

# **The Earl of Northampton's Charity**

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## **Trustee's Annual Report & Financial Statements 2020**

Charity Commission Number 210291

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# Foreword

Shortly before his death in 1614, Henry Howard, Earl of Northampton, founded a "hospital", or almshouse, for poor men at Greenwich, known as Trinity Hospital, and although he was not a member of the Mercers' Company he entrusted the management to the Company's care. The Mercers' Company remains trustee to this day. Trinity Hospital still includes the original 17th century building beside the Thames at Greenwich, providing 41

almshouses. Under the same trust, six almshouses are provided at Shotesham in Norfolk for elderly local residents. A number of grants and allowances are also made.

A ten year plan of improvement, expansion and modernization of all the Charity's accommodation both in Greenwich, south London and Shotesham, Norfolk was completed in good time for the 400th anniversary in 2014. The Charity now provides spacious, attractive and affordable accommodation with good communal facilities for current and future beneficiaries.

The Trustee has developed a long term asset management schedule to ensure that funds are set aside in advance to meet future anticipated capital and maintenance expenses of the 47 almshouse properties. Sustainability is at the heart of the Trustee's financial planning. A new strategic plan was agreed in 2015, reflecting this aim and this is underpinned by a business plan for delivery. This is due for review in 2020.

During the year, the Charity continued its new strand of charitable giving – Older People & Housing – introduced in 2018. The Trustee's philanthropic focus is to nurture aspirations and invest in opportunities to create positive change so that everyone has the potential to lead a fulfilling life. The programme's focus is to relieve need, hardship and distress by combatting loneliness and improving housing solutions for older people.



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# Trustee's Report

The Trustee of The Earl of Northampton's Charity (the Charity) presents its Annual Report and Audited Financial Statements for the year ended 31 March 2020. The financial statements have been prepared in accordance with the accounting principles set out in note 1 to the financial statements and comply with the Charity's Scheme of Management, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

## Governance & Management

### ORGANISATION & SENIOR MANAGEMENT TEAM

The Wardens and Commonalty of the Mystery of Mercers of the City of London (more commonly known as The Mercers' Company) which is a body corporate formed by Royal Charter in 1394 is the Trustee of the Charity and is the controlling party. The Mercers' Company's governing body (the Court of Assistants) acts for the Company as Trustee. From 13 July 2018 to 12 July 2019, the Master was XV Dennen. The Master from 13 July 2019 is MCL Aspinall. The Clerk to the Mercers' Company is RM Abernethy.

The Mercers' Company acts as trustee for several charities and has established a number of specialist committees to provide it with advice and professional guidance including a Finance Committee, Audit Committee, Investment Sub-Committee, Property Committee.

The Charity delegates the making of certain grants and the administration of its almshouses to the Trustee's committees: Older People & Housing Committee, and to the Philanthropy Committee.

The Charity is supported by the staff of the Mercers' Company, who are appropriately trained and qualified. These administrative services are provided under a service agreement. The following members of the Mercers' Company's senior management are involved in the provision of services:

Mr Robert Abernethy (Clerk to the Mercers' Company)

Mr James Christie (Finance Director)

Ms Serena Hedley-Dent (Deputy Clerk to The Mercers' Company)

## CHARITY GOVERNANCE REVIEW

During 2018 the Trustee initiated a review of the governance of the Charity, to assess the Charity's governance against the Charity Governance Code and identify any changes required to ensure the Charity's governance is in line with current best practice. The review has been completed and the Trustee has established a new Committee for the Charity to ensure the Trustee effectively fulfils its governance role and meets the standards expected by the Charity Commission. The Committee's Terms of Reference were approved on 6 March 2020 and following relevant training it took up office in September 2020. The members of the Charity's Governance Committee are:

Mrs XV Dennen (Chairman)

Wing Commander MG Dudgeon

Mr A Sedgwick

## PUBLIC BENEFIT

The Trustee confirms that it has complied with its duty under Section 17 Charities Act 2011 to have due regard to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives, in planning future activities and in setting the grant making policy for the year.

## OUR VOLUNTEERS

The Charity relies on members of The Mercers' Company volunteering their time to sit on committees, review grant requests, visit applicants and grantees, and attend events involving beneficiaries. In keeping with recommended practice, an estimate of the numbers of hours that Committees give to the Charity free of charge during the year has been undertaken resulting in approximately 135 hours of voluntary time (2019: 135 hours).

## RELATED PARTIES

The Charity works closely with the Trustee and the other charities with which the Trustee is involved. In particular, the Charity harmonises its almshouse operations with those of the Charity of Sir Richard Whittington, of which the Company is also Trustee and the Mercers' Company Housing Association.

Details of related parties and connected charities are given in note 13 of the financial statements.

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## Our objects and current strategy

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### OBJECTS

The objects of the charity are:

- ▲ THE PROVISION OF HOUSING ACCOMMODATION FOR BENEFICIARIES (IN THE PRESCRIBED AREAS OF GREENWICH AND SHOTESHAM)
- ▲ SUCH CHARITABLE PURPOSES FOR THE BENEFIT OF THE RESIDENTS
- ▲ THE RELIEF OF THOSE IN NEED, HARDSHIP OR DISTRESS BY THE PROVISION OF GRANTS

In addition, the Charity is required to make a set number of grants as stipulated in the scheme of management. These are as follows:

- ▲ TRINITY HOSPITAL CLUN (£3,000 SET BY SCHEME BUT NOT EXCEEDING £10,000)
- ▲ TRINITY HOSPITAL CASTLE RISING (£3,000 SET BY SCHEME BUT NOT EXCEEDING £15,000)
- ▲ JUBILEE ALMSHOUSES, GREENWICH (£1,000 SET BY SCHEME BUT NOT EXCEEDING £6,000).

### STRATEGY

The strategy of the Charity is to provide good quality housing in the Charity's purpose-built almshouses for elderly beneficiaries, and to continue the modest grant making programme detailed in the objects (see above).

In 2018, the charity's strategy was reviewed and the Trustee agreed to commence a grant-making programme focusing on work with older people living in more disadvantaged communities in London or in rural isolation in Norfolk.

The programme priorities are combatting loneliness and improving housing options for older people. As a result of the Covid-19 pandemic, the priority is to relieve loneliness.

In 2021, the Charity will expand this work from older people to also include other communities.

## Charitable Activities in 2020

The Charity supports older people directly, through the almshouses at Greenwich, London and Shotesham, Norfolk and also through grant making in Norfolk.

### Housing for the Elderly

**54**  
**residents**

**47**  
**units**

At Trinity Hospital, Greenwich, extensive external and internal redecorations were undertaken during the year. At Trinity Hospital Shotesham, major repairs to the boundary fences were made. At both sites, residents enjoyed participating in wellbeing activities and social events both on site and within the community.

### Grant Making

Grants awarded during the year have been focused on increasing wellbeing for older adults in areas of Norfolk with high deprivation. There are particular issues associated with rural social isolation and loneliness.

**16**  
**grants**

**Totalling**  
**£338,617**

During the year, the Charity has worked with the Norfolk Community Foundation to identify organisations in Norfolk working on the programme priorities. This has been a successful venture with grants of £119,141 being made to the Foundation and other grants being made directly to grantees.

## 2021 and beyond

The focus of the coming year will be the review of the 2015 housing business plan with the aim of securing long term sustainability of the Charity's housing provision without charitable subsidy. This will ensure that the Charity can meet future repair and improvement responsibilities as and when they arise, using designated funds.

Going forward, the Charity will continue to work with the Norfolk Community Foundation to assess whether there are further opportunities to work in partnership to reach the communities and charities who most need the assistance.

The Trustee has considered the impact of the current Coronavirus pandemic on the Charity's operations, with a particular focus on the effect on its beneficiaries and suppliers; and the Charity's income and expenditure. The Trustee does not consider this to be cause for material uncertainty in respect of the Charity's ability to continue as a going concern. The Charity has reforecast its grant making budget and adapted to its beneficiaries' needs.

The Trustee considers that the Charity has sufficient financial resources for the foreseeable future, despite the current crisis. Therefore, the financial statements have been prepared on a going concern basis.

In 2021, the Charity will extend the scope of its work from older people in Norfolk to include other groups elsewhere.



## Financial Review

### FUNDING SOURCES

The Charity generates income primarily from its own sources through:

	2020 £	2019 £
Property investments	58,000	38,000
Interest	1,000	1,000
Stock market investments	737,000	707,000

Income from maintenance charges receivable from almshouse residents has reduced to £509,000 (2019: £513,000) following voids.

### FUNDRAISING

The Charity does not conduct any fundraising.

### INVESTMENT PROPERTY

There were no gains or losses on property investments during the year (2019: £130,000 gains).

### LISTED INVESTMENTS

Total losses of £2,480,000 on stock market investments (2019: gains of £437,000) were experienced in the year as a result of the impact of the COVID-19 pandemic on global stock markets.

Investment Fund	Fund Return	Primary Comparator	Secondary Comparator
General Investment Fund	-9.0%	5.8% (CPI+ 4.0%)	-9.1% (Composite)
Cyclical Maintenance Fund	-7.5%	5.3% (CPI+ 3.5%)	-7.8% (Composite)
Endowment Fund	-9.5%	5.8% (CPI + 4.0%)	-9.1% (Composite)

Since the year end realised and unrealised gains of £2,969,000 have been made in the period to 30 September 2020. The Trustee will continue to monitor the performance of these funds.

### RESULTS FOR THE YEAR

Total income for the year was £1,305,000 (2019: £1,259,000); total expenditure for the year was £1,244,000 (2019: £872,000) and net losses on investments were £2,480,000 (2019: gains of £555,000) resulting in net expenditure for the year of £2,419,000 (2019: net income of £942,000).

### FINANCIAL POSITION

Net assets at the end of the year were £28,221,000 (2019: £30,640,000). These were represented by endowment funds of £15,288,000 (2019: £17,329,000), restricted funds of £1,200,000 (2019: £1,332,000) and unrestricted funds of £11,733,000 (2019: £11,979,000).

## Our policies

### RESERVES POLICY

The free reserves of the Charity comprise the unrestricted funds excluding charitable properties and amounted to £4,133,000 in 2020 (2019: £4,183,000). Reserves are carried forward with the intention of:

- ▲ RETAINING UP TO SIX MONTHS ALMSHOUSE RUNNING COSTS (£201,000),
- ▲ TRANSFER TO THE CYCLICAL MAINTENANCE FUND FOR THE FOLLOWING YEAR (£117,000),
- ▲ GRANT MAKING RESERVE FOR COMMITTED GRANTS (£561,000) PLUS ONE YEAR OF GRANTS BUDGET NOT OTHERWISE INCLUDED IN COMMITTED GRANTS (£400,000)

As per the policy, the reserve required amounts to £1,279,000, compared to actual free reserves of £4,133,000, exceeding the target by £2,854,000.

The Trustee is planning the utilisation of the excess reserves in coming years for its grant making programme.

The Trustee reviews the policy annually.

### GRANT MAKING POLICY

The policy is to make grants in accordance with the principal objects (above). The Trustee delegates grant-making to its Older People & Housing Committee which meets a minimum of four times a year to discuss applications and recommend grants to the Trustee.

### INVESTMENT POLICY

In accordance with the Scheme, the Trustee has the power to invest in such stocks, shares, and property as appropriate to meet the objectives of the Charity. The investment objective is for a rising level of income together with preserving the long term real value of the investments. The investment performance of stock market investments is compared against relevant benchmarks.

The Charity has a policy of responsible investment, positively screening to invest in companies that can demonstrate socially responsible values and sustainable growth, and negatively screening companies or sectors that are not in line with the charitable objects of the Charity to relieve those in poverty. As such, the following areas are excluded from our investments:

- ▲ HIGH INTEREST LENDING
- ▲ TOBACCO
- ▲ GAMBLING
- ▲ PORNOGRAPHY

The Trustee is satisfied that its policy and objective is being met, notwithstanding the fall in investment values in the year as a result of the impact of the COVID-19 pandemic.

## Risk management & internal control

The Trustee acknowledges its responsibility for the management of risks faced by the Charity. A review is undertaken regularly by the Trustee to identify, assess and mitigate those risks.

The Trustee, in considering the governance, management, operational, financial and environmental risks, is satisfied, that there is no material exposure and that there are procedures in place to mitigate such risks.

The Trustee has agreed clear lines of delegation and authority and the Trustee and its staff are involved in the recognition of risk in all their activities.

The main risks faced by the Charity are:

Risk	Mitigation
Governance Risk – The Mercers' Company in its capacity as Trustee fails to follow charity law/governance guidance	The Governance Committee introduced to ensure oversight. Trained executive & committees advise the Trustee. All business units monitored & reviewed by appropriate committee of the Trustee
Strategic Risk – Inability to deliver the agreed strategy for philanthropy	Defined strategic goals monitored, measured & reviewed by Trustee regularly
Financial Risk – Loss of asset value & investment income	Regular review of valuations by executive & committees; reforecasting of budgets.
Governance Risk – Inability to deliver the agreed business plan for future housing services	Business plan reviewed regularly, update due 2020.
Operation Risk – Housing Services non-compliance with health & safety, safeguarding, & other legislative requirements	Trained staff with correct monitoring with oversight by committee plus external annual inspections with standards accreditation

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## Statement of Trustee's responsibilities

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The Trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period.

In preparing these financial statements, the Trustee is required to:

- ▲ SELECT SUITABLE ACCOUNTING POLICIES AND THEN APPLY THEM CONSISTENTLY;
- ▲ OBSERVE THE METHODS AND PRINCIPLES IN 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);
- ▲ MAKE JUDGMENTS AND ESTIMATES THAT ARE REASONABLE AND PRUDENT;



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MCL Aspinall

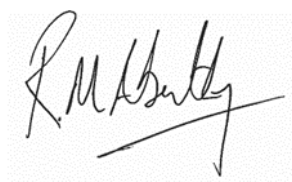
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16 October 2020

- ▲ STATE WHETHER APPLICABLE ACCOUNTING STANDARDS, COMPRISING FRS 102, 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 Trustee is 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 and the applicable Charity (Accounts and Reports) Regulations. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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RM Abernethy

Clerk to The Mercers' Company

# Independent Auditor's Report

TO THE TRUSTEE OF THE EARL OF NORTHAMPTON'S CHARITY

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the financial statements of The Earl of Northampton's Charity ("the Charity") for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements which include a summary of the significant account policies.

In our opinion, the financial statements

- ▲ GIVE A TRUE AND FAIR VIEW OF THE STATE OF THE CHARITY'S AFFAIRS AS AT 31 MARCH 2020 AND OF 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 TRUSTEE'S USE OF THE GOING CONCERN BASIS OF ACCOUNTING IN THE PREPARATION OF THE FINANCIAL STATEMENTS IS NOT APPROPRIATE; OR
- ▲ THE TRUSTEE HAS 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 Trustee is responsible for the other information. The other information comprises the information included in the Trustee's Annual Report and Financial Statements 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

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

- ▲ THE INFORMATION GIVEN IN THE TRUSTEE'S ANNUAL REPORT IS INCONSISTENT IN ANY MATERIAL RESPECT WITH THE FINANCIAL STATEMENTS; OR
- ▲ SUFFICIENT ACCOUNTING RECORDS HAVE NOT BEEN KEPT BY THE CHARITY; OR
- ▲ THE FINANCIAL STATEMENTS ARE NOT IN AGREEMENT WITHIN THE ACCOUNTING RECORDS AND RETURNS; OR
- ▲ WE HAVE NOT RECEIVED ALL THE INFORMATION AND EXPLANATIONS WE REQUIRE FOR OUR AUDIT.

## RESPONSIBILITIES OF THE TRUSTEE

As explained more fully in the Statement of Trustee's responsibilities set out on page 12, the Trustee is 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 Trustee determines 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 Trustee is 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 Trustee either intends to liquidate the Charity or to cease operations, or has 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.

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

#### USE OF OUR REPORT

This report, made solely to the Charity's Trustee as a body in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Trustee, as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP

Chartered Accountants and Statutory Auditor  
130 Wood Street, London  
EC2V 6DL

28 October 2020

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

# Statement of Financial Activities for the year ended 31 March 2020

	Note	31 March 2020			31 March 2019	
		Unrestricted	Restricted	Endowment	Total	Total
		Funds	Funds	Funds	Funds	Funds
		£'000	£'000	£'000	£'000	£'000
<b>Income</b>						
Investments	2	752	44	-	796	746
Charitable activities	3	509	-	-	509	513
<b>Total income</b>		<b>1,261</b>	<b>44</b>	<b>-</b>	<b>1,305</b>	<b>1,259</b>
<b>Expenditure</b>						
<i>Raising funds:</i>						
Investment management costs	4	(15)	(4)	(47)	(66)	(64)
<i>Charitable activities:</i>						
Housing for the elderly	3, 4	(629)	(171)	(4)	(804)	(733)
Relief of poverty	4, 14	(374)	-	-	(374)	(75)
<b>Total expenditure</b>		<b>(1,018)</b>	<b>(175)</b>	<b>(51)</b>	<b>(1,244)</b>	<b>(872)</b>
(Losses)/gains on investments	6, 7	(348)	(142)	(1,990)	(2,480)	555
<b>Net (expenditure) / income</b>		<b>(105)</b>	<b>(273)</b>	<b>(2,041)</b>	<b>(2,419)</b>	<b>942</b>
Transfers between funds	10	(141)	141	-	-	-
<b>Net movement in funds</b>	10	<b>(246)</b>	<b>(132)</b>	<b>(2,041)</b>	<b>(2,419)</b>	<b>942</b>
Fund balances brought forward at 1 April	10	<b>11,979</b>	<b>1,332</b>	<b>17,329</b>	<b>30,640</b>	<b>29,698</b>
<b>Fund balances carried forward at 31 March</b>	10	<b>11,733</b>	<b>1,200</b>	<b>15,288</b>	<b>28,221</b>	<b>30,640</b>

All of the Charity's activities are derived from continuing operations. There are no recognised gains or losses other than those disclosed above.



# Statement of Financial Activities for the year ended 31 March 2019

		31 March 2019			
		Unrestricted	Restricted	Endowment	Total
		Funds	Funds	Funds	Funds
Note		£'000	£'000	£'000	£'000
<b>Income</b>					
Investments	2	723	23	-	746
Charitable activities	3	513	-	-	513
<b>Total income</b>		<b>1,236</b>	<b>23</b>	<b>-</b>	<b>1,259</b>
<b>Expenditure</b>					
<i>Raising funds:</i>					
Investment management costs	4	(10)	(5)	(49)	(64)
<i>Charitable activities:</i>					
Housing for the elderly	3, 4	(633)	(96)	(4)	(733)
Relief of poverty	4, 14	(75)	-	-	(75)
<b>Total expenditure</b>		<b>(718)</b>	<b>(101)</b>	<b>(53)</b>	<b>(872)</b>
Gains on investments	6, 7	70	54	431	555
<b>Net income/(expenditure)</b>		<b>588</b>	<b>(24)</b>	<b>378</b>	<b>942</b>
Transfers between funds	10	(141)	141	-	-
<b>Net movement in funds</b>	<b>10</b>	<b>447</b>	<b>117</b>	<b>378</b>	<b>942</b>
Fund balances brought forward at 1 April	10	<b>11,532</b>	<b>1,215</b>	<b>16,951</b>	<b>29,698</b>
<b>Fund balances carried forward at 31 March</b>	<b>10</b>	<b>11,979</b>	<b>1,332</b>	<b>17,329</b>	<b>30,640</b>

All of the Charity's activities are derived from continuing operations. There are no recognised gains or losses other than those disclosed above.

# Balance Sheet as at 31 March 2020

		31 March 2020		31 March 2019	
	Note	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	5	7,712		7,912	
Investments	6, 7	19,191		21,622	
Total fixed assets			26,903		29,534
<b>Current assets</b>					
Debtors	8	47		47	
Cash at bank and in hand		1,388		1,190	
Total current assets			1,435		1,237
Creditors: amounts falling due within one year	9	(117)		(131)	
<b>Net current assets</b>			1,318		1,106
<b>Total net assets</b>			<b>28,221</b>		<b>30,640</b>
<b>The funds of the Charity:</b>					
Endowment funds	10		15,288		17,329
Restricted income funds	10		1,200		1,332
Unrestricted income funds	10		11,733		11,979
<b>Total charity funds</b>			<b>28,221</b>		<b>30,640</b>

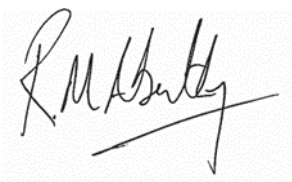
The attached notes on pages 20 to 34 form an integral part of these financial statements. The financial statements on pages 16 to 34 were approved by the Trustee on 16 October 2020 and signed on its behalf by:



MCL Aspinall

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16 October 2020



RM Abernethy

Clerk to The Mercers' Company

# Statement of Cash Flows for the year ended 31 March 2020

		2020		2019
	Note	£'000	£'000	£'000
<b>Cash flows from operating activities:</b>				
Net cash used in operating activities	12		(484)	(77)
<b>Cash flows from investing activities:</b>				
Interest received		1		1
Dividends received		730		666
Purchase of investments		(6,123)		(3,923)
Increase/(decrease) in cash held by investment managers		1,472		(1,330)
Proceeds from the sale of investments		4,602		3,114
Proceeds from the sale of investment property		-		110
Net cash provided by/(used in) investing activities			682	(1,362)
<b>Change in cash and cash equivalents in the financial year</b>			198	(1,439)
<b>Cash and cash equivalents at the beginning of the financial year</b>			1,190	2,629
<b>Cash and cash equivalents at the end of the financial year</b>	12		1,388	1,190

# Notes to the financial statements

## 1 ACCOUNTING POLICIES

### ACCOUNTING BASIS

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice for charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('SORP (FRS 102)'), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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 the SORP (FRS 102) rather than the previous withdrawn version which it replaced.

The trust constitutes a public benefit entity as defined by FRS 102.

### GOING CONCERN

The Trustee considers that there are no material uncertainties about the Trust's ability to continue as a going concern. The Trustee has considered the impact of the current Coronavirus pandemic on the Charity's operations, with a particular focus on its effect on its beneficiaries and suppliers and on the Charity's income and expenditure. The Trustee does not consider this to be cause for material uncertainty in respect of the Charity's ability to continue as a going concern. The Charity has reforecast its grant making budget and adapted to its beneficiaries' needs. The Trustee considers that it has sufficient financial resources for the foreseeable future, despite the current crisis. Therefore, the financial statements have been prepared on a going concern basis.

#### CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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 prevailing. The main estimates and judgements relate to the investment property valuations and the estimated useful lives of tangible fixed assets.

#### INCOME

All income, comprising maintenance charges generated from Almshouse properties, rents and service charges generated from investment properties, interest on bank accounts and dividends from investment funds is reported on an accruals basis when the Charity has entitlement, receipt is probable and the amount can be measured with sufficient reliability. Income relating to a subsequent financial period is carried forward as a creditor in the balance sheet and shown as deferred income.

#### EXPENDITURE

All expenditure is included on an accruals basis and is recognised as soon as there is a legal or constructive obligation committing the Charity to it, it is probable that settlement will be required and the amount of the obligation can be measured reliably.. Irrecoverable VAT is included with the underlying expense and charged to the Statement of Financial Activities (SOFA) as incurred. Support costs relate to staff time and facility costs incurred by the Mercers' Company on behalf of the Charity and are allocated to the Charity on an accruals basis. Support costs have been allocated between activities based on estimated breakdowns of staff time and grant making activity. This includes time spent on the governance arrangements, relating to the general running of the Charity.

#### GRANTS

Grants payable are charged in the period when the offer is conveyed to the recipient except in cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the period end are noted as a commitment, but not accrued as expenditure.

## INVESTMENT GAINS AND LOSSES

Unrealised gains and losses for the period reflect the movement in market values. Realised gains and losses represent the difference between proceeds on disposal and the market value brought forward (or cost if acquired in the year). Unrealised and realised investment gains or losses are shown net on the SOFA.

## INVESTMENTS

Investments are stated at their fair value at the balance sheet date. Investment properties are re-valued externally every five years and internally by the Trustee in intervening years. The Trustee is of the opinion that this valuation is appropriate for the purpose of these financial statements. Cash held by investment managers is recognised as part of investments.

## TANGIBLE FIXED ASSETS

All assets costing more than £10,000 are capitalized at cost and depreciated over their useful economic lives. Subsequent expenditure on a capitalised asset will also be capitalised where it is regarded that there has been an enhancement to the asset or a depreciated asset has been replaced.

## DEPRECIATION

The Trustee considers the useful life of the almshouse properties to be not less than 50 years and 4 years for fixtures and fittings. Accordingly, a depreciation rate of 2% and 25% has been applied to the historical cost of the properties after adjusting for the cost of the land and other assets respectively. Land is not depreciated. Depreciation of 10% is provided on the tractor and lift included in other assets. Depreciation of 4% is provided on the roofs included in other assets. Depreciation is not provided on investment properties that are held as freeholds or on leases having more than 20 years unexpired.

## TAXATION

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes. Accordingly, no provision is made for current or deferred taxation.

## FUNDS

The Charity has three types of fund:

- ▲ ENDOWMENT – WHERE THE CAPITAL IS HELD IN PERPETUITY TO GENERATE UNRESTRICTED DISTRIBUTABLE INCOME;
- ▲ RESTRICTED – WHERE THE PURPOSES FOR WHICH THE FUNDS, INCLUDING INCOME GENERATED, MAY BE USED HAVE BEEN RESTRICTED BY THE SCHEME OF MANAGEMENT;
- ▲ UNRESTRICTED – WHERE THE FUND IS NOT RESTRICTED AS TO USE OTHER THAN IN FURTHERING THE OBJECTS OF THE CHARITY.

## FINANCIAL INSTRUMENTS

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 and subsequently measured at their settlement value, except for investments which are measured at fair value.

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## 2 INCOME FROM INVESTMENTS

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Rents and service charges of £58,000 (2019: £38,000) were generated from the investment properties. Investment income was derived from quoted investments held in the unrestricted General Investment Fund (2020: £69,000, 2019: £32,000), the restricted Cyclical Maintenance Fund (2020: £44,000, 2019: £23,000) and the Endowed Investment Fund (2020: £624,000, 2019: £652,000). Bank interest of £1,000 was received (2019: £1,000).

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## 3 ALMSHOUSE INCOME AND EXPENDITURE

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Maintenance charges received from residents at the almshouses amounted to £509,000 in 2020 (2019: £513,000).

Almshouse income and expenditure is analysed as follows:

	2020		2019	
	Trinity Hospital Greenwich	Trinity Hospital Shotesham	Trinity Hospital Greenwich	Trinity Hospital Shotesham
	£'000	£'000	£'000	£'000
Income from maintenance charges	453	56	464	49
Property operating costs	(307)	(36)	(292)	(39)
Major repairs and projects	(157)	(14)	(75)	(21)
Administration and entertainment	(58)	(9)	(73)	(11)
Depreciation	(185)	(15)	(186)	(16)
Total almshouse expenditure	(707)	(74)	(626)	(87)
Net expenditure	(254)	(18)	(162)	(38)

## 4 EXPENDITURE

a) Analysis of total expenditure:

		Governance & Other			Total	Total
	Further notes	Grant- making £'000	Support costs £'000	direct costs £'000	2020 £'000	2019 £'000
<i>Raising funds</i>						
Investment management costs		-	1	65	66	64
<i>Charitable activities</i>						
Housing for the elderly	3	-	23	781	804	733
Relief in need	14	339	35	-	374	75
		339	59	846	1,244	872



Governance					
& Other					
	Grant- Further notes	making £'000	Support costs £'000	direct costs £'000	Total 2019 £'000
<i>Raising funds</i>					
Investment management costs		-	-	64	64
<i>Charitable activities</i>					
Housing for the elderly	3	-	20	713	733
Relief in need	14	43	32	-	75
		43	52	777	872

## b) Analysis of support costs

	Basis of apportionment	Raising funds £'000	Housing for the elderly £'000	Relief of poverty £'000	Total 2020 £'000	Total 2019 £'000
Staff costs	Staff time	1	10	27	38	29
Office administration	Staff time	-	-	8	8	7
Audit fees	Staff time	-	11	-	11	14
Insurance	Staff time	-	2	-	2	2
		1	23	35	59	52

	Basis of apportionment	Raising funds £'000	Housing for the elderly £'000	Relief of poverty £'000	Total 2019 £'000
Staff costs	Staff time	-	4	25	29
Office administration	Staff time	-	-	7	7
Audit fees	Staff time	-	14	-	14
Insurance	Staff time	-	2	-	2
		-	20	32	52

The Charity has no employees (2019: nil). The Mercers' Company, by way of a services agreement, provides staff to the Charity, the cost of which is reflected above. The Trustee has not received any emoluments or reimbursements during the year for services as a Trustee (2019: nil). No Trustee indemnity insurance costs have been paid by the Charity. Please see note 3 for detailed analysis of almshouse running costs. £10,750 (excluding irrecoverable VAT) (2019: £12,020) was charged to the SOFA for audit fees.

## 5 TANGIBLE ASSETS

	Trinity				
	Trinity Hospital Greenwich – original almshouse £'000	Trinity Hospital Greenwich – new almshouse £'000	Trinity Hospital Greenwich – new almshouse fixtures £'000	Trinity Hospital Shotesham – original almshouse £'000	Total £'000
<u>Cost</u>					
Balance brought forward at 1 April 2019 and carried forward at 31 March 2020	2,973	6,355	57	812	10,197
<u>Accumulated depreciation</u>					
Balance brought forward at 1 April 2019	(589)	(1,462)	(57)	(177)	(2,285)
Charge for the year	(58)	(127)	-	(15)	(200)
Balance carried forward at 31 March 2020	(647)	(1,589)	(57)	(192)	(2,485)
Net book value at 31 March 2020	2,326	4,766	-	620	7,712
Net book value at 31 March 2019	2,384	4,893	-	635	7,912

The net book values shown do not represent current open market valuations.

## 6 INVESTMENT PROPERTIES

The Charity's investment properties are as follows:

<b>1 April 2019 and 31 March 2020</b>	
	<b>£'000</b>
<b>Freehold property</b>	<b>1,540</b>
Historical cost	30

A full external valuation was done on 31 March 2019 by CBRE Limited, who are a qualified independent firm of surveyors. No external valuation was carried out this year; the Trustee undertook an internal valuation and considers that these values to be fair and reasonable although given the impact of Covid-19, there is greater estimation uncertainty over all property valuations as at 31 March 2020 than in previous periods.

## 7 QUOTED INVESTMENTS

The changes during the year analysed by fund are as follows:

	<b>1 April 2019 £'000</b>	<b>Purchases £'000</b>	<b>Sales £'000</b>	<b>Movement in cash £'000</b>	<b>Revaluation Losses £'000</b>	<b>31 March 2020 £'000</b>
General Fund	3,072	1,879	(799)	(1,005)	(365)	2,782
Restricted Cyclical Maintenance Fund	1,327	716	(466)	(189)	(163)	1,225
Endowed Fund	15,683	3,528	(3,054)	(278)	(2,235)	13,644
	20,082	6,123	(4,319)	(1,472)	(2,763)	17,651
Historical cost	17,203					17,974

Since the year end realised and unrealised gains of £2,969,000 have been made in the period to 30 September 2020.

The investment allocation at the year end was as follows:

	2020	
	£'000	%
UK Equities	8,842	50.1
Fixed Interest	5,497	31.2
Overseas Equities	2,404	13.6
Alternatives	271	1.5
Cash	637	3.6
<b>Total</b>	<b>17,651</b>	<b>100.0</b>

No individual holding, other than cash, in each of the investment classes above was more than 5% of total investments. Net investment losses during the year totalled £2,480,000 (2019: £437,000 gains).

## 8 DEBTORS

Debtors are made up as follows:

	2020	2019
	£'000	£'000
Dividends receivable	17	10
Prepayments and accrued income	30	37
	<b>47</b>	<b>47</b>

## 9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Creditors are amounts falling due within one year and are made up as follows:

	2020	2019
	£'000	£'000
Rent received in advance	48	41
Accruals	69	90
	<b>117</b>	<b>131</b>

## 10 ANALYSIS OF FUNDS

The net assets by funds are as follows:

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2020 Total funds £'000
Tangible fixed assets	7,600	-	112	7,712
Quoted investments	2,782	1,225	13,644	17,651
Property investments	-	-	1,540	1,540
Net current assets (liabilities)	1,351	(25)	(8)	1,318
<b>Total</b>	<b>11,733</b>	<b>1,200</b>	<b>15,288</b>	<b>28,221</b>

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2019 Total funds £'000
Tangible fixed assets	7,796	-	116	7,912
Quoted investments	3,072	1,327	15,683	20,082
Property investments	-	-	1,540	1,540
Net current assets (liabilities)	1,111	5	(10)	1,106
<b>Total</b>	<b>11,979</b>	<b>1,332</b>	<b>17,329</b>	<b>30,640</b>

### Restricted Funds

The Restricted Funds comprise the Cyclical Maintenance Fund. This fund is a requirement of the Charity Commission's Scheme of Management. £141,000 (2019: £141,000) was transferred into the fund from Unrestricted Funds during the year to provide for future repairs and maintenance of the almshouse properties. £96,000 (2019: £96,000) of repairs were undertaken during the year.

## Endowment Funds

The endowment funds were established at the time the Charity was created. The investments are held to generate income and are applied in furtherance of the Charity's objects.

## 11 GRANT COMMITMENTS

The Charity had the following commitments in respect to charitable grants, subject to various conditions, at the end of the year (2019: £164,000):

	2021 £	2022 £	2023 £
Jubilee Almshouses *	1,000	1,000	1,000
Trinity Hospital, Castle Rising *	3,000	3,000	3,000
Trinity Hospital, Clun *	3,000	3,000	3,000
Trinity Hospital, Castle Rising	15,000	15,000	15,000
Trinity Hospital, Clun	10,000	10,000	10,000
UK Men's Sheds	7,631	-	-
Clarion Futures (Pop Up Labs 2)	13,002	-	-
Creative Arts East	35,000	40,000	-
Independence at Home (Norfolk)	3,600	2,800	-
R L Glasspool (Norfolk)	12,500	12,500	-
Linking Lives	30,000	30,000	-
Age UK Norwich	32,625	33,131	-
YOPEY Dementia Frienders	15,000	15,000	-
North Norfolk Community Transport	28,776	33,012	-
Vision Norfolk	40,000	40,000	40,000
	250,134	238,443	72,000

\* These grants are required by the Charity's Scheme of Management and continue indefinitely. The Trustee considers that disclosing these commitments for three years in advance is adequate to allow for any change in circumstances both to the Charity or the beneficiaries.

## 12 RECONCILIATION OF NET (EXPENDITURE)/ INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Net (expenditure)/income for the reporting year (as per statement of activities)	(2,419)	942
Adjustments for:		
Depreciation	200	202
Losses/(gains) on investments	2,480	(555)
Interest receivable	(1)	(1)
Dividends receivable	(737)	(707)
Decrease/(increase) in debtors	7	(12)
(Decrease)/increase in creditors	(14)	54
Net cash used in operating activities	(484)	(77)

### ANALYSIS OF CASH AND CASH EQUIVALENTS

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank in hand	1,388	1,190
Total cash and cash equivalents	1,388	1,190

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## 13 RELATED PARTIES AND CONNECTED CHARITIES

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The following related parties and charities have common management and are therefore regarded as connected:

Becket House Limited (dormant)  
Charity of Sir Richard Whittington  
Charter 600 Charity  
Lady Campden's Money Legacy for Loans  
Longacre Estates Limited (dormant)  
Longmartin Properties Limited  
Maiden Trading Limited (dormant)  
Mercers' Company Educational Trust Fund (dormant)  
Mercers' Company Housing Association  
Mercers' School Memorial Trust (incorporating The Merrett Bequest)  
MSM Trust (dormant)  
Old Mercers' Benevolent Fund  
St Paul's Schools Foundation  
The Mercers' Charitable Foundation  
The Mercers' Company

The principal address of the above entities is:

6 Frederick's Place  
London EC2R 8AB

There were transactions with the Mercers' Company including allocated overhead services of £103,000 (2019: £86,000). £2,000 was due to the Company at the balance sheet date (2019: nil). There were no further transactions with any of the above entities (2019: none).



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## 14 GRANTS

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Listed below are all charitable grants made during the year for the relief of poverty:

	<b>2020</b>
	<b>£</b>
Jubilee Trust Almshouses	1,000
Trinity Hospital Castle Rising	18,000
Trinity Hospital Clun	13,000
St Michael's Church, Framlingham	250
UK Men's Sheds Association	7,437
Family Action	28,110
Clarion Futures (Pop Up Labs 2)	14,039
Creative Arts East	25,000
Norfolk Community Foundation	119,141
Independence at Home (Norfolk)	3,600
R L Glasspool (Norfolk)	12,500
Linking Lives	40,000
YOPEY Dementia Frienders	10,000
Age UK Norwich	34,152
North Norfolk Community Transport	12,388
<b>Total (2019: £43,000)</b>	<b>338,617</b>

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## LEGAL & ADMINISTRATIVE INFORMATION

### LEGAL STATUS

The Charity has registered number 210291 and is regulated by a Scheme of the Charity Commissioners dated November 2003, having replaced the previous schemes of December 1964, a variation dated March 1967 and a consolidated Scheme dated August 1982.

### PRINCIPAL ADDRESS

6 Frederick's Place  
London EC2R 8AB

THE EARL OF NORTHAMPTON'S CHARITY IS  
ACCREDITED TO:



### BANKERS

Barclays Bank PLC,  
1 Churchill Place, London E14 5HP

### INVESTMENT MANAGERS

Rathbone Brothers Plc  
1 Curzon Street, London W1J 5FB

### PROPERTY MANAGEMENT

Knight Frank  
Pennant House, Napier Court, Reading, RG1 8BW

### INDEPENDENT AUDITOR

Buzzacott LLP  
130 Wood Street, London, EC2V 6DL