

THE SHELDON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2020

THE SHELDON TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr J K R England Mr A P Bidnell Mrs R M Beatton Mrs R M Gibbins Mr P K England
Charity number	242328
Principal address	70 St. George's Square London SW1V 3RD
Auditor	Caladine Limited Chantry House 22 Upperton Road Eastbourne East Sussex BN21 1BF
Bankers	CAF Bank 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ
Solicitors	Pothecary Witham Weld 70 St. George's Square London SW1V 3RD
Investment advisors	Quilter Cheviot One Kingsway London WC2B 6AN

THE SHELDON TRUST

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THE SHELDON TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 5 APRIL 2020

The Trustees present their report and financial statements for the year ended 5 April 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Trust's Trust deed, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities for the public benefit

The objects of the Trust are for such charitable purposes as shall from time to time be determined by the Trustees. In setting their grant making policy and when reviewing the Trust's aims and objectives the Trustees confirm that they have had regard to the guidance provided by the Charity Commission on public benefit.

Grant Making Policy

The Trustees have established their grant making policy to achieve their objects for the public benefit. Following a merger with two other charities in the year ended 5 April 2013 the Trustees have continued to focus their grant giving in the West Midlands with particular emphasis on the following areas: Birmingham City, Coventry City, Dudley, Sandwell, Solihull, Wolverhampton and the County of Warwickshire but also now provide a limited number of grants nationally.

The main objective of the Trust - to relieve poverty and distress in society, especially in deprived areas, by providing grants to registered charities working with disadvantaged people - remains unchanged. In order to achieve this objective, grants are made to charities working in the following four areas:

1. Community Projects (West Midlands only): these would be primarily community-based organisations, run by local volunteers and/or some paid staff. They would be addressing identified local needs of an individual or a community nature.

2. Special Needs Groups (West Midlands only): these would be addressing the special needs of groups or individuals with age, health or learning issues which put them at a disadvantage within society.

3. Youth Development (nationally): these would support programmes which address the needs of 16-25 year olds, especially those not in education, employment or training (NEETs). While individuals will not be selected and supported directly, the Trustees will consider applications from programmes which encourage young people to expand their experiences and challenge their capacities.

4. Holidays for the disadvantaged (West Midlands or Greater London): the average value of these small grants is £1,000. The grants are for holidays for people living in the defined area who are disadvantaged due to age, disability or other special needs who would otherwise not be able to have a holiday. Holidays must take place in the UK.

The Trustees will consider applications for projects, salaries, equipment, furnishings and running costs.

The Trustees do not consider applications from charities with an annual income of over £1M and/or free unrestricted reserves to the value of more than six months of their annual expenditure.

In addition to the above the Trustees may put aside a portion of their income for grants for special projects of which they have personal knowledge or an organisation which they have supported in the past.

The Trustees only make grants to other registered UK charities as they consider that such charities, established as they are for the public benefit, are best placed to further the charitable objectives of the Trust. This also provides reassurance that the grants the Trustees make go to worthy, charitable and accountable recipients. Occasionally grants are made to non-registered charities but in these instances payment is made through a sponsoring third party registered charity.

THE SHELDON TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020

The Trustees play a very active role in the Trust and review their policy and criteria regularly. Although they have a central policy, flexibility is retained to allow for reaction to changes in the environment and the community alike. The Trustees continue to commit a proportion of their income to multi-year grants for a period of two or three years which means they have less income to distribute for other charitable purposes in any given year. The Trustees keep the value of these continuing grants under review to avoid over committing their resources.


Achievements and performance

The Trustees met twice during the year and authorised 25 grants of the total value of £171,069 as set out below.

Community Projects

Four grants were authorised under this category during the year totalling £16,825. Of the grants authorised under this category three were to charities previously known to the Trustees.

Youth Development

 Six grants were authorised under this category during the year totalling £42,274. Of the grants authorised under this category two were to charities previously known to the Trustees.

Special Needs Groups

Eleven grants were authorised under this category during the year totalling £105,320. This figure included one grant of £30,000 that would be paid over three years, one grant of £10,000 that would be paid over two years, one grant of £9,750 that would be paid over three years and a grant of £9,000 that would be paid over two years. Of the grants authorised under this category nine were to charities previously known to the Trustees.

Holiday Fund

The Trustees set aside funds in support of holiday projects for disadvantaged people each year and during the year four grants totalling £6,650 were authorised. Of the grants authorised under this category two were to charities previously known to the Trustees.

The Trustees sometimes make conditional grants in the year which are not accrued or included pending fulfilment of the conditions. There were two conditional grants at the year end, one was rejected after a further assessment visit which unveiled that the potential grantee did not have satisfactory systems in place to ensure accountable and transparent expenditure of the grant.

PERFORMANCE

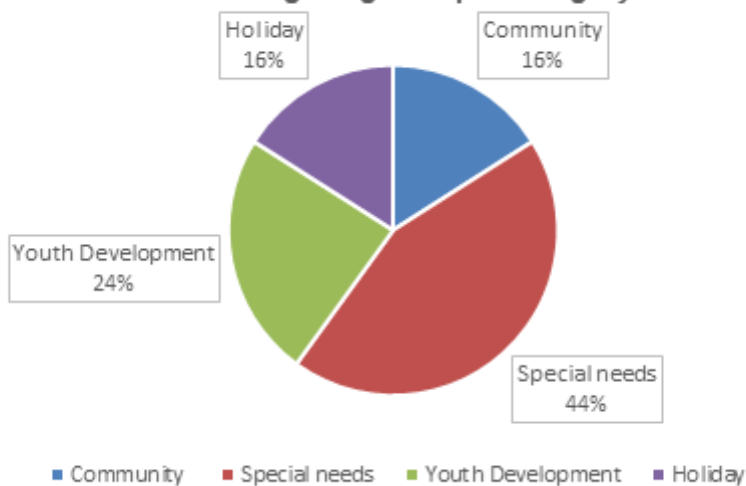
The Trust focused its grants on charities which were delivering front-line services, to ensure that the targeted groups benefitted directly. Grants were authorised for all the main categories supported by the Trust.

THE SHELDON TRUST

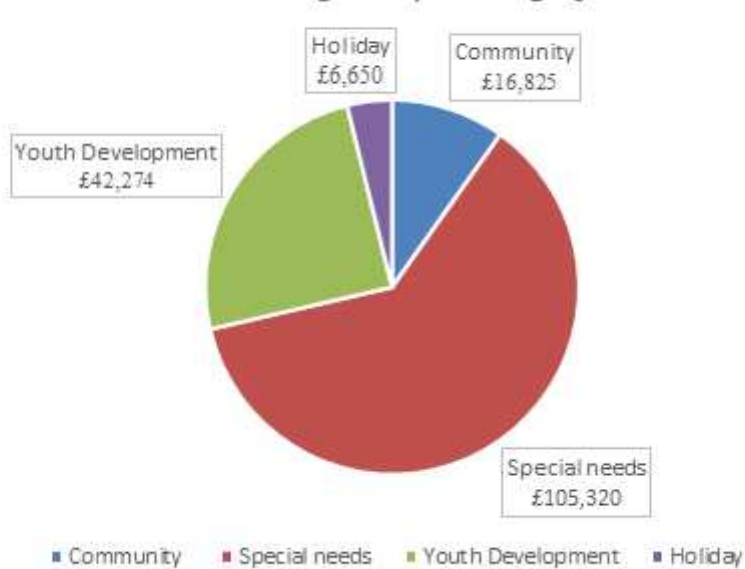
TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020

Percentage of grants per category



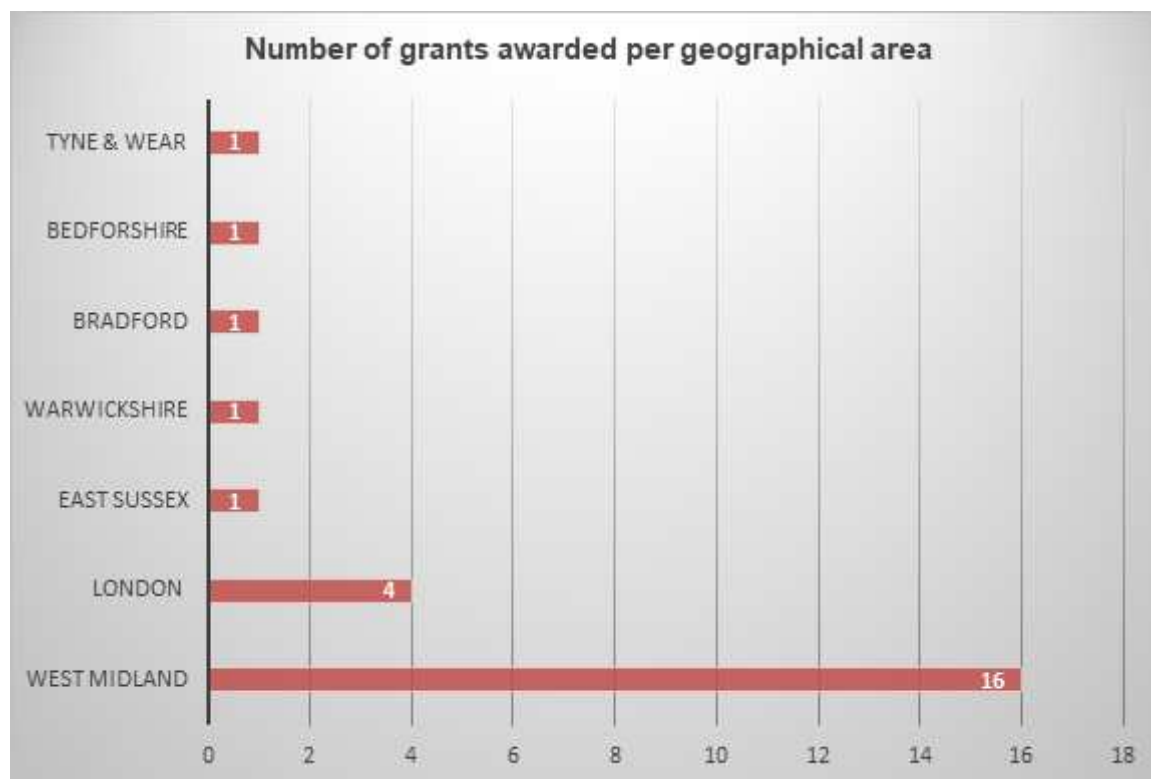
Value of grants per category



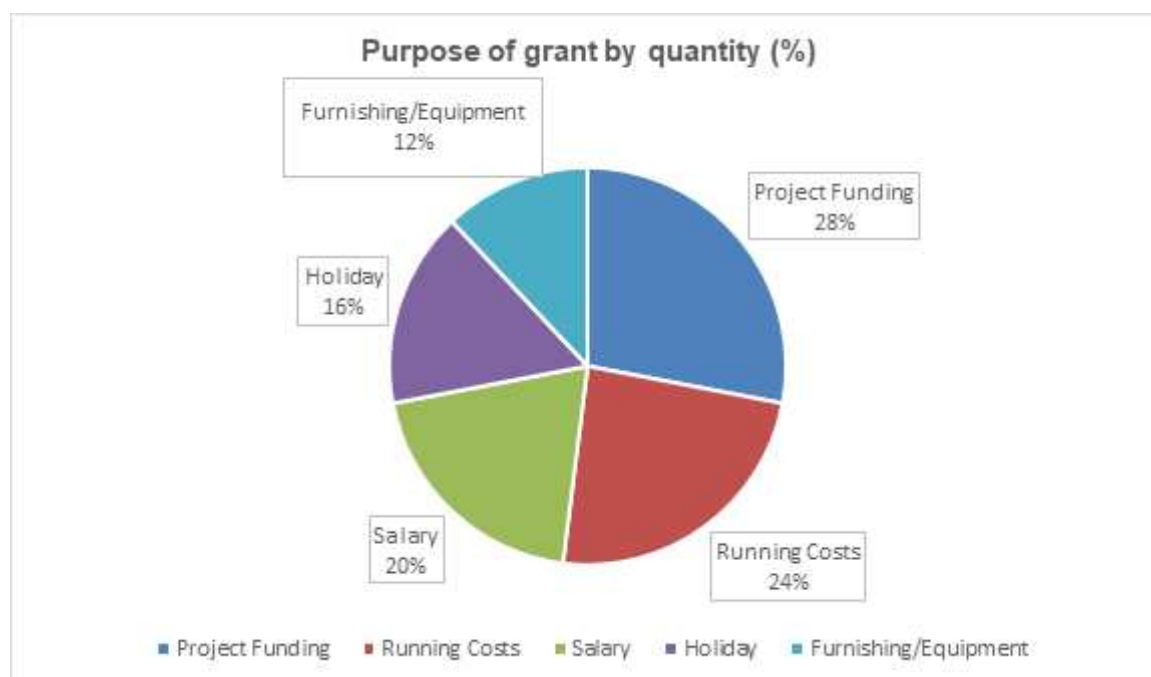
THE SHELTON TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020



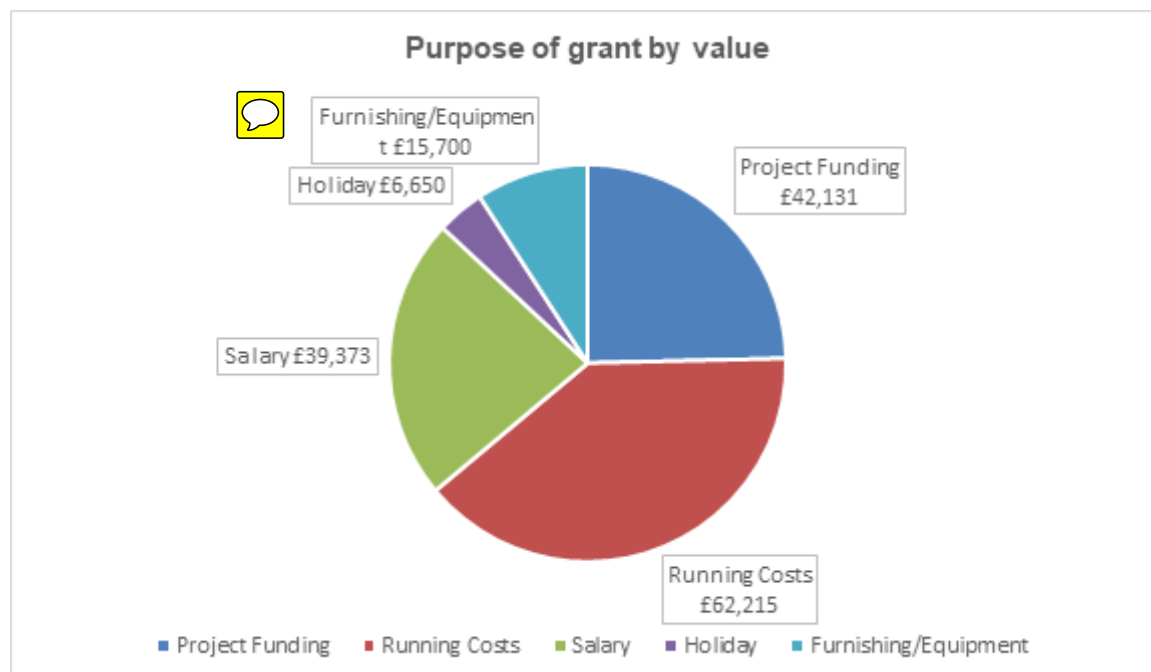
The Trustees authorised grants throughout their target geographical area with the greatest concentration in the West Midlands.



THE SHELDON TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020



Unlike previous years when the majority of funding went towards Project Funding, this year the majority of funds contributed to the running costs of the grantees. The Trustees do not restrict their funding to this area and welcome applications for all purposes apart from capital building costs.

Monitoring

All successful applicants are requested to provide a report on the use of the funding provided and how it has benefited the target groups. An official monitoring form is provided for the purpose of reporting under all categories with the exception of the holiday funding. The charities in receipt of a holiday grant are asked to provide a short narrative on the holiday funded as well as photographs or other proof that the holiday has taken place, within a year of the grant receipt.

The Trustees actively encourage grant recipients to provide a report on the use of funding received. A system is in place by which each month Charities who are on their last month of the project are sent the monitoring form. Furthermore, on monthly basis charities that are late to submit their end of project report are contacted to be reminded that the report is due. It is a condition of funding that monitoring reports are provided and those charities not providing completed reports will not be considered for funding in the future. Of those reports that were returned the Trustees were satisfied that their funding during the year ended 5 April 2020 and before had been successful in reaching the groups they were targeting with their grant making policy.

During the reporting period 24 reports were reviewed relating to grants authorised from categories 1 to 3. Each report is graded for performance against the original aim of the funding. Of the reports received 33% were judged to have exceeded expectations, 59% had achieved their goals and 8% had been only partially successful. None were completely unsuccessful.

THE SHELDON TRUST

TRUSTEES' REPORT (CONTINUED)


FOR THE YEAR ENDED 5 APRIL 2020

Each year an average of five charities are visited by either the Trustees or the Trust Administrator. Visits are very effective at monitoring the projects and learning what is working, what is not and what the impact of the supported projects are.

RISK MANAGEMENT

The Trustees have identified the risks to which the Trust is exposed and have implemented procedures to mitigate those risks. The principle risk to the charity is considered to be a dramatic downturn in capital value.

The Trustees consider the major financial risk to be variability of returns on their investments. This is mitigated by diversifying their investments between rental properties and an investment portfolio. The Trustees employ expert property and investment managers to manage their investments and receive regular reports from each.

The major operational risk faced by the Trust is misuse of grant funding by recipients. The Trustees have implemented procedures to manage this risk through  thorough review of all applications, pre-grant assessments, and effective monitoring of grants made. All applications must include detailed financial information about the Applicant.

FINANCIAL REVIEW

The Trust's work is dependent on income from its investments. The capital fund is an expendable endowment but it is the Trustees' policy to maximise income from their investments whilst maintaining a capital fund. This policy is kept under review and if the need arises the Trustees will reconsider this decision.

Investment Policy

The capital fund of the Trust consists of both property and stock exchange investments and this balance enables the Trustees to be a little more flexible in terms of their stock exchange holdings than might otherwise be appropriate. The Trustees choose not to invest in companies where more than 25% of profit is derived from the production or sales of Alcohol, Tobacco, Armaments or Gambling. However, should this policy prevent the purchase of shares which the investment manager would normally recommend then this will be considered on a case by case basis. The Trustees will continue to keep their ethical policy under review, considering both the positive and negative impact of investments.

Reserves Policy

The Trustees have given consideration as to how best to benefit those groups and individuals to whom its policies are targeted to help in the short and longer term. They keep under review the number of grants which include payments in future years to ensure that they have sufficient funds to meet needs as they arise. The Trustees anticipate increasing needs in the areas they support in future years and have determined that they will maintain the capital fund, with organic growth, as a source for future grants.

The charity had an unrestricted capital fund of £5,065,301 (2019 - £5,649,560) and an unrestricted income fund of £93,840 (2019 - £29,268) which included known liabilities for future approved grants amounting to £68,000 (2019 - £94,519) as at 5 April 2020. The Trustees regularly review the value of grants authorised for payment in future years and have implemented procedures to ensure they do not become overcommitted in this regard.

There is a restricted income fund for holiday funding of £73,507 (2019 - £80,157) as a result of the merger which took place in March 2013.

The Trustees have determined that all net income will be distributed by way of grants, with the proviso that approximately £20,000 of the income fund will remain undistributed to enable the charity to be managed efficiently and to provide working capital.

THE SHELDON TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020

Fundraising



The Trust understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate, but does not currently fundraise from the public or use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns and received no fundraising complaints during the year.

Future plans



The Trustees look forward to continuing to make grants with an emphasis on community and special needs projects and the specific category for disadvantaged young people. The Trustees will continue to retain flexibility as to the timing and scale of grant-making. In order to achieve this objective the Trustees will continue to monitor their investments with the intention of maintaining capital growth whilst providing income for grant funding.

In the next twelve months the Trustees anticipate an increase in demand on resources and will continue to make grants for one and more years as appropriate. They will also explore ways to reduce overhead costs by making some larger grants whilst still continuing to support small grassroots charities.

The Trustees will keep under review the possibility of merging with other charities with similar objects to their own with a view to proportionately reducing overhead costs.

Structure, governance and management



The Sheldon Trust is an unincorporated trust established by a Trust Deed dated 9 April 1965 and registered with the Charity Commission on 12 May 1965. The Trustees have the power to spend or retain both capital and income and so the funds of the Trust are classed as expendable endowment. The Trust does not actively fundraise and seeks to continue its charitable work through careful stewardship of its existing resources.

The Trustees who served during the year and up to the date of signature of the financial statements were:

Mr J K R England
Mr A P Bidnell
Mrs R M Beatton
Mrs R M Gibbins
Mr P K England

Appointment of new trustees is by invitation of the existing trustees. Prospective new trustees are invited to attend Trustee Meetings prior to formal appointment for induction and training purposes.

The day-to-day management of the Trust including administration of grants and the processing of applications prior to consideration by the Trustees is carried out by the Trust's solicitor, Potheary Witham Weld.

The Trustees' report was approved by the Board of Trustees.

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Mr J K R England

Trustee

Dated:

THE SHELDON TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 5 APRIL 2020

The Trustees are responsible for preparing the Trustees' 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 Trust and of the incoming resources and application of resources of the Trust for that year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE SHELDON TRUST

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SHELDON TRUST

Opinion

We have audited the financial statements of The Sheldon Trust (the 'Trust') for the year ended 5 April 2020 which comprise the statement of financial activities, the statement of financial position, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 5 April 2020 and of its incoming resources and application of resources, 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 Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

THE SHELDON TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE SHELDON TRUST

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matter

Your attention is drawn to the fact that the charity has prepared financial statements 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)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

Caladine Limited

**Chartered Certified Accountants
Statutory Auditor**

.....
Chantry House
22 Upperton Road
Eastbourne
East Sussex
BN21 1BF

Caladine Limited is eligible for appointment as auditor of the Trust by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

THE SHELDON TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 5 APRIL 2020

Current financial year

		Unrestricted funds general 2020 £	Unrestricted funds capital 2020 £	Restricted funds 2020 £	Total 2020 £	Total 2019 £
	Notes					
Income from:						
Donations and legacies	3	-	-	-	-	7,355
Investments	4	267,266	-	-	267,266	265,720
Total income		267,266	-	-	267,266	273,075
Expenditure on:						
Raising funds	5	-	23,998	-	23,998	28,713
Charitable activities	6	202,694	-	6,650	209,344	248,656
Total resources expended		202,694	23,998	6,650	233,342	277,369
Net gains/(losses) on investments	11	-	(560,261)	-	(560,261)	105,180
Net movement in funds		64,572	(584,259)	(6,650)	(526,337)	100,886
Fund balances at 6 April 2019		29,268	5,649,560	80,157	5,758,985	5,658,099
Fund balances at 5 April 2020		93,840	5,065,301	73,507	5,232,648	5,758,985

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

THE SHELDON TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 5 APRIL 2020

Prior financial year

		Unrestricted funds general 2019 £	Unrestricted funds capital 2019 £	Restricted funds 2019 £	Total 2019 £
	Notes				
Income from:					
Donations and legacies	3	-	-	7,355	7,355
Investments	4	265,720	-	-	265,720
Total income		265,720	-	7,355	273,075
Expenditure on:					
Raising funds	5	-	28,713	-	28,713
Charitable activities	6	242,635	-	6,021	248,656
Total resources expended		242,635	28,713	6,021	277,369
Net gains/(losses) on investments	11	-	105,180	-	105,180
Net movement in funds		23,085	76,467	1,334	100,886
Fund balances at 6 April 2018		6,183	5,573,093	78,823	5,658,099
Fund balances at 5 April 2019		29,268	5,649,560	80,157	5,758,985

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

THE SHELDON TRUST

STATEMENT OF FINANCIAL POSITION

AS AT 5 APRIL 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Investment properties	12	2,043,000		2,043,000	
Investments	13	3,145,874		3,719,596	
		<u>5,188,874</u>		<u>5,762,596</u>	
Current assets					
Trade and other receivables	14	30,204		5,005	
Cash at bank and in hand		142,630		134,310	
		<u>172,834</u>		<u>139,315</u>	
Current liabilities	15	(115,810)		(120,026)	
Net current assets			57,024		19,289
Total assets less current liabilities			5,245,898		5,781,885
Non-current liabilities	16		(13,250)		(22,900)
Net assets			<u>5,232,648</u>		<u>5,758,985</u>
Income funds					
Restricted funds	18	73,507		80,157	
Unrestricted funds - capital		5,065,301		5,649,560	
Unrestricted funds - general		93,840		29,268	
		<u>5,232,648</u>		<u>5,758,985</u>	

The financial statements were approved by the Trustees on

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Mr J K R England
Trustee

THE SHELDON TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 5 APRIL 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash absorbed by operations	22		(272,407)		(266,527)
Investing activities					
Purchase of investments		(259,384)		(255,831)	
Proceeds on disposal of investments		272,845		264,186	
Income from investments		267,266		265,720	
Net cash generated from investing activities			280,727		274,075
Net increase in cash and cash equivalents			8,320		7,548
Cash and cash equivalents at beginning of year			134,310		126,762
Cash and cash equivalents at end of year			142,630		134,310

THE SHELDON TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 APRIL 2020

1 Accounting policies

Charity information

The Sheldon Trust is an unincorporated trust established by a Trust Deed dated 9th April 1965 and registered with the Charity Commission on 12th May 1965.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Trust's Trust Deed, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The Trust is a Public Benefit Entity as defined by FRS 102.

The financial statements 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 Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted income funds comprise of funds which are free for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

For management purposes, the trustees have designated that the Trust's capital and capital profits will be retained and carried forward in a Capital Fund. At the discretion of the Trustees, on specific occasions, a transfer from the capital fund to the income fund will be made, to utilise some of the investment portfolio's capital gains for grant making. The Income Fund and income profits are utilised for awarding annual grants.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

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

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity, this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by the investment advisor of the dividend yield of the investment portfolio. Income from Government Securities is recognised when it is received.

Rental income under operating leases is charged to the profit and loss accounts on a straight-line basis over the terms of the lease.

THE SHELDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020

1 Accounting policies (Continued)

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

1.5 Expenditure

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

- Costs of raising funds includes fees and charges for the management of the investment portfolio.
- Expenditure on charitable activities includes grants made in furtherance of the Trust's objects, governance costs and support costs.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Grants payable are charged in the year in which the offer is conveyed to the recipient except in those 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 yearend are noted as a commitment, but not accrued as expenditure.

Where grants are payable by instalment, payment of subsequent instalments is conditional on satisfactory interim progress reports. The trustees consider it probable that satisfactory reports will be received and subsequent instalments are not, therefore, treated as conditional.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance and governance costs which support the Trust's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the statement of financial activities.

1.7 Non-current investments

Fixed asset Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the mid-market quoted price (the difference between mid-market and bid price is deemed not to be material). The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

THE SHELDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2020

1 Accounting policies (Continued)

1.9 Financial instruments

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Trust's balance sheet when the Trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

2 Critical accounting estimates and judgements

In the application of the Trust's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

THE SHELDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2020

3 Donations and legacies

	Total	Restricted funds
	2020	2019
	£	£
Legacies receivable	-	7,355
	<u> </u>	<u> </u>

4 Investments

	Unrestricted funds income 2020 £	Unrestricted funds income 2019 £
Rental income	144,182	143,688
Income from listed investments	122,953	121,920
Interest receivable	131	112
	<u> </u>	<u> </u>
	267,266	265,720
	<u> </u>	<u> </u>

5 Raising funds

	Unrestricted funds capital 2020 £	Unrestricted funds capital 2019 £
Property management charges	3,512	4,135
Other property expenditure	8,988	13,474
Investment management	11,498	11,104
	<u> </u>	<u> </u>
	23,998	28,713
	<u> </u>	<u> </u>


THE SHELDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2020

6 Charitable activities

	Total	Total
	2020	2019
	£	£
Grant funding of activities (see note 7)	171,069	209,649
Share of support costs (see note 8)	27,212	27,022
Share of governance costs (see note 8)	11,063	11,985
	<u>209,344</u>	<u>248,656</u>
Analysis by fund		
Unrestricted funds	202,694	242,635
Restricted funds	6,650	6,021
	<u>209,344</u>	<u>248,656</u>

7 Grants payable

	2020	2019
	£	£
<u>Community project:</u> 		
Ackers Adventure	-	5,000
Acorn Centre	-	3,000
Carers Advice & Resource Establishment, Sandwell (Cares)	-	5,000
Cruse Bereavement Care: Coventry & Warwickshire	-	4,000
Karis Neighbour Scheme	5,000	-
Narhex Sparkhill	-	6,869
New Heights Warren Farm Community Project	1,825	-
Piers Road New Communities Centre Association	5,000	-
Rape & Sexual Violence Project	-	29,700
Sandwell Homeless & Resettlement Project	-	10,000
Sudden Productions	5,000	-
The Friendship Project for Children	-	3,000
Warwick Percy Estate Community Projects Ltd (AKA The Gap Community Centre)	-	9,000
	<u>16,825</u>	<u>75,569</u>

THE SHELDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2020

7 Grants payable (Continued)

	2020 £	2019 £
<u>Youth Development:</u>		
Autism Bedfordshire	6,000	-
Brent Adolescent Centre	-	10,000
Doorway	-	10,000
Edward's Trust	-	10,000
Eildon West Youth Hub (TDI Youth Hub)	-	9,438
Families United Network	-	5,000
Icon Theatre	-	5,000
Mentor Link	5,651	-
One in a Million	5,638	-
Only Connect	5,000	-
Skylight Circus In Education	-	5,000
Southwick Neighbourhood Youth Project	10,000	-
Sport 4 Life UK	-	10,000
St Martin's Youth Centre	9,985	-
Tweeddale Youth Action	-	10,000
	<hr/> 42,274	<hr/> 74,438

	2020 £	2019 £
<u>Special Needs Groups:</u>		
All Saints Youth Project	-	12,000
Birmingham Centre for Arts Therapies	-	5,000
Boys2Men	-	6,000
Chris Westwood Charity for Children with Physical Disabilities	5,000	-
Colebridge Trust	-	15,000
Entraide (Mutual Aid)	30,000	-
Ex Cathedra	-	3,000
Geese Theatre Company	8,475	-
Halow (Birmingham)	5,831	-
Hope Projects	-	7,621
Hopetowns UK	10,000	-
Solihull Action Through Advocacy	10,000	-
Spitfire Services	-	5,000
St Anne's Hostel	5,000	-
The Enterprise Club for Disabled People	9,750	-
The Spring Playgroup and Preschool	9,000	-
The Women and Families Resource Centre	6,564	-
Warwickshire Wheelchair Basketball Academy	5,700	-
	<hr/> 105,320	<hr/> 53,621

THE SHELDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2020

7 Grants payable (Continued)

	2020 £	2019 £
<u>Holiday Projects:</u>		
Birmingham PHAB Camps	-	1,000
Brent Carers Centre	1,000	-
Farms for City Children	-	1,000
Happy Days Children	650	-
Hopetown UK	500	-
Parallel Youth Enterprise	-	2,500
React	-	721
St Cuthbert's Centre	-	800
Sussex Association for Spina Bifida and Hydrocephalus (SASBAH)	4,500	-
	<u>6,650</u>	<u>6,021</u>
 Total grants payable	 <u>171,069</u>	 <u>209,649</u>
 Reconciliation of grants payable		
Accrued at 6 April	94,519	62,952
New grant commitments made in the year	171,069	209,649
Grants paid during the year	(197,588)	(178,082)
 Accrued at 5 April	 <u>68,000</u>	 <u>94,519</u>
 Payable as follows		
Grants payable within one year (see note 15)	54,750	71,619
Grants payable after one year (see note 16)	13,250	22,900
	<u>68,000</u>	<u>94,519</u>

THE SHELDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2020

8 Support costs

	Support costs £	Governance costs £	Total 2020 £	Support costs £	Governance costs £	Total 2019 £
Administration charges	27,138	-	27,138	23,579	-	23,579
Bank charges	74	-	74	74	-	74
Irrecoverable VAT	-	-	-	3,369	-	3,369
Audit fees	-	4,293	4,293	-	5,088	5,088
Accountancy	-	3,021	3,021	-	3,087	3,087
Administration charges	-	3,445	3,445	-	3,435	3,435
Administration and trustee expenses	-	304	304	-	375	375
	<u>27,212</u>	<u>11,063</u>	<u>38,275</u>	<u>27,022</u>	<u>11,985</u>	<u>39,007</u>
<u>Analysed between</u>						
Charitable activities	<u>27,212</u>	<u>11,063</u>	<u>38,275</u>	<u>27,022</u>	<u>11,985</u>	<u>39,007</u>

9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration during the year, but 3 of them were reimbursed a total of £304 travelling expenses (2019 - 3 were reimbursed £375).

10 Employees

There were no employees during the year.

11 Net gains/(losses) on investments

	Unrestricted funds capital 2020 £	Unrestricted funds capital 2019 £
Revaluation of investments	(573,024)	179,767
Gain/(loss) on sale of investments	12,763	(22,587)
Revaluation of investment properties	-	(52,000)
	<u>(560,261)</u>	<u>105,180</u>

THE SHELDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2020

12 Investment property

2020
£

Fair value

At 6 April 2019 and 5 April 2020

2,043,000

The properties were revalued on an open market value for existing use basis by ehB Reeves Chartered Surveyors on 25 September 2018.

The Covid-19 pandemic has also caused some uncertainty around the values of the Investment Properties. As at the balance sheet date the Trustees believe that there had not been a significant material impact on these values such that a loss on fair value should be included. Due to the ongoing uncertainty around the economic outlook and its impact on future property prices, the Trustees considered it inappropriate at this time to use the Charity's funds to obtain an external valuation, which could prove unreliable in the long term.

13 Fixed asset investments

	Listed investments £	Cash in portfolio £	Total £
Cost or valuation			
At 6 April 2019	3,689,559	30,037	3,719,596
Additions	259,384	-	259,384
Valuation changes	(573,024)	-	(573,024)
Movement in cash balances	-	(16,811)	(16,811)
Disposals	(243,271)	-	(243,271)
At 5 April 2020	3,132,648	13,226	3,145,874
Carrying amount			
At 05 April 2020	3,132,648	13,226	3,145,874
At 05 April 2019	3,689,559	30,037	3,719,596

	2020 £	2019 £
Investments at fair value comprise:		
Equity investments	2,552,293	3,093,827
Fixed interest	260,561	289,470
Property funds	319,794	306,262
Cash on deposit	13,226	30,037
	3,145,874	3,719,596

Fixed asset investments revalued

All investments are shown at open market value at the balance sheet date.



THE SHELDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2020

14 Trade and other receivables

	2020 £	2019 £
Amounts falling due within one year:		
Trade receivables	25,200	-
Other receivables	5,004	5,005
	<u>30,204</u>	<u>5,005</u>

15 Current liabilities

	Notes	2020 £	2019 £
Other taxation and social security		 3,780	3,162
Deferred income	17	34,975	34,475
Grants accrued		54,750	71,619
Accruals		 22,305	10,770
		<u>115,810</u>	<u>120,026</u>

16 Non-current liabilities

	2020 £	2019 £
Grants accrued	<u>13,250</u>	<u>22,900</u>

17 Deferred income

	2020 £	2019 £
Arising from Rental income received in advance	<u>34,975</u>	<u>34,475</u>

18 Restricted funds

Restricted Funds represent a holiday fund which is for the sole purpose of providing holidays for the disadvantaged, in both London and the West Midlands areas.

	Movement in funds					
	Balance at 6 April 2018 £	Incoming resources £	Resources expended £	Balance at 6 April 2019 £	Resources expended £	Balance at 5 April 2020 £
Holiday income fund	<u>78,823</u>	<u>7,355</u>	<u>(6,021)</u>	<u>80,157</u>	<u>(6,650)</u>	<u>73,507</u>

THE SHELDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2020

19 Analysis of net assets between funds

Current financial year

	Unrestricted Capital Fund	Unrestricted Income Fund	Restricted Income Fund	Total
	2020 £	2020 £	2020 £	2020 £
Fund balances are represented by:				
Investment properties	2,043,000	-	-	2,043,000
Investments	3,072,367	-	73,507	3,145,874
Current assets/(liabilities)	(50,066)	107,090	-	57,024
Long term liabilities	-	(13,250)	-	(13,250)
	<u>5,065,301</u>	<u>93,840</u>	<u>73,507</u>	<u>5,232,648</u>

Prior financial year

	Unrestricted Capital Fund	Unrestricted Income Fund	Restricted Income Fund	Total
	2019 £	2019 £	2019 £	2019 £
Fund balances are represented by:				
Investment properties	2,043,000	-	-	2,043,000
Investments	3,639,439	-	80,157	3,719,596
Current assets/(liabilities)	(32,879)	52,168	-	19,289
Long term liabilities	-	(22,900)	-	(22,900)
	<u>5,649,560</u>	<u>29,268</u>	<u>80,157</u>	<u>5,758,985</u>

THE SHELDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2020

20 Events after the reporting date

Impact of the Covid-19 Pandemic

Due to the Covid-19 pandemic the market value of the stocks and shares portfolio, disclosed as fixed asset investments in the accounts, fell significantly in the month leading up to the year end. The value also fell further after the year end. The stock market subsequently recovered much of the fall and as at 30 June 2020 the charity's portfolio was valued at £3,622,233.

Response to the Covi-19 Pandemic

The forecasted income generated by the investments during 2020-21 is around £10,000 less than in this reporting period due to the difficult economic conditions. The Trustees have factored this into their budgeting and will modify their grant awards accordingly so as not to detrimentally affect the future of the charity.

21 Related party transactions

There were no disclosable related party transactions during the year (2019 - none).

22 Cash generated from operations	2020 £	2019 £
(Deficit)/surplus for the year	(526,337)	100,886
Adjustments for:		
Investment income recognised in statement of financial activities	(267,266)	(265,720)
(Gain)/loss on disposal of investments	(12,763)	22,587
Fair value gains and losses on investment properties	-	52,000
Fair value gains and losses on investments	573,024	(179,767)
Movements in working capital:		
(Increase) in trade and other receivables	(25,199)	(3,340)
(Decrease)/increase in trade and other payables	(14,366)	6,827
Increase in deferred income	500	-
Cash absorbed by operations	(272,407)	(266,527)

23 Analysis of changes in net funds

The Trust had no debt during the year.