

THE MALLINCKRODT FOUNDATION

**Financial Statements
5 April 2022**

THE MALLINCKRODT FOUNDATION

Financial statements for the year ended 5 April 2022

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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:
UHY Kent LLP
Thames House
Roman Square
Sittingbourne
ME10 4BJ

Solicitors:
Withers
16 Old Bailey
London
EC4M 7EG

THE MALLINCKRODT FOUNDATION

Report of the Trustees for the year ended 5 April 2022

The Trustees present their report and financial statements for the year ended 5 April 2022.

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

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 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 considered the risks presented by the coronavirus pandemic and considered 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 £62,243 (2021: 6 donations totalling £54,854) within the Trustees' themes for support.

THE MALLINCKRODT FOUNDATION

Report of the Trustees for the year ended 5 April 2022

Financial review

The capital of the Foundation at the year end, represented by the value of investments and portfolio cash, was £5,535,598 (2021: £5,191,126). During the year the Foundation received investment income of £199,380 (2021: £189,822).

The Foundation's net assets at 5 April 2022 were £6,659,406 (2021: £6,297,961).

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 2022, 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 2022, the market value of the settled funds stood at £5,535,598 (2021: £5,191,126). During the year ended 5 April 2022, net gains on investments were £242,732.

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 5 April 2022 were £6,659,406 (2021: £6,297,961), of which £1,000,000 has been designated for the future payment of donations which is expected to be made by 5th April 2023. Budget and income information is reported to Trustees at their meetings. At the year end, total unrestricted reserves (excluding designated reserves) were £5,659,406 (2021: £5,297,961).

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 2022

The Trustees are responsible for keeping proper 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 9/11/22 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 2022, which are set out on pages 6 to 12.

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.

Allan Hickie BSc FCA
UHY Hacker Young
Chartered Accountants
Thames House
Roman Square
Sittingbourne
Kent ME10 4BJ

Date: 10 November 2022

THE MALLINCKRODT FOUNDATION

Statement of financial activities for the year ended 5 April 2022

	Notes	Unrestricted £	Unrestricted Designated £	2022 Total funds £	2021 Total funds £
Income and endowments from:					
Investments	3	199,380	-	199,380	189,822
Total		<u>199,380</u>	<u>-</u>	<u>199,380</u>	<u>189,822</u>
Expenditure on:					
Raising funds – investment management fees	4	6,291	-	6,291	5,592
Charitable activities	5	74,376	-	74,376	64,042
Total		<u>80,667</u>	<u>-</u>	<u>80,667</u>	<u>69,634</u>
Net income before gains and losses on investments		118,713	-	118,713	120,188
Net gains on investments	7	242,732	-	242,732	901,555
Net income		<u>361,445</u>	<u>-</u>	<u>361,445</u>	<u>1,021,743</u>
Net movement in funds	8	361,445	-	361,445	1,021,743
Fund balances brought forward		<u>5,297,961</u>	<u>1,000,000</u>	<u>6,297,961</u>	<u>5,276,218</u>
Fund balances carried forward		<u><u>5,659,406</u></u>	<u><u>1,000,000</u></u>	<u><u>6,659,406</u></u>	<u><u>6,297,961</u></u>

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 12 form part of these financial statements.

THE MALLINCKRODT FOUNDATION

Balance Sheet as at 5 April 2022

	Notes	2022 £	2021 £
Fixed assets			
Investments	9	<u>5,535,598</u>	<u>5,191,126</u>
Current assets			
Debtors	10	25,119	23,745
Cash at bank and in hand		<u>1,116,013</u>	<u>1,101,251</u>
		<u>1,141,132</u>	<u>1,124,996</u>
Liabilities			
Creditors: amounts due within 1 year	11	<u>(17,324)</u>	<u>(18,161)</u>
Net current assets		<u>1,123,808</u>	<u>1,106,835</u>
Net assets		<u>6,659,406</u>	<u>6,297,961</u>
Funds			
Unrestricted funds	12	5,659,406	5,297,961
Unrestricted designated funds	12	<u>1,000,000</u>	<u>1,000,000</u>
Total charity funds		<u>6,659,406</u>	<u>6,297,961</u>

The financial statements were approved by the Trustees and authorised for issue on 9/11/22 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 2022

1. General Information

The Mallinckrodt Foundation is an unincorporated charity registered with the Charity Commission for England and Wales. The Foundation's principal place of business is 81 Rivington Street, London, EC2A 3AY.

2. 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, including in response to the impact of the Covid-19 pandemic. The budget for charitable activities in 2022-23 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. Expenditure includes 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 Cazenove Capital (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 Foundation 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 2022

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.

3.	Investment income	2022	2021
		£	£
	Dividends	199,264	189,821
	Bank interest	116	1
		199,380	189,822

No restricted investment income was received in the year (2021: £Nil).

THE MALLINCKRODT FOUNDATION

Notes to the financial statements for the year ended 5 April 2022

4.	Raising funds – costs	2022	2021
		£	£
	Investment management fees	6,291	5,592
		<u>6,291</u>	<u>5,592</u>
	All costs incurred in both 2022 and 2021 were in respect of unrestricted funds.		
5.	Charitable activities	2022	2021
		£	£
	Charitable donations (note 6)	62,243	54,854
	Administration fees payable	8,896	4,598
	Governance	3,237	4,590
		<u>74,376</u>	<u>64,042</u>
	All costs incurred in both 2022 and 2021 were in respect of unrestricted funds.		
6.	Charitable donations	2022	2021
		Total	Total
		£	£
	Charterhouse, The	-	5,000
	Christian Responsibility in Public Affairs (CRPA)	5,000	-
	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	18,243	19,854
	Promoting Economic Pluralism	-	5,000
	Royal Botanical Gardens Kew – Friends & Supporters	15,000	15,000
	Royal Chapel of All Saints, The	5,000	-
	Woolf Institute, The	14,000	-
		<u>62,243</u>	<u>54,854</u>
7.	Net investment gains	2022	2021
		£	£
	Realised	15,281	8,283
	Unrealised	227,451	893,272
		<u>242,732</u>	<u>901,555</u>
8.	Net movement in funds		
	Net movement in funds is stated after charging:		
		2022	2021
		£	£
	Examiner's remuneration		
	- Independent Examination	3,000	3,840
		<u>3,000</u>	<u>3,840</u>

THE MALLINCKRODT FOUNDATION

Notes to the financial statements for the year ended 5 April 2022

9.	Investments	2022 £	2021 £
	Market value at the year start	5,156,241	4,170,609
	Additions at cost	207,282	134,060
	Disposal proceeds	(85,380)	(49,983)
	Net gains on disposals and revaluations	242,732	901,555
	Market value at the year end	5,520,875	5,156,241
	Cash held as part of portfolio	14,723	34,885
	Total investment value	5,535,598	5,191,126
	Historical cost at the year end	4,666,512	4,475,083

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

	2022 £	2021 £
Investments at market value comprised:		
Private Equity	221,125	234,967
Charity Multi Asset Funds	5,299,750	4,921,274
	5,520,875	5,156,241

10.	Debtors	2022 £	2021 £
	Dividends receivable	25,119	23,745
		25,119	23,745

11.	Creditors: amounts falling due within one year	2022 £	2021 £
	Accruals	8,773	9,188
	Other creditors – investment management fee	1,551	1,473
	Grants payable	7,000	7,500
		17,324	18,161

THE MALLINCKRODT FOUNDATION

Notes to the financial statements for the year ended 5 April 2022

12. Movement in funds – 2022	6 April 2021 £	Income £	Expenditure £	Gains £	5 April 2022 £
Unrestricted funds	5,297,961	199,380	(80,667)	242,732	5,659,406
Designated funds	1,000,000	-	-	-	1,000,000
Total	6,297,961	199,380	(80,667)	242,732	6,659,406

Movement in funds - 2021	6 April 2020 £	Income £	Expenditure/ Transfers £	Gains £	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

13. Analysis of net assets between funds - 2022	Unrestricted funds £	Designated funds £	Total funds £
Investments	5,535,598	-	5,535,598
Net current assets	123,808	1,000,000	1,123,808
	5,659,406	1,000,000	6,659,406

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

14. 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 (2021: none).

15. Related parties

Mrs C L Fitzalan is a non-executive director of Schroders plc, the ultimate parent company of Cazenove Capital, which acts as investment manager for the Charity, and Schroder & Co Ltd, which act as bankers for the charity.

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 £9,133 (2021: £4,598) in respect of administration and accountancy services provided during the period. A balance of £5,773 (2021: £4,598) was due to The Schroder Foundation at the year end.