

THE MALLINCKRODT FOUNDATION

**Financial Statements
5 April 2021**

THE MALLINCKRODT FOUNDATION

Financial statements for the year ended 5 April 2021

Contents	Page
Reference and administrative information	1
Report of the Trustees	2 - 4
Independent examiner's report	5
Statement of financial activities	6
Balance sheet	7
Notes to the financial statements	8 - 13

THE MALLINCKRODT FOUNDATION

Reference and administrative information

Charity number:

1058011

Registered Office and operational address:

81 Rivington Street
London
EC2A 3AY

Trustees:

Mrs C B Mallinckrodt
Mrs C L Fitzalan Howard
Mr E G P Mallinckrodt
Mr P S A Mallinckrodt

Bankers:

Schroder & Co Limited
1 London Wall Place
London
EC2Y 5AU

Investment Manager:

Cazenove Capital
1 London Wall Place
London
EC2Y 5AU

Independent examiner:

BDO LLP
55 Baker Street
Marylebone
London
W1U 7EU

Solicitors:

Withers
16 Old Bailey
London
EC4M 7EG

THE MALLINCKRODT FOUNDATION

Report of the Trustees for the year ended 5 April 2021

The Trustees present their report and financial statements for the year ended 5 April 2021.

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

Structure, governance & management

The Mallinckrodt Foundation (the 'Foundation') is an unincorporated charity registered as a charity in England and Wales on 12 September 1996.

The Charity is constituted under a Charitable Trust Deed dated 31 July 1996.

Trustees

We are sad to report that the Settlor, George W Mallinckrodt, died on 16 January 2021.

The power of appointing new Trustees of the charity was vested in the Settlor during his lifetime and thereafter in the Settlor's spouse Mrs Charmaine B Mallinckrodt if then living and thereafter in such person or persons as the survivor of the Settlor and Mrs Mallinckrodt shall by deeds or deeds revocable or irrevocable or by will or codicil appoint. A new Trustee or new Trustees may be appointed at any time (either by way of replacement or addition).

Subject to the above a Trustee may be appointed or discharged by a resolution of a Meeting of the Trustees provided that a memorandum declaring such appointment or discharge shall be signed as a deed either at the Meeting by the person presiding or in some other manner directed by the Meeting and attested by two other persons present at the Meeting.

Risk management

The Trustees have considered the major risks to which the Foundation is exposed and they have established systems and procedures to manage these risks. The major risk to which the Foundation is exposed is that of incurring significant losses in the investment portfolio. General performance targets are set by the Trustees in relation to the investment portfolio, and the investment performance is kept under review by the Trustees.

In particular, the Trustees have considered the risks presented by the ongoing coronavirus pandemic and consider the Foundation to be well positioned to mitigate these risks. There is sufficient cash held to meet its administration, governance and grant-making costs. The investment portfolio has a total return approach and is expected to maintain a relatively similar pattern of distributions throughout the year ahead.

Objects and activities

The objects of the Foundation are to apply the income and capital for the benefit of any charitable object or purpose, in any part of the world, as the Trustees think fit. The Trustees currently have a policy of supporting a broad range of charitable activities. The Trustees identify projects and organisations they wish to support. The Foundation does not make grants to people or organisations that apply speculatively.

The Foundation does not actively raise funds and seeks to continue its philanthropic work through the careful stewardship of its existing financial resources.

Public Benefit

The Trustees confirm that they 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 future activities and setting the grant making policy for the year.

Achievements and performance

During the year the Foundation has awarded 6 donations totalling £54,854 (2020: 8 donations totalling £77,267) within the Trustees' themes for support.

THE MALLINCKRODT FOUNDATION

Report of the Trustees for the year ended 5 April 2021

Financial review

The capital of the Foundation at the year end, represented by the value of investments and portfolio cash, was £5,191,126 (2020: £4,194,195). During the year the Foundation received investment income of £189,822 (2020: £186,384).

The Foundation's net assets at 5 April 2021 were £6,297,961 (2020: £5,276,218).

Investment policy and performance

The allocation of investments is delegated to an Investment Manager who provides progress reports to Trustees on a regular basis. The Trustees regularly review current strategy thereby ensuring the careful stewardship of The Mallinckrodt Foundation funds.

The Foundation's investments mainly represent units in a Charity Multi-Asset Fund which, at 5 April 2021, accounted for 95% of the value of the settled funds. The investment manager is tasked with maintaining or increasing the value of the portfolio, while ensuring there are sufficient funds to meet all commitments. On 5 April 2021, the market value of the settled funds stood at £5,191,126 (2020: £4,194,195). During the year ended 5 April 2021, net gains on investments were £901,555.

Grant making policy

At their bi-annual meetings the Trustees consider what grants they will make and receive reports from grant recipients. The Trustees travel widely in the UK and abroad and use the knowledge gained to support the work of the Foundation and to inform their grant-making activities.

Reserves policy

The Mallinckrodt Foundation recognises the need to hold reserves for the maintenance of core charitable activities in the event of income shortfalls. Reserves are defined as income that becomes available which is to be expended at the discretion of the Trustees of The Mallinckrodt Foundation in furtherance of its objects but which has not yet been spent, committed or designated. The Mallinckrodt Foundation carefully budgets and plans charitable expenditure, liaising closely with the Investment Manager. Total reserves at the 5 April 2021 were £6,297,961 (2020: £5,276,218), of which £1,000,000 has been designated for the future payment of donations which is expected to be made by 5th April 2022. Budget and income information is reported to Trustees at their meetings. At the year end, total unrestricted reserves (excluding designated reserves) were £5,297,961 (2020: £4,276,218).

Future plans

During the coming year the Trustees will review the policy for grant-making and they will continue to develop the strategy for providing grants in an efficient and effective way.

Statement of Trustees' Responsibilities

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

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 Foundation and of the incoming resources and application of resources of the Foundation for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting 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 Foundation will continue in business.

THE MALLINCKRODT FOUNDATION

Report of the Trustees for the year ended 5 April 2021

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

Approval

This report was approved by the Trustees on 16/11/21 and signed on its behalf by:

Edward Mallinckrodt
Trustee

THE MALLINCKRODT FOUNDATION

Independent Examiner's Report to the Trustees of The Mallinckrodt Foundation

I report to the trustees on my examination of the accounts of The Mallinckrodt Foundation for the year ended 5 April 2021, which are set out on pages 6 to 13

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 31 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity's trustees as a body, for my work, for this report, or for the statement I have made.

Responsibilities and basis for report

As the charity trustees of the Foundation you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ("the Act").

I report in respect of my examination of the Foundation's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe:

- accounting records were not kept in respect of the Foundation as required by section 130 of the Act; or
- the accounts do not accord with those records; or
- the accounts do not comply with the accounting requirements concerning the form and content of the accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Richard Willis
For and on behalf of BDO LLP
Chartered Accountants
London, United Kingdom

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

THE MALLINCKRODT FOUNDATION

Statement of financial activities For the year ended 5 April 2021

	Notes	Unrestricted £	Unrestricted Designated £	2021 Total funds £	2020 Total funds £
Income and endowments from:					
Investments	2	189,822	-	189,822	186,384
Total		189,822	-	189,822	186,384
Expenditure on:					
Raising funds – investment management fees	3	5,592	-	5,592	5,342
Charitable activities	4	64,042	-	64,042	86,047
Total		69,634	-	69,634	91,389
Net income before gains and losses on investments		120,188	-	120,188	94,995
Net gains/(losses) on investments	6	901,555	-	901,555	(602,703)
Net income		1,021,743	-	1,021,743	(507,708)
Net movement in funds	7	1,021,743	-	1,021,743	(507,708)
Fund balances brought forward		4,276,218	1,000,000	5,276,218	5,783,926
Fund balances carried forward		5,297,961	1,000,000	6,297,961	5,276,218

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above and therefore those stated above represent total comprehensive income.

The notes on page 8 to 13 form part of these financial statements.

THE MALLINCKRODT FOUNDATION

Balance Sheet as at 5 April 2021

	Notes	2021 £	2020 £
Fixed assets			
Investments	8	<u>5,191,126</u>	<u>4,194,195</u>
Current assets			
Debtors	9	<u>23,745</u>	<u>23,485</u>
Cash at bank and in hand		<u>1,101,251</u>	<u>1,076,151</u>
		1,124,996	1,099,636
Liabilities			
Creditors: amounts due within 1 year	10	<u>(18,161)</u>	<u>(17,613)</u>
Net current assets		1,106,835	1,082,023
Net assets		6,297,961	5,276,218
Funds			
Unrestricted funds	11	<u>5,297,961</u>	<u>4,276,218</u>
Unrestricted designated funds	11	<u>1,000,000</u>	<u>1,000,000</u>
Total charity funds		6,297,961	5,276,218

The financial statements were approved by the Trustees and authorised for issue on 16/11/21 and signed on their behalf by:

Edward Mallinckrodt
Trustee

The notes on page 8 to 13 form part of these financial statements.

THE MALLINCKRODT FOUNDATION

Notes to the financial statements For the year ended 5 April 2021

1. Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments, and in accordance with the 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) (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. These financial statements have been prepared in pounds sterling and are rounded to the nearest pound.

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

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 Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued 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 preparation of the financial statements requires the Trustees to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on the Trustees' best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. The Trustees consider that there are no key sources of estimation uncertainty.

b) Going concern

The Trustees have reviewed the Foundation's investments and operations in response to the impact of the Covid-19 pandemic. The budget for charitable activities in 2021-22 is, at this time, unaffected and there is sufficient cash available to meet administration, governance and grant-making costs. The Foundation also holds reserves which are available to supplement income requirements to meet charitable objectives as required. The Trustees consider that there are no material uncertainties over the Foundation's ability to continue as a going concern for the foreseeable future, being a period of at least 12 months from the date of signing the financial statements.

c) Income

Income is stated on a receivable basis.

Income received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. Income receivable from Gift Aid claims is recognised when the claim had been approved by HMRC.

Investment income is credited gross to the Statement of Financial Activities on the date it becomes payable.

d) Expenditure

Expenditure is recognised in the period to which they relate. Resources expended include attributable VAT which cannot be recovered. Donations payable are recognised in the statement of financial activities once they have been approved by the Trustees, the recipient has been informed, and any conditions placed on the recipient have been met.

Expenditure on raising funds includes investment manager fees which are calculated quarterly by Schroder & Co Ltd (the investment manager) and included in investment manager fees on a payable basis.

Administration costs consist of the day-to-day administration of the Foundation's affairs as carried out by staff employed by The Schroder Foundation. The costs are recharged to the Trust on a percentage basis, based on the level of activities of the charity.

Governance costs are the costs associated with the governance arrangements of the Foundation. These costs are associated with the constitutional and statutory requirements and include any costs associated with the strategic management of the Foundation's activities.

THE MALLINCKRODT FOUNDATION

Notes to the financial statements For the year ended 5 April 2021

e) **Gains/losses on investment assets**

All gains and losses are taken to the Statement of Financial Activities as they arise. Unrealised gains and losses on investment assets represent the difference between their fair value at the end of the year and their fair value at the beginning of the year, or transaction value if acquired during the year. Realised gains and losses on disposal of investment assets represent the difference between the sale proceeds and the fair value at the beginning of the year, or transaction value if acquired during the year.

f) **Taxation**

The Foundation benefits from the tax exemptions available to UK registered charities and accordingly is not liable for income tax or capital gains tax on income and gains derived from its investments.

g) **Financial instruments**

The Foundation 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.

h) **Investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using their closing quoted market price. Realised and unrealised gains and losses are shown in the statement of financial activities together as net gains on revaluation and disposals of investment assets. Investments held in the cash liquidity funds are classified within current assets.

The Foundation does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the Foundation is that of volatility in the investment markets due to wider economic conditions, the attitude of investors to investment risk and changes in sentiment concerning equities and within particular sectors of sub-sectors.

i) **Debtors**

Debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

j) **Cash at bank and in hand**

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less.

k) **Creditors**

Creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

l) **Unrestricted funds**

Unrestricted funds are donations, investment income and other incoming resources receivable or generated for the objects of the Foundation. The general fund therefore comprises those monies which may be used towards meeting the charitable objectives of the Foundation at the discretion of the Trustees.

Designated funds are unrestricted funds that have been put aside by the Trustees for a specific purpose and are thus treated as not available for the general activities of the charity.

2.	Investment income	2021	2020
		£	£
	Dividends	189,821	183,709
	Bank interest	1	2,675
		189,822	186,384

No restricted investment income was received in the year (2020: £Nil).

THE MALLINCKRODT FOUNDATION

Notes to the financial statements For the year ended 5 April 2021

3.	Raising funds – costs	2021	2020
		£	£
	Investment management fees	5,592	5,342
		<u>5,592</u>	<u>5,342</u>

All costs incurred in both 2021 and 2020 were in respect of unrestricted funds.

4.	Charitable activities	2021	2020
		£	£
	Charitable donations (note 6)	54,854	77,267
	Administration fees payable	4,598	4,940
	Governance	4,590	3,840
		<u>64,042</u>	<u>86,047</u>

All costs incurred in both 2021 and 2020 were in respect of unrestricted funds.

5.	Charitable donations	2021	2020
		Total	Total
		£	£
	Blackfriars Hall, Oxford	-	10,000
	Charterhouse, The	5,000	-
	Christian Responsibility in Public Affairs (CRPA)	-	5,000
	Corporation of the Hall of Arts and Scientists (Royal Albert Hall)	-	15,000
	Foundation of the College of St George (Companions of Windsor)	5,000	5,000
	Friends of the Holy Land	5,000	-
	Harvard Kennedy School of Government	19,854	20,089
	Marine Conservation Society	-	4,000
	Promoting Economic Pluralism	5,000	-
	Royal Botanical Gardens Kew – Friends & Supporters	15,000	-
	Sisters of Christian Charity United, Inc	-	8,178
	University of Oxford Development Trust	-	10,000
		<u>54,854</u>	<u>77,267</u>

6.	Net investment gains/(losses)	2021	2020
		£	£
	Realised	8,283	(612,003)
	Unrealised	893,272	9,300
		<u>901,555</u>	<u>(602,703)</u>

THE MALLINCKRODT FOUNDATION

Notes to the financial statements For the year ended 5 April 2021

7. Net movement in funds

Net movement in funds is stated after charging:

	2021 £	2020 £
Examiner's remuneration		
- accounts preparation	-	840
- Independent Examination	3,840	3,000
	<u>3,840</u>	<u>3,000</u>

8. Investments

	2021 £	2020 £
Market value at the year start	4,170,609	4,605,720
Additions at cost	134,060	275,913
Disposal proceeds	(49,983)	(108,321)
Net gains/(losses) on disposals and revaluations	901,555	(602,703)
	<u>5,156,241</u>	<u>4,170,609</u>
Market value at the year end	5,156,241	4,170,609
Cash held as part of portfolio	34,885	23,586
	<u>5,191,126</u>	<u>4,194,195</u>
Total investment value	5,191,126	4,194,195
Historical cost at the year end	4,475,083	4,372,320
	<u>4,475,083</u>	<u>4,372,320</u>

All equity investments are listed on recognised stock exchanges or are authorised unit trusts or OEIC's.

	2021 £	2020 £
Investments at market value comprised:		
Private Equity	234,967	258,116
Charity Multi Asset Funds	4,921,274	3,912,493
	<u>5,156,241</u>	<u>4,170,609</u>

9. Debtors

	2021 £	2020 £
Dividends receivable	23,745	23,485
	<u>23,745</u>	<u>23,485</u>

THE MALLINCKRODT FOUNDATION

Notes to the financial statements For the year ended 5 April 2021

10.	Creditors: amounts falling due within one year	2021 £	2020 £
	Accruals	9,188	8,780
	Other creditors – investment management fee	1,473	1,333
	Grants payable	7,500	7,500
		18,161	17,613

11.	Movement in funds - 2021	6 April 2020 £	Income £	Expenditure £	Gains/Losses £	5 April 2021 £
	Unrestricted funds	4,276,218	189,822	(69,634)	901,555	5,297,961
	Designated funds	1,000,000	-	-	-	1,000,000
	Total	5,276,218	189,822	(69,634)	901,555	6,297,961

	Movement in funds - 2020	6 April 2019 £	Income £	Expenditure/Transfers £	Gains/Losses £	5 April 2020 £
	Unrestricted funds	4,783,926	186,384	(91,389)	(602,703)	4,276,218
	Designated funds	1,000,000	-	-	-	1,000,000
	Total	5,783,926	186,384	(91,389)	(602,703)	5,276,218

12.	Analysis of net assets between funds - 2021	Unrestricted funds £	Designated funds £	Total funds £
	Investments	5,191,126	-	5,191,126
	Net current assets	106,835	1,000,000	1,106,835
		5,297,961	1,000,000	6,297,961

	Analysis of net assets between funds - 2020	Unrestricted funds £	Designated funds £	Total funds £
	Investments	4,194,195	-	4,194,195
	Net current assets	82,023	1,000,000	1,082,023
		4,276,218	1,000,000	5,276,218

13. **Trustee remuneration**

The Trustees consider themselves as comprising the key management personnel of the Foundation, in charge of directing and controlling the Foundation. During the year, the Trustees received no remuneration, benefits in kind or reimbursement of expenses (2020: none).

THE MALLINCKRODT FOUNDATION

14. Related parties

Cazenove Capital acts as investment manager for the charity. Mr Philip S A Mallinckrodt was a non-executive director of Schroders plc, the ultimate parent company of Cazenove Capital, until 30 April 2020. Mrs Claire L Fitzalan Howard was appointed a non-executive director of Schroders plc from 30 April 2020.

Schroder & Co Limited act as bankers for the charity. Mr Philip S A Mallinckrodt was a non-executive director of Schroders plc, the ultimate parent company of Schroder & Co Limited, until 30 April 2020. Mrs Claire L Fitzalan Howard was appointed a non-executive director of Schroders plc from 30 April 2020

Mrs Charmaine B Mallinckrodt, Mrs Claire L Fitzalan Howard and Mr Philip S A Mallinckrodt are also trustees of The Schroder Foundation which has made a charge to the charity of £4,598 (2020: £4,940) in respect of administration services provided during the period. A balance of £4,598 (2020: £4,940) was due to The Schroder Foundation at the year end.