

THE 1989 WILLAN CHARITABLE TRUST
FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2019

CHARITY NO. 802749

THE 1989 WILLAN CHARITABLE TRUST

TRUSTEES' REPORT - Year Ended 30th September 2019

LEGAL AND ADMINISTRATIVE DETAILS

The Trustees submit their report and financial statements of The 1989 Willan Charitable Trust (the "Charity") for the year ended 30th September 2019. The financial statements have been prepared in accordance with the accounting policies set out in note 1 and comply with the trust deed, the Charities Act 2011 and the Statement of Recommended Practice, Accounting and Reporting by Charities 2015 (FRS 102).

Legal Status	The 1989 Willan Charitable Trust is a registered charity (registered number 802749).	
Governing Document	Trust Deed dated 8th August 1989	
Trustees	A Chapman A Ohlsson Willan Trustee Limited (Directors - M Bird, A Chapman, A Ohlsson, S Winfield and C Seccombe)	
Key Management Personnel	The charity does not employ any staff and therefore the board remain responsible for the day-to-day operation of the charity.	
Administrators and Principal Office	Carlton Management Services Limited PO Box 525, 4th Floor 45 Esplanade St Helier Jersey JE4 OWZ	
Grant Advisors	The Community Foundation Philanthropy House Woodbine Road Gosforth Newcastle upon Tyne NE3 1DD	
Investment Managers	Brewin Dolphin Ltd Time Central 32 Gallowgate Newcastle Upon Tyne NE1 4SR	Baillie Gifford Calton Square 1 Greenside Row Edinburgh EH1 3AN
	UBS Wealth Management 2 St. James' Gate Newcastle Upon Tyne NE4 7JH	
Bankers	Santander Private Banking PO Box 545 St. Helier Jersey JE4 8XG	
Solicitors	Muckle LLP Time Central 32 Gallowgate Newcastle Upon Tyne NE1 4BF	
	Wardhadaway Sandgate House 102 Quayside Newcastle Upon Tyne NE1 3DX	
Auditors	MHA Tait Walker Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS	

THE 1989 WILLAN CHARITABLE TRUST

TRUSTEES' REPORT - Year Ended 30th September 2019

AIMS AND OBJECTIVES

The Charity was established by an initial gift from the Willan family out of funds originating from a shipping business based in the North East of England. Over the years the Willan family have settled further funds on the Charity.

The Charity's trust deed gives the trustees wide powers to distribute the income of the trust and such of its capital as they deem appropriate to or for such charitable institutions or charitable purposes as the trustees in their absolute discretion think fit. However, within this broad remit, the trustees recognise that the resources of the Trust are finite and that it is therefore necessary to target funds more selectively to areas where the funds can be used most effectively and can make the most difference.

In recognition of the origins of the Trust fund and the economic impact that the decline of the ship building industry has had on the region, the trustees tend to concentrate their support towards causes which are active in Tyne and Wear and its immediate surrounds. The trustees favour causes which aim to ease social deprivation and / or enrich the fabric of the local community and the quality of life of individuals within that community. They may also support education where that is aimed at improving the economy in areas of deprivation. As well as direct support for such causes in the form of grants, the trustees may also provide indirect support, using the Trust's capital to make resources (typically premises) available to other deserving charitable organisations.

The trustees aim to distribute £500,000 to £600,000 per annum based on a real return of 4% upon the trust assets. Within this limit, the trustees have neither a maximum nor minimum application figure (though awards made to date have typically been in the range of £1,000 - £10,000). The trustees wish the Charity to be a resource for all sections of the community and therefore do not wish to discourage applicants because their requirements are too small or their aspirations too great.

In considering which local causes to support and the level of support given, the trustees will also have regard to an applicant's ability to raise funds elsewhere. Consequently, the trustees tend to weight their support towards local charitable institutions rather than national or international ones on the basis that the larger institutions enjoy higher profiles and will typically have wider access to funds.

In cases of great need such as major natural disasters, conflicts or accidents, causes may be supported outside the trustees' normal parameters stated above.

PUBLIC BENEFIT STATEMENT

The trustees have referred to guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning future activities. The charitable objectives are also set in order to provide a clear and demonstrated public benefit.

The Charity's activities throughout the period were consistent with its aims and objectives as stated above. All such activities are undertaken to further our charitable purposes for the public benefit.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is an unincorporated trust constituted under a trust deed dated 8th August 1989 and is a registered charity (numbered 802749). The trust deed provides that there be a minimum of three trustees. The trustees are appointed by members of the Willan family and serve for an indefinite term. The trustees who served the Charity during the year were as follows:

A Chapman
A Ohlsson
Willan Trustee Limited

The Charity does not actively fundraise and seeks to continue its support to appropriate charitable causes through the careful stewardship of its existing resources. The management of the Charitable fund is divided into two principal areas, asset management and grant making.

Responsibility for the asset management function is delegated to external investment managers. Brewin Dolphin Securities Ltd, UBS Wealth Management and Baillie Gifford manage investment portfolios for the Charity under discretionary investment management agreements. The trustees monitor the performance of the portfolios on a quarterly basis against relevant benchmarks.

The trustees are grateful to the Community Foundation serving Tyne & Wear and Northumberland (the "**Community Foundation**"). Applications are processed, collated and shortlisted by the Community Foundation on a quarterly basis. A subcommittee of the board of Willan Trustee Limited meet each quarter to vet the shortlist. The shortlist is then circulated to each of the trustees for consideration and approval.

Carlton Management Services Limited, a licenced trust company regulated by the Jersey Financial Services Commission, provides administrative and accounting services to the Charity.

THE 1989 WILLAN CHARITABLE TRUST

TRUSTEES' REPORT - Year Ended 30th September 2019 (Continued)

The trustees aim to meet at least once a year to review the Charity's financial statements for the preceding year, the performance of its assets and its grant making activities and to consider whether changes are required in the Charity's policies and overall strategy.

RECRUITMENT OF TRUSTEES

Any trustee vacancies which arise are filled by search with due regard to maintaining a proper balance of skills and experience within the Board. Representation relevant to the service user group is a key factor given the Charity's mission.

All appointments are subject to the approval by members at a general meeting. With the notice of such meeting members are provided with a profile of prospective new trustees - and equivalent information for any trustee offering themselves for re-election. Additionally a full attendance record is provided to members to inform their decisions.

TRUSTEE INDUCTION AND TRAINING

New trustees are provided with a proper induction process and a checklist ensures they receive all relevant papers and guidance to properly fulfil their responsibilities. Briefing papers and familiarisation training is affected for all trustees as deemed necessary.

RISK MANAGEMENT

The trustees have considered the major risks to which the Charity is exposed and have established systems and procedures to manage those risks.

RESERVES POLICY

The results for the year leave The 1989 Willan Charitable Trust with an Unrestricted Revenue Reserve of £20,749,072. It can be seen that of this sum £289,448 is held in Net Current Assets, that is, represented by cash, net debtors and therefore readily expendable by the trustees.

The trustees aim to distribute £500,000 to £600,000 per annum based on a real return of 4% upon the trust assets. It is the policy of the Charity to maintain a free cash balance of approximately six months' unrestricted expenditure. This provides sufficient funds to cover management, administration and support costs and to respond to applications for grants which arise from time to time.

The trustees have reviewed activities and prepared a risk assessment to enable them to consider the financial position of the organisation in light of the ongoing situation in relation to the Covid-19 virus. On conclusion of this work the trustees, having considered both the significant level of cash and investments held by the charity consider that there are no material uncertainties regarding the charity's ability to continue as a going concern for the next 12 months.

FINANCIAL REVIEW

As at 30th September 2019 the allocation stood as follows: 33.8% UBS discretionary portfolio, 31.6% Brewin Dolphin discretionary portfolio, and 32.1% Baillie Gifford Managed B Acc. UK equities delivered a total return of 3.2% over the period, despite delivering a dividend return of 4.5%. 7-10 year gilts delivered a total return of 10.3% and the 50:50 composite index rose 7.0% (quarterly re-balanced). All three investment portfolios rose in absolute terms but lagged the composite benchmark. Brewin Dolphin was the top performer rising 6.2%, UBS rose 4.4%, whilst Baillie Gifford rose 3.7%.

Global equities rose 2.9%, but the main characteristic of 2019 was surging outperformance of defensive asset classes. Equity gains were eclipsed by government bonds. The Global 7-10 year govt. bond index rose +11%. Bond "proxy" defensive equity sectors outperformed; Consumer staples rose +11% and Utilities +19%. Technology stocks continued to outperform rising 6%. Commodity sectors plummeted; The Materials sector fell -3%, and the Energy sector fell -18% as the oil price plunged 28%. Chinese equities fell 7.4% dragging Emerging market lower, on deteriorating economic data and persistent trade tensions. In contrast gold rose 23.6% and the US dollar index rose 4.5%. Sterling fell 5.7% versus the dollar, boosting the return of unhedged assets outside the UK for sterling investors.

Gilts make up 50% of our composite benchmark. Given the strong outperformance of gilts relative to equities and the fact that each of the 3 investment portfolios has c.72% equity exposure, it was not surprising to see all 3 strategies underperform over the year. The Brewin Dolphin portfolio was strongest. It has the lowest allocation to emerging market equities and a large allocation to US equities (which continue to outperform). Both the Brewin and UBS portfolios have c.5% allocation to Real Estate which performed well and supported returns. Baillie Gifford lagged the other portfolios as it held considerably less exposure to UK government bonds, a greater proportion of its assets in emerging market and Japanese equities (both of which underperformed) and a larger allocation to cash.

Total interest and dividend income was £528,578, equal to a yield of approximately 2.6%. This is consistent with both historic levels, and the trustees' expectations. The overall value of investments rose 0.81% (net of fees and distributions) to £20,211,240.

THE 1989 WILLAN CHARITABLE TRUST

TRUSTEES' REPORT - Year Ended 30th September 2019 (Continued)

REVIEW OF GRANT MAKING ACTIVITIES

The Charity awarded 87 grants totalling £509,443 in the financial year compared to the 101 grants totalling £505,514 made in 2018. The general make up of the grants awarded is comparable with previous years and the increase in the average grant (from £5,005 to £5,855) is not reflective of any change in policy on the part of the trustees.

In addition to the grant making activity outlined above, the Charity gifted an additional £63,500 in total to the universities of Sunderland, Teesside, Newcastle and Northumbria, in order to provide support to graduates seeking to fund viable, sustainable new business ventures. (2018: £95,400).

As detailed in the accounting policy: gifts in kind, the charity also made effective donations totalling £39,800 (2018 - £38,140) in respect of lease arrangements made with other charitable organisations to provide access to accommodation at a below market value rental.

The trustees believe the services of the Community Foundation are delivering real value in helping the trustees to identify causes consistent with the stated aims and objectives of the Charity. In addition, the trustees recognise that the administration fees paid by the Charity to the Community Foundation indirectly support the charitable purposes of the Community Foundation itself which are wholly consistent with those of the Charity.

FUNDRAISING DISCLOSURES

The Charity is required to report how it deals with fundraising from the public. The Charity does not actively fundraise and seeks to continue its support to appropriate charitable causes through the careful stewardship of its existing funds, received from the Willan family.

PLANS FOR FUTURE YEARS

The trustees do not anticipate significant changes to the structure, resources and operations of the Charity in the foreseeable future. However, to the extent that suitable charitable projects may be identified, the trustees may consider allocating a portion of the Charity's grant making capacity to providing significant support to a limited number of specific charitable projects.

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Charity's trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with Financial Reporting Standard applicable in the United Kingdom (FRS 102). The trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and the income and expenditure of the Charity 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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 applicable Charities (Accounts and Reports) Regulations, and the provisions of the constitution. The trustees 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.

AUDITOR

A resolution to re-appoint MHA Tait Walker as auditor for the ensuing year will be proposed at the Annual General Meeting.

Approved by the Trustees on 8 July 2020 and signed on their behalf by:

Trustee 
A Ohlsson
Director

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES Year Ended 30th September 2019

Opinion

We have audited the financial statements of The 1989 Willan Trust (the 'charity') for the year ended 30 September 2019, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 September 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 charity 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- sufficient accounting records have not been kept; or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified.
- we have not received all the information and explanations we require for our audit.

THE 1989 WILLAN CHARITABLE TRUST

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES Year Ended 30th September 2019 (continued)

Statement of trustees' responsibilities

As explained more fully in the statement of Trustees' Responsibilities in relation to the financial statements [set out on page 4], the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

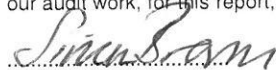
As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the charity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the charity audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of the report

This report is made solely to the charity trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our work has been undertaken so that we might state to the trustees those matters we are required to state to trustees in an auditors' 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown BA, ACA, DChA (Senior Statutory Auditor)
For and on behalf of MHA Tait Walker, Statutory Auditor

Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne

NE3 3LS

Date: 20.7.2020

MHA Tait Walker is a trading name of Tait Walker LLP

THE 1989 WILLAN CHARITABLE TRUST

STATEMENT OF FINANCIAL ACTIVITIES - Year Ended 30th September 2019

		Year ended 30 Sep 2019	Year ended 30 Sep 2018
	Notes	£	£
INCOME			
Income from charitable activities	2	39,800	38,140
Other incoming resources:			
Dividends and Fixed Interest (Net)	3	528,578	488,848
Accrued Fixed Interest Brought Forward		(7,276)	(9,748)
Accrued Fixed Interest Carried Forward		6,311	7,276
Deposit Interest Received		927	509
TOTAL INCOME		568,340	525,025
EXPENDITURE			
Cost of raising funds:			
Investment Portfolio Management Fees		37,539	49,869
Expenditure on charitable activities:			
Cost of Grant Making	6	595,135	650,420
Gift in Kind	5	39,800	38,140
TOTAL EXPENDITURE		672,474	738,429
Movement on Investments including Gains & Losses		416,370	1,083,407
Revaluation of Investment Property	7	(11,612)	-
NET MOVEMENT IN TRUST FUND		300,624	870,003
Total funds brought forward		20,448,448	19,578,445
Total funds carried forward		20,749,072	20,448,448

THE 1989 WILLAN CHARITABLE TRUST

BALANCE SHEET - At 30th September 2019

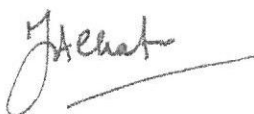
	Notes	30 Sep 2019 £	30 Sep 2018 £
FIXED ASSETS			
Investment Property	7	248,384	339,996
Investments:	8	20,211,240	20,048,937
Programme Related Investments	9	-	-
		<u>20,459,624</u>	<u>20,388,933</u>
CURRENT ASSETS			
Investment Property held for sale	7	80,000	-
Debtors	10	1,909	-
Cash at Bank		212,939	64,855
		<u>294,848</u>	<u>64,855</u>
CURRENT LIABILITIES			
CREDITORS : Amounts Falling Due Within One Year	11	5,400	5,340
		<u>5,400</u>	<u>5,340</u>
NET CURRENT ASSETS		<u>289,448</u>	<u>59,515</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>20,749,072</u>	<u>20,448,448</u>
NET ASSETS		<u>20,749,072</u>	<u>20,448,448</u>
TRUST FUND			
	(Page 7)	<u>20,749,072</u>	<u>20,448,448</u>

The financial statements were approved by the Trustees on 8 July 2020
and signed on their behalf by:

Trustee
Willan Trustee Limited



A Ohlsson
Director



F A Chapman
Director

THE 1989 WILLAN CHARITABLE TRUST

STATEMENT OF CASH FLOWS - At 30th September 2019

	30 Sep 2019 £	30 Sep 2018 £
OPERATING ACTIVITIES:		
Net Movement in Trust Fund	300,624	870,003
Adjusted for		
Movement on investments including Gains and Losses	(416,370)	(1,083,407)
Revaluation of Investment Property	11,612	-
Increase in Debtors	(1,909)	-
Increase in Creditors	60	120
Net Cash Outflow from Operating Activities	(105,983)	(213,284)
 INVESTING ACTIVITIES:		
Dividends and Fixed Interest	(529,437)	(489,280)
Investment Management Fees	37,539	49,869
Accrued Interest	965	2,472
Transfers from Portfolios	745,000	480,000
Net Cash Inflow from Investing Activities	254,067	43,061
 INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	148,084	(170,223)
 CASH AND CASH EQUIVALENTS AT 1 OCTOBER	64,855	235,078
 CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	212,939	64,855

THE 1989 WILLAN CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS - Year Ended 30th September 2019

1. ACCOUNTING POLICIES

- Accounting Convention -

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 Financial Reporting Standard applicable in the United Kingdom (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the United Kingdom (FRS 102) and the Charities Act 2011.

The 1989 Willan Charitable Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recorded at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes. The financial statements are prepared in sterling, which is the functional currency of the entity.

- Investment Property -

Property is shown at its fair value, which is taken to equal its market value, as estimated by the trustees. Any gain or loss on revaluation is taken to the Statement of Financial Activities. Property is held for the benefit of UK Registered Charities and the trustees do not receive commercial rent but account for the value of the commercial rent as rental income and as charitable donation. As property is held for long term capital gain and does not contribute to the net income of The 1989 Willan Charitable Trust, the trustees believe that it is not therefore appropriate to charge depreciation.

- Investments -

Investments are stated at their fair value, which is taken to equal the closing mid-market value as at 30th September 2019. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

- Programme Related Investments -

PRI are separately held from the charity's other investments and are held at net recoverable cost. The PRI represent loans and equity Investments made by the charity into new start-up companies with the potential to increase economic activity and employment in the North East of England. At each year end, the trustees assess the likelihood of recovery and provide against these investments, reducing the value of the investments. Where PRI are impaired at the year end, the charity charges 'charitable activities' within resources expended. Where a gain is made upon disposal of a PRI, then the gain is reported under 'other incoming resources'.

- Debtors-

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

- Cash at bank and in hand-

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

- Creditors and provisions-

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

- Taxation-

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

- Income-

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Interest receivable is recognised on a receivable basis, when the amount can be measured reliably - this is normally upon notification of the interest paid or payable by the bank.

- Investments Income-

Investment income is accounted for in the period in which the Charity is entitled to receipt.

THE 1989 WILLAN CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS - Year Ended 30th September 2019

1. ACCOUNTING POLICIES (continued)

- Gift in Kind-

Income from commercial trading activities is recognised as earned (as the related goods and services are provided) and as the rental and service charge falls due. Income regarded as "Rental Income from Properties" is included as a gift in kind based on the market rental value of each property. This is due to the charity entering into lease arrangements with charitable organisations to provide accommodation to those organisations at below market rental and often for £Nil

The trustees recognise that in doing so, these type of transactions continue to further their charity's objectives and are similar to the charity providing donations to these other charitable organisations. As a result the trustees have recorded the market value of the property rental as "Income from Charitable Activities - Rental Income from Properties" and an identical charge included as a "Gift in Kind" as part of Resources Expended in the SOFA. This has a £Nil impact on the reported result for the year, but recognises both the income that would be otherwise received and the effective donation made. This treatment does not impact upon the basis for holding these properties, for their capital gain potential rather than their social purpose.

- Expenditure-

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:

- Costs of raising funds are those costs of investments management fees, together with their associated support costs.
- Expenditure on charitable activities includes the costs associated with the provision of grant making and include both the direct costs and support costs relating to the activities of the charity.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

- Fund Accounting -

The trustees have adopted an absolute return approach to investment, aiming to generate (and distribute) a real return on the Charity's assets averaging 3-4% per annum over the economic cycle. The Trust Deed makes no material distinction between the distribution of capital and the distribution of income and hence the balance of the Trust Fund is not segregated between them.

- Going Concern -

The trustees have reviewed activities and prepared a risk assessment to enable them to consider the financial position of the organisation in light of the ongoing situation in relation to the Covid-19 virus. On conclusion of this work the trustees, having considered both the significant level of cash and investments held by the charity consider that there are no material uncertainties regarding the charity's ability to continue as a going concern for the next 12 months.

2. INCOME FROM CHARITABLE ACTIVITIES

	30 Sep 2019 £	30 Sep 2018 £
Rental income from properties	39,800	38,140

3. INVESTMENT INCOME

	30 Sep 2019 £	30 Sep 2018 £
UK Equities	339,036	300,868
UK Fixed Interest	24,906	40,742
UK Unit Trusts	23,392	24,278
Non UK Equities	76,749	56,078
Non UK Unit Trusts	52,493	59,446
Non UK Fixed Interest	7,259	7,436
Alternative Investments	4,743	-
	<u>528,578</u>	<u>488,848</u>

4. TRUSTEES' REMUNERATION

No salaries or wages have been paid to employees, including the members of the committee during the year (2018-None).

5. GIFTS IN KIND

	30 Sep 2019 £	30 Sep 2018 £
Rental donations	39,800	38,140

THE 1989 WILLAN CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS - Year Ended 30th September 2019

6. COST OF GRANT MAKING

	30 Sep 2019 £	30 Sep 2018 £
Grants Awarded	509,443	505,514
Prior Year Donations Returned	(5,000)	(3,070)
Donations to universities	63,500	95,400
Administration fees	21,600	21,600
Audit and Accountancy fees	5,400	5,340
Professional fees	-	234
Bank charges	60	-
Board expenses	132	402
Provision for Performance Related Investment	-	25,000
	<u>595,135</u>	<u>650,420</u>

Analysis of Grants Awarded:-

By Sector	£	£
Building our children's future (23 grants, 2018 - 36 grants)	119,938	157,409
Improving health (31 grants, 2018 - 26 grants)	207,619	119,279
Taking part in community life (30 grants, 2018 - 36 grants)	162,242	215,510
Enjoying later life (3 grants, 2018 - 3 grants)	19,644	13,316
Total (87 grants, 2018 - 101 grants)	<u>509,443</u>	<u>505,514</u>

By Region	£	£
Darlington (3 grants, 2018 - 4 grants)	12,500	15,960
Durham (9 grants, 2018 - 11 grants)	57,624	65,175
Gateshead (8 grants, 2018 - 10 grants)	35,195	61,114
Hartlepool (4 grants, 2018 - 4 grants)	15,927	25,150
Middlesbrough (5 grants, 2018 - 4 grants)	39,458	16,423
Newcastle (15 grants, 2018 - 20 grants)	104,631	119,694
North Tyneside (3 grants, 2018 - 6 grants)	17,100	29,768
Northumberland (15 grants, 2018 - 20 grants)	76,965	78,500
South Tyneside (6 grants, 2018 - 6 grants)	37,170	31,970
Stockton (3 grants, 2018 - 5 grants)	14,340	25,260
Sunderland (11 grants, 2018 - 7 grants)	79,533	28,500
Out of Area (4 grants, 2018 - 4 grants)	9,000	8,000
Redcar (1 grant, 2018 - 0 grants)	10,000	-
Total (87 grants, 2018 - 101 grants)	<u>509,443</u>	<u>505,514</u>

By Size of Grant	£	£
£5,001-£10,000 (40 grants, 2018 - 34 grants)	351,502	292,976
£1,001-5,000 (42 grants, 2018 - 59 grants)	155,441	208,538
£1,000 or less (5 grants, 2018 - 8 grants)	2,500	4,000
Total (87 grants, 2018 - 101 grants)	<u>509,443</u>	<u>505,514</u>

By Type of Recipient	£	£
Paid to individuals (4 grants, 2018 - 7 grants)	2,000	3,500
Paid to institutions (83 grants, 2018 - 94 grants)	507,443	502,014
Total (87 grants, 2018 - 101 grants)	<u>509,443</u>	<u>505,514</u>

Analysis of Donations to Universities:-

Teesside University	5,000	68,030
Sunderland University	41,000	27,370
Northumbria University	17,500	-
	<u>63,500</u>	<u>95,400</u>

As detailed in Note 7 the Trust owns property which is let to registered charities at peppercorn rental. The commercial value of the rental for the period was approximately £39,800 (2018 - £38,140). These amounts have been shown as rental income and as donations. A full listing of grants awarded is available on request from the Community Foundation at the address listed on page 1.

THE 1989 WILLAN CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS - Year Ended 30th September 2019

7. INVESTMENT PROPERTY	Held for sale	Held for long term	Held for sale	Held for long term
	£	£	£	£
	2019	2019	2018	2018
Summary				
Cost or valuation at beginning of period	-	339,996	-	339,996
Disposals	80,000	-	-	-
Transfer to held for sale	-	(80,000)	-	-
Revaluations in year	-	(11,612)	-	-
Cost or valuation at end of period	80,000	248,384	-	339,996

	Held for sale	Held for long term	Held for sale	Held for long term
	£	£	£	£
	2019	2019	2018	2018
By property -				
19a Lowthian Road, Hartlepool TS24 8BH	80,000	-	-	91,612
15 Taylor Street, Blyth, Northumberland NE24 5NA	-	34,666	-	34,666
77 Vine Street, South Shields, Tyne & Wear NE33 4RG	-	49,195	-	49,195
15 Chichester Road, South Shields, Tyne & Wear NE33 4J	-	50,661	-	50,661
96 Northbourne Street, Gateshead, Tyne & Wear NE8 4AT	-	53,420	-	53,420
100 Hallside Road, Blyth, Northumberland, NE24 5PF	-	60,442	-	60,442
	80,000	248,384	-	339,996

All of the above properties are freehold apart from 96 Northbourne Street which is leasehold.

The Trustees believe the market value of the properties held for the long term, are equal to their historic cost of £248,384 (2018 - £339,996). In October 2019, the Trustees agreed the sale of 19a Lowthian Road to a registered charity for £80,000. As at 30th September 2019, the fair value of the investment property held for sale (19a Lowthian Road) has been written down to its agreed selling price of £80,000. (2018 - historical cost £91,612).

19a Lowthian Road was purchased during the year ended 2010 and is let to a registered charity for a peppercorn rent. The commercial value of the rent for 19a Lowthian Road is approximately £9,800 per annum. (2018: £9,400).

15 Taylor Street was purchased on 17th June 2014 and was let from 20th August 2014 to a registered charity for a peppercorn rent. The commercial value of the rent for 15 Taylor Street is approximately £5,520 per annum. (2018: £5,280).

77 Vine Street, 15 Chichester Road, and 96 Northbourne Street were purchased on 11th September 2014, 26th September 2014 and 11th August 2014 respectively and are let to a registered charity for a peppercorn rent. The commercial value of the rent for these properties is approximately £18,240 per annum. (2018: £17,460).

100 Hallside Road, was purchased on 12th November 2014 and was let from 4th February 2015 to a registered charity for a peppercorn rent. The commercial value of the rent for 100 Hallside Road is approximately £6,240 per annum. (2018: £6,000).

The title deeds of the properties are currently held in the name of Willan Properties No1 Limited, Willan Properties No2 Limited and Willan Trustee Limited as the charity is unincorporated and is not able to hold property directly. All three companies are controlled by the trustees of the charity (Willan Trustee Limited being a trustee directly) and therefore have taken the view that the properties are beneficially owned by the charity.

THE 1989 WILLAN CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS - Year Ended 30th September 2019

8. INVESTMENTS

	30 Sep 2019 £	30 Sep 2018 £
Market value at beginning of year	20,048,937	19,008,591
Income	529,437	489,280
Expenses	(37,539)	(49,869)
Withdrawals	(745,000)	(480,000)
Movement on investments including Gains and Losses	416,370	1,083,407
Accrued Interest Due	(965)	(2,472)
Market value at year end	20,211,240	20,048,937

Held as follows:-

	£	£
UK Equities	12,282,563	12,691,792
UK Fixed Interest	2,546,524	1,995,969
UK Unit Trusts	330,805	366,356
Non UK Unit Trusts	4,172,921	3,958,135
Non UK Fixed Interest	-	129,500
Alternative investments	658,476	529,030
Investment Dealing Accounts	213,640	370,879
Accrued Interest Due	6,311	7,276
	20,211,240	20,048,937

Held by:-

	Portfolio Turnover (%)	£	£
Brewin Dolphin Newcastle - Discretionary portfolio	26.09%	6,549,036	6,544,370
UBS AG Newcastle - Discretionary portfolio	33.60%	7,010,115	7,092,140
Baillie Gifford - investment portfolio	N/A	6,652,089	6,412,427
		20,211,240	20,048,937

Discretionary investment portfolios are managed by Brewin Dolphin Newcastle, UBS AG Newcastle and Baillie Gifford. At 30th September 2019, the portfolios did not include any individual investments whose market value was greater than 5% of the market value of the total (2018-None).

	£	£
Historic Cost	16,685,422	16,415,186

9. PROGRAMME RELATED INVESTMENTS

	30 Sep 2019 £	30 Sep 2018 £
<u>Cost</u>		
As at 1 October	25,000	-
Additions - Komotion Limited	-	25,000
As at 30 September	-	25,000

Impairment

As at 1 October	(25,000)	-
Impairment - Komotion Limited	-	(25,000)
As at 30 September	-	(25,000)

Carrying Value

PRI Balances as at 30 September 2019	-	-
PRI Balances as at 30 September 2018	-	-

In 2018, the charity made an equity investment in Komotion Limited, a new start-up company with the potential to increase economic activity and employment in the North East of England. As at 30 September 2018, the Trustees were of the opinion that the investment should be fully impaired given its early stage development. Having reviewed the PRI position at 30 September 2019, the Trustees have agreed the investment should remain fully impaired.

10. DEBTORS

	30 Sep 2019 £	30 Sep 2018 £
Other Debtors	1,909	-

THE 1989 WILLAN CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS - Year Ended 30th September 2019

11. CREDITORS: Amounts Falling Due Within One Year

	30 Sep 2019	30 Sep 2018
	£	£
Accruals	5,400	5,340

12. TRUST FUND

The trustees have adopted an absolute return approach to investment, aiming to generate (and distribute) a real return on the Charity's assets averaging 3-4% per annum over the economic cycle. The Trust Deed makes no material distinction between the distribution of capital and the distribution of income and hence the balance of the Trust Fund is not segregated between them.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Total £
Unrestricted Funds	248,384	20,211,240	289,448	20,749,072

14. RELATED PARTY TRANSACTIONS

During the year trustees were reimbursed a total of £132 for expenses incurred on behalf of the Charity (2018 - £402). There were no amounts outstanding as at 30th September 2019 or 30th September 2018.

Mr Seccombe, a director of Willan Trustee Limited is also a trustee of Headway Arts, who received a donation of £6,500 from the Charity during the year (2018: £Nil).

Mr A Ohlsson, trustee, is a director of Carlton Management Services Limited, the company providing the accounting and administrative services to the Charity. There was no charge made in respect of such services and no outstanding balances at the year end.

Mr A Ohlsson and Mr A Chapman, trustees, are directors of Somerston Ventures Limited, a company who also hold a 5% equity share in Komotion Limited.

Mr S Stegenwalner is a director of both Carlton Management Services Limited and Somerston Ventures Limited.

15. CAPITAL COMMITMENTS

The Charity has no capital commitments at the year end (2018 - None).

16. CONTINGENT LIABILITIES

The Charity has no contingent liabilities at the year end (2018 - None).

17. POST BALANCE SHEET EVENTS

Since the balance sheet date the global disruption caused by Covid-19 has become ever more evident. The situation is fast changing and the scale of the impact on the global economy, on capital markets and on individual businesses remains uncertain. The amounts stated in these financial statements reflect conditions existing as at the balance sheet date as the impact of Covid-19 is considered a non-adjusting event.

The discretionary investment portfolios, held by the charity, have seen a reduction in value since the year end, however, the portfolios are highly liquid, and the Investment Managers have the ability to rebalance the portfolios accordingly, in response to changing market conditions. The approach taken by the Trustees, as the portfolios have a medium term investment horizon, is to hold the investment portfolios during the market volatility caused by Covid-19. The Trustees plan to continue with the Grant making activities, distributing between £500,000 and £600,000 per annum.

In October 2019, the Trustees agreed to the sale of 19a Lowthian Road to a registered charity for a total of £80,000.

18. ULTIMATE CONTROLLING PARTY

In the opinion of the trustees there is no ultimate controlling party other than the trustees.