

**THE MADRINHA TRUST**  
**ACCOUNTS FOR THE YEAR**  
**ENDED 31 DECEMBER 2019**

Charity number: 1140672

**THE MADRINHA TRUST**  
**INDEX TO ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019**

<b>CONTENTS</b>	<b>PAGE</b>
Reference and administrative information	1
Trustees' Report	2 - 11
Independent Examiner's Report	12
Statement of Financial Activities	13
Balance Sheet	14
Notes to the accounts	15 - 22

**THE MADRINHA TRUST****REFERENCE AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019**

<b>Directors and Trustees</b>	C Chanda J Geoghegan M S Jamo A Singh C V Pocock S C Mckeand-Han G C Sims E Patsalos S Vickers
<b>Registered Office</b>	c/o McBrides Accountants LLP Nexus House 2 Cray Road Sidcup, Kent DA14 5DA
<b>Charity number</b>	1140672
<b>Bankers</b>	HSBC Church Street Weybridge, Surrey KT13 8DF
<b>Solicitors</b>	Thomson Snell & Passmore 3 Lonsdale Gardens Tunbridge Wells, Kent TN1 1NX
<b>Investment advisors</b>	Veritas Investment Management LLP 90 Long Acre London WC2E 9RA
<b>Independent Examiner</b>	McBrides Accountants LLP Nexus House 2 Cray Road Sidcup, Kent DA14 5DA

## THE MADRINHA TRUST

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The trustees of The Madrinha Trust present their report as Trustees together with the financial statements for the year ended 31 December 2019 as required by Charity regulations and legislation.

#### **Structure, Governance and Management**

##### ***Nature of the Governing Document and constitution of the charity***

The Madrinha Trust is registered as a charity with the Charity Commission in England and Wales (Charity Registration No. 1140672) and is governed by a trust deed. Eligibility for membership of the charity, and membership of the board of trustees is governed by the trust deed. There are no restrictions in the governing document on the operation of the charity or on its investment powers, other than those imposed by general charity law.

##### ***The Trustees***

The trustees who served the charity during the year were as follows:

Janina Geoghegan (Chairman)  
Graham Sims (Deputy Chairman)  
Sean Vickers (Hon Treasurer)  
Sui Chin McKeand-Han (Legal Advisor)  
Maya Sanbar Jamo  
Amrit Singh  
Caroline Pocock  
Ellie Patsalos  
Dr Casmir Chanda

All trustees give their time freely and no trustee remuneration was paid in the year.

##### ***The methods adopted for the recruitment and appointment of new trustees***

The minimum number of trustees for the charity is three. Any additional trustees must be appointed by resolution of the Trustees and must indicate their willingness to act as a trustee of the Charity before he or she may act as a trustee.

##### ***The policies and procedures adopted for the induction and training of trustees***

There is no formal procedure for the induction and training of trustees laid down in the Trust deed. Trustees will have long standing business experience or direct experience of charitable education provision in the developing world. All trustees will be given and directed to guidance for trustees issued by the Charities Commission in order to help them understand their duties and responsibilities as a trustee of the charity.

##### ***The organisational structure of the charity and how decisions are made***

The Trust is managed by Trustees. The Trust deed stipulates that at least two meetings are held per year. During 2019 there were three trustee meetings held.

The Trustees have procedural powers in relation to decision making to:

- a) Appoint a Chairman, Treasurer and other honorary officers.
- b) To delegate any of their functions to a committee, which must consist of two or more persons, the majority of which must also be trustees.
- c) To make rules to govern the proceedings of trust meetings and committees.
- d) To make regulations to govern the administration of the Charity including the use and application of the income, property and funds, the operation of bank accounts and the commitment of funds.

## THE MADRINHA TRUST

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

#### ***The organisational structure of the charity and how decisions are made (continued)***

The following officers are currently in place; Chairman, Treasurer and legal advisor who all support and advise the Trustees. Decisions at Trustee meetings are determined by a simple majority of the votes cast at a meeting of the Trustees.

#### ***The major risks to which the charity is exposed and reviews and systems to mitigate risks***

The trustees identify the major risks to which the charity is exposed each financial year when preparing and updating a strategic plan, in particular those related to the operations and finances of the charity. The trustees then review any major risks, which have been identified, and establish systems to mitigate those risks. The charity is satisfied that the systems are in place to mitigate their exposure to the major risks, which have been so identified and reviewed.

#### **Financial Risk Management Objectives and Policies**

The main financial risks arising from the charities activities are credit, liquidity, fraud and price risk.

##### ***Price Risk***

The charity is not subject to any price risk.

##### ***Credit Risk***

The charity does not hold any material balance sheet positions with regards to donations receivable and so does not consider credit risk a material risk.

##### ***Liability Risk***

The charity does not hold any material day to day liabilities on its balance sheet and always tries to settle any amounts owed to its creditors within the period of credit given of 30 days.

##### ***Cash Flow Risk***

The charity prepares monthly management accounts and reports to its members on a quarterly basis. The board of trustees approves the management accounts and signs off the year end accounts. The charity understands its cash flow requirements and its policy is to maintain sufficient funds in a liquid form at all times to ensure that the charity can meet its liabilities as they fall due. The charity is not reliant on grants and donations.

##### ***Other risks***

The charity is not exposed to risks involved in fundraising because its activities are supported by income from investment capital.

The charity is exposed to risk from misappropriation of funds or mismanagement of its investments but has made contracts with Veritas Investment Management LLP and SEI Investments (Europe) Ltd in which any loss caused by them in this manner would constitute a breach and be remediable in law.

The charity is exposed to misappropriation of grants. It controls this by seeking receipts and verifying use of funds wherever possible, for example, by attendance reports from the school that a student has attended.

#### ***Relationships with other groups, charities and individuals***

The charity recognises that there is much activity already in the area of improving education in the developing world. The Madrinha Trust aims to complement rather than compete with existing organisations and as stated in the charity's development plan aims to ensure that funds are not spent on any infrastructure costs of those organisations and that funds are additional to rather than a replacement of existing funds.

## THE MADRINHA TRUST

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

#### ***Relationships with other groups, charities and individuals (continued)***

Up to the end of 2019 the Charity had established relationships with 10 other charitable organisations through which grants to Mentees are made. The relationships currently existent are:

- a) Tana River Life Foundation (TRLF), based in Kenya, focusing on laying down foundations for long term human development.
- b) Al-Quds Foundation for Medical Schools in Palestine (FQMS) for advancement of education in medicine.
- c) KHULA (formerly the David Rattray Foundation) that aims to improve the quality of education provided in schools by assisting schools in the areas of Safety & Security; Infrastructure & Environment; Water & Sanitation; Academic, Curriculum & Resources; Sports, Culture and Community Interaction; Leadership, Management & Governance; Achievement and Eco-Awareness.
- d) Rwanda Aid works in the remote South West of Rwanda where there is widespread poverty and suffering with only limited NGO support. Rwanda Aid works here to bring hope and opportunity.
- e) The Himalayan Youth Foundation (HYF) was founded in 1997 by a group of young and energetic Nepali social workers with the objective of improving the education, health and living condition of helpless, poor and orphaned children from the mountain districts of Nepal.
- f) Kenya Kesho supports the education of boys and girls in the Kenya region through secondary school. The Madrinha Trust supports Mentees through their subsequent tertiary education.
- g) Commonwealth Girls Education Fund (CGEF), based in the United Kingdom, provides sponsorship grants to girls for secondary or high school education where this otherwise might not be possible.
- h) Ada College of Education, based in Ghana, was established in 1965 and is one of the two colleges in the Greater Accra Region responsible for training professional teachers in the Basic Education Level. The charity has partnered with the college to offer 4 successful students a full Madrinha scholarship each year.
- i) Edu Fun, based in South Africa, is a volunteer-led, non-profit organisation with the main objective of teaching English to Grade 2 & 3 students in a fun and interesting way and to awaken their curiosity in the outside world.
- j) Make A Difference Leadership Foundation (MAD Leadership Foundation), based in South Africa, aims to provide academically talented scholars with exceptional leadership development opportunities through education and mentorship, in order to inspire a better future for South Africa.
- k) TEST (The Tertiary Education Scholarship Trust) for Africa, based in Malawi, Tanzania and Uganda, aims to aid the social and economic development of Africa by enabling bright but needy students to receive undergraduate education at local public Universities and Polytechnics against their personal pledge to work for the benefit of their communities and their nation upon graduation.

## THE MADRINHA TRUST

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

#### ***Relationships with other groups, charities and individuals (continued)***

The characteristics of our partner charities are as follows:

- Our partner charities have effective presence in the countries in which they operate, and a working knowledge of their individual educational, political and economic settings.
- We have easy access to a named individual within our partner charity who is responsible for responding to our queries, allaying any concerns and is amenable to being guided in our ethos, requirements and targets.
- Our partners are financially stable, have other sources of income and are not dependent on our funding.
- Our partners participate in our interactive sessions and celebrate the success of our mentees.
- Our partner charities actively participate in recommending and recruiting suitable mentors, who are familiar with their region or country of operation.

#### **Objectives and activities of the Charity**

##### ***A summary of the objects of the charity as set out in its governing document.***

The Trust deed of the charity was created on 1 February 2011 on funds settled by Michael Francis Geoghegan, the first three trustees being named as Jania Geoghegan, Maya Sanbar and Amrit Singh. The Trust deed outlines the objectives of the charity, the powers of the trustees and procedures for their appointment, rules for the proceedings of trustees and their procedural powers, requirements for records and accounts and procedures for the amalgamation and dissolution of the charity.

The objectives of the charity are the advancement of education and the relief of poverty by the provision of funds and financial assistance to educational and other projects anywhere in the world, but with a particular focus on Africa and the developing world.

Selected projects should aim to improve education, relieve poverty and improve the conditions for socially and economically disadvantaged people and communities

##### ***Public benefit that is provided by the charity***

Throughout the financial year the main objective of the charity continued to be to identify young people in the developing world and support them through their education.

The charity believes that the provision of a support structure to ensure that a young person receives an adequate education is a very important step in ensuring that a young person, their family and ultimately their community can lift themselves out of poverty.

The trustees of the charity have been directly involved in mentoring selected individuals so that they can assist them with their paths and ensure, as far as possible, that the recipients use their talents and education for the benefit of their native country.

In framing the objectives of the charity, the trustees have had regard to the general guidance issued by the Charity Commission on public benefit, including guidance on the prevention and relief of poverty for the public benefit.

## THE MADRINHA TRUST

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

#### ***The charity's aims including the changes or differences it seeks to make through its activities***

The charity's vision is to develop future leaders of the developing world. This will be achieved by providing educational funding for disadvantaged young people with leadership ability and providing individually tailored support for their development, encouraging an open mentoring relationship to boost their confidence and creating an avenue for exploring the opportunities open to them.

The charity is committed to providing access to education for the young people in its programme by paying school and tertiary education fees. In addition, the charity will provide ancillary services to the Mentees such as books, uniforms and travel and subsistence allowances to bridge the gap between school and university and facilitate work experience in any gap year periods.

In order to maximise the benefit of any education that it provides, the charity believes that mentoring and guidance is an important part of the education process. The charity also aims to provide Mentees with access to a Mentor who will offer long term support, guidance and encouragement to enable Mentees to pursue their personal goals and ambitions.

The charity has a wide discretion in its powers and can help the education process in several ways. This could also include assisting and funding research to create an economic plan for a country, provide funds for the education of potential leaders, as well as helping build the educational structure in third world countries.

#### ***An explanation of the charity's main objectives for the year***

During 2019 the objective of the charity remained to expand its base of mentors and to develop and strengthen links with sponsoring partners with the aim of increasing the number of children receiving educational support.

The charity has also actively looked to strengthen the administration, mentoring offering and marketing of the charity.

#### ***An explanation of the charity's strategies for achieving its stated objectives***

The Madrinha Trust plans to spend its endowment over 20 years in line with its Development Plan. This plan outlines the charity's strategies for achieving its stated objectives that have been followed during the year which broadly are:

##### **1. Find suitable beneficiaries**

Following approvals made at Trustee meetings the charity has supported or will provide support to a total of 84 Mentees whose educational expenditure has been approved.

The Mentees of the Trust:

- are High Achievers who very often have no positive role models within their local communities.
- are from disadvantaged backgrounds and often the first within their families to aspire to higher education. Without the Trust support, they will be unlikely to further their education in spite of having great potential.
- have the potential to become leaders in various fields and within their communities. Our mentors continue to guide them to recognise this potential and fulfil it.
- have strong commitments to give back and 'pay forward' to their communities and to contribute to making the wider world better for others. Accepting a mentored funding agreement which incorporates a strong personal statement of 'give-back commitment' is essential to the commencement and continuation of our relationship.
- are able and willing to communicate their needs, goals (short, medium and long) and their challenges to their mentors. Their mentors will keep working with them to find suitable solutions.



## THE MADRINHA TRUST

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

#### *An explanation of the charity's strategies for achieving its stated objectives (continued)*

#### 2. Mentor the beneficiaries

Before the approval of any financial support the Mentees have to agree to participation in the mentoring process. Each of the approved mentees has been allocated a Mentor and the communication and support process has started.

To ensure that the Mentees are paired with a Mentor from whom they can benefit and to ensure the ongoing quality of the Mentoring process, the charity holds regular Mentoring workshops. The sessions sometimes involve the participation of other Mentoring charities with the objective of this collaboration being to help the Madrinha Trust develop its own best practice and provide the opportunity for the Mentors to share and learn from each other's successes.

The overall objective remains to ensure that Mentors are paired with a suitable Mentees and to coach the skills required to be a successful Mentor, the records that need to be kept of communications, guidelines for Mentees, evaluation techniques and how to report success.

Madrinha places great value on the role of Mentor being performed to as high a standard as possible to ensure that the process is carried out for the maximum benefit of Mentees. Therefore, a Mentoring handbook has been published and is issued to all Mentors. The Mentoring handbook contains the Madrinha Trust's core values, the roles and responsibilities of Mentors, rights and responsibilities of Mentees, steps in the mentoring process, record keeping requirements, the requirement for a filter in the mentoring process, tips on letter writing and developing relationships as well as guidance in the case of problems.

The charity now has 68 Mentors and to help with the administration process and in addition to the Mentoring handbook has issued a Mentoring summary, five mentoring tools as well as developing a Mentoring agreement to ensure that all parties are clear what is expected of them.

- Our mentors are professionals in various fields who understand the value of their gift of time to support a mentee.
- They have an affinity for either the mentee's country, subject of study or aspirations; very often all three.
- Our mentors have an understanding of the mentees' circumstances, environment, and educational system and are empathetic.
- Our mentors attend interactive sessions and actively strive to understand and mentor in line with the Trust's ethos.
- Our mentors often have language skills that make communicating with the mentees both easier and more enjoyable for the mentee.

#### 3. Complete its mission

- Madrinha will create an alumni association for its "graduates" who have completed the formal period of education and mentoring.
- It will hold a webinar every alumnus can share experiences and ideas.
- It will create on-line closed communications for Mentees and for Mentors.
- Madrinha will take on sufficient beneficiaries so that its funds are mainly used up by 2030.
- At this stage the alumni association could appeal to alumni to maintain their association from their own contributions and offer their services as mentors through and for other organisations.

## THE MADRINHA TRUST

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

#### *An explanation of the charity's strategies for achieving its stated objectives (continued)*

#### 4. Marketing the charity

The charity has been marketed by:

- Use of its website with Mentor profiles and videos from Mentees. the address is [www.madrinha-trust.org](http://www.madrinha-trust.org)
- A Facebook page.
- A LinkedIn page with connections to mentees, mentors and "on the ground co-ordinators".
- A regular Madrinha trust newsletter issued to Mentees, Mentors and supporters of the charity.
- An annual report detailing the work of the charity during the year.

#### *Charitable activities during the year*

Applications have now been considered and approved from 84 Mentees in 10 countries. Total commitments of £673,000 (2018: £464,000) to be paid out over a maximum of six years had been approved in principle by the end of December 2019.

A total of £562,000 (2018: £347,000) was paid out during 2019 bringing total payments for educational fees and other support to £968,000.

#### *A review of charitable activities undertaken by the charity*

##### *Fundraising activities*

During the course of the year the charity has continued to be funded by the original expendable endowment of a gift of shares given by Mr M F Geoghegan.

##### *Investment performance achieved against investment objectives set*

The trustees have adopted a statement of investment principles which are described in the section of the trustees' report relating to investment policies and objectives.

The market investments are held by Veritas Investment Management LLP who issue a monthly valuation report. In addition, the charity Treasurer and a trustee hold a meeting with Veritas Investment Management LLP on an annual basis unless circumstances require greater frequency.

#### **Financial Review**

##### *Policies on reserves*

The Charity created a designated reserve to support educational expenditure in South Africa that is included within unrestricted income funds. This reserve was established following receipt of 40,000 HSBC shares from Education Africa with a value of £203,800. The fund will be expended in line with the expected twenty-year life of the charity's original endowment.

At the end of December 2019, the Charity has £1.000m (2018: £1.354m) of funds and has powers in its trust deed to use its capital over the lifespan of the charity (expected to be twenty years) to support its charitable aims.

##### *Principal funding sources and how expenditure in the year under review has supported the key objectives of the charity.*

The charity has also been funded, as permitted in its trust deed, primarily by drawing down cash from the investment portfolio managed by Veritas Investment Management LLP which has been used to support the charity's activities during the year. By the end of December 2019, a total of £1,065,000 (2018: £825,000) had been drawn down from Veritas.

## THE MADRINHA TRUST

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

***The investment policy and objectives, including the extent (if any) to which social, environmental or ethical considerations are taken into account***

## 1. Background

The Charity is an unincorporated charity, given initial funding in the form of £1.9m in HSBC shares donated by Mr M F Geoghegan.

The shares were immediately put into an investment fund held by SEI Investments (Europe) Ltd and managed by Veritas Investment Management LLP, who actively manage the share portfolio of the Charity.

Veritas Investment Management LLP issue a monthly share valuation and in addition the Charity Treasurer and Chairman hold meetings with the fund managers to discuss and review the charity's portfolio.

During the course of the year the value of the funds under management decreased from £1.777m to £1.570m. The performance is analysed in the table below.

	2019 £	2018 £
<b>Brought forward</b>	1,777	2,029
Income	35	44
Investment charges paid from fund	(23)	(25)
Realised and unrealised gains	201	(31)
Transfer to HSBC bank account	(420)	(240)
<b>Carried forward</b>	<u>1,570</u>	<u>1,777</u>

## 2. Investment Objectives

In order to guide the investment strategy, the board of trustees has adopted the following objectives with respect to investments:

- The day to day management of investments is undertaken by professional investment managers on a discretionary basis.
- The trust wishes to maximise the returns on all its investments, commensurate with its defined level of risk, whilst adhering to the general principles of trust law for charitable investment portfolios.

At 31 December 2019, 69% of the portfolio was held in equities, 29% in fixed interest securities and 2% in cash and cash equivalents.

## 3. Risk

The assets of the charity will be exposed to various financial risks. The board has considered the following risks when agreeing their strategy:

- The risk that investments will not deliver the increases in real capital or income values expected.
- The risk that the investment managers will not achieve the returns projected.

## THE MADRINHA TRUST

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

#### 4. Investment Strategy

The strategy adopted is that:

- Investments are held to create real returns over the investment horizon of five years plus through both dividend and interest income and capital growth. The Development Plan assumes a real return of 2%.

The gross annual nominal return in the 12 months to December 2019 was 15.1%. The nominal return was 13.6% net of Veritas charges.

- The trustees are willing to accept a medium risk approach in the achievement of their objectives.
- The long term indicative guideline asset allocation will be 60% equities and 40% bonds/cash/equivalents.
- There will be 18,000 HSBC shares included in the share portfolio.

#### 5. Ethical Position

The charity has issued no ethical guidelines to Veritas Investment Management LLP.

#### 6. Day to day management

The trustees have appointed Veritas Investment Management LLP as the investment manager to manage the trust's investment portfolio. The investment manager will exercise its investment powers to achieve the trust's objectives with the appropriate level of diversification as directed in section 3.12 of the Charitable Trust deed. In addition, the charity Treasurer and a trustee hold a meeting with Veritas Investment Management LLP on an annual basis unless circumstances require greater frequency.

#### ***Availability and adequacy of assets of each of the funds***

The board of trustees is satisfied that the charity's assets in each fund are available and adequate to fulfil its obligations in respect of each fund.

#### ***Transactions and Financial position***

The Statement of Financial Activities shows net outgoing resources for the year of a revenue nature of £567,118 (2018: £377,171 outgoing) and net incoming resources of a capital nature (expendable endowment) of £12,005 (2018: £18,933), making net overall realised outgoing resources of £555,113 (2018: £358,238 outgoing).

The total reserves at the period end after accounting for investment gains of £200,909 (2018: £31,532 loss) stand at £1,000,339 (2018: £1,354,543).

As the charity has the powers to use capital to support its charitable aims there is no need for it to hold any liquid or cash assets in the unrestricted fund as a reserve to support on-going costs of the charity. Therefore, free unrestricted liquid reserves amounted to £nil (2018: £nil).

#### ***Specific changes in fixed assets***

There are no fixed assets held by the Charity.

## THE MADRINHA TRUST

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

## Statement of Trustees' Responsibilities

The charity trustees are responsible for preparing a trustees' annual report and 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 and Wales requires the charity trustees to prepare financial statements for each 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, of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice ("SORP");
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 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 to 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 Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

Signed on behalf of the charity's trustees:

S Vickers  
Trustee



Approved by the trustees on .....

13/05/2020

G Sims  
Trustee



## THE MADRINHA TRUST

### INDEPENDENT EXAMINER'S REPORT

I report to the trustees on my examination of the financial statements of The Madrinha Trust ('the charity') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet and related notes.

This report is made solely to the charity's trustees, as a body, in accordance with section 145 of the Charities Act 2011. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in this report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my work, for this report, or for the opinions I have formed.

#### **Respective responsibilities of the trustees and examiner**

The charity's Trustees are responsible for the preparation of financial statements. The charity's Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 ('the 2011 Act') and that an independent examination is needed. I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the financial statements under section 145 of the 2011 Act;
- to follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

#### **Responsibilities and basis of report**

As the trustees of the charity you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the charity's financial statements carried out under section 145 of the 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.


An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the financial statements. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no opinion as to whether the financial statements present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

#### **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 giving me cause to believe that in any material respect:

- accounting records were not kept in respect of the charity as required by section 130 of the Act; or
- the financial statements do not accord with those records; or
- the financial statements do 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 financial statements to be reached.

  
A Warren, FCA

For and on behalf of McBrides Accountants LLP, Nexus House, 2 Cray Road, Kent, DA14 5DA

Date: 18/5/2020



## THE MADRINHA TRUST

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2019**  
**(including the Income and Expenditure Account)**

		Unrestricted funds	Endowment funds	Total Funds	Total Funds
	Notes	£ 2019	£ 2019	£ 2019	£ 2018
<b>INCOME</b>					
Income from charitable activities					
<i>Grants</i>	<b>2a</b>	50,000	-	50,000	-
Income from investments	<b>2b</b>	4	35,334	35,338	43,893
Other income		-	-	-	-
<b>Total income</b>		<u>50,004</u>	<u>35,334</u>	<u>85,338</u>	<u>43,893</u>
<b>EXPENDITURE</b>					
Investment management costs		-	23,329	23,329	24,960
Expenditure on charitable activities	<b>3a</b>	617,122	-	617,122	377,171
<b>Total expenditure</b>		<u>617,122</u>	<u>23,329</u>	<u>640,451</u>	<u>402,131</u>
<b>Net income/(expenditure) before transfers between funds</b>		(567,118)	12,005	(555,113)	(358,238)
<b>Gross transfers between funds</b>	<b>8</b>	420,000	(420,000)	-	-
<b>Net income/(expenditure) before gains and losses on investments</b>		<u>(147,118)</u>	<u>(407,995)</u>	<u>(555,113)</u>	<u>(358,238)</u>
<b>Net gains/(losses) on investments</b>	<b>7b</b>	-	200,909	200,909	(31,532)
<b>NET MOVEMENT IN FUNDS</b>		<u>(147,118)</u>	<u>(207,086)</u>	<u>(354,204)</u>	<u>(389,770)</u>
Fund balances brought forward		332,225	1,022,318	1,354,543	1,744,313
Fund balances carried forward		<u>185,107</u>	<u>815,232</u>	<u>1,000,339</u>	<u>1,354,543</u>

All the above results are derived from continuing activities. There are no other gains or losses other than those shown above.

**The notes set out on pages 15 to 22 form part of these accounts.**

## THE MADRINHA TRUST

## BALANCE SHEET AS AT 31 DECEMBER 2019

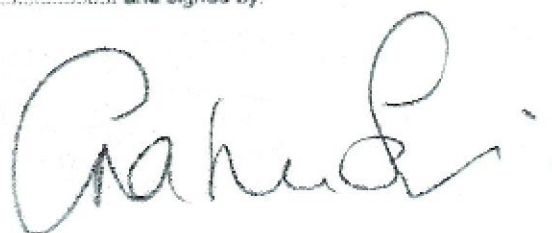
	Notes	2019 £	2019 £	2018 £
<b>FIXED ASSETS</b>				
Investments	7		1,569,698	1,776,784
			<u>1,569,698</u>	<u>1,776,784</u>
<b>CURRENT ASSETS</b>				
Debtors	9	19,958		13,930
Cash at bank and in hand		96,023		38,620
		<u>115,981</u>		<u>52,550</u>
<b>CREDITORS: Amounts falling due within one year</b>	10	<u>(367,773)</u>		<u>(221,230)</u>
<b>NET CURRENT ASSETS</b>			(251,792)	(168,680)
<b>Creditors: Amounts falling due greater than one year</b>	11		(317,967)	(253,561)
<b>NET ASSETS</b>			<u>1,000,339</u>	<u>1,354,543</u>
<b>FUNDS</b>				
General unrestricted fund	12		165,107	332,225
Endowment funds	12		815,232	1,022,318
			<u>1,000,339</u>	<u>1,354,543</u>

The accounts were approved by the Board of Trustees on 13/05/2020 and signed by:

S Vickers  
Trustee



G Sims  
Trustee



The notes set out on pages 15 to 22 form part of these accounts.



## THE MADRINHA TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. ACCOUNTING POLICIES

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) – (Charities SORP (FRS 102)), and applicable regulations. The financial statements are prepared to the nearest £1.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Madrinha Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The following are the accounting policies which have been applied in dealing with material items: -

a) Going concern:

It is the opinion of the Trustees that the use of the going concern basis of accounting is appropriate because:

- there are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of the charity to continue as a going concern:
- there is reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future.

b) Funds structure:

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created a fund for a specific purpose.

The Charity is substantially funded by an expendable endowment of HSBC shares with an initial value of £1,879,705 and it is the policy of the board of trustees to carefully monitor the application of those funds in accordance with the restrictions placed upon them.

A second tranche of HSBC shares with a value of £222,079 have also been transferred to the charity by Education for Africa following the charity closing at the end of 2011. The charity worked in South Africa and a designated unrestricted income fund of £203,800 has subsequently been set up for educational expenditure in South Africa. The whole of the fund has been allocated to Mentees at the end of December 2019.

The trustees have the power to use the capital of the endowment to further the charitable aims of the Trust and these two funds are deemed sufficient to ensure that the charity can fulfil its purpose.

Further details of each fund are disclosed in the notes.

c) Incoming resources:

Donated income and grants receivable are taken into account when received by the charity. Income received in circumstances where a claim for repayment of tax has been made or will be made to H M Revenue and Customs is grossed up for the tax recoverable. Any amount of tax reclaimed from H M Revenue and Customs but not yet received is shown within the charity's debtors.

All income is recognised once the charity has entitlement to the income, there is sufficient certainty or receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably.

## THE MADRINHA TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

## 1. ACCOUNTING POLICIES (Continued)

d) Incoming resources (continued)

Donations, are recognised when they have been communicated is received in writing with notification of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting year.

Interest on funds held on deposit is included upon notification of the interest paid or payable by the Bank.

Dividends are included in the income and expenditure account when they are disclosed on a statement of investment valuation, issued monthly by Veritas Investment Management LLP

e) Resources expended:

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure, including irrecoverable VAT, is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities. For more information on this allocation refer to note (f) below.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled conditions attaching to that grant are outside of the control of the charity.

f) Irrecoverable VAT:

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

g) Allocation of support and governance costs:

Support costs have been differentiated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs relating to Trustee meetings.

h) Charitable activities:

The expenditure on charitable activities includes grants made, governance costs and an apportionment of support costs as shown in the notes.

i) Unrealised and realised gains

Realised gains and losses are included in the accounts on the date at which a contractual obligation is entered into.

Unrealised gains and losses are computed by reference to the market value of the investments at the balance sheet date, compared to the brought forward cost or valuation, and gains and losses arising on similar categories of investments are netted off.

j) Investments

Listed investments have been included in the balance sheet at the value included on the Veritas Investment Management LLP statement as at 31 December 2019, the last statement issued before the end of the financial year. Investments are shown at the mid-market value.

## THE MADRINHA TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

## 1. ACCOUNTING POLICIES (Continued)

k) Reserves

The regular, unrestricted income is sufficient to cover the day to day running of the charity, whilst the expenditure relating to specific projects are covered through restricted funds.

Any unrestricted funds held are regularly monitored with the intention of using them to forward the charity's objectives.

The reserve policy is regularly assessed by the trustees for appropriateness.

l) 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.

m) 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.

n) 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 transaction value. They are subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial. In such cases creditors are stated at the transaction value.

o) Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as financial assets or financial liabilities. The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value. They are subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial, in which case they are stated at cost (less impairment where appropriate).

p) Grant making policy

The charity makes grants for educational expenditure to young people in the developing world, especially Africa.

Either through recommendation from a sponsoring organisation or directly candidates make an application to the charity which should include the on-going cost of education. The candidates must agree to participate in the charity's mentoring process, to communicate with Mentors and record and share progress. Applications are subject to phone interviews, reviewed and approved at trustee meetings.

Grants to successful applicants are paid on production of supporting documentation for educational fees. Grants will be made to cover the full length of both secondary and post-secondary education and grants will be paid annually for as long as education continues. The performance grades of Mentees and commitment to the Mentoring program is monitored. A grant programme could be terminated for performance below the expected standard.

Educational grants are recognised in full in the accounts for the entire period of education to be supported at the time that the grant is approved by the trustees. Grants are paid annually with the amount paid being deducted from the total grant provision, any adjustment being made for changes to the total expected cost of education over the life of the grant. Should any student not finish the full period of education covered by the grant any balance of grant provision will be written back to the accounts in the period in which the support ended.

q) Key judgements and estimations

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## THE MADRINHA TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

## 2. ANALYSIS OF INCOME

## a) Grants

	Unrestricted funds £ 2019	Endowment funds £ 2019	Total Funds £ 2019	Total Funds £ 2018
General grants	50,000	-	50,000	-
	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>

## b) Investment income

	Unrestricted funds £ 2019	Endowment funds £ 2019	Total Funds £ 2019	Total Funds £ 2018
Other investment income	4	35,334	35,338	43,893
	<u>4</u>	<u>35,334</u>	<u>35,338</u>	<u>43,893</u>

## 3. ANALYSIS OF EXPENDITURE

## (a) Expenditure on charitable activities

	Unrestricted funds £ 2019	Endowment funds £ 2019	Total Funds £ 2019	Total Funds £ 2018
Salaries (including NI)	16,795	-	16,795	15,196
Grants to individuals	561,939	-	561,939	346,975
Admin, IT and office costs	20,690	-	20,690	3,392
Travel and subsistence	738	-	738	140
Bank and other charges	3,416	-	3,416	2,629
Governance	13,544	-	13,544	8,839
<b>3b</b>	<u>617,122</u>	<u>-</u>	<u>617,122</u>	<u>377,171</u>

## (b) Governance costs

	Unrestricted funds £ 2019	Endowment funds £ 2019	Total Funds £ 2019	Total Funds £ 2018
Independent examination	900	-	900	925
Accountancy fees	10,340	-	10,340	7,914
Professional fees	2,304	-	2,304	-
	<u>13,544</u>	<u>-</u>	<u>13,544</u>	<u>8,839</u>

## THE MADRINHA TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

## 4. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds	Endowment funds	Total Funds
	2018 £	2018 £	2018 £
<b>INCOME</b>			
Donations	-	-	-
Investment income	-	43,893	43,893
Other income	-	-	-
	<u>-</u>	<u>43,893</u>	<u>43,893</u>
<b>EXPENDITURE</b>			
Investment management costs	-	24,960	24,960
Charitable activities	377,171	-	377,171
	<u>377,171</u>	<u>24,960</u>	<u>402,131</u>
<b>Transfer between funds</b>	240,000	(240,000)	-
<b>Net gains/(losses) on investments</b>	-	(31,532)	(31,532)
<b>NET MOVEMENT IN FUNDS</b>	<u>(137,171)</u>	<u>(252,599)</u>	<u>(389,770)</u>

## 5. STAFF COSTS

	2019 £	2018 £
Salaries	16,512	15,000
Pensions	283	196
	<u>16,795</u>	<u>15,196</u>

No employee earned over £60,000 (including taxable benefits but excluding employer pension contributions) during the year.

The average number of employees during the year was as follows:

	2019	2018
Administration and support	<u>1</u>	<u>1</u>

## 6. TRANSACTIONS WITH TRUSTEES

The trustees all give freely of their time and expertise without any form of remuneration or other benefit in cash or kind.

During the year no trustee received any remuneration or expenses.

## THE MADRINHA TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

## 7. FIXED ASSET INVESTMENTS

## LISTED INVESTMENTS

## (a) Valuation of listed investments

	2019 £	2018 £
Market value at 1 January 2019	1,574,610	1,831,157
Additions at cost	405,219	293,507
Disposals at opening market value	(645,491)	(517,836)
Net unrealised gain/(loss) on investment revaluation	200,911	(32,218)
	<u>1,535,249</u>	<u>1,574,610</u>
Cash held by investment advisors	34,449	202,174
Market value at 31 December 2019	<u>1,569,698</u>	<u>1,776,784</u>

## (b) Total gains/(losses) on listed investments

	2019 £	2018 £
Proceeds from disposal	645,489	518,522
Carrying value of disposed investments	(645,491)	(517,836)
	<u>(2)</u>	<u>686</u>
Unrealised gains/(losses)	200,911	(32,218)
Total gains/(losses)	<u>200,909</u>	<u>(31,532)</u>

## (c) Analysis between listed investments

	2019 £	2018 £
UK investments	880,949	901,888
Rest of the world investments	688,749	874,896
	<u>1,569,698</u>	<u>1,776,784</u>

The trustees consider individual investment holdings in excess of 5% of the market value of the portfolio to be material; each of the following holdings have a material value:

	2019 £	2018 £
HSBC Holdings Plc	106,542	116,442
Scottish & Southern Energy	105,335	106,629
	<u>211,877</u>	<u>223,071</u>
Investments where holding is less than 5% of the total market value	1,357,821	1,351,539
	<u>1,569,698</u>	<u>1,574,610</u>

## THE MADRINHA TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

## 8. GROSS TRANSFER BETWEEN FUNDS

	Unrestricted funds £	Endowment funds £
Transfer between funds	420,000	(420,000)
	<u>420,000</u>	<u>(420,000)</u>

The trustees have powers contained in the Trust deed to use the capital of the charity to support its charitable aims and the day to day running costs of the charity.

During the course of the year £420,000 was transferred from the funds managed by Veritas Investment Management LLP to the charity's current account to fund the charity's operations during the year. Total transfers from the endowment fund to date are £1,485,000.

## 9. DEBTORS

	2019 £	2018 £
Prepayments	16,431	10,129
Other debtors	3,527	3,801
	<u>19,958</u>	<u>13,930</u>

## 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	5,803	43
Accrued educational expenses	349,180	210,485
Other accrued expenses	12,790	10,702
	<u>367,773</u>	<u>221,230</u>

## 11. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2019 £	2018 £
Accrued educational expenses	317,567	253,561
	<u>317,567</u>	<u>253,561</u>

Long term accrued educational expenses have been calculated at amortised cost using a discount rate of 3%.

## THE MADRINHA TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

## 12. FUNDS

	Brought forward £	Movement in funds £	Transfer between funds £	Carried forward £
Unrestricted funds	332,225	(567,118)	420,000	185,107
Endowment funds	1,022,318	212,914	(420,000)	815,232
Carried forward	1,354,543	(354,204)	-	1,000,339

## Analysis of movement in funds

	Incoming Resources £	Outgoing Resources £	Gains & losses £	Movement in funds £
Unrestricted funds	50,004	(617,122)	-	(567,118)
Endowment funds	35,334	(23,329)	200,909	212,914
	85,338	(640,450)	200,909	(354,204)

## 13. FINANCIAL INSTRUMENTS

Categorisation of financial instruments:

	2019 £	2018 £
Financial assets that are debt instruments measured at amortised cost	3,527	3,200
Financial liabilities measured at amortised cost	685,340	474,791

## 14. TAXATION

The Madrinha Trust is a registered charity and therefore is not liable to income tax or corporation tax on income derived from charitable activities, as it falls within the various exemptions available to registered charities.

## 15. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

## 16. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.