

THE MASTER CHARITABLE TRUST

REPORT AND FINANCIAL STATEMENTS

REGISTERED CHARITY NUMBER: 1139904

FOR THE YEAR ENDED 30th SEPTEMBER 2018

Messrs. Hoare Trustees
37 Fleet Street
London
EC4P 4DQ

**THE MASTER CHARITABLE TRUST
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**THE MASTER CHARITABLE TRUST
TRUSTEE'S ANNUAL REPORT
FOR THE YEAR ENDED 30th SEPTEMBER 2018**

Reference and administrative information

Dates of Deeds Declaration of Trust - 23rd December 2009
Deed of Amendment - 5th January 2011

Trustee Messrs. Hoare Trustees

Directors of Messrs. Hoare Trustees
A S Hoare
V E Hoare
S M Hoare
B S Hoare
A R Q Hoare
N I Macpherson

A new Trustee or director may be appointed at any time and notwithstanding that the total number of Trustees may exceed four. A Trustee shall cease to hold office if they are disqualified from acting as a Trustee by virtue of s178 Charities Act 2011 or is absent without the permission of the Trustee(s) from all their meetings held within a period of six months and the other Trustee(s) resolve(s) unanimously that their office be vacated.

Any new Trustee will be selected and vetted by the serving Trustee(s) as to their suitability and then in exercise of the powers given to them by the Trustee Act 1925 (as amended) appointed by Deed to be a Trustee jointly with the continuing Trustee(s).

At the time of appointment, the new Trustee(s) will be acquainted with the terms and conditions of the Charity as well as what will be expected of them in their new role.

Training is provided to the Trustee(s) on an on going basis.

Nature of Trust A registered charity, registered with the Charity Commissioners for England and Wales as number 1139904.

Principal Office Messrs. Hoare Trustees
37 Fleet Street
London
EC4P 4DQ

Independent Auditors Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers C. Hoare & Co.
37 Fleet Street
London
EC4P 4DQ

Solicitors Bates Wells Braithwaite LLP
10 Queen Street Place
London
EC4R 1BE

**THE MASTER CHARITABLE TRUST
TRUSTEE'S ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 30th SEPTEMBER 2018**

Report of the Trustee for the year ended 30th September 2018.

The Trustee of the Master Charitable Trust (the Charity) presents its report along with the financial statements of the charity for the year to 30th September 2018. The financial statements have been prepared in accordance with the accounting policies set out on page 10 and 11 and comply with the charity's Trust Deed, the Charities Act 2011 and the requirements of 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 issued in July 2014.

Structure, Governance and Management

The Charity's registration number is 1139904. The principal and registered address is 37 Fleet Street, London EC4P 4DQ. The Charity is governed by a Declaration of Trust dated 23rd December 2009 (as amended). The Trustee, who is stated on page 1, is responsible for the management of the Charity.

The Charity's finances encompass the General Endowment Fund and individual Giving Funds. The Giving Funds comprise a capital account, an income account and a Giving Account. The capital accounts are treated as expendable endowments under the Charities SORP, and all the Funds are unrestricted under the terms of the Trust Deed.

Donors have the ability to name their own Giving Fund subject to the Trustee's approval. Donors can make an initial lump sum contribution through cash, shares or other assets and replenish their Giving Fund when they wish. Donors will receive a charity "cheque book" in the name of the Giving Fund and Donors can choose to invest the funds in a professionally managed portfolio in order to grow their fund.

Objectives and Activities

The Declaration of Trust directs that the capital (expendable endowment) and income of the Charity is to be held on trust for the benefit of such exclusively charitable objects and purposes in any part of the world as the Trustee may in its absolute discretion think fit.

The Charity provides a simple and cost effective way for donors to manage their charitable donations retaining the ability to direct the investment strategy or appoint an investment manager. The in-built flexibility and the way in which the Bank's Philanthropy and Giving service is supporting customers throughout the process makes it easier for customers to be more philanthropic.

Many donors are attracted by the fact the Charity can be used to create an enduring legacy and appoint a successor.

Fundraising

The charity does not use third party fundraisers. A small amount of donations were received from the public as a result of specific programmes run internally by the charity. No complaints were received in the year regarding our fundraising practices.

Grant making policy

A wide variety of UK charitable causes have been supported. The policy is to make grants to UK registered charities or for charitable purposes in any part of the world as approved by the Trustee.

As required by the Charities Act 2011, the Trustee has referred to the Charity Commission's general guidance on public benefit when formulating the grant making policy. In particular, the Trustee has considered how grants can be made to ensure maximum benefit flows through to the intended ultimate beneficiaries. The grants benefit a number of public causes, as detailed in note 4. In shaping objectives and planning activities for the year, the trustee has considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

Achievements and Performance

During the year, the Trustee made donations totalling £10,631,786 to 368 registered charities (2017; £12,150,550 to 296). The Trustee is pleased with the ongoing progress made in the year and looks forward again to increasing the Charity in size and expanding the work with many other charities and foundations in the years to come.

Financial Review

The Trustee received donations during the year of £66,162,500 (2017; £19,117,463) which includes £816,146 of Gift Aid claims (2017; £1,220,876), and established a further nine Giving Funds with new expendable endowments totalling £50,054,585 bringing the number of Giving Funds to 57 at the year end. The net inflow of funds after recognised gains and losses amounted to £57,427,027 (2017; £10,676,114). The financial statements for the year are set out on pages 7 to 18.

Risk Management

Messrs. Hoare Trustees is responsible for the oversight of the risks faced by the Charity. Messrs. Hoare Trustees regularly review the risk position, internal controls assessment and compliance with relevant statutory and finance regulations.

The Charity has a risk-management process designed to identify the major risks that could impact on the aims in its Strategic Plan.

**THE MASTER CHARITABLE TRUST
TRUSTEE'S ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 30th SEPTEMBER 2018**

Risk Management (continued)

This process identifies the major risks the Charity faces, the likelihood of occurrence, the significance of the risk, and any mitigating controls that are in place. It also seeks to identify any actions and resources required to manage these risks further.

The Charity's investment activities are its main financial risk. This risk is managed, with the support of investment advisers, through: regular review of the investment policy; management of strategic asset allocation; risk measurement and reporting; independent valuation and performance reporting; diversification across a broad range of asset classes, geographies, investment managers and investment strategies.

To mitigate the possibility of any inappropriate donation being made, the Trustee undertakes certain due diligence on each benefitting charity to ensure that it is either a UK registered charity with the Charity Commission, an exempt charitable body (church or school etc) or a charity limited by guarantee. Where a donation is to be made to a foreign body or individual, more extensive due diligence is undertaken in accordance with HMRC guidelines.

Investment Policy and Performance

Under the terms of Clause 22 of the Trust Deed the Trustee is able to apply any money to be invested in the purchase of or at interest upon the security of such shares, stocks, funds, securities, land, buildings, chattels or other investments or property of whatever nature and wherever situate and whether involving liabilities or producing income or not, as it sees fit. For the avoidance of doubt, the Trustee may for investment purposes, pool all the property held by them under the terms of this Deed.

The Trustee has a policy statement in place for each of the Giving funds which is invested in line with the criteria and may differ for each fund. Performance is measured in accordance with the risk profile of each Trust Fund.

A donor may approach the Trustee with a suggestion of investing in a social investment project. Certain due diligence would then be carried out and the findings presented to the donor and Trustee. Once the donor and Messrs. Hoare Trustees are satisfied with the due diligence report both parties sign the report and the investment may proceed.

Reserves Policy

According to the Charity Commissioners guidance update in their Statement of Recommended Practice: "Accounting and Reporting by Charities" revised in July 2014, the Trust's expendable endowment is not considered part of the charity's free reserves. However, this endowment is a considerable sum, and the capital can be used at the discretion of the Trustee to fund any deficit on expenditure. It is therefore the view of the Trustee that the Trust does not need to hold any additional money in reserve.

Future Plans

In the medium to long term, the Trustee intends to increase the level of charitable donations by promoting increased participation and increasing the number of Giving funds.

Statement of Trustee's responsibilities

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

Charity law requires the Trustee to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- comply with applicable accounting standards, including FRS 102, subject to any material departures disclosed and explained in the financial statements;
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in business.

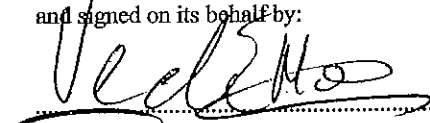

The Trustee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011.

The Trustee is 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.

Approved by the Trustee on:

and signed on its behalf by:

30th July 2019 Date

 Director
 Director

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF THE MASTER CHARITABLE TRUST
FOR THE YEAR ENDED 30th SEPTEMBER 2018**

Opinion

We have audited the financial statements of The Master Charitable Trust for the year ended 30 September 2018 which comprise the 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 Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the charity 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 trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustee has not disclosed in the financial statements 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 financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF THE MASTER CHARITABLE TRUST (CONTINUED)
FOR THE YEAR ENDED 30th SEPTEMBER 2018**

Matters on which we are required to report by exception (continued)

- the charity has not kept adequate accounting records; 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 required for our audit.

Responsibilities of trustee

As explained more fully in the trustee's responsibilities statement set out on page 3, the trustee is 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 trustee determines 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 trustee is 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 trustee either intends 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 financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Conclude on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF THE MASTER CHARITABLE TRUST (CONTINUED)
FOR THE YEAR ENDED 30th SEPTEMBER 2018**

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's trustee, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustee 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 any party other than the charity and charity's trustee as a body, for our audit work, for this report, or for the opinion we have formed.

Kingston Smith LLP

**Kingston Smith LLP
Statutory auditor**

31 July 2019

Devonshire House
60 Goswell Road
London
EC1M 7AD

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

THE MASTER CHARITABLE TRUST
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30th SEPTEMBER 2018

	Notes	Unrestricted Funds			Unrestricted Funds			Total Funds 2017
		General Fund	Income	Expendable Endowment	General Fund	Income	Expendable Endowment	Total Funds 2017
		£	£	£	£	£	£	£
Income and Expenditure								
INCOME AND ENDOWMENTS FROM:								
Donations and legacies:-								
Endowments received	2	21,455	-	66,141,045	26,250	-	19,091,213	19,117,463
Investment income	3	-	572,312	-	21	1,362,674	712	1,363,407
TOTAL INCOME		21,455	572,312	66,141,045	26,271	1,362,674	19,091,925	20,480,870
EXPENDITURE ON:								
Cost of raising funds								
Investment Management Costs	6	1,886	-	91,722	2,131	-	58,782	60,913
Charitable activities	4	-	10,543,920	-	638	12,387,467	-	12,388,105
TOTAL EXPENDITURE		1,886	10,543,920	91,722	2,769	12,387,467	58,782	12,449,018
NET OPERATING INCOME/(EXPENDITURE)		19,569	(9,971,608)	66,049,323	23,502	(11,024,793)	19,033,143	8,031,852
OTHER RECOGNISED GAINS/(LOSSES)								
Gains on Investments	8	15,534	-	1,305,408	22,365	-	2,627,625	2,649,990
Realised (loss) adjustment		-	-	-	(205)	-	(1,998)	(2,203)
Gains/(Losses) on Currency transactions		-	-	8,801	-	-	(3,525)	(3,525)
NET INCOME/(EXPENDITURE)		35,103	(9,971,608)	67,363,532	45,662	(11,024,793)	21,655,245	10,676,114
Gross transfer between Funds	10	(10,665)	10,005,481	(9,994,816)	(22,644)	9,869,971	(9,847,327)	-
NET MOVEMENT IN FUNDS		24,438	33,873	57,368,716	23,018	(1,154,822)	11,807,918	10,676,114
RECONCILIATION OF FUNDS								
Total funds brought forward		334,139	47,209	40,975,803	311,121	1,202,031	29,167,885	30,681,037
BALANCES CARRIED FORWARD		358,577	81,082	98,344,519	334,139	47,209	40,975,803	41,357,151

All amounts relate to continuing activities. All recognised gains and losses are included in the Statement of Financial Activities.

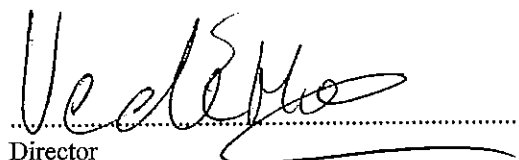
THE MASTER CHARITABLE TRUST
BALANCE SHEET
AS AT 30th SEPTEMBER 2018

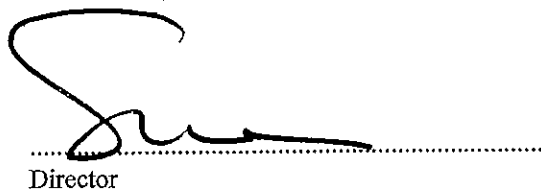
	Notes	2018 £	2017 £
FIXED ASSETS			
Listed Investments	8	39,855,104	29,428,513
Unlisted Investments	8	1,700,000	1,700,000
Programme Related Investments	9	<u>130,188</u>	<u>130,188</u>
		41,685,292	31,258,701
CURRENT ASSETS			
Cash at Bank		57,505,850	10,165,783
Sundry Debtors	11	<u>422,676</u>	<u>127,305</u>
		57,928,526	10,293,088
CURRENT LIABILITIES			
Creditors - falling due within one year	12	<u>608,982</u>	<u>134,638</u>
NET CURRENT ASSETS		<u>57,319,544</u>	<u>10,158,450</u>
Total assets plus current assets		99,004,836	41,417,151
NON CURRENT LIABILITIES			
Creditors - falling due after more than one year	12	<u>220,658</u>	<u>60,000</u>
NET ASSETS		<u><u>98,784,178</u></u>	<u><u>41,357,151</u></u>
UNRESTRICTED FUNDS			
General Endowment Fund		358,577	334,139
Giving Funds			
Expendable Endowment		98,344,519	40,975,803
Income Funds		<u>81,082</u>	<u>47,209</u>
		<u><u>98,784,178</u></u>	<u><u>41,357,151</u></u>

Approved by the Trustee and authorised for issue on:

and signed on its behalf by:

30th July 2019
 Date


 Director


 Director

THE MASTER CHARITABLE TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30th SEPTEMBER 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	14	55,864,603	6,706,935
Cash flows from investing activities			
Dividends and interest from investments	3	572,312	1,363,407
Proceeds from sale of fixed asset investments	8	24,624,330	9,880,141
Purchase of fixed asset investments	8	(33,729,979)	(18,378,924)
Purchase of programme related investments	9	-	(65,000)
Proceeds from sale of currency		5,372,862	2,411,144
Purchase of currency		(5,364,061)	(2,414,670)
Adjustment in proceeds from sale of fixed asset investments		-	(2,203)
Net cash (used in) investing activities		<u>(8,524,536)</u>	<u>(7,206,104)</u>
Change in cash and cash equivalents in the reporting period		47,340,067	(499,169)
Cash and cash equivalents at the beginning of the reporting period		<u>10,165,783</u>	<u>10,664,952</u>
Cash and cash equivalents at the end of the reporting period		<u><u>57,505,850</u></u>	<u><u>10,165,783</u></u>

The notes on pages 10 to 18 form part of these financial statements.

**THE MASTER CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2018**

1 ACCOUNTING POLICIES

(a) Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of investments being measured at fair value through income and expenditure within the Statement of Financial Activities.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charity is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance 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 (The FRS 102 Charities SORP) and the Charities Act 2011.

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

The principal accounting policies adopted in the preparation of the financial statements are set out below.

(b) Fund Structure

The General Endowment Fund is a fund which the Trustee is free to use in accordance with the charitable objects.

Giving Funds comprise those funds that Donors have donated to their Giving Fund. Whilst these funds are technically unrestricted, donors are able to request Messrs. Hoare Trustees to make payments and understand that these are not legally binding instructions. Within the Giving Funds, the expendable endowment represents those assets which are held for the longer term of the Trust, in accordance with the terms of the Declaration of Trust.

Income arising within the General Endowment Fund and Giving Funds can be used in accordance with the objects of the Trust as well as the expendable endowment, which can be spent in certain circumstances in fulfilment of the Trust's objects.

Any capital gains or losses arising on the investments held in the Expendable Endowment Fund form part of that Fund.

(c) Income

All income is recognised in the Statement of Financial Activities (SOFA) when the conditions for receipt have been met, the amount is measurable and receipt is probable. Where a claim for repayment of income tax has been or will be made, such income is grossed up for the tax recoverable. The following accounting policies are applied to different categories of income:

Grants and Donations Receivable

Grants and Donations are recognised in the SOFA when conditions for receipt have been complied with.

Investment Income

Interest receivable on deposit and securities is accounted for as it accrues. Dividend income receivable on securities is accounted for when received by the investment manager.

(d) Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. The following accounting policies are applied to the different categories of expenditure:

Costs of Raising Funds

The costs of raising funds consist of investment management and certain legal fees.

Charitable Activities

Donations payable are recognised when they are approved by the trustees and the recipient of the grant has been informed of the amount to be paid.

Governance Costs

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

**THE MASTER CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2018**

1 ACCOUNTING POLICIES (Continued)

(e) Fixed Assets

Investments are stated at market value at the Balance Sheet date. The SOFA includes the net gains and losses on revaluation and disposals throughout the year.

(f) Realised and Unrealised Gains and Losses

All gains and losses are taken to the SOFA as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later).

(g) Going concern

The Trustee has assessed whether the use of the going concern basis is appropriate and has considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The Trustee has made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the Trustee has considered the charity's forecasts and projections and have taken account of pressures on donation and investment income. After making enquiries the Trustee has concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

(h) Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

With the exceptions of prepayments and deferred income (which are not financial investments), all other debtor and creditor balances are considered to be basic financial instruments under FRS 102. See notes 11 and 12 for the debtor and creditor notes.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investment with original maturities of three months or less.

(j) Key Estimates and Judgements

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements.

In the view of the Trustee in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

2 ENDOWMENTS RECEIVED

	2018 £	2017 £
Cash:		
Donations received in year	57,787,999	8,569,240
Gift Aid reclaimable	816,146	1,220,876
Investments:		
Transferred into Trust at Market Value	7,558,355	9,327,347
	<u>66,162,500</u>	<u>19,117,463</u>

THE MASTER CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30th SEPTEMBER 2018

3 INVESTMENT INCOME

	2018 £	2017 £
Investment income	563,137	1,354,407
Trail commission rebates	-	733
Interest on cash deposits	9,175	8,267
	<u>572,312</u>	<u>1,363,407</u>

4 CHARITABLE ACTIVITIES

The charity undertook no direct charitable activities but awarded donations to a number of institutions in furtherance of its charitable activities.

	2018 £	2017 £
Grants made during the year	10,631,786	12,150,550
Previous years donation adjustments - UK Stem Cell Foundation part refund	(295,909)	-
- Starfish Group part refund	-	(22,500)
Direct programme costs	6,000	122,725
Support costs (see note 6)	202,043	137,330
	<u>10,543,920</u>	<u>12,388,105</u>

The total comprised grants to the following:

The prevention or relief of poverty	149,463	136,804
The advancement of education	2,170,356	7,143,718
The advancement of religion	1,557,731	915,655
The advancement of health or the saving of lives	1,118,847	1,947,629
The advancement of citizenship or community development	252,961	565,080
The advancement of the arts, culture, heritage or science	4,403,114	401,052
The advancement of amateur sport	70,090	122,090
The advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity	23,500	174,515
The advancement of environmental protection or improvement	170,385	108,905
The relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage	349,127	453,682
The advancement of animal welfare	198,782	141,600
The promotion of the efficiency of the armed forces of the Crown, or of the efficiency of the police, fire and rescue services or ambulance services	91,454	14,320
Any other charitable purpose	75,976	25,500

<u>10,631,786</u>	<u>12,150,550</u>
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	2018 £
Institutional Donations of £10,000 and over	
Ace Africa (UK)	10,000
Action for Stammering Children	15,000
Alfred Dunhill Links Foundation	<u>10,000</u>
Balance carried forward	35,000

THE MASTER CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30th SEPTEMBER 2018

4 CHARITABLE ACTIVITIES (continued)

	2018
Institutional Donations of £10,000 and over	£
Balance brought forward	35,000
Alzheimer's Research UK	23,075
Anna Mary's Adoptions	10,000
Barbados Community Foundation	25,000
Beauchamp College	50,000
British Association for Cemeteries in South Asia	25,000
Bududa Learning Center	18,055
Cambridge Science Centre	80,000
Cameron and Hayden Lord Foundation	37,873
Campaign for the Protection of Rural Wales	10,000
Charterhouse in Southwark	19,357
Chichester Festival Theatre	24,000
Child Rescue Nepal	10,312
Christopher & Dana Reeve Foundation	467,824
CLIC Sargent Cancer Care For Children	10,000
David Shepherd Wildlife Foundation	25,000
Desperate Greekies	35,000
Ealing Foodbank	60,000
Epic Foundation UK Ltd	10,000
Eton College	20,000
Fulham Palace Trust	21,250
Galapagos Conservation Trust	10,800
Glasgow Caledonian Univeristy	29,180
GLM Partnership	10,000
Gonville & Caius College	25,000
Governors For Schools	464,833
Greek Animal Rescue (UK)	46,000
Guy's & St Thomas' Charity	10,000
Help Our Cats and Dogs of Bosnia	20,000
Helpforce Community	50,000
Hod HaCarmel Educational Centre	770,690
Humanitas Charity	25,000
International Spinal Research Trust	50,000
Iranian and Kurdish Women's Rights Organisation	10,000
Jamie's Farm	15,000
Just Helping Children	32,000
Kilimanjaro Children's Foundation	19,580
London Youth Support Trust	30,000
Maz's Canine Rescue	10,000
Mondochallenge Foundation	15,000
Muscular Dystrophy Group of Great Britain and Northern Ireland	75,000
New York University	97,110
Nourish Community Foodbank Limited	19,340
Nubian Jak Community Trust Ltd	10,000
Paws2Rescue	10,000
Phases Social Enterprise	12,000
Place2Be	40,400
Prince's Teaching Institute	30,000
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	2,953,679

THE MASTER CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30th SEPTEMBER 2018

4 CHARITABLE ACTIVITIES (continued)

	2018
	£
Institutional Donations of £10,000 and over	
Balance brought forward	2,953,679
Prism The Gift Fund	35,000
Regenerate.com	15,000
Response Community Projects (Earls Court) Limited	39,284
Royal Academy of Arts	21,000
Royal Marsden Cancer Charity	10,900
Royal Opera House Covent Garden Foundation	482,370
Save the Children UK	10,000
Society of Jesus Trust of 1929 for Roman Catholic Purposes	10,000
Spirit Aid	10,000
SSAFA - Andover Division	50,000
St Lucius PCC, Farnley Tyas	10,000
Standout Programmes	12,100
Stewardship Services Ltd	1,501,000
Synchronicity Earth	50,000
Teach for All	10,000
Teenage Cancer Trust	50,000
The 10:10 Foundation	25,000
The Butterfly Tree	72,424
The Canada Memorial Foundation	50,000
The Countess of Brecknock Hospice Trust	50,000
The Dorset Natural History & Archaeological Society	30,000
The Ecology Trust	11,000
The English Heritage Trust	3,500,000
The Flying Seagull Project	50,000
The Foundation and Friends of the Royal Botanic Gardens, Kew	38,500
The Hilary Craft Charitable Foundation	10,000
The Institute of Economic Affairs	20,000
The Jewish Museum London	10,000
The Langley Academy	52,431
The London Library	150,000
The Machynlleth Tabernacle Trust	61,000
The Matt Hampson Foundation	12,000
The Neurokinex Charitable Trust	120,000
The Pepper Foundation	50,000
The Prince's Trust	25,000
The Rochester Cathedral Trust	50,000
The Sandy Lane Charitable Trust	38,000
The Sixteen	10,000
The Tennis & Rackets Association Limited	26,000
The Walled Garden Trust	46,623
The Warden & Scholars of St Mary College Winchester	29,000
The Zoological Society of London	16,000
Tusk Trust	12,000
University of Glasgow Trust	52,000
University of Oxford Development Trust	12,500
Welsh National Opera	10,000
Westminster Roman Catholic Diocesan Trust	10,441
	9,920,252

THE MASTER CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30th SEPTEMBER 2018

4 CHARITABLE ACTIVITIES (continued)

	2018
	£
Institutional Donations of £10,000 and over	
Balance brought forward	9,920,252
Winnie Mabaso Foundation	153,000
World Vasectomy Day, Inc.	15,302
Youth First Limited	30,000
	<u><u>10,118,554</u></u>

5 RELATED PARTY TRANSACTIONS

	2018	2017
	£	£
Donations received from a Director of the Trustee	78,750	31,250
Donations received from other charities where Messrs. Hoare Trustees are a Trustee:		
The Golden Bottle Trust (Charity Commission no. 327026)	825,000	50,000
	<u><u>903,750</u></u>	<u><u>81,250</u></u>

6 ANALYSIS OF SUPPORT COSTS

	2018	2017
	£	£
Enhance Investment Review Fees	-	600
Bank charges	92	130
Cost of printing voucher books	2,616	1,488
Miscellaneous expenses	225	681

GOVERNANCE COSTS

Trustee Administration Fee (including VAT)	178,055	118,342
Independent Auditor's Remuneration	14,000	11,900
Under/(Over) provision of previous years audit fee	130	(1,841)
Custody Fees	-	2,244
Legal Costs	6,925	3,786
	<u><u>202,043</u></u>	<u><u>137,330</u></u>

INVESTMENT RELATED FEES

Investment Management fees	90,753	60,913
Custody Fees	2,055	-
Enhance Investment Review Fees	800	-
	<u><u>93,608</u></u>	<u><u>60,913</u></u>

7 REMUNERATION OF TRUSTEE

For the year ended 30th September 2018, the Trustee charged £178,055 (2017; £118,342) for their administrative fees in accordance with the power given to them by virtue of clause 28.3 of the Declaration of Trust. No out of pocket expenses were reimbursed by the Charity.

THE MASTER CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30th SEPTEMBER 2018

8 FIXED ASSET INVESTMENTS

Movement in fixed asset investments	Listed	Unlisted	Total	
	£	£	2018	2017
Investments			£	£
Market Value Brought Forward	29,428,513	1,700,000	31,128,513	19,979,740
Investments gifted in	7,558,355	-	7,558,355	9,327,347
Add: Acquisition costs	26,171,624	-	26,171,624	9,051,577
Less: Disposal proceeds	(24,624,330)	-	(24,624,330)	(9,880,141)
Realised (losses)/gains on disposals	(438,210)	-	(438,210)	354,171
Unrealised gains:	1,759,152	-	1,759,152	2,295,819
Market Value Carried Forward	39,855,104	1,700,000	41,555,104	31,128,513
Historical cost as at 30th September 2018	37,362,828	1,700,000	39,062,828	27,615,860

The market value of investments to 30th September 2018 includes an investment of shares and unsecured loan notes in Darwin Acquisitions Limited, totalling £1.7million that was purchased on the 17th March 2014.

9 PROGRAMME RELATED INVESTMENTS

Movement in programme related investments

	2018	2017
	£	£
Unlisted programme related investments		
Value brought forward	130,188	65,188
Programme related investment acquired:		
1) 40,000 Adoption UK Charity 5% Fixed Rate Unsecured Loan Notes 2021	-	40,000
2) 25,000 Relational Analytics Subordinated Loan Notes	-	25,000
Value Carried Forward	130,188	130,188
Historical cost as at 30th September 2018	130,188	130,188

All of the programme related investments were held in the United Kingdom and are unlisted. They have therefore been valued at par.

- 1) Adoption UK is a leading charity providing support, community and advocacy for all those parenting or supporting children who cannot live with their birth parents.
- 2) Relational Analytics is a company whose aims and social objectives are measured in terms of improving relationships within the corporate environment on a worldwide basis.

Unlisted programme related investments held	2018	2017
	£	£
25,000 CW Renewable Energy EIS Fund	25,188	25,188
100 Greenwich Leisure Limited 2013 5% Bond	10,000	10,000
10,000 London Missional Housing Bond	10,000	10,000
39 Relational Analytics Ordinary £1 Shares	39	39
14,961 Relational Analytics Preference Shares of £1	14,961	14,961
33.33333 Oikocredit GBP Depository Receipts	5,000	5,000
40,000 Adoption UK Charity 5% Fixed Rate Unsecured Loan Notes 2021	40,000	40,000
25,000 Relational Analytics Subordinated Loan Notes	25,000	25,000
	130,188	130,188

THE MASTER CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30th SEPTEMBER 2018

10 FUND TRANSFERS

The Trustee made a transfer £10,665 from the General Endowment Fund as well as a transfer of £9,994,816 from the Expendable Endowment Fund, totalling £10,005,481 to the Giving Fund in order to meet the level of donations as suggested by donors and in accordance with the terms under which the Giving Funds are operated.

11 DEBTORS

	2018 £	2017 £
Cash due from Donors	-	85,000
Gift Aid tax reclaim	100,000	26,250
Investment income/interest due	1,897	1,017
Recoverable tax on investment income	24,777	11,485
Donations to be repaid	295,909	3,475
Brewin Dolphin Investment Management fee prepaid	93	78
	<u>422,676</u>	<u>127,305</u>

12 CREDITORS

	2018 £	2017 £
Due within one year		
Trustee Administration Fees	61,513	30,166
Independent Auditor's Remuneration	14,000	11,750
Investment Management Fees	27,320	14,364
Donation Committed - Exeter University (£60,000 for 2019)	60,000	60,000
- St Martin-in-the-Fields Trust	500	-
- Hod HaCarmel Educational Centre for Children	441,317	-
Consultancy fees	-	9,590
Legal fees	4,332	2,352
Overdistribution of funds from SG Kleinwort Hambros	-	6,416
	<u>608,982</u>	<u>134,638</u>
Due after one year		
Donation Committed - Exeter University (£60,000 for 2019)	-	60,000
- Hod HaCarmel Educational Centre for Children	220,658	-
	<u>220,658</u>	<u>60,000</u>

13 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	-----Unrestricted Funds-----				-----Unrestricted Funds-----			
	General Endowment Fund 2018	Income 2018 £	Expendable Endowment 2018 £	Total Funds 2018 £	General Endowment Fund 2017 £	Income 2017 £	Expendable Endowment 2017 £	Total Funds 2017 £
Fixed Assets								
Listed Investments	336,326	-	39,518,778	39,855,104	330,174	-	29,098,339	29,428,513
Unlisted Investments	-	-	1,700,000	1,700,000	-	-	1,700,000	1,700,000
Programme Related Investments	-	-	130,188	130,188	-	-	130,188	130,188
Current Assets								
Cash	27,606	81,082	57,397,162	57,505,850	7,430	47,209	10,111,144	10,165,783
Sundry Debtors	-	-	422,676	422,676	8	-	127,297	127,305
Creditors due within one year	(5,355)	-	(603,627)	(608,982)	(3,473)	-	(131,165)	(134,638)
Creditors due over one year	-	-	(220,658)	(220,658)	-	-	(60,000)	(60,000)
Total	<u>358,577</u>	<u>81,082</u>	<u>98,344,519</u>	<u>98,784,178</u>	<u>334,139</u>	<u>47,209</u>	<u>40,975,803</u>	<u>41,357,151</u>

THE MASTER CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30th SEPTEMBER 2018

14 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2018 £	2017 £
Net operating income	56,097,284	8,031,852
Investment Income	(572,312)	(1,363,407)
(Increase) in Debtors	(295,371)	(103,699)
Increase in Creditors	635,002	142,189
Net cash inflow from operating activities	<u><u>55,864,603</u></u>	<u><u>6,706,935</u></u>

15 POST BALANCE SHEET EVENT

Since the year end a further ten Giving Funds have been established with several more Giving Funds in the pipeline.