

THE NORTHCOTE TRUST

TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

Charity No: 207813

THE NORTHCOTE TRUST

REPORT AND ACCOUNTS

CONTENTS

	Page
Trustees' Report	2 - 4
Independent Examiner's Report	5
Statement of Financial Activities	6
Balance Sheet	7
Notes to the Accounts	8 – 11

THE NORTHCOTE TRUST
TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2019

The Trustees present their report and accounts for the year ended 31st December 2019.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's governing document, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity administers a Trust Fund established under the will of Baroness Northcote, subsequently altered by a scheme approved by the Charity Commissioners in 1974.

Trustees are appointed by resolution of the Trustees. They meet twice a year. The Britain-Australia Society is responsible for the administration of the Trust under the instruction of the Trustees.

OBJECTIVES AND ACTIVITIES

The Trust's present objectives are to provide graduate studies at Australian universities and colleges for students resident in the UK. The Trust's objectives have changed in the past due to the need to adapt to circumstances.

The original objective of children's emigration as determined by Lady Northcote's will became neither desirable nor feasible. As a result of a strategic review the trustees sought wider powers in 1974 from the Charity Commissioners. These wider powers now allow the Trust to pursue their present objectives.

It is the trustees' responsibility to review the current strategy on a regular basis to ensure that the strategy is appropriate and that there remains a demand from students for Northcote scholarships as well as an interest from Australian universities and colleges in taking graduate students from the U.K.

ACHIEVEMENTS AND PERFORMANCE

During the year under review the Trust made grants totalling £111,434 (2018 - £161,910). The grants were awarded to two continuing and two new students to pursue postgraduate studies at the University of Sydney and James Cook University

Public benefit statement

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a Charity (PD2)'. The achievements and activities above demonstrate the public benefit arising through the Charity's activities.

FINANCIAL REVIEW

The surplus for the year amounted to £339,421 (2018 – deficit £355,185). The Trust incurred a surplus of £47,502 (2018 – deficit £11,394) prior to an investment surplus arising on the Trust's investment portfolio totalling £291,919 (2018 – deficit £343,791).

Principal funding came from the investment income arising on the Trust's investment portfolio. Investment returns increased from £161,061 in the year to 31 December 2018 to £175,015 for the year ended 31 December 2019.

It is the aim of the Trustees to maximise the levels of grants paid each year whilst maintaining the Trust's capital, thereby ensuring the availability of income in future years so that grants giving may be maintained.

THE NORTHCOTE TRUST

TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31ST DECEMBER 2019

RESERVES POLICY

The charity's total reserves at 31 December 2019 amounted to £4,440,382 comprising £4,291,105 held in an expendable endowment fund and the balance of £149,277 in unrestricted general funds. The endowment fund represents the carrying value of the investments at the Balance Sheet date and demonstrates that these assets are held for the long-term to generate future income. The unrestricted general funds represent the free reserves of the charity.

INVESTMENT POWERS AND POLICY

The investment objectives are firstly to protect, and secondly to enhance, the capital and income values of the investments in real terms in order that the aims of the trustees can be fulfilled in future years at or above the current level of expenditure. The trustees are risk averse. The current investment policy requires all investment funds to be held in unit trusts appropriate for British charities. The performance of the unit trust managers is monitored and the asset allocation is reviewed on an annual basis.

RISK REVIEW

The Trustees have a duty to identify and review the risks to which the Trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. A risk register is maintained and reviewed.

DATA PROTECTION

The Trustees have reviewed and revised the requirements of the charity to comply with recent legislation concerning the retention of data to comply with the General Data Protection Regulation (GDPR) (EU) 2016/679.

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mr George D Fergusson - Chairman
Professor Peter Austin
Baroness Liddell of Coatdyke
Dr Margaret Mayston
Dr Simon Sleight

Charity Number

207813

Principal Address

Australia Centre, Strand, London WC2B 4LG

Independent Examiner

David Terry, Ramon Lee Ltd, 93 Tabernacle Street, London EC2A 4BA

Bankers

CAF Bank, 25 Kings Hill Avenue, West Malling, Kent ME19 4JQ

Commonwealth Bank of Australia, Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW 2000, Australia

Investment Managers

M&G Investments, PO Box 9038, Chelmsford, CM99 2XF

Schroders Unit Trust Ltd, 1 London Wall Place, London EC2Y 5AU

THE NORTHCOTE TRUST

TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31ST DECEMBER 2019

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Trustees 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).

The law applicable to charities in England & Wales 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 charity and of the incoming resources and application of resources, including the income and expenditure 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 Charity's SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Charity 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 charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL

This report was approved by the Trustees on 6th May 2020 and signed on its behalf.



G D Fergusson
Chair

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF NORTHCOTE TRUST

I report to the trustees on my examination of the accounts of the above charity ("the Trust") for the year ended 31 December 2019.

Responsibilities and basis of report

As the charity's trustees, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ("the Act").

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination, I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination which gives me cause to believe that in, any material respect:

- the accounting records were not kept in accordance with section 130 of the Charities Act; or
- the accounts did not accord with the accounting records; or
- the accounts did not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



**D TERRY – Chartered Accountant
RAMON LEE LTD
93 TABERNACLE STREET
LONDON EC2A 4BA**

6TH MAY 2020

THE NORTHCOTE TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST DECEMBER 2019

	<u>Notes</u>	Unrestricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
Income					
Investment income	2	175,015	-	175,015	161,061
Total income		<u>175,015</u>	<u>-</u>	<u>175,015</u>	<u>161,061</u>
Expenditure					
Expenditure on charitable activities	3	127,513	-	127,513	172,455
Total expenditure		<u>127,513</u>	<u>-</u>	<u>127,513</u>	<u>172,455</u>
Net income/(expenditure) and net movement in funds before gains and losses on investments		47,502	-	47,502	(11,394)
Net gains/(losses) on investment	6	-	291,919	291,919	(343,791)
Net movement in funds		<u>47,502</u>	<u>291,919</u>	<u>339,421</u>	<u>(355,185)</u>
Reconciliation of funds					
Total funds brought forward		101,775	3,999,186	4,100,961	4,456,146
Total funds carried forward		<u>149,277</u>	<u>4,291,105</u>	<u>4,440,382</u>	<u>4,100,961</u>

CONTINUING OPERATIONS

None of the Charity's activities were acquired or discontinued during the above two financial periods.

TOTAL RECOGNISED GAINS AND LOSSES

The Charity has no recognised gains or losses other than the above movements in funds during the above two financial periods.

The notes on pages 8 to 11 form part of these accounts

THE NORTHCOTE TRUST

BALANCE SHEET AS AT 31ST DECEMBER 2019

	Notes	2019	2018
		£	£
Fixed assets			
Investments	8	4,291,105	3,999,186
		<u>4,291,105</u>	<u>3,999,186</u>
Current assets			
Cash at bank and in hand		150,477	102,275
Liabilities			
Creditors falling due within one year	9	1,200	500
		<u>1,200</u>	<u>500</u>
Net current assets		149,277	101,775
Net assets		<u>4,440,382</u>	<u>4,100,961</u>
The funds of the charity			
Unrestricted funds	10	149,277	101,775
Endowment funds	10	4,291,105	3,999,186
Total charity funds		<u>4,440,382</u>	<u>4,100,961</u>

These accounts were approved by the Trustees on 6th May 2020 and were signed on their behalf by:



..... G D Fergusson (Chair)

The notes on pages 8 to 11 form part of these accounts

THE NORTHCOTE TRUST
NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

1. ACCOUNTING POLICIES

1.1 Basis of preparation of accounts

The financial statements have been prepared in accordance with 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 2015) – (Charity SORP (FRS 102) Revised), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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

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

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

1.2 Preparation of accounts on a going concern basis

The Trust's Financial Statements show net surplus of £339,421 for the year and free reserves of £149,277. The trustees are of the view that these results have secured the immediate future of the Charity for the next 12 to 18 months and on this basis the Charity is a going concern.

1.3 Investments

Investments comprise assets held to generate future income. All investments assets are shown on the balance sheet at market value at the balance sheet date. The market value has been determined by the Independent Investment Portfolio Manager. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

1.4 Value added tax

Value Added Tax is not recoverable by the charity, and, as such, is included in the relevant costs in the Statement of Financial Activities.

1.5 Income recognition

All income are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. Investment income is included when receivable.

1.6 Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity. Unrestricted funds include a revaluation reserve representing the restatement of investment assets at market value.

1.7 Expenditure recognition

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- (a) Expenditure on charitable activities comprises the making of grants and the associated support costs. Grants are recognised as a cost when the Board of Trustees approves the grants.

THE NORTHCOTE TRUST

NOTES TO THE ACCOUNTS (Cont'd)

FOR THE YEAR ENDED 31ST DECEMBER 2019

1.8 Allocation of support costs

Support costs are those functions that assist the work of the Trust but do not directly undertake charitable activities. Support costs include office costs and governance costs which support the Trust's activities. These costs have been allocated to expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 4.

1.9 Realised/ unrealised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

1.10 Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

2. INVESTMENT INCOME

	2019 £	2018 £
Dividends - equities	145,050	127,156
Interest - fixed interest securities	29,828	33,719
Interest on cash deposits	137	186
	<u>175,015</u>	<u>161,061</u>

3. EXPENDITURE ON CHARITABLE ACTIVITY

	Grant giving £	2019 £	2018 £
Grants	111,434	111,434	161,910
Support costs (note 4)	14,879	14,879	10,045
Governance (note 4)	1,200	1,200	500
	<u>127,513</u>	<u>127,513</u>	<u>172,455</u>

4. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

The Charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Governance costs and other support costs are apportioned separately between charity's activities undertaken (see note 3) in the year. Refer to the table below for the basis for apportionment and the analysis of support costs and governance costs.

	Basis of apportionment	General Support £	Governance £	2019 £	2018 £
Administrative assistance	Transaction	9,500	-	9,500	9,500
Insurance	Transaction	385	-	385	385
Bank charges	Transaction	495	-	495	160
Foreign exchange losses	Transaction	4,499	-	4,499	-
Independent examiner's fees	Transaction	-	1,200	1,200	500
		<u>14,879</u>	<u>1,200</u>	<u>16,079</u>	<u>10,545</u>

THE NORTHCOTE TRUST

NOTES TO THE ACCOUNTS (Cont'd)

FOR THE YEAR ENDED 31ST DECEMBER 2019

5. GRANTS PAYABLE

Grants for the year ended 31st December 2019 represent awards to various individuals. Grants are made on approval by the Trustees and are paid to support recipients normally resident in the UK whilst studying in Australia.

6. GAINS / (LOSSES) ON INVESTMENT ASSETS

	Unrestricted £	2019 £	2018 £
Unrealised gain/(loss) on year end valuation	291,919	291,919	(343,791)
	<u>291,919</u>	<u>291,919</u>	<u>(343,791)</u>

7. NET MOVEMENT IN FUNDS FOR THE YEAR

The net movement in funds for the year is stated after charging:

	2019 £	2018 £
Independent examiner's fees	<u>1,200</u>	<u>500</u>

8. INVESTMENTS

	2019 £	2018 £
Market value, brought forward	3,999,186	4,342,977
Additions	-	300,000
Disposals	-	(309,337)
Unrealised gain / (loss)	291,919	(334,454)
Market value, carried forward	<u>4,291,105</u>	<u>3,999,186</u>
Historical cost	<u>3,316,490</u>	<u>3,316,490</u>
Market value analysed by type of investment		
UK fixed interest	1,321,506	1,301,052
UK equities	2,838,553	2,569,445
Overseas equities	131,046	128,689
	<u>4,291,105</u>	<u>3,999,186</u>

9. CREDITORS: Amounts falling due within one year

	2019 £	2018 £
Accruals	1,200	500
	<u>1,200</u>	<u>500</u>

THE NORTHCOTE TRUST

NOTES TO THE ACCOUNTS (Cont'd)

FOR THE YEAR ENDED 31ST DECEMBER 2019

10. MOVEMENT IN FUNDS

	Balance at 01.01.19 £	Income £	Expenditure £	Gains/(Losses) £	Balance at 31.12.19 £
Unrestricted funds	101,775	175,015	127,513	-	149,277
Expendable endowment	3,999,186	-	-	291,919	4,291,105
	<u>4,100,961</u>	<u>175,015</u>	<u>127,513</u>	<u>291,919</u>	<u>4,440,382</u>

Movement in funds – previous year

	Balance at 01.01.18 £	Income £	Expenditure £	Gains/(Losses) £	Balance at 31.12.18 £
Unrestricted funds	113,169	161,061	172,455	-	101,775
Expendable endowment	4,342,977	-	-	(343,791)	3,999,186
	<u>4,456,146</u>	<u>161,061</u>	<u>172,455</u>	<u>(343,791)</u>	<u>4,100,961</u>

Unrestricted Funds: Funds available to be applied as the trustees in their discretion think fit towards attaining the charitable objects.

Expendable endowment: Northcote Scholarships Fund was established by a legacy in 1934 from Lady Northcote. The trustees have the power to spend the capital; both the capital and income are restricted to providing graduate studies at Australian universities and colleges for students resident in the UK.

11. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	Unrestricted Funds £	Endowment Funds £	Total 2019 £
Fixed asset - investments	-	4,291,105	4,291,105
Net current assets	149,277	-	149,277
	<u>149,277</u>	<u>4,291,105</u>	<u>4,440,382</u>

Analysis of fund balances between net assets – previous year

	Unrestricted Funds £	Endowment Funds £	Total 2018 £
Fixed asset - investments	101,775	-	101,775
Net current assets	-	3,999,186	3,999,186
	<u>101,775</u>	<u>3,999,186</u>	<u>4,100,961</u>

12. RELATED PARTY TRANSACTIONS, TRUSTEES REMUNERATIONS AND TRANSACTIONS

No remuneration was paid to Trustees in the year (2018 - £nil). No Trustees were reimbursed any expenses (2018 - £nil). p

No Trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity (2018 - £nil).