

**Charity number: 1127514**

## **The Marcela Trust**

**Trustees' report and financial statements**

**for the year ended 31 July 2021**

# **The Marcela Trust**

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## **The Marcela Trust**

### **Reference and administrative details of the Charity, its Trustees and advisers for the year ended 31 July 2021**

#### **Trustees**

Mrs J Franklin MBE  
Mr B A Groves (deceased 14 April 2021)  
Mrs D P Rose  
Mr M R Spragg  
Mr P Hotham

#### **Charity registered number**

1127514

#### **Principal office**

The Trustees' Office  
The Marcela Trust  
East Hill House  
76 High Street  
Colchester  
CO1 1UF

#### **Independent auditors**

Kreston Reeves LLP  
Chartered Accountants  
Springfield House  
Springfield Road  
Horsham  
West Sussex  
RH12 2RG

#### **Bankers**

HSBC Bank UK  
16 Goring Road  
Worthing  
West Sussex  
BN12 4AW

#### **Solicitors**

Dean Wilson  
Ridgeland House  
165 Dyke Road  
Brighton  
BN3 1TL

## **The Marcela Trust**

### **Trustees' report for the year ended 31 July 2021**

The trustees present their annual report together with the audited financial statements of the The Marcela Trust for the 1 August 2020 to 31 July 2021.

#### **Objectives and activities**

##### **a. Policies and objectives**

In December 2009 the Trust received a donation of 95.5% of the share capital of Omarca Investment Holdings Limited, a dormant intermediary holding company which holds 100% of the shares of OMC Investments Limited. The principal activities of OMC Investments Limited, which was founded in 1971, are property investment, management and development and the operation of three hotels through its subsidiary companies. Both Omarca Investment Holdings Limited and OMC Investments Limited are companies registered in England and Wales.

The Trust is named after Marcela Botnar (1928-2014), the wife of the founder of OMC Investments Limited, Octav Botnar (1913-1998). The aim of the Trust is to administer donations received from OMC Investments Limited which are made from that Company's operating profits. The trustees do not actively fundraise. Restricted donations are administered in accordance with the wishes of the donor. In the absence of any restrictions, the trustees are empowered to invest the funds in accordance with Trust Law as they deem fit and to support charitable activities and organisations of merit and integrity, at their discretion in accordance with the Trust Deed and having due regard for the public benefit guidance published by the Charity Commission for England and Wales.

In setting objectives and planning for activities, the trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

##### **b. Grant-making policies**

Since the Trust's inception in 2009, the trustees have made grants using restricted and unrestricted funds donated by OMC Investments Limited, administering restricted funds in accordance with the wishes of the donor and unrestricted funds to support charitable activities and organisations of merit and integrity, at their discretion in accordance with the Trust Deed.

##### **c. Main activities undertaken to further the Charity's purposes for the public benefit**

In setting objectives and planning for activities, the trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

The trustees consider that through its aims and the donations it has made, the Trust has provided public benefit. Specifically, through donations made in previous financial years, the Trust has provided clear public benefit by funding projects in the fields of medical research, the Arts, education and the relief of poverty in disadvantaged communities. All of the beneficiaries of the Trust's donations rely fundamentally, if not exclusively, on financial support from the charitable and not for profit sectors in order to fund the services, research, activities and philanthropic work they carry out.

## **The Marcela Trust**

### **Trustees' report (continued) for the year ended 31 July 2021**

#### **Achievements and performance**

##### **a. Main achievements of the Charity**

Donations of £200,000 (2020: £Nil) were received from OMC Investments Limited in the financial year. Donations from the Trust to other charitable organisations and activities amounting to £Nil (2020: £426,280) were made in the year in furtherance of the Trust's legal purposes and for the public benefit, as explained below.

##### **b. Performance review**

A consolidated statement of financial activities is presented on page 12.

Charitable donations made by the Trust are administered in accordance with the wishes of the donor in the case of restricted donations and in the the case of unrestricted donations, in accordance with the Trust Deed and at the trustees' discretion, as explained in this report.

As the Trust is the ultimate majority shareholder of the trading and investment company, OMC Investments Limited, the results of that company and its subsidiary companies are consolidated into the financial statements of the Marcela Trust. How the consolidated figures impact on the Trust's accounts is explained in the Notes to the Financial Statements.

The Directors' Report included in the Financial Statements of OMC Investments Limited outlines the significant factors affecting that company's performance and outlook and the trustees are kept informed of the company's activities at trustee meetings during the year.

##### **c. Impact of Covid-19 on the Charity**

The trustees' policy is to make donations from cash resources in the Charity's bank account and always to leave funds available for the administration and audit of the Charity. This reduces the risk of financial exposure. The Trust has no direct operational activities which could represent other direct risk exposure.

The Trust's main asset is 95.5% of the shares of Omarca Investment Holdings Limited, which is a dormant intermediary holding company which owns 100% of the shares of OMC Investments Limited. OMC Investments Limited's principal activities are property investment, management and the operation of three hotels through its subsidiary companies.

The risks to which OMC Investments Limited is exposed are therefore by extraction, indirect risks for the Marcela Trust. According to the accounts of OMC Investments Limited, the major risk to which the company is currently exposed is the effect of the Covid-19 pandemic on daily life, on the businesses of its tenants and its operating companies and on the wider national economy until the pandemic retreats.

The directors of OMC Investments Limited consider that the Company remains fundamentally robust and barring any further serious force *majeur events*, revenues and profits will improve in the coming year.

## **The Marcela Trust**

### **Trustees' report (continued) for the year ended 31 July 2021**

#### **Achievements and performance (continued)**

##### **d. Performance and impact of subsidiary undertakings**

OMC Investments Limited makes charitable donations to the Trust from its annual operating profits and the Trust administers the donations. The trustees do not actively fund raise.

In the financial year ended 31 July 2021 the Company reported a loss of £3,425,337. The trading figures of OMC Investments Limited's two subsidiary companies which operate hotels in Leeds and Colchester (a loss of £412,622 and a profit of £119,597 respectively) are consolidated in the results of OMC Investments Limited.

The Company's business activities and those of many of its tenants, continued to be adversely impacted by the effects of the Covid-19 pandemic, which resulted in several further months of national lockdown and additional regional trading, socialising and travel restrictions and curfews during the financial year.

Tenants engaged in the hospitality and travel sectors have been the most severely affected. Hotels and indoor restaurants were forced to close entirely for the month of November 2020 then again from 26 December 2020 until 17 May 2021. Little international travel has been possible or practicable during the year until very recently.

The demand for office space in London continued to be weak throughout the period due to the Governments' continued advice for people to work from home where possible. This has affected the Company's ability to let the remaining available office space at Robert Street, WC2.

The Company conducted negotiations with individual tenants on a case by case basis on the matter of rent arrears. Support was particularly focussed on smaller independent tenants in the hospitality and travel sectors, whose businesses have suffered exceptionally and disproportionately from pandemic-driven trading restrictions and closures. Agreements and compromises have been reached with the majority of tenants at the time of writing and no tenant has been lost due to irretrievable financial difficulty or inability to reach a compromise on rent arrears. Barring any further *force majeure* events, rent payments are forecast to return to and remain at previous levels going forwards.

The Company's own hotel and restaurant businesses have suffered from the trading restrictions and closures during the financial year, as report in the Financial Statements of those companies.

During the year, one new investment property in Central London was acquired and two high street lease renewals were completed.

A donation of £200,000 was made to the Marcela Trust late in the financial year.

Post year end the Company has successfully completed two new high street lettings and acquired a small income-producing estate in Ipswich town centre.

A forecast has been prepared for the next twelve months. The directors are confident that despite the setbacks and difficulties caused by the Covid-19 pandemic, the Company remains robust and barring any further serious *force majeure* events, revenues and profits will improve over the course of the coming year.

##### **e. Investment policy and performance**

The trustees are empowered to invest the funds of the Trust in stocks, shares, securities, debts, options or other investments as they consider fit and in accordance with Trust Law. The trustees have had no significant funds to invest in the current year. The uncommitted funds at the year end were held in the Trust's bank account in readiness for charitable donations post year end and in order to discharge audit and accountancy fees.

## **The Marcela Trust**

### **Trustees' report (continued) for the year ended 31 July 2021**

#### **Financial review**

##### **a. Going concern**

After making appropriate enquiries, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

##### **b. Reserves policy**

###### **The Trust**

Since its inception in 2009, the Trust's sole source of income has been represented by donations received from OMC Investments Limited. The Trust has no operating activities of its own and its only unavoidable overheads are audit and accountancy fees, insurance and bank charges. At the year end the Trust had unencumbered funds on deposit of £212,439 (2020: £17,520).

###### **The Group**

The reserves of the OMC Investments Limited sub group are £66,655,970 (2020: £70,710,333). This is largely represented by investment and development properties and properties used within the group totalling £55,265,329 (2020: £57,154,485) and net current assets of £11,390,641 (2020: £13,555,848). The directors of the group manage the property portfolio with the aim of maintaining and improving the value and earning potential of the portfolio for the longer term while maintaining a cautious attitude to risk and making donations from income, subject to ongoing and future investment considerations, to the Marcela Trust to fund the Trust's charitable donations.

##### **c. Principal risks and uncertainties**

The trustees have reviewed the major potential financial risks to which the Trust may be exposed and systems and procedures are in place to mitigate such risks. The Trust currently has no direct operational activities which could represent other risk exposure.

The Trust's main asset is 95.5% of the shares of Omarca Investment Holdings Limited, which is a dormant intermediary holding company which owns 100% of the shares of OMC Investments Limited. OMC Investments Limited's principal activities are property investment, management and the operation of three hotels through its subsidiary companies.

The risks to which OMC Investments Limited is exposed are therefore by extraction, indirect risks for the Marcela Trust. According to the accounts of OMC Investments Limited, the major risk to which the company is exposed is the effect of the Covid-19 pandemic on daily life, on the businesses of the company's tenants and its operating companies and on the wider national economy, until the pandemic retreats.

The directors consider the Company's investment portfolio, across well-located high street retail, strongly positioned leisure and office locations in Central London, Central Leeds and a number of market towns, represents a reasonable risk profile under normal circumstances.

##### **d. Principal funding**

The Trust received donations amounting to £200,000 in the financial year (2020: £Nil) from OMC Investments Limited. The donations meet and correspond with the objectives of the Trust which are for general charitable purposes and in the case of restricted donations, are administered in accordance with the donor's wishes.

## **The Marcela Trust**

### **Trustees' report (continued) for the year ended 31 July 2021**

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

##### **a. Constitution**

The Marcela Trust is a registered charity, number 1127514, and is constituted under a Trust deed.

##### **b. Methods of appointment or election of trustees**

The management of the Group and the Charity is the responsibility of the trustees who are elected and co-opted under the terms of the Trust deed.

##### **c. Organisational structure and decision-making policies**

The Trust was established by Deed on 1st December 2008 as amended by a Deed of Amendment dated 5 January 2009. It was formed for general charitable purposes in the expectation that it was to receive a donation of shares in Omarca Investment Holdings Limited. It is registered by the Charity Commission under Registration Number 1127514.

The Trustees are responsible for the appointment of trustees and meet periodically during the year when funds become available for making donations and/or to discuss progress reports from beneficiaries of the Trust and other important issues. The day to day management of the Trust is undertaken by the trustees. Appropriate induction and training of new trustees is undertaken as necessary. Trustees who acted during the year are listed at the beginning of the report.

##### **d. Pay policy for key management personnel (including those of subsidiaries)**

The Trustees consider that they, together with the directors of the subsidiary company OMC Investments Limited, comprise the Key Management Personnel (see Note 11 to the accounts). The Trustees give their time freely. The pay and remuneration of the directors of OMC Investments Limited are set by the Board and are reviewed annually based on the nature, role and extent of the respective director's responsibilities and comparable remuneration levels in relevant industry sectors.

#### **Plans for future periods**

Charitable activity in the coming financial year will depend on the level of donations, if any, received from OMC Investments Limited. The trustees do not actively fund raise. Unencumbered funds held at the year end are sufficient to discharge the Trust's audit and accountancy fees, insurance and bank charges. On receipt of donations from OMC Investments Limited the trustees expect to continue to support charitable activities and organisations of merit and integrity at their discretion (or in the case of restricted donations in accordance with the wishes of the donor) in accordance with the general charitable purposes set out in the Trust Deed and having due regard for the public benefit guidance published by the Charity Commission for England and Wales.



## **The Marcela Trust**

### **Trustees' report (continued) for the year ended 31 July 2021**

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

The trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Charity and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

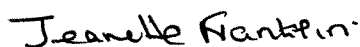
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the Group and the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Disclosure of information to auditors**

Each of the persons who are trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Approved by order of the members of the board of trustees and signed on their behalf by:



.....  
**Mrs J Franklin MBE, Trustee**

Date: 22-12-21

## **The Marcela Trust**

### **Independent auditors' report to the Members of The Marcela Trust**

#### **Opinion**

We have audited the financial statements of The Marcela Trust (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 July 2021 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Charity balance sheet, the Consolidated statement of cash flows and the related notes, 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).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charity's affairs as at 31 July 2021 and of the Group's incoming resources and application of resources, including 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### **Emphasis of matter**

We draw attention to Note 15 of the financial statements, which describes the valuation of the Investment Property class of fixed assets and the impact of COVID-19. Our opinion is not modified in respect of this matter.

## **The Marcela Trust**

### **Independent auditors' report to the Members of The Marcela Trust (continued)**

#### **Other information**

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The trustees are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

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

#### **Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Group's and the parent 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 Group or the parent charity or to cease operations, or have no realistic alternative but to do so.

**Independent auditors' report to the Members of The Marcela Trust (continued)**

**Auditors' responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

*Capability of the audit in detecting irregularities, including fraud*

Based on our understanding of the charity, the group and their sectors as a whole, and through discussion with the Trustees and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to employment law, health and safety, anti-bribery, GDPR, the Companies Act and the Charity Commission. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities SORP (FRS 102) Second Edition (released October 2019), and other relevant charity legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks related to management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of subsidiaries and valuation of investment properties, as well as posting inappropriate journal entries to increase revenue or reduce expenditure within the trading subsidiaries' accounts. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations including health and safety and fraud, and review of the reports made by management; and
- Assessment of identified fraud risk factors; and
- Checking and reperforming the reconciliation of key control accounts for trading subsidiaries; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Reviewing the fair value of investments held in subsidiary companies, with reference to their net assets at the reporting date; and
- Reading minutes of meetings of those charged with governance and reviewing correspondence with relevant tax and regulatory authorities; and
- Obtaining and reviewing bank audit confirmation letters to verify cash at bank levels at the reporting date; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Proof in total workings and substantive testing conducted on income streams for trading subsidiaries; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

**Independent auditors' report to the Members of The Marcela Trust (continued)**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment 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 purpose of expressing an opinion of 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 trustees.
- Conclude on the appropriateness of the trustees' 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 Auditors' 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 Auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

## **The Marcela Trust**

### **Independent auditors' report to the Members of The Marcela Trust (continued)**

#### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 Auditors' 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 its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

**Kreston Reeves LLP**  
Chartered Accountants  
Statutory Auditor  
Horsham

6 January 2022

Kreston Reeves LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

## The Marcela Trust

### Consolidated Statement of financial activities for the year ended 31 July 2021

	Note	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
<b>Income from:</b>				
Other trading activities	4	4,517,319	4,517,319	4,999,359
Investments	6	14,802	14,802	40,845
<b>Total income</b>		<b>4,532,121</b>	<b>4,532,121</b>	<b>5,040,204</b>
<b>Expenditure on:</b>				
Raising funds	7	4,419,049	4,419,049	4,825,699
Charitable activities		5,070	5,070	431,320
<b>Total expenditure</b>		<b>4,424,119</b>	<b>4,424,119</b>	<b>5,257,019</b>
<b>Net income/(expenditure) before taxation</b>		<b>108,002</b>	<b>108,002</b>	<b>(216,815)</b>
Taxation	13	45,365	45,365	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>153,367</b>	<b>153,367</b>	<b>(216,815)</b>
Losses on revaluations of fixed assets		(4,012,811)	(4,012,811)	-
<b>Net movement in funds</b>		<b>(3,859,444)</b>	<b>(3,859,444)</b>	<b>(216,815)</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward		70,723,653	70,723,653	70,940,468
Net (expenditure)/income attributable to Parent Charity		155,243	155,243	(226,515)
Net losses attributable to Parent Charity		(3,831,675)	(3,831,675)	-
		<b>67,047,221</b>	<b>67,047,221</b>	<b>70,713,953</b>
Net income attributable to Non-controlling interest		(1,876)	(1,876)	9,700
Net losses attributable to Non-controlling interest		(181,136)	(181,136)	-
<b>Total funds carried forward</b>		<b>66,864,209</b>	<b>66,864,209</b>	<b>70,723,653</b>

The Consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 17 to 38 form part of these financial statements.

**The Marcela Trust**

**Consolidated balance sheet  
as at 31 July 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	14	10,470,922	11,369,467
Investment property	15	45,707,434	46,488,304
		<u>56,178,356</u>	<u>57,857,771</u>
<b>Current assets</b>			
Stocks	17	29,545	22,750
Debtors	18	1,222,354	826,500
Cash at bank and in hand		10,716,681	12,994,781
		<u>11,968,580</u>	<u>13,844,031</u>
Creditors: amounts falling due within one year	19	(1,304,169)	(954,229)
<b>Net current assets</b>		<u>10,664,411</u>	<u>12,889,802</u>
<b>Total assets less current liabilities</b>		<u>66,842,767</u>	<u>70,747,573</u>
Creditors: amounts falling due after more than one year	20	(23,923)	(23,920)
Deferred taxation	22	45,365	-
<b>Net assets</b>		<u><u>66,864,209</u></u>	<u><u>70,723,653</u></u>
<b>Charity funds</b>			
Unrestricted funds	23	63,855,392	67,531,824
<b>Total funds</b>		<u>63,855,392</u>	<u>67,531,824</u>
<b>Non-controlling interests</b>		<u>3,008,817</u>	<u>3,191,829</u>
		<u><u>66,864,209</u></u>	<u><u>70,723,653</u></u>

The financial statements were approved and authorised for issue by the trustees and signed on their behalf by:

Jeanette Franklin  
Mrs J Franklin MBE, Trustee

Date: 22-12-21

The notes on pages 17 to 38 form part of these financial statements.



**The Marcela Trust**

**Charity balance sheet  
as at 31 July 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	16	63,647,153	67,518,504
		<u>63,647,153</u>	<u>67,518,504</u>
<b>Current assets</b>			
Cash at bank and in hand		212,439	17,520
		<u>212,439</u>	<u>17,520</u>
Creditors: amounts falling due within one year	19	(4,200)	(4,200)
		<u></u>	<u></u>
<b>Net current assets</b>		<b>208,239</b>	<b>13,320</b>
<b>Net assets</b>		<b>63,855,392</b>	<b>67,531,824</b>
		<u><u>63,855,392</u></u>	<u><u>67,531,824</u></u>
<b>Charity funds</b>			
Restricted funds	23	-	-
Unrestricted funds	23	63,855,392	67,531,824
		<u>63,855,392</u>	<u>67,531,824</u>
<b>Total funds</b>		<b>63,855,392</b>	<b>67,531,824</b>
		<u><u>63,855,392</u></u>	<u><u>67,531,824</u></u>

The financial statements were approved and authorised for issue by the trustees and signed on their behalf by:

*Jeanette Franklin*

.....  
Mrs J Franklin MBE, Trustee

Date: 22-12-21

The notes on pages 17 to 38 form part of these financial statements.

## The Marcela Trust

### Consolidated statement of cash flows for the year ended 31 July 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	27	209,418	(96,979)
<b>Cash flows from investing activities</b>			
Dividends, interests and rents from investments		14,802	40,845
Purchase of tangible fixed assets		(378,665)	(675,769)
Purchase of investments		(2,123,655)	(149,347)
Disposal of investments and tangible fixed assets		-	54,867
<b>Net cash used in investing activities</b>		<b>(2,487,518)</b>	<b>(729,404)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(2,278,100)</b>	<b>(826,383)</b>
Cash and cash equivalents at the beginning of the year		12,994,781	13,821,164
<b>Cash and cash equivalents at the end of the year</b>	28	<b>10,716,681</b>	<b>12,994,781</b>

The notes on pages 17 to 38 form part of these financial statements

## **The Marcela Trust**

### **Notes to the financial statements for the year ended 31 July 2021**

#### **1. General information**

The Marcela Trust is registered by the Charity Commission, incorporated in England & Wales. Details of the registered address can be found on the reference and administrative details page.

The Marcela Trust owns 95.5% of the share capital of Omarca Investment Holdings Limited. Omarca Investment Holdings Limited holds 100% of the share capital of OMC Investments Limited. All of the companies are registered in England and Wales, with the exception of Castel Salbek SRL which is registered in Romania.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Marcela Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Group and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the charity alone because the charity has taken advantage of the exemption available.

These financial statements are presented in sterling which is the functional currency of the group and are rounded to the nearest £1.

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

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for the next 12 months from authorising these financial statements. These considerations take into account the impact of COVID-19. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

**Notes to the financial statements  
for the year ended 31 July 2021**

**2. Accounting policies (continued)**

**2.3 Income**

Income in respect of donations is accounted for on a receivable basis once the charity has entitlement to the income, it is probable that the income will be received and the amount of income can be measured reliably. For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Income from other trading activities represents the amount derived from the sale of properties, rents receivable, car parking charges and hotel operations (net of VAT) receivable by the subsidiary companies.

**2.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit 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. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

**2.5 Government grants**

Government grants received relate to the Coronavirus Job Retention Scheme, Eat Out To Help Out, local government grants and small business grants. Such grants are credited to the Consolidated statement of financial activities as the related expenditure is incurred.

**2.6 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**Notes to the financial statements  
for the year ended 31 July 2021**

**2. Accounting policies (continued)**

**2.7 Taxation**

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The corporation tax charge relates to taxable profits arising in the trading subsidiaries.

The Charity receives no exemption in respect of Value Added Tax (VAT) and is not VAT registered.

**2.8 Tangible fixed assets and depreciation**

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and equipment	- 3 to 5 years straight line basis
---------------------	------------------------------------

**2.9 Investments**

Investments in subsidiaries are held at fair value.

**2.10 Investment property**

Investment property is carried at fair value determined periodically by external valuers and the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Financial Activities.

**2.11 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

**2.12 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**2.13 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Notes to the financial statements  
for the year ended 31 July 2021**

**2. Accounting policies (continued)**

**2.14 Liabilities**

Liabilities 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.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated statement of financial activities as a finance cost.

**2.15 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable surpluses from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

**2.16 Financial instruments**

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2.17 Pensions**

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

**2.18 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Group for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

**Notes to the financial statements  
for the year ended 31 July 2021**

**3. Critical accounting estimates and areas of judgment**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to determining the fair value of the investment properties, which are sensitive to fluctuations in the property market.

**4. Income from other trading activities**

**Income from non charitable trading activities**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Trading income from subsidiary undertakings	4,517,319	4,517,319
<b>Total 2021</b>	<b>4,517,319</b>	<b>4,517,319</b>
	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Trading income from subsidiary undertakings	4,999,359	4,999,359

**Notes to the financial statements  
for the year ended 31 July 2021**

**5. Government grants receivable**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Government grants receivable by subsidiary undertakings	643,943	<b>643,943</b>
	<hr/>	<hr/>
	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Government grants receivable by subsidiary undertakings	280,243	280,243
	<hr/>	<hr/>

The government grants receivable are included within total trading income from subsidiaries as detailed in note 4.

Greyfriars Colchester Limited;

The entity received government assistance in the form of the coronavirus job retention scheme totalling £198,039 (2020: £152,236), local government support grants totalling £109,710 (2020: £nil) and the eat-out-to-help-out scheme totalling £22,172 (2020: £nil).

QHH Limited;

The entity received government assistance in the form of the coronavirus job retention scheme totalling £216,421 (2020: £128,007), local government support grants totalling £92,014 (2020: £nil) and the eat-out-to-help-out scheme totalling £139 (2020: £nil).

OMC Investments Limited;

The entity received government assistance in the form of the coronavirus job retention scheme totalling £5,448 (2020: £nil).

**6. Investment income**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Investment income	14,802	<b>14,802</b>
	<hr/>	<hr/>
	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Investment income	40,845	40,845
	<hr/>	<hr/>



## The Marcela Trust

### Notes to the financial statements for the year ended 31 July 2021

#### 7. Expenditure on raising funds

##### Costs of raising funds

	Unrestricted funds 2021 £	Total funds 2021 £
Legal and professional	170,834	170,834
Direct costs of let properties and hotel operations	1,033,818	1,033,818
Recruitment and welfare	21,176	21,176
Office administration	90,827	90,827
Travel	21,695	21,695
Rent, rates and service charges	99,429	99,429
Light, heat and cleaning	139,126	139,126
Bad debts	117,635	117,635
Repairs and maintenance	140,293	140,293
Bank charges	52,945	52,945
Advertising	9,059	9,059
Insurance	89,786	89,786
Fees payable to the charity's auditor for the auditing of accounts of subsidiaries of the charity	23,542	23,542
Wages and salaries	2,158,277	2,158,277
National insurance	50,821	50,821
Pension costs	30,862	30,862
Depreciation	168,924	168,924
	<hr/> 4,419,049 <hr/>	<hr/> 4,419,049 <hr/>

**Notes to the financial statements  
for the year ended 31 July 2021**

**7. Expenditure on raising funds (continued)**

**Costs of raising funds (continued)**

	Unrestricted funds 2020 £	Total funds 2020 £
Legal and professional	232,158	232,158
Direct costs of let properties and hotel operations	1,059,619	1,059,619
Recruitment and welfare	31,999	31,999
Office administration	98,031	98,031
Travel	30,499	30,499
Rent, rates and service charges	237,433	237,433
Light, heat and cleaning	154,825	154,825
Bad debts	82,292	82,292
Repairs and maintenance	134,644	134,644
Bank charges	87,814	87,814
Advertising	9,933	9,933
Insurance	77,410	77,410
Fees payable to the charity's auditor for the auditing of accounts of subsidiaries of the charity	30,968	30,968
Wages and salaries	2,299,591	2,299,591
National insurance	93,711	93,711
Pension costs	45,133	45,133
Depreciation	119,639	119,639
	<u>4,825,699</u>	<u>4,825,699</u>

## The Marcela Trust

### Notes to the financial statements for the year ended 31 July 2021

#### 8. Analysis of grants

	Grants to Institutions 2021 £	Total funds 2021 £
Grants paid	-	-
	Grants to Institutions 2020 £	Total funds 2020 £
Grants paid	426,280	426,280

The Group made the following grants to institutions during 2020 from unrestricted funds:

Nuffield Orthopaedic Centre £300,000

Society of Portrait Sculptors £1,280

Fauna & Flora International £125,000

## The Marcela Trust

### Notes to the financial statements for the year ended 31 July 2021

#### 9. Support costs

	Unrestricted funds 2021 £	Total funds 2021 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	1,980	1,980
Fees payable to the charity's auditor for non-audit costs	3,060	3,060
<b>Total 2021</b>	<b>5,040</b>	<b>5,040</b>
	Unrestricted funds 2020 £	Total funds 2020 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	1,980	1,980
Fees payable to the charity's auditor for non-audit costs	3,060	3,060
<b>Total 2020</b>	<b>5,040</b>	<b>5,040</b>

Audit fees of the subsidiary companies are allocated to raising funds and the audit fee of the Charity is allocated to charitable activities and were unrestricted in the current and preceding year.

#### 10. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	24,110	25,930
Fees payable to the Charity's auditor in respect of: The auditing of accounts of associates of the Charity	12,320	11,840

**Notes to the financial statements  
for the year ended 31 July 2021**

**11. Staff costs**

	<b>Group 2021 £</b>	Group 2020 £
Wages and salaries	<b>2,158,277</b>	2,299,591
Social security costs	<b>50,821</b>	93,711
Pensions	<b>30,862</b>	45,133
	<u><b>2,239,960</b></u>	<u>2,438,435</u>

The average number of persons employed by the Charity during the year was as follows:

	<b>Group 2021 No.</b>	Group 2020 No.
Management	<b>8</b>	8
Administration	<b>4</b>	4
Hotel staff (excluding hotel manager)	<b>99</b>	102
	<u><b>111</b></u>	<u>114</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	<b>Group 2021 No.</b>	Group 2020 No.
In the band £110,001 - £120,000	<b>1</b>	-
In the band £120,001 - £130,000	<b>-</b>	1
In the band £220,001 - £230,000	<b>1</b>	1

The total employment benefits including employer pension contributions of the key management personnel were £384,112 (2020: £316,663).

## The Marcela Trust

### Notes to the financial statements for the year ended 31 July 2021

#### 12. Trustees' remuneration and expenses

Two of the trustees are directors of a subsidiary company. One director receives remuneration, benefits and reimbursed expenses in respect of their employment by that company. No remuneration or reimbursed expenses have been paid to the trustees, in their role as trustees, by the charity.

During the year, B A Groves charged the trading subsidiary £27,083 (2020: £65,000) in respect of directors' services for B A Groves.

Trustees' emoluments for the period (including employer's national insurance) were as follows:  
D P Rose £223,531 (2020: £224,474)

The remuneration paid to D P Rose is in respect of her employment as a director by the trading subsidiary and not for her role as a trustee of the charity.

During the year ended 31 July 2021, no trustee expenses have been incurred (2020 - £NIL).

#### 13. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Tax losses carried forward	(45,365)	-
<b>Total deferred tax</b>	(45,365)	-
<b>Taxation on net income/(expenditure)</b>	(45,365)	-

**Notes to the financial statements  
for the year ended 31 July 2021**

**13. Taxation (continued)**

The tax assessed for the year is higher than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Net income/(expenditure) before tax	<b>108,002</b>	(216,815)
Net income/(expenditure) multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%).	<b>20,520</b>	(41,195)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>25,130</b>	1,924
Capital allowances for year in excess of depreciation	<b>(93,527)</b>	(118,681)
Other timing differences leading to an increase/(decrease) in taxation	<b>(37,540)</b>	(3,271)
Unrelieved tax losses carried forward	<b>79,298</b>	69,436
Subsidiaries not eligible for corporation tax	<b>6,119</b>	91,787
Deferred taxation - losses to be utilised	<b>(45,365)</b>	-
<b>Total tax charge for the year</b>	<b>(45,365)</b>	-

The tax charge is in relation to the trading subsidiaries. Future taxable profits are expected to be reduced by available group losses.

## The Marcela Trust

### Notes to the financial statements for the year ended 31 July 2021

#### 14. Tangible fixed assets

##### Group and Charity

	Freehold property £	Plant and machinery £	Total £
<b>Cost or valuation</b>			
At 1 August 2020	10,666,181	3,285,168	13,951,349
Additions	-	378,665	378,665
Revaluations	(1,108,286)	-	(1,108,286)
At 31 July 2021	<u>9,557,895</u>	<u>3,663,833</u>	<u>13,221,728</u>
<b>Depreciation</b>			
At 1 August 2020	-	2,581,882	2,581,882
Charge for the year	-	168,924	168,924
At 31 July 2021	<u>-</u>	<u>2,750,806</u>	<u>2,750,806</u>
<b>Net book value</b>			
At 31 July 2021	<u>9,557,895</u>	<u>913,027</u>	<u>10,470,922</u>
At 31 July 2020	<u>10,666,181</u>	<u>703,286</u>	<u>11,369,467</u>



## The Marcela Trust

### Notes to the financial statements for the year ended 31 July 2021

#### 15. Investment property

##### Group

	Freehold investment property £
<b>Valuation</b>	
At 1 August 2020	46,488,304
Additions	2,123,655
Deficit on revaluation	(2,904,525)
At 31 July 2021	<u>45,707,434</u>

##### Charity

Given the inherent uncertainty on property valuations as a result of COVID-19, the directors did not commission an external valuation this year in the knowledge that any valuation would include a statement in respect of the uncertainty of valuation.

Excluding the properties acquired during the year, the investment properties class of fixed assets was revalued by the directors, one of whom is a chartered surveyor. The basis of the valuation was open market value assuming the properties would be sold subject to existing leases. Such properties have a current value of £43,583,779 (2020: £45,953,299) and a carrying amount at historical cost of £98,220,510 (2020: £96,210,510). The depreciation on this historical cost is £nil. The change in market value is based upon the valuation at 1 August 2020 (which was not an external valuation) and the directors valuation at 31 July 2021.

# The Marcela Trust

## Notes to the financial statements for the year ended 31 July 2021

### 16. Fixed asset investments

	Investments in subsidiary companies £
<b>Charity</b>	
<b>Cost or valuation</b>	
At 1 August 2020	67,518,504
Revaluations	(3,871,351)
<b>At 31 July 2021</b>	<b>63,647,153</b>
<b>Net book value</b>	
<b>At 31 July 2021</b>	<b>63,647,153</b>
<i>At 31 July 2020</i>	<i>67,518,504</i>

### Principal subsidiaries

The following were subsidiary undertakings of the Charity:

Names	Company number	Principal place of business	Principal activity	Holding
Omarca Investment Holdings Limited	02264609	3 Robert Street, London, WC2N 6RL	Dormant intermediary holding company	95%
OMC Investments Limited*	00991581	3 Robert Street, London, WC2N 6RL	Property development	100%
QHH Limited*	07637088	9 Quebec Street, Leeds, LS1 2HA	Hotel and luxury apartments	100%
Greyfriars Colchester Limited*	08835219	High Street, Colchester, CO1 1UG	Luxury hotel and restaurant	100%

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit/(Loss) for the period £	Net assets £
Omarca Investment Holdings Limited	-	-	-	4,000,000
OMC Investments Limited*	2,169,973	5,595,310	(3,425,337)	67,053,279
QHH Limited*	1,032,203	1,444,825	(412,622)	(311,620)
Greyfriars Colchester Limited*	1,666,812	1,547,215	119,597	(3,216,948)

\* Indirect subsidiary undertaking

## The Marcela Trust

### Notes to the financial statements for the year ended 31 July 2021

#### 17. Stocks

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Finished goods and goods for resale	<b>29,545</b>	22,750

The cost of stocks recognised as an expense in the year amounted to £6,795 (2020: £1,299).

#### 18. Debtors

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
<b>Due after more than one year</b>		
Other debtors	<b>593,114</b>	-
	<b>593,114</b>	-
<b>Due within one year</b>		
Trade debtors	<b>143,275</b>	378,683
Other debtors	<b>113,337</b>	140,468
Prepayments and accrued income	<b>372,628</b>	307,349
	<b>1,222,354</b>	826,500

**Notes to the financial statements  
for the year ended 31 July 2021**

**19. Creditors: Amounts falling due within one year**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Charity 2021 £</b>	<b>Charity 2020 £</b>
Trade creditors	<b>453,961</b>	354,810	-	-
Other taxation and social security	<b>95,648</b>	88,033	-	-
Other creditors	<b>206,005</b>	55,636	-	-
Accruals and deferred income	<b>548,555</b>	455,750	<b>4,200</b>	4,200
	<b>1,304,169</b>	954,229	<b>4,200</b>	4,200

**Deferred income**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Deferred income at 1 August 2020	<b>323,987</b>	271,119
Incoming resources deferred during the year	<b>425,677</b>	323,987
Amounts released from previous years	<b>(323,987)</b>	(271,119)
<b>Deferred income at 31 July 2021</b>	<b>425,677</b>	323,987

Deferred income in relation to rental income invoiced in advance.

**20. Creditors: Amounts falling due after more than one year**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Other creditors	<b>23,923</b>	23,920

**21. Financial instruments**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Charity 2021 £</b>	<b>Charity 2020 £</b>
<b>Financial assets</b>				
Financial assets measured at fair value through income and expenditure	<b>10,716,681</b>	12,994,781	<b>212,439</b>	17,520

Financial assets measured at fair value through income and expenditure comprise cash and cash equivalents.

**The Marcela Trust**

**Notes to the financial statements  
for the year ended 31 July 2021**

**22. Deferred taxation**

**Group**

	<b>2021 £</b>
Credit for the year	<b>(45,365)</b>
	<u><b>(45,365)</b></u>

The deferred tax asset is made up as follows:

	<b>Group 2021 £</b>	Group 2020 £
Tax losses carried forward	<b>45,365</b>	-
	<u><b>45,365</b></u>	<u>-</u>

# The Marcela Trust

## Notes to the financial statements for the year ended 31 July 2021

### 23. Statement of funds - Group

#### Statement of funds - current year

	Balance at 1 August 2020 £	Income £	Expenditure £	Taxation £	Gains/ (Losses) £	Balance at 31 July 2021 £
<b>Unrestricted funds</b>						
General Funds - all funds	70,723,653	4,532,121	(4,424,119)	45,365	(4,012,811)	66,864,209

#### Statement of funds - prior year

	Balance at 1 August 2019 £	Income £	Expenditure £	Balance at 31 July 2020 £
<b>Unrestricted funds</b>				
General Funds - all funds	70,940,468	5,040,204	(5,257,019)	70,723,653

### 24. Summary of funds - Charity

#### Summary of funds - current year

	Balance at 1 August 2020 £	Income £	Expenditure £	Balance at 31 July 2021 £
General Funds - all funds	67,531,824	200,000	(3,919,767)	63,812,057

#### Summary of funds - prior year

	Balance at 1 August 2019 £	Gains/ (Losses) £	Balance at 31 July 2020 £
General Funds - all funds	67,758,339	(226,515)	67,531,824

## The Marcela Trust

### Notes to the financial statements for the year ended 31 July 2021

#### 25. Non-controlling interest

Equity	£
At 1 August 2020	3,191,829
Proportion of profit after taxation for the year	(183,012)
<b>At 31 July 2021</b>	<b>3,008,817</b>

#### 26. Analysis of net assets between funds

##### Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	10,470,922	10,470,922
Investment property	45,707,434	45,707,434
Debtors due after more than one year	593,114	593,114
Current assets	11,375,466	11,375,466
Creditors due within one year	(1,304,169)	(1,304,169)
Creditors due in more than one year	(23,923)	(23,923)
Provisions for liabilities and charges	45,365	45,365
<b>Total</b>	<b>66,864,209</b>	<b>66,864,209</b>

##### Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	11,369,467	11,369,467
Investment property	46,488,304	46,488,304
Current assets	13,844,031	13,844,031
Creditors due within one year	(954,229)	(954,229)
Creditors due in more than one year	(23,920)	(23,920)
<b>Total</b>	<b>70,723,653</b>	<b>70,723,653</b>

**Notes to the financial statements  
for the year ended 31 July 2021**

**27. Reconciliation of net movement in funds to net cash flow from operating activities**

	Group 2021 £	Group 2020 £
Net income/expenditure for the year (as per Statement of Financial Activities)	<b>153,367</b>	(216,815)
<b>Adjustments for:</b>		
Depreciation charges	<b>168,924</b>	119,639
Dividends, interests and rents from investments	<b>(14,802)</b>	(40,845)
Increase in stocks	<b>(6,795)</b>	(1,299)
(Increase)/decrease in debtors	<b>(800,371)</b>	236,368
Increase/(decrease) in creditors	<b>754,460</b>	(194,027)
Taxation	<b>(45,365)</b>	-
<b>Net cash provided by/(used in) operating activities</b>	<b>209,418</b>	(96,979)

**28. Analysis of cash and cash equivalents**

	Group 2021 £	Group 2020 £
Cash in hand	<b>10,716,681</b>	12,994,781
<b>Total cash and cash equivalents</b>	<b>10,716,681</b>	12,994,781

**29. Analysis of changes in net debt**

	At 1 August 2020 £	Cash flows £	At 31 July 2021 £
Cash at bank and in hand	<b>12,994,781</b>	<b>(2,278,100)</b>	<b>10,716,681</b>
	<b>12,994,781</b>	<b>(2,278,100)</b>	<b>10,716,681</b>

**30. Pension commitments**

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £53,818 (2020: £53,539). At the balance sheet date £7,058 (2020 - £4,760) were payable to the fund and are included in creditors.