

# **Sutton Coldfield Charitable Trust**

## **TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**for the year ended**

**30 September 2017**

**Charity No. 218627**

# Sutton Coldfield Charitable Trust

## TRUSTEES AND PRINCIPAL ADVISORS

### Constitution

Sutton Coldfield Charitable Trust ("the Trust") is regulated by a Scheme of the Charity Commissioners dated 19 June 2001 (registered number 218627) ("the Scheme").

The Trust is a registered charity and complies with the Charities Act 2011. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the 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 published on 16 July 2014.

### Trustees

The Trustees who served during the year were:

Board of Trustees	Grants Committee	Property Management Committee	Almshouse Committee	Finance & Investment Committee	Nominated by Birmingham City Council
Carole Hancox (chairman)	*(Chairman)	*	*(Chairman)	*	
Andrew Burley (vice-chairman from 8 November 2017)	*	*(Chairman)			
Neil Andrews MA(Oxon) FCA (vice-chairman until 7 November 2017)	*	*	*	*(Chairman)	
Susan Bailey M.Ed (retired 24 April 2017)	*				
Christine Brown (appointed 8 November 2017)					
Malcolm Cornish	*		*		*
Councillor Diane Donaldson (appointed 15 August 2017)					*
Keith Dudley		*		*	
Ranjan Hoath (appointed 3 May 2017)	*				
Linda Jones (resigned 8 November 2017)	*		*		
Laurie-Anne Kennedy (appointed 8 November 2017)					
Inge Kettner			*	*	
Dr Stephen Martin	*	*		*	
Andrew Morris		*		*	
David Owen OBE, MA(Cantab), Hon DSc (Aston) (retired 24 April 2017)		*		*	
William John Routh (appointed 8 November 2017)					
Sanjay Sharma				*	*
Jane Sixsmith MBE (resigned 3 May 2017)	*				
Councillor Margaret Waddington MBE JP	*		*		*

### Principal officers

Ernest Murray FCIBS (Chief Executive & Clerk to the Trustees)  
 Alison Trenfield ACMA CGMA (Financial Controller)  
 Pamela Johnston MBE JP (Almshouse Manager)  
 John Hemming BSc (Hons) FCCA ACIB (Grants Manager)

# Sutton Coldfield Charitable Trust

## TRUSTEES AND PRINCIPAL ADVISORS (continued)

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### Registered address

Lingard House  
Fox Hollies Road  
Sutton Coldfield  
West Midlands  
B76 2RJ  
Telephone number: 0121 351 2262

### Advisors

#### *Auditor*

RSM UK Audit LLP  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

#### *Bankers*

HSBC Bank plc  
67 The Parade  
Sutton Coldfield  
West Midlands  
B72 1PD

#### *Investment Managers*

Rathbone Investment Management Limited  
8 Finsbury Circus  
London  
EC2M 7AZ

M&G Securities Limited  
Laurence Pountney Hill  
London  
EC4R 0HH

#### *Insurance Brokers*

Endsleigh Insurance  
Shurdington Road  
Cheltenham  
Gloucestershire  
GL51 4UE

#### *Solicitors*

Gowling WLG (UK) LLP  
Two Snowhill  
Birmingham  
B4 6WR

#### *Property Managers*

Johnson Fellows  
Charter House  
163 Newhall Street  
Birmingham  
B3 1SW

EOS Surveyors Ltd  
Arion Business Centre  
Harriet House  
118A High Street  
Birmingham  
B23 6BG

Nick Russell Associates  
Lavender Cottage  
Lucton  
Leominster  
Herefordshire  
HR6 9PH

# Sutton Coldfield Charitable Trust

## TRUSTEES' REPORT (continued)

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The Trustees present their annual report and audited financial statements for the year ended 30 September 2017.

### History of the Trust

The Trust's origins go directly back to Bishop Vesey, a native of Sutton Coldfield, who persuaded Henry VIII to grant a Charter in 1528 establishing a Warden and Society (Corporation) to govern the Town. The Corporation was obliged to use rental and other income to provide poor relief and improve the locality. Over the next four centuries, other bequests and endowments came within the Corporation's oversight. These included charities in memory of Thomas Jesson in the 1700s to provide apprenticeships for boys and to distribute bread to Sutton's poor. After a long and famous legal action, the Corporation's charities were reorganised in the 1820s and enriched by lands acquired in the 1825 Enclosure Award. From this time, Almshouses were built and the charities provided elementary schools (including teaching and uniforms) for Sutton's children. Practical necessities such as coal, blankets and boots were widely distributed. In pre-welfare state days, the charities financed nursing and medical care for needy people and made grants to widows.

In 1886, the Town became a Borough and the Trust took over the Corporation and various related charities within one body. This operated closely alongside the Council and was administered by the Town Clerks. New Almshouses were built, including two in the 1890s from a bequest by Frances Lingard. At the time Sutton Coldfield became part of Birmingham in 1974, the independence of the Trust was safeguarded, ensuring the continuing provision of benefits for individuals and organisations within the former Borough boundaries. Although the separate historic charities have been consolidated into one charity, the Trustees' fundamental aims and priorities are still very similar to those pursued by Bishop Vesey and his successors over nearly five centuries.

### Mission Statement

Sutton Coldfield Charitable Trust aims to alleviate hardship and improve the quality of life for residents of the Royal Town of Sutton Coldfield through the provision of housing for older people of limited means and by making awards to meet needs of individuals and community organisations.

### Objectives and activities for the public benefit

The principal objectives of the Trust are the provision of Almshouses, the distribution of funds and other measures for the alleviation of hardship and other needs for inhabitants and organisations within the boundaries of the former Borough of Sutton Coldfield.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting grant making policies. They consider the information which is contained in this report, about the Trust's objectives, activities and achievements in the many areas of interest that it supports, demonstrates the benefit to its beneficiaries and, through them, to the public, that arise from those activities.

### Structure, Governance and Management

Information relating to reference and administrative matters are set out on pages 1 and 2.

The Board of Trustees governs the Trust and meets at least four times a year to oversee operational activities and to receive reports from Investment Managers, the Financial Controller and the Chief Executive. Up to four of the Trustees are nominated by Birmingham City Council and serve for a maximum of three four year terms. The remainder are co-opted and serve for a maximum of three five year terms. Re-appointment of the co-opted Trustees is considered by the Board immediately prior to the end of their respective terms.

The Trustees ensure that the skills and composition of the Board of Trustees, together with related succession planning, are kept under frequent review. New trustees are recruited from the local area for their experience, knowledge of, and empathy with, the Trust. On appointment, new trustees sign a Trustee Declaration Statement, committing them to giving of their time and experience and are led through an induction process by the Chief Executive. This covers investments, details of the Almshouses and how they are managed, the grant making process, powers and responsibilities of the trustee board and the sub-committees. They are provided with a copy of the Trust's policies and procedures, the most recent Trustees' Report and Financial Statements, a copy of 'The Scheme', the governing trust deed and copies of the following Charity Commission publications: *The Essential Trustee*; *Being a Trustee*; and *The Hallmarks of an Effective Charity*.

# Sutton Coldfield Charitable Trust

## TRUSTEES' REPORT (continued)

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### Structure, Governance and Management (continued)

All Trustees give their time freely and no trustee remuneration was paid in the year. Trustees are required to disclose all relevant interests and register them with the Chief Executive and, in accordance with the Trust's policy, withdraw from decisions where a conflict of interests arises.

On the rare occasions when Trustees had any connection with individuals or organisations which received or were awarded grants or contracts in the year, they took no part in any decision making.

The Trust is a member of the Almshouse Association, WM Funders Network and subscribes to Charity Finance and Governance publications providing helpful information on good practice and changes in the law affecting charities.

The Trustees have taken out trustee indemnity insurance at a cost of £1,095 (2016: £795) as permitted by the Charity Commission.

During the year, the Trustees held planning events to discuss the Trust's strategy. Subsequently, a Strategy Working Group was formed to prepare a Strategy Implementation Plan focusing on principal areas such as the use of potential additional investment income, possible changes to the Trust's grant making policy, ways in which the Board might address regular self-assessment and, more generally, ensure that good governance is practised consistently throughout the organisation. Significant progress has been made and Trustees are planning a further event to review the position and to decide upon the next steps.

The following committees have been established by the Trust:

#### *Almshouse Committee*

This Committee meets at least four times a year to consider matters relating to the welfare of residents and the upkeep, maintenance and improvement of the Almshouses and grounds.

#### *Grants Committee*

This Committee meets at least eight times a year to consider applications, make awards up to £40,000 (from 2 August 2017, previously £30,000) and make recommendations to the Board of Trustees for amounts over £40,000 (from 2 August 2017, previously £30,000).

#### *Property Management Committee*

This Committee meets at least four times a year and considers reports from the Property Managers.

#### *Finance and Investment Committee*

This Committee meets at least four times a year to consider reports from the Investment Managers and Auditors, oversee the financial stability of the Trust, including management of its financial assets, long term funds and scrutiny of its operating funds, revenues and expenses. It also has two sub-committees that consider and make recommendations to the Board of Trustees on staff remuneration and risk management.

# Sutton Coldfield Charitable Trust

## TRUSTEES' REPORT (continued)

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### Grant Making Policy

The Trustees apply surplus income to benefit the residents of the former Borough of Sutton Coldfield by making awards to individuals, institutions or organisations in the following ways:

- The relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage;
- Making awards to institutions or organisations for the:
  - prevention or relief of poverty;
  - advancement of education;
  - advancement of religion;
  - advancement of health or the saving of lives;
  - advancement of citizenship or community development;
  - advancement of the arts, culture, heritage or science;
  - repair of historic buildings;
  - advancement of amateur sport;
  - advancement of environmental protection or improvement;
  - other purposes that are currently recognised as charitable or are in the spirit of any purposes currently recognised as charitable.

### Grant Application Process

The Trust welcomes initial contact from individuals and organisations interested in making applications. Officers will always advise on the best way to prepare a grant request and to ensure that applicants are aware of the necessary information required by the Trustees.

To make a grant application:

- Contact the Trust, either by letter, using the registered address on page 2, by the website enquiry form, or by telephone on 0121 351 2262.
- Outline your needs and request a copy of the Trust's guidelines for applicants.
- If appropriate, seek a meeting with a member of staff in making your application.
- Ensure that all relevant documents, including estimates and accounts, reach the Trust by the requested dates.

### Risk Management

The Trustees are committed to the identification, assessment and management of the major risks to which the Trust may be exposed. They regard this as a continuous obligation involving all the Trustees and their employees.

A risk register is used for the on-going review of risks and controls, by the Risk Management Sub-Committee and the Board of Trustees, to ensure that the risk management process is operating satisfactorily. The risks are recorded and assessed in terms of impact and probability and a traffic light system is employed to highlight areas of particular concern. The Trustees consider the loss of capital on the permanent endowment to constitute the Trust's highest risk. This risk is mitigated by using specialist investment managers and having a diversified portfolio of investments.

The Trustees adopt a flexible approach, responding to newly identified areas of risk as well as evaluating progress in mitigating risks previously identified.

### Pay and Remuneration of Key Management Personnel

The pay and remuneration of key management personnel are set by means of salary scales based on pay market data published in the Xpert HR Voluntary Sector Annual Salary Survey. In 2015 a remuneration sub-committee was established to carry out an appraisal and determine pay with reference to the Xpert HR Voluntary Sector Annual Salary Survey for 2014. For the period from 2015 to 2019, general market increases will be applied up to a protected maximum salary, as advised to staff in 2014 or subsequently. In addition, the base salary will be increased by the increase in CPI published in September each year.

# Sutton Coldfield Charitable Trust

## TRUSTEES' REPORT (continued)

### Review of activities and achievements

The Trust has had a successful year, in continuing to provide benefits for Sutton Coldfield's elderly people and in terms of its grant making.

Following extensive maintenance and improvement plans completed over recent years to upgrade the facilities and care provided for the residents of the Almshouses, the Trust's Almshouse Committee continue to pursue a policy of continuous improvement. A rolling 5 year preventative maintenance programme ensures that the residents benefit from essential on-going maintenance and regular improvements.

During the year, the Trust has continued to make grants for community purposes, individual, educational and personal needs, and for school clothing. Trustees awarded £1,293,370 in grants (2016: £1,177,056) which, excluding Special Grant awards, is the highest annual level in the Trust's history.

A summary of the grants awarded by the Trust for community and individual purposes during the year can be found below:

	£
Relief of those in need	216,959
Advancement of education	389,941
Advancement of religion	125,900
Advancement of health or the saving of lives	130,018
Advancement of citizenship or community development	87,021
Advancement of the arts, culture, heritage or science	57,957
Advancement of amateur sport	218,754
Advancement of environmental protection or improvement	66,820
Total grants awarded	1,293,370
Awarded grants not yet claimed or cancelled	(56,676)
Net grants awarded (note 6 to the financial statements)	1,236,694

Trustees are resolved to sustain and, if possible, extend grant making to individuals and organisations within the former Borough of Sutton Coldfield. Benefits that may be available to the public from the Trust appear in the local press from time to time and efforts are made to contact those who might be hard to reach or those who, despite the Trust's best efforts, may remain unaware of its existence and the assistance it might be able to offer them.

The Trustees also remain determined to take a pro-active stance in identifying and promoting special projects for the benefit of the public, when funding permits. As an example, since the financial year end, the Trustees have committed to funding a three year apprenticeship programme, managed by the Jericho Foundation, for up to 30 residents of Sutton Coldfield.

In addition, awards will continue to be made to support other local people who are most in need and to improve the infrastructure of many of the clubs, societies and other organisations that benefit the community.

### Monitoring Achievement

Payment of grants is always carefully monitored and the Trust generally contacts organisations to find out how much difference their grants have made and follow-up visits are undertaken. In addition, the Trustees carry out an annual programme of visits to some grant recipients, enabling them to meet the people behind the various organisations in the community and to see, first-hand, the benefits which have been gained as a result of the awards which had been made. A full list of grants made by the Trust is included in its Annual Review, available on the Trust's website [www.suttoncoldfieldcharitabletrust.com](http://www.suttoncoldfieldcharitabletrust.com) or from the registered address on page 2.

# Sutton Coldfield Charitable Trust

## TRUSTEES' REPORT (continued)

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### Financial review

Operationally, the Trust enjoyed a successful year. Total income was £1,923,076 (2016: £1,805,073) and after allowing for operating and governance costs amounting to £646,533 (2016: £761,960), the Trust awarded grant funding of £1,236,694 (2016: £1,134,578). Net incoming resources were £39,849 (2016: £91,465 outgoing).

An increase in the levels of investment income has enabled the Trust to fulfil its objective to fully support charitable giving.

The Trust's work is dependent on income and investment returns from its endowment. An improvement in the financial markets of the UK and leading economies is the principal reason for the Trust reporting a gain on investment assets of £4,062,502 (2016: £3,608,851), which in turn has given rise to an overall net increase in the total funds of the Trust of £4,102,351 (2016: £3,517,386). At 30 September 2017, total Charitable Funds amounted to £57,011,685 (2016: £52,909,334).

Continuing with careful financial management and disciplines, combined with appropriate support from our advisors, the Trust is confident of fulfilling its dual obligations of the provision of Almshouses and community grant giving.

### Investment policy and performance

The Trust's assets are invested in property, UK and overseas equities, government stocks, unit trusts and cash deposits to generate income to meet current and future charitable objectives whilst seeking to manage investment risk. Investment advisors are instructed to invest in a portfolio which will generate an acceptable level of income to facilitate grant giving and maintenance of the Almshouses, whilst also seeking to preserve capital values in real terms.

Both the Finance and Investment Committee and the Board receive quarterly reports from the investment managers, taking into account the Trust's income requirements, the risk profile and property managers' views of market prospects in the medium term. This strategy is set within an overall policy which states that the Endowment Fund is to be invested long term to maximise income to meet current and future charitable objectives whilst seeking preservation of capital in real terms. The restricted and unrestricted funds may be invested in any type of investment except tobacco.

The Trust's investments have been managed over the last 5 years by Rathbone Investment Management Limited. During the last 12 months, global investment markets have continued to improve generally and the Trustees consider that the investment manager has achieved satisfactory capital growth and an acceptable increase in dividend income. Before Investment Management Fees the 12 month return to 30 September 2017 was 11.9% (2016: 14.8%) against a benchmark of 6.9% (CPI + 4%) (2016: 5% (2015: CPI + 4%)).

### Reserves policy

The Endowment Fund represents capital funds where the Trustees have no power to convert into income. At 30 September 2017, this fund amounted to £51,067,449 (2016: £47,438,920).

The Trustees periodically review the level of reserves retained in unrestricted funds. The Trustees retain these reserves to the extent considered necessary to ensure that adequate funds are available to cover future expenditure items, both of a capital and revenue nature, which may not otherwise be covered by incoming resources. The level of these reserves should not, other than in exceptional circumstances, drop below £500,000, which would be regarded as a contingency reserve.

The Trustees are mindful that investment income, which is the Trust's main source of income, is susceptible to variation through market changes. Trustees therefore consider it appropriate to hold free funds to meet both the Trust's commitment to outstanding grants, which can be over £1m at any one time and to cover its obligations to support the Almshouses, administration and governance costs. In addition, Trustees hold free funds in anticipation of significant special projects for the benefit of the public.

The Charitable Fund at 30 September 2017 amounted to £3,345,586 (2016: £3,137,764), which the Trustees believe is sufficient given the Trust's foreseeable commitments.

The Extraordinary Repair Fund, being transfers from the Charitable Fund, represents amounts retained to cover any major repairs, improvement or rebuilding of Almshouses or other properties within the next 25 years. At 30 September 2017, the Extraordinary Repair Fund amounted to £2,349,000 (2016: £2,183,000) which the

# Sutton Coldfield Charitable Trust

## TRUSTEES' REPORT (continued)

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### Reserves policy (continued)

Trustees consider to be appropriate. This fund has increased during the year by £166,000 (2016: £161,000), in preparation for continued and expanding improvements to Almshouses and other property investments. The Extraordinary Repair Fund is a designated fund.

The Cyclical Maintenance Fund, being transfers from the Charitable Fund, represents amounts retained to cover ordinary repair and maintenance of the Almshouses or other properties within the next 2 years. At 30 September 2017, the Cyclical Maintenance Fund amounted to £249,650 (2016: £149,650). The Cyclical Maintenance Fund is a designated fund.

The Trustees have developed a rolling five-year financial plan. As part of the exercise, the Trustees review the reserves to ensure appropriate amounts are set aside.

### Future plans and objectives

The Trustees have approved a budget for the current financial year, 2017/18, and plan to award grants at a similar level as in previous years.

### Disclosure of information to auditor

The Trustees who held office at the date of approval of this Trustees' report confirm, so far as each is aware, that there is no relevant audit information of which the Trust's auditor is unaware; and each Trustee has taken all the steps that he/she ought to have taken as Trustee to make himself/herself aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

### Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

On behalf of the board



C L Hancox  
Chairman

7 February 2018

# Sutton Coldfield Charitable Trust

## TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 for that period. In preparing 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 Trust will continue in business.

The Trustees are responsible for keeping proper accounting records which 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 applicable Charities (Accounts and Reports) Regulations and provisions of the Trust Deed. They are also responsible for safeguarding the assets of the Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

# Sutton Coldfield Charitable Trust

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF SUTTON COLDFIELD CHARITABLE TRUST

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### Opinion

We have audited the financial statements of Sutton Coldfield Charitable Trust (the 'Trust') for the year ended 30 September 2017 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and 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 FRS 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 Trust's affairs as at 30 September 2017 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 have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 Trustees 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.

# Sutton Coldfield Charitable Trust

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF SUTTON COLDFIELD CHARITABLE TRUST (Continued)

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### Matters on which we are required to report by exception

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

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

### Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 9, 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 liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

*RSM UK Audit LLP*

RSM UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
St Phillips Point  
Temple Row  
Birmingham  
B2 5AF

Date *7 February 2018*

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

# Sutton Coldfield Charitable Trust

## STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 30 September 2017

	Notes	Unrestricted funds 2017 £	Endowment fund 2017 £	Total funds 2017 £	Total funds 2016 £
<b>Income and endowments</b>					
<i>Investments:</i>					
Income from investment properties	2	505,407	-	505,407	506,955
Income from investments	3	1,211,282	-	1,211,282	1,105,088
Short term deposit interest		1,213	-	1,213	2,208
		<u>1,717,902</u>	<u>-</u>	<u>1,717,902</u>	<u>1,614,251</u>
Charitable activities		205,174	-	205,174	190,822
<b>Total income</b>		<u>1,923,076</u>	<u>-</u>	<u>1,923,076</u>	<u>1,805,073</u>
<b>Expenditure</b>					
<i>Expenditure on raising funds:</i>					
Investment property expenses	2	64,786	-	64,786	67,854
Investment management costs		(2,399)	125,762	123,363	129,168
		<u>62,387</u>	<u>125,762</u>	<u>188,149</u>	<u>197,022</u>
<b>Total cost of raising funds</b>		<u>62,387</u>	<u>125,762</u>	<u>188,149</u>	<u>197,022</u>
<i>Expenditure on charitable activities:</i>					
Cost of running Almshouses	4	307,425	12,458	319,883	428,466
Grant funding					
Community purposes	4	1,283,442	-	1,283,442	1,159,962
Individual educational and personal	4	50,205	-	50,205	73,475
School clothing	4	41,548	-	41,548	37,613
		<u>1,682,620</u>	<u>12,458</u>	<u>1,695,078</u>	<u>1,699,516</u>
<b>Total charitable activities</b>		<u>1,682,620</u>	<u>12,458</u>	<u>1,695,078</u>	<u>1,699,516</u>
<b>Total expenditure</b>		<u>1,745,007</u>	<u>138,220</u>	<u>1,883,227</u>	<u>1,896,538</u>
<b>Net income/(expenditure) before gains and losses on investments</b>		<u>178,069</u>	<u>(138,220)</u>	<u>39,849</u>	<u>(91,465)</u>
Gains on investment assets	12	295,753	3,766,749	4,062,502	3,608,851
<b>Net income and net movement in funds</b>		<u>473,822</u>	<u>3,628,529</u>	<u>4,102,351</u>	<u>3,517,386</u>
Trust fund balances brought forward at 1 October	17	5,470,414	47,438,920	52,909,334	49,391,948
<b>Fund balances carried forward at 30 September</b>	17	<u>5,944,236</u>	<u>51,067,449</u>	<u>57,011,685</u>	<u>52,909,334</u>

The incoming resources, resources expended and resulting net movement in funds arise from the Trust's continuing operations.

The Trust has no recognised gains or losses other than the net movement in funds for the year or preceding year.

# Sutton Coldfield Charitable Trust


## BALANCE SHEET

30 September 2017

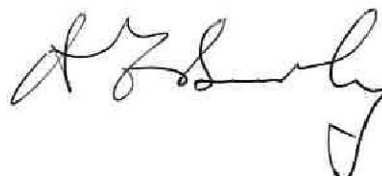
Charity Registration No. 218627

	Notes	2017 £	£	2016 £	£
<b>Fixed assets:</b>					
Tangible assets	11	1,006,773		1,102,646	
Investments	12	56,283,635		52,203,841	
<i>Total fixed assets</i>			<b>57,290,408</b>		53,306,487
<b>Current assets:</b>					
Debtors	13	100,750		61,832	
Cash at bank and in hand	14	887,944		474,575	
<i>Total current assets</i>		<b>988,694</b>		536,407	
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	15	(1,200,686)		(870,451)	
<i>Net current liabilities</i>			<b>(211,992)</b>		(334,044)
<i>Total assets less current liabilities</i>			<b>57,078,416</b>		52,972,443
Creditors: Amounts falling due after more than one year	15		(66,731)		(63,109)
<b>Total net assets</b>			<b>57,011,685</b>		52,909,334
<b>The funds of the Trust:</b>					
Endowment fund	17	51,067,449		47,438,920	
Unrestricted funds:					
Charitable fund	17	3,345,586		3,137,764	
Extraordinary repair fund	17	2,349,000		2,183,000	
Cyclical maintenance fund	17	249,650		149,650	
<i>Total unrestricted funds</i>			<b>5,944,236</b>		5,470,414
<b>TOTAL TRUST FUNDS</b>	17		<b>57,011,685</b>		52,909,334

The financial statements on pages 11 to 31 were approved by the Trustees on 7 February 2018 and were signed on their behalf by:

  
C L Hancox  
Chairman

A F Burley  
Vice Chairman



# Sutton Coldfield Charitable Trust

## STATEMENT OF CASH FLOWS

For the year ended 30 September 2017

Charity Registration No. 218627

	<i>Note</i>	<b>2017</b> £	<b>2016</b> £
<i>Cash flows from operating activities:</i>			
<b>Net cash used in operating activities</b>	19	<b>(1,161,971)</b>	<b>(1,881,494)</b>
<i>Cash flows from investing activities:</i>			
Dividends, interest and rents from investments		<b>1,717,902</b>	1,614,251
Accumulation income		<b>(176,637)</b>	(183,866)
Interest retained for future investment		-	(120)
Proceeds from sale of investment property		<b>34,075</b>	44,751
<b>Net cash provided by investing activities</b>		<b>1,575,340</b>	1,475,016
<b>Change in cash and cash equivalents in the year</b>		<b>413,369</b>	<b>(406,478)</b>
Cash and cash equivalent brought forward		474,575	881,053
<b>Cash and cash equivalent carried forward</b>		<b>887,944</b>	<b>474,575</b>

# Sutton Coldfield Charitable Trust

## ACCOUNTING POLICIES (continued)

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### BASIS OF ACCOUNTING

Sutton Coldfield Charitable Trust ("the Trust") is regulated by a Scheme of the Charity Commissioners ("the scheme") dated 19 June 2001. The financial statements are drawn up in accordance with the accounting policies detailed below and in compliance with the relevant sections of the Charities Act 2011.

The financial statements have been prepared under the historical cost accounting rules as amended for the revaluation of investment assets and 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 July 2014 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 (Charities SORP FRS 102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

### GOING CONCERN

The Trustees have prepared budgets and forecasts and considered the period of a minimum of 12 months from the date of approval of these financial statements in making its assessment that the going concern basis remains an appropriate basis of preparation of the financial statements.

Mindful of the net current liability position recorded on the balance sheet, the Trustees note that, after taking into account the level of unrestricted investments held in Fixed Assets, there are sufficient unrestricted resources available to meet the Trust's commitments.

### FUNDS STRUCTURE

The Trust has a permanent endowment. This provides for the Trustees to invest the capital in perpetuity, the income from which is wholly unrestricted.

Unrestricted income funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objectives. They are retained to the extent that they are considered necessary to ensure that adequate funds are available to cover future expenditure items, both of a capital nature and revenue costs, which may not be covered by incoming resources. Unrestricted funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose.

The Trust is required in accordance with the Scheme to maintain a fund for the extraordinary repair, improvement or re-building of the Almshouses and other property belonging to the Trust. The level of the fund is regularly reviewed by the Trustees and amounts are transferred to meet expenditure which may be required in the future.

Further details of each fund are disclosed in notes 17 and 18.

### STATEMENT OF FINANCIAL ACTIVITIES

The incoming resources and resources expended by the Trust are detailed below, together with the respective accounting treatments:

# Sutton Coldfield Charitable Trust

## ACCOUNTING POLICIES (continued)

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### INCOME

All incoming resources are recognised once the Trust has entitlement to the resources, it is probable that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

#### **Income from investment properties**

Incoming resources include property income receivable less provision where the eventual receipt of income is considered doubtful.

#### **Income from other investments**

Dividends from quoted investments are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by the Trust's investment advisor of the dividend yield of the investment portfolio.

Other investment income is accounted for on an accruals basis.

Dividends and interest are shown as gross amounts prior to any tax deduction which is recoverable.

#### **Income from charitable activities**

Incoming resources from charitable activities relates to housing benefit received from the local authority.

### EXPENDITURE

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

#### **Grant funding**

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside of the control of the Trust.

#### **Conditional grants**

Where payment of a grant is subject to a condition which is under the control of the Trust no commitment is recognised until the condition has been fulfilled.

#### **Contingent grants**

A contingent liability is disclosed for those grants, which do not represent liabilities, where the possible obligation, which arises from past events, will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustees' control.

### EXPENDITURE ON RAISING FUNDS

The costs of generating funds consist of investment management fees and property expenses, allocated in proportion to funds invested.

#### **Allocation of governance and support costs**

Support costs have been allocated first between governance and other support costs.

# Sutton Coldfield Charitable Trust

## ACCOUNTING POLICIES (continued)

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### **Allocation of governance and support costs (continued)**

Governance costs comprise all expenditure involving the public accountability of the Trust and its compliance with regulation and good practice. These include costs related to statutory audit and legal fees together with an allocation of support costs.

Governance and support costs relating to charitable activities have been apportioned between Almshouses and grant funding (see note 7 for details).

### **FIXED ASSETS - ALMSHOUSES**

The Almshouses are stated at cost less amounts received up to 1983 in respect of the basic residual subsidy as provided for in the Housing Finance Act 1972. Security and other equipment are stated at cost. Assets are depreciated over their estimated useful life, as follows:

Almshouses	16 years - straight line on net book value at 31 December 2012
Security and other equipment	5 years - straight line

### **Almshouse improvements policy**

Freehold Almshouses will be fully depreciated in 2028 when a potential re-build is planned to mark the Trust's 500 year anniversary. Where capital additions to the Almshouses are made, they are depreciated over the remaining useful life of the property to which they relate on a straight-line basis.

### **FIXED ASSETS – VALUATION OF INVESTMENTS**

Investments are included in the balance sheet at their market values at 30 September which are determined as follows:

- (i) Freehold properties are independently valued every five years on the basis of open market value for existing use. The latest external valuation was undertaken at 30 September 2015. Intermediate annual valuations are carried out and incorporated on the basis of an external desktop review.
- (ii) UK listed securities are quoted at the recognised Stock Exchange mid-market price ruling at the year end. Accrued interest is included in the value of fixed interest securities.
- (iii) Unit trust and managed fund investments are stated at the average value quoted by the investment managers at the year end.

All movements in value arising from investment changes or revaluation are recognised in the Statement of Financial Activities.

### **REALISED 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 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 market value at the year end and opening market value or purchase cost if purchased during the year. Realised and unrealised investment gains are not separated in the Statement of Financial Activities.

### **RECOGNITION OF LIABILITIES**

Liabilities are recognised when either a constructive or legal obligation exists.

### **PENSIONS**

Contributions are paid into Personal Pension Plans. Pension costs charged in the Statement of Financial Activities represent the contributions payable by the Trust in the year.

### **TAXATION**

The Trust is exempt from taxation on its income and gains where they are applied for charitable purposes.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

# Sutton Coldfield Charitable Trust

## ACCOUNTING POLICIES (continued)

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### CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Trust makes estimates and assumptions concerning the future. The resulting estimates and assumptions will, by definition, seldom equal the related actual results. The Trustees do not consider there to be any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Trust carries its investment properties at fair value, with changes in fair value being recognised through the Statement of Financial Activities. The Trust engages independent valuation specialists to determine fair value of these properties each year. Some of the key assumptions used to determine the fair value of these assets are based on the valuers' knowledge and experience of the market and values of similar properties, which could be deemed subjective.

Freehold Almshouses will be fully depreciated in 2028 when a potential re-build is planned to mark the Trust's 500 year anniversary. To ensure reserves are available to meet this timescale, the Trust is accumulating an estimated level of funds in the Extraordinary Repair Fund.

### FINANCIAL INSTRUMENTS

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

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument, and are offset only when the Trust has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Financial assets**

##### *Rental and other debtors*

Rental and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of rental debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Financial Activities for the excess of the carrying value of the rental debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Financial Activities.

##### *Investments*

Investments are equity investments over which the Trust has no significant influence, joint control or control and are initially measured at transaction price.

#### **Financial liabilities**

Financial instruments are classified as liabilities according to the substance of the contractual arrangements entered into.

# Sutton Coldfield Charitable Trust

## ACCOUNTING POLICIES (continued)

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### *Trade and other creditors*

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

# Sutton Coldfield Charitable Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

### 1 PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds 2016 £	Endowment fund 2016 £	Total funds 2016 £
<b>Income and endowments</b>			
<i>Investments:</i>			
Income from investment properties	506,955	-	506,955
Income from investments	1,105,088	-	1,105,088
Short term deposit interest	2,208	-	2,208
	<u>1,614,251</u>	<u>-</u>	<u>1,614,251</u>
Charitable activities	<u>190,822</u>	<u>-</u>	<u>190,822</u>
<b>Total income</b>	<u>1,805,073</u>	<u>-</u>	<u>1,805,073</u>
<b>Expenditure</b>			
<i>Expenditure on raising funds:</i>			
Investment property expenses	50,796	17,058	67,854
Investment management costs	(1,561)	130,729	129,168
	<u>49,235</u>	<u>147,787</u>	<u>197,022</u>
<b>Total cost of raising funds</b>	<u>49,235</u>	<u>147,787</u>	<u>197,022</u>
<i>Expenditure on charitable activities:</i>			
Cost of running Almshouses	416,008	12,458	428,466
Grant funding			
Community purposes	1,159,962	-	1,159,962
Individual educational and personal	73,475	-	73,475
School clothing	37,613	-	37,613
	<u>1,687,058</u>	<u>12,458</u>	<u>1,699,516</u>
<b>Total charitable activities</b>	<u>1,687,058</u>	<u>12,458</u>	<u>1,699,516</u>
<b>Total expenditure</b>	<u>1,736,293</u>	<u>160,245</u>	<u>1,896,538</u>
<b>Net income/(expenditure) before gains and losses on investments</b>	<u>68,780</u>	<u>(160,245)</u>	<u>(91,465)</u>
Gains on investment assets	532,898	3,075,953	3,608,851
<b>Net income</b>	<u>601,678</u>	<u>2,915,708</u>	<u>3,517,386</u>
Transfers between funds	(17,058)	17,058	-
<b>Net movement in funds</b>	<u>584,620</u>	<u>2,932,766</u>	<u>3,517,386</u>
Trust fund balances brought forward at 1 October	4,885,794	44,506,154	49,391,948
<b>Fund balances carried forward at 30 September</b>	<u>5,470,414</u>	<u>47,438,920</u>	<u>52,909,334</u>

# Sutton Coldfield Charitable Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

2	INCOME FROM INVESTMENT PROPERTIES	2017		2016	
		£	£	£	£
	Rents and property income receivable		505,407		506,955
	Less:				
	Agents' commission and expenses	10,171		10,528	
	Property expenses	45,214		46,443	
	Valuation fee	6,500		6,500	
	VAT irrecoverable	2,901		4,383	
			(64,786)		(67,854)
	Net income from investment properties		440,621		439,101

Property expenses include £15,400 (2016: £17,058) in respect of repair costs which have been charged to the Endowment Fund.

3	INCOME FROM INVESTMENTS	2017	2016
		£	£
	Dividends and fixed interest income receivable	1,211,282	1,105,088

# Sutton Coldfield Charitable Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

### 4 ANALYSIS OF CHARITABLE EXPENDITURE

The Trust undertook direct charitable activities in the provision of Almshouses and awarded grants to individuals and institutions in furtherance of its charitable activities.

	2017				2016
	Activities undertaken directly £	Grant funded activity £	Support costs £	Total £	Total £
Almshouses	239,256	-	80,627	319,883	428,466
Grants:					
Grants for community purposes to institutions	-	1,199,255	84,187	1,283,442	895,178
Special grant for community purposes to institutions	-	-	-	-	264,784
Individual grants for educational needs	-	8,564	41,641	50,205	73,475
School clothing grants to individuals	-	28,875	12,673	41,548	37,613
	-	1,236,694	138,501	1,375,195	1,271,050
	239,256	1,236,694	219,128	1,695,078	1,699,516
	Note 5	Note 6	Note 7	Statement of financial activities	Statement of financial activities

### 5 COST OF RUNNING ALMSHOUSES

	2017 £	2016 £
Staff costs	54,678	47,887
Rates, water and insurance	21,539	21,787
Heat and light	5,548	4,262
Maintenance of lawns and gardens	8,377	8,849
Repairs	31,671	124,665
Sundries	16,283	20,136
VAT irrecoverable	5,287	24,657
	143,383	252,243
Depreciation (note 11)	95,873	95,873
	239,256	348,116
	Note 4	

# Sutton Coldfield Charitable Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

6 GRANTS	2017		2016	
	Number of grants	£	Number of grants	£
Grants for community purposes to institutions	63	1,251,454	60	1,114,222
Grants to individuals in need, hardship or distress	14	13,041	30	37,459
Grants for individual educational and personal needs	-	-	1	250
School clothing grants to individuals	385	28,875	335	25,125
Awarded grants not yet claimed or cancelled	-	(56,676)	-	(42,478)
	<b>462</b>	<b>1,236,694</b>	<b>426</b>	<b>1,134,578</b>

Note 4

Grants for community purposes comprise:

	Number of grants	£	Number of grants	£
Grants awarded:				
Greater than £1,000	47	1,243,558	40	1,103,105
£1,000 or less	16	7,896	20	11,117
	<b>63</b>	<b>1,251,454</b>	<b>60</b>	<b>1,114,222</b>

Further details are set out in the Trustees' report on page 6.

# Sutton Coldfield Charitable Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

### 7 ALLOCATION OF GOVERNANCE AND SUPPORT COSTS

A breakdown of governance and support costs is shown below, together with the way in which these have been allocated between charitable and governance activities:

	<b>Total allocated</b>	<b>Charitable activities</b>	<b>Governance</b>	<b>Basis of allocation</b>
	£	£	£	
Staff costs	157,859	94,715	63,144	Staff time
IT and advertising	17,180	11,454	5,726	Activity
Office costs	11,774	7,064	4,710	Staff time
Sundry and irrecoverable VAT	11,512	6,907	4,605	Staff time
Auditor's remuneration	12,292	-	12,292	
Costs of meetings	8,511	-	8,511	
	<u>219,128</u>	<u>120,140</u>	<u>98,988</u>	

Note 4

The total governance and support costs attributable to charitable activities is then apportioned between Almshouses (specific) and grant funding (pro rata to staff time) as shown in the table below:

	<b>2017</b>	<b>2016</b>
	£	£
Almshouses	<b>80,627</b>	80,350
Grants:		
Grants for community purposes to institutions	<b>84,187</b>	82,953
Individual grants for educational and personal needs	<b>41,641</b>	41,031
School clothing grants to individuals	<b>12,673</b>	12,488
	<u><b>138,501</b></u>	<u>136,472</u>
Total	<u><b>219,128</b></u>	<u>216,822</u>

Note 4

# Sutton Coldfield Charitable Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

### 7 ALLOCATION OF GOVERNANCE AND SUPPORT COSTS (continued)

<b>Governance costs</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Staff costs	63,144	61,017
IT and advertising	5,726	7,721
Office costs	4,710	4,367
Sundry and irrecoverable VAT	4,605	4,846
	<b>78,185</b>	<b>77,951</b>
Audit	9,792	9,924
Other services	2,500	2,000
Legal fees	-	1,500
Costs of meetings	8,511	4,658
	<b>98,988</b>	<b>96,033</b>

### 8 ANALYSIS OF STAFF COSTS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The average number of staff employed during the year was as follows:

	<b>Number of employees</b>	
	<b>2017</b>	<b>2016</b>
Almshouses staff	3	3
Office staff	5	5
	<b>8</b>	<b>8</b>

The total emoluments of these persons were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	184,221	175,546
Social security costs	15,370	11,111
Pension costs	12,946	13,773
	<b>212,537</b>	<b>200,430</b>

The Trust considers its key management personnel comprise the Chief Executive and the Financial Controller. The total employment benefits including employer pension contributions of the key management personnel were £80,460 (2016: £78,226). There were no employees who earned more than £60,000 in the year (2016: None).

# Sutton Coldfield Charitable Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

### 9 RELATED PARTY TRANSACTIONS AND TRUSTEES' EXPENSES AND REMUNERATION

The Trustees all give freely of their time and expertise without any form of remuneration or other benefit in cash or kind (2016: £Nil). Expenses paid to the Trustees in the year totalled £112 (2016: £279). These expenses were made up of 1 Trustee (2016: 4 Trustees) reimbursed for their travel expenses and a seminar fee (2016: travel expenses and a seminar fee).

Trustee indemnity insurance, to protect the Trust from loss and indemnify the Trustees and Officers against the consequences of any neglect or default on their part, was taken out at a cost of £1,095 for the year (2016: £795).

During the financial year, the following related party transactions were recorded and, in all cases, the related parties took no part in the discussion or decision of grants approved and played no part in the payment process of grants:

Transaction type	Amount £	Beneficiary	Related parties	Relationship with:	
				the Trust	Beneficiary
Grant approved and paid	22,500	Sutton Coldfield YMCA	Councillor Margaret Waddington MBE JP David Owen OBE	Trustee	Trustee
				Trustee	Trustee
Grant approved	50,000	Sutton Coldfield Town Football Club	Malcolm Cornish	Trustee	Connected
Grant approved and paid	28,800	North Birmingham Community Gymnastics Club	Andrew Burley	Trustee	Professional interest
Grant approved and part paid	29,340	Holland House Infant School	Ranjan Hoath	Trustee	Professional interest
Grant approved	61,456	Homestart	Pam Johnston MBE	Staff	Director & Trustee
Grant approved	500	Sutton Children Centres	Susan Bailey	Trustee	Professional interest
Grant approved and paid	1,250	MEDaL	Susan Bailey	Trustee	Professional interest
Grant paid	21,497	Sutton Coldfield Grammar School for Girls	Keith Dudley	Trustee	Chairman of the School's Charity
Grant approved and part paid	23064	Boulevard Allotments Association	Keith Dudley	Trustee	Wife is an allotment plot holder
Grant instalment	8,417	Salus Fatigue Foundation	Linda Jones Inge Kettner	Trustee Trustee	Trustee Chair
Grant approved and paid	255	Glovers Trust	Pam Johnston MBE	Staff	Director & Chairman

# Sutton Coldfield Charitable Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

### 10 AUDITOR'S REMUNERATION

The auditor's remuneration constituted an audit fee of £9,792 (2016: £9,924) and additional tax advisory work of £2,500 (2016: £2,000).

### 11 TANGIBLE FIXED ASSETS

	Freehold Almshouse £	Freehold Almshouses improvement £	Security/ safety equipment £	Total £
<b>Cost:</b>				
At 1 October 2016	496,333	1,900,984	100,151	2,497,468
Additions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2017	496,333	1,900,984	100,151	2,497,468
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation:</b>				
At 1 October 2016	352,701	941,972	100,149	1,394,822
Charge for year	12,458	83,415	-	95,873
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2017	365,159	1,025,387	100,149	1,490,695
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>				
At 30 September 2017	131,174	875,597	2	1,006,773
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2016	143,632	959,012	2	1,102,646
	<hr/>	<hr/>	<hr/>	<hr/>

Included within freehold Almshouses are 3 properties at Walmley Road and 5 properties at Fox Hollies Road. In addition, there are a further 38 freehold Almshouses that are not included within the balance sheet. This is due to the age of the properties and the consequent unavailability of reliable costing information. As it was the Trust's policy to initially depreciate freehold Almshouses over 25 years, and the most recent of the non-capitalised assets were acquired in 1974, the assets, if they were included, would be fully depreciated at 30 September 2017 and would therefore have £Nil (2016: £Nil) impact on the balance sheet. Subsequent improvement expenditure on these and all other Almshouses is capitalised and is being depreciated from the date of expenditure until the expected replacement date in 2028.

# Sutton Coldfield Charitable Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

### 12 INVESTMENTS (HELD AS FIXED ASSETS)

Investments (held as fixed assets) comprise the following:

	2017 £	2016 £
<b>Investments in Endowment Fund</b>		
Investment properties	19,370,000	17,615,000
Government stocks	5,309,125	4,894,450
Listed companies		
Ordinary stocks and shares	8,481,741	7,524,778
Unit trusts	16,875,304	16,277,870
Cash held for re-investment	1,009,811	1,082,812
	<u>51,045,981</u>	<u>47,394,910</u>
<b>Investments in Charitable Fund</b>		
Unit trusts	1,832,097	1,709,190
National Association of Almshouses Common Investment Fund	806,892	767,050
Cash held for re-investment	15	41
	<u>2,639,004</u>	<u>2,476,281</u>
<b>Investments in the Cyclical Maintenance Fund</b>		
National Association of Almshouses Common Investment Fund	249,650	149,650
<b>Investments in Extraordinary Repair Fund</b>		
National Association of Almshouses Common Investment Fund	2,349,000	2,183,000
	<u>56,283,635</u>	<u>52,203,841</u>
<b>Analysed as:</b>		
Investment properties at market value	19,370,000	17,615,000
Listed and other investments at market value:		
UK	19,192,780	16,311,399
Other	16,711,029	17,194,589
	<u>35,903,809</u>	<u>33,505,988</u>
Cash held for re-investment	1,009,826	1,082,853
	<u>56,283,635</u>	<u>52,203,841</u>

# Sutton Coldfield Charitable Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

### 12 INVESTMENTS (HELD AS FIXED ASSETS) (continued)

Cash held for re-investment is held for short term as a matter of timing difference whilst funds are re-invested.

Details of investments comprising over 5% of the market value of the total investment portfolio are as follows:

	2017 £	2016 £
Investment fund:		
National Association of Almshouses Common Investment Fund	4,550,146	4,141,511

### Movement in fixed asset investments

	Freehold investment properties £	Listed and other investments £	Cash held for re- investment £	2017 Total £	2016 Total £
Market value at 1 October	17,615,000	33,505,988	1,082,853	52,203,841	48,582,162
Add: Additions at cost	431,911	3,644,911	-	4,076,822	4,514,222
Less: Disposal proceeds (net)	(34,075)	(3,952,428)	(73,027)	(4,059,530)	(4,501,394)
Net gains/(losses) for year	1,357,164	2,705,338	-	4,062,502	3,608,851
<b>Market value at 30 September</b>	<b>19,370,000</b>	<b>35,903,809</b>	<b>1,009,826</b>	<b>56,283,635</b>	<b>52,203,841</b>

The properties are independently valued every five years on the basis of open market value. The last external valuation was undertaken at 30 September 2015 by Johnson Fellows and Nick Russell Associates. Intermediate annual valuations are carried out and incorporated by Trustees based on advice through an external desktop review prepared by Johnson Fellows and Nick Russell Associates.

Included within investments are two properties with a market value of £10,000 (2016: £10,000) which are let on long leases for a peppercorn rent in furtherance of charitable objectives.

13 DEBTORS	2017 £	2016 £
Rentals receivable	24,142	24,843
Interest and dividends receivable	49,552	25,159
Prepayments and accrued income	11,643	11,630
Other debtors	15,413	200
	<b>100,750</b>	<b>61,832</b>

# Sutton Coldfield Charitable Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

14	BANK BALANCES AND SHORT TERM DEPOSITS	2017 £	2016 £
	Short term deposits	613,855	241,965
	Current accounts	273,778	231,834
	Petty cash	311	776
		<u>887,944</u>	<u>474,575</u>
15	ANALYSIS OF CURRENT LIABILITIES AND LONG TERM CREDITORS	2017 £	2016 £
	Creditors under 1 year		
	Charitable grants payable	925,160	603,603
	Rental income invoiced and payable in advance	110,262	111,687
	Accruals	67,091	63,334
	Taxation and social security	70,506	54,572
	Other creditors	27,667	37,255
		<u>1,200,686</u>	<u>870,451</u>
	Creditors due after one year	2017 £	2016 £
	Charitable grants payable	66,731	63,109
16	FINANCIAL INSTRUMENTS	2017 £	2016 £
	Financial assets:		
	Debt instruments measured at amortised cost	89,107	50,202
	Financial liabilities measured at amortised cost	<u>1,135,237</u>	<u>767,301</u>

# Sutton Coldfield Charitable Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

### 17 FUNDS

	Endowment Fund £	Charitable Fund £	Extra- ordinary Repair Fund £	Cyclical Maintenance Fund £	Total £
Balance at 30 September 2016	47,438,920	3,137,764	2,183,000	149,650	52,909,334
Income	-	1,923,076	-	-	1,923,076
Expenditure	(138,220)	(1,745,007)	-	-	(1,883,227)
Gains on investments	3,766,749	295,753	-	-	4,062,502
Transfers	-	(266,000)	166,000	100,000	-
<b>Balance at 30 September 2017</b>	<b>51,067,449</b>	<b>3,345,586</b>	<b>2,349,000</b>	<b>249,650</b>	<b>57,011,685</b>

The Endowment Fund represents those assets which must be held permanently by the Trust, principally investments. Income arising on the Endowment Fund can be used in accordance with the objects of the Trust and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the Endowment Fund. Investment management charges and property repairs relating to the Endowment Fund have been charged against the Endowment Fund and in the current year a transfer has been made from the charitable fund to cover these costs.

The Trustees have designated an Extraordinary Repair Fund to cover any major repairs, improvement or rebuilding of Almshouses or other properties which may be required. During the year, £166,000 (2016: £161,000) was transferred from the Charitable Fund.

The Trustees have designated a Cyclical Maintenance Fund to cover ordinary repair and maintenance of the Almshouses or other properties. During the year, £Nil was charged to the fund as expenditure (2016: £67,617) and £100,000 (2016: £48,000 transfer from) was transferred from the Charitable Fund.

### 18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Endowment Fund £	Charitable Fund £	Extraordinary Repair Fund £	Cyclical Maintenance Fund £	Total £
Tangible assets	131,174	875,599	-	-	1,006,773
Investments	51,045,981	2,639,004	2,349,000	249,650	56,283,635
Current assets	(76,117)	1,064,811	-	-	988,694
Current liabilities	(33,589)	(1,167,097)	-	-	(1,200,686)
Long term liabilities	-	(66,731)	-	-	(66,731)
<b>Total net assets</b>	<b>51,067,449</b>	<b>3,345,586</b>	<b>2,349,000</b>	<b>249,650</b>	<b>57,011,685</b>

# Sutton Coldfield Charitable Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

### 19 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
<b>Net income (per SOFA)</b>	<b>4,102,351</b>	<b>3,517,386</b>
<b>Adjustments for:</b>		
Depreciation charges	95,873	95,873
Investment managers' fees	123,363	129,168
(Gains) on investments	(4,062,502)	(3,608,851)
Dividends, interest and rents from investments	(1,717,902)	(1,614,251)
(Increase) in debtors	(38,918)	(2,675)
Increase/(decrease) in creditors (excluding investment managers' fee)	335,764	(398,144)
 Net cash used in operating activities	 <b>(1,161,971)</b>	 <b>(1,881,494)</b>

