

**REGISTERED COMPANY NUMBER: 06819026 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 1128686**

Report of the Trustees and  
Financial Statements for the Year Ended 30 June 2021  
for  
The Sir Henry Royce Memorial Foundation  
(A Company Limited by Guarantee)

CED Accountancy Services Limited  
1 Lucas Bridge Business Park  
1 Old Greens Norton Road  
Towcester  
Northamptonshire  
NN12 8AX

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for the Year Ended 30 June 2021

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## The Sir Henry Royce Memorial Foundation

### Chairman's Report for the Year Ended 30 June 2021

The 2020/21 period was a year of unprecedented challenge for SHRMF. The Trustees confronted these challenges and now face what was potentially an uncertain future with increased confidence. The Trust governance was progressively reconfigured throughout the year and an experienced Independent Chair was appointed early in 2021 to lead a process of positive change.

During the accounting period there were three primary hurdles to climb. The first was to defeat a persistent campaign of aggressive negative briefing and legal action taken by one individual member allegedly to destabilise the governance of the Trust and its Board. This had materialised in the previous financial year and was in the form of a S116 notice followed by a separate criminal case against individual Trustees. The person concerned was experienced in such actions. The second challenge was to manage the instantaneous operational implications of the global Covid-19 impact. Finally, the Trustees urgently needed to resolve the evolving necessity to upgrade the Governance and management in full accordance with current regulatory best practice.

Progress was achieved in all three throughout the year.

The Foundation was successful in two separate court litigation proceedings and were awarded costs. In one case, the legal charges were covered by SHRMF insurance. In the other, it transpired that they were not and £160k was spent. Furthermore, the Litigant, now ruled as vexatious, has appealed and further expense may be incurred. Nevertheless, steps are being taken to recover the costs. Fortunately, some of the legal charges to date have been defrayed thanks to the generosity and support of members through unrestricted donations. In the meantime, following due process, the person concerned was removed from SHRMF Membership.

At the onset of the Covid-19 crisis, the Trustees followed Government Guidance in full and postponed all operational events and awards invigilation. They then deployed the Furlough Scheme to good effect. All Trustee meetings were conducted on Teams/Zoom and their frequency increased from quarterly to monthly to maintain continuity and enhance teamwork. To improve grip, focus, control and accountably a CEO was appointed. This new position allowed the Trustees to focus effectively on governance and strategy rather than on ad-hoc operational issues. Consequently, The Foundation continued to function throughout the crisis.

Following the Charity Commission Audit in the previous year, the Governance Articles had been under review. A Board Sub-Committee was convened to undertake a root and branch study of current regulatory best practice. Led by The Company Secretary, the committee also noted, among other anomalies an underlying potential in the current Articles for inadvertent major conflicts of interest to arise. This potential had been exploited by the vexatious litigant referred to earlier. Consequently, a revised governance document was developed and following legal audit, is expected to be submitted for member approval at the next AGM. During the year, four Trustees left the Board. Their past contribution to The Foundation was noteworthy. As the Governance Articles were under review, the Board unanimously agreed to hold back recruitment of any replacements so as to comply with the new Articles once they had been adopted at the end of 2021.

Furthermore, due to the reduced Covid-impacted activities, defrayed by lower operational costs, the Trust yielded a deficit during the year of £35,354. The balance sheet remained strong thanks primarily to the value of Fixed Assets, which in the case of insolvency can only be transferred to a Charity with complimentary objects. Liquidity currently remains viable and is expected to improve as the Trust embraces greater activity levels with both new and existing partners.

Looking forward, should the members agree, the Board's intention is to progressively evolve a diverse Trustee team for the future. The object is to strengthen the Foundation by increasing membership and developing complimentary partnerships to facilitate the growth of the essential knowledge and skills required to design, maintain and preserve our heritage and our future. It is imperative that the priceless Royce artefacts and associated Hunt House assets are retained and their full intrinsic value used for the benefit of members and the public. In that way, the Foundation will be truly faithful to Sir Henry's credo of "excellence in engineering" and will achieve its "objects" in full.

The Sir Henry Royce Memorial Foundation

Chairman's Report continued  
for the Year Ended 30 June 2021

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 30 June 2021. The trustees have adopted the provisions of 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).



W J McGawley OBE CEng FIET  
Independent Chairman

4<sup>th</sup> November 2021

## **OBJECTIVES AND ACTIVITIES**

### **Objectives and aims**

The purposes of the Foundation are

- To promote the advancement of the science and technology of engineering and in particular but not exclusively, the science of mechanical engineering, its history and development for the public benefit and the pursuit of excellence in the science of engineering.
- To advance education including, but not exclusively, by the following means:

Providing and maintaining

- (i) a museum for the preservation and exhibition of any objects whatsoever in connection with the life and works of Sir Henry Royce, Walter Owen Bentley and other engineers of similar standing, their associates and successors and in connection with the science of engineering generally;
- (ii) a library containing any books, manuscripts, photographs, films, sound records or other items whatsoever connected with the science of engineering;
- (iii) workshops and other facilities for research and study connected with the science of engineering;
- (iv) making available for study and research the corpus of the published and unpublished records of the experiments, research and works of Sir Henry Royce, Walter Owen Bentley and other engineers of similar standing, their associates and successors;
- (v) providing grants, loans, scholarships or other forms of financial assistance for research or other projects or courses connected with the study of engineering;
- (vi) promoting public understanding of and education in the discipline of engineering, particularly through collaboration with the community, schools and other educational institutions.

## **OBJECTIVES AND ACTIVITIES**

### **Significant activities**

The Foundation is principally engaged in the preservation of the Legacy of Sir Henry Royce and the support of excellence in engineering.

The strategies employed to achieve the Foundation's aims and objects are:

- Delegate responsibility for the important tasks to individual Trustee Directors, backed up where appropriate by a small committee.
- Support these animators by regular review at board level and by board participation in the events they organise.
- Board members and management are constantly on the lookout for opportunities to promote the use of The Hunt House and its facilities and to invite like-minded organisations to hold events there.

Putting these strategies into action the Foundation has five main areas of activity:

- Events
- Awards
- Lectures
- Building maintenance and improvement
- Preservation and promotion of the archives

Our programme of activities described below focuses on all these areas.

### **Public benefit**

In shaping their strategy for the year and planning their activities, the Trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'. The Trustees are of the view that, as all the activities of the Foundation are directly or indirectly those of a museum or are educational in nature, they are therefore for the public benefit.

## **ACHIEVEMENT AND PERFORMANCE**

### **Charitable activities**

#### **Introduction**

The Sir Henry Royce Memorial Foundation is responsible for the safekeeping of the construction, service, sales and test records of over 110,000 motorcars built by Rolls-Royce between 1904 and 2002. In addition, The Foundation cares for and displays donated, loaned and purchased memorabilia and artefacts. The Foundation has responsibility for numerous items of great importance in the history of the products of the Rolls-Royce companies, which includes Bentley Motor Cars since 1931. Facts about the people who made it all possible and the histories of individual motor cars are also covered. Sir Henry's other activities have not been overlooked. His work in electrical engineering, aero-engines, submarine power and rail-car engineering is also documented in The Hunt House.

The Foundation acts in the public interest in the preservation of the papers, engineering drawings and artefacts in its care, and promotes Sir Henry Royce's ideals of excellence in engineering through lectures, grants, research and awards. The Trustees are proud of the Foundation's worldwide audience, providing engineering knowledge, laid down by Sir Henry Royce and his successors. The Trustees promote and disseminate engineering skills and knowledge, accompanied by a tradition of excellence for the public good.

Maintaining ownership of these irreplaceable artefacts as Foundation assets in perpetuity remains the prime objective of The Foundation.

#### **Voluntary help**

The Trustees are most grateful to volunteers and rely on their help throughout a normal operating year, unfortunately these activities have been in-stasis since the pandemic but it is expected to resume business as usual when restrictions are relaxed and our volunteers return. Invaluable assistance has been given in filing new archival material and in conducting visiting parties on tours of The Hunt House on the rare days when the facilities have been allowed to open.

#### **Maintenance and access of archival records**

There has been a cessation in the scanning programme since the Scanning & Data Solutions Ltd contract was temporarily suspended by the R.R.E.C. Limited. It is hoped that document indexing and scanning will resume in due course because there is a considerable volume of scanned material that requires cataloguing if it is to be made available to members and researchers in the future. R.R.E.C. Limited mainly funds the project. The drawings are available on a website which provides a public platform to enable access to the digitalised historic drawings enabling the purchase of copies of drawings worldwide providing a benefit to the Foundation. The Hunt House Archive Website can be found at <https://archive.rrec.org.uk/search-result>.

#### **COVID-19**

The Foundation, in line with other organisations and charities, has been adversely affected by COVID-19. We are pleased to report that we have been able to continue our day to day activities for members in a limited way and have not had to completely close. However, it has restricted our ability to generate funds by hosting events, lectures etc but the Trustees view this as a situation that will eventually resolve. We have been able to provide information through Foundation Matters, man the telephone and email for general enquiries and continue to support access to the records remotely. To protect staff and members alike, access to the Hunt House has been stopped until Government guidelines permit and a pathway to normal business is agreed. The Trustees have taken advantage of all the pandemic related grants available to businesses and used the part-time furlough scheme to reduce overheads whilst the situation persists.

## **ACHIEVEMENT AND PERFORMANCE**

### **Charitable activities continued**

#### **Archive activities**

The post of Archivist presently remains unfulfilled. However, the Archive has continued to be made available to people for research but this has been by prior appointment only. Where possible the enquiries for information or items have been met by the Chief Executive Officer, Philip Hall or RREC staff. The programme of tidying and rationalising the Records and Archival material has continued when feasible and whilst not ideal it has meant that information has been made available when necessary. Unfortunately, COVID19 meant that access to the Archives has been severely restricted since March 2020, taking into account Government guidelines. The decision to close the Archive to external visitors was taken after due consideration of risk; it was concluded that this was necessary to protect both visitors and staff alike. Access will be resumed once Government Guidelines allow and appropriate risk assessments are performed with necessary safeguards being put in place.

The Foundation is continually looking at ways to improve the opportunities to exploit the archival material and make it more readily available to members of the public and researchers.

#### **Fundraising activities**

##### **Events and Visitors**

The reporting year has been unique and there have been no visitors or diverse groups allowed to visit the Hunt House during periods of lockdown or when risks have been considered too high regarding the demographic of our supporters and membership. We expect to start welcoming motoring enthusiasts from clubs when conditions improve.

The facilities for seminars and conferences (with a fully equipped lecture theatre and catering facilities) as well as the resources available for research remain available to the public by prior arrangement; when the Hunt House opens but can be pre-booked under flexible arrangements to secure dates. A fee is charged for these services and information is available from the Chief Executive Officer at The Hunt House (tel: 01327 811852, email: admin@henryroyce.org.uk).

There are also ample facilities in the workshops for technical demonstrations and seminars (by prior arrangement with R.R.E.C. Limited).

##### **Awards**

The Awards programme for the year has been greatly curtailed due to COVID19 health crisis and this situation has allowed the Awards Committee to review the whole programme and decide a new list of priorities for future awards when the programme re-opens in late-2021. The new schedule will be published on our website in the autumn.

##### **Lectures**

The Foundation suspended its customary programme of educational lectures as a precautionary measure and expects to resume the lectures when matters improve.

The Board of Trustees have agreed to extend and diversify the range, scope and number of lectures in the forthcoming year 2022, post-pandemic, whilst maintaining the focus on engineering excellence, to encourage higher attendances at the Hunt House and publicise the Foundation's work to a wider audience.



## **ACHIEVEMENT AND PERFORMANCE**

This reporting year has been one of consolidation and reflection. The intermittent but lengthy lockdown closures have meant the criteria for measuring achievement and performance have not been appropriate. The reduction of all activities and a skeleton staffing level have helped the organisation survive with planning in-hand to open and return to normal business being the major activity.

### **Internal and external factors**

#### **Building maintenance and improvement**

The Trustees will consider what maintenance is required to maintain the Grade II listed property both under the terms of the lease to R.R.E.C limited and as a major investment to the Foundation. To this end, it has made provisions for such costs by designating funds to be available in the future for repairs and maintenance and this consists of two main areas: a) on-going repairs to the roof with a set aside sum of £1,500 and b) the slowly deteriorating stonework and mortar; this project is seen as a major long-term commitment and will be conducted in a phased manner with £1,500 earmarked for the first phase.

#### **Rent Review**

Under the terms of the lease agreement between the Foundation and the R.R.E.C. Limited, a rent review was due on 16<sup>th</sup> June 2020 and the Foundation appointed an independent agent, Hadland Chartered Surveyors, to act on their behalf. A detailed report was provided on 27 August 2020 and the rent increase assessed as £5,000pa. their element of the review.

#### **Legal action against the Foundation**

During the previous reporting year, a new Foundation member commenced a legal action against the Foundation for disclosure of members lists and other information which he considered should made available to him. The Trustees, after taking their own legal advice and consulting with the Charity Commission, considered this request was not valid and they had an obligation to protect members' personal details from potential misuse. This has resulted in expenditure by the Foundation in legal expenses to defend the action. The case was heard in the Bristol Crown Court and a judgement issued on 26 March 2021 by HHJ Paul Matthews in favour of the Foundation with a significant award of costs against the defendant.

A second legal proceeding by the same Foundation member, again as a litigant-in-person, was heard in the High Wycombe Magistrates Court on 29 March 2021: District Judge Dodds gave judgement in favour of the Foundation with a similar award of costs in the sum of £77,840 to our retained legal advisors RPC. This particular case was covered by the Foundation's insurance policy and we incurred minimal charges.

Whilst the Foundation has won both legal proceedings and been awarded Court costs accordingly, it is anticipated that the ex-member concerned will continue with his unwarranted and vexatious campaign against the Foundation, and appeal the decisions and awards in the months ahead. The Foundation is working to mitigate the risks of this situation and thanks its members for their unrestricted support.

## **FINANCIAL REVIEW**

### **Financial position**

The income of the Foundation from donations and rent remained stable in the year with an additional restricted donation received of £38,400 specifically towards the legal expenses being incurred to fund the legal action. This, together with a successful series of lectures and events, gave total income of £177,133 compared to £134,102 in the previous year. The Trustees are pleased that the underlying level of donations has increased but are concerned that the continuing effect of COVID19 will impact donations in the coming eighteen months and are therefore continuing to consider what actions should be taken during a planned review of the strategic plan to strengthen the income flow.

There was a similar expenditure on property maintenance this year due to major projects having been completed in the prior years and partly because some of the kitchen refurbishment costs were picked up by R.R.E C. Limited in the prior year. Other expenditure remained stable with the exception of the legal expenses incurred by The Foundation.

This has given rise to a deficit of £35,354 (deficit 2020 £27,075) before taking the unrealised gain on the revaluation of the property into account. There was an unrealised gain of revaluing the property in the prior year (as required under Charity accounting rules), this year nil giving a total surplus reported for the year of nil (2020: £489,000).

The deficit of £35,354 (2020: deficit of £27,075) has resulted in a cash outflow from the bank account of £40,826 (2020: outflow £39,526) leaving the cash in bank and in hand at the year-end of £161,472 (2020, £202,298). There is a further cash on long term deposit of £76,116 (2020, £75,438). The only other major asset is the freehold land and buildings, part of which is occupied by R.R.E.C. Limited. The revaluation of this property is set out in note 8 to these financial statements.

### **Investment policy and objectives**

The Trustees, having regard to the liquidity requirements of operating the Foundation, have kept available cash resources in interest-bearing deposit accounts. Their plan is to achieve a rate on deposit that matches or exceeds inflation as measured by the retail prices index. Due to wider economic circumstances, bank rate and therefore deposit rates have continued to be depressed, and so this was not achieved a gain this year.

The amounts held on deposit achieved an average rate of 0.5% against the retail price index of 3.1% for the year. Whilst this gap has remained the same as the prior year, the Trustees consider that any investment manager fees would more than exceed any additional income and capital growth gain from a more sophisticated investment strategy.

The other significant investment is in the Hunt House. The property is of mixed use and, whilst a part of the building is retained to house the archival records; part is leased on a formal lease to R.R.E.C. Limited. The terms of the lease are set out in the accounting policies. There has been reasonable expenditure during the year to maintain the fabric of this investment.

## **FINANCIAL REVIEW**

### **Reserves policy**

Reserves are needed to bridge the gap between the spending and receiving of income and to cover unplanned emergency repairs and similar expenditure.

The Trustees consider that the ideal level of free reserves as at 30 June 2021 would be £230,000, being two years general expenditure after adjusting for exceptional items. The free cash reserves at 30 June 2021 were £153,304 (2020: £153,801).

The Foundation is committed to making available past and present engineering practices for educational purposes and, as modern engineering advances, the Trustees consider that this is an area the Foundation should expand; this will require reserves being available to fund it. As part of this future, the Trustees are also considering how to provide further archival and display facilities to the general public and consider that reserves should be held to support this.

The Trustees are developing the programme for Prizes and Awards and consider that reserves should be set aside to provide income to fund these. At present, the income from the money invested is insufficient to fund the Prizes and Awards. The Trustees consider that the level of reserves held is appropriate for the Foundation so it can effectively carry out its aims and objects.

A significant proportion of the Foundation's reserves are represented by freehold property, which is used for the safekeeping of the building, service, sales, and test records of Rolls-Royce built motor cars together with other items that should be kept in perpetuity and are placed in the Hunt House for safe keeping and for reference.

The cash-flow outflow from operating activities were £40,512, for the charity in 2021 (2020: outflow £42,743) which included donations of £95,179 (2020: £69,435).

### **Going concern**

The trustees formally review strategy biennially and last performed their review in October 2019; this will be reviewed once the pandemic restrictions have eased and a face to face meeting can be held safely at the Hunt House.

The strategic plan recognises the changing ethical and regulatory environment for all sectors in which the Foundation works. The ongoing effect of the economic backdrop on potential funders, the education sector and the evolving development of vocational learning through apprenticeships, are fundamental issues that the Trustees anticipate will affect the level and nature of future activities of the Foundation.

The key elements of our strategy agreed in October 2019 are as follows:

- Focus on principal objectives; promoting the work of Sir Henry Royce, his engineering principles and inventions.
- Conserving an archive of global significance.
- Examine how our identity is portrayed. Increase publicity for the Foundation on a local, regional, national and global level.
- Clearly identify key stakeholders whether they be Foundation supporters and/or members of the Rolls-Royce community. The Charity Commission and other regulators. All benefactors, sponsors and donors. Researchers, historians and academia. Specialist and national media. All those in engineering and vehicle restoration who may benefit from the archive held.
- One of the most critical aspects is governance, maintaining appropriate organisational control. The trustees receiving appropriate training to fulfil their roles, acting with integrity, being open and accountable.
- To focus on revenue generation in all its forms and maximise opportunities provided by the archive and facilities.
- To ensure financial stability and security by creation of a business plan with constant monitoring. A long term maintenance plan will be developed for the Hunt House.
- Education and skills development are fundamental elements. We recognise the increasing importance of apprenticeship programmes and should ensure the most effective means of utilising our assets.
- Focus on communications and engagement and develop a public relations strategy.

The Trustees have decided to update their review as soon as there is some certainty regarding the impact of the ongoing COVID19 situation.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing document**

In 2008, the Trustees of the original Sir Henry Royce Memorial Foundation decided that, as the trust deed of the original Trust was irrevocable, a new charitable company, The Sir Henry Royce Memorial Foundation (a company limited by guarantee) would be a more appropriate legal platform to continue the work of the original Foundation. Therefore, this Company was incorporated on 13 February 2009 (company no 6819026) and is limited by guarantee, having no share capital, and is governed by its Memorandum and Articles of Association and Part A of its Policies and Procedures Manual. The Company was registered as a Charity (number 1128686), on 19 March 2009. The net assets of the original Foundation were transferred to this company on 2 January 2012. Any monies or assets donated to the original Foundation after this date are automatically transferred under the Transfer Agreement to this Company.

Anyone over the age of 18 can apply to become a member of the Company and there are 275 members at 30 June 2021 (2020; 286), each of whom agrees to contribute £10 in the event of the Foundation winding up.

### **Recruitment and appointment of new trustees**

A Board of Directors governs the Foundation. The Board delegates the day-to-day management of the Foundation to a Chief Executive Officer. The present membership of the Board of Directors is set out on page 1. The maximum number of Directors allowed by the Memorandum and Articles of Association is twenty and the minimum number is four, but is limited to twelve by the rules set down in the Policies and Procedures Manual Part A, which can only be amended by the members in a General Meeting.

In accordance with the Memorandum and Articles of Association, new Directors may be appointed either by the Members at a General Meeting, or, in certain circumstances, by the Directors. The Directors may appoint a person who is willing to act to be a Director subject to clauses 16.5 and 16.6 of the Articles of Association and Section 1 of the Policy and Procedures Manual Part A. The changes to the Directors in office since 30 June 2020 are set out on page 15. Dr Cedric Ashley, John Beecroft and Chris Ball were re-elected in 2020 following their retirement by rotation in accordance with the rules set down in the Policies and Procedures Manual Part A. Philip Hall is due to retire at the next AGM having reached his time limit as a trustee: his professionalism, knowledge and expertise will be greatly missed by the Board.

### **Induction and training of new trustees**

Upon election a new Director is given a welcome pack including a brief history of the Foundation, a copy of the Memorandum & Articles of Association, a skills matrix to determine how best they can support the Foundation or a web link to the Charity Commission's guidance notes for trustees such as "The Essential Trustee: What You Need To Know" (Leaflets CC3, CC3a and CC29 refer).

### **Trustees' and Officers' Indemnity Insurance**

The Charity had qualifying third party indemnity provision for the benefit of the Trustees (who are also Directors of The Sir Henry Royce Memorial Foundation for the purposes of company law) and Officers of the Charity in place during the financial year.

### **Chief Executive Officer and Head Office Staff**

John Baker, our Business Manager, accepted the role as Chief Executive Officer of the Foundation on 18 Mar 21 and has settled in well following an agreed period of probation in this new role. He is a valued member of our small staff team and continues to manage operational and day-to-day tasks with the support of Jo Hover, who has also become a key member at the Head Office. Jo is working hard to develop and extend relations with our membership, increase business contacts and promote the Foundation.

### **Organisation**

At Board meetings, which now take place monthly (prior year quarterly), the Directors monitor the agreed broad strategy and areas of activity of the Foundation, including consideration for grants or awards, and considering and deciding upon investment strategy, reserves and risk management policies and performance. These meetings have continued using electronic means during COVID19. This method of communication has proved very cost-efficient with reduced travelling expenses.

### **Trustee Remuneration**

None of our trustees receive remuneration or other benefit from their work with the Foundation.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Related parties**

Any connection between a trustee or senior manager of the Foundation and a business arrangement must be disclosed to the full board of Directors in the same way as any other contractual relationship with a related party.

The Foundation has a historical relationship with Rolls-Royce Enthusiasts' Club, a club that shares the Foundation's passion for the excellence of engineering as demonstrated through Rolls-Royce cars.

Under the current Articles of Association R.R.E.C. Limited may nominate a number of Foundation trustees to be put forward for election and a summary of transactions between the two organisations is set out in note 14 to the financial statements.

### **Risk management**

The Trustees' policy is to have a low appetite for risk.

Assessment and management of risk is built into the day-to-day management of all activities of the Foundation, through mechanisms that ensure the long-term sustainability of its activities. A risk register documents the main risks identified and the actions necessary for mitigation. The Board review and agree these at least once a year and the Trustees receive reports by exception.

The Trustees have defined and assessed the major risks to which the Foundation is exposed, in particular, those relating to heritage, operations and finances of the Foundation and are satisfied that robust systems are in place to mitigate their impact. In examining the major strategic, business and operational threats facing the Foundation, the Trustees have considered both the likelihood and the potential impacts arising from them, giving special attention to matters of dependency of income, public perception, adverse publicity, staff employment implications, staff turnover, criminal/civil law issues and government policy. All of these risks are rigorously monitored and, as a consequence, there is continuing focus on evolving danger. Following identification, the necessary steps to maximise the impact of recovery actions are agreed and executed.

The following are viewed as significant potential risks:

#### **Trustee skills and processes required review.**

The process is ongoing and the recruitment of new Trustees is attracting different skill sets to the Board however, the Foundation is still searching for a suitably qualified accountant to add financial gravitas to the Board.

#### **Operational Risks.**

The physical security of heritage archives, historic artefacts and the systems associated with their coordination is a key risk, but the Trustees consider appropriate safeguards are in place.

### **Financial**

The dependence on a dominant source of income is a major risk issue in theory, the provider of The Foundation's main income (R.R.E.C. Limited and its members) leases the Foundation's premises to utilise as its operating base. Although, R.R.E.C. Limited is represented on the Foundation's board, this situation provides potential for conflicts of interest. This has been recognised and plans are in place to resolve this issue in 2021/22. Trustees are working hard to bring in different sources of income albeit in a challenging financial climate. The Reserves Policy reflects and addresses the financial risks as defined above.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **COVID19**

The Trustees are applying the requirements and recommendation by the Government to manage their risk.

There is a template Covid-19 safe document that includes risk assessment and outline general operating procedures at the Hunt House; work has been undertaken to ensure a safe transition into business as usual when facilities are fully open at Hunt House for members and the public alike. The Foundation risk assessment also links into the RREC document and both ensure parity in common procedures/operations at the Hunt House for staff, visitors and events as there are a number of shared areas.

### **History**

The Sir Henry Royce Memorial Foundation came into being as a Charitable Trust on the 11 November 1977. The Hunt House was purchased from the Grafton Hunt Committee for £28,000, as a place where the records of Rolls-Royce Motors Limited could be held in safety and yet be readily available for inspection and research, and to provide a headquarters for the Rolls-Royce Enthusiasts' Club, as the Foundation's tenant.

Restoration and additions to the Hunt House have followed over the years with the support of the Rolls-Royce Enthusiasts' Club members - these include the development of catering facilities, gardens and workshops and the conversion of rooms and stables to more appropriate uses.

The Sir Henry Royce Memorial Foundation

Report of the Trustees  
for the Year Ended 30 June 2021

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**

06819026 (England and Wales)

**Registered Charity number**

1128686

**Registered office**

The Hunt House  
70 High Street  
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NN12 7NA

**Trustees**

Dr C Ashley CBE Chartered Engineer - Retired  
C D Ball Company Director - Retired  
J C A Beecroft Chartered Engineer - Retired  
J Black Mechanic  
S Byrne Engineering Consultant  
P A Hall Electrical Engineer - Retired  
W J McGawley OBE Chartered Engineer - Retired  
M R Griffiths Solicitor – Retired (appointed 15.10.21)  
W D Feetham (removed 18.3.21)  
C E Green (resigned 18.3.21)  
Mrs J E Pedler (resigned 30.12.20)  
L E H Robotham (resigned 23.8.20)

**President**

C J Tabor

**Company Secretary**

M R Griffiths

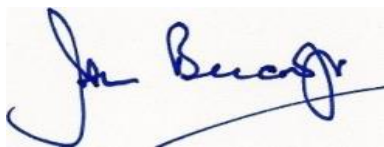
**Chief Executive Officer**

J Baker

**Independent Examiner**

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Approved by order of the board of trustees on 04 November 2021 and signed on its behalf by:



.....  
J C A Beecroft - Trustee

Independent Examiner's Report to the Trustees of  
The Sir Henry Royce Memorial Foundation

**Independent examiner's report to the trustees of The Sir Henry Royce Memorial Foundation ('the Company')**

I report to the charity trustees on my examination of the accounts of the Company for the year ended 30 June 2021.

**Responsibilities and basis of report**

As the charity's trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

**Independent examiner's statement**

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

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act 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
4. 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.

Peter Aratoon  
CED Accountancy Services Limited  
1 Lucas Bridge Business Park  
1 Old Greens Norton Road  
Towcester  
Northamptonshire  
NN12 8AX

Date: 05 November 2021



The Sir Henry Royce Memorial Foundation

Statement of Financial Activities  
for the Year Ended 30 June 2021

	Notes	Unrestricted funds £	Restricted funds £	30.6.21 Total funds £	30.6.20 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies		56,779	38,400	95,179	69,435
<b>Charitable activities</b>					
Lectures and visits		7,491	-	7,491	6,510
Property costs		22,285	-	22,285	-
Governance costs		7,946	-	7,946	-
Other trading activities	2	368	-	368	13,395
Investment income	3	43,864	-	43,864	44,762
<b>Total</b>		<b>138,733</b>	<b>38,400</b>	<b>177,133</b>	<b>134,102</b>
<b>EXPENDITURE ON</b>					
<b>Raising funds</b>					
Raising donations and legacies	4	15,659	-	15,659	15,482
Other trading activities		-	-	-	9,667
		15,659	-	15,659	25,149
<b>Charitable activities</b>					
Property costs		20,991	-	20,991	17,374
Archival costs		-	-	-	672
Other costs including awards		44,222	-	44,222	44,194
Governance costs		96,615	35,000	131,615	73,788
<b>Total</b>		<b>177,487</b>	<b>35,000</b>	<b>212,487</b>	<b>161,177</b>
Net gains on investments		-	-	-	84,000
<b>NET INCOME/(EXPENDITURE)</b>		<b>(38,754)</b>	<b>3,400</b>	<b>(35,354)</b>	<b>56,925</b>
<b>Other recognised gains/(losses)</b>					
Gains on revaluation of fixed assets		-	-	-	405,000
<b>Net movement in funds</b>		<b>(38,754)</b>	<b>3,400</b>	<b>(35,354)</b>	<b>461,925</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<b>2,017,641</b>	<b>5,168</b>	<b>2,022,809</b>	<b>1,560,884</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,978,887</b>	<b>8,568</b>	<b>1,987,455</b>	<b>2,022,809</b>

The notes form part of these financial statements

The Sir Henry Royce Memorial Foundation

Balance Sheet  
30 June 2021

	Notes	Unrestricted funds £	Restricted funds £	<b>30.6.21 Total funds £</b>	30.6.20 Total funds £
<b>FIXED ASSETS</b>					
Tangible assets	8	<b>946,406</b>	-	<b>946,406</b>	952,447
<b>Investments</b>					
Investments	9	<b>76,116</b>	-	<b>76,116</b>	75,438
Investment property	10	<b>809,000</b>	-	<b>809,000</b>	809,000
		<b>1,831,522</b>	-	<b>1,831,522</b>	1,836,885
<b>CURRENT ASSETS</b>					
Stocks	11	<b>395</b>	-	<b>395</b>	395
Debtors	12	<b>13,943</b>	-	<b>13,943</b>	13,160
Cash at bank		<b>153,304</b>	<b>8,168</b>	<b>161,472</b>	202,298
		<b>167,642</b>	<b>8,168</b>	<b>175,810</b>	215,853
<b>CREDITORS</b>					
Amounts falling due within one year	13	<b>(19,877)</b>	-	<b>(19,877)</b>	(29,929)
<b>NET CURRENT ASSETS</b>		<b>147,765</b>	<b>8,168</b>	<b>155,933</b>	185,924
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,979,287</b>	<b>8,168</b>	<b>1,987,455</b>	2,022,809
<b>NET ASSETS</b>		<b>1,979,287</b>	<b>8,168</b>	<b>1,987,455</b>	2,022,809
<b>FUNDS</b>	14				
Unrestricted funds				<b>1,978,887</b>	2,017,641
Restricted funds				<b>8,568</b>	5,168
<b>TOTAL FUNDS</b>				<b>1,987,455</b>	2,022,809

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 June 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 June 2021 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

The notes form part of these financial statements

The Sir Henry Royce Memorial Foundation

Balance Sheet - continued

30 June 2021

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 04 November 2021 and were signed on its behalf by:



.....  
J C A Beecroft - Trustee

The notes form part of these financial statements

The Sir Henry Royce Memorial Foundation

Cash Flow Statement  
for the Year Ended 30 June 2021

	Notes	30.6.21 £	30.6.20 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(40,512)	(42,743)
Tax paid		<u>-</u>	<u>10,000</u>
Net cash used in operating activities		<u>(40,512)</u>	<u>(32,743)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(500)	(8,039)
Purchase of fixed asset investments		(678)	(436)
Interest received		<u>864</u>	<u>1,762</u>
Net cash used in investing activities		<u>(314)</u>	<u>(6,713)</u>
		<u>          </u>	<u>          </u>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(40,826)</b>	<b>(39,456)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b><u>202,298</u></b>	<b><u>241,754</u></b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b><u>161,472</u></b>	<b><u>202,298</u></b>

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the Year Ended 30 June 2021

**RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>30.6.21</b>	30.6.20
	£	£
<b>Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)</b>	<b>(35,354)</b>	56,925
<b>Adjustments for:</b>		
Depreciation charges	<b>6,541</b>	7,723
Losses on investments	-	(84,000)
Interest received	<b>(864)</b>	(1,762)
Increase in stocks	-	(395)
(Increase)/decrease in debtors	<b>(783)</b>	621
Decrease in creditors	<b><u>(10,052)</u></b>	<b><u>(21,855)</u></b>
<b>Net cash used in operations</b>	<b><u>(40,512)</u></b>	<b><u>(42,743)</u></b>

**ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.7.20	Cash flow	At 30.6.21
	£	£	£
<b>Net cash</b>			
Cash at bank	<b><u>202,298</u></b>	<b><u>(40,826)</u></b>	<b><u>161,472</u></b>
	<b><u>202,298</u></b>	<b><u>(40,826)</u></b>	<b><u>161,472</u></b>
<b>Total</b>	<b><u>202,298</u></b>	<b><u>(40,826)</u></b>	<b><u>161,472</u></b>

## **1. ACCOUNTING POLICIES**

### **Basis of preparing the financial statements and going concern**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

No material uncertainties exist that cast doubt upon the entity's ability to continue as a going concern.

### **Preparation of consolidated financial statements**

The financial statements contain information about The Sir Henry Royce Memorial Foundation as an individual company and do not contain consolidated financial information as the parent of a group. The charity is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

### **Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

### **Donations**

All monetary donations and gifts are included in full in the statement of financial activities when irrevocably receivable, provided there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the precondition has been met.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Cash collected to which the charity is legally entitled but which has not been received at the year-end is included as income.

Donations under deed of covenant and gift aid, together with the associated income tax recoveries are credited as income when the donations are received.

### **Donated assets and services**

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised. Further information on this matter can be found in the Trustees' annual report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Assets received for resale are recognised, where practicable, when receivable or otherwise when sold.

**1. ACCOUNTING POLICIES - continued**

**Income**

**Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

**Rental income**

See "Mixed use property - the Hunt House" below.

**Grants receivable**

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Local Restrictions Support Grants (LRSB) have been treated as grant income against Property costs within Charitable activities.

Coronavirus Job Retention Scheme Grants (CJRS) have been treated as grant income against Governance costs within Charitable activities.

**Expenditure and irrecoverable VAT**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**Tangible fixed assets**

Individual fixed assets, apart from property (see below), costing £200 or more are capitalised at cost and are depreciated over their estimated useful economic lives on a straight-line basis with of annual rate between 10 and 50%.

There are many artefacts and memorabilia owned by the charity that are irreplaceable. However, it is not possible to place a value on these items and so they are not reflected in the fixed asset valuation in the financial statements. The cylinder block patterns fall into this category.

**Mixed use property - the Hunt House**

The Foundation has granted a lease to R.R.E.C. Limited for its occupancy of the Hunt House. The lease was for a period of 21 years and commenced on 16 June 2012. The rent was set at £30,000 per annum from 16 June 2012 with review every four years after advice being taken from an appropriate professional. The last rent review occurred in June/July 2020 and the new rent set at £48,000 per annum (£5,000 increase). The Trustees have taken professional advice about the current appropriate level of rent and will be in discussion with the directors of R.R.E.C. Limited in respect of the review. Any change in rent will be backdated to 16 June 2020.

There is an obligation for the tenant to grant a simultaneous sub-lease to the Foundation, giving the Foundation rights of occupation of certain parts, together with rights of access and use over substantial other areas at effectively no rental cost. The sub-tenant in this case will pay a service charge as a proportion of the costs for maintaining the premises.

The tenant, R.R.E.C. Limited, however remains responsible for the management and security and general administration of the whole complex.

**1. ACCOUNTING POLICIES - continued**

**Mixed use property - the Hunt House**

Accordingly, the freehold property owned by the Foundation is designated as a mixed-use property as it is used in part to generate rental income from R.R.E.C. Limited and in part under a sub-lease back to the Foundation for archival and lecture facilities and for its own administrative purposes. Therefore, the value of the Hunt House has been divided between investment property and property held for operational use as a tangible fixed asset.

The lease of the Hunt House has been designated as an investment property and its value initially measured at cost and will be subsequently valued at fair value. The sub-lease back to the Foundation, albeit disclosed in tangible fixed assets, is included in the accounts at a value initially measured at cost and will be subsequently valued at fair value.

As the property is held at fair value, no depreciation is being accrued in respect of either part in accordance with the Charities SORP (FRS 102).

**Stocks**

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

**Taxation**

The charity is exempt from corporation tax on its charitable activities.

**Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

**Debtors**

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

**Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Where the maturity date is more than three months from the date of acquisition or opening of the deposit or similar account, this is shown as an investment.

**Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.



**2. OTHER TRADING ACTIVITIES**

	<b>30.6.21</b>	30.6.20
	£	£
Event income	<u><b>368</b></u>	<u>13,395</u>

**3. INVESTMENT INCOME**

	<b>30.6.21</b>	30.6.20
	£	£
Rents received	<b>43,000</b>	43,000
Deposit account interest	<u><b>864</b></u>	<u>1,762</u>
	<u><b>43,864</b></u>	<u>44,762</u>

**4. RAISING DONATIONS AND LEGACIES**

	<b>30.6.21</b>	30.6.20
	£	£
Associate administration	<b>1,320</b>	2,431
Support costs	<u><b>14,339</b></u>	<u>13,051</u>
	<u><b>15,659</b></u>	<u>15,482</u>

**5. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging/(crediting):

	<b>30.6.21</b>	30.6.20
	£	£
Depreciation - owned assets	<b>6,541</b>	7,723
Independent examiner fee	<b>3,850</b>	3,300
Other fees paid to independent examiner (payroll services)	<u><b>655</b></u>	<u>400</u>

**6. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 30 June 2021 nor for the year ended 30 June 2020.

**Trustees' expenses**

	<b>30.6.21</b>	30.6.20
	£	£
Trustees' expenses	<u><b>2,156</b></u>	<u>3,057</u>

The trustees were reimbursed the above expenses in respect of travel and subsistence during the year.

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2021

7. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	42,735	26,700	69,435
<b>Charitable activities</b>			
Lectures and visits	6,510	-	6,510
Other trading activities	13,395	-	13,395
Investment income	<u>44,762</u>	<u>-</u>	<u>44,762</u>
<b>Total</b>	107,402	26,700	134,102
<b>EXPENDITURE ON</b>			
<b>Raising funds</b>			
Raising donations and legacies	15,482	-	15,482
Other trading activities	<u>9,667</u>	<u>-</u>	<u>9,667</u>
	25,149	-	25,149
<b>Charitable activities</b>			
Property costs	17,374	-	17,374
Archival costs	672	-	672
Other costs including awards	42,234	1,960	44,194
Governance costs	<u>53,788</u>	<u>20,000</u>	<u>73,788</u>
<b>Total</b>	139,217	21,960	161,177
Net gains on investments	<u>84,000</u>	<u>-</u>	<u>84,000</u>
<b>NET INCOME</b>	52,185	4,740	56,925
<b>Transfers between funds</b>	<u>4,500</u>	<u>(4,500)</u>	<u>-</u>
<b>Other recognised gains/(losses)</b>			
Gains on revaluation of fixed assets	<u>405,000</u>	<u>-</u>	<u>405,000</u>
<b>Net movement in funds</b>	461,685	240	461,925
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>	<u>1,555,956</u>	<u>4,928</u>	<u>1,560,884</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u><u>2,017,641</u></u>	<u><u>5,168</u></u>	<u><u>2,022,809</u></u>

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2021

**8. TANGIBLE FIXED ASSETS**

	Freehold property £	Fixtures and fittings £	Archival and display material £	Totals £
<b>COST</b>				
At 1 July 2020	<b>930,000</b>	<b>295,243</b>	<b>180,981</b>	<b>1,406,224</b>
Additions	-	-	<b>500</b>	<b>500</b>
At 30 June 2021	<b>930,000</b>	<b>295,243</b>	<b>181,481</b>	<b>1,406,724</b>
<b>DEPRECIATION</b>				
At 1 July 2020	-	<b>294,243</b>	<b>159,534</b>	<b>453,777</b>
Charge for year	-	<b>1,000</b>	<b>5,541</b>	<b>6,541</b>
At 30 June 2021	-	<b>295,243</b>	<b>165,075</b>	<b>460,318</b>
<b>NET BOOK VALUE</b>				
At 30 June 2021	<b>930,000</b>	-	<b>16,406</b>	<b>946,406</b>
At 30 June 2020	<b>930,000</b>	<b>1,000</b>	<b>21,447</b>	<b>952,447</b>

**Revaluation in the prior year**

The freehold land and buildings are included at valuation. They were revalued at 16 June 2020 by Hadland Chartered Surveyors Limited, taking account that the freehold is owned by the Foundation with R.R.E.C. Limited having a head lease over the building and the Foundation a sub-lease. The valuer (Mr P Castle BSc MRICS) confirmed in his report that he had no conflicting dealings with the Foundation or R.R.E.C. Limited.

The part occupied by the Foundation under the sub-lease is included in tangible fixed assets above, whilst the remainder occupied by the R.R.E.C. Limited is accounted for as an investment property (see note 10) below.

The cumulative unrealised gain on revaluations of the freehold land and buildings is £1,128,586 (2020: £1,128,586).

The original cost of the land and buildings is £610,414 (2020, £610,414) of which prorated on valuation, £326,443 (2020, £326,443) is in respect of the part treated as tangible fixed assets above and £283,971 (2019, £283,971) is in respect of the part treated as an investment asset (note 10).

**9. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £	Bank deposits (over 3 months) £	Totals £
<b>MARKET VALUE</b>			
At 1 July 2020	<b>2</b>	<b>75,436</b>	<b>75,438</b>
Additions	-	<b>678</b>	<b>678</b>
At 30 June 2021	<b>2</b>	<b>76,114</b>	<b>76,116</b>
<b>NET BOOK VALUE</b>			
At 30 June 2021	<b>2</b>	<b>76,114</b>	<b>76,116</b>
At 30 June 2020	<b>2</b>	<b>75,436</b>	<b>75,438</b>

**9. FIXED ASSET INVESTMENTS - continued**

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

**Sir Henry Royce Ltd**

Registered office: The Hunt House 70 High Street, Paulerspury, Towcester, Northamptonshire, NN12 7NA

Nature of business: Dormant Company

Class of share:	% holding		
Ordinary	<b>100</b>	<b>30.6.21</b>	30.6.20
		<b>£</b>	<b>£</b>
Aggregate capital and reserves		<b>21,658</b>	21,658

**10. INVESTMENT PROPERTY**

**FAIR VALUE**

At 1 July 2020  
and 30 June 2021

**£**

**809,000**

**NET BOOK VALUE**

At 30 June 2021

**809,000**

At 30 June 2020

**809,000**

The investment property is included at valuation.

**11. STOCKS**

	<b>30.6.21</b>	30.6.20
	<b>£</b>	<b>£</b>
Stocks	<b><u>395</u></b>	<b><u>395</u></b>

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>30.6.21</b>	30.6.20
	<b>£</b>	<b>£</b>
Trade debtors	-	1,049
Tax	<b>7,331</b>	7,331
Prepayments	<b><u>6,612</u></b>	<b><u>4,780</u></b>
	<b><u>13,943</u></b>	<b><u>13,160</u></b>

The tax is in relation to refunds of tax through gift aid.

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2021

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.6.21 £	30.6.20 £
VAT	1,364	3,719
Other creditors	218	19
Accruals and deferred income	<u>18,295</u>	<u>26,191</u>
	<u>19,877</u>	<u>29,929</u>

**14. MOVEMENT IN FUNDS**

	At 1.7.20 £	Net movement in funds £	Transfers between funds £	At 30.6.21 £
<b>Unrestricted funds</b>				
Free	153,738	(31,813)	(500)	121,425
Buildings	43,000	-	-	43,000
Artefacts (Insurance)	9,455	-	-	9,455
Special Projects	50,000	-	-	50,000
Tied	<u>1,761,448</u>	<u>(6,941)</u>	<u>500</u>	<u>1,755,007</u>
	2,017,641	(38,754)	-	1,978,887
<b>Restricted funds</b>				
Awards	1,990	1,000	-	2,990
Artefacts	2,028	2,400	-	4,428
Autocar Binding	<u>1,150</u>	<u>-</u>	<u>-</u>	<u>1,150</u>
	5,168	3,400	-	8,568
<b>TOTAL FUNDS</b>	<u>2,022,809</u>	<u>(35,354)</u>	<u>-</u>	<u>1,987,455</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
Free	138,733	(170,546)	(31,813)
Tied	<u>-</u>	<u>(6,941)</u>	<u>(6,941)</u>
	138,733	(177,487)	(38,754)
<b>Restricted funds</b>			
Legal Expenses	35,000	(35,000)	-
Awards	1,000	-	1,000
Artefacts	<u>2,400</u>	<u>-</u>	<u>2,400</u>
	38,400	(35,000)	3,400
<b>TOTAL FUNDS</b>	<u>177,133</u>	<u>(212,487)</u>	<u>(35,354)</u>

**14. MOVEMENT IN FUNDS - continued**

**Comparatives for movement in funds**

	At 1.7.19 £	Net movement in funds £	Transfers between funds £	At 30.6.20 £
<b>Unrestricted funds</b>				
Free	163,368	(24,092)	14,462	153,738
Buildings	43,000	-	-	43,000
Artefacts (Insurance)	9,455	-	-	9,455
Artefacts (Other)	18,000	-	(18,000)	-
Special Projects	50,000	-	-	50,000
Tied	<u>1,272,133</u>	<u>481,277</u>	<u>8,038</u>	<u>1,761,448</u>
	1,555,956	457,185	4,500	2,017,641
<b>Restricted funds</b>				
Awards	1,700	290	-	1,990
Artefacts	2,128	4,400	(4,500)	2,028
Autocar Binding	<u>1,100</u>	<u>50</u>	<u>-</u>	<u>1,150</u>
	4,928	4,740	(4,500)	5,168
<b>TOTAL FUNDS</b>	<u>1,560,884</u>	<u>461,925</u>	<u>-</u>	<u>2,022,809</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
Free	107,402	(131,494)	-	(24,092)
Tied	<u>-</u>	<u>(7,723)</u>	<u>489,000</u>	<u>481,277</u>
	107,402	(139,217)	489,000	457,185
<b>Restricted funds</b>				
Legal Expenses	20,000	(20,000)	-	-
Awards	2,250	(1,960)	-	290
Artefacts	4,400	-	-	4,400
Autocar Binding	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
	26,700	(21,960)	-	4,740
<b>TOTAL FUNDS</b>	<u>134,102</u>	<u>(161,177)</u>	<u>489,000</u>	<u>461,925</u>

**14. MOVEMENT IN FUNDS - continued**

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.7.19 £	Net movement in funds £	Transfers between funds £	At 30.6.21 £
<b>Unrestricted funds</b>				
Free	163,368	(55,905)	13,962	121,425
Buildings	43,000	-	-	43,000
Artefacts (Insurance)	9,455	-	-	9,455
Artefacts (Other)	18,000	-	(18,000)	-
Special Projects	50,000	-	-	50,000
Tied	<u>1,272,133</u>	<u>474,736</u>	<u>8,138</u>	<u>1,755,007</u>
	1,555,956	418,831	4,100	1,978,887
<b>Restricted funds</b>				
Awards	1,700	1,290	-	2,990
Artefacts	2,128	6,400	(4,100)	4,428
Autocar Binding	<u>1,100</u>	<u>50</u>	<u>-</u>	<u>1,150</u>
	<u>4,928</u>	<u>7,740</u>	<u>(4,100)</u>	<u>8,568</u>
<b>TOTAL FUNDS</b>	<u>1,560,884</u>	<u>426,571</u>	<u>-</u>	<u>1,987,455</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
Free	246,135	(302,040)	-	(55,905)
Tied	<u>-</u>	<u>(14,264)</u>	<u>489,000</u>	<u>474,736</u>
	246,135	(316,304)	489,000	418,831
<b>Restricted funds</b>				
Legal Expenses	55,000	(55,000)	-	-
Awards	3,250	(1,960)	-	1,290
Artefacts	6,400	-	-	6,400
Autocar Binding	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
	<u>64,700</u>	<u>(56,960)</u>	<u>-</u>	<u>7,740</u>
<b>TOTAL FUNDS</b>	<u>310,835</u>	<u>(373,264)</u>	<u>489,000</u>	<u>426,571</u>

The restricted fund represents donations given for specific purposes.

Unrestricted funds which are "tied" are those invested in the property and other tangible fixed assets and are therefore not available for general distribution.

Unrestricted funds which are "designated" are those set aside by the Trustees for fulfilling specific projects. There are currently two designated funds, one is in respect of anticipated future repairs to the buildings and the other to replace lost artefacts.

**14. MOVEMENT IN FUNDS - continued**

Unrestricted funds which are "free" are those that are available for general distribution. However, it should be noted that the Trustees rely on the investment income arising from these free funds for the upkeep of the property and therefore, if the capital was distributed the future of the Foundation would be put at risk.

**15. CONTINGENT LIABILITIES**

There were no contingent liabilities at 30 June 2021 or 30 June 2020.

**16. CAPITAL COMMITMENTS**

	<b>30.6.21</b>	30.6.20
	<b>£</b>	£
Contracted but not provided for in the financial statements	<u><u>-</u></u>	<u><u>-</u></u>

**17. RELATED PARTY DISCLOSURES**

The charity enjoys a close working relationship with R.R.E.C. Limited. In 2021 the following transactions took place between the trust:

- Rental income received from R.R.E.C. Limited £43,000 (2020: £43,000)
- Recharged by the Foundation to R.R.E.C Limited £708, (2020: £16,561 including £5,216 towards the kitchen refurbishment)
- Recharged by R.R.E.C. Limited to Foundation £11,391 (2020: £12,304)

All the above funding was received to provide services in respect of maintenance and every day running expenses of The Hunt House and has been included in the financial statements under expenditure on charitable activities. The outstanding balance with R.R.E.C. Limited as at 30 June 2021 was £nil owed to the Foundation (2020: £1,042 owed to the Foundation).

Donations were also collected by R.R.E.C. Limited on behalf of the Foundation £20,071 (2020: £25,513).

Donated services were received from a Trustee in the year of £nil (2020: £1,800).

**18. ULTIMATE CONTROLLING PARTY**

The Trustees are the ultimate controlling party.

**19. MEMBERS LIABILITY**

The Foundation is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. At 30 June 2021 there were 275 members (2020: 259 members).