

THE MUSHROOM FUND

ANNUAL REPORT

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017

**THE MUSHROOM FUND**  
**TRUSTEES' REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

The Trustees present their annual report and financial statements of the charity for the year ended 30<sup>th</sup> June 2017. The financial statements have been prepared in accordance with the charity'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 (FRS102) published 16<sup>th</sup> July 2014; updated 2<sup>nd</sup> February 2016 (SORP2015).

## **OBJECTIVES AND ACTIVITIES**

The Trust has been established to make grants for charitable purposes. Grants are made only to charities known to the Trustees and unsolicited applications are therefore not considered. The Trust is administered by its corporate Trustee, Liverpool Charity and Voluntary Services.

### ***Public benefit***

In planning the Trust's grant making the Trustees have given consideration to the Charity Commission's guidance on public benefit.

## **ACHIEVEMENTS AND PERFORMANCE**

Investments have been managed throughout the year by the Investment Managers, with performance being monitored by the Trustees. The fund has therefore been able to maintain its grant-making programme.

### ***Plans for the future***

The objectives remain unchanged for the future; the intention is for continued investment management on a consistent basis and distribution of income to charitable organisations.

## **FINANCIAL REVIEW**

Investment income of £40,793 (2016: £37,699) was received during the year. This funded grants of £38,800 (2016: £29,510) to charitable organisations. Capital investments increased in value from £1,079,022 to £1,245,592 (2016: decreased in value from £1,083,988 to £1,079,022) at the year end.

### ***Reserves policy***

The Trustees are managing the reserves to balance the needs of current and future beneficiaries. It is not anticipated that the needs of beneficiaries will diminish over time. The Trustees have in recent years approved expenditure at a level higher than the annual income to spend the revenue reserves. However, they have agreed to retain a balance of revenue reserves in order to be able to make more substantial grants from time to time.

### ***Risk management:***

The main risks to which the charity is exposed as identified by the Trustees have been considered and systems have been established to mitigate those risks.

### ***Investment policy and powers:***

The Trustees have the same full and unrestricted powers of investment in all respects as if they were the beneficial owners. The investment strategy is set by the Trustees and takes account of recent demands for funds and an assessment of expected future needs (see Reserves Policy). The investment policy and strategy are reviewed with the investment managers at regular intervals. The investment objective is to maintain, overall, the real value of capital and income.

## THE MUSHROOM FUND

### TRUSTEES' REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017

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

##### ***Organisation, Management and Delegation:***

The Trustees, in their power, have delegated the management of the investments and the administration of the charity, including administration of grant-making and accountancy, to LCVS.

The Trustees meet once a year to review the financial position and make grants.

The Trust Deed permits the spending of capital; the Trustees have, however, agreed to retain the capital for the time being and to invest it to produce income to make grants.

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

The Mushroom Fund is a registered charity, number 259954. It was established by a Trust Deed dated 2<sup>nd</sup> July 1969. The Trust is also known as Sir Alastair Pilkington's Trust.

##### ***Principal Office:***

151 Dale Street, Liverpool L2 2AH

##### ***Trustees:***

The Trustees during the year were as follows:

Mrs. R. Christian

Miss. H. Christian

Mr. G. Pilkington (resigned 8<sup>th</sup> December 2016)

Mr. J. Pilkington

Dr. J. Newton

Liverpool Charity and Voluntary Services

The charity's corporate Trustee, Liverpool Charity and Voluntary Services (LCVS), 151 Dale street Liverpool L2 2AH, is incorporated under the Companies Act as a company limited by guarantee without share capital as company number 181759, a registered charity, number 223485, and a charitable Trust Corporation.

LCVS Trustees, who are also its Directors, were as follows during the year: Heather Akehurst, Caroline Ellen (nee Clark) (resigned 1<sup>st</sup> December 2016), Charles Feeny, Roger Morris, Adeyinka Olushonde, Christine Reeves, Hilary Russell, Deborah Shackleton (resigned 29<sup>th</sup> November 2016), Andrew Whitehead, Sir Bert Massey (appointed 1<sup>st</sup> January 2016, resigned 29<sup>th</sup> November 2016), Richard Finch (appointed 1<sup>st</sup> January 2016, resigned 12<sup>th</sup> September 2017), Mike Thomas (appointed 27<sup>th</sup> April 2017) and John Price (appointed 27<sup>th</sup> April 2017).

##### ***Professional Advisers:***

Independent Examiner      Anna Spencer-Gray  
RSM UK Tax and Accounting Limited  
20 Chapel Street,  
Liverpool, L3 9AG

Investment Manager      Investec Wealth Management  
100 Old Hall Street  
Liverpool L3 9AB

**Approved by the Trustees and signed on their behalf by**



**Roger Morris**  
**Honorary Treasurer of Liverpool Charity and Voluntary Services**

**Dated:** 7<sup>th</sup> Dec 2017

## INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE MUSHROOM FUND

I report to the trustees on my examination of the accounts of The Mushroom Fund ('the charity') for the year ended 30<sup>th</sup> June 2017, which are set out on pages 4 to 10.

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

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

I report in respect of my examination of the charity'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 2011 Act.

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

### **Independent examiner's statement**

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

1. accounting records were not kept in respect of the charity as required by section 130 of the 2011 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

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

*RSM UK Tax and Accounting Limited*

**Anna Spencer-Gray**

**ON BEHALF OF RSM UK TAX AND ACCOUNTING LIMITED**

Chartered Accountants  
20 Chapel Street  
Liverpool  
L3 9AG

Date: *8 February 2018*

**THE MUSHROOM FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

-----UNRESTRICTED FUNDS-----

	Notes	Year to 30 <sup>th</sup> June 2017			Year to
		Income Funds £	Capital Funds £	Total £	30 <sup>th</sup> June 2016 Total £
<b>Income from:</b>					
Investments		40,793	-	40,793	37,699
<b>Total income</b>		<b>40,793</b>	<b>-</b>	<b>40,793</b>	<b>37,699</b>
<b>Expenditure on:</b>					
Charitable activities	3	41,050	-	41,050	32,199
<b>Total expenditure</b>		<b>41,050</b>	<b>-</b>	<b>41,050</b>	<b>32,199</b>
<b>Net (expenditure)/income and net movement in funds before gains and losses on investments</b>		<b>(257)</b>	<b>-</b>	<b>(257)</b>	<b>5,500</b>
Net gains/(losses) on investments	4	-	166,570	166,570	(4,966)
<b>Net movement in funds</b>		<b>(257)</b>	<b>166,570</b>	<b>166,313</b>	<b>534</b>
<i>Reconciliation of funds:</i>					
Total funds brought forward		25,012	1,079,022	1,104,034	1,103,500
<b>Total funds carried forward</b>	6	<b>£24,755</b>	<b>£1,245,592</b>	<b>£1,270,347</b>	<b>£1,104,034</b>
		=====	=====	=====	=====

The notes on pages 6 to 10 form part of these accounts.

The net movement in funds in the year was derived from the continuing activity of the charity.

**THE MUSHROOM FUND**  
**BALANCE SHEET AS AT 30<sup>TH</sup> JUNE 2017**

		UNRESTRICTED FUNDS			
		At		At	
Notes		30 <sup>th</sup> June 2017	30 <sup>th</sup> June 2016	£	£
		£	£	£	£
<b>Fixed assets:</b>					
	Investments	4	1,245,592		1,079,022
<b>Current assets:</b>					
	Cash at bank		29,005		27,101
<b>Current liabilities:</b>					
	Creditors	5	(4,250)		(2,089)
			24,755		25,012
<b>Net assets</b>			<b>£1,270,347</b>		<b>£1,104,034</b>
 <b>The funds of the charity:</b>					
		6	£		£
	Capital Funds		1,245,592		1,079,022
	Income Funds		24,755		25,012
			<b>£1,270,347</b>		<b>£1,104,034</b>

Approved and authorised for issue by the Trustees on and signed on their behalf by

*Roy. A. nd*

**Roger Morris**  
**Honorary Treasurer of Liverpool Charity and Voluntary Services**

**Dated:** *7<sup>th</sup> December 2017*

## THE MUSHROOM FUND

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017

#### 1. ACCOUNTING POLICIES

##### ***Basis of preparation***

The accounts 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. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16<sup>th</sup> July 2014; updated 2<sup>nd</sup> February 2016 (SORP 2015) and Charities Act 2011.

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

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

The Charity has taken advantage of the provisions in the SORP for Charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

##### ***Going concern***

At the time of approving the accounts, the trustees have a reasonable expectation that the charity 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 accounts.

##### ***Fund accounting***

Unrestricted funds are considered 'free' reserves and are expendable at the discretion of the Trustees in furtherance of the general objectives of the Trust.

##### ***Investments***

Investments held as fixed assets, in accordance with SORP 2015 are stated and included in the balance sheet at their market value at 30<sup>th</sup> June 2017 or at the valuation date nearest to the year end. Realised and unrealised gains and losses are dealt with as movements on the Capital Fund. Investments are valued at the mid-market price on the valuation date.

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 Trustees conduct a thorough risk analysis in conjunction with their investment managers at each of their Investment Committee meetings.

##### ***Income recognition***

Income from investments comprises dividend income and are accounted for when received in the financial year.

##### ***Expenditure recognition***

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

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities.

Charitable activities includes grant funding, along with associated support costs, to beneficiaries. These are dealt with in the Statement of Financial Activities when payment has been approved by the charity. Governance costs relate to compliance with

## THE MUSHROOM FUND

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017

constitutional and statutory requirements and specifically include all costs incurred by the charity in producing the Annual Report.

#### ***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.

#### ***Financial instruments***

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity 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 debtors 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 creditors 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 receipts 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.

#### ***Derecognition of financial liabilities***

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

#### ***Taxation***

The charity benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income or gains falling within those exemptions. The charity is not able to recover Value Added Tax. Expenditure is recorded in the accounts inclusive of VAT.

## THE MUSHROOM FUND

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017

#### 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the charity'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 on-going 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.

#### 3. CHARITABLE ACTIVITIES

	2017	2016
	£	£
<i>Direct charitable expenditure: Grant funding</i>		
Grants made	38,800	29,510
Grant making administration costs - LCVS	1,360	1,257
	-----	-----
	40,160	30,767
	-----	-----
<i>Support and governance costs:</i>		
Administration - LCVS	680	628
Trustee expenses	-	600
Independent examination fee	210	204
	-----	-----
	890	1,432
	-----	-----
	<b>£41,050</b>	<b>£32,199</b>
	=====	=====

No expenses were reimbursed to trustees during the year (2016: £600).

The following grants were made to organisations during the year:

<b>Grants of £1,000 and over</b>	<b>£</b>
Balsam Family Project	1,000
Buckley and Mold Lions Club	2,000
CJD Support Network	2,000
Canolfan Dewi Sant	3,000
Child Brain Injury Trust	2,000
Chiltern Centre	1,000
Halton & St Helens VCA	1,000
Glenridding Village Hall	2,000
LCVS	1,000
MacMillan Cancer Support	2,000
Marie Curie Cancer Care	1,000
Patterdale Mountain Rescue Association	1,500
Red Squirrel Survival Trust	1,000
	-----
	20,500

These unaudited financial statements have been subjected to independent examination. See report on page 3.

**THE MUSHROOM FUND**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

<i>Grants continued</i>	20,500
Royal Liverpool Philharmonic Society	1,000
St Paul's Steiner School	1,000
Thames Valley & Chiltern Air Ambulance	1,500
The Samaritans	1,000
Welsh Air Ambulance	1,500
Westbury Parish Hall	7,000
	-----
	33,500
Other grants	5,300
	-----
	<b>£38,800</b>
	=====

In 2016 expenditure of £32,199 was unrestricted.

**4. FIXED ASSET INVESTMENTS**

	2017	2016
	£	£
<b>Quoted investments:</b>		
Market value at 1 <sup>st</sup> July 2016	1,079,022	1,083,988
Unrealised gains/(losses) on investment assets	166,570	(4,966)
	-----	-----
<b>Market value at 30<sup>th</sup> June 2017</b>	<b>£1,245,592</b>	<b>£1,079,022</b>
	=====	=====
<b>Book value at 30<sup>th</sup> June 2017</b>	<b>£496,498</b>	<b>£496,498</b>
	=====	=====

The trust holds 100% of its fixed asset investments in a Charity Commission approved pooling scheme, the Settlers' Trust Fund (STF), administered by Liverpool Charity and Voluntary Services and managed by Investec Wealth Management. At 30<sup>th</sup> June 2017, the assets of the STF fund had a total market value of £26,288,475 (2016: £22,261,298) of which £1,245,592 (2016: £1,079,022) is an asset of the trust.

**5. CREDITORS**

	2017	2016
	£	£
Grant	2,000	-
Administration & support – LCVS	2,040	1,885
Independent examination fee	210	204
	-----	-----
	<b>£4,250</b>	<b>£2,089</b>
	=====	=====

**6. UNRESTRICTED FUNDS**

*Income Fund:* Investment income and donations received for distribution as grants to charitable voluntary organisations.

*Capital Fund:* Funds held provide income for the ongoing activities of the trust.

## THE MUSHROOM FUND

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017

#### 7. RELATED PARTY TRANSACTIONS

*Charitable Activities:* these include a grant of £1,000 (2016: £1,500) made to LCVS during the year in support of the work carried out by the organisation (see note 3) and also £1,360 (2016: £1,257) grant making administration costs.

*Governance Costs:* these include £680 (2015: £628) payable to LCVS in respect of accountancy and trust administration.

*Creditors:* these include £2,040 (2016: £1,885) owing to LCVS at the year end.

LCVS is related to the Trust by virtue of LCVS being the Trust's corporate trustee.