

**Carpenters'
Company
Charitable
Trust**

Annual Report and Accounts

30 June 2018

Charity Registration Number
276996

Contents

Reports

| | |
|--------------------------------------|---|
| Legal and administrative information | 1 |
| Trustees' report | 2 |
| Independent auditor's report | 6 |

Accounts

| | |
|-----------------------------------|----|
| Statement of financial activities | 9 |
| Balance sheet | 10 |
| Statement of cash flows | 11 |
| Principal accounting policies | 12 |
| Notes to the accounts | 16 |

Legal and administrative information

| | |
|------------------------------------|--|
| Trustees | Mr P A Luton Mr M R Mathews Mr V G Morton-Smith Mr M J Samuel |
| The Clerk | Brigadier T J Gregson |
| Registered address | Carpenters' Hall Throgmorton Avenue London EC2N 2JJ |
| Charity registration number | 276996 |
| Auditors | Buzzacott LLP 130 Wood Street London EC2V 6DL |
| Bankers | Barclays Bank PLC 1 Churchill Place London E14 5HP |
| Investment advisors | The Investments Committee of The Worshipful Company of Carpenters |
| Solicitors | Wedlake Bell LLP 71 Queen Victoria Street London EC4V 4AY |
| Surveyors | Daniel Watney LLP 165 Fleet Street London EC4A 2DW |
| Investment managers | Waverton Investment Management Limited 21 St James's Square London SW1Y 4HB |

The Trustees present their statutory report together with the accounts of the Carpenters' Company Charitable Trust for the year ended 30 June 2018.

The accounts have been prepared in accordance with the accounting policies set out on pages 12 to 15 of the attached accounts and comply 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 (FRS 102).

Structure, governance and management

The charity is governed by a trust deed dated 27 November 1978 which requires the Trustees to distribute the funds of the charity for charitable purposes as directed by the Court of The Worshipful Company of Carpenters.

Key management personnel

The overall responsibility for the charity lies with the Trustees who are appointed by The Worshipful Company of Carpenters and are listed on page 1. Trustees do not receive remuneration for their services. The appointment is of a voluntary nature and there shall be not less than three Trustees. Before their appointment, Trustees will have had considerable experience of the charity through their membership of the Court of The Worshipful Company of Carpenters. This experience will have been gathered over many years and their knowledge of the workings of the charity is extensive. Further training has been given during the year and is always available where appropriate. Professional advice is always sought where required.

The consideration of grants is delegated to the Charitable Grants Committee, which comprises the Master, Senior Warden, three elected members of the Court and up to four co-opted Liverymen of the Worshipful Company of Carpenters. This committee meets three times each year and also considers grant applications received by a connected charity, the Norton Folgate Trust. Day to day management is the responsibility of the Clerk to The Worshipful Company of Carpenters. The Clerk is remunerated by The Worshipful Company of Carpenters.

Risk management

The Trustees have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity, its investments and its finances. The Trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

The greatest risk facing the charity is external. Significant volatility in the investment market could lead to reduced income and impact on the charity's ability to meet its funding commitments, some of which are long term. To mitigate this risk, funding commitments are reviewed annually and strictly limited to the income generated in the previous year. The charity no longer faces significant internal risk, as its commitment for the running costs of the Building Crafts College is strictly limited. Other liabilities are reviewed constantly and no new commitments are accepted unless sufficient funds are available.

Structure, governance and management (continued)

Connected charities and related parties

The Worshipful Company of Carpenters is also responsible for the management and administration of three other registered charities, details of which are given in note 15 to the accounts.

The Worshipful Company of Carpenters owns land which it leases to the charity at a peppercorn rent. The charity's investment property which it has built on this land is leased to a connected charity, Building Crafts College. The charity also makes an annual grant to the College.

Objectives and activities

Subject to protecting the charity's capital base, the main objective for the year was to maximise the grants payable by the charity whilst ensuring that there are sufficient funds carried forward to meet the reserves policy outlined below.

The charity continues to own the long leasehold of the Building Crafts College in Stratford, which it holds as an investment.

The charity supports the Building Crafts College through an annual grant.

The Henry Osborne Award Fund provides an annual award for a student at the Guildhall School of Music and Drama.

The charity also makes other grants in accordance with the policy set out below.

Grant making policy

The charity awards grants to a wide range of educational and welfare activities. The majority of its income each year goes to the Building Crafts College, but the charity also maintains long-standing commitments to numerous other organisations, mainly in the Greater London area. Its priorities for grants of a more general nature are: Youth, Children, the Homeless and the Aged.

Public benefit statement

The Trustees confirm that they have complied with their duty under section 4 of the Charities Act 2011. They have considered the public benefit guidance published by the Charity Commission and believe that they have followed its guidance in this area. The Trustees' report gives a description of the activities undertaken by the charity during the year in furtherance of its charitable purposes, and the Trustees are satisfied that all such activities provide a public benefit.

Achievements during the year

The objectives, as set out above, were achieved during the current year. Grants were made to 20 institutions (2017 - one individual and 21 institutions). The capital base of the charity's investments has been preserved in order to maximise future income.

Financial review

A summary of the charity's results for the year can be found on page 9.

Total income for the year amounted to £1,422,078 (2017 - £1,502,701) which included donations under Gift Aid from The Worshipful Company of Carpenters of £454,985 (2017 - £410,373). Total expenditure during the year was £1,253,030 (2017 - £1,258,235) including £868,605 (2017 - £771,846) relating to the Building Crafts College.

Reserves policy

The balance sheet shows total funds of £30,749,943 comprising endowment funds of £22,792,800, restricted funds of £116,355, designated funds of £6,692,360 and general funds or 'free' reserves of £1,148,428.

The charity's commitments are reviewed annually and are strictly limited to the income generated in the previous year. The charity does not therefore have a requirement to hold free reserves.

Investment policy and performance

At 30 June 2018 the total market value of listed investments had increased to £22,792,800, including unrealised gains in the year of £1,487,354. The charity also has a leasehold investment property with a valuation of £6,500,000.

There are no restrictions on the charity's power to invest. The investment strategy is set by the Trustees and takes into account income requirements, risk profile and their view of the market prospects in the medium term. The overall investment policy is to provide a stable level of income.

The Trustees are satisfied that the performance of the charity's investment portfolio is in line with market conditions.

Future plans

The Trustees plan to continue the activities listed on the previous page.

The charity aims to increase the real value of its capital investments over time in order to generate increased income. This income will continue to be committed to good causes, of which the chief recipient is currently the Building Crafts College.

Trustees' responsibilities statement

The Trustees are responsible for preparing the Trustees' report and accounts 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 accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the Trustees are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- ♦ make judgements and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ♦ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the applicable Charity (Accounts and Reports) Regulations and the provisions of the charity's 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.

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

Approved by the Trustees and signed on their behalf by:



M R Mathews
Trustee

Approved by the Trustees on: 30 October 2018

Independent auditor's report to the Trustees of Carpenters' Company Charitable Trust

Opinion

We have audited the accounts of Carpenters' Company Charitable Trust (the 'charity') for the year ended 30 June 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ♦ give a true and fair view of the state of the charity's affairs as at 30 June 2018 and of its income and expenditure for the year then ended;
- ♦ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ♦ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts is not appropriate; or
- ♦ the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities 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 accounts; or
- ♦ sufficient accounting records have not been kept; or
- ♦ the accounts 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 Trustees' responsibilities statement, the Trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

30 Oct 2018

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

Statement of financial activities Year to 30 June 2018

| | Notes | Unrestricted funds £ | Restricted funds £ | Endowment funds £ | 2018 Total funds £ | 2017 Total funds £ |
|--|-------|-------------------------|-----------------------|----------------------|--------------------------|--------------------------|
| Income | | | | | | |
| Donations | 1 | 470,103 | 46,363 | — | 516,466 | 553,270 |
| Investment income | 2 | 905,612 | — | — | 905,612 | 949,431 |
| Total income | | <u>1,375,715</u> | <u>46,363</u> | <u>—</u> | <u>1,422,078</u> | <u>1,502,701</u> |
| Expenditure | | | | | | |
| Cost of raising funds | | | | | | |
| . Investment management costs | 3 | 172,309 | — | — | 172,309 | 279,809 |
| Charitable activities | | | | | | |
| . Grants payable | 4 | 1,036,721 | 44,000 | — | 1,080,721 | 978,426 |
| Total expenditure | | <u>1,209,030</u> | <u>44,000</u> | <u>—</u> | <u>1,253,030</u> | <u>1,258,235</u> |
| Net income (expenditure) before gains and losses on investments | | 166,685 | 2,363 | — | 169,048 | 244,466 |
| Gain on revaluation of investment property | 8 | 75,000 | — | — | 75,000 | 375,000 |
| Gains on listed investments | 8 | — | — | 1,353,936 | 1,353,936 | 1,819,682 |
| Net income (expenditure) and net movement in funds | | 241,685 | 2,363 | 1,353,936 | 1,597,984 | 2,439,148 |
| Reconciliation of funds: | | | | | | |
| Fund balances brought forward at 1 July 2017 | | 7,599,103 | 113,992 | 21,438,864 | 29,151,959 | 26,712,811 |
| Fund balances carried forward at 30 June 2018 | | <u>7,840,788</u> | <u>116,355</u> | <u>22,792,800</u> | <u>30,749,943</u> | <u>29,151,959</u> |

All of the charity's activities derived from continuing operations during the above two financial periods.

All recognised gains and losses are included in the above statement of financial activities.

Balance sheet 30 June 2018

| | Notes | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|--|-------|------------------|-------------------|------------------|-------------------|
| Fixed assets | | | | | |
| Investment property | 8 | | 6,500,000 | | 6,425,000 |
| Listed investments | 8 | | 22,792,800 | | 21,438,864 |
| | | | <u>29,292,800</u> | | <u>27,863,864</u> |
| Current assets | | | | | |
| Debtors | 9 | 475,779 | | 325,589 | |
| Short-term deposits | | 502,504 | | 502,504 | |
| Cash at bank and in hand | | 748,421 | | 752,362 | |
| | | <u>1,726,704</u> | | <u>1,580,455</u> | |
| Liabilities: | | | | | |
| Creditors: amounts falling due within one year | 10 | (269,561) | | (292,360) | |
| Net current assets | | | <u>1,457,143</u> | | <u>1,288,095</u> |
| Net assets | | | <u>30,749,943</u> | | <u>29,151,959</u> |
| The funds of the charity: | | | | | |
| Funds and reserves | | | | | |
| Capital funds: | | | | | |
| Endowment funds | 11 | | 22,792,800 | | 21,438,864 |
| Income funds: | | | | | |
| Restricted funds | 12 | | 116,355 | | 113,992 |
| Unrestricted funds | | | | | |
| . Designated funds | 13 | 6,692,360 | | 6,562,360 | |
| . General funds | | <u>1,148,428</u> | | <u>1,036,743</u> | |
| | | | <u>7,840,788</u> | | <u>7,599,103</u> |
| | | | <u>30,749,943</u> | | <u>29,151,959</u> |

Approved by the Trustees
and signed on their behalf by:



M R Mathews
Trustee

Approved on: 30 October 2018

Statement of cash flows Year to 30 June 2018

| | Notes | 2018 £ | 2017 £ |
|--|-------|------------------|------------------|
| Cash flows from operating activities: | | | |
| Net cash used in operating activities | A | (909,553) | (713,247) |
| Cash flows from investing activities: | | | |
| Investment income | | 905,612 | 948,889 |
| Proceeds from the disposal of investments | | 5,678,718 | 5,434,972 |
| Purchase of investments | | (5,698,258) | (5,417,115) |
| Net cash provided by Investing activities | | 886,072 | 966,746 |
| Change in cash and cash equivalents in the year | | (23,481) | 253,499 |
| Cash and cash equivalents at 1 July 2017 | B | 1,900,485 | 1,646,986 |
| Cash and cash equivalents at 30 June 2018 | B | 1,877,004 | 1,900,485 |

Notes to the statement of cash flows for the year to 30 June 2018.

A Reconciliation of net movement in funds to net cash provided by (used in) operating activities

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Net movement in funds (as per the statement of financial activities) | 1,595,184 | 2,439,148 |
| Adjustments for: | | |
| Gain on investment property | (75,000) | (375,000) |
| Gains on investments | (1,353,936) | (1,819,682) |
| Investment income | (905,612) | (949,431) |
| Increase in debtors | (150,190) | (57,394) |
| (Decrease)/increase in creditors | (19,999) | 49,112 |
| Net cash used in operating activities | (909,553) | (713,247) |

B Analysis of cash and cash equivalents

| | 2018 £ | 2017 £ |
|--|------------------|------------------|
| Cash at bank and in hand | 748,421 | 752,362 |
| Short term deposits | 502,504 | 502,504 |
| Cash held by investment managers | 626,079 | 645,619 |
| Total cash and cash equivalents | 1,877,004 | 1,900,485 |

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year 30 June 2018 with comparative information presented for the year ended 30 June 2017.

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

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

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

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the Trustees and management to make significant judgements and estimates.

The only item in the accounts where these judgements and estimates have been made is in respect to estimating the valuation of the investment property.

Assessment of going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The Trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The Trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant area of judgement that affects items in the accounts is detailed above. With regard to the next accounting period, the year ending 30 June 2019, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the Trustees' report for more information).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income recognition (continued)

Income comprises donations and investment income.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure recognition

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

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ♦ Expenditure on raising funds includes investment management fees.
- ♦ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include charitable grants and donations and support costs, including governance costs.

Charitable grants and donations are made where the Trustees consider there is real need following a review of the details of each particular case and comprise single year payments rather than multi-year grants. Grants and donations are included in the statement of financial activities when approved for payment and the intended recipient has either received the funds or been informed of the decision to make the grant. Provision is made for grants and donations approved but unpaid at the period end.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs comprise management costs incurred in respect of the grant making function.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are allocated in full to the charitable activity.

Investments

The charity's listed investments are basic financial instruments and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Realised gains (or losses) are calculated as the difference between disposal proceeds and their opening carrying value of their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains (or losses) are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Properties held for investment purposes are included in these accounts at fair value which is based on open market value.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

Fund structure

Endowment funds comprise monies which must be held as capital. Permanent endowment funds must be permanently retained by the Trustees and cannot normally be spent as if they were income. Where the Trustees have a power of discretion to convert endowed capital into income, the fund is known as an expendable endowment. Income arising from endowment funds is credited to general funds and applied for general purposes.

Principal accounting policies 30 June 2018

Fund structure (continued)

Restricted funds comprise monies raised for, or which have their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions.

Designated funds comprise monies set aside out of unrestricted funds for specific future purposes or projects.

1 Donations

| | Unrestricted funds £ | Restricted funds £ | Endowment funds £ | 2018 Total funds £ | 2017 Total funds £ |
|---|-------------------------|-----------------------|----------------------|--------------------------|--------------------------|
| Donation under Gift Aid from The Worshipful Company of Carpenters | 454,985 | — | — | 454,985 | 410,373 |
| Other donations | 15,118 | 46,363 | — | 61,481 | 142,897 |
| 2018 Total funds | 470,103 | 46,363 | — | 516,466 | 553,270 |
| 2017 Total funds | 516,027 | 37,243 | — | 553,270 | |

2 Investment income

| | Unrestricted funds £ | Restricted funds £ | Endowment funds £ | 2018 Total funds £ | 2017 Total funds £ |
|--------------------------------|-------------------------|-----------------------|----------------------|--------------------------|--------------------------|
| Rental income | 309,133 | — | — | 309,133 | 300,861 |
| Income from listed investments | 595,647 | — | — | 595,647 | 646,768 |
| Interest receivable | 832 | — | — | 832 | 1,802 |
| 2018 Total funds | 905,612 | — | — | 905,612 | 949,431 |
| 2017 Total funds | 949,431 | — | — | 949,431 | |

3 Investment management costs

| | Unrestricted funds £ | Restricted funds £ | Endowment funds £ | 2018 Total funds £ | 2017 Total funds £ |
|---------------------------|-------------------------|-----------------------|----------------------|--------------------------|--------------------------|
| Investment managers' fees | 148,966 | — | — | 148,966 | 150,835 |
| Investment property costs | 23,343 | — | — | 23,343 | 128,974 |
| 2018 Total funds | 172,309 | — | — | 172,309 | 279,809 |
| 2017 Total funds | 244,526 | — | 35,283 | 279,809 | |

4 Expenditure on charitable activities

| | Unrestricted funds £ | Restricted funds £ | 2018 Total funds £ | 2017 Total funds £ |
|---------------------------|-------------------------|-----------------------|--------------------------|--------------------------|
| Grants payable | 956,855 | 44,000 | 1,000,855 | 902,334 |
| Support costs | 70,936 | — | 70,936 | 69,592 |
| Governance costs (note 5) | 6,180 | — | 6,180 | 6,500 |
| Donations | 2,750 | — | 2,750 | — |
| 2018 Total funds | 1,036,721 | 44,000 | 1,080,721 | 978,426 |
| 2017 Total funds | 934,426 | 44,000 | 978,426 | |

Support costs comprise management costs incurred in respect of the grant-making function.

4 Expenditure on charitable activities (continued)

The charity makes grants to institutions in accordance with its grant-making policy set out in the Trustees' report.

The grants payable during the year can be analysed as follows:

| | Grants to institutions | | 2018 Total Funds | 2017 Total Funds |
|-------------------------|------------------------|-----------|------------------------|------------------------|
| | £ | No. | £ | £ |
| Building Crafts College | 868,605 | 1 | 868,605 | 771,846 |
| Other education | 62,300 | 4 | 62,300 | 30,000 |
| Other | 69,950 | 15 | 69,950 | 100,488 |
| | <u>1,000,855</u> | <u>20</u> | <u>1,000,855</u> | <u>902,334</u> |

Grants payable are analysed as follows:

| | Unrestricted funds £ | Restricted funds £ | 2018 Total funds £ | 2017 Total funds £ |
|------------------------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Craft activities | 889,105 | 44,000 | 933,105 | 815,846 |
| City of London | 13,000 | — | 13,000 | 15,000 |
| Religious organisations | 7,150 | — | 7,150 | 1,000 |
| Youth and children's organisations | 40,500 | — | 40,500 | 30,000 |
| Miscellaneous | 7,100 | — | 7,100 | 40,488 |
| 2018 Total funds | <u>956,855</u> | <u>44,000</u> | <u>1,000,855</u> | <u>902,334</u> |
| 2017 Total funds | <u>858,334</u> | <u>44,000</u> | <u>902,334</u> | |

The following material grants are included in the analysis above:

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Craft activities | | |
| Building Crafts College | 868,605 | 771,846 |
| Institute of Carpenters | 6,000 | 6,000 |
| Craft support including craft competition | 10,100 | 10,100 |
| Norton Folgate Trust | 44,000 | 44,000 |
| Other education | | |
| Carpenters & Docklands Centre | 15,000 | 15,000 |
| Carpenters Primary School | 15,500 | 15,000 |
| | <u>959,205</u> | <u>861,946</u> |

5 Governance costs

| | 2018 £ | 2017 £ |
|------------------------|-----------|-----------|
| Auditor's remuneration | 6,180 | 6,500 |

6 Trustees' remuneration and remuneration of key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Trustees and the Clerk of The Worshipful Company of Carpenters. None of the Trustees received any remuneration in respect of their services during the year nor any reimbursement of expenses (2017 - £nil) from the charity.

The Clerk is remunerated by The Worshipful Company of Carpenters.

7 Taxation

Carpenters' Company Charitable Trust is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

8 Fixed asset investments

At 30 June 2018 fixed asset investments comprised:

| | 2018 £ | 2017 £ |
|---|-------------------|-------------------|
| Leasehold investment property | 6,500,000 | 6,425,000 |
| Listed investments including cash held by investment managers | 22,792,800 | 21,438,864 |
| | <u>29,292,800</u> | <u>27,863,864</u> |

Movements on each category of investment are summarised below.

| | 2018 £ | 2017 £ |
|--------------------------------------|----------------------|----------------------|
| Leasehold investment property | | |
| Market value at 1 July 2017 | 6,425,000 | 6,050,000 |
| Revaluation gain | 75,000 | 375,000 |
| Market value at 30 June 2018 | <u>6,500,000</u> | <u>6,425,000</u> |
| Cost at 30 June 2018 | <u>5,578,312</u> | <u>5,578,312</u> |

The market value of the investment property at 30 June 2018 is based on an interim valuation by Daniel Watney, Chartered Surveyors.

8 Fixed asset investments (continued)

| | 2018 £ | 2017 £ |
|---|-----------------------|-----------------------|
| Listed investments | | |
| Market value at 1 July 2017 | 20,793,245 | 18,991,420 |
| Additions | 5,698,258 | 5,417,115 |
| Disposals (proceeds £5,678,718; realised loss £133,418) | (5,812,136) | (5,174,036) |
| Net unrealised investment gain | 1,487,354 | 1,558,746 |
| | <u>22,166,721</u> | <u>20,793,245</u> |
| Cash held by investment managers for reinvestment | 626,079 | 645,619 |
| Market value at 30 June 2018 | <u>22,792,800</u> | <u>21,438,864</u> |
| Cost of listed investments at 30 June 2018 | <u>17,186,725</u> | <u>16,199,346</u> |

The investments included above, all of which were listed on a recognised stock exchange, comprise:

| | 2018 £ | 2017 £ |
|---------------------------|-------------------|-------------------|
| Listed investments | | |
| UK equities | 3,723,145 | 3,692,220 |
| Overseas equities | 14,986,379 | 13,447,103 |
| UK fixed interest | 2,294,719 | 1,962,444 |
| UK property funds | 1,081,449 | 1,614,583 |
| Common investment funds | 81,029 | 76,895 |
| | <u>22,166,721</u> | <u>20,793,245</u> |

There are no investments that represent greater than 5% of the total holding (2017 – one investment of £1,126,602 in Reynolds American).

9 Debtors

| | 2018 £ | 2017 £ |
|----------------------------------|----------------|----------------|
| Due within one year | | |
| Due from Building Crafts College | 359,587 | 307,232 |
| Due from Norton Folgate Trust | 101,418 | — |
| Prepayments and accrued income | 13,081 | 16,833 |
| Other debtors | 1,693 | 1,524 |
| | <u>475,779</u> | <u>325,589</u> |

10 Creditors: amounts falling due within one year

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Due to The Worshipful Company of Carpenters | 72,931 | 69,402 |
| Other creditors and deferred income | 196,630 | 222,958 |
| | <u>269,561</u> | <u>292,360</u> |

11 Endowment funds

| | 2018 £ | 2017 £ |
|---------------------------|-------------------|-------------------|
| Permanent endowment fund | 81,029 | 76,895 |
| Expendable endowment fund | 22,711,771 | 21,361,969 |
| | 22,792,800 | 21,438,864 |

(a) Permanent endowment fund

| | At 1 July 2017 £ | Gains and losses £ | At 30 June 2018 £ |
|--------------------------|------------------------|--------------------------|----------------------------|
| Henry Osborne Award fund | 76,895 | 4,134 | 81,029 |

The Henry Osborne Award fund was established to provide income for an annual award for a student at the Guildhall School of Music and Drama. The fund must be retained indefinitely.

(b) Expendable endowment fund

| | At 1 July 2017 £ | Gains and losses £ | At 30 June 2018 £ |
|----------------|------------------------|--------------------------|----------------------------|
| Stratford fund | 21,361,969 | 1,349,802 | 22,711,771 |

The Stratford fund represents an original £10,000,000 donation to provide a regular source of income to meet the charity's commitments and charitable objectives. A donation of £108,154 was added to the fund in 2009.

The Trustees have a power of discretion to convert the capital into expendable income.

12 Restricted funds

| | At 1 July 2017 £ | Income £ | Expenditure £ | At 30 June 2018 £ |
|---|---------------------------|---------------|------------------|----------------------------|
| Carpenters' Livery Award fund | 111,780 | 39,563 | (40,000) | 111,343 |
| Sycamore fund | 1,972 | — | — | 1,972 |
| Stuckey Award fund | 200 | 4,800 | (2,000) | 3,000 |
| Ketless Award fund | — | 2,000 | (2,000) | — |
| Diamond Jubilee Fenland Black Oak Project | 40 | — | — | 40 |
| | 113,992 | 46,363 | (44,000) | 116,555 |

The Carpenters' Livery Award fund, the Sycamore fund and the Ketless Award fund comprise donations to provide funding for student fees at the Building Crafts College.

The Stuckey Award fund comprises an annual donation, which is to be spent on students attending the Building Crafts College.

The Diamond Jubilee Fenland Black Oak Project is a project to reclaim and dry a 5,000 year old oak tree in order that the resulting planks can be turned into a 44 foot long table. The project was based at the Building Crafts College but has now moved to a farm near Ely.

13 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the Trustees.

| | At 1 July 2017 £ | New designations £ | Investment gains £ | At 30 June 2018 £ |
|--------------------------|---------------------------|--------------------------|--------------------------|----------------------------|
| Investment property fund | 6,425,000 | — | 75,000 | 6,500,000 |
| Maintenance fund | 137,360 | 55,000 | — | 192,360 |
| | 6,562,360 | 55,000 | 75,000 | 6,692,360 |

The investment property fund represents the book value of the charity's investment property and funds designated for capital expenditure in the property. A decision was made to separate this fund from the general fund in recognition of the fact that the property is a long-term investment and as such its value should not be regarded as funds that would be realisable with ease.

The maintenance fund represents an amount set aside for the maintenance of the Building Crafts College. This fund represents two to five years of anticipated spend and is replenished annually. An annual grant to match this provision has been made by The Worshipful Company of Carpenters.

14 Analysis of net assets between funds

| | General funds £ | Designated funds £ | Restricted funds £ | Endowment funds £ | Total 2018 £ |
|--|-----------------------|--------------------------|--------------------------|-------------------------|--------------------|
| Fund balances at 30 June 2018 are represented by: | | | | | |
| Fixed asset investments | — | 6,500,000 | — | 22,792,800 | 29,292,800 |
| Current assets | 1,417,989 | 192,360 | 116,355 | — | 1,726,704 |
| Creditors: amounts falling due within one year | (269,561) | — | — | — | (269,561) |
| Total net assets | 1,148,428 | 6,692,360 | 116,355 | 22,792,800 | 30,749,943 |

15 Related party transactions

The Worshipful Company of Carpenters is responsible for the appointment of the Trustees of, or acts as a Trustee of, the following charities which are registered with the Charity Commission.

- ♦ Building Crafts College: No 312856
- ♦ Norton Folgate Trust: No 230990
- ♦ Rustington Convalescent Home: No 216865

Grants to Building Crafts College are disclosed in note 4. In addition rental income of £309,133 (2017 - £300,861) was receivable from Building Crafts College.

The Worshipful Company of Carpenters made payments under Gift Aid to the charity of £454,985 (2017 - £410,373) and levied a management charge on the charity of £70,936 (2017 - £69,592). The Company also leased land to the charity at a peppercorn rent.

The charity received £39,563 (2017 - £33,243) from Liverymen of The Worshipful Company of Carpenters for Livery Awards. In the year £40,000 (2017 - £40,000) was paid over to the Norton Folgate Trust from this restricted fund to be paid out in grants. The charity also paid a further £4,000 (2017 - £4,000) from unrestricted funds to the Norton Folgate Trust to be paid out in grants.

There were no other related party transactions. The amounts due from and to related parties are disclosed in notes 9 and 10 to the accounts.

16 Financial commitments

The charity is committed to paying grants of £82,000 (2017 - £20,000), subject to funds being available.