

**THE HONOURABLE COMPANY OF MASTER
MARINERS**

AND HOWARD LEOPOLD DAVIS CHARITY

(CHARITABLE INCORPORATED ORGANISATION)

TRUSTEES' REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

Registered No: 1172234

THE HONOURABLE COMPANY OF MASTER MARINERS

AND HOWARD LEOPOLD DAVIS CHARITY

REFERENCE AND ADMINISTRATION DETAILS

CHARITABLE STATUS

The Honourable Company of Master Mariners and Howard Leopold Davis Charity (Charitable Incorporated Organisation) was established under a constitution dated 24th March 2017. On 31st March 2017, the Charitable Trust transferred its assets and liabilities to the CIO.

The Charitable Trust (Charity no. 1127213) was established under a trust deed dated 11th December 2008 and approved by the Charity Commission on 16th December 2008. The Charity was set up as a vehicle to amalgamate the Benevolent Fund (Charity No 207094), Education Fund (Charity No 313382), The Howard Leopold Davis Fund (Charity No 207095) and London Maritime Institution (Charity No 207087). The Charity Commission Scheme was sealed by the Charity Commission on 13th April 2010 and the assets were transferred at that date.

Trustees	Captain H J Conybeare (Chairman from July 2020) Captain W J Barclay (Ex-officio Master HCMM 1 May 2019 to 1 May 2020) Mr M Burrow (Ex-officio Chairman HCMM Finance & Risk Ctte) Captain D Chadburn (Ex-officio Master HCMM from 1 May 2020) Commander L Chapman Captain J Hughes (Chairman to July 2020) Captain S Culshaw (resigned 14 October 2020) Captain J K Mooney (Ex-officio Chairman Education and Training Committee) Captain N Rodrigues (Almoner) Captain A Speed (resigned 14 October 2020) Commander P Aylott (appointed 28 October 2020) Captain R Barnes (appointed 28 October 2020)
Registered Charity Number	1172234
Administrator	Honourable Company of Master Mariners HQS Wellington Temple Stairs Victoria Embankment London WC2R 2PN
Principal Office	HQS Wellington Temple Stairs Victoria Embankment London WC2R 2PN
Auditors	Knox Cropper LLP 65 Leadenhall Street London EC3A 2AD
Bankers	CAF Bank Ltd 25 Kings Hill Avenue West Malling Kent ME19 4JQ
Investment Managers	Smith & Williamson Investment Management 25 Moorgate London EC2R 6AY

THE HONOURABLE COMPANY OF MASTER MARINERS

AND HOWARD LEOPOLD DAVIS CHARITY

TRUSTEES' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2020

The Trustees present their report and the financial statements of the Charity for the year ended 31st December 2020. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 and comply with the Charity's Constitution, the Charities Act 2011 and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued by the Charity Commission.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trustees

The appointment of new Trustees is vested in the Court of the Honourable Company of Master Mariners (HCMM). The Trustees receive no remuneration and no claims for reimbursement of expenses were made during the year.

Risk Management

The Trustees have considered the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

Trustees' Responsibilities

Charity law requires the Trustees to prepare financial statements for each financial period, which give a true and fair view of the Trust's financial activities during the year and of its income and expenditure for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed subject to any 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 business.

The Trustees are responsible for keeping proper accounting records which 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. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ORGANISATION

The Charity has no premises or employees. The administration and record keeping of the Charity is carried out by the HCMM for which services an annual agreed charge is made to cover their costs.

OBJECTIVES AND ACTIVITIES

The Benevolent purposes are to relieve:

- a. Master Mariners and maritime Navigating Officers of the Merchant Navy, and,
- b. their families and dependants,

who are in need through financial hardship, sickness, disability or the effects of old age.

The Educational purposes are to educate and train:

- a. persons serving or intending to serve in the Merchant Navy, and,
- b. persons with an interest in seamanship or sailing.

THE HONOURABLE COMPANY OF MASTER MARINERS

AND HOWARD LEOPOLD DAVIS CHARITY

TRUSTEES' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2020

FINANCIAL REVIEW

The Trustees have reviewed the investment policy, and consider the investments to be prudently managed with reasonable diversification, so as to provide a suitable balance between income and capital appreciation.

The period resulted in net income of £128,235, including gains on investments of £235,654 resulting in funds of the Charity increasing to £5,013,901 of which £1,658,614 is restricted for educational purposes. The funds are represented by investments of £5,017,604 and net current liabilities of £3,703.

Reserves Policy

It is the policy of the Trustees to maintain unrestricted funds (predominantly in investments), which are the free reserves of the charity, at a level considered appropriate to generate an annual income for grants etc. It also provides sufficient funds to cover management and administration and support costs and to respond to emergency applications for grants which arise from time to time.

ACHIEVEMENTS AND PERFORMANCE INCLUDING HOW THE CHARITY HAS DELIVERED PUBLIC BENEFIT

£149,848 (2019: £110,148) has been awarded in benevolent and educational grants in the year to qualified individuals and to organisations. The Trustees have had regard for the Charity Commission's guidance on public benefit.

This report was approved by the Trustees on 21 October 2021 and signed on its behalf by:

**M Burrow
Trustee**

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
THE HONOURABLE COMPANY OF MASTER MARINERS
AND HOWARD LEOPOLD DAVIS CHARITY

Opinion

We have audited the financial statements of The Honourable Company of Master Mariners and Howard Leopold Davis Charity (the 'charity') for the year ended 31st December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st December 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
THE HONOURABLE COMPANY OF MASTER MARINERS
AND HOWARD LEOPOLD DAVIS CHARITY

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 2, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Charity is required to comply with charity law and, based on our knowledge of its activities, we identified that the legal requirement to accurately account for restricted funds was of key significance.
- We gained an understanding of how the charity complied with its legal and regulatory framework, including the requirement to properly account for restricted funds, through discussions with management and a review of the documented policies, procedures, and controls.
- The audit team, which is experienced in the audit of charities, considered the charity's susceptibility to material misstatement and how fraud may occur. Our considerations included the risk of management override.
- Our approach was to check that all restricted income was properly identified and separately accounted for and to ensure that only valid and appropriate expenditure was charged to restricted funds. This included reviewing journal adjustments and unusual transactions.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
THE HONOURABLE COMPANY OF MASTER MARINERS
AND HOWARD LEOPOLD DAVIS CHARITY

Auditor's responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken, so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report or for the opinions we have formed.

Knox Cropper LLP
Chartered Accountants and Statutory Auditors
65 Leadenhall Street
London EC3A 2AD

29 October 2021

Knox Cropper LLP is eligible for appointment as auditor of the Charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

THE HONOURABLE COMPANY OF MASTER MARINERS

AND HOWARD LEOPOLD DAVIS CHARITY

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Note s	2020			2019		
		Unrestrict ed Funds	Restricted Funds	Total	Unrestrict ed Funds	Restricted Funds	Total
		£	£	£	£	£	£
INCOME FROM							
Donations and Legacies		1,541	-	1,541	962	-	962
Investments	2	49,668	26,745	76,413	66,641	35,884	102,525
TOTAL INCOME		<u>51,209</u>	<u>26,745</u>	<u>77,954</u>	<u>67,603</u>	<u>35,884</u>	<u>103,487</u>
EXPENDITURE ON							
Raising Funds: Investment Management Fees		12,979	6,989	19,968	13,441	7,237	20,678
Charitable Activities	3	80,924	84,481	165,405	49,641	70,355	119,996
TOTAL EXPENDITURE		<u>93,903</u>	<u>91,470</u>	<u>185,373</u>	<u>63,082</u>	<u>77,592</u>	<u>140,674</u>
Net Gains/(Losses) on Investments	4	<u>153,176</u>	<u>82,478</u>	<u>235,654</u>	<u>462,050</u>	<u>248,796</u>	<u>710,846</u>
NET INCOME/(EXPENDITURE) AND NET MOVEMENT IN FUNDS		110,482	17,753	128,235	466,571	207,088	673,659
RECONCILIATION OF FUNDS							
TOTAL FUNDS BROUGHT FORWARD		<u>3,244,805</u>	<u>1,640,861</u>	<u>4,885,666</u>	<u>2,778,234</u>	<u>1,433,773</u>	<u>4,212,007</u>
TOTAL FUNDS CARRIED FORWARD		<u>£3,355,287</u>	<u>£1,658,614</u>	<u>£5,013,901</u>	<u>£3,244,805</u>	<u>£1,640,861</u>	<u>£4,885,666</u>

All the activities reported above relate to continuing operations.

The Notes on pages 10 to 14 form an integral part of these financial statements.

THE HONOURABLE COMPANY OF MASTER MARINERS
AND HOWARD LEOPOLD DAVIS CHARITY
BALANCE SHEET AS AT 31ST DECEMBER 2020

	Note	2020	2019
	s	£	£
FIXED ASSETS			
Investments	4	5,017,604	4,885,350
CURRENT ASSETS			
Debtors	5	167	1,250
Cash at Bank and In Hand		<u>36,666</u>	<u>16,862</u>
		36,833	18,112
CREDITORS : Amounts Falling Due Within One Year	6	<u>(40,536)</u>	<u>(17,796)</u>
NET CURRENT (LIABILITIES)/ASSETS		(3,703)	316
NET ASSETS		<u>£5,013,901</u>	<u>£4,885,666</u>
UNRESTRICTED FUNDS		3,355,287	3,244,805
RESTRICTED FUND	7	1,658,614	1,640,861
TOTAL FUNDS		<u>£5,013,901</u>	<u>£4,885,666</u>

The financial statements were approved by the Trustees on 21 October 2021, and signed on their behalf by:

M Burrow - Trustee

The notes on pages 10 to 14 form an integral part of these financial statements

THE HONOURABLE COMPANY OF MASTER MARINERS**AND HOWARD LEOPOLD DAVIS CHARITY****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31ST DECEMBER 2020**

	Note s	2020	2019
		£	£
Cash Flows from Operating Activities			
Net Cash provided by (used in) Operating Activities	A	(140,041)	(121,336)
Cash Flows from Investing Activities			
Dividends and Interest		69,577	96,339
Proceeds from Sale of Investments		1,765,051	537,770
Purchase of Investments		(1,695,064)	(519,821)
Investment Management Fees		(19,968)	(20,678)
Movement in Cash at Investment Managers		40,249	27,058
Net Cash provided by (used in) Investing Activities		<u>159,845</u>	<u>120,668</u>
Change in Cash and Cash Equivalents in the Reporting Period		19,804	(668)
Cash and Cash Equivalent at the beginning of the Reporting Period		16,862	17,530
Cash and Cash Equivalent at end of the Reporting Period		<u>£36,666</u>	<u>£16,862</u>
A. Reconciliation of Net Income/(Expenditure) to net cash flow from Operating Activities			
Net Income/(Expenditure) for the Reporting Period		128,235	673,659
(Gains)/Losses on Investments		(235,654)	(710,846)
Decrease/(Increase) in Debtors		1,083	5,776
(Decrease)/Increase in Creditors		22,740	(8,078)
Dividends and Interest		(76,413)	(102,525)
Investment Management Fees		19,968	20,678
Net Cash provided by (Used in) Operating Activities		<u>£(140,041)</u>	<u>£(121,336)</u>
B. Analysis of changes in net funds			
	At 01/01/2020	Cash flows	At 31/12/2020
	£	£	£
Cash at bank and in hand	<u>£16,862</u>	<u>£19,804</u>	<u>£36,666</u>

THE HONOURABLE COMPANY OF MASTER MARINERS

AND HOWARD LEOPOLD DAVIS CHARITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

1. Accounting Policies

(a) Basis of Preparation and assessment of going concern.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. They have been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) Second Edition issued in October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102 March 2018) and the Charities Act 2011. The presentation currency of the financial statements is the Pound Sterling (£). The Charity constitutes a public benefit entity as defined by FRS 102.

The accounts 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 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 (FRS102) Second Edition issued in October 2019 rather than the Accounting and Reporting by Charities Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Trustees consider that there are no uncertainties about the Charity's ability to continue as a going concern.

(b) Funds Structure

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. There is a single restricted fund, the Education Fund, restricted to provide grants for Educational Purposes.

Unrestricted Funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects.

(c) Income Recognition

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

Income from investments is recognised on the date on which the dividend is payable or the interest accrues.

(d) Expenditure Recognition

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 is accounted for on an accruals basis.

- **Costs of Raising Funds**

The costs of raising funds comprises investment management costs.

THE HONOURABLE COMPANY OF MASTER MARINERS

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

(continued)

(d) Expenditure Recognition (continued)

- Charitable Expenditure
Cost of Charitable Activities includes grants paid, and support costs including Governance costs.
Grants payable are payments to individuals in the furtherance of the charitable objects of the charity. The Charity, in some instances, provides an unsecured loan to a beneficiary in furtherance of its educational objects. These are recognised as expenditure in the year that they are awarded.
- Governance Costs
Governance costs comprise all costs involved with compliance with regulation and good practice.

(e) VAT

The Charity is not registered for Value Added Tax. Expenditure shown in the financial statements is inclusive of VAT.

(f) Investments

The Charity's investments consist only of quoted securities. Initially they are recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on the revaluations and disposals throughout the year.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value.

Investments are allocated to Restricted and Unrestricted Funds at a set percentage.

(g) Debtors and Creditors

Debtors and creditors are recognised where, at the balance sheet date, an entitlement to receive or an obligation to transfer economic benefit exists and receipt or settlement is probable and can be measured reliably.

Debtors are measured at the expected recoverable amount and creditors at the expected settlement amount, discounted for the time value of money if material.

2. INVESTMENT INCOME

	2020 Total	2019 Total
	£	£
Dividends	76,301	102,451
Bank Interest	112	74
	<u>£76,413</u>	<u>£102,525</u>

THE HONOURABLE COMPANY OF MASTER MARINERS

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020
(continued)

3. ANALYSIS OF CHARITABLE ACTIVITIES

	2020		
	Unrestrict ed Funds	Restricted Funds	Total
	£	£	£
Direct Costs			
Grants and Awards			
Grants to Individuals	63,167	64,690	127,857
Grants to Organisations (Note 10)	2,200	11,074	13,274
HCMM Journal	-	8,717	8,717
	<u>65,367</u>	<u>84,481</u>	<u>149,848</u>
Support Costs (Note 3.a)	<u>15,557</u>		<u>15,557</u>
	<u>£80,924</u>	<u>£84,481</u>	<u>£165,40</u>
	2019		
	Unrestrict ed Funds	Restricted Funds	Total
	£	£	£
Direct Costs			
Grants and Awards			
Grants to Individuals	34,513	27,921	62,434
Grants to Organisations (Note 10)	5,280	33,280	38,560
HCMM Journal	-	9,154	9,154
	<u>39,793</u>	<u>70,355</u>	<u>110,148</u>
Support Costs	<u>9,848</u>		<u>9,848</u>
	<u>£49,641</u>	<u>£70,355</u>	<u>£119,99</u>

3.a Support Costs	2020	2019
	£	£
Management Fees - HCMM	12,000	6,000
Other	93	88
Governance Costs	3,464	3,760
	<u>£15,557</u>	<u>£9,848</u>

Governance Costs – Includes External Audit Fees amounting to £3,816 (2019: £3,760) inclusive of VAT.

4. FIXED ASSET INVESTMENTS

Market Value		
At 1st January 2020	4,840,096	4,141,013
Acquisitions and accumulated income	1,701,900	526,007
Disposal proceeds	(1,765,051)	(537,770)
Gains/(Losses) on investments	235,654	710,846
At 31st December 2020	<u>£5,012,599</u>	<u>£4,840,096</u>

Investments at Market Value	5,012,599	4,840,096
Cash with Investment Managers	5,005	45,254
	<u>£5,017,604</u>	<u>£4,885,350</u>
Historic cost of investments	<u>£3,792,407</u>	<u>£3,672,307</u>

All investments are listed securities or open ended investment companies.

THE HONOURABLE COMPANY OF MASTER MARINERS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020
(continued)

5. DEBTORS

	2020	2020
	£	£
Prepayments	-	1,250
Sundry Debtors	167	-
	<u>£167</u>	<u>£1,250</u>

6. CREDITORS: Amounts Falling Due Within One Year

	2020	2019
	£	£
HCMM	11,453	4,465
Other Creditors	1,272	1,522
Accruals and Deferred Income	27,811	11,809
	<u>£40,536</u>	<u>£17,796</u>

The Charity is managed by the Honourable Company of Master Mariners who incur certain costs on behalf of the Charity which are reimbursed to the Honourable Company.

7. RESTRICTED FUNDS

	2020	2019
	£	£
Balance at 1st January 2020	1,640,861	1,433,773
Income	26,745	35,884
Expenditure	(91,470)	(77,592)
Gains on Investment Assets	82,478	248,796
Balance at 31st December 2020	<u>£1,658,614</u>	<u>£1,640,861</u>

Restricted funds represent funds specified for educational purposes. These funds are represented by investment and other assets. The funds are not represented by specific investments, and investment income, management fees and realised and unrealised movements are allocated on an agreed percentage.

8. RELATED PARTY TRANSACTIONS

Under the Charity's constitution, certain office holders of HCMM are ex-officio trustees of the Charity and power to nominate trustees to the Charity is vested in HCMM. The administration of the Charity is performed by HCMM which charges a management fee to the Charity. During the period the charge was £12,000 (2019: £6,000). The Charity provided grants of £8,717 (2019: £9,154) during the year towards the cost of the journal produced by HCMM. The balance due to HCMM at 31st December 2020 was £11,453 (2019: £4,465).

No trustee received any reimbursement of expenses during the year.

THE HONOURABLE COMPANY OF MASTER MARINERS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020
(continued)

9. NET ASSETS BY FUND

	Unrestricted Fund	Restricted Fund	2020 Total
	£	£	£
Investments	3,261,443	1,756,161	5,017,604
Net Current Assets/(Liabilities)	93,844	(97,547)	(3,703)
	<u>£3,355,287</u>	<u>£1,658,614</u>	<u>£5,013,901</u>
	Unrestricted Fund	Restricted Fund	2019 Total
	£	£	£
Investments	3,175,477	1,709,873	4,885,350
Net Current Assets/(Liabilities)	69,328	(69,012)	316
	<u>£3,244,805</u>	<u>£1,640,861</u>	<u>£4,885,666</u>

10. GRANTS TO ORGANISATIONS

	2020	2019
	£	£
Docklands Sailing Centre	-	1,920
Jubilee Sailing Trust	-	5,000
London Nautical School	582	-
Oarsome Chance	-	5,000
Ocean Youth Sailing Trust	-	3,000
Outport Cadets Unit	-	4,000
Royal Liverpool Seaman's Orphan Institution	2,200	5,280
Sea Cadets Aberdeen	1,000	-
Sea Cadets Greenwich	-	868
Sea Cadets Hull	1,000	6,000
Sea Cadets Newport	1,000	-
Sea Cadets Sefton	1,000	-
Sea Cadets Southampton	5,000	-
Tall Ships Youth Trust	-	6,000
Thames Traditional Rowing Association	1,492	1,492
	<u>£13,274</u>	<u>£38,560</u>

11. UNRECOGNISED FUNDING COMMITMENTS

The Charity has agreed to provide grants to cover the costs of cadet attending maritime college over three-year periods. These commitments are subject to regular review of the cadets' progress and are to be funded from income generated by the investment portfolio.

12. COVID-19 AND FUTURE OPERATIONS

The charity's investments have performed well despite the pandemic. However, investment income has fallen in the year to 31st December 2020 and is expected to remain lower than recent years for the immediate future. Whilst this is a concern, the trustees are confident that with careful monitoring, the operations of the charity will continue to give a substantial number of grants to organisations and individuals that need support, particularly in these difficult times.