

**THE NORTHCOTE TRUST**

**TRUSTEES' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2020**

**Charity No: 207813**

**THE NORTHCOTE TRUST**

**REPORT AND ACCOUNTS**

**CONTENTS**

|  | <b>Page</b>   |
|--|---------------|
| <b>Trustees' Report</b>                  | <b>3 - 5</b>  |
| <b>Independent Examiner's Report</b>     | <b>6</b>      |
| <b>Statement of Financial Activities</b> | <b>7</b>      |
| <b>Balance Sheet</b>                     | <b>8</b>      |
| <b>Notes to the Accounts</b>             | <b>9 – 12</b> |

**THE NORTHCOTE TRUST**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

The Trustees present their report and accounts for the year ended 31st December 2020.

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) "Accounting and Reporting by Charities Statement of Recommended Practice" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

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

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

#### **OBJECTIVES AND ACTIVITIES**

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

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

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

#### **ACHIEVEMENTS AND PERFORMANCE**

During the year under review, in light of the continuing uncertainties in the university sector and, more widely, in both Australia and the United Kingdom regarding national and state government restrictions on travel and movement as a result of the Covid-19 pandemic, the Trustees resolved to suspend the 2020 awards application process. However, the Trust continued to meet its obligations in relation to the four students currently undertaking or completing postgraduate studies and made grants totalling of £157,422 (in 2019 £111,434).

The Trustees were also satisfied of continuing strong interest and demand for the Trust's scholarships, noting queries from aspiring scholars even in the absence of an active recruiting programme in 2020, and taking account of continuing contacts with Australian universities.

#### **Public benefit statement**

In shaping our objectives for the year and planning our activities, the Trustees have considered the Charity Commission's guidance on public benefit, including the guidance "Public Benefit Running a Charity" (PB2). The achievements and activities above demonstrate the public benefit arising through the Charity's activities.

#### **FINANCIAL REVIEW**

The deficit for the year amounted to £511,540 (2019 – surplus £339,421). The Trust incurred a deficit of £31,303 (2019 – surplus £47,502) prior to an investment deficit arising on the Trust's investment portfolio totalling £480,237 (2019 – surplus £291,919).

Principal funding came from the investment income arising on the Trust's investment portfolio. Investment returns decreased from £175,015 in the year to 31 December 2019 to £140,002 for the year ended 31 December 2020.

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

# THE NORTHCOTE TRUST

## TRUSTEES' REPORT (Cont/d)

### FOR THE YEAR ENDED 31ST DECEMBER 2020

#### RESERVES POLICY

The Charity's total reserves at 31 December 2020 amounted to £3,928,842 comprising £3,810,868 held in an expendable endowment fund and the balance of £117,974 in unrestricted general funds. The endowment fund represents the carrying value of the investments at the Balance Sheet date and demonstrates that these assets are held for the long-term to generate future income. The unrestricted general funds represent the free reserves of the Charity.

#### INVESTMENT POWERS AND POLICY

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

#### RISK REVIEW

The Trustees have a duty to identify and review the risks to which the Trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. A risk register is maintained and was reviewed by the Trustees during 2020.

#### DATA PROTECTION

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

#### REFERENCE AND ADMINISTRATIVE DETAILS

##### Trustees

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

##### Charity Number

207813

##### Principal Address

Australia Centre, Strand, London WC2B 4LG

##### Independent Examiner

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

##### Bankers

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

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

##### Investment Managers

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

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

# THE NORTHCOTE TRUST

## TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31ST DECEMBER 2020

### TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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

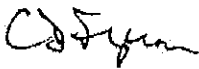
The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charity's SORP.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### APPROVAL

This report was approved by the Trustees on 30<sup>th</sup> April 2021 and signed on its behalf.



G D Fergusson  
Chairperson

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF  
NORTHCOTE TRUST**

I report to the Trustees on my examination of the accounts of the above Charity ("the Trust") for the year ended 31 December 2020.

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

**Responsibilities and basis of report**

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

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

**Independent examiner's statement**

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

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

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



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

**30th April 2021**

# THE NORTHCOTE TRUST

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST DECEMBER 2020

|  | <u>Notes</u> | Unrestricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|--|--------------|----------------------------|-------------------------|--------------------|--------------------|
| <b>Income</b>  |              |                            |                         |                    |                    |
| Investment income  | 2            | 140,002                    | -                       | 140,002            | 175,015            |
| <b>Total income</b>  |              | 140,002                    | -                       | 140,002            | 175,015            |
| <b>Expenditure</b>   |              |                            |                         |                    |                    |
| Expenditure on charitable activities   | 3            | 171,305                    | -                       | 171,305            | 127,513            |
| <b>Total expenditure</b>   |              | 171,305                    | -                       | 171,305            | 127,513            |
| <b>Net Income/(expenditure) and net movement in funds before gains and losses on investments</b> |              | (31,303)                   | -                       | (31,303)           | 47,502             |
| <b>Net gains/(losses) on investment</b>  | 6            | -                          | (480,237)               | (480,237)          | 291,919            |
| <b>Net movement in funds</b>   |              | (31,303)                   | (480,237)               | (511,540)          | 339,421            |
| <b>Reconciliation of funds</b>   |              |                            |                         |                    |                    |
| Total funds brought forward  |              | 149,277                    | 4,291,105               | 4,440,382          | 4,100,961          |
| <b>Total funds carried forward</b>   |              | 117,974                    | 3,810,868               | 3,928,842          | 4,440,382          |

### CONTINUING OPERATIONS

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

### TOTAL RECOGNISED GAINS AND LOSSES

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

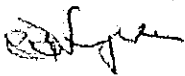
The notes on pages 9 to 12 form part of these accounts

**THE NORTHCOTE TRUST**

**BALANCE SHEET AS AT 31ST DECEMBER 2020**

|                                       | Notes | 2020             | 2019             |
|---------------------------------------|-------|------------------|------------------|
|                                       |       | £                | £                |
| <b>Fixed assets</b>                   |       |                  |                  |
| Investments                           | 8     | <u>3,810,868</u> | <u>4,291,105</u> |
|                                       |       | 3,810,868        | 4,291,105        |
| <b>Current assets</b>                 |       |                  |                  |
| Cash at bank and in hand              |       | 119,174          | 150,477          |
| <b>Liabilities</b>                    |       |                  |                  |
| Creditors falling due within one year | 9     | <u>1,200</u>     | <u>1,200</u>     |
| <b>Net current assets</b>             |       | 117,974          | 149,277          |
| <b>Net assets</b>                     |       | <u>3,928,842</u> | <u>4,440,382</u> |
| <b>The funds of the charity</b>       |       |                  |                  |
| Unrestricted funds                    | 10    | 117,974          | 149,277          |
| Endowment funds                       | 10    | 3,810,868        | 4,291,105        |
| <b>Total charity funds</b>            |       | <u>3,928,842</u> | <u>4,440,382</u> |

These accounts were approved by the Trustees on 30th April 2021 and were signed on their behalf by:



..... G D Fergusson (Chairperson)

The notes on pages 9 to 12 form part of these accounts



**THE NORTHCOTE TRUST**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of accounts**

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) "Accounting and Reporting by Charities Statement of Recommended Practice" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011.

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

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

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

**1.2 Preparation of accounts on a going concern basis**

The Trust's Financial Statements show net deficit of £511,540 for the year and free reserves of £117,974. The Trustees are of the view that these results have secured the immediate future of the Charity for the next 12 to 18 months and on this basis the Charity is a going concern.

**1.3 Investments**

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

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

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

**1.4 Value added tax**

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

**1.5 Income recognition**

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

**1.6 Fund accounting**

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

**1.7 Expenditure recognition**

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

Expenditure is classified under the following activity headings:

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

# THE NORTHCOTE TRUST

## NOTES TO THE ACCOUNTS (Cont/d)

### FOR THE YEAR ENDED 31ST DECEMBER 2020

#### 1.8 Allocation of support costs

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

#### 1.9 Realised/ unrealised gains and losses

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

#### 1.10 Foreign currency transactions

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

#### 2. INVESTMENT INCOME

|                                      | 2020    | 2019    |
|--------------------------------------|---------|---------|
|                                      | £       | £       |
| Dividends - equities                 | 117,550 | 145,050 |
| Interest - fixed interest securities | 22,371  | 29,828  |
| Interest on cash deposits            | 81      | 137     |
|                                      | 140,002 | 175,015 |

#### 3. EXPENDITURE ON CHARITABLE ACTIVITY

|                        | Grant giving | 2020    | 2019    |
|------------------------|--------------|---------|---------|
|                        | £            | £       | £       |
| Grants                 | 157,422      | 157,422 | 111,434 |
| Support costs (note 4) | 12,683       | 12,683  | 14,879  |
| Governance (note 4)    | 1,200        | 1,200   | 1,200   |
|                        | 171,305      | 171,305 | 127,513 |

#### 4. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

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

|                             | Basis of apportionment | General Support | Governance | 2020   | 2019   |
|-----------------------------|------------------------|-----------------|------------|--------|--------|
|                             |                        | £               | £          | £      | £      |
| Administrative assistance   | Transaction            | 12,600          | -          | 12,600 | 9,500  |
| Insurance                   | Transaction            | 385             | -          | 385    | 385    |
| Bank charges                | Transaction            | 133             | -          | 133    | 495    |
| Foreign exchange losses     | Transaction            | (435)           | -          | (435)  | 4,499  |
| Independent examiner's fees | Transaction            | -               | 1,200      | 1,200  | 1,200  |
|                             |                        | 12,683          | 1,200      | 13,883 | 16,079 |

**THE NORTHCOTE TRUST**

**NOTES TO THE ACCOUNTS (Cont/d)**

**FOR THE YEAR ENDED 31ST DECEMBER 2020**

**5. GRANTS PAYABLE**

Grants for the year ended 31st December 2020 represent awards to various individuals. Grants are made on approval by the Trustees and are paid to support recipients normally resident in the UK whilst studying in Australia.

**6. GAINS / (LOSSES) ON INVESTMENT ASSETS**

|  | Unrestricted<br>£ | 2020<br>£ | 2019<br>£ |
|--|-------------------|-----------|-----------|
| Unrealised gain/(loss) on year end valuation | (480,237)         | (480,237) | 291,919   |
|  | (480,237)         | (480,237) | 291,919   |

**7. NET MOVEMENT IN FUNDS FOR THE YEAR**

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

|                             | 2020<br>£ | 2019<br>£ |
|-----------------------------|-----------|-----------|
| Independent examiner's fees | 1,200     | 1,200     |

**8. INVESTMENTS**

|   | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| Market value, brought forward               | 4,291,105 | 3,999,186 |
| Additions                                   | -         | -         |
| Disposals                                   | -         | -         |
| Unrealised gain / (loss)                    | (480,237) | 291,919   |
| Market value, carried forward               | 3,810,868 | 4,291,105 |
| Historical cost                             | 3,316,490 | 3,316,490 |
| Market value analysed by type of investment |           |           |
| UK fixed interest                           | 1,336,740 | 1,321,506 |
| UK equities                                 | 2,365,818 | 2,819,523 |
| Overseas equities                           | 108,310   | 150,076   |
|   | 3,810,868 | 4,291,105 |

**9. CREDITORS: Amounts falling due within one year**

|          | 2020<br>£ | 2019<br>£ |
|----------|-----------|-----------|
| Accruals | 1,200     | 1,200     |
|          | 1,200     | 1,200     |

**THE NORTHCOTE TRUST**  
**NOTES TO THE ACCOUNTS (Cont/d)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

**10. MOVEMENT IN FUNDS**

|                      | Balance<br>at 01.01.20<br>£ | Income<br>£    | Expenditure<br>£ | Gains/(Losses)<br>£ | Balance<br>at 31.12.20<br>£ |
|----------------------|-----------------------------|----------------|------------------|---------------------|-----------------------------|
| Unrestricted funds   | 149,277                     | 140,002        | 171,305          | -                   | 117,974                     |
| Expendable endowment | 4,291,105                   | -              | -                | (480,237)           | 3,810,868                   |
|                      | <u>4,440,382</u>            | <u>140,002</u> | <u>171,305</u>   | <u>(480,237)</u>    | <u>3,928,842</u>            |

**Movement in funds – previous year**

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

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

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

**11. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS**

|                           | Unrestricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | Total<br>2020<br>£ |
|---------------------------|----------------------------|-------------------------|--------------------|
| Fixed asset - investments | -                          | 3,810,868               | 3,810,868          |
| Net current assets        | 117,974                    | -                       | 117,974            |
|                           | <u>117,974</u>             | <u>3,810,868</u>        | <u>3,928,842</u>   |

**Analysis of fund balances between net assets – previous year**

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

**12. RELATED PARTY TRANSACTIONS, TRUSTEES REMUNERATIONS AND TRANSACTIONS**

No remuneration was paid to Trustees in the year (2019 - £nil). No Trustees were reimbursed any expenses (2019 - £nil).

No Trustee or other person related to the Charity had any personal interest in any contract or transaction entered into by the Charity (2019 - £nil).