

**The Leathersellers'  
Company  
Charitable  
Fund**

**Annual Report and Accounts**

31 July 2019

Charity Registration Number  
278072

## Contents

Legal and administrative information	1
Trustees' report	3
Independent auditor's report	9

### **Accounts**

Statement of financial activities	12
Balance sheet	14
Statement of cash flows	15
Principal accounting policies	16
Notes to the accounts	20

## Legal and administrative information

<b>Trustees:</b>	<p>The Wardens and Society of the Mystery or Art of the Leathersellers of the City of London ('the Leathersellers' Company'). The management of the Leathersellers' Company and its function as Trustee is carried out through its Court of Assistants. Members of the Court of Assistants are listed on page 2.</p> <p>D M Santa-Olalla DSO MC (Clerk to the Leathersellers' Company)</p>
<b>Address:</b>	<p>7 St Helen's Place London EC3A 6AB</p>
<b>Auditor:</b>	<p>Buzzacott LLP 130 Wood Street London EC2V 6DL</p>
<b>Principal Banker:</b>	<p>HSBC Bank plc 100 Old Broad Street London EC2N 1BG</p>
<b>Investment Manager:</b>	<p>Rathbone Investment Management Limited 8 Finsbury Circus London EC2M 7AZ</p>
<b>Solicitor:</b>	<p>Farrer &amp; Co LLP 66 Lincoln's Inn Fields London WC2A 3LH</p>

## Members of the Court of Assistants

### To 17 July 2019

M J Bradly Russell FCA	Master
C C Barrow *	Second Warden
G A B Lister *	Third Warden^
C T G Williams	Fourth Warden^

M R Binyon OBE \*  
 C P Barrow  
 N R Pullman  
 M L B Emley  
 M P E Pellereau BSc FRICS  
 M W Pebody BA  
 Dr A Watson CBE  
 His Honour A C L Thornton QC  
 I A Russell MBE \*  
 A A Barrow  
 P B Newton BSc  
 A B Strong  
 M D J Dove BA FCA AKC  
 G G Bacon \*  
 R N Tusting MA Cantab  
 M G Williams  
 P G Williams  
 D H Barrow  
 Mrs C J Lennon \*  
 W J C Lang  
 R J Chard \*  
 Dr T J C Fooks FRCGP  
 H G Williams  
 J A M Muirhead OBE DL – appointed 6 March 2019

### From 17 July 2019

C C Barrow	Master
J A M Muirhead OBE DL *	Second Warden
M T Berman	Third Warden^
W R J Cock *	Fourth Warden^

M R Binyon OBE \*  
 C P Barrow  
 N R Pullman  
 M L B Emley  
 M P E Pellereau BSc FRICS  
 M W Pebody BA  
 Dr A Watson CBE  
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 A A Barrow  
 M J Bradly Russell FCA\*  
 A B Strong  
 M D J Dove BA FCA AKC \*  
 G G Bacon \*  
 R N Tusting MA Cantab  
 M G Williams  
 P G Williams  
 D H Barrow  
 Mrs C J Lennon \*  
 W J C Lang  
 R J Chard \*  
 Dr T J C Fooks FRCGP  
 H G Williams

^The Third and Fourth Wardens are Ex-Officio Members of the Court.

\*Members of the Charities Grants Committee.

## **Trustees' report** Year to 31 July 2019

The trustees present their annual report and accounts of The Leathersellers' Company Charitable Fund for the year ended 31 July 2019. The accounts have been prepared in accordance with the accounting policies set out on pages 16 to 19 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 United Kingdom and Republic of Ireland (FRS 102).

### **Objectives and activities for the public benefit, including grant making policy**

The charity's Declaration of Trust states that the "Trustees shall apply the Trust Fund and the income thereof for such purposes and objects being charitable at law as they in their absolute and uncontrolled discretion shall determine from time to time".

The charity endeavours to improve our communities, both locally and nationally, by encouraging social mobility through education and training; enriching life experiences through art and culture; preventing violence and social deprivation; and by empowering the disenfranchised through the support of those charities working at the margins of our society.

Grants are awarded by the trustees on the recommendation of its Charity Grants Committee, which includes a number of trustees.

The policy of the trustees is to provide support to a broad range of registered charities or educational establishments. At the same time support is provided to registered charities associated with the Leathersellers' Company, the leather and hide trades, education in leather technology and for the welfare of former workers in the industry and their dependants. Of grants awarded in 2019, 93% were to registered charities or educational establishments and 7% were to individuals.

Charitable grants are made to registered charities and individuals and are one of two types; a single grant or a multi-year grant. All multi-year grants are subject to annual review. In addition, the Charitable Fund provides management services free of charge to connected charities.

The trustees receive appeals from a wide range of registered charities and their policy is based upon the principle of making sure that the money goes to those areas most in genuine need and those decisions are based on thorough investigations, including visits to individual charities, coupled with common sense.

The charity relies on members of the Leathersellers' Company volunteering their time to sit on committees, review grant requests, visit applicants, beneficiaries and almshouses, and attend events involving beneficiaries.

The trustees set a budget for charitable giving at the start of the financial year and the objective is to distribute this in an efficient and effective manner within the agreed amount.

The trustees confirm that they have considered the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and believe the broad range and number of charities supported by the charity to be beneficial to the public at large.

### **Achievements during the year**

Total grants made during the year amounted to £3,235,000 (2018: £2,821,000). Grants to charities connected to The Leathersellers' Company Charitable Fund totalled £300,000 (2018: £300,000). Grants to charities associated with the Leather Trades totalled £140,000 (2018: £295,000).

## Trustees' report Year to 31 July 2019

### Achievements during the year (continued)

Further details of individual grants can be found on the Leathersellers' Company's website at: <https://leathersellers.co.uk/publications/>

Grants, analysed by type, as defined above, were as follows:

	2019		2018	
	£'000	No.	£'000	No.
<b>To charities:</b>				
Single	299	129	498	148
Multi-year	2,716	215	2,125	165
<b>Charity sub-total</b>	<b>3,015</b>	<b>344</b>	<b>2,623</b>	<b>313</b>
<b>To individuals</b>	<b>220</b>	<b>96</b>	<b>198</b>	<b>97</b>
<b>Total grants awarded in year</b>	<b>3,235</b>	<b>440</b>	<b>2,821</b>	<b>410</b>

Grants analysed by charitable sector were as follows:

	2019		2018	
	£'000	%	£'000	%
<b>Charitable Sector</b>				
Advice & Support	460	14	374	13
Education	1,268	39	1,023	36
Recreational	241	7	173	6
Heritage & Environment	51	2	33	1
Creative Arts	135	4	128	5
Criminal Justice & Rehabilitation	152	5	125	5
Disability	347	11	286	10
Homeless	195	6	165	6
Services Support & Rehabilitation	53	2	45	2
Leather Associated	140	4	295	10
Medicine & Health	193	6	174	6
<b>Total</b>	<b>3,235</b>	<b>100</b>	<b>2,821</b>	<b>100</b>

As noted above, the charity relies on members of the Leathersellers' Company volunteering their time to sit on committees, review grant requests, visit applicants, beneficiaries and almshouses, and attend events involving beneficiaries. A study last year estimated approximately 3,850 hours of voluntary time was given in this way.

### Financial Review

Total income for the year was £2,094,000 (2018: £1,938,000). This includes donations of £114,000 (2018: £46,000) and £28,000 (2018: £26,000) restricted income from investments. Grants awarded in the year totalled £3,235,000 (2018: £2,821,000), support costs were £203,000 (2018: £241,000), including governance costs of £16,000 (2018: £13,000), and investment management of funds cost £193,000 (2018: £187,000). The net expenditure for the year, before realised and unrealised gains, was £1,537,000 (2018: £1,311,000).

## **Trustees' report** Year to 31 July 2019

### **Financial Review** (continued)

Any gains and losses incurred on the investment property and the investment portfolios are retained within the endowment funds. For the listed investment portfolios, net realised and unrealised gains were £1,263,000 (2018: £4,082,000). There was £nil change in the value of the investment property in the year (2018: £nil).

The trustees confirm that the cash balances and investment funds were managed and invested in accordance with the trust deed, throughout the year.

### **Financing of Grants**

Grants are financed from income derived from rents, dividends and interest, and withdrawals from the investment portfolio. The trustees consider the Charitable Fund has sufficient assets to fulfil its obligations.

### **Fundraising statement**

The charity only fundraises with members of the Leathersellers' Company and therefore is not registered with the Fundraising Regulator and does not subscribe to any fundraising codes of practice. When donations from individuals are received, the charity aims to protect personal data and never sells data or swaps data with other organisations. The charity manages its own fundraising activities. The charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2019, the charity received no complaints about fundraising activities.

### **Reserves Policy**

The balance sheet shows total funds of £65,397,000 (2018: £65,671,000) comprising permanent endowment funds of £550,000 (2018: £563,000), expendable endowment funds of £64,599,000 (2018: £64,925,000), restricted funds of £7,000 (2018: £5,000), and general funds or 'free' reserves of £241,000 (2018: £178,000).

Although the expendable endowment is a capital fund by nature, it is held on terms which allow the trustees to draw on it to provide additional resources to fund charitable spending which cannot be fully met from income. It is anticipated that capital growth of the expendable endowment will, over the long term, exceed that required to protect it from the effects of inflation. On that basis, it will be appropriate to continue to allocate some of that growth to support expenditure without reducing the impact of the fund for future generations. There is, therefore, no strategic need to hold significant reserves and the general funds are considered sufficient to cover the day to day needs of the charity for liquid funds.

### **Investment Policy and performance**

The charity's commitment is to continuing long term charitable giving. In order to sustain this objective, the investment strategy is to maximise total return over the long term.

The leasehold land held as investment property is shown at market value as estimated by the trustees as at 31 July 2019 based on professional advice. It is the trustees' long held policy to retain an interest in property within the City of London. This provides a minimum rental income sufficient to provide approximately one quarter of the present commitment to charitable giving.

## **Trustees' report** Year to 31 July 2019

### ***Investment Policy and performance (continued)***

The equity investment portfolios are independently professionally managed to generate the maximum total return over the long term, consistent with prudent levels of risk. The trustees have agreed an asset allocation benchmark with the investment portfolio manager and investment performance is measured against market indices. The investment portfolio manager's target is to exceed benchmark performance by 1% per annum.

The total return on the equity portfolio, before fees, for the twelve months to 30 June 2019 was 3.9% against a benchmark of 5.4% (50% FTSE All Share, 40% FT World ex UK, 10% FTSE Emerging). Over the three-year period to 30 June 2019 the portfolio returned 39.0% against a benchmark of 38.3%.

### **Future plans**

The charity regularly reviews its support to registered charities through its Charities Grants Committee. Annual reviews with recipients of multi-year grants confirm that the Charitable Fund is assisting organisations in an effective manner.

A budget has been set for Charitable giving of over £3,000,000 for the year to 31 July 2020.

The trustees have embarked on a review of grant making policy and the scope and responsibilities of their grant making. It is proposed that this will result in an updated Mission Statement and Criteria together with updated guidelines for the Charities, Education and Leather grant making committees. This will be reported upon further on the website and in next year's accounts.

### **Structure, governance and management**

The Trust is an unincorporated trust, constituted under a trust deed dated 7 February 1979 and is a registered charity, number 278072.

The Leathersellers' Company fulfils its role as trustee by way of its Court of Assistants (see page 2) and various working committees drawn from members of the Company. The decisions of the trustees are put into effect by the staff of the Charitable Fund and the staff of the Leathersellers' Company. Day to day management is the responsibility of the Clerk to the Company.

The Leathersellers' Company keeps the skill requirements for the Trustee Body under review. In the event that a Court member retires, new members are elected from the Livery in accordance with the constitution of the Leathersellers' Company.

Following their election, newly-appointed Court Members are briefed by the Clerk on their role and responsibilities as trustees of the Leathersellers' Company Charitable Fund. In addition, trustees receive a welcome pack which includes a copy of the trust deed, last year's annual report and accounts, and a copy of the Charity Commission's guidance to being a trustee. Periodic briefings and courses are also provided for trustees.

### ***Key management personnel***

The key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis are the trustees, the Clerk of the Leathersellers' Company and the Head of Philanthropy. No trustee remuneration was paid in the year by the charity. The Clerk is remunerated by the Leathersellers' Company. The remuneration of the Head of Philanthropy is reviewed annually by the remuneration sub-committee of the Leathersellers' Company.



## **Trustees' report** Year to 31 July 2019

### **Structure, governance and management** (continued)

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

The trustees have reviewed the major risks to which the charity is exposed relating to the operations of the charity, its investments and its finances. The trustees believe that by examining the specific and general business and operational risks faced by the charity, by ensuring controls exist over the financial systems and safe custody of the charity's assets and investments, and by monitoring the reserves of the charity, they have established effective means to mitigate those risks. The trustees are aware of the charity's continued reliance on services provided by the Leathersellers' Company and have sought and received assurance of their continuance.

The principal risk faced by the charity lies in the performance of investments. The trustees consider the variability of investment returns on the endowment funds to constitute the charity's major financial risk. This is mitigated by retaining expert investment managers and having a diversified investment portfolio.

#### ***Connected charities***

The charity is connected to other registered charities by virtue of common control and/or shared management.

Details of connected charities and transactions between the charity and its trustees and connected charities are given in Note 14 to the accounts.

#### **Statement of trustees' responsibilities**

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:

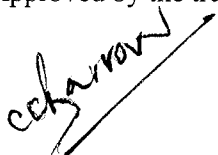
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable 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.

## **Trustees' report** Year to 31 July 2019

### **Statement of trustees' responsibilities** (continued)

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which 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 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.

Approved by the trustees on 6 November 2019 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'ccbarrow', with a long horizontal line extending to the right.

C C Barrow

Master

The Leathersellers' Company (Trustee)

## **Independent auditor's report** 31 July 2019

### **Independent auditor's report to the Trustees of the Leathersellers' Company Charitable Fund**

#### **Opinion**

We have audited the accounts of Leathersellers' Company Charitable Fund (the 'charity') for the year ended 31 July 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the accounts, 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 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 31 July 2019 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.

## **Independent auditor's report** 31 July 2019

### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report 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' annual 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.

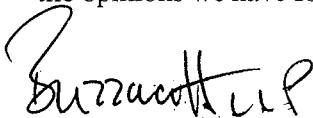
## **Independent auditor's report** 31 July 2019

### **Auditor's responsibilities for the audit of the accounts** (continued)

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](http://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

Date: 14 / 11 / 19

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 31 July 2019

	Notes	General fund £'000	Restricted funds £'000	Expendable endowment funds £'000	Permanent endowment funds £'000	Total funds 2019 £'000	Total funds 2018* £'000
<b>Income:</b>							
Donations		30	84	-	-	114	46
Investment income	1	1,952	28	-	-	1,980	1,892
<b>Total income</b>		<b>1,982</b>	<b>112</b>	<b>-</b>	<b>-</b>	<b>2,094</b>	<b>1,938</b>
<b>Expenditure:</b>							
<i>Cost of raising funds</i>							
Investment management costs		-	-	193	-	193	187
<i>Expenditure on charitable activities</i>							
Charitable grant making	2	3,328	110	-	-	3,438	3,062
<b>Total expenditure</b>		<b>3,328</b>	<b>110</b>	<b>193</b>	<b>-</b>	<b>3,631</b>	<b>3,249</b>
<b>Net (expenditure) income before transfers</b>		<b>(1,346)</b>	<b>2</b>	<b>(193)</b>	<b>-</b>	<b>(1,537)</b>	<b>(1,311)</b>
Transfer between funds	9	1,409	-	(1,409)	-	-	-
<b>Net income (expenditure) before gains on investments</b>		<b>63</b>	<b>2</b>	<b>(1,602)</b>	<b>-</b>	<b>(1,537)</b>	<b>(1,311)</b>
Net realised and unrealised gains (losses) on investment portfolios	6	-	-	1,276	(13)	1,263	4,082
<b>Net income (expenditure) and net movement in funds</b>		<b>63</b>	<b>2</b>	<b>(326)</b>	<b>(13)</b>	<b>(274)</b>	<b>2,771</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward as at 1 August 2018		178	5	64,925	563	65,671	62,900
<b>Total funds carried forward as at 31 July 2019</b>		<b>241</b>	<b>7</b>	<b>64,599</b>	<b>550</b>	<b>65,397</b>	<b>65,671</b>

### Continuing operations

None of the Fund's activities were permanently acquired or discontinued during the above two financial years.

### Total recognised gains and losses

All recognised gains and losses are included within the Statement of Financial Activities.

\*See following page for analysis by fund type.

# Statement of financial activities Year to 31 July 2018

	Notes	General fund £'000	Restricted funds £'000	Expendable endowment funds £'000	Permanent endowment funds £'000	Total funds 2018 £'000
<b>Income:</b>						
Donations		1	45	-	-	46
Investment income	1	1,866	26	-	-	1,892
<b>Total income</b>		<b>1,867</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>1,938</b>
<b>Expenditure:</b>						
Cost of raising funds						
Investment management costs		-	-	187	-	187
Expenditure on charitable activities						
Charitable grant making	2	2,989	73	-	-	3,062
<b>Total expenditure</b>		<b>2,989</b>	<b>73</b>	<b>187</b>		<b>3,249</b>
<b>Net expenditure before transfers</b>		<b>(1,122)</b>	<b>(2)</b>	<b>(187)</b>	<b>-</b>	<b>(1,311)</b>
Transfer between funds	9	931	-	(931)	-	-
<b>Net expenditure before gains on investments</b>		<b>(191)</b>	<b>(2)</b>	<b>(1,118)</b>	<b>-</b>	<b>(1,311)</b>
Net realised and unrealised gains on investment portfolios	6	-	-	4,076	6	4,082
<b>Net (expenditure) income and net movement in funds</b>		<b>(191)</b>	<b>(2)</b>	<b>2,958</b>	<b>6</b>	<b>2,771</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward as at 1 August 2017		369	7	61,967	557	62,900
<b>Total funds carried forward as at 31 July 2018</b>		<b>178</b>	<b>5</b>	<b>64,925</b>	<b>563</b>	<b>65,671</b>

## Balance sheet 31 July 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Fixed assets</b>					
Investment property at market value	5		14,480		14,480
Investment portfolios at market value	6		50,932		51,235
			65,412		65,715
<b>Current assets</b>					
Debtors		5		5	
Cash at bank and in hand		498		309	
		503		314	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	7	(518)		(358)	
<b>Net current liabilities</b>			(15)		(44)
<b>Total assets less current liabilities</b>			65,397		65,671
<b>The funds of the charity:</b>					
Permanent endowment funds	8		550		563
Expendable endowment funds	9		64,599		64,925
Restricted funds	10		7		5
Unrestricted funds					
General fund			241		178
<b>Total charity funds</b>			65,397		65,671

Approved by the trustees on 6 November 2019 and signed on their behalf by:



C C Barrow

Master

The Leathersellers' Company (Trustee)



## Statement of cash flows 31 July 2019

	Notes	2019 £'000	2018 £'000
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(3,357)	(3,196)
<b>Cash flows from investing activities:</b>			
Investment income		1,980	1,892
Proceeds from the disposal of investments		6,979	5,130
Purchase of investments		(3,276)	(4,171)
Net cash provided by investing activities		5,683	2,851
<b>Change in cash and cash equivalents in the year</b>		2,326	(345)
<b>Cash and cash equivalents at 1 August 2018</b>	B	365	710
<b>Cash and cash equivalents at 31 July 2019</b>	B	2,691	365

Notes to the statement of cash flows for the year to 31 July 2019.

### A Reconciliation of net movement in funds to net cash used in operating activities

	2019 £'000	2018 £'000
Net movement in funds (as per the statement of financial activities)	(274)	2,771
<b>Adjustments for:</b>		
Gains on investments	(1,263)	(4,082)
Investment income	(1,980)	(1,892)
Increase in creditors	160	7
Net cash used in operating activities	(3,357)	(3,196)

### B Analysis of cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	498	309
Cash held by investment managers	2,193	56
Total cash and cash equivalents	2,691	365

## **Principal accounting policies** 31 July 2019

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 to 31 July 2019 with comparatives presented for the year ended 31 July 2018.

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 thousand pounds.

### **Critical accounting estimates and areas of judgement**

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

The only material item in the accounts where such judgements and estimates have been made is in respect to estimating the market value 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 at least 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 areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 July 2020, 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 and property markets (see the investment policy and the risk management sections of the trustees' report for more information).

## **Principal accounting policies** 31 July 2019

### **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 comprises donations and investment income, including rental income and income from listed investments.

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

Rental income is recognised on the accruals basis.

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. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Interest on bonds and 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 based on a percentage of funds under management.
- ◆ 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 support costs, including governance costs.

All expenditure is stated inclusive of irrecoverable VAT.

Charitable grants are made to registered charities and individuals and are one of two types; a single grant or a multi-year grant. All multi-year grants are subject to annual review.

Grants are charged in the year that the trustees approve them and they are communicated to recipients except for the portion of any multi-year grants which are subject to annual review. Provision is made for those grants which are unpaid at the period end. Grants which are subject to review in the year in which they are to be paid are disclosed as financial commitments (see note 12).

## **Principal accounting policies** 31 July 2019

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

Support costs represent the general management and governance costs which are attributable to the selection of grant recipients, continuing liaison with them on the use of funds, their further needs and, in some cases, maintenance of staged payments.

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, including governance costs, are allocated in proportion to the grants payable.

### **Fixed asset investments**

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

As noted above the main form of financial risk faced by the charity is that of volatility in equity and other investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning investments and within particular sectors or sub sectors.

Properties held for investment purposes are included in these accounts at open market value. The valuation has been determined by the trustees, with professional assistance.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date.

### **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.

### **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.

## **Principal accounting policies** 31 July 2019

### **Fund structure**

#### Endowment funds

Endowment funds comprise monies which must be held as capital. Permanent endowment funds must be permanently retained by the trustees and cannot 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, except where the terms of the endowment state that it must be used for specific purposes, when the income is credited to restricted funds.

#### Restricted funds

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

#### General fund

The general fund comprises unrestricted accumulated surpluses and deficits on continuing activities. It is available for use at the discretion of the trustees in furtherance of the charity's objectives.

### **Pension costs**

Contributions in respect of the defined contribution scheme are charged to the statement of financial activities in the year in which they are payable to the scheme.

Contributions in respect of the defined benefit scheme are charged to the statement of financial activities in the year in which they are payable to the scheme, as the scheme is a multi-employer scheme and it is not possible to identify, on a consistent and reasonable basis, the charity's share of the underlying assets and liabilities of the scheme.

### **Taxation**

The Leathersellers' Company Charitable Fund is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable and investing activities, as they fall within the various exemptions available to registered charities.

## Notes to the accounts 31 July 2019

### 1 Investment income

	General fund £'000	Restricted funds £'000	Total 2019 £'000	General fund £'000	Restricted funds £'000	Total 2018 £'000
Rents from UK investment property	609	-	609	753	-	753
Income from investment portfolios	1,341	28	1,369	1,112	26	1,138
Bank deposit interest	2	-	2	1	-	1
	<b>1,952</b>	<b>28</b>	<b>1,980</b>	<b>1,866</b>	<b>26</b>	<b>1,892</b>

### 2 Expenditure on charitable activities: charitable grant making

	Grants payable £'000	Support costs £'000	Total 2019 £'000	Grants payable £'000	Support costs £'000	Total 2018 £'000
Advice & Support	460	29	489	374	32	406
Education	1,268	80	1,348	1,023	87	1,110
Recreational	241	15	256	173	15	188
Heritage & Environment	51	3	54	33	3	36
Creative Arts	136	8	144	128	11	139
Criminal Justice & Rehabilitation	152	10	162	125	11	136
Disability	346	22	368	286	24	310
Homelessness	195	12	207	165	14	179
Services Support & Rehabilitation	53	3	56	45	4	49
Leather Associated	140	9	149	295	25	320
Medicine & Health	193	12	205	174	15	189
2019 Total funds	<b>3,235</b>	<b>203</b>	<b>3,438</b>	<b>2,821</b>	<b>241</b>	<b>3,062</b>

Analysis of grants payable:

	Grants to institutions		Grants to individuals		Total 2019 £'000
	No.	£'000	No.	£'000	
Advice & Support	61	460	-	-	460
Education	70	1,048	96	220	1,268
Recreational	28	241	-	-	241
Heritage & Environment	18	51	-	-	51
Creative Arts	22	136	-	-	136
Criminal Justice & Rehabilitation	15	152	-	-	152
Disability	51	346	-	-	346
Homelessness	19	195	-	-	195
Services Support & Rehabilitation	10	53	-	-	53
Leather Associated	12	140	-	-	140
Medicine & Health	38	193	-	-	193
	<b>344</b>	<b>3,015</b>	<b>96</b>	<b>220</b>	<b>3,235</b>

## Notes to the accounts 31 July 2019

### 2 Expenditure on charitable activities: charitable grant making (continued)

	<i>Grants to institutions</i>		<i>Grants to individuals</i>		<i>Total 2018 £'000</i>
	<i>No.</i>	<i>£'000</i>	<i>No.</i>	<i>£'000</i>	
<i>Advice &amp; Support</i>	51	374	-	-	374
<i>Education</i>	56	825	97	198	1,023
<i>Recreational</i>	27	173	-	-	173
<i>Heritage &amp; Environment</i>	14	33	-	-	33
<i>Creative Arts</i>	22	128	-	-	128
<i>Criminal Justice &amp; Rehabilitation</i>	12	125	-	-	125
<i>Disability</i>	48	286	-	-	286
<i>Homelessness</i>	20	165	-	-	165
<i>Services Support &amp; Rehabilitation</i>	6	45	-	-	45
<i>Leather Associated</i>	16	295	-	-	295
<i>Medicine &amp; Health</i>	41	174	-	-	174
	313	2,623	97	198	2,821

Grants payable to individuals within Education includes restricted expenditure of £110,000 (2018: £73,000).

## Notes to the accounts 31 July 2019

### 2 Expenditure on charitable activities: charitable grant making (continued)

Grants payable include the following grants of £20,000 or more.

	2019 Total £'000	2018 Total £'000
<b>Advice &amp; Support</b>		
Iranian & Kurdish Women's Rights	20	20
Womens' Work (Derbyshire)	20	-
<b>Creative Arts</b>		
Guildhall School Trust	25	25
Oily Cart	20	20
<b>Criminal Justice &amp; Rehabilitation</b>		
Bounce Back Foundation	-	20
Fine Cell	20	20
Switchback	20	20
Key4Life	20	-
<b>Education</b>		
Baytree Centre	20	20
Colfe's School *	300	300
Fitzwilliam College	125	32
Leathersellers' Federation of Schools	152	150
St Catherine's College	125	157
RCN Foundation	20	-
<b>Disability</b>		
Stable Family Home Trust	-	25
Response Organisation	25	-
<b>Medicine and Health</b>		
Guys Gifts	30	-
<b>Homelessness</b>		
House of St Barnabas	25	25
Baron's Court Project	20	-
<b>Leather Associated</b>		
Cockpit Arts	22	21
National Leather Collection	-	20
University of Northampton	51	194
<b>Recreational</b>		
Ebony Horse Club	20	20
Edmonton Eagles Amateur Boxing	20	20
Brunswick Club	25	-
<b>Total of aggregate grants £20,000 and over</b>	<b>1,125</b>	<b>1,109</b>
<b>Other aggregate grants under £20,000</b>	<b>1,890</b>	<b>1,514</b>
<b>Grants to 96 individuals under the Leathersellers' University Exhibitions Scheme</b>	<b>220</b>	<b>198</b>
	<b>3,235</b>	<b>2,821</b>

Charities marked \* above are 'connected charities' as defined by the Charities SORP FRS 102.



## Notes to the accounts 31 July 2019

### 3 Support costs

	2019 £'000	2018 £'000
Staff costs (note 4)	162	159
Leathersellers' Company Management charge	44	50
Governance costs – Auditor's remuneration	16	13
VAT recovery re prior year costs	(40)	-
Other costs	21	19
	<b>203</b>	<b>241</b>

### 4 Staff costs and remuneration of key management personnel

	2019 £'000	2018 £'000
Staff costs were:		
Salaries	117	119
Social security costs	11	10
Pension contributions	32	25
Medical insurance	2	5
	<b>162</b>	<b>159</b>

The average number of employees during the year was 3 (2018: 3). One employee earned between £60,000 and £70,000 in the year (2018: one) including taxable benefits but excluding employer's pension contributions and employer's national insurance contributions.

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, the Clerk to the Leathersellers' Company and the Head of Philanthropy.

No trustees received any remuneration or reimbursement of expenses from the charity for their services as a trustee. The Clerk is remunerated by the Leathersellers' Company. The employment costs of key management personnel, including taxable benefits, employer's pension contributions and employer's national insurance contributions were £63,025 (2018 - £83,814).

### 5 Investment property

	2019 £'000	2018 £'000
UK long leasehold land and buildings		
Market value at 1 August 2018 and at 31 July 2019	<b>14,480</b>	<b>14,480</b>
Historic cost of investment properties at 31 July 2019	<b>4,977</b>	<b>4,977</b>

The investment property was valued at its estimated market value by the trustees at 31 July 2019 based on professional advice.

## Notes to the accounts 31 July 2019

### 6 Investment portfolios

	2019 £'000	2018 £'000
<b>Investments</b>		
Market value at 1 August 2018	51,179	48,056
Add: Purchases at cost	3,276	4,171
Less: Proceeds from sales	(6,979)	(5,130)
Net realised and unrealised gains	1,263	4,082
Market value of investments at 31 July 2019	48,739	51,179
Cash held by managers at 31 July 2019	2,193	56
<b>Total market value at 31 July 2019</b>	<b>50,932</b>	<b>51,235</b>
<b>Total historic cost of investments at 31 July 2019</b>	<b>28,619</b>	<b>30,757</b>

The investment portfolios at market value comprises:		
UK investments listed on a recognised stock exchange (Rathbones & M&G)	23,915	26,389
Overseas investments listed on a recognised stock exchange (Rathbones)	24,643	24,582
Unquoted investments (Goldman Sachs)	181	208
	48,739	51,179
Cash	2,193	56
	50,932	51,235

The quoted investments are held:		
Directly	22,440	25,826
Indirectly, through unit and investment trusts	26,118	25,145
	48,558	50,971

The following investment holdings were material in the context of the investment portfolios as at 31 July 2019:

	2019 £'000	2019 %	2018 £'000	2018 %
Findlay Park America Fund (Sterling Hedged & Unhedged)	4,328	8.5	3,737	7.3
iShares S&P 500 (US)	3,531	6.9	3,618	7.1
Rathbone Global Opportunities	4,648	9.1	4,074	8.0

### 7 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Rents received in advance	136	123
VAT payable and other taxes	159	43
Other creditors	223	192
	518	358

## 8 Permanent endowment funds

	Balance at 1 August 2018 £'000	Gains and losses £'000	Balance at 31 July 2019 £'000
Ann Elliott and Others Trust	563	(13)	550
	<i>Balance at 1 August 2017 £'000</i>	<i>Gains and losses £'000</i>	<i>Balance at 31 July 2018 £'000</i>
<i>Ann Elliott and Others Trust</i>	<i>557</i>	<i>6</i>	<i>563</i>

The above permanent endowment fund represents 41% of the endowments of the Ann Elliott and Others Trust, transferred under a Charity Commission Scheme dated 6 November 2006. Income arising on the endowment fund is to be used for educational grants to individuals and is therefore credited to restricted funds.

## 9 Expendable endowment funds

	Balance at 1 August 2018 £'000	Gains and losses £'000	Transfers £'000	Balance at 31 July 2019 £'000
The Leathersellers' Company Funds	64,925	1,083	(1,409)	64,599
	<i>Balance at 1 August 2017 £'000</i>	<i>Gains and losses £'000</i>	<i>Transfers £'000</i>	<i>Balance at 31 July 2018 £'000</i>
<i>The Leathersellers' Company Funds</i>	<i>61,967</i>	<i>3,889</i>	<i>(931)</i>	<i>64,925</i>

The above funds represent an original amount of £15,170, enhanced by an additional amount of £500,000, together with realised and unrealised gains. The trustees have the power to spend the capital; income arising on the funds is credited to unrestricted funds. The transfer of £1,409,000 (2018 - £931,000) from the expendable endowment fund to the general fund represents a withdrawal of £1,350,000 (2018 - £850,000) from the quoted investment portfolio and realisations of £59,000 (2018 - £81,000) from the unquoted portfolio.

## Notes to the accounts 31 July 2019

### 10 Restricted funds

	Balance at 1 August 2018 £'000	Income £'000	Expenditure £'000	Balance at 31 July 2019 £'000
University Exhibitions fund	5	112	(110)	7
	<i>Balance at 1 August 2017 £'000</i>	<i>Income £'000</i>	<i>Expenditure £'000</i>	<i>Balance at 31 July 2018 £'000</i>
<i>University Exhibitions fund</i>	<i>7</i>	<i>71</i>	<i>(73)</i>	<i>5</i>

The above fund represents income from the Robert Rogers Educational Foundation and income arising from the endowments of the Ann Elliott and Others Trust, to be expended in the form of grants to individuals as specified in the original trust deeds.

### 11 Analysis of net assets between funds

	Permanent endowment funds £'000	Expendable endowment funds £'000	Restricted funds £'000	General fund £'000	Total 2019 £'000
Investment property	-	14,480	-	-	14,480
Investment portfolios	550	50,119	-	263	50,932
Debtors	-	-	-	5	5
Cash at bank and in hand	-	-	7	491	498
Creditors	-	-	-	(518)	(518)
	<b>550</b>	<b>64,599</b>	<b>7</b>	<b>241</b>	<b>65,397</b>

	<i>Permanent endowment funds £'000</i>	<i>Expendable endowment funds £'000</i>	<i>Restricted funds £'000</i>	<i>General fund £'000</i>	<i>Total 2018 £'000</i>
<i>Investment property</i>	<i>-</i>	<i>14,480</i>	<i>-</i>	<i>-</i>	<i>14,480</i>
<i>Investment portfolios</i>	<i>563</i>	<i>50,445</i>	<i>-</i>	<i>227</i>	<i>51,235</i>
<i>Debtors</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>5</i>	<i>5</i>
<i>Cash at bank and in hand</i>	<i>-</i>	<i>-</i>	<i>5</i>	<i>304</i>	<i>309</i>
<i>Creditors</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(358)</i>	<i>(358)</i>
	<i>563</i>	<i>64,925</i>	<i>5</i>	<i>178</i>	<i>65,671</i>

## Notes to the accounts 31 July 2019

### 12 Financial commitments

As at 31 July 2019, grant commitments payable from future income are as follows:

	2019 £'000	2018 £'000
Payable in the year ending 31 July:		
2019	-	2,119
2020	2,212	1,724
2021	1,380	966
2022	652	-
	<b>4,244</b>	<b>4,809</b>

### 13 Pension scheme

The Leathersellers' Company operates a defined benefit scheme, "The Leathersellers' Company (1973) Pension Fund", for its employees and former employees, and for the former employees of its associated charities, including the Charitable Fund. The Scheme was closed to new members with effect from 31 December 2002 and has been closed to future accrual from 31 July 2019. New employees are able to join a defined contribution scheme. Accordingly, there were no persons in current employment in the pension scheme as at 31 July 2019 (2018: 2).

This scheme is a multi-employer scheme. It is not possible to identify the charity's share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The scheme has therefore been accounted for as a defined contribution scheme. Of the 2 active members in the scheme in the year prior to 31 July 2019, none were employees of the charity (2018 – none). Two former employees of the charity are pensioner members of the scheme.

The funds are invested with PSigma Investment Management with an asset allocation agreed with the Pension Fund Trustees. The contributions are determined on the basis of triennial valuations by a qualified actuary using the attained age method. The employers' contribution rate was 41.3% and the employees' contribution rate was 4% of pensionable pay. The total charge for the year in these accounts is £nil (2018: £ nil).

Some details concerning the scheme as a whole are set out below. The information is based upon the latest triennial actuarial valuation of the scheme updated to 31 July 2019 by a qualified independent actuary using FRS 102 guidelines.

	2019 £'000	2018 £'000
Market value of assets	4,354	4,190
Present value of scheme liabilities	(5,669)	(5,217)
Deficit in the scheme - net pension liability	<b>(1,315)</b>	<b>(1,027)</b>

The latest triennial valuation, as at 1 August 2016, was carried out by Mrs. C James, Fellow of the Institute of Actuaries, using the attained age method. The ongoing fund value at the date of valuation was £3,718,000 which represented an ongoing funding level of 68% and a deficit of £1,760,000.

The principal actuarial assumptions used in the updated valuation were a discount rate of 2.00% per annum and inflation assumptions of 3.50% RPI and 2.70% CPI per annum. All pensions accrued up to 31 July 2005 will increase at the rate of 4% per annum compound when in the course of payment or the RPI if higher, with a maximum of 5% - the assumption adopted for the valuation was 2.25%. Pensions accruing from 1 August 2005 will increase at a maximum rate of 2.5% per annum compound or RPI if lower – actuarial assumption was 4.25%.

## Notes to the accounts 31 July 2019

### 14 Related party transactions

There are two leases between the Leathersellers' Company and the Charitable Fund which have been in place throughout the year. The rent payable to the Company under these leases is a proportion of rents received by the Charitable Fund in the year. The rent receivable is shown net of the rent payable as both relate to the same property. During the year, the rent payable by the Charitable Fund to the Company was £107,000 (2018: £123,000) and the Charitable Fund was charged a management charge of £44,000 (2018: £50,000) by the Company. At the year end, rent prepaid to the Company totalled £15,000 (2018: £15,000).

There was one connected charity (2018: one) which received a grant during the year. £300,000 (2018: £300,000) was awarded to Colfe's School.

Income for the year of £47,000 (2018: £45,000) was received for the University Exhibitions fund from The Robert Rogers Educational Foundation (for which the Leathersellers' Company is the sole trustee) and of £37,000 from the Robert Rogers & Elizabeth Grasvenor Trust for which the Leathersellers' Company is the sole trustee.

There were no other related party transactions in the year or prior year and no outstanding balances due to or from connected charities as at 31 July 2019 or 31 July 2018.