

**THE DUCHY OF LANCASTER BENEVOLENT FUND**

Registered Charity Number 1026752

**REPORT OF THE TRUSTEES  
AND ACCOUNTS FOR THE YEAR  
TO 31st MARCH 2021**

# THE DUCHY OF LANCASTER BENEVOLENT FUND

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31st MARCH 2021

### 1. Objects of the Trust

The objects of the Trust are to support charitable causes in:

- the County Palatine of Lancaster
- the administrative counties of Lancashire, Greater Manchester and Merseyside
- elsewhere in the country where the Duchy of Lancaster has historical links (such as landed interests and church livings).

Applications for grants should be addressed to the Secretary.

Donations from Her Majesty The Queen in Right of Her Duchy of Lancaster are given to the Trust and invested to provide an income to support the objects of the Trust.

During the year ended 31 March 2021, the Trust received an enhanced level of donations from the Duchy of Lancaster, £700,000, to provide immediate support to those in need during the COVID-19 pandemic. These amounts were not invested but rather were immediately made available for the purposes of making grants.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning the future activities. In particular the Trustees consider how planned donations will contribute to the aims and objectives they have set. The Trustees consider that the current policy for making donations delivers public benefit. Details of the objectives which form the basis of this policy are given above.

### 2. Grant making policy

The Trust has established its grant making policy to achieve its objects for the public benefit. The Trust invites applications for grants that will meet the stated objectives of the Trust and these will be assessed on a merit basis as to value for money and impact in achieving the aims of the Trust.

### 3. Achievements and performance

The Trustees have reviewed and are content that the objectives of the charity as highlighted have been achieved during the course of the year. The Trustees are content that the income generated over the course of the year has been utilised in accordance with the objectives.

During the year the Trust has made or made future commitments to 367 grants totalling £1,090,386 (2020 : 313 grants totalling £533,239) as set out in Note 4 to the financial statements.

The Trust continues to fulfil its objects through its grant-making policy and it is the Trustees' intention to continue doing so.

The investment aim is for the portfolio to generate income and sustainable capital returns to distribute circa £500,000 per annum whilst maintaining the capital value of the fund in real terms, after inflation and distributions. The portfolio generated £361,714 of investment income during the year, the income generated being significantly reduced by the impact on business and the economy of the COVID-19 pandemic.

The whole of the enhanced donation of £700,000 received from the Duchy of Lancaster for the year (normally £100,000 per annum) was made immediately available with the investment income above to meet grants and other expenditure totalling £1,116,733

### 4. Financial review

Investments have been acquired within the powers set out in the Trust Deed and in accordance with the Statement of Investment Principles set out on pages 22 and 23.

Over the year, the Trust's investment assets increased in value by £2,545,187 (18.23%).

During the year the investment income generated was £361,714 (2020 : £477,900).

## THE DUCHY OF LANCASTER BENEVOLENT FUND

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31st MARCH 2021

#### 5. Risk management

The principal risks faced by the Trust lie in the performance of investments and operational risks from ineffective grant making and the capacity of the Trust to make effective grants. The Trustees consider variability of investment returns on the permanent endowment to constitute the charity's major financial risk. This is mitigated by retaining expert investment managers and regularly reviewing the risk profile of the portfolio. The operational risk from ineffective grant making is mitigated by the fact that the recipients of grants are known to and well understood by the Trustees who are able to assess the effectiveness that the grant making has. Smaller grants are assessed on merit on an individual basis and will only be granted if the Trustees understand how these funds will benefit the recipient.

#### 6. Reserves

The Trustees' policy is to distribute investment income received and to maintain a reserve in the General Fund. At the year end the balance of the General Fund was a surplus of £35,454.

The Expendable Endowment fund had a balance of £16,788,474 at the year end. Although not forming part of the main reserves, the Trustees do have the power to transfer funds to the Unrestricted Fund to meet shortfalls in funding when required.

#### 7. Plans for future periods

The plan for future periods is to satisfy the charity's objectives and to maintain an investment portfolio in accordance with the total return objective as agreed by the Trustees as set out in the Statement of Investment Principles.

#### 8. Structure, governance, management and administrative details

##### *Governing Instrument*

The Duchy of Lancaster Benevolent Fund was constituted on 29th September 1993 under a Trust Deed. The registered charity number is 1026752.

##### *Trustees and principal officers*

Trustees are appointed by the Chancellor of the Duchy of Lancaster, these were as follows during the year:

<u>Trustees:</u>	<u>Appointed</u>	<u>Retired</u>
The Vice Chancellor of the County Palatine (Chairman)		
Hon. Mr. Justice Timothy Fancourt QC	1 October 2021	
Hon. Mr. Justice Richard Snowden		31 August 2021
The Attorney General of the Duchy of Lancaster		
S.Tolaney QC	30 October 2020	
R.J. Miles QC		21 April 2020
The Receiver General of the Duchy of Lancaster		
Sir Michael Stevens KCVO		
Chief Finance Officer of the Duchy of Lancaster		
C.J. Adcock LVO		
The Lord Lieutenant of Lancashire		
Lord Shuttleworth KG, KCVO		
The Lord Lieutenant of Greater Manchester		
Sir Warren Smith KCVO		
The Lord Lieutenant of Merseyside		
Mr Mark Blundell		

##### Secretary:

Mr H. Bruce-Watt

## THE DUCHY OF LANCASTER BENEVOLENT FUND

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31st MARCH 2021

#### 8. Structure, governance, management and administrative details (continued)

The Trustees meet twice a year and make all major (£5,000 and over) grant making and investment decisions. Decisions on making other grants are delegated to 4 local panels based in Lancashire, Greater Manchester, Merseyside and London, which each meet around four times a year. Trustees are provided with adequate support and training where training needs are identified to allow them to effectively conduct their role.

The day to day administration of the Trust is delegated to the staff of the Duchy of Lancaster.

#### *Administration*

Administrative support for the charity is provided by The Duchy of Lancaster from its offices at 1 Lancaster Place, Strand, London WC2E 7ED.

#### *Advisors*

Bankers:	Coutts & Co. 440 Strand London WC2R 0QS
Solicitors:	Farrer & Co. 66 Lincoln's Inn Fields London WC2A 3LH
Auditors:	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE
Investment manager:	Newton Investment Management Ltd 160 Queen Victoria Street London EC4V 4LA
Investment custodian:	The Bank of New York 1 Canada Square London E14 5AL

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 DUCHY OF LANCASTER BENEVOLENT FUND

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31st MARCH 2021

#### 8. Structure, governance, management and administrative details (continued)

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 charity and of the incoming resources and application of resources of the charity 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 in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees have undertaken a review of major risks facing the charity and taken steps to mitigate them.

Approved by the Trustees on 4 November 2021 and signed on their behalf by



Hon. Mr. Justice Timothy Fancourt QC  
Chairman of the Trustees

## THE DUCHY OF LANCASTER BENEVOLENT FUND

### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

#### Opinion

We have audited the financial statements of the Duchy of Lancaster Benevolent Fund for the year ended 31 March 2021 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including 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 financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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 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.

#### Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, 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.

## THE DUCHY OF LANCASTER BENEVOLENT FUND

### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES continued

#### **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 (Accounts and Reports) Regulations 2008 require 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 financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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.

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

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charity's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charity by discussions with trustees and updating our understanding of the sector in which the charity operates.

Laws and regulations of direct significance in the context of the charity include the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and guidance issued by the Charity Commission for England and Wales.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charity's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charity's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

## THE DUCHY OF LANCASTER BENEVOLENT FUND

### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES continued

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements 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 auditors' report.

#### 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 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Saffery Champness LLP  
Chartered Accountants  
Statutory Auditors  
71 Queen Victoria Street  
London  
EC4V 4BE

Date: 24 January 2022

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

**THE DUCHY OF LANCASTER BENEVOLENT FUND**

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31st MARCH 2021**

	Notes	Unrestricted General Fund £	Expendable Endowment Fund £	Total 2021 £	Total 2020 £
<b>Income and endowments from:</b>					
Endowments	2	-	700,000	700,000	100,000
Investments	3	361,714	-	361,714	477,900
<b>Total</b>		<u>361,714</u>	<u>700,000</u>	<u>1,061,714</u>	<u>577,900</u>
<b>Expenditure on:</b>					
Charitable activities	4	1,116,733	-	1,116,733	560,590
<b>Total</b>		<u>1,116,733</u>	<u>-</u>	<u>1,116,733</u>	<u>560,590</u>
Net gains/(losses) on investments	8	-	2,545,187	2,545,187	(1,360,922)
<b>Net income/(expenditure)</b>		<u>(755,019)</u>	<u>3,245,187</u>	<u>2,490,168</u>	<u>(1,343,612)</u>
Transfer between funds		700,000	(700,000)	-	-
<b>Net movement in funds</b>		<u>(55,019)</u>	<u>2,545,187</u>	<u>2,490,168</u>	<u>(1,343,612)</u>
<b>Reconciliation of funds:</b>					
Total funds brought forward		90,473	14,243,287	14,333,760	15,677,372
<b>Total funds carried forward</b>		<u>35,454</u>	<u>16,788,474</u>	<u>16,823,928</u>	<u>14,333,760</u>

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31st MARCH 2020**

	Notes	Unrestricted General Fund £	Expendable Endowment Fund £	Total 2020 £
<b>Income and endowments from:</b>				
Endowments	2	-	100,000	100,000
Investments	3	477,900	-	477,900
<b>Total</b>		<u>477,900</u>	<u>100,000</u>	<u>577,900</u>
<b>Expenditure on:</b>				
Charitable activities	4	560,590	-	560,590
<b>Total</b>		<u>560,590</u>	<u>-</u>	<u>560,590</u>
Net gains/(losses) on investments	8	-	(1,360,922)	(1,360,922)
<b>Net income/(expenditure)</b>		<u>(82,690)</u>	<u>(1,260,922)</u>	<u>(1,343,612)</u>
Transfer between funds		-	-	-
<b>Net movement in funds</b>		<u>(82,690)</u>	<u>(1,260,922)</u>	<u>(1,343,612)</u>
<b>Reconciliation of funds:</b>				
Total funds brought forward		173,163	15,504,209	15,677,372
<b>Total funds carried forward</b>		<u>90,473</u>	<u>14,243,287</u>	<u>14,333,760</u>

The notes on pages 12 to 15 form part of these accounts.

THE DUCHY OF LANCASTER BENEVOLENT FUND

BALANCE SHEET AT 31st MARCH 2021

	Notes	2021 £	2020 £
<b>Fixed Assets</b>			
Investments	7	<u>16,504,677</u>	<u>13,959,490</u>
<b>Current Assets</b>			
Debtors	9	6,021	4,068
Cash and deposits		<u>400,382</u>	<u>477,118</u>
		406,403	481,186
<b>Creditors: amounts falling due within one year</b>			
Grants and accrued expenses	11	<u>(80,652)</u>	<u>(71,916)</u>
<b>Net Current Assets</b>		<u>325,751</u>	<u>409,270</u>
<b>Creditors: amounts falling due after one year</b>			
Grants	11	<u>(6,500)</u>	<u>(35,000)</u>
<b>Total Non-Current Liabilities</b>		<u>(6,500)</u>	<u>(35,000)</u>
<b>Net Assets</b>		<u>16,823,928</u>	<u>14,333,760</u>
<b>Capital Fund</b>			
Expendable Endowment	12	16,788,474	14,243,287
<b>Income Fund</b>			
Unrestricted General Fund	12	<u>35,454</u>	<u>90,473</u>
		<u>16,823,928</u>	<u>14,333,760</u>

Approved by the Trustees on 4 November 2021 and signed on their behalf by



Hon. Mr. Justice Timothy Fancourt QC  
Chairman of the Trustees

The notes on pages 12 to 15 form part of these accounts.

THE DUCHY OF LANCASTER BENEVOLENT FUND

CASH FLOW STATEMENT  
FOR THE YEAR TO 31st MARCH 2021

		Total	Total
	Notes	2021 £	2020 £
<b>Cash generated from operating activities</b>	13	<u>(438,450)</u>	<u>(384,510)</u>
<b>Cash flows from investing activities</b>			
Dividends and interest		361,592	477,035
Interest		122	865
Sale of investments		-	-
Purchase of investments		-	-
<b>Net cash inflow/(outflow) from investing activities</b>		<u>361,714</u>	<u>477,900</u>
Change in cash and cash equivalents in the year		(76,736)	93,390
<b>Cash and cash equivalents at start of year</b>		<u>477,118</u>	<u>383,728</u>
<b>Cash and cash equivalents at end of year</b>		<u><u>400,382</u></u>	<u><u>477,118</u></u>

# THE DUCHY OF LANCASTER BENEVOLENT FUND

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2021

### 1. Accounting Policies

#### (a) Basis of Accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. The most significant key assumptions that affect items in the accounts are the carrying value of assets held by the Trust and the level of investment return due to the performance of investment markets (see the investment policy and performance and risk management sections of the trustees' annual report for more information).

#### (b) Income

Donations and interest from banks and Government securities are accounted for on an accruals basis. Dividends are accounted for when received.

#### (c) Grants

Grants are accounted for when the intention to make the payment is communicated to the beneficiary. If there are conditions attached to the payment then the grant is accounted for once the conditions are no longer within the control of the Trustees.

#### (d) Governance costs

Governance costs comprise costs incurred in Trust administration and compliance with regulatory requirements.

#### (e) Taxation

The Trust carries on activities which are exempt from corporation tax and income tax. The Charity suffers Value Added Tax which is included with the expenditure to which it relates.

#### (f) Fixed Asset Investments

Fixed Asset investments are stated in the Balance Sheet at bid-price valuation.

#### (g) Expendable Endowment Fund

Donations from the Duchy of Lancaster have been invested to provide an income from which grants may be made in accordance with the policy set out in paragraph 6 of the Report of the Trustees.

#### (h) Portfolio Manager Fees

The portfolio manager fees are taken from capital and offset in the unrealised (loss)/gain movement in note 8.

### 2. Endowments

	2021 £	2020 £
The Duchy of Lancaster	700,000	100,000
Other donation	-	-
	<u>700,000</u>	<u>100,000</u>

### 3. Investment income

	2021 £	2020 £
Quoted securities :		
Interest on fixed interest stocks and unit trusts	361,592	477,035
	<u>361,592</u>	<u>477,035</u>
Bank interest	122	865
	<u>361,714</u>	<u>477,900</u>



# THE DUCHY OF LANCASTER BENEVOLENT FUND

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2021

### 4. Charitable activities

	£	£	2021 £	2020 £
	Grants	Support and Governance costs	Total	Total
Youth and education	183,160	4,426	187,586	150,430
Handicapped, the elderly and infirm	90,115	2,177	92,292	86,048
Community help	666,185	16,097	682,282	253,229
Religious causes	50,366	1,217	51,583	36,380
Miscellaneous	100,560	2,430	102,990	34,503
	<u>1,090,386</u>	<u>26,347</u>	<u>1,116,733</u>	<u>560,590</u>

An analysis of grants made is shown on pages 16 to 21. Support costs are pro-rated across the activities.

The Trustees have expressed an intention to make the following future payments, subject only to the receipt of sufficient income being received from investments:

- in 2021/22, £70,500 made up of 13 grants
- in 2022/23, £6,500 made up of 2 grants

These future payments have been accrued for in 2021.

### 5. Allocation of Support and Governance costs

	£	£	2021 £	2020 £
	Governance costs	Support costs	Total	Total
Auditors fees - for audit	5,312	-	5,312	4,800
Expenses of Trustees	-	-	-	1,516
Other administration costs	35	21,000	21,035	21,035
	<u>5,347</u>	<u>21,000</u>	<u>26,347</u>	<u>27,351</u>

Other administration costs principally consist of contributions towards office costs of the three Lords Lieutenancy offices and the Duchy of Lancaster Office together with costs of Trustees' meetings.

The administration of the Trust is managed by the Trustees and the office of the Duchy of Lancaster.

### 6. Trustee and Staff Costs

None of the Trustees received any remuneration during the year (2020 : £nil). Travel and meeting expenses incurred on behalf of 7 Trustees amounted to £0 (2020 : £1,516, 7 Trustees). The charity has no directly employed staff.

### 7. Investments

	2021 £	2020 £
Quoted securities :		
Property Funds	1,454,551	1,515,014
Other Funds	15,050,126	12,444,476
	<u>16,504,677</u>	<u>13,959,490</u>

The historic cost of investments at 31st March 2021 was £9,313,232 (2020 : £9,313,232).

The significance of financial instruments to the ongoing financial sustainability of the Trust is considered in the Trustees' Annual Report.

**THE DUCHY OF LANCASTER BENEVOLENT FUND**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31st MARCH 2021**

**8. Reconciliation of movement of investments**

	2021 £	2020 £
Quoted investments:		
Market value at 1st April 2020	13,959,490	15,320,412
Additions	-	-
Disposals	-	-
Net realised gain/(loss)	-	-
Net unrealised gain/(loss)	2,545,187	(1,360,922)
Market value at 31st March 2021	<u>16,504,677</u>	<u>13,959,490</u>

Included in net unrealised gain/(loss) is management fees of £61,612 (2020: £63,865).

**9. Debtors**

	2021 £	2020 £
Other debtors	-	-
Deposit interest	11	332
Dividend income	6,010	3,736
	<u>6,021</u>	<u>4,068</u>

**10. Related Parties**

Certain of the Duchy of Lancaster Benevolent Fund's expenses are incurred initially by the Duchy of Lancaster and then recharged to the Fund. The amount of such expenses relating to the year ended 31st March 2021 was £4,992 (2020 : £6,316).

The Duchy of Lancaster Benevolent Fund paid the following grants to charities with connections to the following trustees:

- Lord Shuttleworth is either a Patron, President or similar for: Rosemere Cancer Foundation £5,000, Community Foundation for Lancashire £5,500, Star Academies Trust £9,000
- Sir Warren J. Smith is either a Patron, President or similar for: Broughton House £10,000 (2020: £5,000), Emerge 3rs £10,000 (2020: £3,000), St Ann's Hospice (2020: £2,000), Mustard Tree £5,000 (2020:£5,000), Walking with the Wounded (2020:£2,000), Walthew House £2,000 (2020: £2,000), Emerge Fareshare £20,000, Francis House £5,000.

**11. Accruals**

	2021 £	2020 £
Audit	5,160	9,400
Administration	4,992	7,516.00
Grants - amounts falling due within one year	70,500	55,000
	<u>80,652</u>	<u>71,916</u>
Grants - amounts falling after one year	6,500	35,000
	<u>87,152</u>	<u>106,916</u>

**12. Net assets by fund**

	2021		2020	
	General Fund £	Expendable endowment £	General Fund £	Expendable endowment £
Investments	-	16,504,677	-	13,959,490
Current assets	122,606	283,797	197,389	283,797
Current liabilities	(80,652)	-	(71,916)	-
Non-current liabilities	(6,500)	-	(35,000)	-
Net Assets	<u>35,454</u>	<u>16,788,474</u>	<u>90,473</u>	<u>14,243,287</u>

**THE DUCHY OF LANCASTER BENEVOLENT FUND**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31st MARCH 2021**

**13. Reconciliation of net income/expenditure to net cash inflow from operating activities**

	2021	2020
	£	£
Net income/expenditure as per statement of financial activities	2,490,168	(1,343,612)
Adjusted for:		
Net (gains)/losses on investments	(2,545,187)	1,360,922
Investment income	(361,714)	(477,900)
(Increase)/decrease in receivables	(1,953)	264
(Decrease)/increase in payables	(19,764)	75,816
Net cash outflow from operating activities	<u>(438,450)</u>	<u>(384,510)</u>

# THE DUCHY OF LANCASTER BENEVOLENT FUND

## GRANTS MADE IN THE YEAR ENDED 31st MARCH 2021

YOUTH AND EDUCATION	£
N-GAGE	2,000
Challenge4Change	2,000
Prevent 2 Protect	2,000
Harmony Youth Project	2,000
Caudwell Children	2,000
Blackpool Music School	2,500
KIND Charity	3,000
Barnardo's Children's Charity	3,000
City of Liverpool Sea Cadets	3,000
KIND Charity	3,000
Opportunity Sports Foundation	3,000
Morecambe Bay Community Primary School	3,000
Padiham County Primary School	3,000
Eldon County Primary School	3,000
Together Trust	3,000
Lancaster Priory Organ Scholarship Bursary	3,000
The Yellow House	3,224
Morecambe Bay Academy School Fund	4,000
Devonshire Primary Academy	4,000
Little Digmoor Primary School Fund	4,000
Old Roan Pre School	4,111
The Wingate Special Children's Trust	4,750
Ibijoike Children Foundation - Kensington	4,800
Edge Hill Youth and Community Centre	5,000
Imaginarium Theatre - Prescott	5,000
Shaftesbury Youth Club	5,000
Blackburn Youth Zone	5,000
Kids Out UK	5,000
Fishwick Rangers Youth & Community Development Scheme	5,000
St Thomas' Church	5,000
42nd Street	5,000
Wood Street Mission	5,000
Royal Lancaster Grammar School Bursary Fund	5,000
Molton College fee	5,000
Myerscough Collage	5,000
Harper Adams University Development Trust	5,000
Star Academies	9,000
Lancaaster University Regional Heritage Trust	9,000
Total of 38 grants each below £2,000	21,925
<b>Returned grants or reductions in future commitments :</b>	
Various	(5,150)
	<hr/>
	<b>171,160</b>

**THE DUCHY OF LANCASTER BENEVOLENT FUND**

**GRANTS MADE IN THE YEAR ENDED 31st MARCH 2021**

<b>HANDICAPPED, ELDERLY AND INFIRM</b>	<b>£</b>
Target Ovarian Cancer	2,000
Hallgate House Project	2,000
Walthew House	2,000
East Manchester community Boat project	2,000
The Joshua Wilson Brain Tumour	2,000
L'Arche Manchester	2,000
Caudwell Children	2,000
Autism Initiatives	2,436
Crossroads Care North West	2,500
The Back-Up Trust	3,000
Hearing dogs for deaf people	3,000
St Helens Carers Centre	4,000
Bipolar UK Ltd	4,048
Dobson Court Tenants Association	4,260
Deafbind UK	5,000
Woodlands Hospice Charitable Trust	5,000
St Joseph's Hospice	5,000
Claire House Children's Hospice	5,000
Newton Community Centre	5,000
All Together Now	5,000
Pukar Disability	5,000
Rosemere Cancer Foundation	5,000
Francis House	5,000
Total of 21 grants each below £2,000	18,221
<b><i>Returned grants or reductions in future commitments :</i></b>	
Various	(350)
	<hr/>
	<b>100,115</b>
	<hr/>

**THE DUCHY OF LANCASTER BENEVOLENT FUND**

**GRANTS MADE IN THE YEAR ENDED 31st MARCH 2021**

<b>COMMUNITY HELP</b>	<b>£</b>
Whitechapel Centre	2,000
More Music in Morecambe	2,000
Spacious Place	2,000
Asylum & Refugee Community	2,000
St Michael's Church,	2,000
Hollinshead Centre (Open Kitchen)	2,000
Hope Church	2,000
Light Church	2,000
Haslingden Community Link	2,000
Village Centre Crawshawbooth	2,000
Wade Hall Foodbank	2,000
Ormskirk Food Bank	2,000
West View Community Association	2,000
Revitalise	2,000
Lucies Pantry	2,000
Cracking good Takeover	2,000
Depaul UK	2,000
Baby basics Bolton and bury	2,000
Friends of The Tame Valley	2,000
Cloughton Village Group Mosaic Fund	2,000
Friends of Kirkby Gallery	2,200
Daisy Inclusive UK	2,500
Big Help Project (Knowsley)	2,500
Tranmere Rovers in the Community	2,500
Everton and Anfield Together (EAT)	2,500
High Sheriff Fundraising Appeal - Air Ambulance	2,500
West Lancashire Debt Advice Service	2,500
Blackpool Foodbank	2,500
Hisprovision4 Blackpool	2,500
Ecumenical Centre	2,500
Cloughton Village History Group Mosaic Fund	2,500
Cloughton Village History Group - Mosaic Fund	2,500
The Church on the Street Ministries	3,000
Share It, Ingol	3,000
Church & Oswaldtwistle Cricket Club	3,000
Coffee4Craig	3,000
Willow Wood Hospice	3,000
Bolton Hospice	3,000
Willow Hey Community Project	3,000
Rooley Moor	3,000
Mersey Counselling and Therapy Centre	3,140
Marine in the Community	3,454
Octagon Theatre	3,500
Burnley FC in the Community	4,000
Health Equalities Group	4,460
Blackburn Youth Zone	4,500
Autism Inclusive	4,500
Rosendale Trust Ltd	4,750
Carried forward	<hr/> 126,004

**THE DUCHY OF LANCASTER BENEVOLENT FUND**  
**GRANTS MADE IN THE YEAR ENDED 31st MARCH 2021**

<b>COMMUNITY HELP continued</b>	<b>£</b>
Brought forward	126,004
St Michaels Hospice	4,950
Women's Health and Information Centre Bold St	5,000
New Ferry Butterfly Park	5,000
La Salle Hotel School Liverpool	5,000
Rotary Club/Wirral Women and Children's Aid	5,000
Dovecot and Princess Drive Community Association	5,000
Action on Addiction	5,000
The CPR Group	5,000
St James in the City - Love Your Neighbour Food Project	5,000
Caring Connections	5,000
Home-Start in East Lancashire	5,000
The Olive Branch,	5,000
Read & Simonstone	5,000
Community Solutions	5,000
St Thomas the Martyr PCC, Up Holland	5,000
Valley Heritage	5,000
St Thomas' Church	5,000
Salvation Army	5,000
Morecambe Food Bank	5,000
The Fleetwood Trust	5,000
The Pantry, Fleetwood	5,000
Church on the Street Ministries	5,000
Blackburn Youth Zone	5,000
The Olive Branch (Faith in Action)	5,000
Maundy Relief Trust	5,000
Morecambe Bay Foodbank	5,000
CancerCare	5,000
Inspiring Grace	5,000
Nelson Community Mosque	5,000
Preston Community Hub Foodbank	5,000
Plungington Community Centre	5,000
Friends of the Freedom Centre	5,000
Broughton House	5,000
John Rylands Library	5,000
The Wellspring Stockport	5,000
Fortalice	5,000
The Booth Centre	5,000
Mustard Tree	5,000
Centrepoint	5,000
Barnabus	5,000
Urban Outreach	5,000
Fur Clemt	5,000
Destitution Project	5,000
The Monastery Manchester	5,000
RHS Bridgewater Gardens	5,000
Broughton House	5,000
Hope for Justice	5,000
Furclem	5,000
Urban Outeach Bolton	5,000
Action together Oldham	5,000
Action Together Rochdale	5,000
Action Together Tameside	5,000
Carried forward	385,954

**THE DUCHY OF LANCASTER BENEVOLENT FUND**  
**GRANTS MADE IN THE YEAR ENDED 31st MARCH 2021**

<b>COMMUNITY HELP continued</b>	<b>£</b>
Brought forward	385,954
Halle	5,000
Centrepont	5,000
North West Air Ambulance	5,000
Community Foundations for Lancashire and Merseyside	5,500
Nightsafe	7,000
VCFS Crisis Response Food Group	8,000
Blackpool Food Bank	10,000
Star Academies Family Food Bank	10,000
The Bread and Butter Thing	10,000
ActionTogether	10,000
Emerge 3RS	10,000
Independance at Home	10,000
Emerge Fareshare	20,000
UK Community Foundations	99,000
Total of 109 grants each below £2,000	72,631
<b>Returned grants or reductions in future commitments :</b>	
Various	(1,900)

---

**671,185**

---

<b>RELIGIOUS CAUSES</b>	<b>£</b>
The Church Army	2,000
Church Homeless Trust	3,500
Faiths4Change	3,518
Emmanuel Baptist Church Netherton	3,850
Draycott in the Clay Parish Council	4,250
Micah Liverpool	5,000
St Gabriel's Church Huyton	5,000
Wirral Churches Ark	5,000
Parish Church of St Anne and St Paul Stoneycroft	5,000
St James in the City	5,000
Holy Trinity Parr Mount St Helens	5,000
Capstone Project - St Helens Baptist Church	5,000
Total of 14 grants each below £2,000	8,248
<b>Returned grants or reductions in future commitments :</b>	
Various	0

---

**60,366**

---



**THE DUCHY OF LANCASTER BENEVOLENT FUND**

**GRANTS MADE IN THE YEAR ENDED 31st MARCH 2021**

**MISCELLANEOUS CAUSES**

£

Merseyside Water Rescue	2,000
Merseyside Lowland Search and Rescue	2,500
SSAFA Merseyside	2,500
Sahir House - Dale St	3,860
Maggies Merseyside	5,000
Maggies Merseyside	5,000
Team Rubicon / Re: ACT Diaster Relief	5,000
Hooves for Healing	5,000
Moulana Community CIC	5,000
ABF The Soldiers Charity	5,000
Shakespeare North Trust (Cripps LLP Client)	5,000
Preston Muslim Forum	5,000
COVID Support Various	52,500
Total of 4 grants each below £2,000	3,350

***Returned grants or reductions in future commitments :***

Various	(6,150)
---------	---------

---

**100,560**

---

**Total of grants made in the year detailed above**

**1,103,386**

Add accrual for future grants at 31 March 2021

77,000

Less accrual for future grants at 31 march 2020

(90,000)

**Grants accounted for per note 4 to the accounts**

---

**1,090,386**

---

## THE DUCHY OF LANCASTER BENEVOLENT FUND

### STATEMENT OF INVESTMENT PRINCIPLES

#### Background and purpose of portfolio

The Duchy of Lancaster Benevolent Fund supports charitable causes in the County Palatine of Lancaster and elsewhere in the UK, where the Duchy of Lancaster has historical connections.

#### Investment objectives

The minimum investment objective for the Fund's investment portfolio is to maintain the capital value of the Fund in real terms after inflation and distributions.

#### Distribution policy

It is the Trustees' policy to distribute investment income received in the investment portfolio on an annual basis. The level of distribution is reviewed regularly in light of changing market conditions to ensure that it is sustainable over the longer term. The current distribution rate has been set at 3.0% p.a., approximately £500,000 in money terms.

#### Total return target

The level of distributions from the Fund and the need to maintain the real value of capital and income from inflation imply a minimum total return target for the investment portfolio of RPI inflation +3% p.a.

#### Time horizon

The time horizon for the investment portfolio is considered to be long term, reflecting the Fund's purpose. This is defined in investment terms as being over ten years.

#### Liquidity requirement

There is no requirement to hold a specific proportion of assets in cash or other short term asset classes but all investments should be in relatively liquid vehicles.

#### Ethical considerations

There are no specific constraints on the investment portfolio in terms of ethical, social or environmental (ESG) matters but the managers of the portfolio are expected to take ESG issues into consideration when assessing individual investments and actively engage with company management to improve their ESG

#### Risk tolerance

A reasonable level of capital volatility within the investment portfolio is acceptable given the Fund's long term time horizon and total return objectives but to limit capital and other risks in the investment portfolio, the portfolio should be well diversified across asset classes and individual investments.

#### Investment benchmark

To achieve the required return without taking excessive risk in the investment portfolio, the strategic asset allocation or neutral benchmark for the portfolio has been set with 45% in UK equities, 22.5% in overseas equities, 18% in bonds, 10% in property and 4.5% in cash.

#### Investment management arrangements

The Trustees will appoint investment managers to manage the assets of the portfolio in accordance with the principles set out in this statement and within the guidelines set down from time to time by the trustees. The Trustees will monitor the performance of the manager against the stated investment benchmark on a quarterly basis but it is anticipated that the manager will be given a period of minimum tenure of between three and five years.

#### Permitted asset classes, ranges and benchmark indices

The table below shows the strategic asset allocation and benchmark indices against which the managers' performance will be monitored. The table also shows the broad asset classes in which investment is permitted. Maximum and minimum ranges have been set to limit the overall risk within the portfolio.

## THE DUCHY OF LANCASTER BENEVOLENT FUND

### STATEMENT OF INVESTMENT PRINCIPLES

#### Permitted asset classes, ranges and benchmark indices (continued)

Asset class	Benchmark %	Permitted range %	Benchmark indices
Cash	4.5	0-10	Sterling 7 day LIBOR
Bonds	18.0	10-35	FTSE All Stocks All Gilts Index
UK equities	45.0	-	FTSE All Share Index
Overseas equities	22.5	-	FTSE World ex UK Index
Total equities	67.5	45-80	
Property	10	5-15	MSCI UK Property Index
Total	100		Composite index

#### Currency and hedging

The Trust's liabilities are all in sterling and therefore the bulk of the portfolio should be held in sterling to avoid unnecessary currency risk. Non sterling exposure should be limited to 40%.

#### Restricted asset classes

There should be no investment in gold bullion and commodities nor in private equity vehicles.

#### Other restrictions

- a. No direct holding is to exceed 1% of the issued share capital of a company without prior permission of the Trustees.
- b. No acquisition should result in the relevant holding representing more than 5% of the value of the portfolio without prior consent of the Trustees, save in the case of a government security or managed fund. This does not preclude the retention of a holding that attains a value in excess of 5% of the Fund after purchase.
- c. The manager must have the prior approval of the Trustees before:-
  - Investing in non readily realisable investments;
  - Effecting off-exchange transactions;
  - Entering underwriting or sub-underwriting commitments;
  - Using futures, options and other derivative products.

Approval to carry out any restricted activity may be given by one Trustee and the Secretary of the Fund upon receipt of a written recommendation from the manager. Any such approval must be reported to the trustees at their next meeting.

#### Review process

The Trustees will review the contents of this statement of investment principles on an annual basis and modify if it is deemed appropriate.

**Last reviewed: November 2019**

