
St Mary Magdalene & Holy Jesus Trust
Registered Charity No 225979

Report And Financial Statements
For the Year Ended 31st March 2021



Claremont Road
Newcastle upon Tyne, NE2 4NN
Tel: 0191 2697920
email: st.marymagdalene@btconnect.com
website: www.mmhjtrust.com

Chair: Mr J P Lee

St Mary Magdalene & Holy Jesus Trust



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St Mary Magdalene & Holy Jesus Trust



Trustees' Annual Report for the year ended 31st March 2021

A. OBJECTIVES AND ACTIVITIES

The St Mary Magdalene & Holy Jesus Trust is an almshouse charity located in Spital Tongues, Newcastle upon Tyne whose main objective is to assist older people who are in need, hardship or distress by providing housing. In fulfilling this objective, the charity also aims to assist its beneficiaries to live independently.

The St Mary Magdalene & Holy Jesus Trust has a long history stretching back several hundred years. It was an amalgamation of two Almshouses, The Hospital of St. Mary Magdalene, which was founded in the 12th century and the Hospital of the Holy Jesus, which was founded in the 17th century along with three other charities. These Almshouses and charities were brought together in the Hospital of St. Mary Magdalene and other Charities (Newcastle upon Tyne), Charity Scheme Confirmation Act, 1959. The organisation's governing document has changed since then with the current governing document being the 2008 Scheme, The St. Mary Magdalene & Holy Jesus Trust.

At the end of the reporting period, the charity had 128 almshouses:

- St. Mary Magdalene: 79 bungalows
- Holy Jesus: 49 bungalows

In addition, the charity has 16 flats at Magdalene Court, which are currently vacant (See Section D), a former care home, which is no longer used for residential accommodation (See Section D) and 4 flats referred to as the "Chippendale Properties" which are all occupied.

In accordance with the Trust's Scheme, when making appointments, trustees must give preference to certain classes of persons who are required to meet specific eligibility criteria. Freemen of the City of Newcastle upon Tyne are given preference for certain specified almshouses. In 2009, the Economic Development and Construction Act gave the daughters of Freemen the same prescriptive rights as the sons of Freemen. At the time of reporting, there were 18 bungalows occupied by Freemen of the City of Newcastle upon Tyne.

With regard to other homes, preference is given to other qualifying applicants who do not have a connection to the Freemen of the City of Newcastle upon Tyne. These applicants must have resided in the area of benefit (City of Newcastle upon Tyne and the surrounding area) for not less than two years preceding the receipt of benefit or for not less than ten consecutive years at any one time. Qualifying applicants for Magdalene Court were required to be in need because of their disability and qualifying applicants for the residential care home were required to be in need because of illness or infirmity. To qualify for the Chippendale Properties, applicants are required to be in need because of illness or infirmity.

In exceptional circumstances, the trustees may appoint a resident who lives outside the area of benefit or has not lived in the area of benefit for the required number of years but is otherwise qualified.

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The Trust also makes quarterly grants to the beneficiaries of three “hospitals” that were originally part of the same range of buildings as the old Hospital of Holy Jesus. These beneficiaries are non-resident and all must be in need, hardship or distress. There are no age or residence qualifications.

- **Ann Davison Hospital**
Comprises six beneficiaries of whom three must be poor widows of Clergymen and three the poor widows of Freemen with preference being given to the widows of merchants.
- **Thomas Davison Hospital**
Comprises six beneficiaries who must be the poor widows or unmarried daughters of Freemen.
- **Sir Walter Blackett Hospital**
Comprises six beneficiaries who must be poor unmarried Freemen.

In addition, a quarterly allowance is paid to the Freemen residents who live on the site.

Currently, the trustees provide the following additional benefits for residents of the almshouses:

- An on-site Handyman Service
- A 100% subsidy on water rates for those who reside in the St Mary Magdalene bungalows
- A free emergency call alarm system that can be accessed 24/7 which includes smoke alarm and CO2 alarm monitoring and, for those residents who are assessed as having specific needs, the provision of a free daily morning call and/or additional telecare services
- A subsidised dining facility
- Security service which includes an on-site security guard
- Communal grounds
- Free social activities and events
- A separate property for the use of family or friends visiting residents
- A small laundry facility centrally located on the site for the use of residents, if required
- A site chapel

The Trust also has the power to make grants to provide or pay for items, services and facilities for individuals, organisations and institutions. During the year ended 31st March 2021, the Trust made a grant of £2,500 to the City Lifeline Project organised by Newcastle City Council to assist those in need due to the Covid pandemic

The trustees have given due consideration to the Charity Commission’s guidance in relation to public benefit. The charitable purposes undertaken by the Trust which meet the requirements under the Charities Act 2011 are: (a) the prevention or relief of poverty and (b) the relief of those in need because of age, ill-health, disability, financial hardship or other disadvantage.

B. ACHIEVEMENTS & PERFORMANCE

- This year has been particularly challenging for the organisation due to the COVID 19 pandemic, but the Management Team and the support staff have continued to provide our existing beneficiaries with housing services, support and advice and, where appropriate, have made referrals or directed residents to other relevant services. In addition, the Trust continued

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to allocate properties to new beneficiaries in accordance with government guidelines for landlords.

- The organization has reviewed its purpose and activities and has produced a Business Plan, which includes proposals for the redevelopment of the Magdalene Court site, the site of the former residential care home and the continued refurbishment of the Mary Magdalene Bungalows. The investment proposed for the 6-year term totals around £9.5million, with no public funding being used.
- A review of the staffing arrangements has been completed to ensure that the organisation has the staff it needs to deliver services to its beneficiaries and to deliver the 6-year Business Plan.
- Work continues on the renovation of the Mary Magdalene Bungalows with a total project cost so far in excess of £2million
- We continued to receive a high level of interest from potential applicants who wish to live in our almshouse accommodation. A review of maintenance contributions was undertaken to make them more commensurate with the standard of property provided.
- A new partnership arrangement has been put in place to provide residents with a out of hours repairs service, which provides more capacity and resilience for repair and maintenance services.
- A constitutional review was begun and revised articles for the St Mary Magdalene & Holy Jesus Trustee Limited have been drafted for adoption. A new Finance and Audit Committee and Licensee (Residents Committee) have also been established. There are further activities planned for 2020/21 to ensure that the Charity's governance arrangements are in accordance with the Charity Commission's recommendations and best practice for the sector.
- Following the resignation of the General Manager, a new Chief Executive Officer has been recruited, taking up post mid-2020.

C. FINANCIAL REVIEW

The financial statements for the year ending 31st March 2021 show:

- Net Income (exclusive of investment gains / losses) of £40,100 (2020: £583,100)
- Net Investment gains £2,184,400 (2020: £303,200 loss)
- Cash Flow £1,263,600 negative (2020: £547,100 positive).
- Total Funds £46,267,400 (2020: £44,042,900).

❖ Sources Of Funding and Use Of Funds

The Trust has two principal funding sources; Maintenance Contributions (charitable property rents) and investment income, the latter being derived from financial and property portfolios.

The Trust's policy has formerly been to set Maintenance Contributions at a level covering everyday charitable property costs and contributing to long term repairs. Investment income was to fund other subsidies to residents, major repairs and capital expenditure. This approach has continued in the Business Plan and following a performance review of the Trust's investments the organisation commenced the process in 2020/21 of selling one of its farms to meet the

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additional capital requirements of the Business Plan.

❖ Significant Events Impacting This Year's Results

- Resident numbers continued to be significantly lower than capacity due to the Mary Magdalene Bungalow refurbishment program and the vacation of Magdalene Court pending redevelopment. The latter was written down to zero value in the year, resulting in an accelerated depreciation charge of £100,500.
- Investment portfolio values were 5.9% higher than at the end of the prior reporting period, but the revenue derived therefrom fell by 19%. The latter was due to reduced dividend receipts and £66,000 rent relief given to commercial tenants who had lost significant business due to Covid.
- The Covid pandemic resulted in the withdrawal some subsidised services and a consequent reduction in operating costs. This was compounded by reduced administration overhead as staff worked from home during lockdown. The total reduction in costs due to the pandemic is estimated to be circa £32,000.

Even with the issues raised by the world-wide pandemic, the Trust remains in an incredibly strong financial position. Although investment income fell by almost 20% from the previous year, the cost charitable operations has been covered and a significant sum added to the Capital Expenditure Fund.

Going forward over the next few years it is uncertain as to how well or quickly the lost income will be recovered, and this will impact the funding of the business plan. The main financial issue to be faced therefore is that of addressing the loss of income so that the business plan is not delayed.

❖ Review of Reserves

At 31st March 2021, the balances on the Trust's various funds and the assets supporting them were as follows:

£000s	Permanent Endowment	General Reserve	Operational Estate Reserve	Capital Project Fund	Northumberland Street Sinking Fund	Total
Aberdeen Asset Portfolio	17108.4	0.0	0.0	0.0	0.0	17,108.4
Tilney Portfolio	2574.7	0.0	0.0	0.0	0.0	2,574.7
Edentree Portfolio	520.1	0.0	0.0	0.0	0.0	520.1
CCLA Portfolio	0.0	0.0	0.0	0.0	5528.4	5528.4
Investment Property	10373.4	0.0	0.0	0.0	0.0	10373.4
Cash & Deposits	535.7	549.2	0.0	2148.5	0.0	3233.4
Operational Property	0.0	0.0	6931.4	64.8	0.0	6996.2
Net Current Assets	10.2	-49.2	-0.1	-28.1	0.0	-67.2
Total	31,122.5	500.0	6931.3	2,185.2	5528.4	46,267.4

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- **Permanent Endowment**
Due to the Trust's current policy regarding the setting of Maintenance Contributions, the investment income from this fund provides the funds to cover subsidies, major revenue expenditure and to fund future capital expenditure. All income is credited to the General Reserve and capital gains / losses remain in the Permanent Endowment.
The Trust had previously considered adopting a Total Return approach to the Permanent Endowment in order to pay off the Northumberland Street Sinking Fund with accrued capital gains. This approach has now been put on hold until the results of further discussions with the Charity Commission regarding (see below)
- **General Reserve**
The General Reserve Policy level was reduced by 50% to £500,000 during the year and now equates to 2.5 years net cost of charitable operations excluding depreciation.
- **Operational Estate Reserve**
This reserve represents the capitalised operational assets of the Trust and an amount equivalent to the depreciation charge is transferred from it to the Capital Projects Fund each year.
- **The Capital Projects Fund** provides for the replacement of housing stock and other major items of capital and revenue expenditure. It is maintained primarily by the remaining investment income after charitable subsidies and transfers to other reserves.
- **The Northumberland Street Sinking Fund** was set up under an order of the Charity Commissioners sealed on 7 July 1980. The purpose of this fund is to recoup out of investment income the sum of £6,300,000 which is the difference between the sales proceeds of Northumberland Street properties and their estimated value with vacant possession.

Although the Trust had considered implementing Total Return in order to pay off the balance of this fund, it has now requested that the Charity Commission consider the fund fully paid as the present value is in excess of the discounted future value .

❖ Investment Policy

The Trust's Investment Policy is to have a diverse base to spread risk whilst simultaneously aiming for capital appreciation at least equal to inflation and an income return sufficient to meet on-going and cyclical operational costs not recovered from Maintenance Contributions and future capital expenditure needs.

The policy is currently undergoing review in order to align the management of the investments with the requirements of the business plan.

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❖ Risks And Uncertainties / Factors Affecting Future Performance

The following key risks and uncertainties which may impact future performance have been identified:

- Despite reviewing its investment policy, the Trust may still be exposed to a degree of risk due to the uncertain economic climate regarding the United Kingdom leaving the European Union and the repercussions of the Covid - 19 pandemic.
- With the adoption of the new revised articles for the St Mary Magdalene & Holy Jesus Trustee Limited several long serving trustees will retire. There is a transition plan in place but recruiting trustees, with the required levels of expertise and knowledge as replacements, could be challenging for the organisation as it is for small charities in general.

D. PLANS FOR FUTURE PERIODS

- There is a detailed Business Plan in place covering the organisation's future-plans. This includes proposals for the redevelopment of the Magdalene Court site, the site of the former residential care home and the continued refurbishment of the Mary Magdalene Bungalows. In addition, the organization is undertaking several activities to enable a longer-term business plan to be put in place, which will build on this to ensure maximum benefit is being provided.
- The charity remains committed to providing a community environment which encourages social wellbeing through the provision of a range of facilities, activities and events.
- The newly established Licensee (Residents) Committee is helping to involve residents in the running of the organization and resident involvement is an area that the organisation plans to develop further.
- Following the establishment of the new committees and approval of the revised articles for the St Mary Magdalene & Holy Jesus Trustee Limited the organisation will continue with its governance review with further activities planned for 2020/21.

E. STRUCTURE, GOVERNANCE AND MANAGEMENT

❖ Governing Document

By a Scheme of the Charity Commissioner sealed on 22nd December 2008, the St Mary Magdalene and Holy Jesus Trustee Limited (Company Number 6662527), a company limited by guarantee in England, became the trustee of the charity. The trustee, comprising 10 Company Directors (Charitable Trustees for the purposes of charity law) was established under a Memorandum of Association on 1st August 2008 and governed by its Articles of Association. On 11th March 2013, a Special Resolution was passed that the existing Memorandum and Articles of Association of the Company in their entirety be removed and substituted for new Articles of Association which now govern the proceedings of the Company.

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❖ Nomination of Trustees

The following bodies are entitled to nominate trustees:

The Stewards Committee of the Freemen of the City of Newcastle upon Tyne (3 trustees), Newcastle City Council (3 trustees) and the Bishop of Newcastle (1 trustee). The remaining three posts are available for the co-opting of trustees with skills relevant to the charity's operations. All trustees initially hold office for a period of four years and then, 'year on year'; following consideration and agreement by a majority of trustees may have their term of office extended for further periods of one year.

❖ Trustee Induction & Training

Trustees who are nominated or co-opted to the Board come from a range of backgrounds. As part of their induction and training, new trustees receive the following documents in relation to the charity, its work and their responsibilities as a trustee - Charity Governance Code, Charity Scheme, Articles of Association, history of the charity and its governance and objectives, latest set of audited accounts and budget for the current financial year, minutes of previous Board Meetings, Scheme of Delegation, Standing Financial Instructions and Risk Management Register, management structure and details of other trustees, information about the charity's commercial and agricultural portfolio and the Charity Commission publication 'The Essential Trustee – What you need to know, what you need to do'. New trustees also meet with the Chair, Chief Executive and Finance Director to discuss the charity's strategy, objectives and current issues and are shown around the almshouse estate. All trustees are kept up to date on relevant matters affecting the charity, receive a copy of the quarterly Almshouses Gazette and are circulated with relevant information from the Charity Commission website and other appropriate publications.

Specific training and development needs are addressed in consultation with trustees and one meeting per year may be devoted to trustee training and development. All new trustees are required to complete a Skills Audit and the experience, knowledge, expertise and skills of trustees are periodically reviewed. Information from the Skills Audit can identify any potential gaps and, where possible, trustees try to influence and encourage appropriate nominations and appointments to the Board in order to complement and enhance the diversity of skills and perspectives.

❖ Organisation

The trustees act as stewards for both present and future beneficiaries and are accountable to the public by reason of the charitable status of the Trust. The board of trustees is responsible for establishing structures for the proper governance and management of the Trust and the development of the vision and strategy of the charity in accordance with its objects. The Board meets bi-monthly to discuss operational, financial and development policy, making decisions on key issues. The trustees are required to elect a Chair at the first meeting of each calendar year. A Vice Chair is also elected. A scheme of delegation is agreed annually, allowing the Chair and Vice Chair to act between meetings where necessary. As required, the trustees also establish Working Groups to undertake detailed work on specific areas and to make recommendations to the Board for approval.

The Trustees receive reports from the Management Team on their respective areas of responsibility in addition to regular reports from the Trust's investment managers and other professional advisors.

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The overall day to day management of the Trust is delegated to the Management Team. A framework of authorities is in place which outlines the structure of delegation as well as specifying those responsibilities which remain the preserve of the trustees. Administrative support is provided by one full-time and one part-time assistant.

❖ Related Parties And Co-operation With Other Organisations

Although not part of a formal network of other charities, the Trust has established working relationships with charities of similar aims. Mr Paul Anderson, Mr Alan Bainbridge, Mrs Helen Birkett and Sir Leonard Fenwick are Members of the Stewards Committee of The Freemen of the City of Newcastle upon Tyne.

❖ Pay Policy for Senior Staff

Pay is normally increased to reflect a cost of living adjustment. A staffing review was completed during the year, which included the introduction of a new staff structure, job descriptions and associated terms and conditions.

❖ Risk Management

A Risk Management Register is in place. The trustees have assessed the major strategic and operational risks which the charity faces and are satisfied that control systems have been developed and are in place to mitigate the identified risks. The Risk Management Register is subject to regular review by the Finance and Audit Committee incorporating any new risks which might affect the charity. These are reported to the trustees who continue to review the risk management procedures, as required.

F. REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, TRUSTEES & PROFESSIONAL ADVISORS

Charity Name: St Mary Magdalene & Holy Jesus Trust

The charity operates within England and Wales and is registered with the Charity Commission with number: 225979

Registered Office: Claremont Road, Newcastle upon Tyne, NE2 4NN

The Trustees, Directors of the Trustee Company, and officers who held office at the date of signing the report are listed below together with their nominating bodies.

Name	Nominated By
Mr P Anderson	The Stewards Committee of the Freemen of Newcastle upon Tyne
Mr A R Bainbridge	The Stewards Committee of the Freemen of Newcastle upon Tyne

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Mrs H Birkett

The Stewards Committee of the Freemen of Newcastle upon Tyne

Sir L R Fenwick CBE

Co-opted

Mr J P Lee OBE (Chair)

Co-opted

Mr L McGray

Co-opted (Appointed 7th September 2020)

Mr D W Midgley OBE

Co-opted (Appointed 14th September 2021)

Councillor Mrs H Stephenson

Newcastle City Council

Councillor Mrs L Wright

Newcastle City Council

Councillor A S Avei

Newcastle City Council (Appointed 27th July 2021)

Councillor Mr A King

Newcastle City Council (Resigned 1st July 2021)

Canon P R Strange

Bishop of Newcastle

Mr Jon Mitford (Chief Executive Officer) Appointed 21st August 2020

The Trust's Professional Advisors:

Property Agents:

Hindmarsh & Partners Chartered Surveyors
49 Park View, Whitley Bay, Tyne & Wear, NE26 2TP

Galbraith
59 George Street, Edinburgh, EH2 2JG

Solicitors:

Samuel Phillips
18-24 Grey Street, Newcastle upon Tyne NE1 6AD

Womble Bond Dickinson
St Ann's Wharf, 112 Quayside, Newcastle upon Tyne, NE1 3DX

Investment Managers:

Aberdeen Standard Capital
1 George Street, Edinburgh, EH2 2LL

St Mary Magdalene & Holy Jesus Trust



Tilney Investment Management Services Limited
6 Chesterfield Gardens, Mayfair, London, W1J 5BQ

EdenTree Investment Management Limited
Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

CCLA
Senator House, London, EC4V 4ET

Auditors: Haines Watts
17 Queens Lane, Newcastle upon Tyne, NE1 1RN

Bankers: Lloyds TSB
102 Grey Street, Newcastle upon Tyne, NE99 1SL

NatWest
16 Northumberland Street, Newcastle upon Tyne, NE1 7EL

Yorkshire Bank
131-135 Northumberland Street, Newcastle upon Tyne, NE1 7AG

G. STATEMENT OF TRUSTEES' RESPONSIBILITY

The trustees (who are Directors of St Mary Magdalene & Holy Jesus Trustee Limited) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the Statements of Financial Activities of the charity for that period. In preparing those financial statements the trustees are required to:

- ❖ Select suitable accounting policies and then apply them consistently;
- ❖ Observe the methods and principles in the Charities SORP;
- ❖ Make judgements and estimates that are reasonable and prudent;
- ❖ State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ❖ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue to operate.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Report) Regulations 2008 and the Charity's Scheme. 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.

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H. AUDITORS

Haines Watts were appointed as the Trust's auditors for a three year term with annual review at the 18th May 2021 Board Meeting of the trustees.

This Report was approved by the Board of Trustees on 9th November 2021.

Signed.....
On behalf of the trustees

JP Lee - Chair

Opinion

We have audited the financial statements of St Mary Magdalene & Holy Jesus Trust (the 'Trust') for the year 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 charitable company's affairs as at 31 March 2020, and of the its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charitable company 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 charitable company'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.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Trustees' view on the impact of COVID-19 is disclosed in the trustees report (page 2) and the accounting policies (page 24).

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 require us to report to you if, in our opinion:

- sufficient accounting records have not been kept; or
- the charity's financial statements are not in agreement with the accounting records; or
- certain disclosures of directors' remuneration specified by law are not made; 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 9 and 10, the trustees are responsible for the preparation of the financial statements which 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 charitable company'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 charitable company 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 auditor under the companies Act 2006 and we report in accordance with this Act.

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.

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Charities Act 2011, Companies Act 2006, UK GAAP (FRS102) and relevant tax legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- confirming with the trustees and management whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the risk of management override including identifying and testing a sample of journal entries;
- confirmation received from the banks and investment managers to verify the balance as on the last day of the accounting year;
- reviewing minutes of meetings of those charged with governance; and
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial

statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Donna Bulmer BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of Haines Watts North East Audit LLP
Statutory Auditors

29 November 2021

17 Queens Lane
Newcastle upon Tyne
NE1 1RN

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Statement of Financial Activities for the Year Ending 31st March 2021

	Note	Unrestricted Funds £000's	Designated & Restricted Funds £000's	Endowment Funds £000's	Total 2021 £000's	Total 2020 £000's
Income and endowments from:						
Donations and legacies	1	1.3	-	-	1.3	-
Charitable activities	2	518.3	-	-	518.3	541.0
Investments	3	1,067.7	-	-	1,067.7	1,325.9
Total income and endowments		1,587.3	-	-	1,587.3	1,866.9
Expenditure on:						
Raising funds	4	-	-	227.4	227.4	281.8
Charitable activities	{5}	921.9	297.4	-	1,219.3	1,002.0
Exceptional Item - Accelerated Depreciation			100.5		100.5	-
Other		-	-	-	-	-
Total expenditure		921.9	397.9	227.4	1,547.2	1,283.8
Net gains / (losses) on investments	13	-	89.9	2,094.5	2,184.4	(303.2)
Net income / (expenditure)		665.4	(308.0)	1,867.1	2,224.5	279.9
Transfers						
Gross transfers between funds	18	(1,165.4)	1,165.4	-	-	-
		(500.0)	857.4	1,867.1	2,224.5	279.9
Other recognised gains						
Other gains / (losses)		-	-	-	-	-
Net movement in funds		(500.0)	857.4	1,867.1	2,224.5	279.9
Reconciliation of Funds						
Total funds brought forward		1,000.0	13,787.5	29,255.4	44,042.9	43,763.0
Total funds carried forward	18	500.0	14,644.9	31,122.5	46,267.4	44,042.9

St Mary Magdalene & Holy Jesus Trust
Statement of Financial Activities for the Year Ending 31st March 2020

	Note	Unrestricted Funds £000's	Designated & Restricted Funds £000's	Endowment Funds £000's	Total 2020 £000's	Total 2019 £000's
Income and endowments from:						
Donations and legacies	1	-	-	-	-	-
Charitable activities	2	541.0	-	-	541.0	447.8
Investments	3	1,325.9	-	-	1,325.9	729.6
Total income and endowments		1,866.9	-	-	1,866.9	1,177.4
Expenditure on:						
Raising funds	4	-	-	281.8	281.8	202.8
Charitable activities	{5}	965.7	36.3	-	1,002.0	857.6
Exceptional Item - Project Costs written Off					-	2,041.1
Other		-	-	-	-	-
Total expenditure		965.7	36.3	281.8	1,283.8	3,101.5
Net gains / (losses) on investments	13	-	193.7	(496.9)	(303.2)	(1,082.5)
Net income / (expenditure)		901.2	157.4	(778.7)	279.9	(3,006.6)
Transfers						
Gross transfers between funds	18	(901.2)	901.2	-	-	-
		-	1,058.6	(778.7)	279.9	(3,006.6)
Other recognised gains						
Other gains / (losses)		-	-	-	-	-
Net movement in funds		-	1,058.6	(778.7)	279.9	(3,006.6)
Reconciliation of Funds						
Total funds brought forward		1,000.0	12,728.9	30,034.1	43,763.0	46,769.6
Total funds carried forward	18	1,000.0	13,787.5	29,255.4	44,042.9	43,763.0

St Mary Magdalene & Holy Jesus Trust
Balance Sheet as at 31st March 2021

	Note	Unrestricted Funds £000's	Designated & Restricted Funds £000's	Endowment Funds £000's	Total 2021 £000's	Total 2020 £000's
Fixed Assets:						
Operational Estate	12	-	6,996.2	-	6,996.2	5,829.0
Investments	13	-	5,528.4	30,576.6	36,105.0	34,092.4
Total Fixed Assets		-	12,524.6	30,576.6	43,101.2	39,921.4
Current Assets						
Debtors	14	54.0	-	231.3	285.3	108.2
Cash at bank and in hand		549.2	2,148.5	535.7	3,233.4	4,497.0
<i>Total current assets</i>		603.2	2,148.5	767.0	3,518.7	4,605.2
Liabilities						
Creditors						
Amounts falling due within one year	15	(103.2)	(28.2)	(221.1)	(352.5)	(483.7)
<i>Net current assets</i>		500.0	2,120.3	545.9	3,166.2	4,121.5
<i>Total assets less current liabilities</i>		500.0	14,644.9	31,122.5	46,267.4	44,042.9
Long Term Liabilities	16	-	-	-	-	-
<i>Net Assets</i>		500.0	14,644.9	31,122.5	46,267.4	44,042.9
The funds of the charity						
Permanent Endowment Fund				31,122.5	31,122.5	29,255.4
General Reserve		500.0			500.0	1,000.0
Capital Projects Fund			2,185.2		2,185.2	2,815.0
Northumberland Street Sinking Fund			5,528.4		5,528.4	5,438.5
Operational Estate Reserve			6,931.3		6,931.3	5,534.0
Total Charity Funds	18	500.0	14,644.9	31,122.5	46,267.4	44,042.9

The financial statements were approved by the trustees on 9.11.2021

Signature..... 

J P Lee - Chair

St Mary Magdalene & Holy Jesus Trust

Cash Flow Statement for the Year Ending 31st March 2021

	Notes	£000's 2021	£000's 2020
Net cash inflow from operating activities	(a)	39.7	931.5
Cash flow from investing activities			
Capital Expenditure on Operational Estate		(1,475.1)	(295.0)
Decrease in Net Investment Income Receivable		171.8	(96.4)
Purchase of investments		-	-
Sale of investments		-	7.0
Net cash flow from financing activities		(1,303.3)	(384.4)
Net increase in cash and cash equivalents		(1,263.6)	547.1
Cash and cash equivalents at 1 April 2020		4,497.0	3,949.9
Cash and cash equivalents at 31 March 2021	(b)	3,233.4	4,497.0

(a) Reconciliation of net incoming resources to net cash inflow from operating activities

Net (outgoing) resources before other recognised gains and losses		40.1	583.1
Depreciation		307.9	197.6
NBV of Fixed Assets Written Off		-	-
Decrease / (Increase) in Debtors		(177.1)	9.0
Increase / (Decrease) in Creditors		(131.2)	141.8
Net cash inflow / (outflow) from operating activities		39.7	931.5

(b) Cash and cash equivalents consist of:

Cash at bank and in hand		3,233.4	4,497.0
Cash and cash equivalents at 31 March 2021		3,233.4	4,497.0

Summary of Significant Accounting Policies

(a) General information and basis of preparation

St Mary Magdalene & Holy Jesus Trust is a Trust set up by a Charitable Trust Deed on 19 November 1963 which was last amended on 22 December 2008 in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information in the Trustees' Annual Report. The nature of the charity's operations and principal activities are the provision of housing – Almshouses – for older persons who are in need, hardship or distress within Newcastle upon Tyne, payments for the relief in need of the Brethren and Sister of the Hospitals of Thomas Davison, Ann Davison and Sir Walter Blackett, and making grants to and providing or paying for items, services and facilities for individuals and organisation who are in need, hardship or distress.

The charity constitutes a public benefit entity as defined by FRS 102. 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) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £000.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Funds

(i) Unrestricted Funds (General Reserve)

Unrestricted Funds are available for use at the discretion of the trustees in furtherance of the general objectives of the Trust and which have not been designated for other purposes.

(ii) Designated Funds

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

(iii) Restricted Funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Trust for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

St Mary Magdalene & Holy Jesus Trust
Financial Statements for the Year Ended 31st March 2021

(iv) Endowment Funds

Endowment funds represent those assets which must be held permanently by the charity, principally Investments and Investment Properties (including associated revaluation reserves). Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is provable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102).

Where practicable, gifts in kind donated for distribution to the beneficiaries of the charity are included in stock and donations in the financial statements upon receipt. If it is impracticable to assess the fair value at receipt or if the costs to undertake such a valuation outweigh any benefits, then the fair value is recognised as a component of donations when it is distributed and an equivalent amount recognised as charitable expenditure.

When applicable, gifts in kind donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Where estimating the fair value is practicable upon receipt it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impracticable to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Fixed asset gifts in kind are recognised when receivable and are included at fair value. They are not deferred over the life of the asset.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

St Mary Magdalene & Holy Jesus Trust
Financial Statements for the Year Ended 31st March 2021

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity currently receives no government grants. Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Other income includes the conversion of endowment funds into income which arises when capital funds are released to an income fund from expendable endowments or when a charity has authority to adopt a total return approach to its permanent endowment fund. It also includes other income such as gains on disposals of tangible fixed assets.

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- (i) Costs of raising funds includes:
All costs of managing the charity's investments are included in this heading as per paragraph 4.46 of the SORP. These include management fees and the costs of keeping investment properties in good repair.
- (ii) Expenditure on charitable activities includes:
All direct and support costs incurred in the running of the charity's almshouses are charged to this heading. Also included are allowances to Brethren and Sisters of the hospitals of Thomas Davison, Ann Davison and Sir Walter Blackett.

Other expenditure represents those items not falling into categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

St Mary Magdalene & Holy Jesus Trust
Financial Statements for the Year Ended 31st March 2021

(e) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Support costs are considered to be wholly attributable to expenditure on charitable activities. Premises overheads and other overheads are all considered to be support costs relating directly to charitable activities.

Fund-raising costs are those incurred in managing the charity's investment portfolio and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 6.

(f) Fixed Assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

- | | | | |
|-------|--|---|----------|
| (i) | Buildings (Operational Estate) | - | 50 years |
| (ii) | Residential Care Home Building | - | 25 years |
| | The Residential Care Home building is now vacant except for those areas used as office space, chapel and welfare and dining facilities. At 31.3.2016 the facility was written down to a value equating to £10 / sq. ft. per annum with an expected useful life of 5 years. At 31.3.21 its book value was therefore zero. | | |
| (iii) | Fixtures and Fittings | - | 10 years |
| (iv) | Software and Motor Vehicles | - | 5 years |

Fixed assets below a value of £5,000 are not capitalised

(g) Investment Assets

Financial Investments are included in the Financial Statements at Market Value. Realised gains and losses are included in the SOFA and are credited or charged to the reserves against which the assets are held: Permanent Endowment Fund and Northumberland Street Sinking Fund.

Investment Properties of the Trust are held for long term investment. They are accounted for in accordance with SORP (FRS 102) as follows:

- (i) They are disclosed at Market Value.
- (ii) The valuations are carried out every three to five years subject only to obtaining advice as to the possibility of any material movements between individual valuations.
- (iii) Realised and unrealised gains are included in the SOFA and credited or charged to the Permanent Endowment Fund.

St Mary Magdalene & Holy Jesus Trust

Financial Statements for the Year Ended 31st March 2021

- (iv) No depreciation is provided in respect of these properties.

The non-agricultural element of the commercial estate was valued by Hindmarsh & Partners as at 31st March 2019 on the basis of market value as set out in the Royal Institution of Surveyors Valuation – Professional Standards – Edition March 2012. The valuation of the Chippendale Properties assumes vacant possession as the trustees do not envisage selling subject to the existing tenancies. The trustees have reviewed the carrying value of these assets in the light of prevailing economic conditions and consider that there is no impairment to that value.

The Farms and Woodlands etc. were valued by Galbraith as at 29th May 2019 in accordance with the RICS Valuation - Professional Standards (2017). Any development values relating to options given to housing developers in farm properties are not included within these financial statements, due to the inherent uncertainty of ultimately realising the value on such arrangements.

(h) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(i) Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

(j) Employee Benefits

Pension benefits are provided through the Tyne & Wear Pension Fund, which is a defined benefit scheme. Contributions are charged to the income and expenditure account as they become payable in accordance with the rules of the Scheme. The benefits are funded over the employee's period of service and contributions are in accordance with the most recent actuarial valuation of the fund.

The actuary to the Scheme has confirmed that it is not possible to separately identify the assets and liabilities relating to each separate body that participates in the Scheme. The accounting is, therefore, based on a defined contribution basis.

(k) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

St Mary Magdalene & Holy Jesus Trust
Financial Statements for the Year Ended 31st March 2021

(l) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

(m) Judgements and key sources of estimation uncertainty

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

- The charity's Residential Care Home was closed in 2012 and has remained empty since apart from those areas used as administration offices and dining room / kitchen, chapel and welfare facilities. It is appreciated that in the longer term this situation is untenable and that the building has a limited life. To that end it was re-valued at a suitable rental rate with a proposed future life of 5 years from 31st March 2016. At 31.3.21 its net book value was zero.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- **Valuation of farms**
The majority of the farms are located on or near to former coal or industrial workings. It has been assumed that no past or present uses of the land would lead to a potential for contamination. Should it be established subsequently that contamination, seepage or pollution exists at any of the property or on any neighbouring land, or that the premises have been or are being put to contaminative use, this might reduce the values now reported.

St Mary Magdalene & Holy Jesus Trust
Financial Statements for the Year Ended 31st March 2021

1 Income from donations and legacies	2021 £000's	2020 £000's
Donations Received	1.3	-

All donations represent unrestricted funds.

2 Incoming resources from charitable activities	2021 £000's	2020 £000's
Sheltered Housing	518.3	541.0

3 Income from investments	2021 £000's	2020 £000's
Commercial Estate	608.7	761.1
Managed Financial Investments	447.1	542.7
Interest on Other Cash Balances	11.9	22.1
	<u>1,067.7</u>	<u>1,325.9</u>

All investment income represents unrestricted funds.

4 Raising Funds:

Investment management costs	Unrestricted	Restricted	Endowment	2021 £000's	2020 £000's
Legal fees	0.0	0.0	1.4	1.4	9.3
Investment manager fees	0.0	0.0	124.7	124.7	151.1
Other	0.0	0.0	101.3	101.3	121.4
	<u>-</u>	<u>-</u>	<u>227.4</u>	<u>227.4</u>	<u>281.8</u>

£227,200 (2020 - £281,8000) of the above costs were attributable to endowment funds. £0 (2019 - £0) of the above costs were attributable to restricted funds.

St Mary Magdalene & Holy Jesus Trust
Financial Statements for the Year Ended 31st March 2021

5 Analysis of expenditure on charitable activities

	Activities under Taken Directly £000's	Support Costs £000's	Total 2021 £000's	Total 2020 £000's
Sheltered Housing*	992.6	313.8	1,306.4	990.5
Grants to Brethren	10.9	-	10.9	11.2
Other Donations	2.5	-	2.5	0.3
	<u>1,006.0</u>	<u>313.8</u>	<u>1,319.8</u>	<u>1,002.0</u>

* Direct costs for 2021 include a charge of £100,500 relating accelerated depreciation on Magdalene Court Flats.

6 Allocation of Support Costs

	2021 £000's	2020 £000's
All Support costs are attributable to Sheltered Housing		
Provision of Meals	68.9	96.1
Administration Salaries and Expenses	172.3	213.1
Administration Building Costs	39.9	44.2
Chaplaincy Costs	4.0	7.1
Governance	20.7	16.0
Other Support Costs	8.0	10.3
	<u>313.8</u>	<u>386.8</u>

Note: The Trust has registered for VAT and can only partially recover input VAT. The amount irrecoverable is included in the above figures. As a result of registration, VAT amounting to £24,704 (2020: £31,538) has been recovered during the year.

7 Governance Costs

	2021 £000's	2020 £000's
Legal & Professional Fees	8.2	3.4
Auditor's Remuneration	8.3	8.3
Insurance	1.7	1.7
Other	2.5	2.6
	<u>20.7</u>	<u>16.0</u>

8 Net income / (expenditure) for the year

	2021 £000's	2020 £000's
Net income/(expenditure) for the year is stated after (charging) / crediting:		
Depreciation of tangible fixed assets	(307.9)	(197.6)
Gain / (loss) on sale of tangible fixed assets	-	-
Profit / (loss) on fair value movement of investment property	-	48.9
Profit / (loss) on fair value movement of investments	2,184.4	(352.1)

9 Auditor's remuneration

The auditor's remuneration amounts to an audit fee of £8,250 (2020 - £8,250)

St Mary Magdalene & Holy Jesus Trust
Financial Statements for the Year Ended 31st March 2021

10 Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any remuneration during the year (2020: £Nil).

The Total amount of employee benefits received by key management personnel was £94,874, (2020 : £80,024). The trust considers its key management personnel to comprise non trustees who directly contribute to the Trust's board meetings.

0 (2020 : 0) trustees are accruing pension arrangements.

The trustees did not have any expenses reimbursed during the year (2020: £Nil).

11 Staff costs and employee benefits

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:-

	2021 Average	2021 FTE	2020 Average	2020 FTE
Average Number of Employees				
Raising funds	0	0	0	0
Charitable activities	7	7	10	10
Governance	0	0	0	0
	<u>7</u>	<u>7</u>	<u>10</u>	<u>10</u>

The total staff costs and employee benefit's was as follows:

	2021 £000's	2020 £000's
Gross Wages (Includes £17,312 redundancy costs, 2020: £nil)	204.3	195.3
NI Contributions	17.0	15.9
Pension Contributions	<u>24.2</u>	<u>25.8</u>
	245.5	237.0
Agency Staff	<u>31.5</u>	<u>34.5</u>
	<u>277.0</u>	<u>271.5</u>

No employees received total employee benefits (excluding employer pension costs) of more than £60,000.

St Mary Magdalene & Holy Jesus Trust
Financial Statements for the Year Ended 31st March 2021

12 Operational Estate

	<u>Operational</u> <u>Buildings</u> £000's	<u>Assets Under</u> <u>Construction</u>	<u>Fixtures,</u> <u>Fittings &</u> <u>Equipment</u> £000's	<u>Total</u> £000's
Cost at 31st March 2020	12,754.9	295.0	299.6	13,349.5
Additions		1,475.1		1,475.1
Transfers	1705.3	(1,705.3)		-
Disposals				-
Cost at 31st March 2021	<u>14,460.2</u>	<u>64.8</u>	<u>299.6</u>	<u>14,824.6</u>
Depreciation at 31st March 2020	7,236.1	-	284.4	7,520.5
Charge for year	201.9		5.5	207.4
Accelerated Depreciation	98.4		2.1	100.5
Disposals				-
Depreciation at 31st March 2021	<u>7,536.4</u>	<u>-</u>	<u>292.0</u>	<u>7,828.4</u>
Net Book Value at 31st March 2021	6,923.8	64.8	7.6	6,996.2
Net Book Value at 31st March 2020	5,518.8	295.0	15.2	5,829.0

St Mary Magdalene & Holy Jesus Trust
Financial Statements for the Year Ended 31st March 2021

13 Investment Assets

	[Unrestricted]		[Designated]		[Permanent Endowment]		Total	
	General	Reserve	Street Sinking Fund ¹	Financial Investments ¹	Commercial Estate ²	Total	2021	2020
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Carrying value at beginning of year	-	-	5,438.5	18,280.5	10,373.4	28,653.9	34,092.4	34,306.2
Add: Additions to investments at cost	-	-	-	-	-	-	-	-
Less: Disposal proceeds	-	-	-	-	-	-	-	-
Gains / (Losses) on Disposals	-	-	-	-	-	-	-	(7.0)
Revaluation	-	-	89.9	2,094.5	-	2,094.5	2,184.4	4.4
Movement on Income not paid over	-	-	-	(44.1)	-	(44.1)	(44.1)	(307.6)
Management Fees Paid	-	-	-	(127.7)	-	(127.7)	(127.7)	222.2
								(125.8)
Carrying value at end of year	-	-	5,528.4	20,203.2	10,373.4	30,576.6	36,105.0	34,092.4
Investment Assets comprise:								
Investment properties	-	-	-	-	10,373.4	10,373.4	10,373.4	10,373.4
Listed Investments	-	-	5,528.4	19,279.0	-	19,279.0	24,807.4	22,670.3
Cash balances held in Investment Portfolio	-	-	5,528.4	19,279.0	10,373.4	29,652.4	35,180.8	33,043.7
	-	-	-	924.2	-	924.2	924.2	1,048.7
	-	-	5,528.4	20,203.2	10,373.4	30,576.6	36,105.0	34,092.4
Investment Income 2021	-	-	-	447.1	608.7	1,055.8	1,055.8	[Note 2]
Investment Income 2020	-	-	-	542.7	761.1	1,303.8	1,303.8	

¹Financial Investments

The fair value of listed investments carried in the Northumberland Street Sinking Fund and Permanent Endowment is determined by reference to the quoted price at the balance sheet date.

There are no investment assets held outside the UK.

²Commercial Estate

In accordance with accounting policy, the Trust's holdings of investment land, buildings and farms were revalued by its commercial and agricultural property agents on 31st March 2019 and 29th May 2019 respectively. The Trustees have reviewed the portfolio at 31st March 2021 and consider that no impairment is required.

St Mary Magdalene & Holy Jesus Trust
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	2021 £000's	2020 £000's
14 Debtors		
Rents Receivable	215.3	49.0
Prepayments and Accrued Income	69.8	59.2
	<u>285.1</u>	<u>108.2</u>

	2021 £000's	2020 £000's
15 Creditors		
Trade Creditors	41.1	206.8
Accruals and Deferred Income	311.3	276.9
	<u>352.4</u>	<u>483.7</u>

	2021 £000's	2020 £000's
16 Long Term Liabilities		
Tyne and Wear Pension Fund shortfall payments	-	-

	2021 £000's	2020 £000's
17 Deferred income		
At 31 March 2020	108.7	51.1
Additions during the year	609.0	724.5
Amounts released to income	(563.3)	(666.9)
At 31 March 2021	<u>154.4</u>	<u>108.7</u>

Deferred income relates to commercial property rents paid in advance.

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18 Movement on Funds

	Northumberland				Endowment	
	Capital Projects Fund £000's	Street Sinking Fund £000's	Operational Estate Reserve £000's	Total Restricted & Designated Funds £000's	Permanent Endowment General Fund £000's	Total Endowment Funds £000's
Balance at 31st March 2020	1,000.0	5,438.5	5,534.0	13,787.5	29,255.4	44,042.9
Net Incoming/(Outgoing) Resources	665.4 (- (100.5) (397.9) (227.4) (40.1
Transfers:	(665.4) (1,705.2	665.4	-	-
Amortisation of Operational Estate Res.	207.4		(207.4)	-	-	-
Reduction of General Reserve	(500.0)			500.0	-	-
Gains/(Losses) on Investments	-	89.9	-	89.9	2,094.5	2,184.4
Balance at 31st March 2021	<u>500.0</u>	<u>5,528.4</u>	<u>6,931.3</u>	<u>14,644.9</u>	<u>31,122.5</u>	<u>46,267.4</u>

Transfers between funds

Per current policy:

1. A transfer equal to the annual depreciation charge of £207,400 was transferred from the Operational Estate Reserve to the Capital Projects Fund.
2. The General Reserve's policy level was reduced to £500,000 and excess income was transferred to the Capital Projects Fund

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18 Movement on Funds

	Restricted and Designated					Endowment		
	Northumberland				Total Restricted & Designated Funds	Permanent Endowment		Total Funds £000's
	Maintenance Fund £000's	Capital Projects Fund £000's	Street Sinking Fund £000's	Operational Estate Reserve £000's		General Fund £000's	Commercial Estate Revaluation Reserve £000's	
Balance at 31st March 2019	451.4	1,301.3	5,244.8	5,731.4	12,728.9	19,702.6	10,331.5	30,034.1
Net Incoming/(Outgoing) Resources	-	(36.3)	-	-	(36.3)	(281.8)	-	(281.8)
Transfers:	(451.4)	1,352.6			901.2	10,331.5	(10,331.5)	-
Amortisation of Operational Estate Res.		197.4		(197.4)	-	-	-	-
Gains/(Losses) on Investments	-	-	193.7	-	193.7	(496.9)	(496.9)	(303.2)
Balance at 31st March 2020	0.0	2,815.0	5,438.5	5,534.0	13,787.5	29,255.4	-	44,042.9

Transfers between funds

Per current policy:

1. A transfer equal to the annual depreciation charge of £197,400 was transferred from the Operational Estate Reserve to the Capital Projects Fund.
2. Fund in excess of the General Reserve's policy level of £1,000,000 were transferred to the Capital Projects Fund

Additionally:

The Maintenance fund was closed and the funds transferred to the Capital Projects Fund. This reserve will now fund all major revenue and capital expenditure.

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18 Movement on Funds (continued)

Fund descriptions

Unrestricted Funds

General Reserve

All income is credited to the General Reserve and all costs of charitable activities charged to it, except for those which are deemed to be items covered by the Capital Expenditure Fund. The policy level for the Reserve has been reduced to £500,000 during the year. Any surplus over this amount is transferred to the Capital Projects Fund.

Designated Funds

(a) Operational Estate Reserve

This reserve was created in order to bring the capitalised Operational Estate of the Trust (The Residential Care Home, Sheltered Housing and associated fixtures and fittings) into the Financial Statements at cost less accumulated depreciation in accordance with SORP 2005. Under SORP 2000 these assets were not valued as they were considered "inalienable". The scope was widened in the Financial Year ended 31st March 2010 and the balance increased to reflect the book value of all operational assets. This reserve is amortised back to the Capital Expenditure Reserve in line with the depreciation charge.

(b) Capital Projects Fund

This fund was created during the Financial Year Ended 31st March 2010 to provide for the future Capital Expenditure requirements of the Trust.

Restricted funds

(a) Northumberland Street Sinking Fund

At the time of the sale of the freehold reversion in the premises in Northumberland Street occupied by C & A Modes, the Trustees, under an order of the Charity Commissioners sealed on 7 July 1980, were instructed to set aside investments to the value of £191,879.09 in such a way that the dividends on these investments should be accumulated for 80 years, the then unexpired term of the subsisting leases. The purpose of this fund is to recoup, out of income, the sum of £6,300,000 which is the difference between the sales proceeds of the reversion (£1,700,000) and the estimated value of the property with vacant possession as at the date of the sale (£8,000,000).

Endowment funds

(a) Permanent Endowment Fund

The Permanent Endowment Fund is a form of restricted fund and represents those assets which must be held permanently by the Trust, principally investments. Income arising on the Permanent Endowment Fund can be used in accordance with the objects of the Trust and is included as unrestricted income. All costs relating to Permanent Endowment Assets are charged to this Fund.

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19 Analysis of net assets between funds

	Unrestricted £000	Designated £000	Restricted £000	Endowment £000	Total £000
Fixed assets	-	6,996.2	5,528.4	30,576.6	43,101.2
Cash and current asset investments	549.2	2,148.5	-	535.7	3,233.4
Other current assets/liabilities	(49.2)	(28.2)	-	10.2	(67.2)
Creditors due in more than one year	-	-	-	-	-
	<u>500.0</u>	<u>9,116.5</u>	<u>5,528.4</u>	<u>31,122.5</u>	<u>46,267.4</u>

20 Pension Commitments

The Trust participates in the Tyne and Wear Pension Fund for its employees.

Under the definitions set out under Financial Reporting Standard 17 (Retirement Benefits), the Tyne and Wear Pension Fund is a multi-employer pension scheme. The Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions as if it were a defined contributions scheme.

Pension contributions payable for the year ended 31st March 2021 amounted to £20,562 (2020: £57,364) and there were 2 employees (2020: 3) participating in the scheme during the year.

Under the 2019 scheme valuation, no additional deficit contributions are payable (2020: £34,500)

21 Capital Commitments

In 2021 the Trust entered into a contract with Meldrum Construction Services Ltd for the refurbishment of vacant Mary Magdalene Bungalows. The estimated cost is £169,500

22 Related party transactions:

A number of trustees have relatives or members of their Freeman Companies receiving sheltered housing provided by the charity. All of these beneficiaries qualify for housing under the charity eligibility criteria. All transactions with these related parties were at arms length.

23 Control

The charity is controlled by the Board of Trustees.

