

THE MADRINHA TRUST
ACCOUNTS FOR THE YEAR
ENDED 31 DECEMBER 2020

Charity number: 1140672

THE MADRINHA TRUST
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THE MADRINHA TRUST**REFERENCE AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2020**

Directors and Trustees	J Geoghegan C Chanda W Dear M S Jamo S C Mckeand-Han T Morrell E Patsalos C V Pocock G C Sims A Singh
Registered Office	c/o McBrides Accountants LLP Nexus House 2 Cray Road Sidcup, Kent DA14 5DA
Charity number	1140672
Bankers	HSBC Church Street Weybridge, Surrey KT13 8DF
Solicitors	Thomson Snell & Passmore 3 Lonsdale Gardens Tunbridge Wells, Kent TN1 1NX
Investment advisors	Veritas Investment Management LLP 90 Long Acre London WC2E 9RA
Independent Examiner	McBrides Accountants LLP Nexus House 2 Cray Road Sidcup, Kent DA14 5DA

THE MADRINHA TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The trustees of The Madrinha Trust present their report as Trustees together with the financial statements for the year ended 31 December 2020 as required by Charity regulations and legislation.

Structure, Governance and Management

Nature of the Governing Document and constitution of the charity

The Madrinha Trust is registered as a charity with the Charity Commission in England and Wales (Charity Registration No. 1140672) and is governed by a trust deed. Eligibility for membership of the charity, and membership of the board of trustees is governed by the trust deed. There are no restrictions in the governing document on the operation of the charity or on its investment powers, other than those imposed by general charity law.

The Trustees

The trustees who served the charity during the year were as follows:

Janina Geoghegan (Chairman)
Graham Sims (Deputy Chairman)
Sean Vickers (Hon Treasurer)
Sui Chin McKeand-Han (Legal Advisor)
Dr Casimir Chanda
Will Dear
Ellie Patsalos
Caroline Pocock
Maya Sanbar Jamo
Amrit Singh

All trustees give their time freely and no trustee remuneration was paid in the year.

The methods adopted for the recruitment and appointment of new trustees

The minimum number of trustees for the charity is three. Any additional trustees must be appointed by resolution of the Trustees and must indicate their willingness to act as a trustee of the Charity before he or she may act as a trustee.

The policies and procedures adopted for the induction and training of trustees

There is no formal procedure for the induction and training of trustees laid down in the Trust deed. Trustees will have long standing business experience or direct experience of charitable education provision in the developing world. All trustees will be given and directed to guidance for trustees issued by the Charities Commission in order to help them understand their duties and responsibilities as a trustee of the charity.

The organisational structure of the charity and how decisions are made

The Trust is managed by Trustees. The Trust deed stipulates that at least two meetings are held per year. During 2020 there were three trustee meetings held.

The Trustees have procedural powers in relation to decision making to:

- a) Appoint a Chairman, Treasurer and other honorary officers.
- b) To delegate any of their functions to a committee, which must consist of two or more persons, the majority of which must also be trustees.
- c) To make rules to govern the proceedings of trust meetings and committees.
- d) To make regulations to govern the administration of the Charity including the use and application of the income, property and funds, the operation of bank accounts and the commitment of funds.

THE MADRINHA TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The organisational structure of the charity and how decisions are made (continued)

The following officers are currently in place; Chairman, Treasurer and legal advisor who all support and advise the Trustees. Decisions at Trustee meetings are determined by a simple majority of the votes cast at a meeting of the Trustees.

The major risks to which the charity is exposed and reviews and systems to mitigate risks

The trustees identify the major risks to which the charity is exposed each financial year when preparing and updating a strategic plan, in particular those related to the operations and finances of the charity. The trustees then review any major risks, which have been identified, and establish systems to mitigate those risks. The charity is satisfied that the systems are in place to mitigate their exposure to the major risks, which have been so identified and reviewed.

Financial Risk Management Objectives and Policies

The main financial risks arising from the charities activities are credit, liquidity, fraud and price risk.

Price Risk

The charity is not subject to any price risk.

Credit Risk

The charity does not hold any material balance sheet positions with regards to donations receivable and so does not consider credit risk a material risk.

Liability Risk

The charity does not hold any material day to day liabilities on its balance sheet and always tries to settle any amounts owed to its creditors within the period of credit given of 30 days.

Cash Flow Risk

The charity prepares regular forecasts and reports to its members on a quarterly basis. The board of trustees approve the forecasts and signs off the year end accounts. The charity understands its cash flow requirements and its policy is to maintain sufficient funds in a liquid form at all times to ensure that the charity can meet its liabilities as they fall due. The charity is not reliant on grants and donations.

Other risks

The charity is not exposed to risks involved in fundraising because its activities are supported by income from investment capital.

The charity is exposed to risk from misappropriation of funds or mismanagement of its investments but has made contracts with Veritas Investment Management LLP and SEI Investments (Europe) Ltd in which any loss caused by them in this manner would constitute a breach and be remediable in law.

The charity is exposed to misappropriation of grants. It controls this by seeking receipts and verifying use of funds wherever possible, for example, by attendance reports from the school that a student has attended.

Relationships with other groups, charities and individuals

The charity recognises that there is much activity already in the area of improving education in the developing world. The Madrinha Trust aims to complement rather than compete with existing organisations and as stated in the charity's development plan aims to ensure that funds are not spent on any infrastructure costs of those organisations and that funds are additional to rather than a replacement of existing funds.

THE MADRINHA TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Relationships with other groups, charities and individuals (continued)

Up to the end of 2020 the Charity had established relationships with 12 other charitable organisations through which grants to Mentees are made. The relationships currently existent are:

- a) Tana River Life Foundation (TRLF) is a Charitable Trust set up by Gabriel Teo Kian Chong on 13th December 2005 in Mombasa, Kenya. Gabriel has been living and working in Tana River District, Kenya since 1995. The Foundation was set up with the objective of assisting the marginalized through education and acquisition of livelihood skills.
- b) Al-Quds Foundation for Medical Schools in Palestine (FQMS) was formed in 1997 as a UK registered charity to support medical education in Palestine.
- c) KHULA (formerly the David Rattray Foundation) which means to Grow or to Prosper. The David Rattray Foundation was founded originally in 2007. KHULA works closely with communities and schools in Umzinyathi District of KwaZulu Natal, South Africa in providing the resources, skills and opportunities that the pupils need to succeed in life.
- d) Rwanda Aid operates in the remote south-west of Rwanda, in the districts of Rusizi and Nyamasheke. The aim is to support the vulnerable and disadvantaged, especially children, helping them to develop the skills and knowledge to build a better future for themselves, their families and their community.
- e) The Himalayan Youth Foundation (HYF) works to improve the education, health and living conditions of orphaned, semi-orphaned and disadvantaged children and young people aged 6 - 25 living in the Himalayan region.
- f) Kenya Kesho is a very small educational charity having a huge impact on a very local, disadvantaged community in Kwale County of Southern Kenya. Kwale County came second to bottom in the national educational league tables in the latest National assessments
- g) Commonwealth Girls Education Fund (CGEF), based in the United Kingdom, provides sponsorship grants to girls for secondary or high school education where this otherwise might not be possible.
- h) Ada College of Education, based in Ghana, is part of the 38 public Colleges of Education scattered throughout the country. The school is under the ministry of education and admission into the school is structured and supervised by the principals of colleges of education (princof). It was formerly called Ada Teacher Training College, established in 1965. Located at Ada Foe in the Greater Accra Region it is one of the two Colleges of Education in the Greater Accra Region, which is responsible for training Professional Teachers in the Basic Education Level. It is Accredited to the University of Cape Coast.
- i) Edu Fun, based in South Africa, is a volunteer-led non-for profit organisation working with the Diepsloot Combined School in the township of Diepsloot on the northern outskirts of Johannesburg, South Africa.
- j) Make A Difference Leadership Foundation (MAD Leadership Foundation), based in South Africa, shares a vision to develop academically talented scholars with leadership potential into future leaders for South Africa. Make A Difference Leadership Foundation NPC was formed in 2003 to realise this ambition to transform South Africa – one scholar at a time.
- k) TEST (The Tertiary Education Scholarship Trust) for Africa, based in Malawi, Tanzania and Uganda. In the late 1960s at Oxford University Keith Lloyd was at Linacre College, which was gender neutral with some 50% of the students from non-UK countries. Prof. Hagan was at Linacre at the same time and little did they know that they would meet again some 40 years later! The Linacre experience left them both with a profound sense of the value of education in future advancement of society. Almost 20 years ago, Keith and his wife, Marjorie, with the help of the UK government through the DFID scheme created a series of Scholarships (Norman & Ivy LLOYD and LLOYD Scholars) for very bright, financially needy African students to pursue one year Masters studies in subjects which would enhance the social and economic development of their countries of origin. Since then we have some 30 to 40 successful "sons and daughters" who are back in Africa making significant contributions to their communities.
- l) University of Hanoi (USSH), Vietnam has the mission of training high-quality and highly-skilled human resources; researching, creating and disseminating knowledge of Social sciences and Humanities, contributing to national construction and protection and international integration.

THE MADRINHA TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Relationships with other groups, charities and individuals (continued)

The characteristics of our partner charities are as follows:

- Our partner charities have effective presence in the countries in which they operate, and a working knowledge of their individual educational, political and economic settings.
- We have easy access to a named individual within our partner charity who is responsible for responding to our queries, allaying any concerns and is amenable to being guided in our ethos, requirements and targets.
- Our partners are financially stable, have other sources of income and are not dependent on our funding.
- Our partners participate in our interactive sessions and celebrate the success of our mentees.
- Our partner charities actively participate in recommending and recruiting suitable mentors, who are familiar with their region or country of operation.

Objectives and activities of the Charity

A summary of the objects of the charity as set out in its governing document.

The Trust deed of the charity was created on 1 February 2011 on funds settled by Michael Francis Geoghegan, the first three trustees being named as Jania Geoghegan, Maya Sanbar and Amrit Singh. The Trust deed outlines the objectives of the charity, the powers of the trustees and procedures for their appointment, rules for the proceedings of trustees and their procedural powers, requirements for records and accounts and procedures for the amalgamation and dissolution of the charity.

The objectives of the charity are the advancement of education and the relief of poverty by the provision of funds and financial assistance to educational and other projects anywhere in the world, but with a particular focus on Africa and the developing world.

Selected projects should aim to improve education, relieve poverty and improve the conditions for socially and economically disadvantaged people and communities

Public benefit that is provided by the charity

Throughout the financial year the main objective of the charity continued to be to identify young people in the developing world and support them through their education.

The charity believes that the provision of a support structure to ensure that a young person receives an adequate education is a very important step in ensuring that a young person, their family and ultimately their community can lift themselves out of poverty.

The trustees of the charity have been directly involved in mentoring selected individuals so that they can assist them with their paths and ensure, as far as possible, that the recipients use their talents and education for the benefit of their native country.

In framing the objectives of the charity, the trustees have had regard to the general guidance issued by the Charity Commission on public benefit, including guidance on the prevention and relief of poverty for the public benefit.

THE MADRINHA TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The charity's aims including the changes or differences it seeks to make through its activities

The charity's vision is to develop future leaders of the developing world. This will be achieved by providing educational funding for disadvantaged young people with leadership ability and providing individually tailored support for their development, encouraging an open mentoring relationship to boost their confidence and creating an avenue for exploring the opportunities open to them.

The charity is committed to providing access to education for the young people in its programme by paying school and tertiary education fees. In addition, the charity will provide ancillary services to the Mentees such as books, uniforms and travel and subsistence allowances to bridge the gap between school and university and facilitate work experience in any gap year periods.

In order to maximise the benefit of any education that it provides, the charity believes that mentoring and guidance is an important part of the education process. The charity also aims to provide Mentees with access to a Mentor who will offer long term support, guidance and encouragement to enable Mentees to pursue their personal goals and ambitions.

The charity has a wide discretion in its powers and can help the education process in several ways. This could also include assisting and funding research to create an economic plan for a country, provide funds for the education of potential leaders, as well as helping build the educational structure in third world countries.

An explanation of the charity's main objectives for the year

During 2020 the objective of the charity remained to expand its base of mentors and to develop and strengthen links with sponsoring partners with the aim of increasing the number of children receiving educational support.

The charity has also actively looked to strengthen the administration, mentoring offering and marketing of the charity.

An explanation of the charity's strategies for achieving its stated objectives

The Madrinha Trust plans to spend its endowment over 20 years in line with its Development Plan. This plan outlines the charity's strategies for achieving its stated objectives that have been followed during the year which broadly are:

1. Find suitable beneficiaries

Following approvals made at Trustee meetings the charity has supported or will provide support to a total of 90 Mentees whose educational expenditure has been approved.

The Mentees of the Trust:

- are High Achievers who very often have no positive role models within their local communities.
- are from disadvantaged backgrounds and often the first within their families to aspire to higher education. Without the Trust support, they will be unlikely to further their education in spite of having great potential.
- have the potential to become leaders in various fields and within their communities. Our mentors continue to guide them to recognise this potential and fulfil it.
- have strong commitments to give back and 'pay forward' to their communities and to contribute to making the wider world better for others. Accepting a mentored funding agreement which incorporates a strong personal statement of 'give-back commitment' is essential to the commencement and continuation of our relationship.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

An explanation of the charity's strategies for achieving its stated objectives (continued)

- are able and willing to communicate their needs, goals (short, medium and long) and their challenges to their mentors. Their mentors will keep working with them to find suitable solutions.

2. Mentor the beneficiaries

Before the approval of any financial support the Mentees have to agree to participation in the mentoring process. Each of the approved mentees has been allocated a Mentor and the communication and support process has started.

To ensure that the Mentees are paired with a Mentor from whom they can benefit and to ensure the ongoing quality of the Mentoring process, the charity holds regular Mentoring workshops. The sessions sometimes involve the participation of other Mentoring charities with the objective of this collaboration being to help the Madrinha Trust develop its own best practice and provide the opportunity for the Mentors to share and learn from each other's successes.

The overall objective remains to ensure that Mentors are paired with a suitable Mentees and to coach the skills required to be a successful Mentor, the records that need to be kept of communications, guidelines for Mentees, evaluation techniques and how to report success.

Madrinha places great value on the role of Mentor being performed to as high a standard as possible to ensure that the process is carried out for the maximum benefit of Mentees. Therefore, a Mentoring handbook has been published and is issued to all Mentors. The Mentoring handbook contains the Madrinha Trust's core values, the roles and responsibilities of Mentors, rights and responsibilities of Mentees, steps in the mentoring process, record keeping requirements, the requirement for a filter in the mentoring process, tips on letter writing and developing relationships as well as guidance in the case of problems.

The charity now has 78 Mentors and to help with the administration process and in addition to the Mentoring handbook has issued a Mentoring summary, five mentoring tools as well as developing a Mentoring agreement to ensure that all parties are clear what is expected of them.

- Our mentors are professionals in various fields who understand the value of their gift of time to support a mentee.
- They have an affinity for either the mentee's country, subject of study or aspirations; very often all three.
- Our mentors have an understanding of the mentees' circumstances, environment, and educational system and are empathetic.
- Our mentors attend interactive sessions and actively strive to understand and mentor in line with the Trust's ethos.
- Our mentors often have language skills that make communicating with the mentees both easier and more enjoyable for the mentee.

3. Complete its mission

- Madrinha will create an alumni association for its "graduates" who have completed the formal period of education and mentoring.
- It will hold a webinar every alumnus can share experiences and ideas.
- It will create on-line closed communications for Mentees and for Mentors.
- Madrinha will take on sufficient beneficiaries so that its funds are mainly used up by 2030.

THE MADRINHA TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

An explanation of the charity's strategies for achieving its stated objectives (continued)

- At this stage the alumni association could appeal to alumni to maintain their association from their own contributions and offer their services as mentors through and for other organisations.

4. Marketing the charity

The charity has been marketed by:

- Use of its website with Mentor profiles and videos from Mentees. the address is www.madrinha-trust.org
- A Facebook page.
- A LinkedIn page with connections to mentees, mentors and "on the ground co-ordinators".
- A regular Madrinha trust newsletter issued to Mentees, Mentors and supporters of the charity.
- An annual report detailing the work of the charity during the year.

Charitable activities during the year

Applications have now been considered and approved from 90 Mentees in 12 countries. Future commitments, approved to be paid out over a maximum period of six years, stood at £502,000 (£673,000) at 31 December 2020.

A total of £261,000 (2019: £562,000) was committed to during 2020 bringing total costs for educational fees and other support to £1,229,000.

A review of charitable activities undertaken by the charity

Fundraising activities

During the course of the year the charity has continued to be funded by the original expendable endowment of a gift of shares given by Mr M F Geoghegan.

Investment performance achieved against investment objectives set

The trustees have adopted a statement of investment principles which are described in the section of the trustees' report relating to investment policies and objectives.

The market investments are held by Veritas Investment Management LLP who issue a monthly valuation report. In addition, the charity Treasurer and a trustee hold a meeting with Veritas Investment Management LLP on an annual basis unless circumstances require greater frequency.

Financial Review

Policies on reserves

The Charity created a designated reserve to support educational expenditure in South Africa that is included within unrestricted income funds. This reserve was established following receipt of 40,000 HSBC shares from Education Africa with a value of £203,800. The fund will be expended in line with the expected twenty-year life of the charity's original endowment.

At the end of December 2020, the Charity has £758,036 (2019: £1.000m) of funds and has powers in its trust deed to use its capital over the lifespan of the charity (expected to be twenty years) to support its charitable aims.

Principal funding sources and how expenditure in the year under review has supported the key objectives of the charity.

The charity has also been funded, as permitted in its trust deed, primarily by drawing down cash from the investment portfolio managed by Veritas Investment Management LLP which has been used to support the charity's activities during the year. By the end of December 2020, a total of £1,835,000 (2019: £1,485,000) had been drawn down from Veritas.

THE MADRINHA TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The investment policy and objectives, including the extent (if any) to which social, environmental or ethical considerations are taken into account

1. Background

The Charity is an unincorporated charity, given initial funding in the form of £1.9m in HSBC shares donated by Mr M F Geoghegan.

The shares were immediately put into an investment fund held by SEI Investments (Europe) Ltd and managed by Veritas Investment Management LLP, who actively manage the share portfolio of the Charity.

Veritas Investment Management LLP issue a monthly share valuation and in addition the Charity Treasurer and Chairman hold meetings with the fund managers to discuss and review the charity's portfolio.

During the course of the year the value of the funds under management decreased from £1.570m to £1.239m. The performance is analysed in the table below.

	2020 £	2019 £
Brought forward	1,570	1,777
Income	8	35
Investment charges paid from fund	(11)	(23)
Realised and unrealised gains	22	201
Transfer to HSBC bank account	(350)	(420)
Carried forward	1,239	1,570

2. Investment Objectives

In order to guide the investment strategy, the board of trustees has adopted the following objectives with respect to investments:

- The day to day management of investments is undertaken by professional investment managers on a discretionary basis.
- The trust wishes to maximise the returns on all its investments, commensurate with its defined level of risk, whilst adhering to the general principles of trust law for charitable investment portfolios.

At 31 December 2020, 94% of the portfolio was held in equities, 5% in fixed interest securities and 1% in cash and cash equivalents.

3. Risk

The assets of the charity will be exposed to various financial risks. The board has considered the following risks when agreeing their strategy:

- The risk that investments will not deliver the increases in real capital or income values expected.
- The risk that the investment managers will not achieve the returns projected.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

4. Investment Strategy

The strategy adopted is that:

- Investments are held to create real returns over the investment horizon of five years plus through both dividend and interest income and capital growth. The Development Plan assumes a real return of 2%.

The gross annual nominal return in the 12 months to December 2020 was 0.64%. The nominal return was (0.22%) net of Veritas charges.

- The trustees are willing to accept a medium risk approach in the achievement of their objectives.
- The long term indicative guideline asset allocation will be 60% equities and 40% bonds/cash/equivalents.
- There will be 18,000 HSBC shares included in the share portfolio.

5. Ethical Position

The charity has issued no ethical guidelines to Veritas Investment Management LLP.

6. Day to day management

The trustees have appointed Veritas Investment Management LLP as the investment manager to manage the trust's investment portfolio. The investment manager will exercise its investment powers to achieve the trust's objectives with the appropriate level of diversification as directed in section 3.12 of the Charitable Trust deed. In addition, the charity Treasurer and a trustee hold a meeting with Veritas Investment Management LLP on an annual basis unless circumstances require greater frequency.

Availability and adequacy of assets of each of the funds

The board of trustees is satisfied that the charity's assets in each fund are available and adequate to fulfil its obligations in respect of each fund.

Transactions and Financial position

The Statement of Financial Activities shows net outgoing resources for the year of a revenue nature of £261,490 (2019: £567,118 outgoing) and net outgoing resources of a capital nature (expendable endowment) of £2,786 (2019: £12,005 incoming), making net overall realised outgoing resources of £264,276 (2019: £555,113 outgoing).

The total reserves at the period end after accounting for investment gains of £21,973 (2019: £200,909 loss) stand at £758,036 (2019: £1,000,339).

As the charity has the powers to use capital to support its charitable aims there is no need for it to hold any liquid or cash assets in the unrestricted fund as a reserve to support on-going costs of the charity. Therefore, free unrestricted liquid reserves amounted to £nil (2019: £nil).

Specific changes in fixed assets

There are no fixed assets held by the Charity.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of Trustees' Responsibilities

The charity trustees are responsible for preparing a trustees' annual report and 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 and Wales requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice ("SORP");
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

Signed on behalf of the charity's trustees


J Geoghegan
Trustee


E Patsalos
Trustee

Approved by the trustees on 5 July 2021

THE MADRINHA TRUST

INDEPENDENT EXAMINER'S REPORT

I report to the trustees on my examination of the financial statements of The Madrinha Trust ('the charity') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet and related notes.

This report is made solely to the charity's trustees, as a body, in accordance with section 145 of the Charities Act 2011. 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 this 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 and the charity's trustees as a body, for my work, for this report, or for the opinions I have formed.

Respective responsibilities of the trustees and examiner

The charity's Trustees are responsible for the preparation of financial statements. The charity's Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 ('the 2011 Act') and that an independent examination is needed. I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the financial statements under section 145 of the 2011 Act;
- to follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Responsibilities and basis of report

As the trustees of the charity you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the charity's financial statements carried out under section 145 of the 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.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the financial statements. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no opinion as to whether the financial statements present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

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 that in any material respect:

- accounting records were not kept in respect of the charity as required by section 130 of the Act; or
- the financial statements do not accord with those records; or
- the financial statements do not comply with the applicable requirements concerning the form and content of 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.

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 financial statements to be reached.


A Warren, FCA

For and on behalf of McBrides Accountants LLP, Nexus House, 2 Cray Road, Kent, DA14 5DA

Date: 6/7/21

THE MADRINHA TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2020
(including the Income and Expenditure Account)

	Notes	Unrestricted funds £ 2020	Endowment funds £ 2020	Total Funds £ 2020	Total Funds £ 2019
INCOME					
Income from charitable activities					
Grants	2a	50,000	-	50,000	50,000
Income from investments	2b	-	7,920	7,920	35,338
Other income		-	-	-	-
Total income		50,000	7,920	57,920	85,338
EXPENDITURE					
Investment management costs		-	10,706	10,706	23,329
Expenditure on charitable activities	3a	311,490	-	311,490	617,122
Total expenditure		311,490	10,706	322,196	640,451
Net income/(expenditure) before transfers between funds		(261,490)	(2,786)	(264,276)	(555,113)
Gross transfers between funds	8	350,000	(350,000)	-	-
Net income/(expenditure) before gains and losses on investments		88,510	(352,786)	(264,276)	(555,113)
Net gains/(losses) on investments	7b	-	21,973	21,973	200,909
NET MOVEMENT IN FUNDS		88,510	(330,813)	(242,303)	(354,204)
Fund balances brought forward		185,107	815,232	1,000,339	1,354,543
Fund balances carried forward		273,617	484,419	758,036	1,000,339

All the above results are derived from continuing activities. There are no other gains or losses other than those shown above.

The notes set out on pages 15 to 22 form part of these accounts.

THE MADRINHA TRUST

14.

BALANCE SHEET AS AT 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £
FIXED ASSETS				
Investments	7		1,238,887	1,569,698
			<u>1,238,887</u>	<u>1,569,698</u>
CURRENT ASSETS				
Debtors	9	10,754		19,958
Cash at bank and in hand		22,101		96,023
		<u>32,855</u>		<u>115,981</u>
CREDITORS: Amounts falling due within one year	10	<u>(345,463)</u>		<u>(367,773)</u>
NET CURRENT LIABILITIES			(312,608)	(251,792)
Creditors: Amounts falling due greater than one year	11		<u>(168,243)</u>	<u>(317,567)</u>
NET ASSETS			<u>758,036</u>	<u>1,000,339</u>
FUNDS				
General unrestricted fund	12		273,617	185,107
Endowment funds	12		484,419	815,232
			<u>758,036</u>	<u>1,000,339</u>

The accounts were approved by the Board of Trustees on 5 July, 21 and signed by


J Geoghegan
Trustee

E Patsalos
Trustee



The notes set out on pages 15 to 22 form part of these accounts.

THE MADRINHA TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with 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 2015) – (Charities SORP (FRS 102)), and applicable regulations. The financial statements are prepared to the nearest £1.

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

The following are the accounting policies which have been applied in dealing with material items: -

a) Going concern:

It is the opinion of the Trustees that the use of the going concern basis of accounting is appropriate because:

- there are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of the charity to continue as a going concern;
- there is reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future.

b) Funds structure:

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created a fund for a specific purpose.

The Charity is substantially funded by an expendable endowment of HSBC shares with an initial value of £1,879,705 and it is the policy of the board of trustees to carefully monitor the application of those funds in accordance with the restrictions placed upon them.

A second tranche of HSBC shares with a value of £222,079 have also been transferred to the charity by Education for Africa following the charity closing at the end of 2011. The charity worked in South Africa and a designated unrestricted income fund of £203,800 has subsequently been set up for educational expenditure in South Africa. The whole of the fund has been allocated to Mentees at the end of December 2020.

The trustees have the power to use the capital of the endowment to further the charitable aims of the Trust and these two funds are deemed sufficient to ensure that the charity can fulfil its purpose.

Further details of each fund are disclosed in the notes.

c) Incoming resources:

Donated income and grants receivable are taken into account when received by the charity. Income received in circumstances where a claim for repayment of tax has been made or will be made to H M Revenue and Customs is grossed up for the tax recoverable. Any amount of tax reclaimed from H M Revenue and Customs but not yet received is shown within the charity's debtors.

All income is recognised once the charity has entitlement to the income, there is sufficient certainty or receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably.

THE MADRINHA TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (Continued)

d) Incoming resources (continued)

Donations, are recognised when they have been communicated is received in writing with notification of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting year.

Interest on funds held on deposit is included upon notification of the interest paid or payable by the Bank.

Dividends are included in the income and expenditure account when they are disclosed on a statement of investment valuation, issued monthly by Veritas Investment Management LLP

e) Resources expended:

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 settlement will be required and the amount of the obligation can be measured reliably.

All expenditure, including irrecoverable VAT, is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities. For more information on this allocation refer to note (f) below.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled conditions attaching to that grant are outside of the control of the charity.

f) Irrecoverable VAT:

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

g) Allocation of support and governance costs:

Support costs have been differentiated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs relating to Trustee meetings.

h) Charitable activities:

The expenditure on charitable activities includes grants made, governance costs and an apportionment of support costs as shown in the notes.

i) Unrealised and realised gains

Realised gains and losses are included in the accounts on the date at which a contractual obligation is entered into.

Unrealised gains and losses are computed by reference to the market value of the investments at the balance sheet date, compared to the brought forward cost or valuation, and gains and losses arising on similar categories of investments are netted off.

j) Investments

Listed investments have been included in the balance sheet at the value included on the Veritas Investment Management LLP statement as at 31 December 2020, the last statement issued before the end of the financial year. Investments are shown at the mid-market value.

THE MADRINHA TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (Continued)

k) Reserves

The regular, unrestricted income is sufficient to cover the day to day running of the charity, whilst the expenditure relating to specific projects are covered through restricted funds.

Any unrestricted funds held are regularly monitored with the intention of using them to forward the charity's objectives.

The reserve policy is regularly assessed by the trustees for appropriateness.

l) 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.

m) Cash at bank and in hand

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

n) 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 transaction value. They are subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial. In such cases creditors are stated at the transaction value.

o) Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as financial assets or financial liabilities. The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value. They are subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial, in which case they are stated at cost (less impairment where appropriate).

p) Grant making policy

The charity makes grants for educational expenditure to young people in the developing world, especially Africa.

Either through recommendation from a sponsoring organisation or directly candidates make an application to the charity which should include the on-going cost of education. The candidates must agree to participate in the charity's mentoring process, to communicate with Mentors and record and share progress. Applications are subject to phone interviews, reviewed and approved at trustee meetings.

Grants to successful applicants are paid on production of supporting documentation for educational fees. Grants will be made to cover the full length of both secondary and post-secondary education and grants will be paid annually for as long as education continues. The performance grades of Mentees and commitment to the Mentoring program is monitored. A grant programme could be terminated for performance below the expected standard.

Educational grants are recognised in full in the accounts for the entire period of education to be supported at the time that the grant is approved by the trustees. Grants are paid annually with the amount paid being deducted from the total grant provision, any adjustment being made for changes to the total expected cost of education over the life of the grant. Should any student not finish the full period of education covered by the grant any balance of grant provision will be written back to the accounts in the period in which the support ended.

q) Key judgements and estimations

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

THE MADRINHA TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. ANALYSIS OF INCOME

a) Grants

	Unrestricted funds	Endowment funds	Total Funds	Total Funds
	£	£	£	£
	2020	2020	2020	2019
General grants	50,000	-	50,000	50,000
	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>

b) Investment income

	Unrestricted funds	Endowment funds	Total Funds	Total Funds
	£	£	£	£
	2020	2020	2020	2019
Dividends and interest	-	7,920	7,920	35,338
	<u>-</u>	<u>7,920</u>	<u>7,920</u>	<u>35,338</u>

3. ANALYSIS OF EXPENDITURE

(a) Expenditure on charitable activities

	Unrestricted funds	Endowment funds	Total Funds	Total Funds
	£	£	£	£
	2020	2020	2020	2019
Salaries (including NI)	24,826	-	24,826	16,795
Grants to individuals	261,235	-	261,235	561,939
Admin and office costs	9,952	-	9,952	20,129
IT and software costs	1,354	-	1,354	561
Travel and subsistence	65	-	65	738
Bank and other charges	2,971	-	2,971	3,416
Governance	11,087	-	11,087	13,544
3b				
	<u>311,490</u>	<u>-</u>	<u>311,490</u>	<u>617,122</u>

(b) Governance costs

	Unrestricted funds	Endowment funds	Total Funds	Total Funds
	£	£	£	£
	2020	2020	2020	2019
Independent examination	900	-	900	900
Accountancy fees	10,097	-	10,097	10,340
Professional fees	90	-	90	2,304
	<u>11,087</u>	<u>-</u>	<u>11,087</u>	<u>13,544</u>

THE MADRINHA TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds	Endowment funds	Total Funds
	2019 £	2019 £	2019 £
INCOME			
Grants	50,000	-	50,000
Investment income	4	35,334	35,338
Other income	-	-	-
	<u>50,004</u>	<u>35,334</u>	<u>85,338</u>
EXPENDITURE			
Investment management costs	-	23,329	23,329
Charitable activities	617,122	-	617,122
	<u>617,122</u>	<u>23,329</u>	<u>640,451</u>
Transfer between funds	420,000	(420,000)	-
Net gains/(losses) on investments	-	200,909	200,909
NET MOVEMENT IN FUNDS	<u>(147,118)</u>	<u>(207,086)</u>	<u>(354,204)</u>

5. STAFF COSTS

	2020 £	2019 £
Salaries	24,422	16,512
Pensions	404	283
	<u>24,826</u>	<u>16,795</u>

No employee earned over £60,000 (including taxable benefits but excluding employer pension contributions) during the year.

The average number of employees during the year was as follows:

	2020	2019
Administration and support	<u>1</u>	<u>1</u>

6. TRANSACTIONS WITH TRUSTEES

The trustees all give freely of their time and expertise without any form of remuneration or other benefit in cash or kind.

During the year no trustee received any remuneration or expenses.

THE MADRINHA TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. FIXED ASSET INVESTMENTS

LISTED INVESTMENTS

(a) Valuation of listed investments

	2020 £	2019 £
Market value at 1 January 2020	1,535,249	1,574,610
Additions at cost	58,285	405,219
Disposals at opening market value	(382,144)	(645,491)
Net unrealised gain/(loss) on investment revaluation	18,041	200,911
	<u>1,229,431</u>	<u>1,535,249</u>
Cash held by investment advisors	9,456	34,449
Market value at 31 December 2020	<u>1,238,887</u>	<u>1,569,698</u>

(b) Total gains/(losses) on listed investments

	2020 £	2019 £
Proceeds from disposal	386,076	645,489
Carrying value of disposed investments	(382,144)	(645,491)
	<u>3,932</u>	<u>(2)</u>
Unrealised gains/(losses)	18,041	200,911
Total gains/(losses)	<u>21,973</u>	<u>200,909</u>

(c) Analysis between listed investments

	2020 £	2019 £
UK investments	1,238,887	880,949
Rest of the world investments	-	688,749
	<u>1,238,887</u>	<u>1,569,698</u>

The trustees consider individual investment holdings in excess of 5% of the market value of the portfolio to be material; each of the following holdings have a material value:

	2020 £	2019 £
HSBC Holdings Plc	68,193	106,542
Scottish & Southern Energy	-	105,335
	<u>68,193</u>	<u>211,877</u>
Investments where holding is less than 5% of the total market value	1,170,694	1,357,821
	<u>1,238,887</u>	<u>1,569,698</u>

THE MADRINHA TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

8. GROSS TRANSFER BETWEEN FUNDS

	Unrestricted funds £	Endowment funds £
Transfer between funds	350,000	(350,000)
	<u>350,000</u>	<u>(350,000)</u>

The trustees have powers contained in the Trust deed to use the capital of the charity to support its charitable aims and the day to day running costs of the charity.

During the course of the year £350,000 was transferred from the funds managed by Veritas Investment Management LLP to the charity's current account to fund the charity's operations during the year. Total transfers from the endowment fund to date are £1,835,000.

9. DEBTORS

	2020 £	2019 £
Prepayments	10,256	16,431
Other debtors	498	3,527
	<u>10,754</u>	<u>19,958</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	5,868	5,803
Accrued educational expenses	327,713	349,180
Other accrued expenses	11,882	12,790
	<u>345,463</u>	<u>367,773</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2020 £	2019 £
Accrued educational expenses	168,243	317,567
	<u>168,243</u>	<u>317,567</u>

Long term accrued educational expenses have been calculated at amortised cost using a discount rate of 3%.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. FUNDS

	Brought forward £	Movement in funds £	Transfer between funds £	Carried forward £
Unrestricted funds	185,107	(261,490)	350,000	273,617
Endowment funds	815,232	19,187	(350,000)	484,419
Carried forward	1,000,339	(242,303)	-	758,036

Analysis of movement in funds

	Incoming Resources £	Outgoing Resources £	Gains & losses £	Movement in funds £
Unrestricted funds	50,000	(311,490)	-	(261,490)
Endowment funds	7,920	(10,706)	21,973	19,187
	57,920	(322,196)	21,973	(242,303)

13. TAXATION

The Madrinha Trust is a registered charity and therefore is not liable to income tax or corporation tax on income derived from charitable activities, as it falls within the various exemptions available to registered charities.

14. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

15. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.