111,326)	65,875	(38,775)
Cash and cash equivalents at the beginning of the year		<u>533,709</u>	<u>645,035</u>	<u>476,121</u>	<u>514,896</u>
Cash and cash equivalents at the end of the year		<u>648,351</u>	<u>533,709</u>	<u>541,996</u>	<u>476,121</u>

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 50 Broadway, London SW1H 0BL.

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 2023 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 2023 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 2023

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
Office fit out	-	not currently depreciated as not in use

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 2023**

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:

	2023 £	2022 £
Income	<u>327,846</u> 327,846	<u>350,699</u> 350,699
Expenditure on charitable activities	(608,327)	(613,769)
Net gains on investments	<u>(681,437)</u>	<u>106,928</u>
Net (expenditure)/income	(961,918)	(156,142)
Funds brought forward	<u>15,023,592</u>	<u>15,179,734</u>
Totals funds carried forward	<u>14,061,674</u>	<u>15,023,592</u>
Represented by:		
Restricted funds	336,536	366,287
Unrestricted funds	<u>13,725,138</u>	<u>14,657,305</u>
	<u>14,061,674</u>	<u>15,023,592</u>

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

3. Other trading activities

	Unrestricted funds £	Restricted funds £	2023 Total £	2022 Total £
Membership and events	68,794	-	68,794	79,422
Corporate sponsorships	-	-	-	-
	<u>68,794</u>	<u>-</u>	<u>68,794</u>	<u>79,422</u>

4. Investments

	Unrestricted funds £	Restricted funds £	2023 Total £	2022 Total £
Dividends & interest from investments	288,701	-	288,701	300,417
Bond interest accrued	27,667	-	27,667	43,360
Bank interest received	2,321	5,069	7,390	1,618
	<u>318,689</u>	<u>5,069</u>	<u>323,758</u>	<u>359,776</u>

5. Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	2023 Total £	2022 Total £
Investment Manager's fee	<u>53,895</u>	<u>-</u>	<u>53,895</u>	<u>58,964</u>

6. Costs of charitable activities

	Unrestricted funds £	Restricted funds £	2023 Total £	2022 Total £
Direct costs	215,109	34,820	249,929	239,378
Support costs	<u>589,273</u>	<u>-</u>	<u>589,273</u>	<u>506,658</u>
	<u>804,382</u>	<u>34,820</u>	<u>839,202</u>	<u>746,036</u>

Included within direct costs are donations made to the following institutions:

	Unrestricted funds £	Restricted funds £	2023 Total £	2022 Total £
UK Consulate Rio de Janeiro	1,500	-	1,500	-
LATA Foundation	-	-	-	6,000
The Anglo-Argentine Society	-	-	-	<u>30,674</u>
	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>30,674</u>

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

7. Support costs

	Unrestricted funds £	Restricted funds £	2023 Total £	2022 Total £
Staff costs	439,585	-	439,585	393,052
Building costs	60,641	-	60,641	59,534
Other costs	89,047	-	89,047	54,072
	<u>589,273</u>	<u>-</u>	<u>589,273</u>	<u>506,658</u>

8. Governance costs

	Unrestricted funds £	Restricted funds £	2023 Total £	2022 Total £
Audit and accountancy fees	<u>16,775</u>	<u>-</u>	<u>16,775</u>	<u>14,539</u>

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

This is stated after charging:

	2023 £	2022 £
Depreciation	2,324	2,417
Amortisation	3,000	3,000
Auditors remuneration:		
- Audit of the financial statements	<u>9,790</u>	<u>8,039</u>
	<u>14,094</u>	<u>13,456</u>

10. Staff costs and remuneration

Total staff costs were as follows:

	2023 £	2022 £
Wages and salaries	354,123	332,991
Social security cost	35,344	30,650
Other pension costs	23,164	18,891
Other costs	<u>26,954</u>	<u>10,520</u>
	<u>439,585</u>	<u>393,052</u>

The average number of staff employed during the year, based on a full time equivalent, was 8 (2022 – 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 £220,628 (2022 - £193,423).

There was 1 employee whose total emoluments for the year fell between £90,000 and £100,000 (2022 between £90,000 and £100,000 - 1).

The total amount of employee benefits received by the charity's key management personnel was £90,654 (2022 - £91,463).

The members of the Board of Trustees did not receive any remunerations, nor any reimbursed expenses during the year (2022 - £Nil).

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FOR THE YEAR ENDED 31 MARCH 2023

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

	Fixtures & fittings £	Computer equipment £	Plant & machinery £	Office fitout £	Total £
Cost					
At 1 April 2022	34,661	13,024	1,339	-	49,024
Additions	<u>-</u>	<u>251</u>	<u>-</u>	<u>38,653</u>	<u>38,904</u>
31 March 2023	<u>34,661</u>	<u>13,275</u>	<u>1,339</u>	<u>38,653</u>	<u>87,928</u>
Depreciation					
At 1 April 2022	33,408	8,567	268	-	42,243
Charge for the year	<u>456</u>	<u>1,600</u>	<u>268</u>	<u>-</u>	<u>2,324</u>
At 31 March 2023	<u>33,864</u>	<u>10,167</u>	<u>536</u>	<u>-</u>	<u>44,567</u>
Net book value					
At 31 March 2023	<u>797</u>	<u>3,108</u>	<u>803</u>	<u>38,653</u>	<u>43,361</u>
At 31 March 2022	<u>1,253</u>	<u>4,457</u>	<u>1,071</u>	<u>-</u>	<u>6,781</u>

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

	Website development £	Total £
Cost		
At 1 April 2022 & 31 March 2023	<u>15,000</u>	<u>15,000</u>
Depreciation		
At 1 April 2022	9,000	9,000
Charge for the year	<u>3,000</u>	<u>3,000</u>
At 31 March 2023	<u>12,000</u>	<u>12,000</u>
Net book value		
At 31 March 2023	<u>3,000</u>	<u>3,000</u>
At 31 March 2022	<u>6,000</u>	<u>6,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Investments

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Subsidiary undertaking	-	-	1	1
UK and overseas equities:				
Market value at 1 April 2022	13,503,763	14,064,829	13,503,763	14,064,829
Acquisitions at cost	3,160,919	3,434,827	3,160,919	3,434,827
Disposals at market value	(3,020,683)	(4,216,060)	(3,020,683)	(4,216,060)
Unrealised (losses)/gains on revaluation	<u>(645,615)</u>	<u>220,167</u>	<u>(645,615)</u>	<u>220,167</u>
Market value at 31 March 2023	12,998,384	13,503,763	12,998,384	13,503,763
Cash balance (held by brokers)	<u>34,629</u>	<u>747,920</u>	<u>34,629</u>	<u>747,920</u>
Investments under management	<u>13,033,013</u>	<u>14,251,683</u>	<u>13,033,013</u>	<u>14,251,683</u>
	<u>13,033,013</u>	<u>14,251,683</u>	<u>13,033,014</u>	<u>14,251,684</u>

The market value of £12,998,384 (2022 - £13,503,763) above represents investments quoted on a recognised securities exchange.

	2023 £	2022 £
UK equity	2,873,396	3,032,764
Overseas equity	5,034,265	5,175,400
UK bonds	3,185,417	3,356,739
Alternative investments	<u>1,905,306</u>	<u>1,938,860</u>
	<u>12,998,384</u>	<u>13,503,763</u>

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

	2023 £	2022 £
Turnover	64,706	74,118
Cost of sales and expenses	<u>(247,650)</u>	<u>(205,770)</u>
Net loss	<u>(182,944)</u>	<u>(131,652)</u>

The assets and liabilities of the subsidiary were:

Current assets	123,155	68,238
Current liabilities	<u>(571,260)</u>	<u>(333,399)</u>
Total net liabilities	<u>(448,105)</u>	<u>(265,161)</u>
Aggregate share capital and reserves	<u>(448,105)</u>	<u>(265,161)</u>

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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

	2023 £	2022 £
Stock of medals	<u>3,498</u>	<u>4,198</u>

15. Debtors

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Trade debtors	16,800	-	-	-
Prepayments and accrued income	35,795	77,268	35,795	71,818
Other debtors	28,825	35,754	28,825	30,554
Amounts owed by group undertakings	-	-	493,074	313,774
	<u>81,420</u>	<u>113,022</u>	<u>557,694</u>	<u>416,146</u>

16. Analysis of cash and cash equivalents

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Cash at bank	<u>648,351</u>	<u>533,709</u>	<u>541,996</u>	<u>476,121</u>

17. Creditors

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Trade creditors	338	14,997	338	11,637
Taxation and social security	2,109	-	2,109	-
Accruals and deferred income	196,628	141,966	118,442	125,701
	<u>199,075</u>	<u>156,963</u>	<u>120,889</u>	<u>137,338</u>

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

18. Financial instruments

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Financial assets				
Financial assets measured at fair value through the SOFA	13,681,364	14,785,392	13,575,009	14,727,804
Financial assets measured at amortised cost	45,625	61,586	521,900	344,161
	<u>13,726,989</u>	<u>14,846,978</u>	<u>14,096,909</u>	<u>15,071,965</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(199,075)</u>	<u>(156,795)</u>	<u>(120,889)</u>	<u>(137,170)</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.

19. 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 £11,162 (2022 - £8,956) and by the Group £23,164 (2022 - £18,891). At the year-end there was £2,109 payable by the Charity included in other creditors (2022 - £168 receivable included within other debtors).

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

20. Statement of funds

	At 1 April 2022 £	Incoming resources £	Resources expended £	At 31 March 2023 £
Restricted funds:				
Canning House Library Appeal	287,709	4,245	(12,555)	279,399
Anglo Portugese Society Fund	32,977	506	-	33,483
UK-Brazil Conversa Fund	24,858	-	(22,265)	2,593
British and Colombian Chamber of Commerce Fund	20,743	318	-	21,061
	<u>366,287</u>	<u>5,069</u>	<u>(34,820)</u>	<u>336,536</u>
Unrestricted funds:				
General funds	<u>14,392,143</u>	<u>387,483</u>	<u>(1,502,594)</u>	<u>13,279,105</u>
Total funds	<u>14,758,430</u>	<u>392,552</u>	<u>(1,537,414)</u>	<u>13,613,568</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.

21. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	2023 Total £	2022 Total £
Fixed assets	13,079,374	-	13,079,374	14,264,464
Net current assets	<u>197,658</u>	<u>336,536</u>	<u>534,194</u>	<u>493,966</u>
	<u>13,277,032</u>	<u>336,536</u>	<u>13,613,568</u>	<u>14,758,430</u>

THE HISPANIC AND LUSO BRAZILIAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Net movement in funds	(1,144,862)	(287,794)	(961,918)	(156,142)
Adjustments for:				
Depreciation	2,324	2,417	2,324	2,417
Amortisation	3,000	3,000	3,000	3,000
Unrealised losses/(gains) on revaluation	645,615	(220,167)	645,615	(220,167)
Decrease/(increase) in cash balances held in investments	713,291	(430,561)	713,291	(430,561)
Decrease in stocks	700	-	700	-
Decrease/(increase) in debtors	31,602	49,988	(141,548)	(19,662)
Increase/(decrease) in creditors	42,112	(8,103)	(16,449)	2,446
Dividend income	(288,701)	(300,417)	(288,701)	(300,417)
Interest income	(35,057)	(44,978)	(35,057)	(44,978)
Cash flows from operating activities	(29,976)	(1,236,615)	(78,743)	(1,164,064)

23. Financial commitments

At 31 March 2023, the Charity had the following commitments under non-cancellable operating leases:

	2023	2022
	£	£
Land and buildings		
- Falling due within one year	96,600	49,167
- Falling due between two and five years	386,400	-
	483,000	49,167
Other		
- Falling due within one year	1,233	1,183
- Falling due between two and five years	-	1,183
	1,233	2,367
Total financial commitments	484,233	51,534

24. 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 (2022 - £Nil) inclusive of the tax credit.

25. Ultimate controlling party

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

